

*TOWN OF ROCKPORT, MAINE*

*FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES*

*FOR THE YEAR  
ENDED JUNE 30, 2011*



**TOWN OF ROCKPORT  
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2011**

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***INDEPENDENT AUDITOR'S REPORT***

November 18, 2011

Members of the Board of Selectmen  
Town of Rockport  
Rockport, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Rockport, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-6 and 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rockport, Maine basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statement. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

*James W. Wadman, C.P.A.*

James W. Wadman, C.P.A.

**TOWN OF ROCKPORT, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**

Management of the Town of Rockport, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Rockport, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT**

**Government-wide Highlights:**

*Net Assets* – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2011 by \$16,425,720 (presented as “net assets”). Of this amount, \$2,938,204 was reported as “unrestricted net assets”. Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

*Changes in Net Assets* – The Town's total net assets increased by \$437,735 (a 2.7% increase) for the fiscal year ended June 30, 2011. Net assets of governmental activities increased by \$389,025 (a 3.7% increase), while net assets of business-type activities showed an increase of \$48,710 (a .9% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2011, the Town's governmental funds reported a combined ending fund balance of \$3,703,069 with \$1,792,279 being general unassigned fund balance. This unassigned fund balance represents approximately 13.7% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's general long-term debt obligations decreased by \$103,100 (28.3%) during the current fiscal year. Business-type long-term debt obligations decreased by \$210,000 (23.1%) during the current fiscal year. Existing debt obligations were retired according to schedule. New capital leases were issued in the amount of \$72,400 for a backhoe loader and \$9,637 for a new copier.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

**Government-wide Financial Statements**

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using

the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 9-12 of this report. The basic proprietary fund financial statements can be found on pages 13-15 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 16-33 of this report.

**Required Supplementary Information**

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 34 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

71.2% of the Town's net assets reflect its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

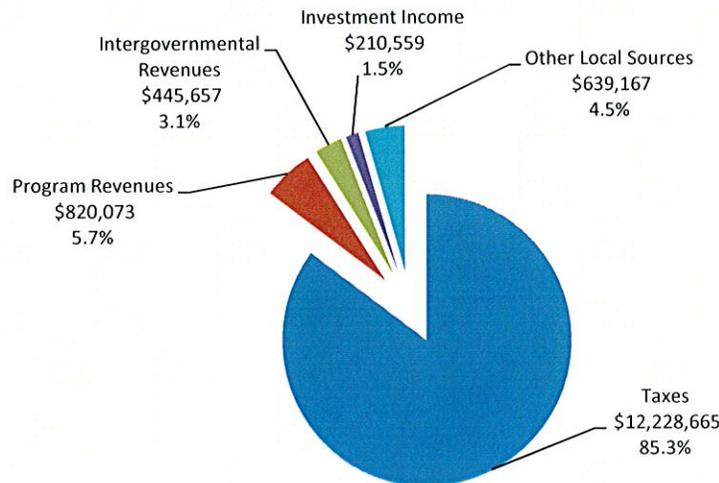
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2011</i>	<i>Total 2010</i>
Current Assets	4,166,444	836,753	5,003,197	4,635,245
Capital Assets	7,495,123	5,297,751	12,792,874	13,085,978
<b>Total Assets</b>	<b>11,661,567</b>	<b>6,134,504</b>	<b>17,796,071</b>	<b>17,721,223</b>
Current Liabilities	401,150	224,043	625,193	700,453
Other Liabilities	255,158	490,000	745,158	1,032,785
<b>Total Liabilities</b>	<b>656,308</b>	<b>714,043</b>	<b>1,370,351</b>	<b>1,733,238</b>
<b>Net Assets:</b>				
Invested in Capital Assets	7,105,439	4,597,751	11,703,190	11,677,771
Restricted	1,481,772	302,554	1,784,326	918,047
Unrestricted	2,418,048	520,156	2,938,204	3,392,167
<b>Total Net Assets</b>	<b>11,005,259</b>	<b>5,420,461</b>	<b>16,425,720</b>	<b>15,987,985</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>11,661,567</b>	<b>6,134,504</b>	<b>17,796,071</b>	<b>17,721,223</b>

**Changes in Net Assets**

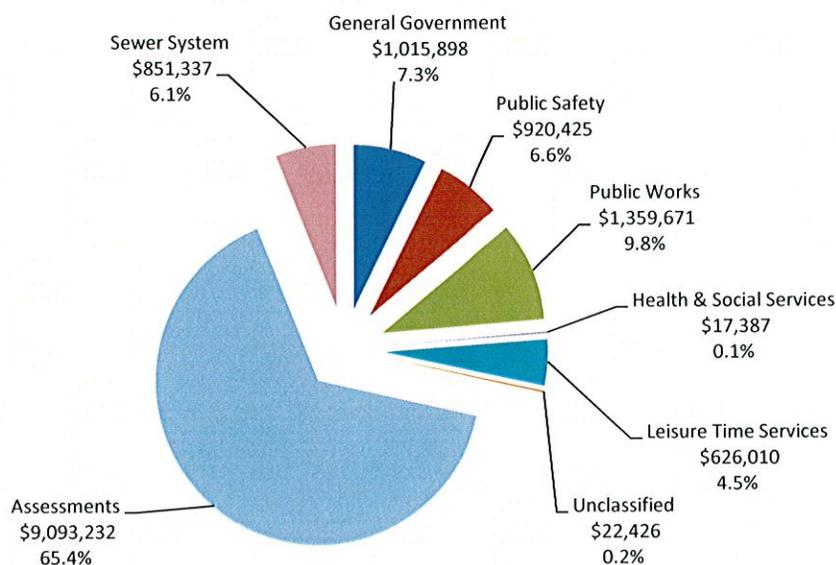
Approximately 85.3 percent of the Town’s total revenue came from property and excise taxes, approximately 3.1 percent came from State subsidies and grants, and approximately 11.6 percent came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-like activity assets represents \$572,273 of the total expenses for the fiscal year.

	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>Revenues:</b>				
Taxes	12,228,665		12,228,665	11,875,224
Program Revenues		820,073	820,073	760,673
Intergovernmental Revenues	445,657		445,657	478,330
Investment Income	187,038	23,521	210,559	48,860
Other Local Sources	524,240	114,927	639,167	734,274
Transfers	58,474	(58,474)	-	-
<b>Total</b>	<b>13,444,074</b>	<b>900,047</b>	<b>14,344,121</b>	<b>13,897,361</b>
<b>Expenses:</b>				
General Government	1,015,898		1,015,898	904,605
Public Safety	920,425		920,425	884,177
Public Works	1,359,671		1,359,671	1,285,450
Health and Social Services	17,387		17,387	14,604
Cultural and Recreation	626,010		626,010	563,370
Unclassified	22,426		22,426	170,462
Assessments	9,093,232		9,093,232	8,807,100
Sewer System		851,337	851,337	846,525
<b>Total</b>	<b>13,055,049</b>	<b>851,337</b>	<b>13,906,386</b>	<b>13,476,293</b>
<b>Changes in Net Assets</b>	<b>389,025</b>	<b>48,710</b>	<b>437,735</b>	<b>421,068</b>

**Revenues by Source - Governmental and Business-Type Activities**



## Expenditures by Source - Governmental and Business-Type



### FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

#### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$3,703,069, an increase of \$367,998 in comparison with the prior year. Approximately 48.4 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variations between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$66,906 positive variance in property taxes due to a deferred property tax adjustment of \$57,295 and supplemental taxes of \$9,611.
- \$50,066 negative variance in auto excise collections. The town received less than budgeted due to the economy.
- \$28,160 negative variance in library reimbursements. This correlates to the positive variance in library expenditures of \$29,231.

**Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental and business-like activities amounts to \$20,640,123, net of accumulated depreciation of \$7,847,248 leaving a net book value of \$12,792,875. Current year additions include \$14,519 for library re-carpeting, \$9,637 for a new copier, \$72,400 for a backhoe loader, \$29,390 for a police vehicle, and \$153,222 for paving.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Rockport, P.O. Box 10, Rockport, ME 04856.

**TOWN OF ROCKPORT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

*Exhibit A*

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,177,950	414,253	2,592,203
Investments	1,221,881	205,833	1,427,714
Receivables			
Taxes	647,191		647,191
Tax Liens	82,676		82,676
Accounts	3,373	216,667	220,040
Prepaid Expense	89		89
Due from Other Governments	33,284		33,284
Capital Assets:			
Land and Art Work	2,858,786		2,858,786
Other Capital Assets, Net of Depreciation	4,636,337	5,297,751	9,934,088
<b>Total Assets</b>	<b>11,661,567</b>	<b>6,134,504</b>	<b>17,796,071</b>
 <i>Liabilities and Net Assets</i>			
<b>Liabilities</b>			
Accounts Payable	1,295	1,795	3,090
Payroll Taxes/Deductions	7,706		7,706
Due to Other Governments	5,217		5,217
Accrued Salaries Payable	24,481		24,481
Accrued Interest Payable		9,132	9,132
Deferred Refund		3,116	3,116
Prepaid Taxes	5,552		5,552
Escrow and Security Deposits	9,755		9,755
Compensated Absences Payable	212,618		212,618
Long-term Liabilities:			
Due Within One Year	134,526	210,000	344,526
Due in More Than One Year	255,158	490,000	745,158
<b>Total Liabilities</b>	<b>656,308</b>	<b>714,043</b>	<b>1,370,351</b>
 <b>Net Assets</b>			
Investment in Capital Assets, net of Related Debt	7,105,439	4,597,751	11,703,190
Restricted Net Assets	1,481,772	302,554	1,784,326
Unrestricted	2,418,048	520,156	2,938,204
<b>Total Net Assets</b>	<b>11,005,259</b>	<b>5,420,461</b>	<b>16,425,720</b>
<b>Total Liabilities and Net Assets</b>	<b>11,661,567</b>	<b>6,134,504</b>	<b>17,796,071</b>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit B*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,015,898	232,405	60,000	(723,493)		(723,493)
Public Safety	920,425	30,006		(890,419)		(890,419)
Public Works	1,359,671	18,440	37,145	(1,304,086)		(1,304,086)
Health and Social Services	17,387			(17,387)		(17,387)
Cultural and Recreation	626,010	99,862	7,403	(518,745)		(518,745)
Unclassified	22,426			(22,426)		(22,426)
Assessments	9,093,232			(9,093,232)		(9,093,232)
<u>Total Governmental Activities</u>	<u>13,055,049</u>	<u>380,713</u>	<u>104,548</u>	<u>(12,569,788)</u>		<u>(12,569,788)</u>
<u>Business-type Activities</u>						
Wastewater Enterprise	851,337	820,073	114,284		83,020	83,020
<u>Total Business-type Activities</u>	<u>851,337</u>	<u>820,073</u>	<u>114,284</u>		<u>83,020</u>	<u>83,020</u>
<u>Total Primary Government</u>	<u>13,906,386</u>	<u>1,200,786</u>	<u>218,832</u>	<u>(12,569,788)</u>		<u>(12,486,768)</u>
<u>General Revenues:</u>						
Taxes						
Property				11,544,268		11,544,268
Auto Excise				599,934		599,934
Boat Excise				15,001		15,001
Intergovernmental Revenues				341,109		341,109
Other Local Sources				400,027	24,164	424,191
Transfer to Enterprise Fund				58,474	(58,474)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>12,958,813</u>	<u>(34,310)</u>	<u>12,924,503</u>
<u>Changes in Net Assets</u>				<u>389,025</u>	<u>48,710</u>	<u>437,735</u>
<u>Net Assets - Beginning</u>				<u>10,616,234</u>	<u>5,371,751</u>	<u>15,987,985</u>
<u>Net Assets - Ending</u>				<u>11,005,259</u>	<u>5,420,461</u>	<u>16,425,720</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

*Exhibit C*  
*Page 1 of 2*

<i>Assets</i>	<i>General Fund</i>	<i>Library Permanent Fund</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Cash and Equivalents	2,011,379	21,128	145,443	2,177,950
Investments		606,889	614,992	1,221,881
Receivables				
Taxes	647,191			647,191
Tax Liens	82,676			82,676
Accounts	3,373			3,373
Prepaid Expense	89			89
Due from Other Governments	33,284			33,284
Due from Other Funds			320,380	320,380
<b>Total Assets</b>	<b><u>2,777,992</u></b>	<b><u>628,017</u></b>	<b><u>1,080,815</u></b>	<b><u>4,486,824</u></b>
 <i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	1,295			1,295
Due to Other Governments	5,217			5,217
Payroll Taxes/Deductions	7,706			7,706
Accrued Salaries Payable	24,481			24,481
Deferred Revenue				
Property Tax	294,568			294,568
Other	13,451			13,451
Prepaid Taxes	5,552			5,552
Due to Other Funds	421,730			421,730
Escrow and Security Deposits	9,755			9,755
<b>Total Liabilities</b>	<b><u>783,755</u></b>		<b><u>-</u></b>	<b><u>783,755</u></b>
 <i>Fund Balances</i>				
Non-Spendable		288,262	414,879	703,141
Restricted	30,693	339,755	408,183	778,631
Committed	104,979		257,753	362,732
Assigned	66,286			66,286
Unassigned	1,792,279			1,792,279
<b>Total Fund Balances</b>	<b><u>1,994,237</u></b>	<b><u>628,017</u></b>	<b><u>1,080,815</u></b>	<b><u>3,703,069</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>2,777,992</u></b>	<b><u>628,017</u></b>	<b><u>1,080,815</u></b>	<b><u>4,486,824</u></b>

(Continued)

The notes to financial statements are an integral part of this statement.

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance	3,703,069
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$3,933,115	<u>7,495,123</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Taxes	294,568
Deferred Revenues	<u>13,451</u>
	<u>308,019</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(261,600)
Accrued Compensated Absences	(212,618)
Capital Leases Payable	(128,084)
Transfer to Enterprise Fund	<u>101,350</u>
	<u>(500,952)</u>
Net Assets of Governmental Activities	<u><u>11,005,259</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit D*  
*Page 1 of 2*

