

2015

City of Rockland Maine Financial Statements June 30, 2015

Rockland, Me.

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CITY OF ROCKLAND, MAINE

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT***

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2015***

**CITY OF ROCKLAND
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2015**

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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 as of and for the year ended June 30, 2015, and 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 includes 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 procedure 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, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and budgetary comparison information on pages 3-9 and 47-48 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements 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, 2016, on our consideration of the City of Rockland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 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 City of Rockland, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 30, 2016

CITY OF ROCKLAND, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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, 2015. 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, 2015 by \$22,053,830 (presented as “net position”). Of this amount, \$3,276,548 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 decreased by \$2,929,527 (an 11.7% decrease) for the fiscal year ended June 30, 2015. Net position of governmental activities decreased by \$2,556,091 (a 16.2% decrease), while net position of business-type activities showed a decrease of \$373,436 (a 4.1% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2015, the City's governmental funds reported a combined ending fund balance of \$6,810,057 with \$1,248,010 being general unassigned fund balance and \$(54,533) deficit EMS unassigned fund balance for a total of \$1,193,477. The general unassigned fund balance represents approximately 6.5% of the total general fund expenditures for the year.

Long-term Debt:

The City's total long-term debt obligations decreased by \$1,208,765 (9.8%) during the current fiscal year. Governmental debt obligations decreased by \$701,308 and proprietary debt obligations decreased by \$507,457. A new lease was issued in the amount of 342,383 for capital equipment. 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 21-46 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 47-48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

74.8% 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.

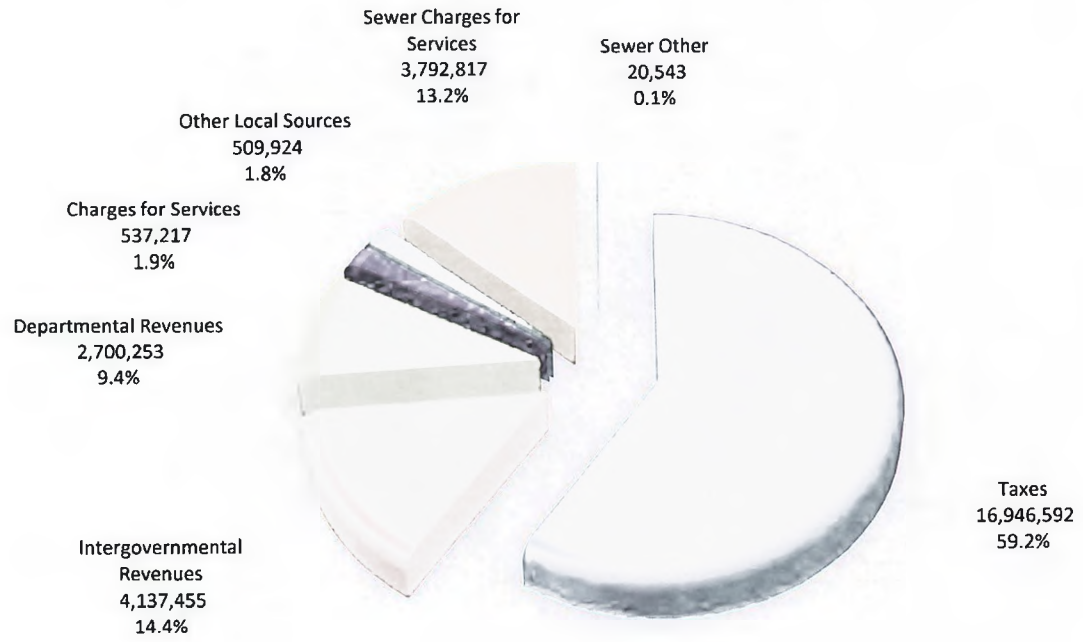
	Governmental Activities	Business-like Activities	Total 2015	Total 2014
Current Assets	8,350,549	2,077,824	10,428,373	10,222,211
Capital Assets	15,752,383	12,602,534	28,354,917	29,039,873
Total Assets	24,102,932	14,680,358	38,783,290	39,262,084
Related to Pensions	168,253	18,290	186,543	
Total Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	24,271,185	14,698,648	38,969,833	39,262,084
Current Liabilities	2,135,266	714,535	2,849,801	2,780,515
Other Liabilities	7,366,843	4,975,724	12,342,567	11,518,035
Total Liabilities	9,502,109	5,690,259	15,192,368	14,298,550
Prepaid Property Taxes	25,358		25,358	30,177
Related to Pensions	1,531,763	166,514	1,698,277	
Total Deferred Inflows of Resources	1,557,121	166,514	1,723,635	30,177
Net Investment in Capital Assets	9,239,112	7,255,386	16,494,498	16,093,633
Restricted	2,150,558	132,226	2,282,784	2,310,237
Unrestricted	1,822,285	1,454,263	3,276,548	6,529,487
Total Net Position	13,211,955	8,841,875	22,053,830	24,933,357
Total Liabilities, Deferred Inflows of Resources and Net Position	24,271,185	14,698,648	38,969,833	39,262,084

Changes in Net Position

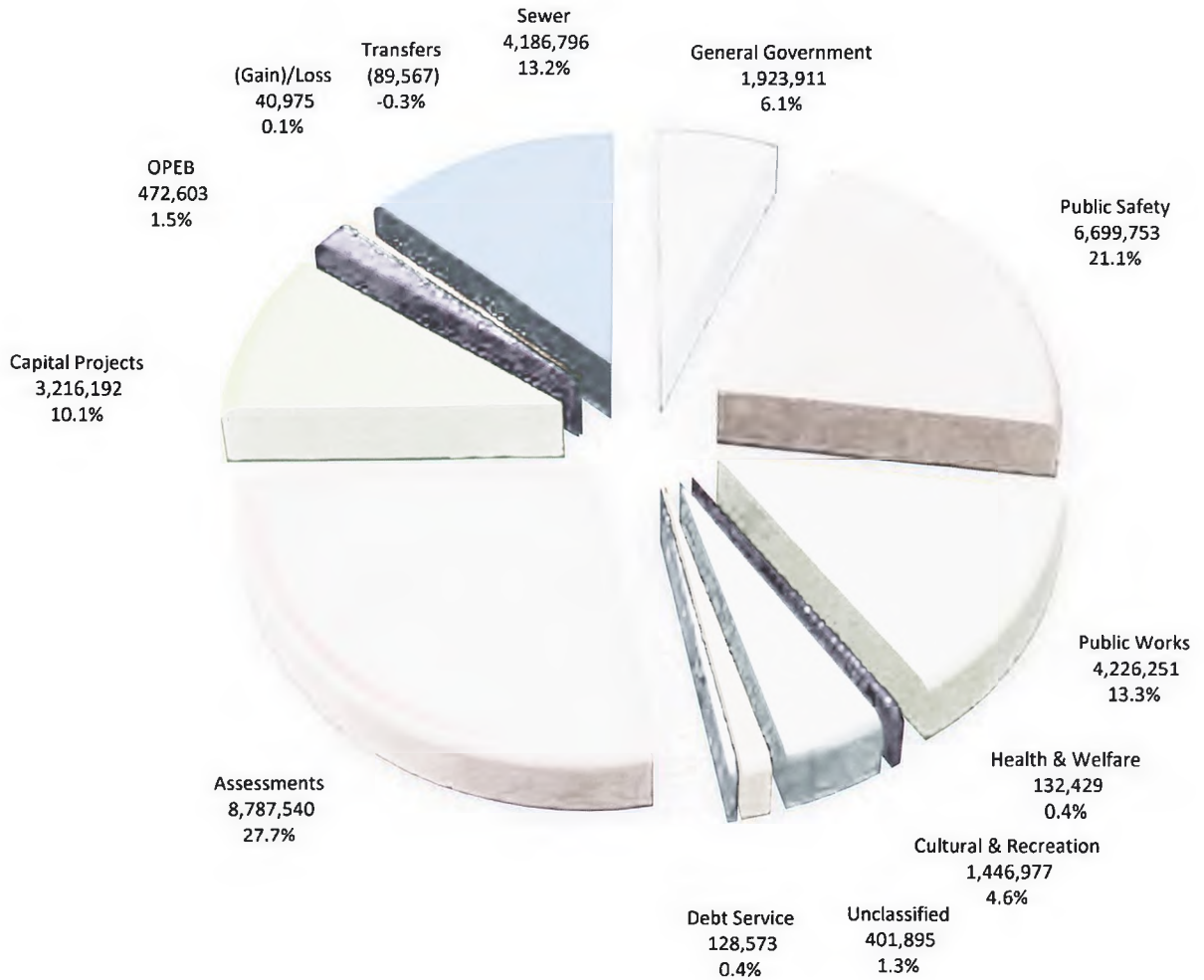
Approximately 59.2 percent of the City's total revenue came from property and excise taxes, approximately 14.4 percent came from State and Federal subsidies and grants, and approximately 26.4 percent came from services, investment earnings and other sources. Depreciation expense on the City's governmental activity assets represents \$1,336,828 of the total expenses for the fiscal year and \$857,506 of the total business-type activity assets.

	Governmental Activities	Business-Type Activities	Total 2015	Total 2014
Revenues:				
Taxes	16,946,592		16,946,592	16,522,814
Intergovernmental Revenues	4,137,455		4,137,455	2,654,484
Departmental Revenues	2,700,253		2,700,253	2,124,359
Charges for Services	537,217	3,792,817	4,330,034	4,206,498
Other Local Sources	509,924	20,543	530,467	557,618
Total	24,831,441	3,813,360	28,644,801	26,065,773
Expenses:				
General Government	1,923,911		1,923,911	1,571,479
Public Safety	6,699,753		6,699,753	4,981,130
Public Works	4,226,251	4,097,229	8,323,480	7,561,295
Health & Welfare	132,429		132,429	99,406
Cultural & Recreation	1,446,977		1,446,977	1,354,465
Unclassified	401,895		401,895	401,089
Debt Service	128,573		128,573	71,042
Assessments	8,787,540		8,787,540	8,404,881
Capital Projects	3,216,192		3,216,192	1,753,075
Annual OPEB Costs	472,603		472,603	
(Gain)/Loss on Disposal of Assets	40,975		40,975	-
Transfer (from)/to Enterprise Fund	(89,567)	89,567	-	(17,406)
Total	27,387,532	4,186,796	31,574,328	26,180,456
Changes in Net Position	(2,556,091)	(373,436)	(2,929,527)	(114,683)

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 \$6,810,057, an increase of \$236,996 in comparison with the prior year. Approximately 17.5 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:

- \$138,747 positive variance in auto excise tax revenue due to budgeting conservatively in the past few years and seeing an increase in revenue due to citizens purchasing newer vehicles.
- \$29,295 positive variance in the municipal fish pier revenue. The previous year's fish pier was not at capacity so the City budgeted the same revenue as the prior year. There was an increase in permits and docking fees.
- \$49,930 positive variance in the executive department due to an interim manager at the position for part of the year that was employed as the finance director and then later in the year filling the position.
- \$(74,443) negative variance in services due to additional expenditures for advertising and professional fees to hire new personnel.
- \$66,982 positive variance in the library department due to a decrease in staff.
- \$191,593 positive variance in debt service due to errors in budgeting.
-

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 \$64,071,057, net of accumulated depreciation of \$35,716,140, leaving a net book value of \$28,354,917. Current year additions include \$2,823,011 for infrastructure, 625,412 for equipment and vehicles and \$712,789 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, 2015

