

CITY OF ROCKLAND, MAINE

*FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES*

*FOR THE YEAR
ENDED JUNE 30, 2013*

**CITY OF ROCKLAND
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

March 26, 2014

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, 2013, 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 statement 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of June 30, 2013, 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 and budgetary comparison information on pages 3-8 and 40 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 introductory section and 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, 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 the City of Rockland, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

CITY OF ROCKLAND, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

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, 2013. 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, 2013 by \$25,048,040 (presented as “net position”). Of this amount, \$6,485,456 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position – The City's total net position increased by \$459,546 (a 1.9% increase) for the fiscal year ended June 30, 2013. Net position of governmental activities decreased by \$101,167 (a .6% decrease), while net position of business-type activities showed an increase of \$560,713 (a 6.3% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2013, the City's governmental funds reported a combined ending fund balance of \$6,408,652 with \$1,093,435 being general unassigned fund balance. This unassigned fund balance represents approximately 5.9% of the total general fund expenditures for the year.

Long-term Debt:

The City's total long-term debt obligations decreased by \$1,123,043 (7.2%) during the current fiscal year. Governmental debt obligations decreased by \$618,278 and proprietary debt obligations decreased by \$504,765. New bonds were issued for the following: \$173,400 for capital improvements, Summer Street and a camera and a new lease was issued in the amount of \$475,000 for capital asset purchases. 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 9-10 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 11-14 of this report.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

The basic fiduciary fund financial statements can be found on pages 18-19 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 20-39 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 40 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

57.2% 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 is 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.

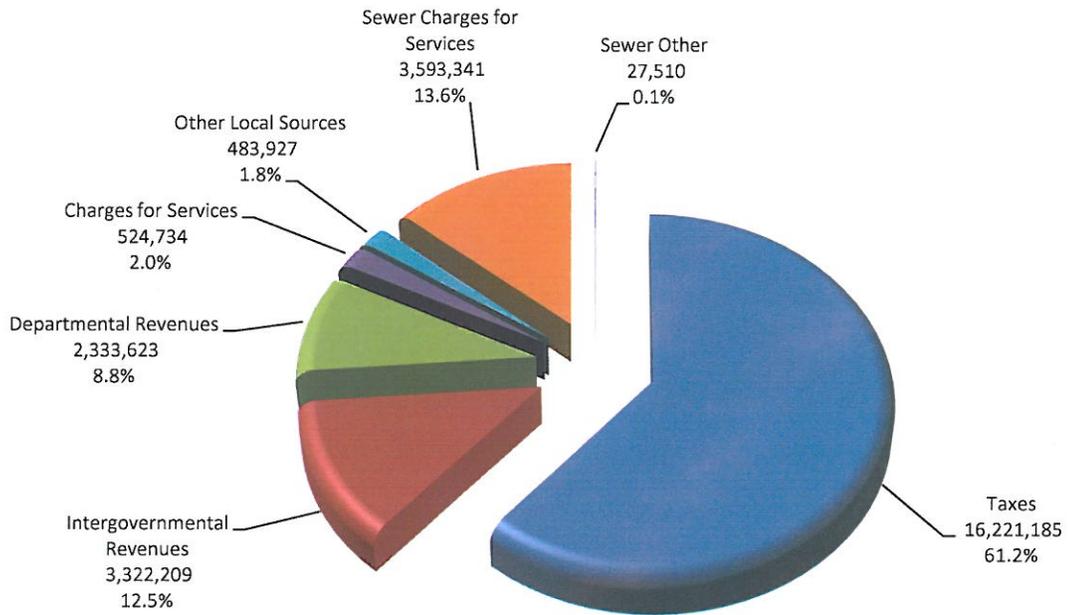
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total 2013</u>	<u>Total 2012</u>
Current Assets	7,828,988	2,423,740	10,252,728	12,715,116
Capital Assets	17,141,120	13,598,470	30,739,590	28,417,500
Total Assets	24,970,108	16,022,210	40,992,318	41,132,616
Current Liabilities	2,263,366	730,558	2,993,924	4,895,034
Other Liabilities	7,076,316	5,854,605	12,930,921	13,863,966
Total Liabilities	9,339,682	6,585,163	15,924,845	18,759,000
Deferred Inflows of Resources				
Prepaid Taxes	19,433		19,433	18,542
Net Position:				
Net Investment in Capital Assets	8,929,688	7,230,034	16,159,722	12,714,589
Restricted	1,947,200	455,662	2,402,862	4,086,547
Unrestricted	4,734,105	1,751,351	6,485,456	5,553,938
Total Net Position	15,610,993	9,437,047	25,048,040	22,355,074
Total Liabilities Deferred Inflows of Resources and Net Position	24,970,108	16,022,210	40,992,318	41,132,616

