

2016

City of Rockland Maine Financial Statements June 30, 2016

Rockland, Me.

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/towndocs>

This Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.

CITY OF ROCKLAND, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2016*

**CITY OF ROCKLAND
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

PAGE(S)

INDEPENDENT AUDITOR'S REPORT

1 - 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

3 - 9

BASIC FINANCIAL STATEMENTS:

EXHIBIT GOVERNMENTAL-WIDE FINANCIAL STATEMENTS:

A	Statement of Net Position	10
B	Statement of Activities	11

FUND FINANCIAL STATEMENTS:

Governmental Funds Financial Statements

C	Balance Sheet - Governmental Funds	12 - 13
D	Combined Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds	14 - 15

Proprietary Fund Financial Statements

E	Statement of Net Position	16
F	Statement of Revenues, Expenses, and Changes in Fund Net Position	17
G	Statement of Cash Flows	18

Fiduciary Fund Financial Statements

H	Statement of Net Position	19
I	Statement of Changes in Net Position	20

NOTES TO THE FINANCIAL STATEMENTS

21 - 45

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

J	Pension Schedules	46
K	Budgetary Comparison Schedule	47

SUPPLEMENTARY INFORMATION

GENERAL FUND:

A-1	Statement of Estimated and Actual Revenues	48 - 49
A-2	Statement of Appropriations, Expenditures & Encumbrances	50 - 51
A-3	Statement of Changes in Unassigned Fund Balance	52
A-4	Combining Balance Sheet - All General Reserves/Funds	53
A-5	Combining Statement of Revenues, Expenditures and Changes in Fund Balances- All General Reserves/Funds	54
A-6	Schedule of Activity - General Reserves Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	55
A-7	Emergency Medical Fund	56
A-8	Transfer Station	57

**CITY OF ROCKLAND
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

PAGE(S)

SPECIAL REVENUE FUNDS:

	Combining Balance Sheet:	
B-1	All Special Revenue Funds	58
B-2	Federal/State Programs	59 - 61
B-3	All Other	62 - 63
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances:	
B-4	All Special Revenue Funds	64
B-5	Federal/State Programs	65 - 68
B-6	All Other	69 - 70

CAPITAL FUNDS:

C-1	Combining Balance Sheet All Capital Project Funds	71
C-2	Statement of Revenues, Expenditures and Changes in Fund Balance - All Capital Project Funds	72
C-3	Capital Improvements Program - Schedule of Activity	73
C-4	Capital Reserve Funds - Schedule of Activity	74

PERMANENT FUNDS:

D-1	Combining Balance Sheet - All Permanent Funds	75
D-2	Combining Balance Sheet - All Other	76
D-3	Statement of Activity - All Permanent Funds	77
D-4	Statement of Activity - All Other Matters	78

**SINGLE AUDIT ACT
 INDEPENDENT AUDITOR'S REPORTS AND SCHEDULES**

Report On Compliance and On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards	79 - 80
--	---------

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with Uniform Guidance	81 - 82
--	---------

SCHEDULES

I	Summary Schedule of Prior Audit Findings	83 - 84
II	Schedule of Findings and Questioned Costs	85 - 86
III	Schedule of Expenditures of Federal Awards	87
Notes to Schedule of Expenditures of Federal Awards	88	

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Rockland
Rockland, ME 04841

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Rockland, Maine (the City) as of and for the fiscal year ended June 30, 2016, including the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Rockland, Maine as of June 30, 2016, and the respective changes in

financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 9 and 46 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockland, Maine's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017 on our consideration of the City of Rockland, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rockland, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
March 30, 2017

CITY OF ROCKLAND, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Management of the City of Rockland, Maine provides this *Management's Discussion and Analysis* of the City's financial performance for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2016. 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 City of Rockland, Maine (the City) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the City exceeded its liabilities at fiscal year ending June 30, 2016 by \$23,849,671 (presented as “net position”). Of this amount, \$4,068,367 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position – The City's total net position increased by \$1,795,841 (an 8.1% increase) for the fiscal year ended June 30, 2016. Net position of governmental activities increased by \$2,361,649 (a 17.9% increase), while net position of business-type activities showed a decrease of \$565,808 (a 6.4% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$8,279,852 with \$1,345,152 being general unassigned fund balance and \$(2,856) deficit EMS unassigned fund balance for a total of \$1,342,296. The general unassigned fund balance represents approximately 6.7% of the total general fund expenditures for the year.

Long-term Debt:

The City's total long-term debt obligations increased by \$123,977 (1.0%) during the current fiscal year. Governmental debt obligations increased by \$641,059 and proprietary debt obligations decreased by \$517,082. A new bond was issued in the amount of \$1,600,000 for financing for the Old County Road project. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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 City 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 City (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 10-11 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 City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City'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 12-15 of this report.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

The basic fiduciary fund financial statements can be found on pages 19-20 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 21-45 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). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to implementation of GASB Statement #68. Required supplementary information can be found on pages 46-47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

71.8% of the City's net position reflects 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 City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City'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.

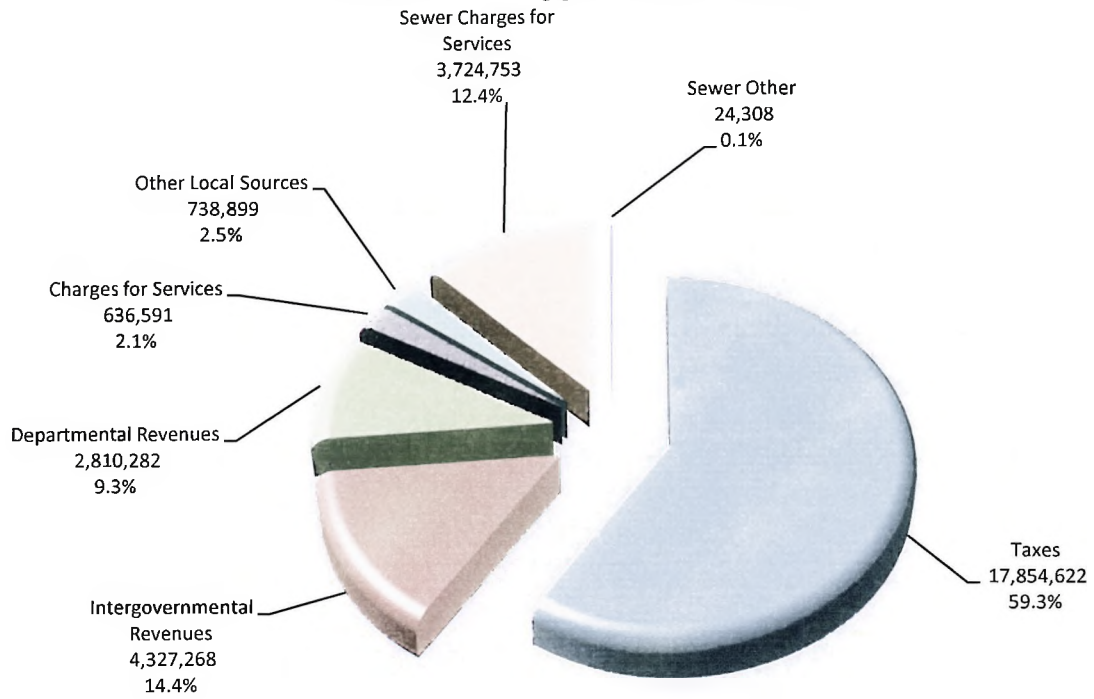
	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Current Assets	10,306,001	1,785,252	12,091,253	10,428,373
Capital Assets	17,263,898	11,848,950	29,112,848	28,354,917
Total Assets	27,569,899	13,634,202	41,204,101	38,783,290
Related to Pensions	1,515,585	203,948	1,719,533	186,543
Total Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	29,085,484	13,838,150	42,923,634	38,969,833
Current Liabilities	2,396,816	709,607	3,106,423	2,849,801
Other Liabilities	9,602,394	4,652,762	14,255,156	12,342,567
Total Liabilities	11,999,210	5,362,369	17,361,579	15,192,368
Prepaid Property Taxes	28,458		28,458	25,358
Related to Pensions	1,484,212	199,714	1,683,926	1,698,277
Total Deferred Inflows of Resources	1,512,670	199,714	1,712,384	1,723,635
Net Investment in Capital Assets	10,109,568	7,018,884	17,128,452	16,494,498
Restricted	2,622,756	30,096	2,652,852	2,282,784
Unrestricted	2,841,280	1,227,087	4,068,367	3,276,548
Total Net Position	15,573,604	8,276,067	23,849,671	22,053,830
Total Liabilities, Deferred Inflows of Resources and Net Position	29,085,484	13,838,150	42,923,634	38,969,833

Changes in Net Position

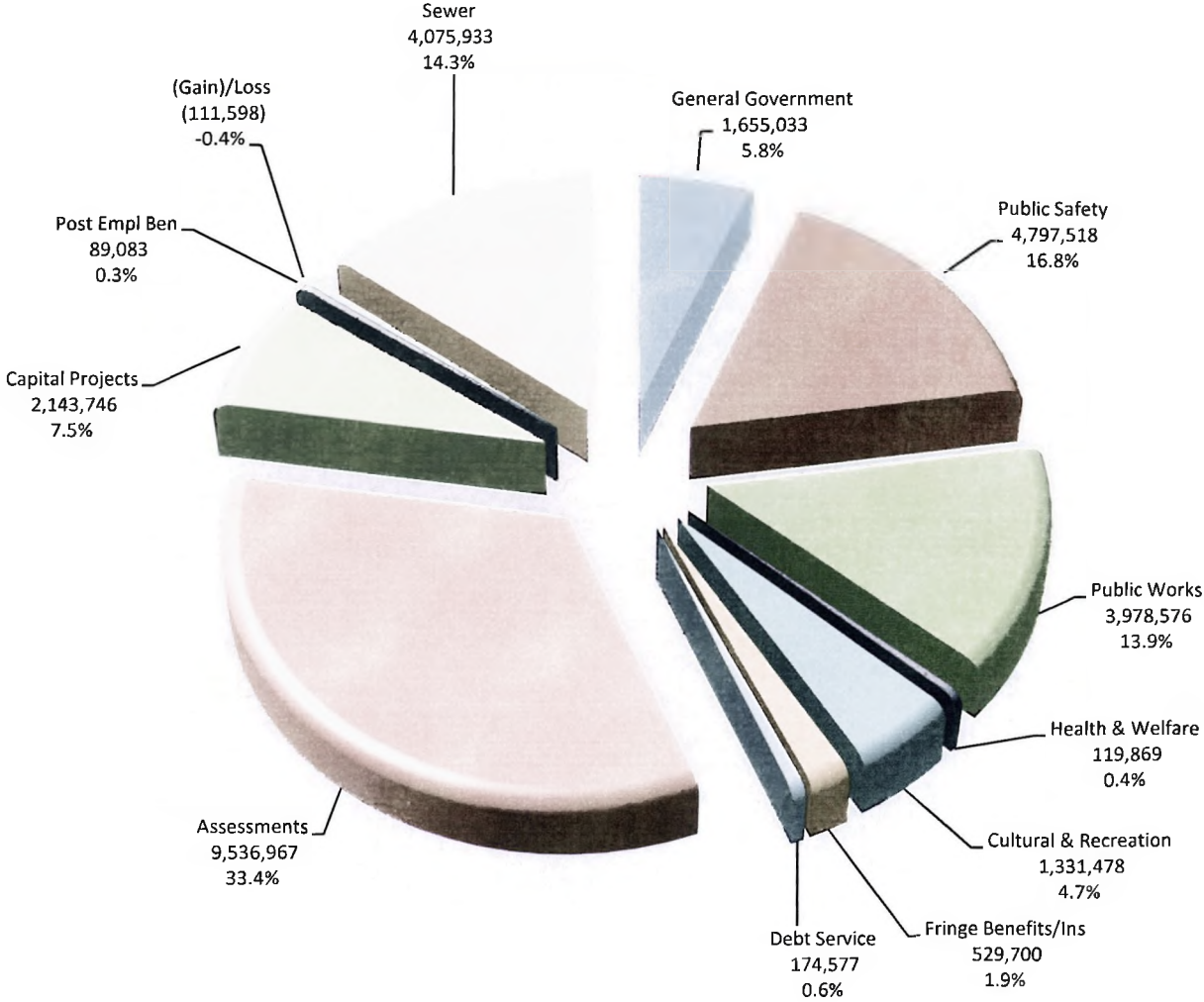
Approximately 59.3 percent of the City's total revenue came from property and excise taxes, approximately 14.4 percent came from State and Federal subsidies and grants, and approximately 26.3 percent came from services, investment earnings and other sources. Depreciation expense on the City's governmental activity assets represents \$1,380,743 of the total expenses for the fiscal year and \$866,853 of the total business-type activity assets.