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	1,467,767	150	1,467,917
Investments	3,691,527	1,531	3,693,058
Receivables			
Taxes	1,354,605		1,354,605
Tax Liens	385,895		385,895
Accounts	133,201	49	133,250
User Fees, net	872,466	921,790	1,794,256
Loans	711,529		711,529
Tax Acquired Property	86,873		86,873
Prepaid Expenses	224,814	40,320	265,134
Due From Other Governments	512,450		512,450
Internal Balances	(1,113,984)	1,113,984	-
Due From Fiduciary Fund	23,406		23,406
Capital Assets:			
Land	841,671	1,102	842,773
Other Capital Assets, Net of Depreciation	13,531,840	12,389,231	25,921,071
Construction Work In Process	1,378,872	212,201	1,591,073
Total Assets	24,102,932	14,680,358	38,783,290
Deferred Outflows of Resources:			
Related to Pensions	168,253	18,290	186,543
Total Deferred Outflows of Resources	168,253	18,290	186,543
Total Assets and Deferred Outflows of Resources	24,271,185	14,698,648	38,969,833
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	10,165		10,165
Retainage Payable		10,111	10,111
Accrued Salaries	24,819	4,723	29,542
Payroll Taxes / Deductions	62,254		62,254
Deposits Payable	38,003		38,003
Compensated Absences Payable	1,041,085	100,423	1,141,508
Accrued Interest Payable		82,196	82,196
Long-term Liabilities:			
Net Pension Liability	1,339,909	145,658	1,485,567
Net OPEB Obligation	472,603		472,603
Due Within One Year	958,940	517,082	1,476,022
Due in More Than One Year	5,554,331	4,830,066	10,384,397
Total Liabilities	9,502,109	5,690,259	15,192,368
Deferred Inflows of Resources:			
Prepaid Taxes	25,358		25,358
Related to Pensions	1,531,763	166,514	1,698,277
Total Deferred Inflows of Resources	1,557,121	166,514	1,723,635
Net Position:			
Net Investment in Capital Assets	9,239,112	7,255,386	16,494,498
Restricted Net Position	2,150,558	132,226	2,282,784
Unrestricted	1,822,285	1,454,263	3,276,548
Total Net Position	13,211,955	8,841,875	22,053,830
Total Liabilities, Deferred Inflows of Resources and Net Position	24,271,185	14,698,648	38,969,833

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

CITY OF ROCKLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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	1,923,911	148,774		(1,775,137)		(1,775,137)
Public Safety	6,699,753	664,816	24,633	(6,010,304)		(6,010,304)
Public Works	4,226,251	1,943,724	212,236	(2,070,291)		(2,070,291)
Health & Welfare	132,429		30,007	(102,422)		(102,422)
Cultural & Recreation	1,446,977	482,210	42,500	(922,267)		(922,267)
Unclassified	401,895		29,000	(372,895)		(372,895)
Debt Service	128,573			(128,573)		(128,573)
Assessments	8,787,540			(8,787,540)		(8,787,540)
Capital Projects	3,216,192		2,823,239	(392,953)		(392,953)
Annual OPEB costs	472,603			(472,603)		(472,603)
<u>Total Governmental Activities</u>	<u>27,436,124</u>	<u>3,239,524</u>	<u>3,161,615</u>	<u>(21,034,985)</u>		<u>(21,034,985)</u>
<u>Business-type Activities:</u>						
Wastewater	4,097,229	3,792,817			(304,412)	(304,412)
<u>Total Business-type Activities</u>	<u>4,097,229</u>	<u>3,792,817</u>	<u>-</u>	<u>-</u>	<u>(304,412)</u>	<u>(304,412)</u>
<u>Total Primary Government</u>	<u>31,533,353</u>	<u>7,032,341</u>	<u>3,161,615</u>	<u>(21,034,985)</u>	<u>(304,412)</u>	<u>(21,339,397)</u>
<u>General Revenues:</u>						
Taxes						
Property				15,932,845		15,932,845
Auto Excise				1,013,747		1,013,747
Intergovernmental Revenues				975,840		975,840
Interest/Change in Fair Value				48,786		48,786
Other Local Sources				459,084	20,543	479,627
Gain/(Loss) on Disposal of Assets				(40,975)		(40,975)
Transfers between Enterprise Fund				89,567	(89,567)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>18,478,894</u>	<u>(69,024)</u>	<u>18,409,870</u>
<u>Changes in Net Position</u>				<u>(2,556,091)</u>	<u>(373,436)</u>	<u>(2,929,527)</u>
<u>Net Position - Beginning</u>				<u>15,768,046</u>	<u>9,215,311</u>	<u>24,983,357</u>
<u>Net Position - Ending</u>				<u>13,211,955</u>	<u>8,841,875</u>	<u>22,053,830</u>

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

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

Exhibit C
Page 1 of 2

<i>Assets</i>	<i>General Fund</i>	<i>Federal/ State Programs</i>	<i>Capital Improvement Reserves</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Cash and Equivalents	830,999	1,705	190,636	444,427	1,467,767
Investments	1,567,173	102,290	1,488,180	533,884	3,691,527
Taxes Receivable	1,354,605				1,354,605
Tax Liens Receivable	385,895				385,895
Accounts Receivable	133,201				133,201
User Fees Receivable	872,466				872,466
Loans Receivable	-	262,073		449,456	711,529
Tax Acquired Property	86,873				86,873
Prepaid Expense	224,814				224,814
Due from Other Governments	66,153	446,297		-	512,450
Due from Other Funds	2,616,251	266,450	950,559	448,515	4,281,775
Total Assets	8,138,430	1,078,815	2,629,375	1,876,282	13,722,902
<i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>					
Liabilities					
Accounts Payable	10,165			-	10,165
Accrued Salaries	24,819			-	24,819
Payroll Taxes/Deductions	62,254				62,254
Due to Other Funds	4,015,098	521,969	668,916	166,370	5,372,353
Deposits Payable	38,003				38,003
Total Liabilities	4,150,339	521,969	668,916	166,370	5,507,594
Deferred Inflows of Resources					
Unavailable Property Taxes	1,331,842				1,331,842
Unavailable Revenues - Other	48,051				48,051
Prepaid Taxes	25,358				25,358
Total Deferred Inflows of Resources	1,405,251	-	-	-	1,405,251
Fund Balances					
Non-Spendable				125,381	125,381
Restricted	100,822	556,846		1,367,509	2,025,177
Committed	1,244,392	-	1,960,459	209,552	3,414,403
Assigned	44,149	-		7,470	51,619
Unassigned	1,193,477	-		-	1,193,477
Total Fund Balances	2,582,840	556,846	1,960,459	1,709,912	6,810,057
Total Liabilities, Deferred Inflows of Resources and Fund Balances	8,138,430	1,078,815	2,629,375	1,876,282	13,722,902

(Continued)

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

Exhibit C
Page 2 of 2

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

Total Fund Balance	6,810,057
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$20,386,509	15,752,383
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenue - Other	48,051
Unavailable Taxes	1,331,842
Deferred outflows of resources related to pension plans	168,253
Deferred inflows of resources related to pension plans	(1,531,763)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(5,807,742)
Accrued Compensated Absences	(1,041,085)
Capital Leases Payable	(705,529)
Net OPEB Obligation	(472,603)
Net Pension Liability	(1,339,909)
	<hr/>
Net Position of Governmental Activities	<u>13,211,955</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, 2015

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>Federal/ State Programs</i>	<i>Capital Improvement Reserves</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Taxes	16,894,873				16,894,873
Intergovernmental Revenues	1,005,847	3,131,608		-	4,137,455
Departmental Revenues	3,237,470				3,237,470
Interest	38,754	2,364	37,520	16,432	95,070
Change in Fair Value	(15,761)	(1,177)	(18,705)	(10,641)	(46,284)
Other Local Sources	321,904	25,094	52,160	31,857	431,015
Total Revenues	21,483,087	3,157,889	70,975	37,648	24,749,599
Expenditures					
General Government	1,535,117	16,943			1,552,060
Public Safety	4,727,079	27,917		213	4,755,209
Public Works	3,137,696	80,109		114,255	3,332,060
Health and Welfare	128,052	1,947		2,430	132,429
Culture and Recreation	1,160,722	92,961		13,575	1,267,258
Unclassified	368,165	17,393		16,337	401,895
Debt Service	999,321				999,321
Assessments	8,787,540				8,787,540
Capital Outlay		3,141,474	19,604	555,703	3,716,781
Total Expenditures	20,843,692	3,378,744	19,604	702,513	24,944,553
Excess of Revenues Over (Under) Expenditures	639,395	(220,855)	51,371	(664,865)	(194,954)
Other Financing Sources (Uses)					
Loan Proceeds				342,383	342,383
Transfers from Other Funds	1,366,952	114,320	489,412	343,415	2,314,099
Transfers to Other Funds	(2,010,881)	(7,145)	(103,753)	(102,753)	(2,224,532)
Total Other Financing Sources (Uses)	(643,929)	107,175	385,659	583,045	431,950
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(4,534)	(113,680)	437,030	(81,820)	236,996
Fund Balance - July 1	2,587,374	670,526	1,523,429	1,791,732	6,573,061
Fund Balance - June 30	2,582,840	556,846	1,960,459	1,709,912	6,810,057

(Continued)

**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, 2015**

**Exhibit D
 Page 2 of 2**

Net change in fund balances - total governmental funds	236,996
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	1,035,851
Depreciation expense	(1,299,303)
	<u>(263,452)</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	30,123
Unavailable Taxes	51,719
	<u>81,842</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	(342,383)
Capital lease obligation principal payments	219,440
General obligation bond principal payments	651,308
Net OPEB Obligation	(472,603)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(2,703,419)
	<u>(2,647,657)</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	36,180
	<u>36,180</u>
Change in net position of governmental activities	<u>(2,556,091)</u>

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

CITY OF ROCKLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

Exhibit E

<i>Assets and Deferred Outflows of Resources:</i>	<i>Wastewater Enterprise</i>
Current Assets:	
Cash and Equivalents	150
Investments	1,531
Invested with General Fund	492,224
Total Cash and Investments	<u>493,905</u>
Receivables	
User Fees, net	921,790
Accounts	49
Prepaid Expense	40,320
Due From Other Funds	621,760
Total Current Assets	<u><u>2,077,824</u></u>
Noncurrent Assets:	
Capital Assets, net	12,602,534
Total Noncurrent Assets	<u>12,602,534</u>
Total Assets	<u><u>14,680,358</u></u>
Deferred Outflows of Resources:	
Related to Pensions	18,290
Total Deferred Outflows of Resources	<u>18,290</u>
Total Assets and Deferred Outflows of Resources	<u><u>14,698,648</u></u>
Liabilities, Deferred Inflows of Resources and Net Position:	
Liabilities:	
Accrued Salaries	4,723
Retainage Payable	10,111
Accrued Compensated Absences	100,423
Accrued Interest Payable	82,196
Bonds and Notes Payable	517,082
Total Current Liabilities	<u>714,535</u>
Noncurrent Liabilities:	
Net Pension Liability	145,658
Bonds and Notes Payable	4,830,066
Total Noncurrent Liabilities	<u>4,975,724</u>
Total Liabilities	<u>5,690,259</u>
Deferred Inflows of Resources:	
Related to Pensions	166,514
Total Deferred Inflows of Resources	<u>166,514</u>
Net Position:	
Net Investment in Capital Assets	7,255,386
Restricted:	
Summer Street	41,930
Reserve Capacity Fee	90,296
Unrestricted	1,454,263
Total Net Position	<u>8,841,875</u>
Total Liabilities and Net Position	<u><u>14,698,648</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, 2015