	<i>General Fund</i>	<i>Library Permanent Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	12,285,960			12,285,960
Intergovernmental Revenues	344,810		100,847	445,657
Departmental Revenues	239,665			239,665
Other Local Sources	241,764	98,578	155,061	495,403
<b>Total Revenues</b>	<b>13,112,199</b>	<b>98,578</b>	<b>255,908</b>	<b>13,466,685</b>
Expenditures				
General Government	885,586		60,023	945,609
Public Safety	890,990			890,990
Public Works	1,446,197		35,826	1,482,023
Health and Social Services	16,437		950	17,387
Cultural and Recreation	590,535	-	25,785	616,320
Unclassified	135,163			135,163
Assessments	9,093,232			9,093,232
<b>Total Expenditures</b>	<b>13,058,140</b>	<b>-</b>	<b>122,584</b>	<b>13,180,724</b>
Excess of Revenues Over (Under) Expenditures	54,059	98,578	133,324	285,961
Other Financing Sources (Uses)				
Lease Proceeds	82,037			82,037
Transfers from Other Funds	302,068	-	57,178	359,246
Transfers to Other Funds	(305,055)	(30,425)	(23,766)	(359,246)
<b>Total Other Financing Sources (Uses)</b>	<b>79,050</b>	<b>(30,425)</b>	<b>33,412</b>	<b>82,037</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	133,109	68,153	166,736	367,998
Fund Balance - July 1	1,861,128	559,864	914,079	3,335,071
<b>Fund Balance - June 30</b>	<b>1,994,237</b>	<b>628,017</b>	<b>1,080,815</b>	<b>3,703,069</b>

(Continued)

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

**Exhibit D  
Page 2 of 2**

Net change in fund balances - total governmental funds	367,998
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	279,168
Depreciation expense	(338,172)
	<u>(59,004)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Transfer to Enterprise Fund	58,474
Deferred Revenues	(23,790)
Deferred Taxes	(57,295)
	<u>(22,611)</u>
Bond proceeds proved current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Lease proceeds received	(82,037)
Capital lease obligation principal payments	87,460
General obligation bond principal payments	103,100
	<u>108,523</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	(5,881)
	<u>(5,881)</u>
Change in net assets of governmental activities	<u><u>389,025</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2011**

*Exhibit E*

	<i><b>Wastewater Enterprise</b></i>
<i>Assets</i>	
<i>Current Assets:</i>	
Cash and Equivalents	414,253
Investments	205,833
Receivables	
User Fees, net	216,667
Due from Other Funds	101,350
	<hr/>
<i>Total Current Assets</i>	938,103
	<hr/>
<i>Noncurrent Assets:</i>	
Capital Assets, net	5,297,751
	<hr/>
<i>Total Noncurrent Assets</i>	5,297,751
	<hr/>
<i>Total Assets</i>	<u>6,235,854</u>
	<hr/>
<i>Liabilities</i>	
<i>Current Liabilities:</i>	
Accounts Payable	1,795
Accrued Interest Payable	9,132
Deferred Revenue - Other	3,116
Bonds and Notes Payable	210,000
	<hr/>
<i>Total Current Liabilities</i>	224,043
	<hr/>
<i>Noncurrent Liabilities:</i>	
Bonds and Notes Payable	490,000
	<hr/>
<i>Total Noncurrent Liabilities</i>	490,000
	<hr/>
<i>Total Liabilities</i>	714,043
	<hr/>
<i>Net Assets</i>	
Invested in Capital Assets, net of related debt	4,597,751
Restricted for:	
Capital Projects	302,554
Unrestricted	621,506
	<hr/>
<i>Total Net Assets</i>	5,521,811
	<hr/>
<i>Total Liabilities and Net Assets</i>	<u>6,235,854</u>
	<hr/>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit F*

	<i><b>Wastewater Enterprise</b></i>
<i><b>Operating Revenues:</b></i>	
Charges for Services	815,221
Interest/Fees	4,852
<i><b>Total Operating Revenues:</b></i>	<u>820,073</u>
<i><b>Operating Expenses:</b></i>	
Administration	42,340
Contract Operations	176,694
Camden Treatment	104,097
Rockland Treatment	152,447
Samoset Treatment	80,304
Repairs and Maintenance	15,077
Depreciation and Amortization	234,101
<i><b>Total Operating Expenses</b></i>	<u>805,060</u>
<i><b>Net Operating Income</b></i>	<u>15,013</u>
<i><b>Nonoperating Revenues (Expenses)</b></i>	
Interest Revenue	9,761
Fair Value Increase (Decrease)	13,760
Other Revenues	643
Interest Expense	(46,277)
<i><b>Total Nonoperating Revenues (Expenses)</b></i>	<u>(22,113)</u>
<i><b>Net Income (Loss) before contributions and transfers</b></i>	(7,100)
Capital Contributions	114,284
<i><b>Change in Net Assets</b></i>	107,184
<i><b>Total Net Assets - Beginning</b></i>	<u>5,414,627</u>
<i><b>Total Net Assets - Ending</b></i>	<u><u>5,521,811</u></u>
Change in Net Assets	107,184
Amounts reported for business-type activities in the statement of activities are different because:	
Transfers to general fund for TIF funding and contributed capital	<u>(58,474)</u>
Change in net assets of business-type activities	<u><u>48,710</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit G*

	<u>Wastewater Enterprise</u>
<b><i>Cash Flows from Operating Activities;</i></b>	
Received from Customers	820,073
Payments to Suppliers	(551,165)
Payments to Employees	(19,794)
Other Receipts (Payments)	643
	<hr/>
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>249,757</b>
	<hr/>
<b><i>Cash Flows from Noncapital Financing Activities</i></b>	
Transfers from Other Funds	(58,474)
	<hr/>
<b><i>Net Cash Provided by (Used in) Noncapital Financing Activities</i></b>	<b>(58,474)</b>
	<hr/>
<b><i>Cash Flows from Capital and Related Financing Activities</i></b>	
Purchases of Capital Assets	-
Principal Paid on Capital Debt	(210,000)
Interest Paid on Capital Debt	(46,277)
	<hr/>
<b><i>Net Cash Used in Capital and Related Financing Activities</i></b>	<b>(256,277)</b>
	<hr/>
<b><i>Cash Flows from Investing Activities</i></b>	
Redemption of Investments	(5,446)
Interest and Dividends	9,761
	<hr/>
<b><i>Net Cash Provided by (Used in) Investing Activities</i></b>	<b>4,315</b>
	<hr/>
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	<b>(60,679)</b>
	<hr/>
<b><i>Balances - beginning of the year</i></b>	<b>474,932</b>
	<hr/>
<b><i>Balances - end of the year</i></b>	<b>414,253</b>
	<hr/> <hr/>
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i></b>	
Net Operating Income (Loss)	15,013
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	234,101
(Increase) Decrease in Accounts Receivable	(17,466)
(Increase) Decrease in Due from Other Funds	33,484
Increase (Decrease) in Accrued Interest	(3,665)
Increase (Decrease) in Deferred Revenue	(3,115)
Increase (Decrease) in Accounts Payable	(8,595)
	<hr/>
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>249,757</b>
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Rockport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The Town of Rockport operates under an elected Board of Selectmen and Town Manager form of government. The Town's major operations include public works, public safety, fire protection, health services, recreation and parks, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation**

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)**

have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures (if any), including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The library permanent fund accounts for the Town's library trust funds. Permanent funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

The Town reports the following major proprietary funds:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Town's own programs.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)***

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

***D. Assets, Liabilities and Net Assets or Fund Equity***

***1. Deposits and Investments***

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

***2. Receivables and Payables***

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as deferred revenue. At June 30, \$351,863 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 18, 2009 on property values assessed on April 1. Taxes were due in two installments due on October 15 and April 15, with interest at 9% beginning October 16 and April 16. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Equity (Continued)**

**3. Inventories**

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**4. Joint Venture**

In addition to entities, which should be included within these financial statements, the Town may enter into agreements with other governments for specific purposes. These agreements are referred to as joint ventures or jointly governed entities. The Town participates in the following joint venture:

MID COAST SOLID WASTE CORPORATION – The Town has entered into an interlocal agreement with the Towns of Camden, Lincolnville, and Hope to operate a recycling facility. The Corporation is managed by a Board of Directors appointed by the municipal officers of each Member Municipality. Operating costs of the Corporation are allocated among Member Municipalities based on a formula of average valuation and population. The 2011 fiscal year assessment was calculated as follows:

Camden	43.63%
Hope	8.72%
Lincolnville	17.03%
Rockport	30.62%

The Town of Rockport's cost for June 30, 2011 was \$168,891.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	3-50
Infrastructure	50
Equipment	5-20

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Assets or Fund Equity (Continued)***

***6. Compensated Absences***

Town employees earn sick leave at the rate of 1 workday for each full calendar month of service, cumulative to a maximum of one hundred days for employees hired prior to September 12, 2005 and 60 days for employees hired after September 12, 2005. Sick leave is vested at only 50% of the accrual.