	Governmental Activities	Business-Type Activities	Total 2016	Total 2015
Revenues:				
Taxes	17,854,622		17,854,622	16,946,592
Intergovernmental Revenues	4,327,268		4,327,268	4,137,455
Departmental Revenues	2,810,282		2,810,282	2,700,253
Charges for Services	636,591	3,724,753	4,361,344	4,330,034
Other Local Sources	738,899	24,308	763,207	530,467
Total	26,367,662	3,749,061	30,116,723	28,644,801
Expenses:				
General Government	1,655,033		1,655,033	1,923,911
Public Safety	4,797,518		4,797,518	6,699,753
Public Works	3,978,576	4,075,933	8,054,509	8,323,480
Health & Welfare	119,869		119,869	132,429
Cultural & Recreation	1,331,478		1,331,478	1,446,977
Fringe Benefits/Insurance/Contingency	529,700		529,700	401,895
Debt Service	174,577		174,577	128,573
Assessments	9,536,967		9,536,967	8,787,540
Capital Projects	2,143,746		2,143,746	3,216,192
Post Employment Benefits Cost	89,083		89,083	472,603
(Gain)/Loss on Disposal of Assets	(111,598)		(111,598)	40,975
Transfer (from)/to Enterprise Fund	(238,936)	238,936	-	-
Total	24,006,013	4,314,869	28,320,882	31,574,328
Changes in Net Position	2,361,649	(565,808)	1,795,841	(2,929,527)

Revenues By Source - Governmental and Business-Type Activities



Expenditures By Source - Governmental and Business Type Activities



FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City'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 City's governmental funds reported ending fund balances of \$8,279,852, an increase of \$1,469,795 in comparison with the prior year. Approximately 16.2 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.

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

- \$173,333 positive variance in auto excise tax revenue due to budgeting conservatively as in the past few years.
- \$46,079 positive variance in the harbor and waterfront revenues. There was an increase in harbor activity with mooring permits and docking fees increasing.
- \$20,792 positive variance in motor vehicle registration fees revenue due to conservative budgeting.
- \$(25,497) negative variance in the legislative expenditure department. There were more than expected legal fees for general employment advice.
- \$(22,301) negative variance in the executive department due to the creation of an unbudgeted position.
- \$(17,321) negative variance in the city clerk department due to negotiated benefits that were not budgeted for.
- \$25,000 positive variance in engineering. All engineering was completed through project funds.
- \$58,801 positive variance in the police department was due to understaffed personnel which saved employee benefits. Gasoline prices were also lower than budgeted.
- \$(77,854) negative variance in the fire department. The acting city manager agreed to overtime and negotiated benefits that were not budgeted for.
- \$(84,900) negative variance in public works due to the creation of an unbudgeted position.
- \$(63,240) negative variance in recreation. The recreation program was privatized after the first quarter and severance packages were offered to full time employees.
- \$(133,375) negative variance in fringe benefits due to an abnormal number of employee turnovers.
- \$30,220 and \$33,670 positive variance in principal and interest on debt due to budgeting for a salt/sand shed payment that was not approved.
- \$72,731 positive variance in capital leases due to budgeting for a capital lease that was never borrowed and the equipment not purchased.

Proprietary Funds

The City'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 City's investment in capital assets for its governmental and business-type activities amounts to \$66,939,337, net of accumulated depreciation of \$37,826,489, leaving a net book value of \$29,112,848. Current year additions include \$415,014 for infrastructure, \$47,861 for equipment and vehicles and \$2,880,145 in construction work in process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the City'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: City of Rockland, 270 Pleasant Street, Rockland, ME 04841.

CITY OF ROCKLAND
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	3,340,904	150	3,341,054
Investments	3,694,725	1,562	3,696,287
Receivables			
Taxes	1,359,060		1,359,060
Tax Liens	340,564		340,564
Accounts	133,265	49	133,314
User Fees, net	699,251	635,271	1,334,522
Loans	355,091		355,091
Tax Acquired Property	70,017		70,017
Prepaid Expenses	205,240	38,378	243,618
Due From Other Governments	1,212,320		1,212,320
Internal Balances	(1,109,842)	1,109,842	-
Due From Fiduciary Fund	5,406		5,406
Capital Assets:			
Land	841,671	1,102	842,773
Other Capital Assets, Net of Depreciation	12,635,410	11,635,647	24,271,057
Construction Work In Process	3,786,817	212,201	3,999,018
Total Assets	27,569,899	13,634,202	41,204,101
Deferred Outflows of Resources:			
Related to Pensions	1,515,585	203,948	1,719,533
Total Deferred Outflows of Resources	1,515,585	203,948	1,719,533
Total Assets and Deferred Outflows of Resources	29,085,484	13,838,150	42,923,634
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	348,914		348,914
Retainage Payable	137,149	-	137,149
Accrued Salaries	51,704	10,666	62,370
Payroll Taxes / Deductions	98,781		98,781
Deposits Payable	25,103		25,103
Compensated Absences Payable	1,022,533	93,699	1,116,232
Accrued Interest Payable		78,219	78,219
Long-term Liabilities:			
Net Pension Liability	2,599,010	349,719	2,948,729
Net Post Employment Benefits Obligation	561,686		561,686
Due Within One Year	712,632	527,023	1,239,655
Due in More Than One Year	6,441,698	4,303,043	10,744,741
Total Liabilities	11,999,210	5,362,369	17,361,579
Deferred Inflows of Resources:			
Prepaid Property Taxes	28,458		28,458
Related to Pensions	1,484,212	199,714	1,683,926
Total Deferred Inflows of Resources	1,512,670	199,714	1,712,384
Net Position:			
Net Investment in Capital Assets	10,109,568	7,018,884	17,128,452
Restricted Net Position	2,622,756	30,096	2,652,852
Unrestricted	2,841,280	1,227,087	4,068,367
Total Net Position	15,573,604	8,276,067	23,849,671
Total Liabilities, Deferred Inflows of Resources and Net Position	29,085,484	13,838,150	42,923,634

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

CITY OF ROCKLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Total Governmental Activities</u>	<u>Total Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,655,033	156,795		(1,498,238)		(1,498,238)
Public Safety	4,797,518	742,833	5,649	(4,049,036)		(4,049,036)
Public Works	3,978,576	1,946,651	-	(2,031,925)		(2,031,925)
Health & Welfare	119,869		29,263	(90,606)		(90,606)
Cultural & Recreation	1,331,478	615,445	15,000	(701,033)		(701,033)
Fringe Benefits/Insurance/Contingency	529,700			(529,700)		(529,700)
Debt Service	174,577			(174,577)		(174,577)
Assessments	9,536,967			(9,536,967)		(9,536,967)
Capital Projects	2,143,746		3,190,625	1,046,879		1,046,879
Post Employment Benefits	89,083			(89,083)		(89,083)
<u>Total Governmental Activities</u>	<u>24,356,547</u>	<u>3,461,724</u>	<u>3,240,537</u>	<u>(17,654,286)</u>		<u>(17,654,286)</u>
<u>Business-type Activities:</u>						
Wastewater	4,075,933	3,724,753			(351,180)	(351,180)
<u>Total Business-type Activities</u>	<u>4,075,933</u>	<u>3,724,753</u>	<u>-</u>	<u>-</u>	<u>(351,180)</u>	<u>(351,180)</u>
<u>Total Primary Government</u>	<u>28,432,480</u>	<u>7,186,477</u>	<u>3,240,537</u>	<u>(17,654,286)</u>	<u>(351,180)</u>	<u>(18,005,466)</u>
<u>General Revenues:</u>						
Taxes						
Property				16,781,289		16,781,289
Auto Excise				1,073,333		1,073,333
Intergovernmental Revenues				1,093,131		1,093,131
Investment Earnings				77,086		77,086
Other Local Sources				640,562	24,308	664,870
Gain/(Loss) on Disposal of Assets				111,598		111,598
Interfund Transfers				238,936	(238,936)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>20,015,935</u>	<u>(214,628)</u>	<u>19,801,307</u>
<u>Changes in Net Position</u>				<u>2,361,649</u>	<u>(565,808)</u>	<u>1,795,841</u>
<u>Net Position - Beginning</u>				<u>13,211,955</u>	<u>8,841,875</u>	<u>22,053,830</u>
<u>Net Position - Ending</u>				<u>15,573,604</u>	<u>8,276,067</u>	<u>23,849,671</u>

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

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

Exhibit C
Page 1 of 2

Assets	General Fund	Special Revenue Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
		Federal / State Programs	Capital Improvement	Old County Road		
Cash and Equivalents	3,244,253	1,716	59,259		35,676	3,340,904
Investments	1,402,952	104,303	1,652,947	-	534,523	3,694,725
Taxes Receivable	1,359,060					1,359,060
Tax Liens Receivable	340,564					340,564
Accounts Receivable	133,265					133,265
User Fees Receivable	699,251					699,251
Loans Receivable	-	288,153			66,938	355,091
Tax Acquired Property	70,017					70,017
Prepaid Expense	205,240					205,240
Due from Other Governments	94,443	117,877		1,000,000		1,212,320
Due from Other Funds	2,208,184	235,993	1,532,417	-	1,376,869	5,353,463
Total Assets	9,757,229	748,042	3,244,623	1,000,000	2,014,006	16,763,900
<i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>						
<i>Liabilities</i>						
Accounts Payable	59			348,855		348,914
Retainage Payable				137,149		137,149
Accrued Salaries	51,704				-	51,704
Payroll Taxes/Deductions	98,781					98,781
Due to Other Funds	5,231,574	119,141	585,729	272,311	249,144	6,457,899
Deposits Payable	25,103					25,103
<i>Total Liabilities</i>	<i>5,407,221</i>	<i>119,141</i>	<i>585,729</i>	<i>758,315</i>	<i>249,144</i>	<i>7,119,550</i>
<i>Deferred Inflows of Resources</i>						
Unavailable Property Taxes	1,257,944					1,257,944
Unavailable Revenues - Other	78,096					78,096
Prepaid Taxes	28,458					28,458
<i>Total Deferred Inflows of Resources</i>	<i>1,364,498</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,364,498</i>
<i>Fund Balances</i>						
Non-Spendable					125,381	125,381
Restricted	145,516	628,901		241,685	1,481,273	2,497,375
Committed	1,454,209	-	2,658,894	-	149,453	4,262,556
Assigned	43,489	-			8,755	52,244
Unassigned	1,342,296	-			-	1,342,296
<i>Total Fund Balances</i>	<i>2,985,510</i>	<i>628,901</i>	<i>2,658,894</i>	<i>241,685</i>	<i>1,764,862</i>	<i>8,279,852</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,757,229	748,042	3,244,623	1,000,000	2,014,006	16,763,900

(Continued)

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

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

Exhibit C
Page 2 of 2

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

Total Fund Balance	8,279,852
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$21,630,006	17,263,898
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenue - Other	78,096
Unavailable Property Taxes	1,257,944
Deferred outflows of resources related to pension plans	1,515,585
Deferred inflows of resources related to pension plans	(1,484,212)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(6,755,522)
Accrued Compensated Absences	(1,022,533)
Capital Leases Payable	(398,808)
Net Post Employment Benefits Cost	(561,686)
Net Pension Liability	(2,599,010)
	<hr/>
Net Position of Governmental Activities	<u><u>15,573,604</u></u>

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

CITY OF ROCKLAND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D
 Page 1 of 2

	General Fund	Special Revenue Fund		Capital Projects		Other Governmental Funds	Total Governmental Funds
		Federal / State Programs	Capital Improvement	Old County Road			
Revenues							
Taxes	17,928,520						17,928,520
Intergovernmental Revenues	1,115,994	2,211,274		1,000,000			4,327,268
Departmental Revenues	3,446,873						3,446,873
Interest	51,354	3,116	51,124	603	17,505		123,702
Change in Fair Value	(14,881)	(1,102)	(17,734)		(12,899)		(46,616)
Other Local Sources	391,875	14,851	141,974		241,958		790,658
Total Revenues	22,919,735	2,228,139	175,364	1,000,603	246,564		26,570,405
Expenditures							
General Government	1,678,865	-					1,678,865
Public Safety	4,799,064	7,149			99		4,806,312
Public Works	2,858,476	15,615			96,646		2,970,737
Health and Welfare	104,070	1,646			14,153		119,869
Culture and Recreation	1,150,258	26,384			549		1,177,191
Fringe Benefits/Insurance/Contingency	465,817	39,340			24,543		529,700
Capital Improvement Projects	25,496						25,496
Debt Service	1,133,518						1,133,518
Assessments	9,536,967						9,536,967
Capital Outlay		2,198,491	51,446	2,275,624	435,330		4,960,891
Total Expenditures	21,752,531	2,288,625	51,446	2,275,624	571,320		26,939,546
Excess of Revenues Over (Under) Expenditures	1,167,204	(60,486)	123,918	(1,275,021)	(324,756)		(369,141)
Other Financing Sources (Uses)							
Bond Proceeds				1,600,000			1,600,000
Transfers from Other Funds	1,278,937	132,544	591,330	-	399,698		2,402,509
Transfers to Other Funds	(2,043,471)	(3)	(16,813)	(83,294)	(19,992)		(2,163,573)
Total Other Financing Sources (Uses)	(764,534)	132,541	574,517	1,516,706	379,706		1,838,936
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	402,670	72,055	698,435	241,685	54,950		1,469,795
Fund Balance - July 1	2,582,840	556,846	1,960,459	-	1,709,912		6,810,057
Fund Balance - June 30	2,985,510	628,901	2,658,894	241,685	1,764,862		8,279,852