Exhibit F

	<u>Proprietary Fund Types</u>
	<u>Wastewater</u>
	<u>Enterprise</u>
Operating Revenues:	
Industrial	2,225,691
Residential	944,689
Commercial	541,182
Chemical Surcharge	56,022
Sewer Reserve Capacity Fee	4,800
Lab Testing	4,028
Interest - Late Penalties	16,405
	<hr/>
Total Operating Revenues:	3,792,817
	<hr/>
Operating Expenditures:	
Personnel	737,358
Contracted Services	1,232,550
Commodities	322,393
Equipment Repairs & Replacement	162,680
Preventive Maintenance	281,957
Capital Improvements Programs	33,863
Lease Payments	3,235
Depreciation and Amortization	857,506
	<hr/>
Total Operating Expenditures	3,631,542
	<hr/>
Net Operating Income	161,275
	<hr/>
Nonoperating Revenues (Expenses)	
Interest Revenue	35
Change in Fair Value	(18)
Related to Pensions	(293,882)
Nonutility Income, net of expense	20,526
Transfer from/(to) other funds	(89,567)
Interest Expense	(171,805)
	<hr/>
Total Nonoperating Revenue (Expenses)	(534,711)
	<hr/>
<i>Change in Net Position</i>	(373,436)
	<hr/>
<i>Total Net Position - Beginning</i>	9,215,311
	<hr/>
<i>Total Net Position - Ending</i>	8,841,875
	<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, 2015

Exhibit G

	<u>Proprietary Fund Types</u>
	<u>Wastewater Enterprise</u>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	3,792,817
Payments to Suppliers	(1,754,721)
Payments to Employees	(737,358)
Other Receipts (Payments)	(362,923)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	937,815
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Purchases of Capital Assets	(211,252)
Principal Paid on Capital Debt	(507,456)
Interest Paid on Capital Debt	(171,805)
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(890,513)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Purchase of Investments	(589,759)
Interest and Dividends	17
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(589,742)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(542,440)
	<hr/>
<i>Balances - beginning of the year</i>	742,462
	<hr/>
<i>Balances - end of the year</i>	200,022
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	161,275
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	857,506
(Increase) Decrease in Accounts Receivable	(92,134)
(Increase) Decrease in Prepaid Expense	(3,406)
(Increase) Decrease in Due To/From Other Governments	(5,660)
Increase (Decrease) in Accrued Interest Payable	3,878
Increase (Decrease) in Accrued Salaries Payable	2,306
Increase (Decrease) in Compensated Absences Payable	3,939
Increase (Decrease) in Accounts Payable	10,111
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	937,815
	<hr/> <hr/>

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

CITY OF ROCKLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

Exhibit H

<i>Assets</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>		
Cash			5,083	5,083
Investments	60,949	6,919		67,868
Total Assets	60,949	6,919	5,083	72,951
<i>Liabilities and Net Position</i>				
<i>Liabilities</i>				
Due to Other Funds	22,000	1,406	-	23,406
Total Liabilities	22,000	1,406	-	23,406
<i>Net Position</i>				
<i>Net Position</i>				
Reserved for Endowment	27,000	5,000	-	32,000
Designated for Subsequent Years' Expenditures	11,949	513	5,083	17,545
Total Net Position	38,949	5,513	5,083	49,545
Total Liabilities and Net Position	60,949	6,919	5,083	72,951

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, 2015

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			1,185	1,185
Fair Value Increases (Decreases)	1,923	218		2,141
Investment Income	(1,088)	(123)	2	(1,209)
Total Additions	835	95	1,187	2,117
<u>Reductions</u>				
Churches				-
Other				-
Scholarships	3,000		500	3,500
Total Reductions	3,000	-	500	3,500
Changes in Net Position	(2,165)	95	687	(1,383)
Net Position - July 1	41,114	5,418	4,396	50,928
Net Position - June 30	38,949	5,513	5,083	49,545

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 2015 is \$1,149,158. 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, 2015

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.

For the year ended 6/30/15, the City implemented GASB Statement #68, which accounts for the City's proportionate share of net pension liability for the Maine Public Employees Retirement System.

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 earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the City limits its investments to those authorized by Maine State Statutes, which authorize the City to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the City requires that, at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

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, \$1,331,842 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 12, 2014 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. Inventories

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

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 historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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, 2015**

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, 2015

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, 2015 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		556,846			556,846
Municipal Revenue Sharing	100,822				100,822
Library Trust Funds Expendable				306,527	306,527
RCHP Scholarship				13,396	13,396
Berliawsky Park				4,310	4,310
Elizabeth Tyrell				34,069	34,069
Other Special Revenues				9,163	9,163
Pump Station/CSO Project				159,527	159,527
PW Big Dig Project				156,277	156,277
Capital Improvements Program				684,240	684,240
	100,822	556,846	-	1,367,509	2,025,177
<u>Committed</u>					
General Reserves	1,233,825				1,233,825
Tree Planting Fund	10,567				10,567
Coast Guard				2,658	2,658
Veterans Memorial				9,600	9,600
Stormwater Separation Project				175,460	175,460
Capital Improvement Programs				21,834	21,834
Capital Reserve Funds			1,960,459		1,960,459
	1,244,392	-	1,960,459	209,552	3,414,403
<u>Assigned</u>					
Traffic Improvements Study	42,649				42,649
Shore Village Museum				1,037	1,037
Police DARE				3,167	3,167
Skateboard Park Project				1,168	1,168
Odor Study				2,098	2,098
General Fund Encumbered Funds	1,500				1,500
	44,149	-	-	7,470	51,619
<u>Unassigned</u>					
Emergency Medical	(54,533)				(54,533)
General Fund	1,248,010				1,248,010
	1,193,477	-	-	-	1,193,477
<u>Total Fund Balance</u>	2,582,840	556,846	1,960,459	1,709,912	6,810,057

**CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position (Continued)

Net Position

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2015**

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 \$1,500.

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 AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The 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 City's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2015, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the City's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial risk exists.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

A. Deposits and Investments (Continued)

At year-end, the government's carrying amount of deposits was \$1,473,000 and the bank balance was \$2,556,173. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the City's name.

Category 3 - Uninsured and uncollateralized.

	<i>Bank Balance</i>	<i>Category</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Cash and Equivalents	<u>2,556,173</u>	<u>636,382</u>	<u>1,794,310</u>	<u>125,481</u>

Investments

At June 30, 2015, the City's investments, maturities and credit ratings are as follows:

Type	June 30, 2015						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
Corporate Bonds	223,472		223,472			A	Baa2
Corporate Bonds	98,883		98,883			A-	A3
Corporate Bonds	119,219			119,219		A-	Ba2
Corporate Bonds	119,093			119,093		A	Baa3
Corporate Bonds	126,134	126,134	-			A-	Baa1
Corporate Bonds	156,590			156,590		A-	Baa2
Corporate Bonds	124,043		124,043			A-	Baa3
Corporate Bonds	126,185		126,185			BB+	Baa3
Corporate Bonds	254,604		254,604			BBB+	Baa1
Corporate Bonds	50,060		50,060			BBB	Baa3
Corporate Bonds	126,250			126,250		BBB+	Ba1
Corporate Bonds	128,900		128,900			BBB+	Ba3
Corporate Bonds	151,513			151,513		BBB-	B1
Corporate Bonds	124,531	124,531				BBB-	Ba3
Corporate Bonds	128,125			128,125		BBB+	B2
U.S. Government Obligations	121,052	121,052				AAA	Aaa
U.S. Government Obligations	99,864		99,864			BBB+	
U.S. Government Obligations	195,588		49,094	146,494		BBB	
U.S. Government Obligations	112,212		112,212			AA	Aa2
Mutual Funds	1,174,608	1,174,608				Not rated	Not rated
Total	<u>3,760,926</u>	<u>1,546,325</u>	<u>1,267,317</u>	<u>947,284</u>	<u>-</u>		

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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, 2015:

Deposits and Cash on Hand	\$ 1,473,000
Investments	\$ 3,760,926
	<u>\$ 5,233,926</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 1,467,767	\$ 150	\$ 5,083	\$ 1,473,000
Investments	\$ 3,691,527	\$ 1,531	\$ 67,868	\$ 3,760,926
	<u>\$ 5,159,294</u>	<u>\$ 1,681</u>	<u>\$ 72,951</u>	<u>\$ 5,233,926</u>

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	780,079,200
Tax Rate (per \$1,000)	<u>20.16</u>
Commitment	<u>15,726,397</u>
Appropriations	19,616,901
Less:	
State Municipal Revenue Sharing	464,557
Estimated Revenues	3,066,546
BETE Reimbursement	215,032
Homestead Reimbursement	<u>144,369</u>
	<u>3,890,504</u>
Net Assessment for Commitment	<u>15,726,397</u>

Supplemental taxes totaling \$5,422 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$1,065,334, which represents tax collection of 93.2% of current year commitment. Unpaid liens at June 30 totaled \$385,895.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2015, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	2,616,251	4,015,098
Special Revenue Funds:		
Federal/State Funds	266,450	521,969
Shore Village Museum		4,485
Police DARE		1,271
RCHP Scholarship		8,850
Elizabeth Tyrell	34,069	
Odor Study	2,098	
Veterans Memorial	534	
Middle Country Public Library	429	
Community Arts & Development	7,906	
YMCA General Assistance Grant	200	
Library Booktalk Podcast	100	
Midcoast Veterans Memorial	528	
Stormwater Separation Project	175,460	
Capital Project Funds		
Pump Station/CSO Project	159,527	
Capital Improvement Projects		16,152
Public Works Big Dig	67,664	
Capital Reserve Funds	950,559	668,916
Permanent Funds		135,612
Fiduciary Funds		23,406
Wastewater Enterprise Fund	1,113,984	-
Totals	<u>5,395,759</u>	<u>5,395,759</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, 2015

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 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	4,126,482	500,588	(3,248,198)	1,378,872
	<u>4,968,153</u>	<u>500,588</u>	<u>(3,248,198)</u>	<u>2,220,543</u>
<i>Capital assets being depreciated:</i>				
Buildings	5,998,854	637,340		6,636,194
Equipment	8,205,174	578,726	(78,501)	8,705,399
Infrastructure	15,930,860	2,645,895		18,576,755
	<u>30,134,888</u>	<u>3,861,961</u>	<u>(78,501)</u>	<u>33,918,348</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	2,358,406	160,962		2,519,368
Equipment	5,771,163	524,323	(37,527)	6,257,959
Infrastructure	10,957,637	651,544		11,609,181
	<u>19,087,206</u>	<u>1,336,829</u>	<u>(37,527)</u>	<u>20,386,508</u>
<i>Total accumulated depreciation:</i>				
<i>Net capital assets being depreciated</i>				
	<u>11,047,682</u>	<u>2,525,132</u>	<u>(40,974)</u>	<u>13,531,840</u>
Governmental Activities:				
Capital Assets, net	<u>16,015,835</u>	<u>3,025,720</u>	<u>(3,289,172)</u>	<u>15,752,383</u>

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

Governmental Activities

General Government	51,256
Public Safety	169,729
Public Works, including general infrastructure assets	901,662
Culture and Recreation	214,182
	<u>1,336,829</u>
Total Depreciation Expense - Governmental Activities	<u>1,336,829</u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

D. Capital Assets (continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	1,102			1,102
Construction Work in Process	-	212,201	-	212,201
<i>Capital assets being depreciated</i>				
Buildings	6,266,512	-		6,266,512
Equipment	704,882	46,686		751,568
Infrastructure	20,523,666	177,115		20,700,781
<i>Total capital assets being depreciated</i>	27,495,060	223,801	-	27,718,861
<i>Less accumulated depreciation for:</i>				
Buildings	910,222	250,019		1,160,241
Equipment	629,656	18,082		647,738
Infrastructure	12,932,246	589,405		13,521,651
<i>Total accumulated depreciation</i>	14,472,124	857,506	-	15,329,630
<i>Net capital assets being depreciated</i>	13,022,936	(633,705)	-	12,389,231
<i>Business-type Activities:</i>				
<i>Capital Assets, net</i>	13,024,038	(421,504)	-	12,602,534