Vacation privileges are available to regular full-time employees only. Each employee within this classification shall earn vacation time with pay, on the following basis:

10 work days per year after the first completed full year of service through the fourth year of service.

15 work days per year during the 5<sup>th</sup> through the 14<sup>th</sup> year of service.

20 work days per year during the 15<sup>th</sup> year of service and thereafter.

Vacation accrued in excess of twice the amount of annual accrual at the current rate as of the employee's anniversary date of each year shall be lost.

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

***7. Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Rockport is in compliance with the above requirements.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Equity (Continued)**

**8. Fund Equity/Net Assets**

**Governmental Fund Balances**

The Town has applied GASB Statement No. 54 as of June 30, 2011 as required, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the Town has identified June 30, 2011 fund balances on the balance sheet as follows:

	<u>General Fund</u>
<i>Non-Spendable</i>	
Cemetery Trust Fund	364,099
Welfare Trust Fund	50,780
Chatfield Fund	10,076
Rockport Library Fund	245,969
Dodge Fund	9,280
Gardner Fund	22,937
Total Committed	<u>703,141</u>
<i>Restricted</i>	
Public Safety Building Sign	106
Walker Park Playground	14,134
Opera House Donations	1,486
Rockport Harbor Land Acquisition	2,669
Miscellaneous Donations	3,500
Urban Rural Initiative Program Funds	464
Municipal Revenue Sharing	8,334
Cemetery Trust Fund	27,765
Welfare Trust Fund	258,994
Chatfield Fund	1,194
Rockport Library Fund	338,763
Dodge Fund	(2,094)
Gardner Fund	1,892
Comprehensive Planning Grant	2,719
Davis Foundation Grant	9,943
Rotary Club of West Bay	3,754
Rohrbough Fund	36,239
Boyd Fund	15,461
Ellis Fund	36,272
Sand/Salt Shed	1,611
Jacobs Quarry Path	15,425
Total Restricted	<u>778,631</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Fund Equity (Continued)**

**8. Fund Equity/Net Assets (Continued)**

**Governmental Fund Balances (Continued)**

<i>Committed</i>	
Recreation Reserve	52,852
Labor Reserve	52,127
Capital Reserves	257,753
Total Committed	<u>362,732</u>
<i>Assigned</i>	
Encumbrances	26,412
Library Operating Fund	59,059
Police Forfeiture Account	12,579
Total Assigned	<u>98,050</u>
<i>Unassigned</i>	<u>1,792,279</u>
Total	<u><u>3,734,833</u></u>

The Town considers non-spendable restricted, committed, assigned and unassigned amounts to be paid in that order when expenditures are incurred for which any of those amounts are available.

**Net Assets**

Net assets are required to be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in capital assets, net of related debt* – This component of net assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted* – This component of net assets consists of restrictions placed on net assets’ use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$778,631 of restricted net assets, of which enabling legislation restricts \$8,798.

*Unrestricted* – This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end.

Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at fiscal year end to the extent that they have not been encumbered.

Reserve funds, once established by the Town Meeting, may be expended with approval of the Board of Selectmen for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year. The General Fund reserve for encumbrances totals \$26,412 at June 30 and is detailed in Exhibit A-2.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not currently have a deposit/investment policy, but must comply with the State of Maine statutes beginning at Section 5706.

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2011, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the Town's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Deposits (continued)**

At year-end, the government’s carrying amount of deposits was \$2,592,203 and the bank balance was \$2,796,975. The bank balance is categorized according to credit risk as follows:

- Category 1 – Insured by Federal depository or credit union insurance.
- Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name.
- Category 3 – Uninsured and uncollateralized.

	<i>Bank Balance</i>	<i>1</i>	<i>Category 2</i>	<i>3</i>
Cash and Equivalents	<u>2,796,975</u>	<u>399,846</u>	<u>2,397,129</u>	<u>-</u>

**Investments**

Included in the Town’s cash equivalents at June 30, 2011, were short-term investments in repurchase agreements issued by a local banking institution. Under these agreements, the Town will be repaid principal plus interest on a specified date which is subsequent to year end. The agreement is guaranteed/collateralized with securities held by the banking institution which exceed the amount of the agreement. To the extent that the banking institution may default on its commitment to these obligations, the Town is at risk of economic loss. Management considers this exposure to be minimal.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (continued)**

At June 30, 2011, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2011						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
<b>General City:</b>							
Collateralized Repurchase Agreement						AA	Aaa
Fixed Income Securities	38,897		38,897			AA+	Aaa
Fixed Income Securities	55,625	55,625				Not Rated	Not Rated
Fixed Income Securities	-					BB	B1
Mutual Funds	78,859	78,859				Not Rated	Not Rated
Equities	896,177	896,177				Not Rated	Not Rated
US Treasury Obligations	72,406		72,406			AAA	Aaa
Mortgage Securities	180		24	156		Not Rated	Not Rated
Corporate Bonds	15,842		15,842			A+	A1
Corporate Bonds	32,877		32,877			A	A2
Corporate Bonds	10,512		10,512			A-	Not Rated
Corporate Bonds	10,207		10,207			BBB+	Not Rated
Corporate Bonds	10,299		10,299			BBB	BAA1
<b>Total</b>	<b>1,221,881</b>	<b>1,030,661</b>	<b>191,064</b>	<b>156</b>	<b>-</b>		
<b>Wastewater Enterprise Fund:</b>							
Fixed Income Securities	15,107		15,107			AA+	Aaa
Mutual Funds	30,627	30,627				Not Rated	Not Rated
Equities	160,099	160,099				Not Rated	Not Rated
<b>Total</b>	<b>205,833</b>	<b>190,726</b>	<b>15,107</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>1,427,714</b>	<b>1,221,387</b>	<b>206,171</b>	<b>156</b>	<b>-</b>		

**Investment Policy**

The Town does not currently have an investment policy.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (continued)**

**Summary of Deposits and Investment Balances**

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2011:

Deposits and Cash on Hand (including invested repurchase agreement)	\$ 4,019,917			
	Government-wide Statement of Net Assets	Business-Type Statement of Net Assets	Totals	
Cash and Cash Equivalents	\$ 15,476	\$ 377,419	\$ 392,895	
Investments (including repurchase agreement)	\$ 3,384,355	\$ 242,667	\$ 3,627,022	
	<u>\$ 3,399,831</u>	<u>\$ 620,086</u>	<u>\$ 4,019,917</u>	