Changes in Net Position

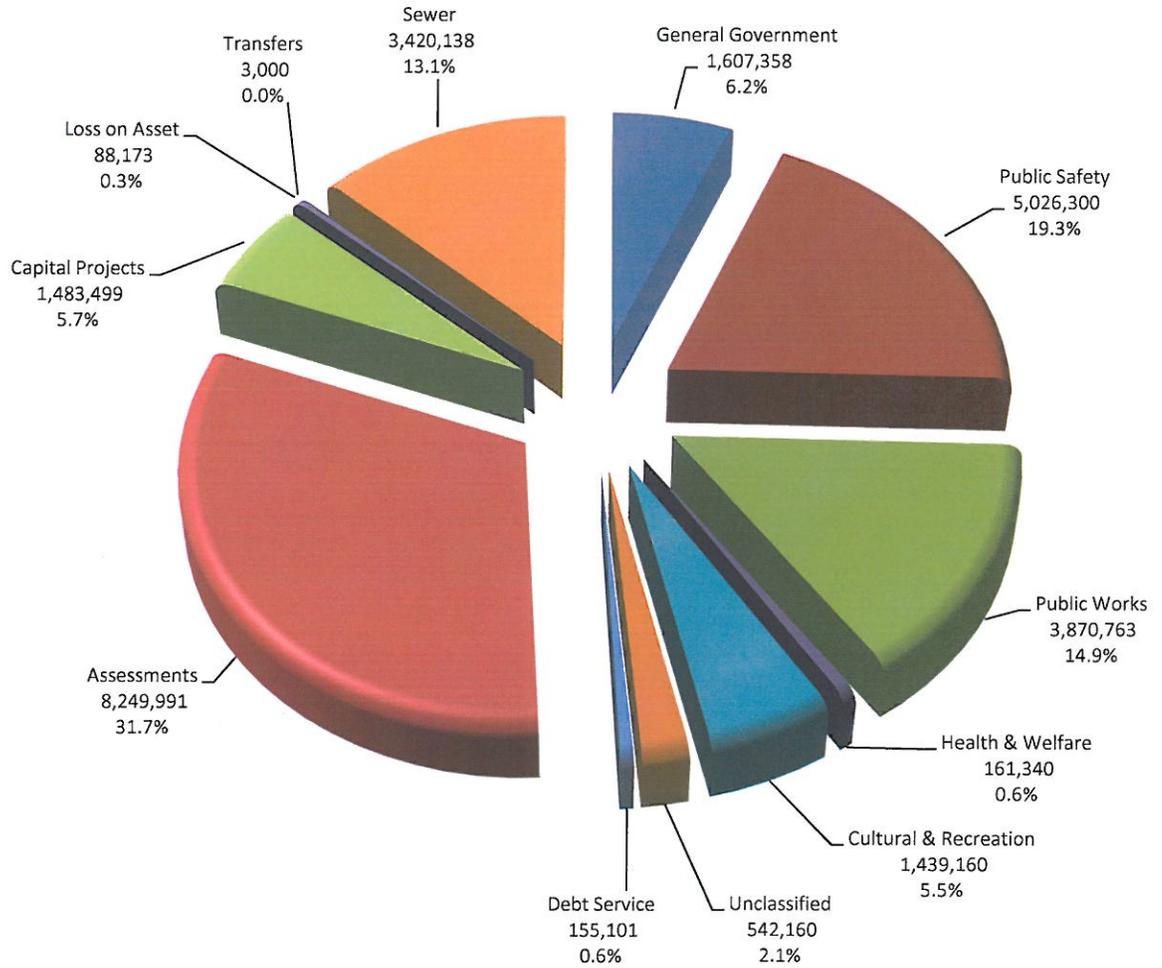
Approximately 61.2 percent of the City's total revenue came from property and excise taxes, approximately 12.5 percent came from State and Federal subsidies and grants, and approximately 26.3 percent came from services, investment earnings and other sources. Depreciation expense on the City's governmental activity assets represents \$1,484,493 of the total expenses for the fiscal year and \$680,689 of the total business-type activity assets.

	Governmental Activities	Business-Type Activities	Total 2013	Total 2012
Revenues:				
Taxes	16,221,185		16,221,185	14,976,111
Intergovernmental Revenues	3,322,209		3,322,209	11,705,419
Departmental Revenues	2,333,623		2,333,623	2,495,653
Charges for Services	524,734	3,593,341	4,118,075	4,314,769
Other Local Sources	483,927	27,510	511,437	983,600
Total	22,885,678	3,620,851	26,506,529	34,475,552
Expenses:				
General Government	1,607,358		1,607,358	1,456,523
Public Safety	5,026,300		5,026,300	4,619,127
Public Works	3,870,763	3,420,138	7,290,901	7,212,016
Health & Welfare	161,340		161,340	73,151
Cultural & Recreation	1,439,160		1,439,160	1,466,089
Unclassified	542,160		542,160	576,435
Debt Service	155,101		155,101	73,644
Assessments	8,249,991		8,249,991	7,662,968
Capital Projects	1,483,499		1,483,499	10,312,807
(Gain)/Loss on Disposal of Assets	88,173		88,173	-
Transfer (from)/to Enterprise Fund	363,000	(360,000)	3,000	-
Total	22,986,845	3,060,138	26,046,983	33,452,760
Changes in Net Position	(101,167)	560,713	459,546	1,022,792

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 \$6,408,652, a decrease of \$1,184,855 in comparison with the prior year. Approximately 17.1 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:

- \$(273,468) negative variance in property tax resulting from supplemental taxes of \$130 less a deferred property tax adjustment of (\$273,598).
- \$(26,179) negative variance in police revenues due to over budgeting resident and non-resident parking tickets. Also, police security is lower than expected as fees were waived and not as many officers were needed during the Lobster Festival as budgeted.
- \$26,452 positive variance municipal fish pier. At the time the budget was being developed the city had lost one of its lobster buyers and therefore did not budget as much revenue. During the year, the city was approached by two more buyers which brought in more revenue.
- \$(28,791) negative variance in general expenditures due to professional services and auditing cost being more than budgeted for.
- \$19,003 positive variance in community development due to the director's position being vacant the first quarter of the fiscal year and not being filled until the last quarter.
- \$61,880 positive variance in the police department. The department was short handed all year long with a vacant patrol position and vacant part time secretary position.
- \$(45,534) negative variance in welfare due to State reductions in health and human services and a greater need for assistance.
- \$28,469 positive variance in harbor and waterfront due to a shortage in dock hands during the summer months. The city experienced difficulty in keeping part time employees.
- \$(108,108) negative variance in principal on long term debt due to a note being paid off with city funds and not USDA funds as originally thought.

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 \$58,636,859, net of accumulated depreciation of \$31,253,898, leaving a net book value of \$30,739,590. Current year additions include \$53,895 for library chimney, \$20,000 for the gate house, \$948,497 for equipment, \$101,878 for paving, \$525,263 for the Lindsay Brook work and \$1,342,013 for 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, 2013

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,946,561	150	2,946,711
Investments	2,912,595	1,475	2,914,070
Receivables			
Taxes	1,382,998		1,382,998
Tax Liens	364,858		364,858
Accounts	68,987	48	69,035
User Fees, net	565,752	778,959	1,344,711
Loans	592,742		592,742
Tax Acquired Property	63,076	656	63,732
Prepaid Expenses	264,408		264,408
Due From Other Governments	309,463		309,463
Internal Balances	(1,642,452)	1,642,452	-
Capital Assets:			
Land	841,671	1,102	842,773
Other Capital Assets, Net of Depreciation	12,337,949	9,368,540	21,706,489
Construction Work In Process	3,961,500	4,228,828	8,190,328
Total Assets	24,970,108	16,022,210	40,992,318
 <i>Liabilities, Deferred Inflows of Resources and Net Position</i>			
Liabilities			
Accounts Payable	7,195	4,754	11,949
Retainage Payable	-	1,000	1,000
Payroll Taxes / Deductions	52,279		52,279
Deposits Payable	18,903		18,903
Compensated Absences Payable	1,049,873	120,980	1,170,853
Accrued Interest Payable		89,993	89,993
Long-term Liabilities:			
Due Within One Year	1,135,116	513,831	1,648,947
Due in More Than One Year	7,076,316	5,854,605	12,930,921
Total Liabilities	9,339,682	6,585,163	15,924,845
 Deferred Inflows of Resources			
Prepaid Taxes	19,433		19,433
Total Deferred Inflows of Resources	19,433	-	19,433
 Net Position			
Held for Postemployment Benefits	126,079		126,079
Net Investment in Capital Assets	8,929,688	7,230,034	16,159,722
Restricted Net Position	1,947,200	455,662	2,402,862
Unrestricted	4,608,026	1,751,351	6,359,377
Total Net Position	15,610,993	9,437,047	25,048,040
Total Liabilities, Deferred Inflows of Resources and Net Position	24,970,108	16,022,210	40,992,318