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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 June 30,</i>	<i>Minimum Lease Payment</i>
2016	317,823
2017	170,938
2018	170,940
2019	<u>71,167</u>
Total Minimum Lease Payments	730,868
Less: Amount Representing Interest	<u>(25,339)</u>
Present Value of Future Minimum Lease Payments	<u><u>705,529</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 General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1995 City Hall Bonds	10/1/2015	5.2%-6.0%	25,000
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	526,141
2006 Fire Truck	11/1/2021	1.85 - 6.0%	280,000
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	799,543
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	673,287
2008 Fire Truck	2/5/2023	4.440%	193,216
2010 Key Bank CIP Bond	11/4/2012	1.920%	86,980
2012 Library Efficiency Upgrades	6/25/2017	2.220%	37,251
2012 Recreation Center Water Intrusion	9/1/2023	1.870%	540,000
2012 Captial Purchases Loan	11/25/3088	2.290%	178,331
2012 Public Works Big Dig	9/7/2040	2.750%	2,318,953
2013 CIP Summer Street, Library and Storm Camera	4/1/2019	1.530%	104,040
2014 Pen Bay Acres Drainage Project	2/7/2024	2.590%	<u>45,000</u>
			<u><u>5,807,742</u></u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

F. Long-Term Debt (continued)

1. General Obligation Bonds and Notes (continued)

<i>Proprietary</i>	<i>Date</i>	<i>Rate</i>	<i>Amount</i>
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	1,528,657
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	931,820
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	790,380
2012 PCF Project	8/11/2040	2.150%	<u>2,096,290</u>
Total Proprietary Debt			<u>5,347,147</u>
Total Debt			<u>11,154,889</u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$3,435,805 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
2016	823,833	677,034	1,500,867
2017	705,622	677,933	1,383,555
2018	590,510	678,219	1,268,729
2019	552,253	678,373	1,230,626
2020	413,998	286,935	700,933
2021-2025	1,721,481	1,435,577	3,157,058
2026-2030	1,102,080	1,178,680	2,280,760
2031-2035	827,342	857,277	1,684,619
2036-2040	630,110	627,414	1,257,524
2041	126,022	-	126,022
Total	<u>7,493,251</u>	<u>7,097,442</u>	<u>14,590,693</u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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, 2015:

	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2014</i>	6,509,050	5,854,603	12,363,653
Debt Issued	-	-	-
Debt Retired	(701,308)	(507,457)	(1,208,765)
<i>Long-term Debt payable June 30, 2015</i>	<u>5,807,742</u>	<u>5,347,146</u>	<u>11,154,888</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:

<i>Units</i>	<i>Net debt outstanding June 30, 2015</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
Regional School Unit #13	2,602,750	34.00%	884,935
Knox County	<u>2,160,000</u>	10.38%	<u>224,208</u>
Totals	<u>4,762,750</u>		<u>1,109,143</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, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (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	-	15,958
Haines Charity	57,581	200,540
Keyword Library	-	64,015
Leach Library	50,000	14,753
Cleveland/Bostick Library	10,000	425
Flower	1,000	6,066
Monroe Highway	200	5,540
Library	6,600	(770)
Total	125,381	306,527

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, 2015**

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, 2013, 2014 and 2015 were \$64,057, \$59,751 and \$59,478 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, 2015, the PLD Plan member contribution rate was 7.0% and the employer contribution rates were 7.1% for the AC Plan and 11.0% for the 3C Plan of applicable member compensation.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 and the previous two years are as follows:

PLD Plan:

<i>For the year ended</i> <i>June 30,</i>	<i>Employee</i> <i>Contributions</i>	<i>Employer</i> <i>Contributions</i>	<i>Applicable</i> <i>Member</i> <i>Compensation</i>
2015	\$ 313,020	\$ 377,269	\$ 3,949,799
2014	\$ 283,238	\$ 334,669	\$ 3,822,217
2013	\$ 275,544	\$ 299,874	\$ 3,728,536

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, 2015, the City of Rockland reported a net pension liability of \$1,485,567 for the PLD Plan. The net pension liability was measured as of June 30, 2014, 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 .965%, which was an increase of 0.00% from its proportion measured at June 30, 2014.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the City of Rockland, Maine recognized pension expense of \$241,638. At June 30, 2015, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	186,543	-
Changes in Assumption	-	-
Net Difference between projected between projected and actual earnings on pension plan investments	-	1,577,767
Changes in proportion and differences between employer contributions and proportionate share of contributions		120,510
	<u>186,543</u>	<u>1,698,277</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>	
2016	(372,431)
2017	(372,431)
2018	(372,431)
2019	(394,442)

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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:	7.25% 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
Mortality Rates	For PLD members, the RP2000 Tables projected forward to 2015 using Scale AA are used.

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.

**CITY OF ROCKLAND
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2014 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 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>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	2.5%
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>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% 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.

**CITY OF ROCKLAND
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (continued)

Discount Rate (continued)

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 7.25% 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>(6.25%)</i>	<i>Current Discount</i> <i>Rate (7.25%)</i>	<i>1% Increase</i> ▾ <i>(8.25%)</i>
Proportionate Share of the Net Pension Liability	\$ 4,634,532	\$ 1,485,567	\$ (1,146,576)

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.mainebers.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 2015 was \$33,267.

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.

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.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (continued)

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

	<i>Projected</i> 6/30/2016	<i>Projected</i> 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	\$ 118,682	\$ 120,314	\$ 121,032
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, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (continued)

*Table V-2
 Schedule of Funding Progress*

<i>Fiscal Year Ending</i>	<i>Actuarial Value of assets (a)</i>	<i>Actuarial Liability (b)</i>	<i>Unfunded Actuarial Liability (UAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Annual Covered Payroll c</i>	<i>(UAL) as Percentage of Covered Payroll ((b-a)/c)</i>
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*

<i>Fiscal Year Ending</i>	<i>Annual OPEB Cost (AOC)</i>	<i>Percentage of AOC Contributed</i>	<i>Net OPEB Obligation</i>
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, 2015

NOTE 4 - OTHER INFORMATION (Continued)

F. Deficit Fund Balance

The Communities for Maine's future grant ended the year in a deficit balance of (\$14,714.41) this was due to approving expenditure from the grant and using future years' revenues from the TIF reserve fund. This was included in the management finding #2015-005.

The EMS fund also ended the year with a deficit fund balance in the amount of (\$54,533). The fund ended in a deficit from operating activity and with an entry in the amount of \$49,884 for bad debts, this brought the deficit even larger.

CITY OF ROCKLAND

Exhibit J

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1 - Proportionate Share of the Net Pension Liability:

**Town
Participating Local
Districts Plan
For the Fiscal
Year Ended
June 30, 2015**

Proportion of net pension liability	0.9654%
Proportionate share of net pension liability	\$1,485,567
Covered employee payroll	\$3,822,217
Proportionate share of the net pension liability as a percentage of its covered employee payroll	38.87%
Plan Total Pension Liability	\$2,609,657,845
Plan Fiduciary Net Position	\$2,455,776,671
Plan Net Pension Liability	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	94.103%
Plan Covered Employee Payroll	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	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:

**For the Fiscal
Year Ended
June 30, 2015**

Contractually required contribution	\$339,745
Contribution in relation to the contractually required contribution	<u>(\$339,745)</u>
Contribution deficiency	<u>\$0</u>
Covered employee payroll	\$3,822,217
Contributions as a percentage of covered employee payroll	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, 2015**

Exhibit K

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes	16,746,276	16,746,276	16,894,873	148,597
Intergovernmental Revenues	493,856	493,856	507,971	14,115
Departmental Revenues	835,548	835,548	846,515	10,967
Other Local Sources	286,800	286,800	305,773	18,973
Total Revenues	<u>18,362,480</u>	<u>18,362,480</u>	<u>18,555,132</u>	<u>192,652</u>
Expenditures (Net of Departmental Revenues)				
General Government	1,533,950	1,481,478	1,535,117	(53,639)
Public Safety	4,490,418	4,425,698	4,457,644	(31,946)
Public Works	1,554,379	1,554,379	1,697,469	(143,090)
Health and Welfare	102,517	102,517	126,380	(23,863)
Culture and Recreation	1,216,626	1,199,675	1,151,128	48,547
Unclassified	283,439	283,439	299,604	(16,165)
Debt Service	1,190,914	1,190,914	999,321	191,593
Assessments	8,801,826	8,801,826	8,787,540	14,286
Total Expenditures	<u>19,174,069</u>	<u>19,039,926</u>	<u>19,054,203</u>	<u>(14,277)</u>
Excess Revenues Over Expenditures	(811,589)	(677,446)	(499,071)	178,375
Other Financing Sources				
Transfers from Other Funds	1,068,739	1,068,739	1,068,739	-
Transfers to Other Funds	(357,150)	(491,293)	(535,323)	(44,030)
Total Other Financing Sources	<u>711,589</u>	<u>577,446</u>	<u>533,416</u>	<u>(44,030)</u>
Net Change in Fund Balance	<u>(100,000)</u>	<u>(100,000)</u>	34,345	<u>134,345</u>
Beginning Fund Balances - Budgetary Basis			<u>1,213,665</u>	
Ending Fund Balances - Budgetary Basis			1,248,010	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			<u>1,500</u>	
Ending Fund Balances - GAAP Basis			<u>1,249,510</u>	

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-1
Page 1 of 2*

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	15,679,276	15,680,100	824
Auto Excise	875,000	1,013,747	138,747
Interest and Lien Charges	132,000	118,151	(13,849)
Payment in Lieu of Taxes	60,000	82,875	22,875
	<u>16,746,276</u>	<u>16,894,873</u>	<u>148,597</u>
Intergovernmental Revenues			
Welfare Reimbursement	25,000	30,007	5,007
Veterans Reimbursement	10,000	11,887	1,887
Tree Growth	6,800	12,209	5,409
Homestead Reimbursement	144,369	144,369	-
BETE Reimbursement	215,032	215,162	130
Police Grants	92,655	94,337	1,682
	<u>493,856</u>	<u>507,971</u>	<u>14,115</u>
Departmental Revenues			
Police	68,400	84,900	16,500
Fire	46,348	42,699	(3,649)
Assessment	200	80	(120)
Finance	-	834	834
Legal	1,000	185	(815)
Code Enforcement	71,885	71,093	(792)
Public Works	91,665	89,986	(1,679)
Fish Pier	111,650	140,945	29,295
Harbor and Waterfront	206,100	228,085	21,985
Library	89,500	68,714	(20,786)
Recreation	57,000	44,466	(12,534)
City Clerk	54,800	58,445	3,645
Community Development	37,000	16,083	(20,917)
	<u>835,548</u>	<u>846,515</u>	<u>10,967</u>

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Other Local Sources			
Interest on Investments	2,500	7,141	4,641
Interest on Accounts Receivable	2,500	2,267	(233)
Motor Vehicle Registration Fees	190,000	207,816	17,816
Camden and Rockport Water	13,000	15,867	2,867
Cable Franchise Fee	70,000	68,790	(1,210)
Photocopies	200	204	4
Workers Compensation Dividend	5,000	-	(5,000)
City Lease Revenue	3,600	3,600	-
Other		88	88
	<u>286,800</u>	<u>305,773</u>	<u>18,973</u>
Transfers and Other Sources			
Municipal Revenue Sharing	464,557	464,557	-
Administration Fee from Wastewater	153,313	153,313	-
Emergency Medical	327,365	327,365	-
Library Trust Fund	7,200	7,200	-
Transfer Station Fund	92,304	92,304	-
Tillson TIF Reserve	24,000	24,000	-
	<u>1,068,739</u>	<u>1,068,739</u>	<u>-</u>
Total Revenues and Transfers	19,431,219	<u>19,623,871</u>	<u>192,652</u>
Beginning Fund Balance Used	<u>100,000</u>		
Total	<u>19,531,219</u>		