(Continued)

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

**CITY OF ROCKLAND
 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, 2016**

Net change in fund balances - total governmental funds 1,469,795

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	2,939,550
Net disposal of capital assets	(47,292)
Depreciation expense	(1,380,743)
	<u>1,511,515</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Unavailable Revenues - Other	30,045
Unavailable Property Taxes	(73,898)
	<u>(43,853)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Lease Proceeds	(1,600,000)
Capital lease obligation principal payments	306,721
General obligation bond principal payments	652,220
Net Post Employment Benefits Cost	(89,083)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	135,782
	<u>(594,360)</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	18,552
	<u>18,552</u>

Change in net position of governmental activities 2,361,649

CITY OF ROCKLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

Exhibit E

<i>Assets and Deferred Outflows of Resources:</i>	<u><i>Wastewater Enterprise</i></u>
<i>Current Assets:</i>	
Cash and Equivalents	150
Investments	1,562
Invested with General Fund	423,724
Total Cash and Investments	<u>425,436</u>
Receivables	
User Fees, net	635,271
Accounts	49
Prepaid Expense	38,378
Due From Other Funds	686,118
<i>Total Current Assets</i>	<u><u>1,785,252</u></u>
<i>Noncurrent Assets:</i>	
Capital Assets, net	11,848,950
<i>Total Noncurrent Assets</i>	<u>11,848,950</u>
<i>Total Assets</i>	<u><u>13,634,202</u></u>
<i>Deferred Outflows of Resources:</i>	
Related to Pensions	203,948
<i>Total Deferred Outflows of Resources</i>	<u>203,948</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u><u>13,838,150</u></u>
<i>Liabilities, Deferred Inflows of Resources and Net Position:</i>	
<i>Liabilities:</i>	
Accrued Salaries	10,666
Accrued Compensated Absences	93,699
Accrued Interest Payable	78,219
Bonds and Notes Payable	527,023
<i>Total Current Liabilities</i>	<u>709,607</u>
<i>Noncurrent Liabilities:</i>	
Net Pension Liability	349,719
Bonds and Notes Payable	4,303,043
<i>Total Noncurrent Liabilities</i>	<u>4,652,762</u>
<i>Total Liabilities</i>	<u>5,362,369</u>
<i>Deferred Inflows of Resources:</i>	
Related to Pensions	199,714
<i>Total Deferred Inflows of Resources</i>	<u>199,714</u>
<i>Net Position:</i>	
Net Investment in Capital Assets	7,018,884
Restricted:	
Reserve Capacity Fee	30,096
Unrestricted	1,227,087
<i>Total Net Position</i>	<u>8,276,067</u>
<i>Total Liabilities and Net Position</i>	<u><u>13,838,150</u></u>

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

CITY OF ROCKLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit F

	<u>Proprietary Fund Types</u>
	<i>Wastewater</i>
	<i>Enterprise</i>
	<hr/>
Operating Revenues:	
Industrial	2,283,369
Residential	941,781
Commercial	424,562
Chemical Surcharge	56,189
Sewer Reserve Capacity Fee	4,800
Lab Testing	2,687
Interest - Late Penalties	11,365
	<hr/>
Total Operating Revenues:	3,724,753
	<hr/>
Operating Expenditures:	
Personnel	723,213
Contracted Services	1,320,387
Commodities	303,465
Equipment Repairs & Replacement	190,920
Preventive Maintenance	303,867
Capital Improvements Programs	154,594
Lease Payments	7,600
Depreciation and Amortization	866,853
	<hr/>
Total Operating Expenditures	3,870,899
	<hr/>
Net Operating Income	(146,146)
	<hr/>
Nonoperating Revenues (Expenses)	
Interest Revenue	47
Change in Fair Value	(16)
Related to Pensions	(51,603)
Nonutility Income, net of expense	24,277
Transfer from/(to) other funds	(238,936)
Interest Expense	(153,431)
	<hr/>
Total Nonoperating Revenue (Expenses)	(419,662)
	<hr/>
<i>Change in Net Position</i>	(565,808)
	<hr/>
<i>Total Net Position - Beginning</i>	8,841,875
	<hr/>
<i>Total Net Position - Ending</i>	8,276,067
	<hr/> <hr/>

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

**CITY OF ROCKLAND
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit G

	<u>Proprietary Fund Types</u>
	<u>Wastewater</u>
	<u>Enterprise</u>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	3,724,753
Payments to Suppliers	(1,976,966)
Payments to Employees	(723,213)
Other Receipts (Payments)	(266,262)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	758,312
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Purchases of Capital Assets	(113,269)
Principal Paid on Capital Debt	(517,082)
Interest Paid on Capital Debt	(153,431)
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(783,782)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Purchase of Investments	(43,030)
Interest and Dividends	31
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(42,999)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(68,469)
<i>Balances - beginning of the year</i>	493,905
	<hr/>
<i>Balances - end of the year</i>	425,436
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	(146,146)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	866,853
(Increase) Decrease in Accounts Receivable	286,519
(Increase) Decrease in Prepaid Expense	1,942
(Increase) Decrease in Due To/From Other Governments	(308,072)
Increase (Decrease) in Accrued Interest Payable	(22,204)
Increase (Decrease) in Accrued Salaries Payable	5,943
Increase (Decrease) in Compensated Absences Payable	83,588
Increase (Decrease) in Accounts Payable	(10,111)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	758,312
	<hr/> <hr/>

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

CITY OF ROCKLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

Exhibit H

	<i>Private Purpose Trust Funds</i>			<i>Total</i>
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>	<i>Police Scholarship Account</i>	
<i>Assets</i>				
Cash			5,190	5,190
Investments	39,069	6,962		46,031
Total Assets	39,069	6,962	5,190	51,221
<i>Liabilities and Net Position</i>				
<i>Liabilities</i>				
Due to Other Funds	4,000	1,406	-	5,406
Total Liabilities	4,000	1,406	-	5,406
<i>Net Position</i>				
<i>Net Position</i>				
Restricted for Endowment	27,000	5,000	-	32,000
Unrestricted	8,069	556	5,190	13,815
Total Net Position	35,069	5,556	5,190	45,815
Total Liabilities and Net Position	39,069	6,962	5,190	51,221

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

CITY OF ROCKLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit I

	<i>Private Purpose Trust Funds</i>		<i>Police Scholarship Account</i>	<i>Total</i>
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>		
<u>Additions</u>				
New Funds			1,411	1,411
Fair Value Increases (Decreases)	1,407	247		1,654
Investment Income	(1,287)	(204)	2	(1,489)
Total Additions	120	43	1,413	1,576
<u>Reductions</u>				
Churches				-
Other				-
Scholarships	4,000		1,306	5,306
Total Reductions	4,000	-	1,306	5,306
Changes in Net Position	(3,880)	43	107	(3,730)
Net Position - July 1	38,949	5,513	5,083	49,545
Net Position - June 30	35,069	5,556	5,190	45,815

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rockland 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. Governmental Reporting Entity

The City of Rockland operates under an elected Mayor/Council form of government. The City's major operations include public works, public safety, fire protection, health services, recreation and parks, and general administrative services.

For financial reporting purposes the City 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.

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

MUNICIPAL REVIEW COMMITTEE, INC. – The City has entered into an interlocal agreement with several municipalities, PERC, and Bangor Hydro for the long-term goal of handling the disposal of their present and projected volumes of nonhazardous municipal solid waste. The Corporation is administered by its board of directors elected from among Municipal Review Committee's membership by the charter municipalities. Operating revenues of the Corporation are allocated among municipalities on the basis of a weighted average of their share of actual tons of acceptable waste delivered to PERC each quarter and tons each municipality has guaranteed to be delivered to PERC. The City's equity interest for year 2016 is \$1,202,508. This figure has not been included as part of the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Fiduciary activities, whose resources are not available to finance the City'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 various 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 or segments 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*.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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. Funds are classified into the following categories: governmental, proprietary and fiduciary.

C. Measurement Focus, Basis of Accounting, 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 trust fund financial statements. Revenues are recognized when transactions occurred 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 when 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 City 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, 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, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The *General Fund* is the City'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 *Federal/State Funds* are used to account for federal/state grants received.
- The *Capital Improvement Reserves* are used for capital improvement accounts established by the council.
- The *Old County Road Capital Project* is used to account for the activity of the Old County Road capital improvement project.

The City reports the following major proprietary fund:

- The *Wastewater Fund* accounts for the activities of the wastewater operations. The City operates the wastewater collection system and related administrative costs.

Additionally, the City reports the following fund types:

- Permanent Funds* account for monies held in trust by the City, the investment earnings from which may only be used for the operation of the program.

**CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments

The City'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 City 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.

Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. 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 unavailable revenue. At June 30, \$1,257,944 has been so classified and reported on the general fund balance sheet. Property taxes were levied on August 14, 2015 on property values assessed on April 1. Taxes were due in two installments due on September 26 and March 6, with interest at 7.0% beginning September 27 and March 7. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The City has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

4. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (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 City 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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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	20-40
Infrastructure	18-77
Equipment	3-20

5. Compensated Absences

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, holiday leave and comp time 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.

6. 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. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

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 City of Rockland is in compliance with the above requirements.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Balances/Net Position

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through council approval and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Council.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The City considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The City's unofficial fund balance policy tries to maintain an unassigned fund balance approximating 8% of operating expenditures.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position (Continued)

Fund Balances

The City has identified June 30, 2016 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Federal/ State Programs</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u>Nonspendable</u>					
Library Trust Funds Principal				125,381	125,381
	-	-	-	125,381	125,381
<u>Restricted</u>					
Federal/State Programs		628,901			628,901
Municipal Revenue Sharing	145,516				145,516
Library Trust Funds Expendable				295,036	295,036
RCHP Scholarship				5,430	5,430
Berliawsky Park				4,336	4,336
Elizabeth Tyrell				34,069	34,069
Other Special Revenues				8,534	8,534
Pump Station/CSO Project				147,978	147,978
PW Big Dig Project				156,277	156,277
Elm/Museum Sidewalk Rebuild				(33,486)	(33,486)
Old County Road Project				241,685	241,685
Capital Improvements Program				863,099	863,099
	145,516	628,901	-	1,722,958	2,497,375
<u>Committed</u>					
General Reserves	1,443,011				1,443,011
Tree Planting Fund	11,198				11,198
Coast Guard				2,613	2,613
Veterans Memorial				4,546	4,546
Stormwater Separation Project				78,814	78,814
Capital Improvement Programs				63,480	63,480
Capital Reserve Funds			2,658,894		2,658,894
	1,454,209	-	2,658,894	149,453	4,262,556
<u>Assigned</u>					
Traffic Improvements Study	43,489				43,489
Shore Village Museum				1,146	1,146
Police DARE				4,462	4,462
Skateboard Park Project				1,049	1,049
Odor Study				2,098	2,098
	43,489	-	-	8,755	52,244
<u>Unassigned</u>					
Emergency Medical	(2,856)				(2,856)
General Fund	1,345,152				1,345,152
	1,342,296	-	-	-	1,342,296
<u>Total Fund Balance</u>	2,985,510	628,901	2,658,894	2,006,547	8,279,852

**CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position (Continued)

Net Position

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists 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. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position 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.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General government 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 City’s operations. Once adopted by the Council, transfers may be made by resolution from one line item to another. General Fund appropriations, except for capital expenditures, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. State statutes require balanced budgets but provide for the use of beginning fund balance to achieve that end.

At least 45 days prior to the beginning of each fiscal year, the City Manager shall submit to the Council a budget for the ensuing fiscal year. The budget is prepared by fund, municipal department and capital expenditures, and includes information on the past year, current year and requests for the ensuing fiscal year.

After public hearing, the council may adopt the budget with or without amendment. In amending the budget it may add or increase programs, items and amounts, and may delete or decrease any program or amount, except expenditures required by law or for debt service for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The council shall adopt the budget on or before the fifteenth day of the twelfth month of the fiscal year currently ending. If it fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month to month basis, with all items in it prorated accordingly, until such time as the council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

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 reserved for encumbrances at June 30 is detailed in Exhibit A-2 and totals \$0.

B. Budget/GAAP Reconciliation

The Statement of Revenues, Expenditures -Budget and Actual (Exhibit G) reconciles financial data on a budgetary basis for the government's general fund to the data shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit D). The differences are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

NOTE 3 - DETAILED NOTES ON ALL FUNDS

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 City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

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 interest bearing and non-interest bearing accounts, are aggregated and insured up to \$250,000 in total 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.