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

CITY OF ROCKLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants	Governmental Activities	Business-like Activities	Total
<u>Functions/Programs</u>						
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,607,358	124,697		(1,482,661)		(1,482,661)
Public Safety	5,026,300	695,893	13,038	(4,317,369)		(4,317,369)
Public Works	3,870,763	1,647,052	53,384	(2,170,327)		(2,170,327)
Health & Welfare	161,340		46,423	(114,917)		(114,917)
Cultural & Recreation	1,439,160	391,908	154,167	(893,085)		(893,085)
Unclassified	542,160			(542,160)		(542,160)
Debt Service	155,101			(155,101)		(155,101)
Assessments	8,249,991			(8,249,991)		(8,249,991)
Capital Projects	1,483,499		1,696,290	212,791		212,791
<u>Total Governmental Activities</u>	<u>22,535,672</u>	<u>2,859,550</u>	<u>1,963,302</u>	<u>(17,712,820)</u>		<u>(17,712,820)</u>
<u>Business-type Activities:</u>						
Wastewater	3,420,138	3,593,341	-		173,203	173,203
<u>Total Business-type Activities</u>	<u>3,420,138</u>	<u>3,593,341</u>	<u>-</u>	<u>-</u>	<u>173,203</u>	<u>173,203</u>
<u>Total Primary Government</u>	<u>25,955,810</u>	<u>6,452,891</u>	<u>1,963,302</u>	<u>(17,712,820)</u>	<u>173,203</u>	<u>(17,539,617)</u>
<u>General Revenues:</u>						
Taxes						
Property				15,335,167		15,335,167
Auto Excise				886,018		886,018
Intergovernmental Revenues				1,358,907		1,358,907
Interest/Change in Fair Value				(19,410)		(19,410)
Other Local Sources				502,144	27,510	529,654
Gain/(Loss) on Disposal of Assets				(88,173)		(88,173)
Transfers (to)/from Fiduciary Funds				(3,000)		(3,000)
Transfers between Enterprise Fund				(360,000)	360,000	-
<u>Total Revenues, Special Items and Transfers</u>				<u>17,611,653</u>	<u>387,510</u>	<u>17,999,163</u>
<u>Changes in Net Position</u>				<u>(101,167)</u>	<u>560,713</u>	<u>459,546</u>
<u>Net Position - Beginning</u>				<u>15,712,160</u>	<u>8,876,334</u>	<u>24,588,494</u>
<u>Net Position - Ending</u>				<u>15,610,993</u>	<u>9,437,047</u>	<u>25,048,040</u>

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

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

Exhibit C
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>
Assets					
Cash and Equivalents	1,224,462	1,131	719,252	1,001,716	2,946,561
Investments	1,501,275	98,494	844,025	468,801	2,912,595
Taxes Receivable	1,382,998				1,382,998
Tax Liens Receivable	364,858				364,858
Accounts Receivable	68,987				68,987
User Fees Receivable	565,752				565,752
Loans Receivable	60,669	323,854		208,219	592,742
Tax Acquired Property	63,076				63,076
Prepaid Expense	264,408				264,408
Due from Other Governments	76,959	232,504		-	309,463
Due from Other Funds	2,273,916	330,411	736,972	307,372	3,648,671
Total Assets	7,847,360	986,394	2,300,249	1,986,108	13,120,111
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	7,195			-	7,195
Retainage Payable				-	-
Payroll Taxes/Deductions	52,279				52,279
Due to Other Funds	3,780,520	227,022	729,899	536,276	5,273,717
Deposits Payable	18,903				18,903
Total Liabilities	3,858,897	227,022	729,899	536,276	5,352,094
Deferred Inflows of Resources					
Unearned Property Taxes	1,335,611				1,335,611
Unearned Revenues - Other	4,321				4,321
Prepaid Taxes	19,433				19,433
Total Deferred Inflows of Resources	1,359,365	-	-	-	1,359,365
Fund Balances					
Non-Spendable				125,381	125,381
Restricted		560,217		1,261,602	1,821,819
Committed	1,252,972	184,842	1,570,350	56,459	3,064,623
Assigned	282,691	14,313		6,390	303,394
Unassigned	1,093,435	-		-	1,093,435
Total Fund Balances	2,629,098	759,372	1,570,350	1,449,832	6,408,652
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,847,360	986,394	2,300,249	1,986,108	13,120,111

(Continued)

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

Exhibit C
Page 2 of 2

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

Total Fund Balance	6,408,652
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$17,627,296	<u>17,141,120</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unearned Revenue - Other	4,321
Unearned Taxes	<u>1,335,611</u>
	<u>1,339,932</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(7,204,035)
Accrued Compensated Absences	(1,049,873)
Transfer from Fiduciary	(17,406)
Capital Leases Payable	<u>(1,007,397)</u>
	<u>(9,278,711)</u>
Net Position of Governmental Activities	<u><u>15,610,993</u></u>