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Encumbered from 2013</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	16,691	
	16,691	
Health and Welfare		
Contributions-Agencies		
Welfare		
		-
Culture and Recreation		
Public Library	11,094	
Harbor and Waterfront		
Municipal Fish Pier		
Recreation		
	11,094	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2015</i>	<i>(Over) Under Budget</i>
7,038	6,767		271
159,064	109,134		49,930
173,260	178,088		(4,828)
584,263	591,287		(7,024)
109,014	109,163		(149)
208,264	210,059		(1,795)
72,171	146,614		(74,443)
34,317	44,075		(9,758)
109,087	119,422		(10,335)
25,000	20,508		4,492
1,481,478	1,535,117	-	(53,639)
1,889,470	1,877,974		11,496
1,521,408	1,522,430		(1,022)
188,970	189,224		(254)
610,001	653,211		(43,210)
215,849	214,805		1,044
4,425,698	4,457,644	-	(31,946)
1,554,379	1,714,160	-	(143,090)
1,554,379	1,714,160	-	(143,090)
30,500	30,500		-
72,017	95,880		(23,863)
102,517	126,380	-	(23,863)
571,284	513,896	1,500	66,982
155,637	174,179		(18,542)
101,601	96,660		4,941
371,153	375,987		(4,834)
1,199,675	1,160,722	1,500	48,547

**CITY OF ROCKLAND
 GENERAL FUND
 STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Encumbered from 2013</i>	
Unclassified		
Fringe Benefits		
Other Unclassified		
Fisher TIF Payment		
TIF Agreements	38,561	
	<u>38,561</u>	
Debt Service		
TAN Interest		
Principal on Long-Term Debt		
Interest on Long-Term Debt		
CIP Projects		
Capital Leases		
	-	
Assessments		
School District		
County Tax		
Overlay		
	-	
Operating Transfer Out		
Tillson Redevelopment Reserve		
Fire Building Reserve		
Fisher TIF Reserve		
Port Development Reserve		
Fish Pier Improvements Reserve		
Parks Reserve		
Wastewater Fund		
Capital Improvement Fund		
Grants		
	-	
Total Appropriations	<u>66,346</u>	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2015</i>	<i>(Over) Under Budget</i>
89,000	112,832		(23,832)
200,140	192,473		7,667
32,860	32,860		-
(38,561)	-	-	-
283,439	338,165	-	(16,165)
2,500	-		2,500
625,610	594,047		31,563
207,395	174,585		32,810
65,673	10,560		55,113
289,736	220,129		69,607
1,190,914	999,321	-	191,593
8,057,188	8,057,188		-
692,633	692,633		-
52,005	37,719		14,286
8,801,826	8,787,540	-	14,286
215,336	215,336		-
15,348	15,348		-
21,907	21,907		-
21,150	21,150		-
	39,269		(39,269)
	2,501		(2,501)
83,409	83,409		-
92,299	92,299		-
41,844	44,104		(2,260)
491,293	535,323	-	(44,030)
19,531,219	19,654,372	1,500	(58,307)

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit A-3

Unassigned Fund Balance July 1, 2014		1,213,665
Additions:		
Revenue Surplus (Exhibit A-1)	192,652	192,652
Deductions:		
Beginning Fund Balance Used	(100,000)	
Unexpended Balance of Appropriations (Exhibit A-2)	(58,307)	(158,307)
Unassigned Fund Balance June 30, 2015		<u>1,248,010</u>

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

General Fund Unassigned Fund Balance - Exhibit A-3	1,248,010
EMS Deficit Fund Balance Exhibit A-4	(54,533)
Total Unassigned Fund Balance Exhibit C	<u>1,193,477</u>

**CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

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							-
Investments	1,159,843	173,210		267		42,649	1,375,969
Receivables (Net of Allowances)							
User Fees		421,043	451,423				872,466
Other		45,575					45,575
Due from Other Funds	471,767	-	-	10,300	100,822		582,889
Total Assets	1,631,610	639,828	451,423	10,567	100,822	42,649	2,876,899
<i>Liabilities and Fund Balances</i>							
Liabilities							
Accounts Payable	-	5,400					5,400
Deferred Revenue							-
Due to Other Funds	397,785	688,961	451,423				1,538,169
Total Liabilities	397,785	694,361	451,423	-	-	-	1,543,569
Fund Balances							
Restricted					100,822		100,822
Committed	1,233,825			10,567			1,244,392
Assigned						42,649	42,649
Unassigned		(54,533)					(54,533)
Total Fund Balances	1,233,825	(54,533)	-	10,567	100,822	42,649	1,333,330
Total Liabilities and Fund Balances	1,631,610	639,828	451,423	10,567	100,822	42,649	2,876,899

CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

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					497,876		497,876
Charges for Services		537,217	1,853,738				2,390,955
Interest	26,624	4,003	-			986	31,613
Fair Value Increases (Decreases)	(13,273)	(1,996)	-			(492)	(15,761)
Other Local Sources	17,058	114	5,000	1,100			23,272
Total Revenues	30,409	539,338	1,858,738	1,100	497,876	494	2,927,955
Expenditures							
Public Safety	2,340	267,095					269,435
Public Works	-		1,422,703	833			1,423,536
Health & Welfare	1,672						1,672
Cultural & Recreation	-						-
Other	30,000						30,000
Total Expenditures	34,012	267,095	1,422,703	833	-	-	1,724,643
Excess of Revenues Over (Under) Expenditures	(3,603)	272,243	436,035	267	497,876	494	1,203,312
Other Financing Sources (Uses)							
Transfers from Other Funds	280,094		18,119				298,213
Transfers to Other Funds	(229,482)	(327,365)	(454,154)		(464,557)		(1,475,558)
Total Other Financing Sources (Uses)	50,612	(327,365)	(436,035)	-	(464,557)	-	(1,177,345)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	47,009	(55,122)	-	267	33,319	494	25,967
Fund Balance - July 1	1,186,816	589	-	10,300	67,503	42,155	1,307,363
Fund Balance - June 30	1,233,825	(54,533)	-	10,567	100,822	42,649	1,333,330

**CITY OF ROCKLAND
GENERAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2015**

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	48,875			8,892	(4,433)		53,334
Samoset/Glen Cove I & I	3,758			101	(50)		3,809
Samoset Debt Service	(10)			(1)	1		(10)
Johnson Park	2,051			682	(340)		2,393
Custom House Parking Lot	186,091	12,360		3,502	(1,746)		200,207
Police Forfeiture	39,417	4,548	(5,259)	950	(474)	(2,340)	36,842
Parks	11,829		2,501	232	(116)		14,446
Merritt Park Playground	6,868			175	(87)		6,956
Fish Pier Maintenance	3,177			74	(37)		3,214
Fish Pier Improvements	186,068		34,269	1,827	(911)		221,253
Police Trading Cards	1,713			54	(27)		1,740
Pumping/Chemicals Reserve	1,933			762	(380)		2,315
Sewer Rate Stabilization Reserve	489,839			7,713	(3,845)		493,707
Skatepark Helmet Reserve	1,369			32	(16)		1,385
Traffic Improvements Reserve	38,011			888	(443)		38,456
Fuel Assistance Reserve	26,100	150		741	(369)	(1,672)	24,950
TIF Tillson Redevelopment Reserve	60,320		22,275			(30,000)	52,595
Police Reserve	23,384						23,384
Fisher TIF Reserve	26,429		(3,174)				23,255
Bartlett Library Reserve	29,594						29,594
Total	1,186,816	17,058	50,612	26,624	(13,273)	(34,012)	1,233,825

**CITY OF ROCKLAND
EMERGENCY MEDICAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit A-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
User Fees	484,961	442,988	(41,973)
Owls Head EMS Service	79,579	79,579	-
Aid to Outside Towns	30,000	14,650	(15,350)
Interest		4,003	4,003
Change in Fair Value		(1,996)	(1,996)
Donations		-	-
All Other	1,500	114	(1,386)
	<u>596,040</u>	<u>539,338</u>	<u>(56,702)</u>
Total Revenues			
	<u>596,040</u>	<u>539,338</u>	<u>(56,702)</u>
Expenditures			
Personal Services	147,283	146,652	631
Contracted Services	80,492	86,356	(5,864)
Commodities	33,400	28,299	5,101
Capital Outlay	7,500	5,788	1,712
	<u>268,675</u>	<u>267,095</u>	<u>1,580</u>
Total Expenditures			
	<u>268,675</u>	<u>267,095</u>	<u>1,580</u>
Excess of Revenues Over (Under) Expenditures	<u>327,365</u>	<u>272,243</u>	<u>(55,122)</u>
Other Financing Sources (Uses)			
Transfers to Other Funds	(327,365)	(327,365)	-
Use of Surplus	-	-	-
	<u>(327,365)</u>	<u>(327,365)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	<u>(327,365)</u>	<u>(327,365)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>-</u>	<u>(55,122)</u>	<u>(55,122)</u>
Fund Balance - July 1		<u>589</u>	
Fund Balance - June 30		<u>(54,533)</u>	

**CITY OF ROCKLAND
TRANSFER STATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit A-8

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Landfill Revenue	841,809	1,081,913	240,104
MSW Tipping Fee	429,100	469,153	40,053
Perc Performance Credit	124,283	115,194	(9,089)
Solid Waste Stickers	33,422	106,869	73,447
Cardboard Disposal	28,474	14,156	(14,318)
White Goods and Metals	36,374	20,989	(15,385)
Plastics	8,317	5,504	(2,813)
Pallet Fees	4,749	5,784	1,035
Mixed Paper	10,590	5,527	(5,063)
Universal Waste	6,499	6,875	376
Payt Bag	8,441	17,782	9,341
Metal Can Bundles	3,860	2,524	(1,336)
Tires	2,304	1,468	(836)
DEP Fee Reimbursement	51,106	-	(51,106)
All Other	11,582	5,000	(6,582)
Total Revenues	<u>1,600,910</u>	<u>1,858,738</u>	<u>257,828</u>
Expenditures			
Personal Services	319,034	296,560	22,474
Contracted Services	916,716	890,055	26,661
Commodities	150,400	102,270	48,130
Capital Outlay	5,000	2,208	2,792
Principal and Interest	131,610	131,610	-
Total Expenditures	<u>1,522,760</u>	<u>1,422,703</u>	<u>100,057</u>
Excess of Revenues Over (Under) Expenditures	<u>78,150</u>	<u>436,035</u>	<u>357,885</u>
Other Financing Sources (Uses)			
Transfers from Other Funds	14,154	18,119	3,965
Transfers to Other Funds	(92,304)	(454,154)	(361,850)
Total Other Financing Sources (Uses)	<u>(78,150)</u>	<u>(436,035)</u>	<u>(357,885)</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, 2015**

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	1,705	12,892	14,597
Investments	102,290	36,516	138,806
Receivables (Net of Allowances)			
User Fees			-
Loans	262,073		262,073
Due from Other Governments	446,297		446,297
Due from Other Funds	266,450	221,324	487,774
Total Assets	1,078,815	270,732	1,349,547
 <i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable	-		-
Due to Other Funds	521,969	14,606	536,575
Total Liabilities	521,969	14,606	536,575
 Fund Balances			
Restricted	556,846	60,938	617,784
Committed	-	187,718	187,718
Assigned	-	7,470	7,470
Total Fund Balances	556,846	256,126	812,972
Total Liabilities and Fund Balances	1,078,815	270,732	1,349,547

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2015

<i>Assets</i>	<i>Community Business Development</i>	<i>CDBG Microloans Grant</i>	<i>CDBG Home Repair Network Grants</i>
Cash			1,131
Investments	100,311	1,979	
Due from Other Governments			320,449
Loans Receivable	159,260	102,813	
Due from Other Funds	148,024	65,973	
Total Assets	407,595	170,765	321,580
 <i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable			
Due to Other Funds			321,580
Total Liabilities	-	-	321,580
 Fund Balances			
Restricted	407,595	170,765	
Committed			
Total Fund Balances	407,595	170,765	-
Total Liabilities and Fund Balances	407,595	170,765	321,580