**B. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value	990,949,920
Tax Rate (per \$1,000)	<u>11.64</u>
Commitment	<u>11,534,657</u>
Appropriations	13,058,412
Less:	
State Municipal Revenue Sharing	171,826
Estimated Revenues	1,258,517
BETE Reimbursement	34,184
Homestead Reimbursement	<u>59,228</u>
	1,523,755
Net Assessment for Commitment	<u>11,534,657</u>

Supplemental taxes totaling \$9,639 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$641,572, which represents tax collection of 94.44% of current year commitment. Unpaid liens at June 30 totaled \$82,676.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**C. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2011 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		421,730
Special Revenue Funds		
Comprehensive Planning Grant	2,719	
Davis Foundation Grant	9,943	
Rotary Club	3,754	
Capital Projects		
Jacobs Quarry Pathway	15,425	
Sand/Salt Shed	1,611	
Capital Improvement Reserves	257,753	
Wastewater Fund	101,350	
Cemetery Trust Fund	29,175	
	<u>421,730</u>	<u>421,730</u>
Totals		

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payable are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. \$257,753 of the above balances is expected to be repaid during the next year. The remainder represents appropriations for future projects and will be repaid upon need of the funds for those projects.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>Governmental Activities;</b>				
<i>Capital assets not being depreciated</i>				
Land	2,850,286			2,850,286
Painting	8,500			8,500
<i>Total capital assets not being depreciated</i>	2,858,786	-	-	2,858,786
<i>Capital assets being depreciated</i>				
Buildings	4,879,980	14,519		4,894,499
Equipment	2,426,660	111,427		2,538,087
Infrastructure	983,644	153,222		1,136,866
<i>Total capital assets being depreciated</i>	8,290,284	279,168	-	8,569,452
<i>Less accumulated depreciation for</i>				
Buildings	1,980,264	99,538		2,079,802
Equipment	1,460,221	169,308		1,629,529
Infrastructure	154,459	69,325		223,784
<i>Total accumulated depreciation</i>	3,594,944	338,171	-	3,933,115
<i>Net capital assets being depreciated</i>	4,695,340	(59,003)		4,636,337
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	7,554,126	(59,003)	-	7,495,123

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**D. Capital Assets (continued)**

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets being depreciated</i>				
Sewer System	9,211,887			9,211,887
<i>Total capital assets being depreciated</i>	9,211,887	-		9,211,887
<i>Less accumulated depreciation for</i>				
Sewer System	3,680,035	234,101		3,914,136
<i>Total accumulated depreciation</i>	3,680,035	234,101		3,914,136
<i>Net capital assets being depreciated</i>	5,531,852	(234,101)		5,297,751
<i>Business-type Activities</i>				
<i>Capital Assets, net</i>	5,531,852	(234,101)		5,297,751

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	64,413
Public Safety	54,050
Public Works, including general infrastructure assets	194,748
Leisure Time Services	24,962
 Total Depreciation Expense - Governmental Activities	 <u>338,173</u>

**E. Capital Leases**

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in Governmental Activities. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year-Ended June 30,</i>	<i>Minimum Lease Payment</i>
2012	64,694
2013	64,694
2014	2,148
2015	2,148
2016	1,253
Total Minimum Lease Payments	134,937
Less: Amount Representing Interest	<u>(6,853)</u>
Present Value of Future Minimum Lease Payments	<u>128,084</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**F. Long-Term Debt**

**1. General Obligation Bonds and Notes.** The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

<i>Purpose Proprietary</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1992 Sewer Improvements	11/1/2012	5.90-6.35	80,000
1992 Sewer Improvements	11/1/2012	5.90-6.75	270,000
2001 TIF Project Bond	11/1/2020	4.676-5.571	<u>350,000</u>
			<u>700,000</u>

<i>General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2002 Harbor Building	11/1/2011	3.073-4.198	36,600
2006 Salt/Sand Shed	11/1/2016	2.15 - 4.4	<u>225,000</u>
			<u>261,600</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$149,559 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2012	83,549	246,435	329,984
2013	44,306	232,817	277,123
2014	42,431	50,005	92,436
2015	40,556	48,018	88,574
2016	38,963	46,031	84,994
2017 - 2021	<u>37,903</u>	<u>200,145</u>	<u>238,048</u>
Total	<u>287,708</u>	<u>823,451</u>	<u>1,111,159</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**F. Long-Term Debt (continued)**

**2. Changes in Long-Term Liabilities**

The following summary of long-term debt transactions of the Town of Rockport for the fiscal year ended June 30, 2011:

	<i>General Obligation</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2010</i>	364,700	910,000	1,274,700
Debt Issued			-
Debt Retired	(103,100)	(210,000)	(313,100)
<i>Long-term Debt payable June 30, 2011</i>	<u>261,600</u>	<u>700,000</u>	<u>961,600</u>

**3. Overlapping Debt**

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<i>Units</i>	<i>Net debt outstanding June 30, 2011</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
School Administrative District No. 28	15,769,079	47.59%	7,504,505
Five Town CSD	10,544,532	36.09%	3,805,522
MCSWC	313,078	30.62%	95,864
Knox County	-	0.00%	-
Totals	<u>26,626,689</u>		<u>11,405,891</u>

The Town's proportionate share of the above debt is paid through annual assessments by the respective units.

**G. Permanent Funds**

The principal amount of all Permanent Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds at June 30 are detailed as follows:

<i>Purpose</i>	<i>Non-spendable</i>	<i>Restricted</i>
Welfare Trust Fund	50,780	258,994
Library Trust Fund	288,262	339,755
Cemetery Trust Fund	364,099	27,765
Totals	<u>703,141</u>	<u>626,514</u>

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**H. Contributed Capital**

Changes in contributed capital for the year-ended June 30 for the government's Wastewater Enterprise Fund were as follows:

Balance - July 1	4,375,635
Additions	
Debt Service - TIF Fund	114,284
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,687)</u>
Balance - June 30	<u><u>4,345,232</u></u>

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits which results from the normal course of its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

**B. Pension Plans**

**Plan Description**

The Town's employees are covered under the Maine State Retirement System, ICMA, and VALIC deferred compensation plans, and IRA's of the employee's choice.

The ICMA and VALIC are qualified pension plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Town employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plans are administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries.

**TOWN OF ROCKPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4 - OTHER INFORMATION (CONTINUED)**

***B. Pension Plans (continued)***

***Plan Description (continued)***

The Town participates in the Maine Public Employees Retirement System Consolidated Plan for Participating Districts (Consolidated Plan) which is a cost sharing multiple-employer defined benefit pension plans.

The Maine Public Employees Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. Under Title 5 M.R.S.A. the System is the administrator of retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, Two Central Plaza, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

***Funding Policy***

Under the ICMA, VALIC, and IRA plans, covered employees contribute 5% of their salary to the plan with the Town contributing 4.5%. The Town's contribution for the fiscal year ended June 30, 2009, 2010, and 2011, was \$23,695, \$28,173 and \$30,138 respectively.

Consolidated Plan regular employees are required to contribute 6.5% of their annual covered salary to the plan. The Town is required to contribute an actuarially determined rate. The current rate is 1.5% for employers for its Initial Unfunded Unpooled Actuarial Liability (IUUAL). The contribution requirements of plan members and the Town are established by the Maine Public Employees Retirement System Board of Trustees. The Town's contribution for the fiscal year ended June 30, 2011 was \$5,031.

***C. Risk Management***

The town is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the town participated in public entity risk pools sponsored by the Maine Municipal Association (MMA) for workers' compensation, and property damage.