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

CITY OF ROCKLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

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	15,947,588				15,947,588
Intergovernmental Revenues	1,143,830	1,916,879		261,500	3,322,209
Departmental Revenues	2,858,357				2,858,357
Interest	31,161	2,083	33,049	9,669	75,962
Change in Fair Value	(37,209)	(2,783)	(44,168)	(11,212)	(95,372)
Other Local Sources	469,690	4,043	4,400	28,607	506,740
Total Revenues	20,413,417	1,920,222	(6,719)	288,564	22,615,484
Expenditures					
General Government	1,510,048	7,700			1,517,748
Public Safety	4,739,418	7,954		-	4,747,372
Public Works	2,974,524	61,067			3,035,591
Health and Welfare	151,098			10,242	161,340
Culture and Recreation	1,219,777	165,859		18,855	1,404,491
Unclassified	369,625	164,596		7,939	542,160
Debt Service	1,090,120			44,659	1,134,779
Assessments	8,249,991				8,249,991
Capital Outlay		1,694,154	66,153	1,534,960	3,295,267
Total Expenditures	20,304,601	2,101,330	66,153	1,616,655	24,088,739
Excess of Revenues Over (Under) Expenditures	108,816	(181,108)	(72,872)	(1,328,091)	(1,473,255)
Other Financing Sources (Uses)					
Loan Proceeds				648,400	648,400
Transfers from Other Funds	1,373,836	22,064	97,087	121,640	1,614,627
Transfers to Other Funds	(1,491,407)	(29,563)	(360,000)	(93,657)	(1,974,627)
Total Other Financing Sources (Uses)	(117,571)	(7,499)	(262,913)	676,383	288,400
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(8,755)	(188,607)	(335,785)	(651,708)	(1,184,855)
Fund Balance - July 1	2,637,853	947,979	1,906,135	2,101,540	7,593,507
Fund Balance - June 30	2,629,098	759,372	1,570,350	1,449,832	6,408,652

(Continued)

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

**CITY OF ROCKLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds (1,184,855)

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	1,818,785
Gain/(Loss) on Disposal of Assets	(88,173)
Depreciation expense	(1,484,492)
	<u>246,120</u>

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

Interfund Transfers	-
Unearned Revenues - Other	(3,403)
Transfer to Fiduciary	(3,000)
Unearned Taxes	273,597
	<u>267,194</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:

New capital leases	(475,000)
New bonds	(173,400)
Capital lease obligation principal payments	399,603
General obligation bond principal payments	867,075
	<u>618,278</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	(47,904)
	<u>(47,904)</u>

Change in net assets of governmental activities (101,167)

CITY OF ROCKLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>
Current Assets:	
Cash and Equivalents	150
Investments	1,475
Invested with General Fund	1,020,692
Total Cash and Investments	<u>1,022,317</u>
Receivables	
User Fees, net	778,959
Accounts	704
Due From Other Funds	<u>621,760</u>
Total Current Assets	<u>2,423,740</u>
Noncurrent Assets:	
Capital Assets, net	<u>13,598,470</u>
Total Noncurrent Assets	<u>13,598,470</u>
Total Assets	<u><u>16,022,210</u></u>
Liabilities and Fund Equity	
Liabilities	
Accounts Payable	4,754
Retainage Payable	1,000
Accrued Compensated Absences	120,980
Accrued Interest Payable	89,993
Due to Other Funds	-
Bonds and Notes Payable	<u>513,831</u>
Total Current Liabilities	<u>730,558</u>
Noncurrent Liabilities:	
Bonds and Notes Payable	<u>5,854,605</u>
Total Noncurrent Liabilities	<u>5,854,605</u>
Total Liabilities	<u>6,585,163</u>
Net Position	
Net Investment in Capital Assets	7,230,034
Retained Earnings:	
Reserved	455,662
Unreserved	<u>1,751,351</u>
Total Net Position	<u>9,437,047</u>
Total Liabilities and Net Position	<u><u>16,022,210</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, 2013

Exhibit F

	<u><i>Proprietary Fund Types</i></u>
	<i>Wastewater</i>
	<i>Enterprise</i>
	<hr/>
Operating Revenues:	
Industrial	2,244,419
Residential	721,849
Commercial	513,764
Chemical Surcharge	49,528
Sewer Reserve Capacity Fee	52,228
Interest - Late Penalties	11,553
	<hr/>
Total Operating Revenues:	3,593,341
	<hr/>
Operating Expenditures:	
Personnel	793,109
Contracted Services	1,199,054
Commodities	320,414
Equipment Repairs & Replacement	138,513
Capital Improvements Programs	91,548
Lease Payments	1,826
Depreciation and Amortization	680,689
	<hr/>
Total Operating Expenditures	3,225,153
	<hr/>
Net Operating Income	368,188
	<hr/>
Nonoperating Revenues (Expenses)	
Interest Revenue	32
Change in Fair Value	(42)
USDA Grant Funds	-
Insurance Claim	-
Accident Repair	(2,582)
Nonutility Income, net of expense	27,520
Transfer from/(to) other funds	360,000
Interest Expense	(192,403)
	<hr/>
Total Nonoperating Revenue (Expenses)	192,525
	<hr/>
<i>Change in Net Position</i>	560,713
<i>Total Net Position - Beginning</i>	8,876,334
	<hr/>
<i>Total Net Position - Ending</i>	9,437,047
	<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, 2013

Exhibit G

	<u>Proprietary Fund Types</u>
	<i>Wastewater Enterprise</i>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	3,593,341
Payments to Suppliers	(1,751,355)
Payments to Employees	(793,109)
Other Receipts (Payments)	384,938
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,433,815
<i>Cash Flows from Capital and Related Financing Activities</i>	
Purchases of Capital Assets	(523,238)
Principal Paid on Capital Debt	(504,766)
Interest Paid on Capital Debt	(192,403)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(1,220,407)
<i>Cash Flows from Investing Activities</i>	
Purchase of Investments	(314,196)
Interest and Dividends	(10)
<i>Net Cash Provided by (Used in) Investing Activities</i>	(314,206)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(100,798)
<i>Balances - beginning of the year</i>	1,123,115
<i>Balances - end of the year</i>	1,022,317
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	368,188
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	680,689
(Increase) Decrease in Accounts Receivable	(154,203)
(Increase) Decrease in Due To/From Other Governments	520,868
Increase (Decrease) in Accrued Interest Payable	(39)
Increase (Decrease) in Compensated Absences Payable	13,558
Increase (Decrease) in Accounts Payable	4,754
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,433,815

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

CITY OF ROCKLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

Exhibit H

<i>Assets</i>	<i>Private Purpose Trust Funds</i>		<i>Total</i>
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>	
Investments	58,274	6,615	64,889
Total Assets	58,274	6,615	64,889
<i>Liabilities and Net Position</i>			
Liabilities			
Due to Other Funds	16,000	1,406	17,406
Total Liabilities	16,000	1,406	17,406
<i>Net Position</i>			
Net Position			
Reserved for Endowment	27,000	5,000	32,000
Designated for Subsequent Years' Expenditures	15,274	209	15,483
Total Net Position	42,274	5,209	47,483
Total Liabilities and Net Position	58,274	6,615	64,889

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 2013 is \$1,146,889. 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
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit I

	<i>Private Purpose Trust Funds</i>		<i>Total</i>
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>	
<u>Additions</u>			
Fair Value Increases (Decreases)	(1,334)	(151)	(1,485)
Investment Income	1,005	114	1,119
Total Additions	(329)	(37)	(366)
<u>Reductions</u>			
Churches			-
Scholarships	3,000		3,000
Total Reductions	3,000	-	3,000
Changes in Net Position	(3,329)	(37)	(3,366)
Net Position - July 1	45,603	5,246	50,849
Net Position - June 30	42,274	5,209	47,483

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For the year ended 6/30/13, the City of Rockland has implemented GASB #63 and GASB #65, which replaces net assets with net position and created deferrals.