At year-end, the government's carrying amount of deposits was \$3,346,244 and the bank balance was \$4,579,435, which were all insured/collateralized.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

At June 30, 2016, the City's investments, maturities and credit ratings are as follows:

Type	June 30, 2016						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
Corporate Bonds	130,521		130,521			A+	Aa3
Corporate Bonds	-					A-	A3
Corporate Bonds	152,287			152,287		A-	Ba2
Corporate Bonds	160,916			160,916		A	Baa2
Corporate Bonds	100,175		100,175			A	Baa3
Corporate Bonds	187,515		187,515			A-	Baa1
Corporate Bonds	126,924		126,924			A-	Baa2
Corporate Bonds	135,792		135,792			AA+	Aa1
Corporate Bonds	25,059		25,059			AA-	Aa3
Corporate Bonds	130,278		130,278			BB+	Baa3
Corporate Bonds	230,436		230,436			BBB+	Baa1
Corporate Bonds	124,376	25,065	99,311			BBB+	Baa2
Corporate Bonds	87,167			87,167		BBB+	B1
Corporate Bonds	132,054		132,054			BBB	Baa1
Corporate Bonds	211,191		184,159	27,032		BBB	Baa3
Corporate Bonds	127,031	127,031				BBB	Ba3
Corporate Bonds	137,491			137,491		BBB-	B1
Corporate Bonds	121,250		121,250			BBB-	Ba1
Corporate Bonds	125,824		125,824			BBB-	Baa2
Corporate Bonds	49,698		49,698			BBB-	
U.S. Government Obligations	110,175		110,175			AA	Aa2
Mutual Funds	1,136,158	1,136,158				Not rated	Not rated
Total	3,742,318	1,288,254	1,889,171	564,893	-		

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Summary of Deposits and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2016:

Deposits and Cash on Hand	\$ 3,346,244
Investments	\$ 3,742,318
	<u>\$ 7,088,562</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 3,340,904	\$ 150	\$ 5,190	\$ 3,346,244
Investments	\$ 3,694,725	\$ 1,562	\$ 46,031	\$ 3,742,318
	<u>\$ 7,035,629</u>	<u>\$ 1,712</u>	<u>\$ 51,221</u>	<u>\$ 7,088,562</u>

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	780,948,600
Tax Rate (per \$1,000)	<u>21.20</u>
Commitment	<u>16,556,110</u>
Appropriations	20,695,552
Less:	
State Municipal Revenue Sharing	464,558
Estimated Revenues	3,218,220
BETE Reimbursement	307,741
Homestead Reimbursement	<u>148,923</u>
	<u>4,139,442</u>
Net Assessment for Commitment	<u>16,556,110</u>

Supplemental taxes totaling \$13,566 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$1,066,550, which represents tax collection of 93.6% of current year commitment. Unpaid liens at June 30 totaled \$340,564.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2016, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	2,208,184	5,231,574
Special Revenue Funds:		
Federal/State Funds	235,993	119,141
Shore Village Museum		4,485
Police DARE		63
RCHP Scholarship		8,000
Elizabeth Tyrell	34,069	
Odor Study	2,098	
Veterans Memorial	534	
Community Arts & Development	7,906	
Library Booktalk Podcast	100	
Midcoast Veterans Memorial	528	
Stormwater Separation Project	78,814	
Capital Project Funds		
Pump Station/CSO Project	147,978	
Capital Improvement Projects	948,565	64,358
Public Works Big Dig	156,277	
Capital Reserve Funds	1,532,417	585,729
Elm/Museum Sidewalk Rebuild		33,486
Old County Road Project		272,311
Permanent Funds		138,752
Fiduciary Funds		5,406
Wastewater Enterprise Fund	1,109,842	-
Totals	<u>6,463,305</u>	<u>6,463,305</u>

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 payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The majority of the above balances represent amounts owed in relation to continuing and future projects. The balances will be repaid upon need of those funds for those projects.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	841,671			841,671
Construction Work in Process	1,378,872	2,802,145	(394,200)	3,786,817
	<u>2,220,543</u>	<u>2,802,145</u>	<u>(394,200)</u>	<u>4,628,488</u>
<i>Capital assets being depreciated:</i>				
Buildings	6,636,194			6,636,194
Equipment	8,705,399	47,861	(184,538)	8,568,722
Infrastructure	18,576,755	483,745		19,060,500
	<u>33,918,348</u>	<u>531,606</u>	<u>(184,538)</u>	<u>34,265,416</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	2,519,368	160,962		2,680,330
Equipment	6,257,959	444,322	(137,245)	6,565,036
Infrastructure	11,609,181	775,459		12,384,640
	<u>20,386,508</u>	<u>1,380,743</u>	<u>(137,245)</u>	<u>21,630,006</u>
<i>Total accumulated depreciation:</i>				
	<u>13,531,840</u>	<u>(849,137)</u>	<u>(47,293)</u>	<u>12,635,410</u>
<i>Net capital assets being depreciated</i>				
Governmental Activities:				
<i>Capital Assets, net</i>	<u>15,752,383</u>	<u>1,953,008</u>	<u>(441,493)</u>	<u>17,263,898</u>

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

Governmental Activities

General Government	40,130
Public Safety	106,944
Public Works, including general infrastructure assets	1,020,312
Culture and Recreation	213,357
	<u>1,380,743</u>
Total Depreciation Expense - Governmental Activities	<u><u>1,380,743</u></u>

**CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (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 not being depreciated:</i>				
Land	1,102			1,102
Construction Work in Process	212,201	78,000	(290,201)	-
<i>Capital assets being depreciated</i>				
Buildings	6,266,512	-		6,266,512
Equipment	751,568			751,568
Infrastructure	20,700,781	325,470		21,026,251
<i>Total capital assets being depreciated</i>	27,718,861	325,470	-	28,044,331
<i>Less accumulated depreciation for:</i>				
Buildings	1,160,241	250,018		1,410,259
Equipment	647,738	19,935		667,673
Infrastructure	13,521,651	596,900		14,118,551
<i>Total accumulated depreciation</i>	15,329,630	866,853	-	16,196,483
<i>Net capital assets being depreciated</i>	12,389,231	(541,383)	-	11,847,848
<i>Business-type Activities:</i>				
<i>Capital Assets, net</i>	12,390,333	(463,383)	-	11,848,950

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Leases

The City is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in Governmental Funds. 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</i> <u><i>June 30,</i></u>	<i>Minimum</i> <i>Lease</i> <i>Payment</i>
2017	170,938
2018	170,940
2019	71,167
	<hr/>
Total Minimum Lease Payments	413,045
Less: Amount Representing Interest	<u>(14,237)</u>
	<hr/>
Present Value of Future Minimum Lease Payments	<u><u>398,808</u></u>

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</i> <i>General Obligation</i>	<i>Maturity</i> <i>Date</i>	<i>Interest</i> <i>Rate</i>	<i>Amount</i>
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	396,933
2006 Fire Truck	11/1/2021	1.85 - 6.0%	240,000
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	769,770
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	628,873
2008 Fire Truck	2/5/2023	4.440%	172,573
2012 Library Efficiency Upgrades	6/25/2017	2.220%	18,626
2012 Recreation Center Water Intrusion	9/1/2023	1.870%	472,500
2012 Captial Purchases Loan	11/25/3088	2.290%	90,186
2012 Public Works Big Dig	9/7/2040	2.750%	2,256,701
2013 CIP Summer Street, Library and Storm Camera	4/1/2019	1.530%	69,360
2014 Pen Bay Acres Drainage Project	2/7/2024	2.590%	40,000
2016 Old County Road Project	11/1/2036	.91% - 3.5%	<u>1,600,000</u>
			<u><u>6,755,522</u></u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (continued)

1. General Obligation Bonds and Notes (continued)

<i>Purpose Proprietary</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	1,153,145
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	897,120
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	738,243
2012 PCF Project	8/11/2040	2.150%	<u>2,041,558</u>
Total Proprietary Debt			<u>4,830,066</u>
Total Debt			<u>11,585,588</u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$3,594,098 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
2017	740,648	677,933	1,418,581
2018	707,786	678,219	1,386,005
2019	668,749	678,373	1,347,122
2020	529,598	286,935	816,533
2021	525,722	286,848	812,570
2022-2026	2,126,955	1,434,889	3,561,844
2027-2031	1,539,079	1,094,635	2,633,714
2032-2036	1,209,220	780,646	1,989,866
2037-2041	711,520	501,931	1,213,451
Total	<u>8,759,277</u>	<u>6,420,409</u>	<u>15,179,686</u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

2. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the City of Rockland for the fiscal year ended June 30, 2016:

	General Obligation Debt	Proprietary Debt	Total
<i>Long-term Debt payable July 1, 2015</i>	5,807,742	5,347,146	11,154,888
Debt Issued	1,600,000	-	1,600,000
Debt Retired	(652,220)	(517,080)	(1,169,300)
<i>Long-term Debt payable June 30, 2016</i>	<u>6,755,522</u>	<u>4,830,066</u>	<u>11,585,588</u>

3. Overlapping Debt

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

Units	Net debt outstanding June 30, 2016	Percentage applicable to the Town	Town's proportionate share of debt
Regional School Unit #13	1,536,811	41.85%	643,226
Knox County	<u>2,565,000</u>	10.48%	<u>268,720</u>
Totals	<u>4,101,811</u>		<u>911,945</u>

The City's proportionate share of the City and School District debt is paid through annual assessments by the respective units.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Permanent Funds

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

<i>Non-expendable</i>	<i>Principal</i>	<i>Income</i>
Cemetery Care	-	17,781
Haines Charity	57,581	194,802
Keywood Library	-	58,126
Leach Library	50,000	13,774
Cleveland/Bostick Library	10,000	208
Flower	1,000	6,109
Monroe Highway	200	5,576
Library	6,600	(1,340)
Total	<u>125,381</u>	<u>295,036</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. 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 City's employees are covered under the ICMA or Maine Public Employees Retirement System.

The ICMA RC (International City Management Association Retirement Corporation) is a qualified defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular, full-time City employees, permits 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 as defined by the Internal Revenue Code provisions.

The plan is administered by an independent company, and the City 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.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

B. Pension Plan (continued)

Funding Policy

Under the ICMA plan, covered employees contribute 5% of their salary to the plan with the City contributing 5%. The City's contributions for the fiscal years ended June 30, 2014, 2015 and 2016 were \$59,751, \$59,478 and \$61,250 respectively, which were paid in full each year.

C. Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the City of Rockland, Maine participate in the Maine Public Employees Retirement System (MPERS) Participating Local Districts (PLD) Consolidated Retirement Plan. This Plan is a multiple-employer, cost-sharing pension plan. The City participates in the PLD Regular AC and Special 3C plans.

Benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, established by statute that review the terms of the Plan and periodically make recommendations to the Legislature to amend the terms. MPERS's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement.

Pension Benefits

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual interest credited to members' accounts is set by MPERS's Board of Trustees.

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2016, the PLD Plan member contribution rates were 7.5% and 9.0% for the AC Plan and 3C Plan respectively and the employer contribution rates were 8.9% for the AC Plan and 11.4% for the 3C Plan of applicable member compensation.

**CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Member and Employer Contributions (continued)

The required contributions paid into the System for the ended June 30, 2016 and the previous two years are as follows:

PLD Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>_____</i>	<i>_____</i>	<i>_____</i>	<i>_____</i>
<i>Compensation</i>			
2016	\$ 353,023	\$ 429,799	\$ 4,145,327
2015	\$ 313,020	\$ 377,269	\$ 3,949,799
2014	\$ 283,238	\$ 334,669	\$ 3,822,217

Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. The Schedules of Employer Allocations for the PLD Plan reflect current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plans. Certain employers have individual un-pooled pension assets resulting from the closure of individual single employer plans upon joining the PLD Consolidated Plan. For those employers, current year contributions are adjusted to reflect the gross contributions due for service prior to applying an offset from these assets, if applicable. An offset occurs when an employer with un-pooled pension assets held by MPERS chooses to use a portion of these assets to cover the cost of current contributions due.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the City of Rockland reported a net pension liability of \$2,948,729 for the PLD Plan. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The City of Rockland, Maine's proportion of the net pension liability was based on a projection of the City of Rockland, Maine's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2015, the City of Rockland, Maine's proportion was .924232%, which was a decrease of .041167% from its proportion measured at June 30, 2014.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended June 30, 2016, the City of Rockland, Maine recognized pension expense of \$723,413. At June 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	119,059	378,715
Changes in Assumption	260,589	-
Net Difference between projected between projected and actual earnings on pension plan investments	910,086	1,132,864
Changes in proportion and differences between employer contributions and proportionate share of contributions		172,347
Employer Contributions made subsequent to measurement date	429,799	
	<u>1,719,533</u>	<u>1,683,926</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>PLD Plan</u>
2017	(200,785)
2018	(200,785)
2019	(220,144)
2020	(227,521)

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Actuarial Assumptions

The collective total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u><i>PLD Plan</i></u>
Investment Rate of Return:	7.125% per annum compounded annually
Salary Increases, Mert and Inflation:	3.5% to 9.5% per year
Cost of Living Benefit:	3.12% per annum for PLD's

For the City employees, the mortality rate is based on the RP2000 Combined Mortality Tables for males and females using Scale AA with a two year set back.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study performed in 2011 and covered the period July 1, 2005 – June 30, 2010. The rate of investment return assumption decreased from 7.25% to 7.125% for the PLD Plan as of 6/30/15.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
US Equities	20%	5.2%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	25%	0.0%
	<u>100%</u>	

**CITY OF ROCKLAND
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PLD Plan:	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	<u>(6.125%)</u>	<u>Rate (7.125%)</u>	<u>(8.125%)</u>
Proportionate Share of the Net Pension Liability	\$ 5,874,741	\$ 2,948,729	\$ 174,688

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS' Actuarial Valuation Reports available online at www.maineopers.org or contacting MPERS at (207) 512-3100.