<i>Comm. For Me's Future Grant</i>	<i>Emergency Mngt. Perf. Grant</i>	<i>SHIP Ramp Grant</i>	<i>2011 Project Canopy Grant</i>	<i>2010 Project Canopy Grant</i>
	2,507	32,500		
	14,627		4,700	1,303
-	17,134	32,500	4,700	1,303
14,715		32,500		
14,715	-	32,500	-	-
(14,715)	17,134		4,700	1,303
(14,715)	17,134	-	4,700	1,303
-	17,134	32,500	4,700	1,303

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2015**

<i>Assets</i>	<i>EPA Brownfield Grant</i>	<i>Fish Pier Dredging Survey Grant</i>	<i>Camden St PPI Grant</i>
Cash			
Investments			
Due from Other Governments	10,642	10,000	20,958
Loans Receivable			
Due from Other Funds			17,413
Total Assets	10,642	10,000	38,371
 <i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable			
Due to Other Funds	10,642	9,997	
Total Liabilities	10,642	9,997	-
Fund Balances			
Restricted		3	38,371
Committed			
Total Fund Balances	-	3	38,371
Total Liabilities and Fund Balances	10,642	10,000	38,371

2009

Dept. of Justice
Burnes
Grant

Police
N.A.D.D.I.
Grant

Click It
Or Ticket
Campaign

Drive
Sober
Grants

Police Equipment
Radar
Units Grant

<u>Police Equipment Radar Units Grant</u>	<u>Drive Sober Grants</u>	<u>Click It Or Ticket Campaign</u>	<u>Police N.A.D.D.I. Grant</u>	<u>2009 Dept. of Justice Burnes Grant</u>
			574	
6,778	2,778	2,685		
			258	613
<u>6,778</u>	<u>2,778</u>	<u>2,685</u>	<u>832</u>	<u>613</u>
6,778	2,778	2,685		
6,778	2,778	2,685	-	-
			832	613
-	-	-	832	613
<u>6,778</u>	<u>2,778</u>	<u>2,685</u>	<u>832</u>	<u>613</u>

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2015

<i>Assets</i>	<i>2012 Dept. of Justice Burnes Grant</i>	<i>2012 Byrne Jag Program</i>	<i>Healthy Maine Street Grant</i>
Cash			
Investments			
Due from Other Governments		2,000	
Loans Receivable			
Due from Other Funds	507		3,236
Total Assets	507	2,000	3,236
<i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable			
Due to Other Funds		2,000	
Total Liabilities	-	2,000	-
Fund Balances			
Restricted	507		3,236
Committed			
Total Fund Balances	507	-	3,236
Total Liabilities and Fund Balances	507	2,000	3,236

<i>Small Community Grant Program</i>	<i>Connector Trail Improvement Grant</i>	<i>Wellness Grant</i>	<i>Old County Road</i>	<i>Totals</i>
				1,705
	35,000			102,290
				446,297
8,150		1,646		262,073
				266,450
8,150	35,000	1,646	-	1,078,815
				-
	35,000		83,294	521,969
-	35,000	-	83,294	521,969
8,150		1,646	(83,294)	556,846
				-
8,150	-	1,646	(83,294)	556,846
8,150	35,000	1,646	-	1,078,815

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2015**

<i>Assets</i>	<i>Shore Village Museum</i>	<i>Police DARE</i>
Cash and Equivalents		
Investments	5,522	4,438
Due from Other Funds		
Total Assets	<u>5,522</u>	<u>4,438</u>
 <i>Liabilities and Fund Balances</i> 		
Liabilities		
Due to Other Funds	<u>4,485</u>	<u>1,271</u>
Total Liabilities	<u>4,485</u>	<u>1,271</u>
 <i>Fund Balances</i> 		
Restricted		
Committed		
Assigned	<u>1,037</u>	<u>3,167</u>
Total Fund Balances	<u>1,037</u>	<u>3,167</u>
Total Liabilities and Fund Balances	<u>5,522</u>	<u>4,438</u>

<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>
1,168	22,246	4,310	34,069	2,098	429
1,168	22,246	4,310	34,069	2,098	429
	8,850				
-	8,850	-	-	-	-
	13,396	4,310	34,069		429
1,168				2,098	
1,168	13,396	4,310	34,069	2,098	429
1,168	22,246	4,310	34,069	2,098	429

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2015**

<i>Assets</i>	<u>YMCA Gen. Assist. Grant</u>	<u>Stormwater Separation Project</u>	<u>Community and Arts Development</u>
Cash and Equivalents			
Investments			
Due from Other Funds	200	175,460	7,906
Total Assets	<u>200</u>	<u>175,460</u>	<u>7,906</u>
 <i>Liabilities and Fund Balances</i> 			
Liabilities			
Due to Other Funds			
Total Liabilities	-	-	-
 <i>Fund Balances</i> 			
Restricted	200		7,906
Committed		175,460	
Assigned			
Total Fund Balances	<u>200</u>	<u>175,460</u>	<u>7,906</u>
Total Liabilities and Fund Balances	<u>200</u>	<u>175,460</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>
		2,658	9,066	12,892
100	528		534	36,516
100	528	2,658	9,600	221,324
				14,606
-	-	-	-	14,606
100	528	2,658	9,600	60,938
				187,718
				7,470
100	528	2,658	9,600	256,126
100	528	2,658	9,600	270,732

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit B-4

	<i>Federal/State Programs (Exhibit B-5)</i>	<i>All Other (Exhibit B-6)</i>	<i>Total</i>
Revenues			
Intergovernmental Revenues	3,131,608		3,131,608
Interest	2,364	1,071	3,435
Fair Value Increases (Decreases)	(1,177)	(589)	(1,766)
Other Local Sources	25,094	31,857	56,951
Total Revenues	3,157,889	32,339	3,190,228
Expenditures			
General Government	16,943		16,943
Public Safety	27,917	213	28,130
Public Works	80,109	114,255	194,364
Cultural & Recreation	92,961	13,575	106,536
Health & Welfare	1,947	1,339	3,286
Capital Improvement	3,141,474		3,141,474
Other	17,393	16,337	33,730
Total Expenditures	3,378,744	145,719	3,524,463
Excess of Revenues Over (Under) Expenditures	(220,855)	(113,380)	(334,235)
Other Financing Sources (Uses)			
Transfers from Other Funds	114,320	110,223	224,543
Transfers to Other Funds	(7,145)	(216)	(7,361)
Total Other Financing Sources (Uses)	107,175	110,007	217,182
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(113,680)	(3,373)	(117,053)
Fund Balance - July 1	670,526	259,499	930,025
Fund Balance - June 30	556,846	256,126	812,972

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, 2015

	<i>Community Business Development</i>	<i>CDBG Microloans Grant</i>	<i>2014 CDBG Home Repair Network Grant</i>	<i>2013 CDBG Home Repair Network Grant</i>	<i>CDBG Main St. Parks Grant</i>	<i>Comm. For Me's Future Grant</i>	<i>2010 Emergency Mngt. Perf. Grant</i>	<i>2014 Emergency Mngt. Perf. Grant</i>	<i>2015 Emergency Mngt. Perf. Grant</i>
Revenues									
Microloan Payments	1,581	473							
Intergovernmental Revenues			1,277,108	1,217,502		328,629		1,405	2,507
Interest	2,318	46							
Fair Value Increases(Decreases)	(1,155)	(22)							
Local Sources						14,909			
Total Revenues	2,744	497	1,277,108	1,217,502	-	343,538	-	1,405	2,507
Expenditures									
New Loans/Loans forgiven		16,943							
Administration									
Professional Services									
Contractors/Vendors						386,334		1,405	2,507
Capital Improvement			1,277,108	1,217,502					
Equipment									
Other									
Total Expenditures	-	16,943	1,277,108	1,217,502	-	386,334	-	1,405	2,507
Excess of Revenues Over (Under) Expenditures	2,744	(16,446)	-	-	-	(42,796)	-	-	-
Other Financing Sources (Uses)									
Transfers from Other Funds						20,000			
Transfers to Other Funds					(6,081)				
Total Other Financing Sources (Uses)	-	-	-	-	(6,081)	20,000	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,744	(16,446)	-	-	(6,081)	(22,796)	-	-	-
Fund Balance - July 1	404,851	187,211	-	-	6,081	8,081	17,134	-	-
Fund Balance - June 30	407,595	170,765	-	-	-	(14,715)	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, 2015

Exhibit B-5
Page 2 of 4

	<i>SHIP Ramp Grant</i>	<i>Recycling Capital Investment Grant</i>	<i>2011 Project Canopy Grant</i>	<i>2010 Project Canopy Grant</i>	<i>EPA Brownfield Grant</i>	<i>Specialized Training Grant</i>	<i>Fish Pier Dredging Survey Grant</i>	<i>Camden St PPI Grant</i>
Revenues								
Microloan Payments								
Intergovernmental Revenues	32,500				177,236	2,713	10,000	25,000
Interest								
Fair Value Increases(Decreases)								
Local Sources								
Total Revenues	32,500	-	-	-	177,236	2,713	10,000	25,000
Expenditures								
New Loans								
Administration					16,083			
Professional Services					160,653			
Contractors/Vendors	74,451				500	2,713	14,997	11,629
Capital Improvement								
Equipment								
Other								
Total Expenditures	74,451	-	-	-	177,236	2,713	14,997	11,629
Excess of Revenues Over (Under) Expenditures	(41,951)	-	-	-	-	-	(4,997)	13,371
Other Financing Sources (Uses)								
Transfers from Other Funds	16,951						5,000	25,000
Transfers to Other Funds		(1,064)						
Total Other Financing Sources (Uses)	16,951	(1,064)	-	-	-	-	5,000	25,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(25,000)	(1,064)	-	-	-	-	3	38,371
Fund Balance - July 1	25,000	1,064	4,700	1,303	-	-	-	-
Fund Balance - June 30	-	-	4,700	1,303	-	-	3	38,371

**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, 2015**

*Exhibit B-5
Page 3 of 4*

	<i>Police Equipment Radar Units Grant</i>	<i>Underage Drinking Grants</i>	<i>Drive Sober Grants</i>	<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>2013 Burne Jag Program</i>
Revenues								
Microloan Payments								
Intergovernmental Revenues	6,778	1,019	3,819	2,685			507	2,000
Interest								
Fair Value Increases(Decreases)								
Local Sources								
Total Revenues	6,778	1,019	3,819	2,685	-	-	507	2,000
Expenditures								
New Loans								
Administration								
Professional Services								
Contractors/Vendors	9,038	1,019	3,819	2,685				2,000
Capital Improvement								
Equipment								
Other								
Total Expenditures	9,038	1,019	3,819	2,685	-	-	-	2,000
Excess of Revenues Over (Under) Expenditures	(2,260)	-	-	-	-	-	507	-
Other Financing Sources (Uses)								
Transfers from Other Funds	2,260							
Transfers to Other Funds								
Total Other Financing Sources (Uses)	2,260	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	-	-	507	-
Fund Balance - July 1	-	-	-	-	832	613	-	-
Fund Balance - June 30	-	-	-	-	832	613	507	-

**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, 2015**

*Exhibit B-5
Page 4 of 4*

	<i>Knox County EMA Grant</i>	<i>Healthy Maine Street Grant</i>	<i>Small Community Grant Program</i>	<i>Snow Martne Park Boat Ramp</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									2,054
Intergovernmental Revenues	1,200	4,000				35,000			3,131,608
Interest									2,364
Fair Value Increases(Decreases)									(1,177)
Local Sources				3,513	1,531		3,087		23,040
Total Revenues	1,200	4,000	-	3,513	1,531	35,000	3,087	-	3,157,889
Expenditures									
New Loans									16,943
Administration	1,200								17,283
Professional Services								83,294	243,947
Contractors/Vendors		5,764		3,513	1,531	80,109			604,014
Capital Improvement									2,494,610
Equipment									-
Other							1,947		1,947
Total Expenditures	1,200	5,764	-	3,513	1,531	80,109	1,947	83,294	3,378,744
Excess of Revenues Over (Under) Expenditures	-	(1,764)	-	-	-	(45,109)	1,140	(83,294)	(220,855)
Other Financing Sources (Uses)									
Transfers from Other Funds						45,109			114,320
Transfers to Other Funds									(7,145)
Total Other Financing Sources (Uses)	-	-	-	-	-	45,109	-	-	107,175
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(1,764)	-	-	-	-	1,140	(83,294)	(113,680)
Fund Balance - July 1	-	5,000	8,150	-	-	-	506	-	670,526
Fund Balance - June 30	-	3,236	8,150	-	-	-	1,646	(83,294)	556,846