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

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

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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, 2013

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 unearned revenue. At June 30, \$1,335,611 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 10, 2012 on property values assessed on April 1. Taxes were due in two installments due on September 28 and March 8, with interest at 7.0% beginning September 29 and March 9. 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, 2013

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, 2013

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, 2013

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, 2013 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		560,217			560,217
Library Trust Funds Expendable				303,127	303,127
RCHP Scholarship				14,844	14,844
Berliawsky Park				4,120	4,120
Elizabeth Tyrell				34,069	34,069
Other Special Revenues				10,467	10,467
Pump Station/CSO Project				206,002	206,002
PW Big Dig Project				160,334	160,334
Capital Improvements Program				528,639	528,639
	-	560,217	-	1,261,602	1,821,819
<u>Committed</u>					
General Reserves	1,252,972				1,252,972
Federal/State Programs		184,842			184,842
Coast Guard				793	793
Veterans Memorial				8,832	8,832
Capital Improvement Programs				46,834	46,834
Capital Reserve Funds			1,570,350		1,570,350
	1,252,972	184,842	1,570,350	56,459	3,064,623
<u>Assigned</u>					
Emergency Medical	77,289				77,289
Local Road Assistance	41,067				41,067
Federal/State Programs		14,313			14,313
Shore Village Museum				832	832
Police DARE				2,084	2,084
Skateboard Park Project				1,376	1,376
Odor Study				2,098	2,098
General Fund Encumbered Funds	164,335				164,335
	282,691	14,313	-	6,390	303,394
<u>Unassigned</u>					
General Fund	1,093,435				1,093,435
	1,093,435	-	-	-	1,093,435
<u>Total Fund Balance</u>					
	2,629,098	759,372	1,570,350	1,449,832	6,408,652

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, 2013

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 \$164,335.

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, 2013, 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, 2013

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 \$2,946,711 and the bank balance was \$3,920,812. 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.

	Bank Balance	Category		
		1	2	3
Cash and Equivalents	<u>3,920,812</u>	<u>460,183</u>	<u>3,460,629</u>	-

Investments

At June 30, 2013, the City's investments, maturities and credit ratings are as follows:

Type	June 30, 2013						Credit Rating	
	Fair Value	Maturities in Years				S&P		
		Less Than 1	1-5	6-10	More than 10			
Corporate Bonds	233,783		233,783			A-	Baa1	
Corporate Bonds	127,656		127,656			BBB+	B1	
Corporate Bonds	121,001		121,001			BBB+	Baa1	
Corporate Bonds	124,375		124,375			BBB	Ba3	
Corporate Bonds	48,743		48,743			BBB	Baa3	
Corporate Bonds	126,749		126,749			BB+	Baa3	
US Gov't Agency Obligations	159,647		159,647			AAA	Aaa	
US Gov't Agency Obligations	469,206	219,404	249,802			AAA	-	
US Gov't Agency Obligations	114,861		114,861			AA	Aa2	
US Gov't Agency Obligations	-					AA-	Aa2	
Mutual Funds	<u>1,452,938</u>	<u>1,452,938</u>				Not rated	Not rated	
Total	<u><u>2,978,959</u></u>	<u><u>1,672,342</u></u>	<u><u>1,306,617</u></u>	<u><u>-</u></u>	<u><u>-</u></u>			

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013:

Deposits and Cash on Hand	\$ 2,946,711
Investments	\$ 2,978,959
	<u>\$ 5,925,670</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 2,946,561	\$ 150	\$ -	\$ 2,946,711
Investments	\$ 2,912,595	\$ 1,475	\$ 64,889	\$ 2,978,959
	<u>\$ 5,859,156</u>	<u>\$ 1,625</u>	<u>\$ 64,889</u>	<u>\$ 5,925,670</u>

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	780,491,900
Tax Rate (per \$1,000)	<u>19.42</u>
Commitment	<u>15,157,153</u>
Appropriations	19,136,473
Less:	
State Municipal Revenue Sharing	729,039
Estimated Revenues	3,002,705
BETE Reimbursement	111,329
Homestead Reimbursement	<u>136,247</u>
	<u>3,979,320</u>
Net Assessment for Commitment	<u>15,157,153</u>

Supplemental taxes totaling \$130 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$1,164,675, which represents tax collection of 92.3% of current year commitment. Unpaid liens at June 30 totaled \$364,858.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	2,273,916	3,780,520
Special Revenue Funds:		
Federal/State Funds	330,411	227,022
Shore Village Museum		4,485
Police DARE		2,190
RCHP Scholarship		6,425
Elizabeth Tyrell	34,069	
Odor Study	2,098	
Veterans Memorial	534	
Middle Country Public Library	1,309	
Harbor Trail	6,062	
Green Downtown Trail	2,896	-
YMCA General Assistance Grant	200	
Capital Project Funds		
Pump Station/CSO Project	206,002	
Capital Improvement Projects	54,202	375,124
Public Works Big Dig		54,202
Capital Reserve Funds	736,972	729,899
Permanent Funds		93,850
Fiduciary Funds		17,406
Wastewater Enterprise Fund	1,642,452	-
Totals	<u>5,291,123</u>	<u>5,291,123</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, 2013