Workers' Compensation - MMA's workers' compensation self-insured trust retains \$400,000 of risk and purchases excess insurance for claims which exceed \$400,000 up to a maximum coverage of \$2,000,000. All participants are jointly and severally liable; therefore, if collected claims exceed collective contributions the trust has a right to assess additional contributions to its members.

Property and Casualty - MMA's Self-Funded Risk Management Pool (Pool) was created to establish and administer a risk management service and to bring about prevention or lessening of casualty and property losses to member towns. The town pays an annual premium to the Pool for various coverage and services. The Pool retains loss of property risk which exceeds \$1,000 up to a maximum coverage of \$100,000 and purchases an additional \$200,000,000 per occurrence. The Pool retains the first \$100,000 liability coverage per occurrence and purchases excess insurance for claims which exceed \$100,000 up to a maximum of \$1,000,000 per occurrence and \$5,000,000 aggregate annual coverage, and crime coverage which exceeds \$1,000 up to a maximum coverage of \$250,000.

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2011.

**TOWN OF ROCKPORT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit H*

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	12,239,157	12,239,157	12,285,960	46,803
Intergovernmental Revenues	99,212	99,212	109,790	10,578
Departmental Revenues	221,844	221,844	239,665	17,821
Other Local Sources	202,462	202,462	193,712	(8,750)
<b>Total Revenues</b>	<u>12,762,675</u>	<u>12,762,675</u>	<u>12,829,127</u>	<u>66,452</u>
<b>Expenditures (Net of Departmental Revenues)</b>				
General Government	872,299	872,299	867,790	4,509
Public Safety	907,528	907,528	890,990	16,538
Public Works	1,442,006	1,442,006	1,446,197	(4,191)
Health and Social Services	17,667	17,667	16,437	1,230
Cultural and Recreation	561,663	561,663	498,510	63,153
Unclassified	134,227	134,227	135,163	(936)
Assessments	9,147,059	9,147,059	9,093,232	53,827
<b>Total Expenditures</b>	<u>13,082,449</u>	<u>13,082,449</u>	<u>12,948,319</u>	<u>134,130</u>
<b>Excess Revenues Over Expenditures</b>	(319,774)	(319,774)	(119,192)	200,582
<b>Other Financing Sources</b>				
Lease Proceeds	82,037	82,037	82,037	-
Transfers from Other Funds	270,737	270,737	262,983	7,754
Transfers to Other Funds	(58,000)	(58,000)	(58,132)	132
<b>Total Other Financing Sources</b>	<u>294,774</u>	<u>294,774</u>	<u>286,888</u>	<u>7,886</u>
<b>Net Change in Fund Balance</b>	<u>(25,000)</u>	<u>(25,000)</u>	167,696	<u>192,696</u>
<b>Beginning Fund Balances - Budgetary Basis</b>			<u>1,624,689</u>	
<b>Ending Fund Balances - Budgetary Basis</b>			1,792,385	
<b>Adjustments to Conform to GAAP:</b>				
Elimination of Encumbrances			<u>26,412</u>	
<b>Ending Fund Balances - GAAP Basis</b>			<u>1,818,797</u>	

**TOWN OF ROCKPORT**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit A-1*  
*Page 1 of 2*

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Taxes			
Property	11,534,657	11,601,563	66,906
Auto Excise	650,000	599,934	(50,066)
Boat Excise	12,000	15,001	3,001
Interest/Fees on Taxes/Liens	42,500	69,462	26,962
	<u>12,239,157</u>	<u>12,285,960</u>	<u>46,803</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	5,050	4,709	(341)
Homestead Reimbursement	59,228	59,228	-
BETE Reimbursement	34,184	34,230	46
Tree Growth		3,423	3,423
Veterans Reimbursement	-	3,814	3,814
Gas Tax Refund	150	55	(95)
Snowmobile Reimbursement	600	685	85
Federal			
FEMA	-	3,646	3,646
	<u>99,212</u>	<u>109,790</u>	<u>10,578</u>
Departmental Revenues			
Police			
All Other	9,500	7,775	(1,725)
Training Reimbursement	18,500	18,500	-
Animal Control	800	3,423	2,623
Fire	-	308	308
Planning			
Building Permits	48,000	43,789	(4,211)
Plumbing Permits	6,000	5,430	(570)
Planning Board Fees	7,500	5,500	(2,000)
All Other	1,375	2,809	1,434
Harbor Fees			
Moorings	42,000	48,169	6,169
Tie Offs	10,000	12,560	2,560
Winter Boat Storage	7,500	8,411	911
Lease Income	5,844	5,844	-
Schooner Berthing	5,280	4,653	(627)
All Other	14,060	20,225	6,165
Public Works			
Cemetery - Sale of Lots	1,000	6,375	5,375
All Other-Public Works	8,000	8,234	234

**TOWN OF ROCKPORT**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit A-1*  
*Page 2 of 2*

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Departmental Revenues (Continued)			
Town Clerk			
Clerk Fees	18,000	21,898	3,898
Agent Fees	9,000	10,602	1,602
Election Reimbursement Fees	3,000	-	(3,000)
All Other	3,875	2,782	(1,093)
Parks & Recreation	625	105	(520)
Town Manager	125	110	(15)
Finance	1,000	1,450	450
Assessing	400	189	(211)
Town Office	460	524	64
	<u>221,844</u>	<u>239,665</u>	<u>17,821</u>
Other Local Sources			
Interest on Investments	2,000	5,563	3,563
Payment in Lieu of Taxes	3,000	9,300	6,300
Opera House	13,400	18,871	5,471
Cable TV Franchise	25,000	29,118	4,118
PBMC Traffic Light	1,570	1,847	277
Old County Road Traffic Light	1,600	1,984	384
WW Reimb. Wage, Benefits, Other	28,807	28,699	(108)
MMA Insurance Dividend/Reimbursement	6,900	5,705	(1,195)
Library Reimbursements	120,185	92,025	(28,160)
Rockland Elementary School	-	600	600
	<u>202,462</u>	<u>193,712</u>	<u>(8,750)</u>
Other Financing Sources			
Municipal Revenue Sharing	188,481	188,481	-
Urban Rural Initiative Program Funds	54,396	54,396	-
TIF Sewer Retained Earnings	7,860	-	(7,860)
Lease Proceeds	82,037	82,037	-
Public Safety Building		106	106
Cemetery Trust Funds	20,000	20,000	-
	<u>352,774</u>	<u>345,020</u>	<u>(7,754)</u>
Total Revenues and Other			
Financing Sources	13,115,449	<u><u>13,174,147</u></u>	<u><u>58,698</u></u>
Beginning Fund Balance Used	<u>25,000</u>		
<b>Total</b>	<u><u>13,140,449</u></u>		