E. Other Postemployment Benefits

The City sponsors a post-retirement benefit plan providing health insurance to retired employees who have 25 or more years of full-time service with the City and retire after July 1, 1997. Employees hired after July 1, 1997 are not eligible for this benefit. The City pays 25% of the retired employee's annualized health insurance premiums for the year, including health insurance for dependents for as long as the eligible employee is living. The City's cost for 2016 was \$30,734.

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in July 2015.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (continued)

Plan Descriptions – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to fund these benefits on a pay-as-you-go basis primarily from the general fund. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

Net OPEB Obligation

The table below shows the development of the Net OPEB Obligation for the fiscal year ending June 30, 2014 and projects the Net OPEB Obligation for the fiscal years ending June 30, 2015, June 30, 2016 and are assumed to be the City's portion of actual premium payments for the retirees reported. Actual payments may vary.

Table V-1
 Development of Net OPEB Obligation

	Projected 6/30/2016	Projected 6/20/2015	6/30/2014
Net OPEB Obligation, beginning of year	\$ 472,603	\$ 381,121	\$ 283,089
Annual required contribution	\$ 127,109	\$ 127,109	\$ 126,079
Interest on Net OPEB Obligation	\$ 18,904	\$ 15,245	\$ 11,324
Less: Adj. to Annual Required Contributions	\$ (27,331)	\$ (22,040)	\$ (16,371)
Annual OPEB Cost	<u>\$ 118,682</u>	<u>\$ 120,314</u>	<u>\$ 121,032</u>
Less: Employer Contributions - Explicit premiums	\$ (29,599)	\$ (28,832)	\$ (23,000)
Net OPEB Obligation, end of year	<u>\$ 561,686</u>	<u>\$ 472,603</u>	<u>\$ 381,121</u>

**The employer contribution amount above is net of any participant premiums. The amount above is an estimate and subject to update and change. The projections for 2016 reflect the same results determined for year 2015 in accordance with how GASB applies biannual valuations.*

Schedule of Funding Progress

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The actuarial liability under GASB is determined assuming that the Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (continued)

Table V-2
Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of assets (a)	Actuarial Liability (b)	Unfunded Actuarial Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll c	(UAAL) as Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	\$ 1,571,870	\$ 1,571,870	0%		N/A
6/30/2015	\$ -	\$ 1,571,870	\$ 1,571,870	0%	\$ -	N/A
6/30/2014	\$ -	\$ 1,445,644	\$ 1,445,644	0%	\$ -	N/A
6/30/2013	\$ -	\$ 1,445,644	\$ 1,445,644	0%	\$ -	N/A
6/30/2012	\$ -	\$ 787,686	\$ 787,686	0%	\$ -	N/A
6/30/2011	\$ -	\$ 787,686	\$ 787,686	0%	\$ -	N/A
6/30/2010	\$ -	\$ 794,983	\$ 794,983	0%	\$ -	N/A

Schedule of Employer Contributions

The schedule of employer contributions shows whether the employer has made contributions that are consistent with the parameters established by GASB for calculating the ARC and the annual OPEB expense.

Table V-3
Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2016	\$ 118,682	To be determined	To be determined
2015	\$ 120,314	To be determined	To be determined
2014	\$ 121,032	19.0%	\$ 381,121
2013	\$ 122,811	18.7%	\$ 283,089
2012	\$ 57,473	46.8%	\$ 183,278
2011	\$ 58,101	39.5%	\$ 152,685
2010	\$ 87,223	35.7%	\$ 117,520
2010	\$ 88,318	30.5%	\$ 61,408

Table V-6
Note to Required Supplemental Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Open
Amortization Period	30 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Discount Rate	4.00%
Rate of Salary Increases	3.00%
Ultimate Rate of Medical Inflation	4.25%

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

F. Deficit Fund Balance

The Elm/Museum Street Sidewalk Rebuild Project ended the year in a deficit balance of (\$33,485.84). The deficit was due to approving expenditures from the project and using future years' revenues from the Downtown Tax Increment Reserve fund. This was included in the management finding #2016-001.

The EMS fund also ended the year with a deficit fund balance in the amount of (\$2,856.47). The fund ended in a deficit from adjusting the reserve for bad debts expense to the projected balance at year end.

CITY OF ROCKLAND
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit J

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Participating Local Districts Plan	
	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.924232%	0.965399%
Proportionate share of net pension liability	\$2,948,729	\$1,485,567
Covered employee payroll	\$4,145,327	\$3,822,217
Proportionate share of the net pension liability as a percentage of its covered employee payroll	71.13%	38.87%
Plan Total Pension Liability	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	88.274%	94.103%
Plan Covered Employee Payroll	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	64.115%	33.450%

* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Town Contributions:

	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$429,799	\$339,745
Contribution in relation to the contractually required contribution	(\$429,799)	(\$339,745)
Contribution deficiency	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$4,145,327	\$3,822,217
Contributions as a percentage of covered employee payroll	10.37%	8.89%

* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

**CITY OF ROCKLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit K

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes	17,634,110	17,644,110	17,928,520	284,410
Intergovernmental Revenues	602,569	602,569	606,742	4,173
Departmental Revenues	899,720	899,720	954,280	54,560
Other Local Sources	284,300	284,300	310,462	26,162
Total Revenues	<u>19,420,699</u>	<u>19,430,699</u>	<u>19,800,004</u>	<u>369,305</u>
Expenditures (Net of Departmental Revenues)				
Current:				
General Government	1,655,152	1,655,152	1,678,865	(23,713)
Public Safety	4,510,159	4,510,159	4,524,999	(14,840)
Public Works	1,604,092	1,604,092	1,688,992	(84,900)
Health and Welfare	102,040	102,040	104,070	(2,030)
Culture and Recreation	1,074,848	1,074,848	1,148,758	(73,910)
Fringe Benefits/Insurance/Contingency	344,897	344,897	432,387	(87,490)
Capital Improvement Projects	25,496	25,496	25,496	-
Assessments	9,786,856	9,786,856	9,536,967	249,889
Debt Service	1,123,772	1,123,772	984,651	139,121
Total Expenditures	<u>20,227,312</u>	<u>20,227,312</u>	<u>20,125,185</u>	<u>102,127</u>
Excess Revenues Over Expenditures	(806,613)	(796,613)	(325,181)	471,432
Other Financing Sources				
Transfers from Other Funds	1,135,353	1,135,353	1,135,353	-
Transfers to Other Funds	(468,240)	(478,240)	(713,030)	(234,790)
Total Other Financing Sources	<u>667,113</u>	<u>657,113</u>	<u>422,323</u>	<u>(234,790)</u>
Net Change in Fund Balance	<u>(139,500)</u>	<u>(139,500)</u>	97,142	<u>236,642</u>
Beginning Fund Balances - Budgetary Basis			<u>1,248,010</u>	
Ending Fund Balances - Budgetary Basis			1,345,152	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			<u>-</u>	
Ending Fund Balances - GAAP Basis			<u>1,345,152</u>	

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-1
Page 1 of 2

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	16,566,110	16,643,574	77,464
Auto Excise	900,000	1,073,333	173,333
Interest and Lien Charges	118,000	125,344	7,344
Payment in Lieu of Taxes	60,000	86,269	26,269
	<u>17,644,110</u>	<u>17,928,520</u>	<u>284,410</u>
Intergovernmental Revenues			
Welfare Reimbursement	30,000	22,863	(7,137)
Veterans Reimbursement	10,000	12,395	2,395
Tree Growth	11,000	12,723	1,723
Homestead Reimbursement	148,923	148,923	-
BETE Reimbursement	307,741	307,887	146
Police Grants	94,905	101,951	7,046
	<u>602,569</u>	<u>606,742</u>	<u>4,173</u>
Departmental Revenues			
Police	68,400	72,054	3,654
Fire	41,813	34,188	(7,625)
Assessment	200	401	201
Finance	-	770	770
Legal	1,000	1,741	741
Code Enforcement	73,484	75,671	2,187
Public Works	91,185	90,649	(536)
Fish Pier	144,250	144,831	581
Harbor and Waterfront	272,138	318,217	46,079
Library	113,700	123,343	9,643
Recreation	31,500	29,054	(2,446)
City Clerk	57,050	55,830	(1,220)
Community Development	5,000	7,531	2,531
	<u>899,720</u>	<u>954,280</u>	<u>54,560</u>

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016**

*Exhibit A-1
Page 2 of 2*

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Local Sources			
Interest on Investments	3,500	9,507	6,007
Interest on Accounts Receivable	2,000	1,178	(822)
Motor Vehicle Registration Fees	190,000	210,792	20,792
Camden and Rockport Water	15,000	11,182	(3,818)
Cable Franchise Fee	70,000	69,668	(332)
Photocopies	200	204	4
Miscellaneous Payments	-	5,000	5,000
City Lease Revenue	3,600	2,700	(900)
Other		231	231
	<u>284,300</u>	<u>310,462</u>	<u>26,162</u>
Transfers and Other Sources			
Municipal Revenue Sharing	464,558	464,558	-
Administration Fee from Wastewater	153,313	153,313	-
Emergency Medical	324,735	324,735	-
Library Trust Fund	8,443	8,443	-
Transfer Station Fund	92,304	92,304	-
Tillson TIF Reserve	92,000	92,000	-
	<u>1,135,353</u>	<u>1,135,353</u>	<u>-</u>
Total Revenues and Transfers	20,566,052	<u><u>20,935,357</u></u>	<u><u>369,305</u></u>
Beginning Fund Balance Used	<u>139,500</u>		
Total	<u><u>20,705,552</u></u>		

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>Encumbered from 2015</i>	
General Government		
Legislative		
Executive		
Assessment		
Finance		
Legal		
City Clerk		
Services		
City Hall		
Community Development		
Engineering		
	-	
Public Safety		
Police Department		
Fire Department		
Dispatch		
Lights and Hydrants		
Code Enforcement		
	-	
Public Works		
Public Works		
	-	
Health and Welfare		
Contributions-Agencies		
Welfare		
	-	
Culture and Recreation		
Public Library	1,500	
Harbor and Waterfront		
Municipal Fish Pier		
Recreation		
	1,500	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2017</i>	<i>(Over) Under Budget</i>
5,799	31,296		(25,497)
235,314	257,615		(22,301)
164,890	173,280		(8,390)
530,146	517,554		12,592
112,452	111,079		1,373
212,864	230,185		(17,321)
199,562	190,338		9,224
37,291	38,112		(821)
131,834	129,406		2,428
25,000	-		25,000
1,655,152	1,678,865	-	(23,713)
1,929,996	1,871,195		58,801
1,543,398	1,621,252		(77,854)
190,319	190,319		-
617,836	609,576		8,260
228,610	232,657		(4,047)
4,510,159	4,524,999	-	(14,840)
1,604,092	1,688,992		(84,900)
1,604,092	1,688,992	-	(84,900)
20,000	20,000		-
82,040	84,070		(2,030)
102,040	104,070	-	(2,030)
520,232	532,280		(10,548)
174,110	188,252		(14,142)
134,250	120,230		14,020
246,256	309,496		(63,240)
1,074,848	1,150,258	-	(73,910)

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>Encumbered from 2015</i>	
Other Accounts		
Fringe Benefits		
Insurance/Contingency		
Fisher TIF Payment		
Main Street TIF Payment	-	
	-	
Debt Service		
TAN Interest		
Principal on Long-Term Debt		
Interest on Long-Term Debt		
Capital Leases		
	-	
Capital Improvement Projects		
Assessments		
School District		
County Tax		
Overlay		
	-	
Operating Transfer Out		
Tillson Redevelopment Reserve		
Fire Building Reserve		
Fisher TIF Reserve		
Main Street TIF Reserve		
Port Development Reserve		
Fish Pier Improvements Reserve		
Parks Reserve		
Wastewater Fund		
Capital Improvement Fund		
Coast Guard Account		
Grants		
	-	
Total Appropriations	1,500	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2017</i>	<i>(Over) Under Budget</i>
90,932	224,307		(133,375)
230,928	184,984		45,944
23,037	23,037		-
-	59	-	(59)
344,897	432,387	-	(87,490)
2,500	-		2,500
573,642	543,422		30,220
188,577	154,907		33,670
359,053	286,322		72,731
1,123,772	984,651	-	139,121
25,496	25,496		-
8,773,508	8,773,508		-
730,052	730,052		-
283,296	33,407		249,889
9,786,856	9,536,967	-	249,889
274,896	274,896		-
15,813	15,813		-
34,555	34,555		-
	20		(20)
26,682	26,682		-
	34,601		(34,601)
	6,500		(6,500)
83,409	83,409		-
41,646	231,646		(190,000)
1,239	1,239		-
-	3,669		(3,669)
478,240	713,030	-	(234,790)
20,705,552	20,839,715	-	(132,663)