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 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	3,643,727	843,036	(525,263)	3,961,500
	4,485,398	843,036	(525,263)	4,803,171
<i>Capital assets being depreciated:</i>				
Buildings	5,924,959	73,895		5,998,854
Equipment	7,753,248	899,977	(448,051)	8,205,174
Infrastructure	15,134,077	627,141		15,761,218
<i>Total capital assets being depreciated</i>	28,812,284	1,601,013	(448,051)	29,965,246
<i>Less accumulated depreciation for:</i>				
Buildings	2,065,911	147,468		2,213,379
Equipment	4,668,631	700,470	(259,877)	5,109,224
Infrastructure	9,668,140	636,554		10,304,694
<i>Total accumulated depreciation:</i>	16,402,682	1,484,492	(259,877)	17,627,297
<i>Net capital assets being depreciated</i>	12,409,602	116,521	(188,174)	12,337,949
Governmental Activities:				
<i>Capital Assets, net</i>	16,895,000	959,557	(713,437)	17,141,120

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

Governmental Activities

General Government	76,261
Public Safety	292,300
Public Works, including general infrastructure assets	927,595
Culture and Recreation	188,336
Total Depreciation Expense - Governmental Activities	1,484,492

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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	3,729,850	498,978		4,228,828
<i>Capital assets being depreciated</i>				
Buildings	1,875,750			1,875,750
Equipment	635,007	24,260		659,267
Infrastructure	20,460,124			20,460,124
<i>Total capital assets being depreciated</i>	22,970,881	24,260	-	22,995,141
<i>Less accumulated depreciation for:</i>				
Buildings	585,174	75,030		660,204
Equipment	594,804	23,324		618,128
Infrastructure	11,765,935	582,334		12,348,269
<i>Total accumulated depreciation</i>	12,945,913	680,688	-	13,626,601
<i>Net capital assets being depreciated</i>	10,024,968	(656,428)	-	9,368,540
<i>Business-type Activities:</i>				
<i>Capital Assets, net</i>	10,026,070	(157,450)	-	13,598,470

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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</i> <u><i>June 30,</i></u>	<i>Minimum</i> <i>Lease</i> <i>Payment</i>
2014	449,121
2015	231,948
2016	175,491
2017	99,772
2018	99,773
	<hr/>
Total Minimum Lease Payments	1,056,105
Less: Amount Representing Interest	<u>(48,708)</u>
	<hr/>
Present Value of Future Minimum Lease Payments	<u><u>1,007,397</u></u>

F. Long-Term Debt

1. General Obligation Bonds and Notes

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

<i>Purpose</i> <i>General Obligation</i>	<i>Maturity</i> <i>Date</i>	<i>Interest</i> <i>Rate</i>	<i>Amount</i>
1995 City Hall Bonds	10/1/2015	5.2%-6.0%	75,000
1998 General Obligation Bonds	11/1/2013	4.528%-4.178%	57,473
1999 General Obligation Bonds	11/1/2014	4.039%-5.239%	116,400
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	780,304
2006 Fire Truck	11/1/2021	1.85 - 6.0%	360,000
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	855,299
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	756,646
2008 Fire Truck	2/5/2023	4.440%	231,906
2010 Key Bank CIP Bond	11/4/2012	1.920%	260,940
2012 Library Efficiency Upgrades	6/25/2017	2.220%	74,501
2012 Recreation Center Water Intrusion	9/1/2023	1.870%	675,000
2012 Captial Purchases Loan	11/25/3088	2.290%	348,666
2012 Public Works Big Dig	9/7/2040	2.750%	2,438,500
2013 CIP Summer Street, Library and Storm Camera	4/1/2019	1.530%	173,400
			<hr/> <u>7,204,035</u> <hr/>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

F. Long-Term Debt (continued)

1. General Obligation Bonds and Notes (continued)

<i>Purpose Proprietary</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1993 Declorination Bonds	10/1/2013	5.193%	11,500
1998 General Obligation Bonds	11/1/2013	4.528%-4.178%	4,127
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	2,267,317
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	996,800
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	888,236
2012 PCF Project	8/11/2040	2.150%	<u>2,200,454</u>
Total Proprietary Debt			<u><u>6,368,434</u></u>
Total Debt			<u><u>13,572,469</u></u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,176,071 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
2014	954,423	692,821	1,647,244
2015	884,698	676,732	1,561,430
2016	817,668	677,034	1,494,702
2017	699,586	677,933	1,377,519
2018	584,603	678,219	1,262,822
2019-2023	2,126,804	1,826,839	3,953,643
2024-2028	1,246,739	1,348,498	2,595,237
2029-2033	958,848	1,010,539	1,969,387
2034-2038	630,110	627,415	1,257,525
2039-2041	378,066	250,965	629,031
Total	<u>9,281,545</u>	<u>8,466,995</u>	<u>17,748,540</u>

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013:

	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2012</i>	7,897,711	6,873,201	14,770,912
Debt Issued	173,400	-	173,400
Debt Retired	(867,076)	(504,767)	(1,371,843)
<i>Long-term Debt payable June 30, 2013</i>	<u>7,204,035</u>	<u>6,368,434</u>	<u>13,572,469</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, 2013</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
Regional School Unit #13	4,531,750	35.17%	1,593,816
Knox County	<u>2,500,000</u>	10.43%	<u>260,723</u>
Totals	<u>7,031,750</u>		<u>1,854,539</u>

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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	-	15,438
Haines Charity	57,581	189,864
Keywood Library	-	72,627
Leach Library	50,000	14,168
Cleveland/Bostick Library	10,000	93
Flower	1,000	5,755
Monroe Highway	200	5,288
Library	<u>6,600</u>	<u>(106)</u>
Total	<u>125,381</u>	<u>303,127</u>

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

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

B. Pension Plan

Plan Description

The City's employees are covered under the ICMA or Maine Public Employees Retirement System. The ICMA is a qualified pension plan created in accordance with Internal Revenue Code Section 457. The plan, available to all 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.

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

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - OTHER INFORMATION (Continued)

B. Pension Plan (continued)

Plan Description (continued)

under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries. The City participates in the Maine Public Employees Retirement System consolidated Plan for Participating Districts (Consolidated Plan) which is a cost sharing multiple-employer defined benefit pension plans.

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

Funding Policy

Under the ICMA 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, 2011, 2012 and 2013 were \$60,229, \$61,243 and \$64,057 respectively, which were paid in full each year.

MPERS Consolidated Plan regular employees and police employees hired after 7/1/1997 are required to contribute 6.5% of their annual covered salary to the plan, with remaining fire and police employees contributing 8%. The City is required to contribute an actuarially determined rate. The current rate is 5.3% for regular employees, 10% for fire and police employees, and 10% for police employees hired after 7/1/1997, plus a monthly payment of \$102 for regular employees and \$321 for police and fire employees for its Initial Unfunded Unpooled Actuarial Liability (IUUAL). The contribution requirements of plan members and the City are established by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Consolidated Plan for the years ended June 30, 2011, 2012 and 2013, were \$184,124, \$239,266 and \$299,874 respectively, which were paid in full each year.