**TOWN OF ROCKPORT  
GENERAL FUND**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
JUNE 30, 2011**

*Exhibit A-2  
Page 1 of 2*

	<i>Encumbered from 6/30/10</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/12</i>	<i>(Over Under Budget</i>
General Government					
Administration		25,107	29,264		(4,157)
Legacy Rockport	14,131	-	2,119	12,012	-
Town Manager	7,095	213,593	214,913		5,775
Town Clerk	14,400	163,777	160,967	14,400	2,810
Planning and Community Development		170,016	173,325		(3,309)
Finance Department		82,049	80,167		1,882
Assessing		115,618	107,604		8,014
Town Office Building		59,745	66,571		(6,826)
Insurances		42,394	42,074		320
	<u>35,626</u>	<u>872,299</u>	<u>877,004</u>	<u>26,412</u>	<u>4,509</u>
Public Safety					
Police Department		442,376	450,721		(8,345)
Fire Department		304,598	285,794		18,804
Animal Control		9,147	8,428		719
Emergency Management		1,941	1,701		240
Street Lights		58,040	57,909		131
Public Safety Building		20,208	15,219		4,989
County Dispatch and E-911		71,218	71,218		-
	-	<u>907,528</u>	<u>890,990</u>	-	<u>16,538</u>
Public Works					
Public Works Department		1,212,882	1,218,250		(5,368)
Sanitation		171,191	171,191		-
Cemeteries		57,933	56,756		1,177
	-	<u>1,442,006</u>	<u>1,446,197</u>	-	<u>(4,191)</u>

**TOWN OF ROCKPORT  
GENERAL FUND**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit A-2  
Page 2 of 2

	<u>Encumbered from 6/30/10</u>	<u>Appropriations</u>	<u>Expenditures Net of Refund</u>	<u>Encumbered to 6/30/12</u>	<u>(Over) Under Budget</u>
Health and Social Services					
General Assistance	-	17,667	16,437	-	1,230
Cultural and Recreation					
Recreation and Parks		17,667	16,437	-	1,230
Library		59,310	54,731		4,579
Opera House		314,549	285,318		29,231
Conservation Commission		89,204	56,924		32,280
Harbor Operations		2,150	1,083		1,067
		96,450	100,454		(4,004)
Unclassified					
Debt Service	-	561,663	498,510	-	63,153
Rockport Elementary School		116,730	116,730		-
Copier		7,860	8,393		(533)
Pascal Avenue Construction Project		9,637	9,637		-
		-	403		(403)
Assessments					
MSAD #28	-	134,227	135,163	-	(936)
Knox County		5,005,340	5,005,340		-
CSD School Assessment		872,322	872,322		-
Tax Increment Financing		3,080,405	3,080,405		-
Overlay		114,284	114,284		-
		74,708	20,881		53,827
Operating Transfers Out and Other Uses					
Planning Grant	-	9,147,059	9,093,232	-	53,827
Reserves		58,000	58,000		(132)
		58,000			
		58,000	58,132		(132)
<b>Totals</b>	<b>35,626</b>	<b>13,140,449</b>	<b>13,015,665</b>	<b>26,412</b>	<b>133,998</b>

**TOWN OF ROCKPORT**  
**GENERAL FUND**  
**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Exhibit A-3*

Unassigned Fund Balance, July 1	1,624,689	
Unassigned Fund Balance, June 30	<u>1,792,279</u>	
<b>Increase (Decrease)</b>		<b><u><u>167,590</u></u></b>

*Analysis of Change*

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	58,698	
(Increase) Decrease in Restricted Public Safety Funds	(106)	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>133,998</u>	
		192,590
Deductions		
Fund Balance Used to Fund Appropriations		<u>(25,000)</u>
<b>Increase (Decrease)</b>		<b><u><u>167,590</u></u></b>

TOWN OF ROCKPORT  
 GENERAL FUND RESTRICTED/COMMITTED ACCOUNTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2011

	Municipal Revenue Sharing	U.R.I.P. Funds	Library Operating Fund	Miscellaneous Donations	Rockport Harbor Land Acquisition	Opera House Donations	Police Forfeiture Account	Walker Park Playground	G/F Recreation Reserve	G/F Labor Reserve	Total
Revenues											
Intergovernmental Revenues	180,160	54,860	47,686		4	5			181	176	235,020
Local Sources											48,052
Total Revenues	180,160	54,860	47,686	-	4	5	-	-	181	176	283,072
Expenditures											
General Government			92,025							8,582	8,582
Library Operations											92,025
Total Expenditures	-	-	92,025	-	-	-	-	-	-	8,582	100,607
Excess of Revenues Over (Under) Expenditures	180,160	54,860	(44,339)	-	4	5	-	-	181	(8,406)	182,465
Other Financing Sources (Uses)											
Transfers from Other Funds	(188,481)	(54,396)								5,000	39,085
Transfers to Other Funds					(4,046)						(246,923)
Total Other Financing Sources (Uses)	(188,481)	(54,396)	34,085		(4,046)					5,000	(207,838)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(8,321)	464	(10,254)	-	(4,042)	5	-	-	181	(3,406)	(25,373)
Fund Balance - July 1	16,655	-	37,549	3,500	6,711	1,481	12,579	14,134	52,671	55,533	200,813
Fund Balance - June 30	8,334	464	27,295	3,500	2,669	1,486	12,579	14,134	52,852	52,127	175,440

TOWN OF ROCKPORT  
 SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2011

Exhibit B-1

Assets	Comprehensive Planning Grant	Davis Foundation Grant	Rotary Club of West Bay	Rohrbough Fund	Boyd Fund	Ellis Fund	Total
Cash and Equivalents				1,219	520	1,220	2,959
Investments				35,020	14,941	35,052	85,013
Due From Other Funds	2,719	9,943	3,754				16,416
<b>Total Assets</b>	<b>2,719</b>	<b>9,943</b>	<b>3,754</b>	<b>36,239</b>	<b>15,461</b>	<b>36,272</b>	<b>104,388</b>
<i>Liabilities &amp; Fund Balances</i>							
Liabilities							
Due to Other Funds							
Total Liabilities	-	-	-	-	-	-	-
<i>Fund Balances</i>							
Fund Balances							
Restricted	2,719	9,943	3,754	36,239	15,461	36,272	104,388
<b>Total Fund Balances</b>	<b>2,719</b>	<b>9,943</b>	<b>3,754</b>	<b>36,239</b>	<b>15,461</b>	<b>36,272</b>	<b>104,388</b>

TOWN OF ROCKPORT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	CDBG Business Grant	Comprehensive Planning Grant	Harbor SHIP Grant	Septic Grant	Energy Grant	Davis Foundation Grant	Rotary Club of West Bay Grant	Lime Kiln Grant	Rohrbough Fund	Boyd Fund	Ellis Fund	Total
Revenues												
Intergovernmental	60,000		3,357	25,444	8,000	15,000	1,500	4,046				100,847
Donations							12					16,500
Local Sources	23			2,250					5,641	2,422	5,655	16,003
Total Revenues	60,023		3,357	27,694	8,000	15,000	1,512	4,046	5,641	2,422	5,655	133,350
Expenditures												
Construction				27,325								27,325
Repairs & Maintenance												
General Assistance			11,857	369	8,000	5,057	950	8,092				950
Professional Services	60,023				132							33,006
Other												60,524
Total Expenditures	60,023		11,857	27,694	8,132	5,057	950	8,092				121,805
Excess of Revenues Over (Under) Expenditures	-		(8,500)	-	(132)	9,943	562	(4,046)	5,641	2,422	5,655	11,545
Other Financing Sources (Uses)												
Transfers from Other Funds			8,500		132			4,046				12,678
Transfers to Other Funds									(1,440)	(720)	(1,500)	(3,660)
Total Other Financing Sources (Uses)			8,500		132			4,046	(1,440)	(720)	(1,500)	9,018
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses						9,943	562		4,201	1,702	4,155	20,563
Fund Balance - July 1		2,719					3,192		32,038	13,759	32,117	83,825
Fund Balance - June 30		2,719				9,943	3,754		36,239	15,461	36,272	104,388