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-3

Unassigned Fund Balance July 1, 2015		1,248,010
Budget Surplus:		
Revenue Surplus	369,305	
Unexpended Balance of Appropriations	<u>(132,663)</u>	<u>236,642</u>
Beginning Fund Balance Used		<u>(139,500)</u>
Unassigned Fund Balance June 30, 2016		<u><u>1,345,152</u></u>

***Reconciliation Between General Unassigned Fund Balance
and Exhibit C Unassigned Fund Balance:**

General Fund Unassigned Fund Balance - Exhibit A-3	1,345,152
EMS Deficit Fund Balance Exhibit A-4	<u>(2,856)</u>
Total Unassigned Fund Balance Exhibit C	<u><u>1,342,296</u></u>

**CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

Exhibit A-4

<i>Assets</i>	<i>General Reserves</i>	<i>Emergency Medical</i>	<i>Transfer Station</i>	<i>Tree Planting Fund</i>	<i>Municipal Revenue Sharing</i>	<i>Traffic Improvements Study</i>	<i>Total</i>
Cash and Equivalents				273		43,489	-
Investments	1,182,551	176,621					1,402,934
Receivables (Net of Allowances)							
User Fees		477,184	222,067				699,251
Other		69,536					69,536
Due from Other Funds	655,883	-	-	10,925	145,516		812,324
Total Assets	1,838,434	723,341	222,067	11,198	145,516	43,489	2,984,045
<i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>							
Liabilities							
Accounts Payable	-	-					-
Due to Other Funds	395,423	684,816	222,067				1,302,306
Total Liabilities	395,423	684,816	222,067	-	-	-	1,302,306
Deferred Inflows of Resources							
Unavailable Revenues - Other		41,381					41,381
Total Deferred Inflows of Resources	-	41,381	-	-	-	-	41,381
Fund Balances							
Restricted					145,516		145,516
Committed	1,443,011			11,198			1,454,209
Assigned						43,489	43,489
Unassigned		(2,856)					(2,856)
Total Fund Balances	1,443,011	(2,856)	-	11,198	145,516	43,489	1,640,358
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,838,434	723,341	222,067	11,198	145,516	43,489	2,984,045

CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-5

	<i>General Reserves (Exhibit A-6)</i>	<i>Emergency Medical (Exhibit A-7)</i>	<i>Transfer Station (Exhibit A-8)</i>	<i>Tree Planting Fund</i>	<i>Municipal Revenue Sharing</i>	<i>Traffic Improvements Study</i>	<i>Total</i>
Revenues							
Intergovernmental Revenues					509,252		509,252
Charges for Services		636,591	1,856,002				2,492,593
Interest	35,263	5,277	-	8		1,299	41,847
Fair Value Increases (Decreases)	(12,554)	(1,866)	-	(2)		(459)	(14,881)
Other Local Sources	86,764	43	3,488	625			90,920
Total Revenues	109,473	640,045	1,859,490	631	509,252	840	3,119,731
Expenditures							
Public Safety	10,432	263,633					274,065
Public Works	-		1,169,484				1,169,484
Health & Welfare	-						-
Principal & Interest	-		148,867				148,867
Other	33,430						33,430
Total Expenditures	43,862	263,633	1,318,351	-	-	-	1,625,846
Excess of Revenues Over (Under) Expenditures	65,611	376,412	541,139	631	509,252	840	1,493,885
Other Financing Sources (Uses)							
Transfers from Other Funds	143,584		-				143,584
Transfers to Other Funds	(9)	(324,735)	(541,139)		(464,558)		(1,330,441)
Total Other Financing Sources (Uses)	143,575	(324,735)	(541,139)	-	(464,558)	-	(1,186,857)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	209,186	51,677	-	631	44,694	840	307,028
Fund Balance - July 1	1,233,825	(54,533)	-	10,567	100,822	42,649	1,333,330
Fund Balance - June 30	1,443,011	(2,856)	-	11,198	145,516	43,489	1,640,358

**CITY OF ROCKLAND
GENERAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit A-6

<i>Reserve Fund</i>	<i>Fund Balance July 1</i>	<i>New Funds</i>	<i>Transfers From (To) Other Funds</i>	<i>Interest/ Dividends</i>	<i>Increase (Decrease) In Fair Value</i>	<i>Expenditures</i>	<i>Fund Balance June 30</i>
Sewer Debt Service	53,334			11,722	(4,146)		60,910
Samoset/Glen Cove I & I	3,809		(9)	132	(49)		3,883
Samoset Debt Service	(10)		9	(1)	2		-
Johnson Park	2,393			839	(413)		2,819
Custom House Parking Lot	200,207	12,747		4,976	(1,708)		216,222
Police Forfeiture	36,842	48,741		1,163	(424)	(4,432)	81,890
Parks	14,446		6,500	306	(108)		21,144
Merritt Park Playground	6,956			231	(82)		7,105
Fish Pier Maintenance	3,214			98	(34)		3,278
Fish Pier Improvements	221,253		34,604	2,409	(851)		257,415
Police Trading Cards	1,740			72	(25)		1,787
Pumping/Chemicals Reserve	2,315			1,004	(355)		2,964
Sewer Rate Stabilization Reserve	493,707		10,000	10,166	(3,596)		510,277
Skatepark Helmet Reserve	1,385			42	(15)		1,412
Traffic Improvements Reserve	38,456			1,171	(414)		39,213
Fuel Assistance Reserve	24,950	1,105		933	(336)		26,652
TIF Tillson Redevelopment Reserve	52,595		73,896			(33,430)	93,061
Police Reserve	23,384	24,000				(6,000)	41,384
Fisher TIF Reserve	23,255		18,555				41,810
Bartlett Library Reserve	29,594						29,594
Fire/EMS Reserve	-	171					171
Main Street TIF Reserve	-		20				20
Total	1,233,825	86,764	143,575	35,263	(12,554)	(43,862)	1,443,011

**CITY OF ROCKLAND
EMERGENCY MEDICAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit A-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
User Fees	498,515	495,279	(3,236)
Owls Head EMS Service	82,762	82,762	-
Aid to Outside Towns	30,000	58,550	28,550
Interest		5,277	5,277
Change in Fair Value		(1,866)	(1,866)
All Other	1,500	43	(1,457)
	<u>612,777</u>	<u>640,045</u>	<u>27,268</u>
Total Revenues			
Expenditures			
Personal Services	146,797	142,658	4,139
Contracted Services	102,088	89,602	12,486
Commodities	32,667	27,412	5,255
Capital Outlay	6,490	3,961	2,529
	<u>288,042</u>	<u>263,633</u>	<u>24,409</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>324,735</u>	<u>376,412</u>	<u>51,677</u>
Other Financing Sources (Uses)			
Transfers to Other Funds	(324,735)	(324,735)	-
Use of Surplus	-	-	-
	<u>(324,735)</u>	<u>(324,735)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>-</u>	<u>51,677</u>	<u>51,677</u>
Fund Balance - July 1		<u>(54,533)</u>	
Fund Balance - June 30		<u>(2,856)</u>	

CITY OF ROCKLAND
TRANSFER STATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-8

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Landfill Revenue	732,002	1,123,361	391,359
MSW Tipping Fee	460,249	420,128	(40,121)
Perc Performance Credit	90,945	99,841	8,896
Solid Waste Stickers	152,625	135,487	(17,138)
Cardboard Disposal	21,462	14,750	(6,712)
White Goods and Metals	30,381	15,804	(14,577)
Plastics	7,967	8,719	752
Pallet Fees	5,151	6,102	951
Mixed Paper	9,804	3,969	(5,835)
Universal Waste	6,536	6,884	348
Payt Bag	8,750	17,838	9,088
Metal Can Bundles	3,044	802	(2,242)
Tires	2,110	2,317	207
DEP Fee Reimbursement	45,420	-	(45,420)
All Other	12,586	3,488	(9,098)
Total Revenues	<u>1,589,032</u>	<u>1,859,490</u>	<u>270,458</u>
Expenditures			
Personal Services	303,196	232,962	70,234
Contracted Services	934,457	877,480	56,977
Commodities	133,675	54,196	79,479
Capital Outlay	5,000	4,846	154
Principal and Interest	120,400	148,867	(28,467)
Total Expenditures	<u>1,496,728</u>	<u>1,318,351</u>	<u>178,377</u>
Excess of Revenues Over (Under)			
Expenditures	<u>92,304</u>	<u>541,139</u>	<u>448,835</u>
Other Financing Sources (Uses)			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	<u>(92,304)</u>	<u>(541,139)</u>	<u>(448,835)</u>
Total Other Financing Sources (Uses)	<u>(92,304)</u>	<u>(541,139)</u>	<u>(448,835)</u>
Excess of Revenues and Other			
Sources Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - July 1			
Fund Balance - June 30		<u>-</u>	

**CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

Exhibit B-1

<i>Assets</i>	<i>Federal/State Programs (Exhibit B-2)</i>	<i>All Other (Exhibit B-3)</i>	<i>Total</i>
Cash and Equivalents	1,716	7,674	9,390
Investments	104,303	27,922	132,225
Receivables (Net of Allowances)			-
User Fees			
Loans	288,153		288,153
Due from Other Governments	117,877		117,877
Due from Other Funds	235,993	124,049	360,042
Total Assets	748,042	159,645	907,687
 <i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable	-		-
Due to Other Funds	119,141	12,548	131,689
Total Liabilities	119,141	12,548	131,689
 Fund Balances			
Restricted	628,901	52,369	681,270
Committed	-	85,973	85,973
Assigned	-	8,755	8,755
Total Fund Balances	628,901	147,097	775,998
Total Liabilities and Fund Balances	748,042	159,645	907,687

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2016

<i>Assets</i>	<i>Community Business Development</i>	<i>CDBG Microloans Grant</i>
Cash		
Investments	102,286	2,017
Due from Other Governments		
Loans Receivable	161,791	126,362
Due from Other Funds	159,630	43,139
Total Assets	423,707	171,518
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Accounts Payable		
Due to Other Funds		
Total Liabilities	-	-
Fund Balances		
Non-Spendable		
Restricted	423,707	171,518
Committed		
Total Fund Balances	423,707	171,518
Total Liabilities and Fund Balances	423,707	171,518

<i>CDBG Home Repair Network Grants</i>	<i>CDBG Micro- Enterprise</i>	<i>Emergency Mngt. Perf. Grant</i>	<i>2011 Project Canopy Grant</i>
1,141			
90,565	2,917		
		17,134	3,016
91,706	2,917	17,134	3,016
91,706	2,917		
91,706	2,917	-	-
		17,134	3,016
-	-	17,134	3,016
91,706	2,917	17,134	3,016

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2016

<i>Assets</i>	<i>2010 Project Canopy Grant</i>	<i>EPA Brownfield Grant</i>
Cash		
Investments		
Due from Other Governments		840
Loans Receivable		
Due from Other Funds	1,303	
Total Assets	1,303	840
<i>Liabilities and Fund Balances</i>		
Liabilities		
Accounts Payable		
Due to Other Funds		840
Total Liabilities	-	840
Fund Balances		
Non-Spendable		
Restricted	1,303	
Committed		
Total Fund Balances	1,303	-
Total Liabilities and Fund Balances	1,303	840

<i>Camden St PPI Grant</i>	<i>Click It Or Ticket Campaign</i>	<i>Police N.A.D.D.I. Grant</i>	<i>2012 Dept. of Justice Burnes Grant</i>
		575	
4,787	1768		2,000
<u>4,787</u>	<u>1,768</u>	<u>575</u>	<u>2,000</u>
4,787	1,768	575	1,548
4,787	1,768	575	1,548
-			452
-	-	-	452
<u>4,787</u>	<u>1,768</u>	<u>575</u>	<u>2,000</u>

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2016**

<i>Assets</i>	<i>Healthy Maine Street Grant</i>	<i>Small Community Grant Program</i>
Cash		
Investments		
Due from Other Governments		
Loans Receivable		
Due from Other Funds	3,236	2,091
Total Assets	3,236	2,091
<i>Liabilities and Fund Balances</i>		
Liabilities		
Accounts Payable		
Due to Other Funds		
Total Liabilities	-	-
Fund Balances		
Non-Spendable		
Restricted	3,236	2,091
Committed		
Total Fund Balances	3,236	2,091
Total Liabilities and Fund Balances	3,236	2,091

<i>Maine Coastal Program</i>	<i>Connector Trail Improvement Grant</i>	<i>Totals</i>
		1,716
		104,303
		102,877
		288,153
15,000	6,444	250,993
15,000	6,444	748,042
15,000		-
		119,141
15,000	-	119,141
	6,444	-
		628,901
-	6,444	-
		628,901
15,000	6,444	748,042

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2016**

<i>Assets</i>	<i>Shore Village Museum</i>	<i>Police DARE</i>
	<hr/>	<hr/>
Cash and Equivalents		
Investments	5,631	4,525
Due from Other Funds		
	<hr/>	<hr/>
Total Assets	5,631	4,525
	<hr/> <hr/>	<hr/> <hr/>
 <i>Liabilities and Fund Balances</i> 		
Liabilities		
Due to Other Funds	4,485	63
	<hr/>	<hr/>
Total Liabilities	4,485	63
	<hr/>	<hr/>
 <i>Fund Balances</i> 		
Restricted		
Committed		
Assigned	1,146	4,462
	<hr/>	<hr/>
Total Fund Balances	1,146	4,462
	<hr/>	<hr/>
Total Liabilities and Fund Balances	5,631	4,525
	<hr/> <hr/>	<hr/> <hr/>