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

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>	<i>Harbor Trail</i>	<i>Green Downtown Trail</i>
Revenues										
Intergovernmental Revenues										
Other Local Sources		414								
Interest	128	103	1	702	136					
Fair Value Increases (Decreases)	(64)	(51)		(397)	(77)					
Total Revenues	64	466	1	305	59	-	-	-	-	-
Expenditures										
Public Safety Programs										
Repairs and Maintenance										
Contractors/Vendors									5,081	
Scholarships				2,000						
Supplies/Materials		213						110		
Insurance										
Miscellaneous			120							
Total Expenditures	-	213	120	2,000	-	-	-	110	5,081	-
Excess of Revenues Over (Under) Expenditures	64	253	(119)	(1,695)	59	-	-	(110)	(5,081)	-
Other Financing Sources (Uses)										
Transfer from Other Funds									5,081	
Transfer to Other Funds										(216)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	5,081	(216)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	64	253	(119)	(1,695)	59	-	-	(110)	-	(216)
Fund Balance (Deficit) - July 1	973	2,914	1,287	15,091	4,251	34,069	2,098	539	-	216
Fund Balance - June 30	1,037	3,167	1,168	13,396	4,310	34,069	2,098	429	-	-

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit B-6
Page 2 of 2*

	<i>YMCA Gen. Assist. Grant</i>	<i>2014 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		1,339		15,000	664		10,280	4,160	31,857
Interest								1	1,071
Fair Value Increases (Decreases)									(589)
Total Revenues	-	1,339	-	15,000	664	-	10,280	4,161	32,339
Expenditures									
Public Safety Programs									-
Repairs and Maintenance									-
Contractors/Vendors		1,339	114,255	7,094	1,170	1,972			130,911
Scholarships									2,000
Supplies/Materials							9,784		10,107
Insurance									-
Miscellaneous								2,581	2,701
Total Expenditures	-	1,339	114,255	7,094	1,170	1,972	9,784	2,581	145,719
Excess of Revenues Over (Under) Expenditures	-	-	(114,255)	7,906	(506)	(1,972)	496	1,580	(113,380)
Other Financing Sources (Uses)									
Transfer from Other Funds			105,142						110,223
Transfer to Other Funds									(216)
Total Other Financing Sources (Uses)	-	-	105,142	-	-	-	-	-	110,007
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	(9,113)	7,906	(506)	(1,972)	496	1,580	(3,373)
Fund Balance (Deficit) - July 1	200	-	184,573	-	606	2,500	2,162	8,020	259,499
Fund Balance - June 30	200	-	175,460	7,906	100	528	2,658	9,600	256,126

**CITY OF ROCKLAND
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015**

<i>Assets</i>	<i>Pump Station/CSO Project</i>
Cash	
Investments	
Loan Receivable	
Due from Other Governments	
Due from Other Funds	159,527
Total Assets	159,527
 <i>Liabilities and Fund Balances</i>	
Liabilities	
Accounts Payable	
Retainage Payable	
Due to Other Funds	
Total Liabilities	-
Fund Balances	
Restricted	159,527
Committed	
Total Fund Balances	159,527
Total Liabilities and Fund Balances	159,527

Exhibit C-1

<i>Capital Improvements Program</i>	<i>Public Works Big Dig Project</i>	<i>Capital Reserve Funds</i>	<i>Total</i>
338,290	37,134	190,636	566,060
41,553		1,488,180	1,529,733
342,383			342,383
-	51,479		51,479
	67,664	950,559	1,177,750
722,226	156,277	2,629,375	3,667,405
-			-
16,152		668,916	685,068
16,152		668,916	685,068
684,240	156,277		1,000,044
21,834		1,960,459	1,982,293
706,074	156,277	1,960,459	2,982,337
722,226	156,277	2,629,375	3,667,405

CITY OF ROCKLAND
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	<i>Pump Station/CSO Project</i>	
Revenues		
Intergovernmental Revenue		
Local Sources		
Change in Fair Value		
Interest		
Total Revenues	-	
Expenditures		
Capital Outlay		
Repairs & Maintenance	13,360	
Debt Service		
Other		
Total Expenditures	13,360	
Excess of Revenues Over (Under) Expenditures	(13,360)	
Other Financing Sources (Uses)		
Loan Proceeds		
Transfers from Other Funds		
Transfers to Other Funds	(33,115)	
Total Other Financing Sources (Uses)	(33,115)	
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(46,475)	
Fund Balance - July 1	206,002	
Fund Balance - June 30	159,527	

Exhibit C-2

<i>Capital Improvements Program</i>	<i>Public Works Big Dig Project</i>	<i>Capital Reserve Funds</i>	<i>Total</i>
			-
		52,160	52,160
		(18,705)	(18,705)
	6	37,520	37,526
	6	70,975	70,981
542,343			542,343
		17,477	30,837
		2,127	2,127
542,343	-	19,604	575,307
(542,343)	6	51,371	(504,326)
342,383			342,383
233,192		489,412	722,604
(62,222)		(103,753)	(199,090)
513,353	-	385,659	865,897
(28,990)	6	437,030	361,571
735,064	156,271	1,523,429	2,620,766
706,074	156,277	1,960,459	2,982,337

**CITY OF ROCKLAND
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2015**

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
EMS 3 Defibrillators	-			91,542	91,542	(91,542)		-
Thermal Cameras	-			15,000	15,000			15,000
FD Fire Hose Upgrade/Replacement	2,229				2,229			2,229
Solid Waste Gas Collection System	14,866	57,000			71,866	(71,222)		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
Police Cruisers	-	65,259			65,259	(65,259)		-
Police Cruisers-Video Units	-	4,720			4,720	(4,720)		-
PW Replace Thomaston Meadow Rd. Bridge	54,792				54,792			54,792
PW 13 Sidewalk Machine	25,127				25,127			25,127
PW Salt/Sand Shed	(26,143)	27,579			1,436	(1,436)		-
PW Plow for Loader	-			9,499	9,499	(9,499)		-
PW Line Paint Machine	-			7,043	7,043	(7,043)		-
PW 14 yd. Truck with Plow	-			188,683	188,683	(188,683)		-
PW Compactor	-			7,200	7,200	(7,200)		-
Summer Street Sewer Line 2012	13,806	(13,806)			-			-
Sewer/Storm Water Camera 12	532				532			532
Stormwater & Wastewater Collection Study	205,774				205,774	(76,209)		129,565
WWTP Utility Truck	-	(23,416)		23,416	-			-
Downtown Lighting Project	50,000	50,000			100,000			100,000
Finance Munis Software	2,252				2,252	(2,208)		44
Library Lighting & Insulation Project	16,059				16,059	(5,536)		10,523
Library Chimney	6,666				6,666			6,666
Library Building Evaluation	-	28,634			28,634	(11,786)		16,848
Recreation Center	50,202				50,202			50,202
Municipal Fish Pier Underground Elec.	7,214				7,214			7,214
City Committed Balances	688,230	195,970	-	342,383	1,226,583	(542,343)	-	684,240
Total Committed Balances	688,230	195,970	-	342,383	1,226,583	(542,343)	-	684,240
Unassigned	46,834	(25,000)	-	-	21,834	-	-	21,834
Total CIP	735,064	170,970	-	342,383	1,248,417	(542,343)	-	706,074

**CITY OF ROCKLAND
CAPITAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2015**

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	159,580			317	(158)		159,739
Sewer Equipment	212			38	(19)		231
Industrial Park Land Sales	84,692			1,980	(987)		85,685
City Land Sales	79,780	52,160	(28,634)	820	(408)	(2,127)	101,591
Audio Visual Reserve	5,237			160	(80)		5,317
Thermal Imaging Camera	2,100						2,100
Ground Cover Reserve	17,473			409	(204)		17,678
Recreation Reserve	469			66	(33)		502
Sewer Renewal and Replacement Reserve	259,043		90,000	17,678	(8,814)	(17,477)	340,430
Civil War Artifacts Reserve	14,585			458	(229)		14,814
Emergency Medical Reserve	19,347			452	(225)		19,574
Landfill Closure Reserve	315,128			7,369	(3,674)		318,823
Ladder Truck Reserve	13,588			318	(158)		13,748
Landfill Perpetual Care Reserve	222,820			1,632	(814)		223,638
Sewer CIP Reserve	16,713			3,041	(1,516)		18,238
Fire Department Building Reserve	89,764		15,348	547	(272)		105,387
Transfer Station Capital Equipment Reserve	212,418		287,795	2,235	(1,114)		501,334
Port Development Reserve	10,480		21,150				31,630
Total	1,523,429	52,160	385,659	37,520	(18,705)	(19,604)	1,960,459

**CITY OF ROCKLAND
 PERMANENT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015**

<i>Assets</i>	<u><i>Cemetery</i></u>	<u><i>Haines Charity</i></u>
Cash	18,489	37,622
Investments	41,342	241,244
Due From Other Funds		
Loans Receivable		55,594
Total Assets	<u>59,831</u>	<u>334,460</u>
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds	43,873	76,339
Total Liabilities	<u>43,873</u>	<u>76,339</u>
Fund Balances (Deficit)		
Non-Spendable		57,581
Restricted	15,958	200,540
Unassigned		
Total Fund Balances	<u>15,958</u>	<u>258,121</u>
Total Liabilities and Fund Balances	<u>59,831</u>	<u>334,460</u>

Exhibit D-1

<i>Keyword Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
			56,111
75,961	67,114	30,154	455,815
			-
			55,594
75,961	67,114	30,154	567,520
11,946	2,361	1,093	135,612
11,946	2,361	1,093	135,612
	50,000	17,800	125,381
64,015	14,753	11,261	306,527
			-
64,015	64,753	29,061	431,908
75,961	67,114	30,154	567,520

**CITY OF ROCKLAND
PERMANENT FUNDS
COMBINING BALANCE SHEET -ALL OTHER
JUNE 30, 2015**

	<i>Cleveland/ Bostick Library</i>
<i>Assets</i>	
Cash	
Investments	10,556
Due from Other Funds	
Loans Receivable	
Total Assets	10,556
 <i>Liabilities and Fund Balances</i>	
Liabilities	
Due to Other Funds	131
Total Liabilities	131
Fund Balances	
Non-Spendable	10,000
Restricted	425
Total Fund Balances	10,425
Total Liabilities and Fund Balances	10,556

Exhibit D-2

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
7,066	5,740	6,792	30,154
			-
			-
			-
7,066	5,740	6,792	30,154
		962	1,093
		962	1,093
1,000	200	6,600	17,800
6,066	5,540	(770)	11,261
7,066	5,740	5,830	29,061
7,066	5,740	6,792	30,154

**CITY OF ROCKLAND
PERMANENT FUNDS
STATEMENT OF ACTIVITY - ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Cemetery</u>	<u>Haines Charity</u>
Revenues		
Local Sources		
Investment Income	1,088	8,801
Fair Value Increases (Decreases)	<u>(1,979)</u>	<u>(4,980)</u>
Total Revenues	<u>(891)</u>	<u>3,821</u>
Expenditures		
Charity		1,091
Capital Improvements		
Total Expenditures	<u>-</u>	<u>1,091</u>
Excess of Revenues Over (Under) Expenditures	<u>(891)</u>	<u>2,730</u>
Other Financing Sources (Uses)		
Transfer From Other Funds		
Transfer to Other Funds		
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(891)	2,730
Fund Balance - July 1	<u>16,849</u>	<u>255,391</u>
Fund Balance - June 30	<u>15,958</u>	<u>258,121</u>