**TOWN OF ROCKPORT  
ALL CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011**

*Exhibit C-1*

<i>Assets</i>	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Capital Improvement Reserves</i>	<i>Totals</i>
Due from Other Funds	1,611	15,425	257,753	274,789
<b>Total Assets</b>	<b>1,611</b>	<b>15,425</b>	<b>257,753</b>	<b>274,789</b>
 <i>Liabilities &amp; Fund Balances</i>				
Liabilities				
Retainage Payable				-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted	1,611	15,425		17,036
Committed			257,753	257,753
Total Fund Balances	1,611	15,425	257,753	274,789
<b>Total Liabilities &amp; Fund Balances</b>	<b>-</b>	<b>15,425</b>	<b>257,753</b>	<b>274,789</b>

**TOWN OF ROCKPORT  
ALL CAPITAL PROJECT FUNDS**

*Exhibit C-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Public Safety Building</i>	<i>Capital Improvement Reserves</i>	<i>Total</i>
Revenues					
Local Sources				10,486	10,486
Total Revenues	-	-	-	10,486	10,486
Expenditures					
Other				779	779
Total Expenditures	-	-	-	779	779
Excess of Revenues Over (Under) Expenditures	-	-	-	9,707	9,707
Other Financing Sources (Uses)					
Transfers from Other Funds				44,500	44,500
Transfers to Other Funds			(106)	-	(106)
Total Other Financing Sources (Uses)	-	-	(106)	44,500	44,394
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	(106)	54,207	54,101
Fund Balance - July 1	1,611	15,425	106	203,546	220,688
<b>Fund Balance - June 30</b>	<b>1,611</b>	<b>15,425</b>	<b>-</b>	<b>257,753</b>	<b>274,789</b>

**TOWN OF ROCKPORT  
 CAPITAL IMPROVEMENT PROJECTS - RESERVES  
 SCHEDULE OF ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit C-3

	<i>Balance July 1</i>	<i>Revenues</i>	<i>Transfer In (Transfers Out)</i>	<i>Expenditures</i>	<i>Balance June 30</i>
Computer Reserve	4,868	48	9,000		13,916
Police Department Equipment	15,855	9,689			25,544
Fire Equipment	156,245	642	30,000		186,887
Opera House Building	1,904	10	1,000		2,914
Public Works	10,000	34			10,034
Conservation	779			(779)	-
Video Equipment	1,702	6			1,708
Harbor Float	3,525	17	1,500		5,042
Harbor Boat Reserve	5,648	24	1,400		7,072
Harbor Boat Engine	3,020	16	1,600		4,636
<b>Totals</b>	<b>203,546</b>	<b>10,486</b>	<b>44,500</b>	<b>(779)</b>	<b>257,753</b>

*TOWN OF ROCKPORT  
 COMBINING BALANCE SHEET  
 ALL PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011*

*Exhibit D-1*

<i>Assets</i>	<u><i>Cemetery</i></u>	<u><i>Welfare</i></u>	<u><i>Library</i></u>	<u><i>Total</i></u>
Cash and Equivalents	76,848	65,636	21,128	163,612
Investments	285,841	244,138	606,889	1,136,868
Due From Other Funds	<u>29,175</u>			<u>29,175</u>
<b>Total Assets</b>	<u><u>391,864</u></u>	<u><u>309,774</u></u>	<u><u>628,017</u></u>	<u><u>1,329,655</u></u>
Fund Balances				
Non-spendable	364,099	50,780	288,262	703,141
Restricted	<u>27,765</u>	<u>258,994</u>	<u>339,755</u>	<u>626,514</u>
<b>Total Fund Balances</b>	<u><u>391,864</u></u>	<u><u>309,774</u></u>	<u><u>628,017</u></u>	<u><u>1,329,655</u></u>

**TOWN OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit D-2

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	29,175			29,175
Investment Income	9,849	8,146	10,565	28,560
Change in Fair Value	35,675	29,227	88,013	152,915
	<u>74,699</u>	<u>37,373</u>	<u>98,578</u>	<u>210,650</u>
Expenditures				
Professional Services			-	-
Cemetery				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>74,699</u>	<u>37,373</u>	<u>98,578</u>	<u>210,650</u>
Other Financing Sources (Uses)				
Transfers from Other Funds			-	-
Transfers to Other Funds	<u>(20,000)</u>		<u>(30,425)</u>	<u>(50,425)</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>(30,425)</u>	<u>(50,425)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	54,699	37,373	68,153	160,225
Fund Balance - July 1	<u>337,165</u>	<u>272,401</u>	<u>559,864</u>	<u>1,169,430</u>
<b>Fund Balance - June 30</b>	<u><b>391,864</b></u>	<u><b>309,774</b></u>	<u><b>628,017</b></u>	<u><b>1,329,655</b></u>

*TOWN OF ROCKPORT  
 COMBINING BALANCE SHEET  
 ALL LIBRARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011*

*Exhibit D-3*

<i>Assets</i>	<u><i>Chatfield Fund</i></u>	<u><i>Rockport Library</i></u>	<u><i>Dodge Fund</i></u>	<u><i>Gardner Fund</i></u>	<u><i>Total</i></u>
Cash and Equivalents	379	19,672	242	835	21,128
Investments	<u>10,891</u>	<u>565,060</u>	<u>6,944</u>	<u>23,994</u>	<u>606,889</u>
<b>Total Assets</b>	<u><u>11,270</u></u>	<u><u>584,732</u></u>	<u><u>7,186</u></u>	<u><u>24,829</u></u>	<u><u>628,017</u></u>
 <i>Fund Balances</i>					
Fund Balances					
Non-spendable	10,076	245,969	9,280	22,937	288,262
Restricted	<u>1,194</u>	<u>338,763</u>	<u>(2,094)</u>	<u>1,892</u>	<u>339,755</u>
<b>Total Fund Balances</b>	<u><u>11,270</u></u>	<u><u>584,732</u></u>	<u><u>7,186</u></u>	<u><u>24,829</u></u>	<u><u>628,017</u></u>

**TOWN OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**LIBRARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit D-4

	<i>Chatfield Fund</i>	<i>Rockport Library</i>	<i>Dodge Fund</i>	<i>Gardner Fund</i>	<i>Total</i>
Revenues					
Local Sources					
Investment Income	189	9,843	120	413	10,565
Change in Fair Value	1,571	82,002	1,001	3,439	88,013
	<u>1,760</u>	<u>91,845</u>	<u>1,121</u>	<u>3,852</u>	<u>98,578</u>
Expenditures					
Professional Services	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>1,760</u>	<u>91,845</u>	<u>1,121</u>	<u>3,852</u>	<u>98,578</u>
Other Financing Sources (Uses)					
Transfers from Other Funds					-
Transfers to Other Funds	(480)	(28,745)	(300)	(900)	(30,425)
Total Other Financing Sources (Uses)	<u>(480)</u>	<u>(28,745)</u>	<u>(300)</u>	<u>(900)</u>	<u>(30,425)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>1,280</u>	<u>63,100</u>	<u>821</u>	<u>2,952</u>	<u>68,153</u>
Fund Balance - July 1	<u>9,990</u>	<u>521,632</u>	<u>6,365</u>	<u>21,877</u>	<u>559,864</u>
<b>Fund Balance - June 30</b>	<b><u>11,270</u></b>	<b><u>584,732</u></b>	<b><u>7,186</u></b>	<b><u>24,829</u></b>	<b><u>628,017</u></b>