<i>Skateboard Park Project</i>	<i>RCHP Scholarship Trust</i>	<i>Berliawsky Park</i>	<i>Elizabeth Tyrell Trust</i>	<i>Odor Study</i>
1,049	13,430	4,336	34,069	2,098
1,049	13,430	4,336	34,069	2,098
	8,000			
-	8,000	-	-	-
	5,430	4,336	34,069	
1,049				2,098
1,049	5,430	4,336	34,069	2,098
1,049	13,430	4,336	34,069	2,098

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2016

<i>Assets</i>	<i>Stormwater Separation Project</i>	<i>Community and Arts Development</i>
	<u> </u>	<u> </u>
Cash and Equivalents		
Investments		
Due from Other Funds	78,814	7,906
	<u> </u>	<u> </u>
Total Assets	<u>78,814</u>	<u>7,906</u>
<i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total Liabilities	-	-
	<u> </u>	<u> </u>
<i>Fund Balances</i>		
Restricted		7,906
Committed	78,814	
Assigned	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total Fund Balances	78,814	7,906
	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>78,814</u>	<u>7,906</u>

<i>Library Booktalk Podcast</i>	<i>Midcoast Veterans Memorial</i>	<i>Coast Guard</i>	<i>Veterans Memorial</i>	<i>Total</i>
		2,613	4,012	7,674
100	528		534	27,922
				124,049
100	528	2,613	4,546	159,645
				12,548
-	-	-	-	12,548
100	528	2,613	4,546	52,369
				85,973
				8,755
100	528	2,613	4,546	147,097
100	528	2,613	4,546	159,645

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-4

	<i>Federal/State Programs (Exhibit B-5)</i>	<i>All Other (Exhibit B-6)</i>	<i>Total</i>
Revenues			
Intergovernmental Revenues	2,211,274		2,211,274
Interest	3,116	943	4,059
Fair Value Increases (Decreases)	(1,102)	(685)	(1,787)
Other Local Sources	14,851	17,911	32,762
Total Revenues	2,228,139	18,169	2,246,308
Expenditures			
General Government	-		-
Public Safety	7,149	99	7,248
Public Works	15,615	96,646	112,261
Cultural & Recreation	26,384	549	26,933
Health & Welfare	1,646	6,600	8,246
Capital Improvement	2,198,491		2,198,491
Other	39,340	24,543	63,883
Total Expenditures	2,288,625	128,437	2,417,062
Excess of Revenues Over (Under) Expenditures	(60,486)	(110,268)	(170,754)
Other Financing Sources (Uses)			
Transfers from Other Funds	132,544	1,239	133,783
Transfers to Other Funds	(3)	-	(3)
Total Other Financing Sources (Uses)	132,541	1,239	133,780
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	72,055	(109,029)	(36,974)
Fund Balance - July 1	556,846	256,126	812,972
Fund Balance - June 30	628,901	147,097	775,998

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

*Exhibit B-5
Page 1 of 4*

	<i>Community Business Development</i>	<i>CDBG Microloans Grant</i>	<i>2014 CDBG Home Repair Network Grant</i>	<i>2015 CDBG Home Repair Network Grant</i>	<i>CDBG Micro- Enterprise</i>	<i>Comm. For Me's Future Grant</i>	<i>2010 Emergency Mngt. Perf. Grant</i>
Revenues							
Microloan Payments	14,137	714					
Intergovernmental Revenues			722,892	1,326,415	97,160		
Interest	3,056	60					
Fair Value Increases(Decreases)	(1,081)	(21)					
Local Sources							
Total Revenues	16,112	753	722,892	1,326,415	97,160	-	-
Expenditures							
New Loans/Loans forgiven							
Administration							
Professional Services							
Contractors/Vendors					97,160	7,866	
Capital Improvement			722,892	1,326,415			
Equipment							
Other							
Total Expenditures	-	-	722,892	1,326,415	97,160	7,866	-
Excess of Revenues Over (Under) Expenditures	16,112	753	-	-	-	(7,866)	-
Other Financing Sources (Uses)							
Transfers from Other Funds						22,581	
Transfers to Other Funds							
Total Other Financing Sources (Uses)	-	-	-	-	-	22,581	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	16,112	753	-	-	-	14,715	-
Fund Balance - July 1	407,595	170,765	-	-	-	(14,715)	17,134
Fund Balance - June 30	423,707	171,518	-	-	-	-	17,134

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-5
Page 2 of 4

	<i>2015</i>						
	<i>Emergency</i>	<i>2011 Project</i>	<i>2010 Project</i>	<i>EPA</i>	<i>Fish Pier</i>	<i>Camden St</i>	<i>Evidence</i>
	<i>Mngt. Perf.</i>	<i>Canopy</i>	<i>Canopy</i>	<i>Brownfield</i>	<i>Dredging</i>	<i>PPI</i>	<i>Based Impaired</i>
	<i>Grant</i>	<i>Grant</i>	<i>Grant</i>	<i>Grant</i>	<i>Survey Grant</i>	<i>Grant</i>	<i>Driving Grant</i>
Revenues							
Microloan Payments							
Intergovernmental Revenues	836			44,158			1,850
Interest							
Fair Value Increases(Decreases)							
Local Sources							
Total Revenues	836	-	-	44,158	-	-	1,850
Expenditures							
New Loans/Loans forgiven							
Administration	836						
Professional Services				42,314			
Contractors/Vendors		1,684				39,340	1,850
Capital Improvement							
Equipment				1,844			
Other							
Total Expenditures	836	1,684	-	44,158	-	39,340	1,850
Excess of Revenues Over (Under) Expenditures	-	(1,684)	-	-	-	(39,340)	-
Other Financing Sources (Uses)							
Transfers from Other Funds						969	
Transfers to Other Funds					(3)		
Total Other Financing Sources (Uses)	-	-	-	-	(3)	969	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(1,684)	-	-	(3)	(38,371)	-
Fund Balance - July 1	-	4,700	1,303	-	3	38,371	-
Fund Balance - June 30	-	3,016	1,303	-	-	-	-

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-5
Page 3 of 4

	<i>Click It Or Ticket Campaign</i>	<i>Police N.A.D.D.I. Grant</i>	<i>2009 Dept. of Justice Burnes Grant</i>	<i>2012 Dept. of Justice Burnes Grant</i>	<i>Healthy Maine Street Grant</i>	<i>Small Community Grant Program</i>
Revenues						
Microloan Payments						
Intergovernmental Revenues	1,768					
Interest						
Fair Value Increases(Decreases)						
Local Sources						
Total Revenues	1,768	-	-	-	-	-
Expenditures						
New Loans/Loans forgiven						6,059
Administration	1,768					
Professional Services			613			
Contractors/Vendors		832		55		
Capital Improvement						
Equipment						
Other						
Total Expenditures	1,768	832	613	55	-	6,059
Excess of Revenues Over (Under) Expenditures	-	(832)	(613)	(55)	-	(6,059)
Other Financing Sources (Uses)						
Transfers from Other Funds						
Transfers to Other Funds						
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(832)	(613)	(55)	-	(6,059)
Fund Balance - July 1	-	832	613	507	3,236	8,150
Fund Balance - June 30	-	-	-	452	3,236	2,091

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-5
Page 4 of 4

	<i>Maine Coastal Program</i>	<i>ATV Grant</i>	<i>Connector Trail Improvement Grant</i>	<i>Wellness Grant</i>	<i>Old County Road</i>	<i>Total</i>
Revenues						
Microloan Payments						14,851
Intergovernmental Revenues	15,000	1,195				2,211,274
Interest						3,116
Fair Value Increases(Decreases)						(1,102)
Local Sources						-
Total Revenues	15,000	1,195	-	-	-	2,228,139
Expenditures						
New Loans/Loans forgiven						6,059
Administration						2,604
Professional Services	24,700					67,627
Contractors/Vendors		1,195	9,556			159,538
Capital Improvement						2,049,307
Equipment						-
Other				1,646		3,490
Total Expenditures	24,700	1,195	9,556	1,646	-	2,288,625
Excess of Revenues Over (Under) Expenditures	(9,700)	-	(9,556)	(1,646)	-	(60,486)
Other Financing Sources (Uses)						
Transfers from Other Funds	9,700		16,000		83,294	132,544
Transfers to Other Funds						(3)
Total Other Financing Sources (Uses)	9,700	-	16,000	-	83,294	132,541
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	6,444	(1,646)	83,294	72,055
Fund Balance - July 1	-	-	-	1,646	(83,294)	556,846
Fund Balance - June 30	-	-	6,444	-	-	628,901

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

*Exhibit B-6
Page 1 of 2*

	<i>Shore Village Museum</i>	<i>Police DARE</i>	<i>Skateboard Park Project</i>	<i>RCHP Scholarship Trust</i>	<i>Berliawsky Park</i>	<i>Elizabeth Tyrell Trust</i>	<i>Odor Study</i>	<i>Middle Country Public Library</i>
Revenues								
Intergovernmental Revenues								
Other Local Sources		1,307						
Interest	168	135	1	485	153			
Fair Value Increases (Decreases)	(59)	(48)		(451)	(127)			
Total Revenues	109	1,394	1	34	26	-	-	-
Expenditures								
Public Safety Programs								
Repairs and Maintenance								
Contractors/Vendors								
Scholarships				8,000				
Supplies/Materials		99						429
Insurance								
Miscellaneous			120					
Total Expenditures	-	99	120	8,000	-	-	-	429
Excess of Revenues Over (Under) Expenditures	109	1,295	(119)	(7,966)	26	-	-	(429)
Other Financing Sources (Uses)								
Transfer from Other Funds								
Transfer to Other Funds								
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	109	1,295	(119)	(7,966)	26	-	-	(429)
Fund Balance (Deficit) - July 1	1,037	3,167	1,168	13,396	4,310	34,069	2,098	429
Fund Balance - June 30	1,146	4,462	1,049	5,430	4,336	34,069	2,098	-

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

**Exhibit B-6
Page 2 of 2**

	<i>YMCA Gen. Assist. Grant</i>	<i>YMCA E.U.D.L.</i>	<i>Stormwater Separation Project</i>	<i>Community and Arts Development</i>	<i>Library Booktalk Podcast</i>	<i>Midcoast Veterans Memorial</i>	<i>Coast Guard</i>	<i>Veterans Memorial</i>	<i>Total</i>
Revenues									
Intergovernmental Revenues									-
Other Local Sources		6,400					6,791	3,413	17,911
Interest								1	943
Fair Value Increases (Decreases)									(685)
Total Revenues	-	6,400	-	-	-	-	6,791	3,414	18,169
Expenditures									
Public Safety Programs									-
Repairs and Maintenance									-
Contractors/Vendors		6,400	96,646						103,046
Scholarships									8,000
Supplies/Materials							8,075		8,603
Insurance									-
Miscellaneous	200							8,468	8,788
Total Expenditures	200	6,400	96,646	-	-	-	8,075	8,468	128,437
Excess of Revenues Over (Under) Expenditures	(200)	-	(96,646)	-	-	-	(1,284)	(5,054)	(110,268)
Other Financing Sources (Uses)									
Transfer from Other Funds							1,239		1,239
Transfer to Other Funds									-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	1,239	-	1,239
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(200)	-	(96,646)	-	-	-	(45)	(5,054)	(109,029)
Fund Balance (Deficit) - July 1	200	-	175,460	7,906	100	528	2,658	9,600	256,126
Fund Balance - June 30	-	-	78,814	7,906	100	528	2,613	4,546	147,097

**CITY OF ROCKLAND
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2016**

<i>Assets</i>	<i>Pump Station/CSO Project</i>	<i>Capital Improvements Program</i>
Cash		-
Investments		42,372
Loan Receivable		-
Due from Other Governments		
Due from Other Funds	147,978	948,565
Total Assets	147,978	990,937
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Accounts Payable		-
Retainage Payable		
Due to Other Funds		64,358
Total Liabilities	-	64,358
Fund Balances		
Restricted	147,978	863,099
Committed		63,480
Total Fund Balances	147,978	926,579
Total Liabilities and Fund Balances	147,978	990,937

Exhibit C-1

<i>Public Works Big Dig Project</i>	<i>Capital Reserve Funds</i>	<i>Elm/Museum St. Sidewalk Rebuild</i>	<i>Old County Road</i>	<i>Total</i>
	59,259			59,259
	1,652,947			1,695,319
				-
			1,000,000	1,000,000
156,277	1,532,417			2,785,237
156,277	3,244,623	-	1,000,000	5,539,815
			348,855	348,855
			137,149	137,149
	585,729	33,486	272,311	955,884
-	585,729	33,486	758,315	1,441,888
156,277		(33,486)	241,685	1,375,553
	2,658,894			2,722,374
156,277	2,658,894	(33,486)	241,685	4,097,927
156,277	3,244,623	-	1,000,000	5,539,815