Exhibit D-3

<i>Keyword Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
2,397	2,118	951	15,355
(1,356)	(1,198)	(539)	(10,052)
1,041	920	412	5,303
			1,091
			-
			1,091
1,041	920	412	4,212
(5,602)	(1,080)	(518)	(7,200)
(5,602)	(1,080)	(518)	(7,200)
(4,561)	(160)	(106)	(2,988)
68,576	64,913	29,167	434,896
<u>64,015</u>	<u>64,753</u>	<u>29,061</u>	<u>431,908</u>

**CITY OF ROCKLAND
 PERMANENT FUNDS
 STATEMENT OF ACTIVITY - ALL OTHER
 FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Cleveland/ Bostick Library</i>	
Revenues		
Investment Income	333	
Fair Value Increases (Decreases)	(189)	
Total Revenues	144	
Expenditures		
Abatements		
Cemetery Care		
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	144	
Other Financing Sources (Uses)		
Transfer to Other Funds		
Total Other Financing Sources (Uses)	-	
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	144	
Fund Balance - July 1	10,281	
Fund Balance - June 30	10,425	

Exhibit D-4

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
223	181	214	951
(126)	(103)	(121)	(539)
97	78	93	412
			-
			-
			-
97	78	93	412
		(518)	(518)
		(518)	(518)
97	78	(425)	(106)
6,969	5,662	6,255	29,167
<u>7,066</u>	<u>5,740</u>	<u>5,830</u>	<u>29,061</u>

CITY OF ROCKLAND
WASTEWATER ENTERPRISE CAPITAL IMPROVEMENTS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit E-1

	<i>Balance July 1</i>	<i>Transfers</i>	<i>Revenues</i>	<i>Total Available</i>	<i>Expenditures</i>	<i>Transfer From(To) Unreserved</i>	<i>Balance June 30</i>
<i>Wastewater Projects</i>							
WWTP Lifting Hook - Drum	4,880	(4,880)		-			-
Rehab Sea Pro Pump Station	50,000	(50,000)		-			-
Sand & Paint Clarifier	25,000	(25,000)		-			-
Resinous Floor Coat	30,000	(30,000)		-			-
Enlarge Door GBT Room	8,000	(8,000)		-			-
WWTP Reline Sewer Pipe	55,500	(55,500)		-			-
WWTP 50% Aeration Cover	33,830	(33,830)		-			-
Wastewater Designated Balances	207,210	(207,210)	-	-	-	-	-

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, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of and for the year ended June 30, 2015, 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, 2016.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2015-001 to 2015-006.

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, 2016

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROLS OVER COMPLIANCE AND REPORT ON SCHEDULE OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133***

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

Report on Compliance for Each Major Federal Program

We have audited City of Rockland, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 a 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 OMB Circular A-133, 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 the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Rockland, Maine as of and for the year ended June 30, 2015, and have issued our report thereon dated March 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted of the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 30, 2016

SCHEDULE I
CITY OF ROCKLAND
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

2014-001 FINANCIAL STATEMENT PREPARATION

Criteria: Based on auditing standards, inadequate design of internal control over the preparation of the financial statements being audited is deemed to be a material weakness in the internal control structure.

Condition: Due to financial and time constraints to effectively prepare and evaluate the audited financial statements and detect material misstatements in those financial statements, the board and management approved the auditors to prepare the financial statements.

Effect: The auditor prepared financial statements are deemed to be a material weakness.

Recommendation: The board and management understand and take responsibility for the financial statements.

Management's Response: Management concurs with the finding.

Current year status: The financial statements were reviewed by the finance director who has the knowledge and expertise to accept responsibility for the statements.

2014-002

Major Program: CDBG Cluster

CFDA#14.228

Federal Agency: Housing and Urban Development

Criteria: Davis Bacon Act.

Condition: During the course of our test work, we selected 10 contracts for testing and noted 9 instances in which there was no proof that the general contractor complied with Davis Bacon Act. There were no certified payrolls submitted to the City.

Questioned Costs: N/A.

Effect: The employees working on the construction project may not have been paid prevailing wage rates based on Davis Bacon Act.

Recommendation: We recommend the City establish a procedure to ensure that all contracts comply with the Davis Bacon Act. If the contract is exempt from the Davis Bacon Act, the City should provide documentation for proof of the exemption.

Management's Response: Management concurs with the finding and will make sure that all contracts comply with the Davis Bacon Act. Management also concurs that proper documentation will be kept for proof of exemption.

Current year response: There were no findings in the current year.

SCHEDULE II
CITY OF ROCKLAND, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Rockland, Maine.
2. 6 reportable condition relating to the audit of the financial statements is reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Rockland were disclosed during the audit.
4. No reportable condition relating to the audit of the major federal award programs is reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Rockland expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs include:

CDBG Cluster, CFDA #14.228.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Rockland was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2015-001 EXPENDING MONIES WITHOUT APPROVED FUNDING IN PLACE-SALT/SAND SHED

Criteria: Funding for projects should be approved before expenditures occur.

Condition: The City had spent money for engineering on the salt/sand shed project before funding was approved. The project was put on hold, then canceled, but the funding for project expenditures in the amount of \$27,579 did not occur until March 2016.

Effect: Funding for the project required approval well after the services were provided. This may cause errors in budgeting and in the overall financial status.

Recommendation: We recommend management approve any funding before projects occur so the financial position is more accurate.

Management's Response: Management concurs with the auditor's recommendation.

2015-002 EXPENDING MONIES WITHOUT APPROVED FUNDING IN PLACE-SCADA UPGRADE

Criteria: Funding for projects should be approved before expenditures occur.

Condition: The scada upgrade was done with no approved funding in place in the amount of \$16,482.

Effect: Funding for expenditures required approval well after the project was done. This may cause errors in budgeting and in the overall financial status.

Recommendation: We recommend management approve any funding before expenditures occur so the financial position is more accurate.

Management's Response: Management concurs with the auditor's recommendation.

2015-003 EXPENDING MONIES BEFORE FUNDING IS AVAILABLE-POLICE CRUISERS

Criteria: Funding for projects should be available before expenditures occur.

Condition: Police cruisers and video units were purchased as part of an approved lease, however, the portion of the lease for police cruisers and video units was denied. The police cruisers and video units were still purchased in the amount of \$64,720 with no funding.

Effect: Funds for the cruisers and video units were later approved to come from the general fund budget. This causes understatement of actual expenditures in the general fund and errors for planning purposes.

Recommendation: We recommend management have the proper funding in place before expenditures occur.

Management's Response: Management concurs with the auditor's recommendation.

2015-004 APPROVING ADDITIONAL GRANT EXPENDITURES WITHOUT APPROVING ADDITIONAL FUNDING-SHIP GRANT

Criteria: When approving additional grant expenditures that require a City match, management should approve where the local share is to be funded from.

Condition: Additional work was approved for the SHIP grant with an increase in the grant amount but also an increase in the City match. The additional City match was not approved to come from any source.

Effect: The additional match required an approval much later than the expenditures occurred with a vote in March 2016. This causes other funds and accounts to be overstated.

Recommendation: We recommend management approve all sources of additional funds before the project continues.

Management's Response: Management concurs with the auditor's recommendation.

2015-005 APPROVING FUNDING SOURCES BEFORE THEY ARE AVAILABLE AND MEASUREABLE - GRANTS

Criteria: When approving grant funding, the monies must be available and measurable.

Condition: The community for Maine's futures grant was approved with funding to come from the current year grant and TIF reserve funds and also from future years TIF reserve funds in the amount of up to \$17,000, which have not become available at the time of approval.

Effect: Governmental funds use the modified accrual basis of reporting and using future funds for current projects does not meet the standard for governmental reporting. Additionally, future funds may not be available when needed or errors may occur that deplete the funds if not reconciled.

Recommendation: We recommend management use only current financial resources when funding grants or projects.

Management's Response: Management concurs with the auditor's recommendation.

2015-006 USING FUNDS NOT AVAILABLE IN THE BUDGET-GRANTS

Criteria: Funding for grants should be available in the approved budget.

Condition: When approving the budget for the connector trail grant, funding included \$24,000 from the general fund community development grant. This amount was not available in the final approved budget.

Effect: Funds were not available to transfer to the grant until approved by management much later in March 2016.

Recommendation: We recommend management review available sources and verify the funding before approving the grant.

Management's Response: Management concurs with the auditor's recommendation.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

**CITY OF ROCKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE III

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Grant ID Number</i>	<i>Program or Award Amount</i>	<i>Accrued or (Deferred) Revenue at July 1</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Accrued or (Deferred) Revenue at June 30</i>
U.S. Department of Housing and Urban Development:							
Passed Through State Department of Economic and Community Development:							
2013 Home Repair Network Program	*14.228	20131218000000002240	1,950,000		1,217,502	(1,217,502)	-
2014 Home Repair Network Program	*14.228	201412110000000002101	2,000,000		1,277,108	(1,277,108)	-
Total U.S. Department of Housing and Urban Development			3,950,000	-	2,494,610	(2,494,610)	-
U.S. Department of Transportation:							
Passed Through Maine Bureau of Highway Safety:							
2015 Evidence Based Impaired Driving HVE	20.600	ID15-027	7,900		2,778	(2,778)	-
2014 Drive Sober Maine Impaired Driving	20.600	AL14-036	10,000		1,041	(1,041)	-
2015 Click It or Ticket Campaign	20.609	OP-15-048	2,871		2,685	(2,685)	-
Passed Through Maine Dept of Agriculture, Conservation and Forestry:							
Connector Trail Improvement Project	20.219	1419	35,000		35,000	(35,000)	-
Passed Through Maine Dept of Transportation:							
Camden Street PPI	20.205	20140801000000000094	20,000		20,000	-	20,000
Total U.S. Department of Transportation			20,771	-	61,504	(41,504)	-
U.S. Department of Health and Human Services:							
Healthy Main Street Grant	93.737	--	9,000		5,764	(5,764)	-
Total U.S. Department of Health and Human Services			9,000	-	5,764	(5,764)	-
U.S. Department of Justice:							
Passed Through the County of Knox, Maine:							
Byrne Jag Program	16.738	KNX-01-13	2,000		2,000	(2,000)	-
Passed Through State Department of Health and Human Services:							
2014 Undcrage Drinking Enforcement Grant	16.727	---	4,500		1,019	(1,019)	-
Total U.S. Department of Justice			6,500	-	3,019	(3,019)	-
U.S. Department of Homeland Security:							
Passed Through Maine Emergency Management Agency:							
2013 Emergency Management Performance Grant Program	97.042	EMW-2013-EP-00055	5,856		1,406	(1,406)	-
2014 Emergency Management Performance Grant Program	97.042	EMW-2014-EP-00055	3,343		2,507	(2,507)	-
Passed Through the County of Knox, Maine:							
2014 Homeland Security Grant Program	97.067	EMW-2014-SS-00081	1,200		1,200	(1,200)	-
Total U.S. Department of Homeland Security			10,399	-	5,113	(5,113)	-
U.S. Department of Environmental Protection:							
Brownfield Assessment Program	66.818	96,165,801	400,000		177,236	(177,236)	-
Total U.S. Department of Environmental Protection			400,000	-	177,236	(177,236)	-
Total			4,396,670	-	2,747,246	(2,727,246)	-

CITY OF ROCKLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting whereby transactions are presented in the same manner as they are included in the financial statements of the City of Rockland, Maine. The financial statements and the Schedule of Expenditures of Federal Awards are prepared in accordance with accounting principles generally accepted in the United States of America.

NOTE B – 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.

NOTE C – MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.