CITY OF ROCKLAND
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Pump Station/CSO Project</u>	<u>Capital Improvements Program</u>
Revenues		
Intergovernmental Revenue		
Local Sources		158,890
Change in Fair Value		
Interest		
Total Revenues	-	158,890
Expenditures		
Capital Outlay		170,031
Repairs & Maintenance		
Debt Service		
Other		
Total Expenditures	-	170,031
Excess of Revenues Over (Under)		
Expenditures	-	(11,141)
Other Financing Sources (Uses)		
Bond Proceeds		-
Transfers from Other Funds		231,646
Transfers to Other Funds	(11,549)	-
Total Other Financing Sources (Uses)	(11,549)	231,646
Excess of Revenues and Other Sources Over (Under)		
Expenditures and Other Uses	(11,549)	220,505
Fund Balance - July 1	159,527	706,074
Fund Balance - June 30	<u>147,978</u>	<u>926,579</u>

<i>Public Works Big Dig Project</i>	<i>Capital Reserve Funds</i>	<i>Elm/Museum St. Sidewalk Rebuild</i>	<i>Old County Road</i>	<i>Total</i>
			1,000,000	1,000,000
	141,974	65,000		365,864
	(17,734)			(17,734)
	51,124		603	51,727
-	175,364	65,000	1,000,603	1,399,857
		265,299	2,275,624	2,710,954
	51,446			51,446
-	51,446	265,299	2,275,624	2,762,400
-	123,918	(200,299)	(1,275,021)	(1,362,543)
			1,600,000	1,600,000
	591,330	166,813		989,789
	(16,813)		(83,294)	(111,656)
-	574,517	166,813	1,516,706	2,478,133
-	698,435	(33,486)	241,685	1,115,590
156,277	1,960,459	-	-	2,982,337
156,277	2,658,894	(33,486)	241,685	4,097,927

**CITY OF ROCKLAND
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit C-3

	<i>Balance July 1</i>	<i>Transfers</i>	<i>Revenues</i>	<i>Lease/Loan Proceeds</i>	<i>Total Available</i>	<i>Expenditures</i>	<i>Transfer From(To) Unreserved</i>	<i>Balance June 30</i>
<i>City Projects</i>								
Road Construction	14,798				14,798			14,798
Drainage Projects	1,597				1,597			1,597
Lindsey Brook Rehab	144,914				144,914			144,914
Roads and Sidewalks	4,327				4,327			4,327
Recycling Facility Improvement	840				840			840
Sign Van	8,000				8,000			8,000
Monitoring Well Landfill	8,681				8,681			8,681
Fire/EMS Command Vehicle	409				409			409
Ambulance	-		158,890		158,890			158,890
Thermal Cameras	15,000				15,000	(15,000)		-
FD Fire Hose Upgrade/Replacement	2,229				2,229			2,229
Solid Waste Gas Collection System	644				644			644
Solid Waste Loader	1,500				1,500			1,500
Solid Waste Compactor	78,000				78,000			78,000
Fire Rescue Pumper	1,019				1,019			1,019
Police Upgrade Radar Units	769				769			769
PW Replace Thomaston Meadow Rd. Bridge	54,792				54,792			54,792
PW 13 Sidewalk Machine	25,127				25,127			25,127
Sewer/Storm Water Camera 12	532				532			532
Stormwater & Wastewater Collection Study	129,565				129,565	(64,358)		65,207
Downtown Lighting Project	100,000	165,000			265,000	(66,162)		198,838
Multi Town Street Lighting Project		25,000			25,000	(12,817)		12,183
Finance Munis Software	44				44			44
Library Lighting & Insulation Project	10,523				10,523			10,523
Library Chimney	6,666				6,666			6,666
Library Building Evaluation	16,848				16,848	(11,694)		5,154
Recreation Center	50,202				50,202			50,202
Municipal Fish Pier Underground Elec.	7,214				7,214			7,214
City Committed Balances	684,240	190,000	158,890	-	1,033,130	(170,031)	-	863,099
Total Committed Balances	684,240	190,000	-	-	1,033,130	(170,031)	-	863,099
Unassigned	21,834	41,646	-	-	63,480	-	-	63,480
Total CIP	706,074	231,646	-	-	1,096,610	(170,031)	-	926,579

**CITY OF ROCKLAND
CAPITAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit C-4

<i>Reserve Fund</i>	<i>Fund Balance July 1</i>	<i>New Funds</i>	<i>Transfers From (To) Other Funds</i>	<i>Interest/ Dividends</i>	<i>Increase (Decrease) In Fair Value</i>	<i>Expenditures</i>	<i>Fund Balance June 30</i>
Sewer Depreciation	159,739			418	(148)		160,009
Sewer Equipment	231			51	(18)		264
Industrial Park Land Sales	85,685			2,610	(922)		87,373
City Land Sales	101,591	141,974		1,703	(513)	(51,446)	193,309
Audio Visual Reserve	5,317			206	(74)		5,449
Thermal Imaging Camera	2,100						2,100
Ground Cover Reserve	17,678			540	(191)		18,027
Recreation Reserve	502			87	(31)		558
Sewer Renewal and Replacement Reserve	340,430		100,000	25,411	(8,684)		457,157
Civil War Artifacts Reserve	14,814			605	(214)		15,205
Emergency Medical Reserve	19,574			596	(211)		19,959
Landfill Closure Reserve	318,823			9,713	(3,435)		325,101
Ladder Truck Reserve	13,748			419	(148)		14,019
Landfill Perpetual Care Reserve	223,638			2,152	(761)		225,029
Sewer CIP Reserve	18,238		(16,813)	4,008	(1,418)		4,015
Fire Department Building Reserve	105,387		15,813	1,227	(253)		122,174
Transfer Station Capital Equipment Reserve	501,334		448,835	763	(584)		950,348
Port Development Reserve	31,630		26,682	615	(129)		58,798
Total	1,960,459	141,974	574,517	51,124	(17,734)	(51,446)	2,658,894

**CITY OF ROCKLAND
PERMANENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

<i>Assets</i>	<u><i>Cemetery</i></u>	<u><i>Haines Charity</i></u>
Cash	1,813	26,189
Investments	59,841	248,063
Due From Other Funds		
Loans Receivable		66,938
Total Assets	<u>61,654</u>	<u>341,190</u>
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds	43,873	88,807
Total Liabilities	<u>43,873</u>	<u>88,807</u>
Fund Balances (Deficit)		
Non-Spendable		57,581
Restricted	17,781	194,802
Unassigned		
Total Fund Balances	<u>17,781</u>	<u>252,383</u>
Total Liabilities and Fund Balances	<u>61,654</u>	<u>341,190</u>

Exhibit D-1

<i>Keyword Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
			28,002
62,490	64,775	29,060	464,229
			-
			66,938
62,490	64,775	29,060	559,169
4,364	1,001	707	138,752
4,364	1,001	707	138,752
	50,000	17,800	125,381
58,126	13,774	10,553	295,036
			-
58,126	63,774	28,353	420,417
62,490	64,775	29,060	559,169

**CITY OF ROCKLAND
 PERMANENT FUNDS
 COMBINING BALANCE SHEET -ALL OTHER
 JUNE 30, 2016**

<i>Assets</i>	<u><i>Cleveland/ Bostick Library</i></u>
Cash	
Investments	10,471
Due from Other Funds	
Loans Receivable	
Total Assets	<u>10,471</u>
 <i>Liabilities and Fund Balances</i>	
Liabilities	
Due to Other Funds	<u>263</u>
Total Liabilities	<u>263</u>
Fund Balances	
Non-Spendable	10,000
Restricted	<u>208</u>
Total Fund Balances	<u>10,208</u>
Total Liabilities and Fund Balances	<u>10,471</u>

Exhibit D-2

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
			-
7,109	5,776	5,704	29,060
			-
			-
7,109	5,776	5,704	29,060
		444	707
		444	707
1,000	200	6,600	17,800
6,109	5,576	(1,340)	10,553
7,109	5,776	5,260	28,353
7,109	5,776	5,704	29,060

**CITY OF ROCKLAND
PERMANENT FUNDS
STATEMENT OF ACTIVITY - ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Cemetery</u>	<u>Haines Charity</u>
Revenues		
Local Sources		157
Investment Income	1,255	9,742
Fair Value Increases (Decreases)	568	(8,084)
	<u>1,823</u>	<u>1,815</u>
Total Revenues		
Expenditures		
Charity		7,553
Capital Improvements		
	<u>-</u>	<u>7,553</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>1,823</u>	<u>(5,738)</u>
Other Financing Sources (Uses)		
Transfer From Other Funds		
Transfer to Other Funds		
	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)		
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,823	(5,738)
Fund Balance - July 1	<u>15,958</u>	<u>258,121</u>
Fund Balance - June 30	<u><u>17,781</u></u>	<u><u>252,383</u></u>

Exhibit D-3

<i>Keyword Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
			157
2,231	2,302	1,032	16,562
(1,921)	(1,917)	(860)	(12,214)
310	385	172	4,505
			7,553
			-
			7,553
310	385	172	(3,048)
			-
(6,199)	(1,364)	(880)	(8,443)
(6,199)	(1,364)	(880)	(8,443)
(5,889)	(979)	(708)	(11,491)
64,015	64,753	29,061	431,908
58,126	63,774	28,353	420,417

**CITY OF ROCKLAND
PERMANENT FUNDS
STATEMENT OF ACTIVITY - ALL OTHER
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>Cleveland/ Bostick Library</i>
Revenues	
Investment Income	372
Fair Value Increases (Decreases)	(308)
Total Revenues	<u>64</u>
Expenditures	
Abatements	
Cemetery Care	
Total Expenditures	<u> </u>
Excess of Revenues Over (Under) Expenditures	<u>64</u>
Other Financing Sources (Uses)	
Transfer to Other Funds	(281)
Total Other Financing Sources (Uses)	<u>(281)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(217)
Fund Balance - July 1	<u>10,425</u>
Fund Balance - June 30	<u><u>10,208</u></u>

Exhibit D-4

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
252	205	203	1,032
(209)	(169)	(174)	(860)
43	36	29	172
			-
			-
			-
43	36	29	172
		(599)	(880)
		(599)	(880)
43	36	(570)	(708)
7,066	5,740	5,830	29,061
7,109	5,776	5,260	28,353

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the City Council
City of Rockland
Rockland, ME 04841

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Rockland, Maine's basic financial statements and have issued our report thereon dated March 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rockland, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Rockland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rockland, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2016-001 to 2016-003).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rockland, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit

and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 30, 2017

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

Members of the City Council
City of Rockland
Rockland, ME 04841

Report on Compliance for Each Major Federal Program

We have audited the City of Rockland, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Rockland, Maine's major federal programs for the year ended June 30, 2016. The City of Rockland, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Rockland, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audits Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rockland, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Rockland, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Rockland, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Rockland, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rockland, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rockland, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 30, 2017

**CITY OF ROCKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE III

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Housing and Urban Development:				
Passed Through State Department of Economic and Community Development:				
2015 Home Repair Network Program	*14.228	20150924000000000000		1,326,415
2014 Home Repair Network Program	*14.228	20141211000000000000		722,892
Micro-Enterprise Grant	*14.228	20151105000000000000		97,159
Total U.S. Department of Housing and Urban Development			-	2,146,466
U.S. Department of Transportation:				
Passed Through Maine Bureau of Highway Safety:				
Highway Safety Cluster:				
2016 Evidence Based Impaired Driving	20.600	ID16-034		1,850
2016 CIOT HvE Campaign & Increased SB Enforcement	20.609	OP15-048		1,768
Sub-Total Highway Safety Cluster			-	3,618
Passed Through Maine Dept of Transportation:				
Transportation Planning-Camden Street	20.205	20140801000000000094		20,000
Total U.S. Department of Transportation			-	23,618
U.S. Bureau of Justice:				
Passed Through the County of Knox, Maine:				
Byrne Jag Program	16.804	KNX-01-12		613
Byrne Jag Program	16.804	2009-SB-B9-0581		55
Total U.S. Bureau of Justice			-	668
U.S. Department of Homeland Security:				
Passed Through Maine Emergency Management Agency:				
2014 Emergency Management Performance Grant Program	97.042	EMW-2014-EP-00055		836
Total U.S. Department of Homeland Security				836
U.S. Department of Agriculture:				
Project Canopy Grant	10.675	UCF PE 11		1,684
Total U.S. Department of Agriculture			-	1,684
U.S. Department of Environmental Protection:				
Brownfield Assessment Program	66.818	96165801		44,158
Total U.S. Department of Environmental Protection			-	44,158
Total			-	2,217,430

**CITY OF ROCKLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Rockland, Maine under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Rockland, Maine, it is not intended to and does not present the financial position or changes in net position of the City of Rockland, Maine.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

The City of Rockland, Maine has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – PASS-THROUGH AWARDS

The City of Rockland, Maine receives certain federal awards in the form of pass-through awards from the State of Maine. Such amounts received as pass-through awards are specifically identified on the Schedule.