C. Postemployment Healthcare 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 2013 was \$27,426.

The City participates in the Maine Municipal Employees Health Trust for purposes of employee health benefits. Premiums paid for active employees contain an imputed subsidy for the benefit of retired employees. In accordance with Governmental Accounting Standards Board (GASB) Statement number 45, the City is required to disclose the Actuarial accrued liability and Annual Required Contribution (ARC) for the fiscal year ended June 30, 2013. These amounts are actuarially determined in accordance with the parameters of GASB Statement number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is recorded as an expense on the government-wide financial statements and is \$126,079 as of June 30, 2013.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - OTHER INFORMATION (Continued)

C. Postemployment Healthcare 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.

The following table represents the OPEB costs for the years ending June 30, 2013, 2012 and 2011 and the annual required contributions:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal Cost	\$ 43,245	\$ 15,227	\$ 15,227
Amortization of unfunded	\$ 80,386	\$ 43,800	\$ 43,800
Interest	<u>\$ 2,448</u>	<u>\$ 1,169</u>	<u>\$ 1,169</u>
Annual required contribution	\$126,079	\$ 60,196	\$ 60,196

Net OPEB Obligation – The City’s net OPEB obligation was calculated as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net OPEB Obligation, beginning	183,278	152,685	117,520
Annual required contribution	126,079	60,196	60,196
Interest	7,331	6,107	4,701
Adjustment to ARC	<u>(10,599)</u>	<u>(8,830)</u>	<u>(6,796)</u>
Annual OPEB Cost	122,811	57,473	58,101
Employer Contributions	23,000	26,880	22,936
Net OPEB Obligation, ending	<u>283,089</u>	<u>183,278</u>	<u>152,685</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF ROCKLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - OTHER INFORMATION (Continued)

D. Beginning Fund Balance Adjustment

The beginning fund balance for the government wide financial statements changed from the end of fiscal year 2012 to the beginning of 2013 for the following:

	Ending 6/30/2012	Beginning 7/1/2012	Net Change
Governmental Net Position	<u>13,478,740</u>	<u>15,712,160</u>	<u>2,233,420</u>

The beginning fund balance changed to add the public works big dig project construction work in process to date that had been omitted.

CITY OF ROCKLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit J

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes	16,181,623	16,181,623	15,947,588	(234,035)
Intergovernmental Revenues	308,376	308,376	417,196	108,820
Departmental Revenues	798,674	798,674	792,895	(5,779)
Other Local Sources	437,313	437,313	443,840	6,527
Total Revenues	<u>17,725,986</u>	<u>17,725,986</u>	<u>17,601,519</u>	<u>(124,467)</u>
Expenditures (Net of Departmental Revenues)				
General Government	1,521,012	1,539,296	1,510,048	29,248
Public Safety	4,457,119	4,526,381	4,448,556	77,825
Public Works	1,650,031	1,669,424	1,614,190	55,234
Health and Welfare	103,431	103,967	149,501	(45,534)
Culture and Recreation	1,242,976	1,261,668	1,203,077	58,591
Unclassified	461,368	335,201	339,625	(4,424)
Debt Service	988,151	988,151	1,090,120	(101,969)
Assessments	8,450,095	8,450,095	8,249,991	200,104
Total Expenditures	<u>18,874,183</u>	<u>18,874,183</u>	<u>18,605,108</u>	<u>269,075</u>
Excess Revenues Over Expenditures	(1,148,197)	(1,148,197)	(1,003,589)	144,608
Other Financing Sources				
Transfers from Other Funds	1,099,386	1,099,386	1,082,955	(16,431)
Transfers to Other Funds	(262,290)	(262,290)	(317,448)	(55,158)
Total Other Financing Sources	<u>837,096</u>	<u>837,096</u>	<u>765,507</u>	<u>(71,589)</u>
Net Change in Fund Balance	<u>(311,101)</u>	<u>(311,101)</u>	<u>(238,082)</u>	<u>73,019</u>
Beginning Fund Balances - Budgetary Basis			<u>1,331,517</u>	
Ending Fund Balances - Budgetary Basis			1,093,435	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			<u>164,335</u>	
Ending Fund Balances - GAAP Basis			<u>1,257,770</u>	

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2013**

*Exhibit A-1
Page 1 of 2*

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	15,157,153	14,883,685	(273,468)
Auto Excise	833,470	886,018	52,548
Interest and Lien Charges	131,000	111,834	(19,166)
Payment in Lieu of Taxes	60,000	66,051	6,051
	<u>16,181,623</u>	<u>15,947,588</u>	<u>(234,035)</u>
Intergovernmental Revenues			
Welfare Reimbursement	25,000	46,423	21,423
Veterans Reimbursement	10,000	11,062	1,062
Tree Growth	3,300	12,260	8,960
Homestead Reimbursement	136,247	136,045	(202)
BETE Reimbursement	111,329	111,389	60
Police Grants	22,000	23,800	1,800
FEMA		63,211	63,211
MEMA		12,642	12,642
Snowmobile Reimbursement	500	364	(136)
	<u>308,376</u>	<u>417,196</u>	<u>108,820</u>
Departmental Revenues			
Police	172,605	146,426	(26,179)
Fire	14,428	24,733	10,305
Assessment	200	240	40
Finance	-	666	666
Legal	1,000	1,164	164
Code Enforcement	65,000	63,952	(1,048)
Public Works	107,000	106,324	(676)
Fish Pier	88,341	114,793	26,452
Harbor and Waterfront	177,400	174,310	(3,090)
Library	51,200	55,066	3,866
Recreation	53,000	47,739	(5,261)
City Clerk	57,500	57,482	(18)
Community Development	11,000	-	(11,000)
	<u>798,674</u>	<u>792,895</u>	<u>(5,779)</u>

**CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2013**

*Exhibit A-1
Page 2 of 2*

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Local Sources			
Interest on Investments	10,000	3,319	(6,681)
Interest on Accounts Receivable	2,500	1,895	(605)
Motor Vehicle Registration Fees	188,000	193,898	5,898
Camden and Rockport Water	13,000	11,718	(1,282)
Cable Franchise Fee	71,500	69,081	(2,419)
Photocopies	200	281	81
Workers Compensation Dividend		10,085	10,085
Administration Fee from Sewer	148,313	148,313	-
City Lease Revenue	3,600	5,100	1,500
Other	200	150	(50)
	<u>437,313</u>	<u>443,840</u>	<u>6,527</u>
Transfers and Other Sources			
Municipal Revenue Sharing	729,039	726,634	(2,405)
Emergency Medical	273,776	255,522	(18,254)
Library Trust Fund	9,267	9,267	-
Transfer Station Fund	87,304	87,304	-
Parks Reserve	-	4,228	4,228
	<u>1,099,386</u>	<u>1,082,955</u>	<u>(16,431)</u>
Total Revenues and Transfers	18,825,372	<u><u>18,684,474</u></u>	<u><u>(140,898)</u></u>
Beginning Fund Balance Used	<u>311,101</u>		
Total	<u><u>19,136,473</u></u>		

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Encumbered from 2012	Budget	Actual	Encumbered to 2014	(Over) Under Budget
General Government					
Legislative		4,538	4,518		20
Executive		237,664	233,833		3,831
Assessment		172,658	163,564		9,094
Finance		574,881	557,374		17,507
Legal		103,834	97,888		5,946
City Clerk		195,223	204,441		(9,218)
General		77,070	105,861		(28,791)
City Hall		43,964	39,386		4,578
Community Development		104,464	85,461		19,003
Engineering		25,000	17,722		7,278
	-	1,539,296	1,510,048	-	29,248
Public Safety					
Police Department		2,029,461	1,967,581		61,880
Fire Department		1,515,871	1,496,700		19,171
Dispatch		180,036	180,036		-
Lights and Hydrants		601,739	604,727		(2,988)
Code Enforcement		199,274	199,512		(238)
	-	4,526,381	4,448,556	-	77,825
Public Works					
Public Works		1,669,424	1,604,190	10,000	55,234
	-	1,669,424	1,604,190	10,000	55,234
Health and Welfare					
Contributions-Agencies		33,217	33,217		-
Welfare		70,750	116,284		(45,534)
	-	103,967	149,501	-	(45,534)
Culture and Recreation					
Public Library	9,000	606,208	599,773		15,435
Harbor and Waterfront		179,982	151,513		28,469
Municipal Fish Pier		89,258	67,873		21,385
Recreation		386,220	392,918		(6,698)
	9,000	1,261,668	1,212,077	-	58,591

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Encumbered from 2012	Budget	Actual	Encumbered to 2014	(Over) Under Budget
Unclassified					
Fringe Benefits		120,100	128,565		(8,465)
Other Unclassified		183,447	179,406		4,041
Fisher TIF Payment		31,654	31,654		-
TIF Agreements	38,561	-	-	38,561	-
City CIP Bond Issues	38,561	335,201	339,625	38,561	(4,424)
Sewers & Lindsey Brook	115,774			115,774	-
Debt Service	115,774			115,774	-
TAN Interest		2,500	1,395		1,105
Principal on Long-Term Debt		457,641	565,749		(108,108)
Interest on Long-Term Debt		131,107	125,956		5,151
Capital Leases		396,903	397,020		(117)
Assessments		988,151	1,090,120		(101,969)
School District		7,542,157	7,542,396		(239)
County Tax		673,867	674,178		(311)
Overlay		234,071	33,417		200,654
Operating Transfer Out		8,450,095	8,249,991		200,104
Tillson Redevelopment Reserve		222,859	222,859		-
Fire Building Reserve		14,328	14,328		-
Fisher TIF Reserve		21,103	21,103		-
Coast Guard		1,000	1,000		-
Port Development Reserve		3,000	3,000		-
Fish Pier Improvements Reserve			46,919		(46,919)
Grants			8,239		(8,239)
Total Appropriations	163,335	19,136,473	18,921,556	164,335	(55,158)
					213,917

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A-3

Unassigned Fund Balance July 1, 2012		1,331,517
Additions		
Budget Summary		
Revenue Surplus (Deficit)(Exhibit A-1)	(140,898)	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>213,917</u>	
Budget Surplus		<u>73,019</u>
		1,404,536
Deductions		
Beginning Fund Balance Used		<u>(311,101)</u>
Unassigned Fund Balance June 30, 2013		<u><u>1,093,435</u></u>

**CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

Exhibit A-4

<i>Assets</i>	<i>General Reserves</i>	<i>Emergency Medical</i>	<i>Transfer Station</i>	<i>Tree Planting Fund</i>	<i>Local Road Assistance</i>	<i>Total</i>
Cash and Equivalents	1,109,314	166,784			41,067	1,317,165
Investments						-
Receivables (Net of Allowances)						
User Fees		336,349	229,403			565,752
Other		24,092				24,092
Due from Other Funds	530,423	-	-	10,300		540,723
Total Assets	1,639,737	527,225	229,403	10,300	41,067	2,447,732
<i>Liabilities and Fund Balances</i>						
<i>Liabilities</i>						
Accounts Payable	-	1,890				1,890
Deferred Revenue		394				394
Due to Other Funds	397,065	447,652	229,403			1,074,120
Total Liabilities	397,065	449,936	229,403	-	-	1,076,404
<i>Fund Balances</i>						
Committed	1,242,672			10,300		1,252,972
Assigned		77,289			41,067	118,356
Total Fund Balances	1,242,672	77,289	-	10,300	41,067	1,371,328
Total Liabilities and Fund Balances	1,639,737	527,225	229,403	10,300	41,067	2,447,732

Exhibit A-5

**CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	General Reserves (Exhibit A-6)	Emergency Medical (Exhibit A-7)	Transfer Station (Exhibit A-8)	Tree Planting Fund	Municipal Revenue Sharing	Local Road Assistance	Total
Revenues							
Intergovernmental Revenues					726,634		726,634
Charges for Services		524,734	1,540,728				2,065,462
Interest	23,448	3,526	-			868	27,842
Fair Value Increases (Decreases)	(31,337)	(4,712)	-			(1,160)	(37,209)
Other Local Sources	17,221	279	11,669				29,169
Total Revenues	9,332	523,827	1,552,397	-	726,634	(292)	2,811,898
Expenditures							
Public Safety	5,271	285,591					290,862
Public Works	-		1,370,334				1,370,334
Health & Welfare	1,597			7,700			1,597
Cultural & Recreation	-						7,700
Other	30,000						30,000
Total Expenditures	36,868	285,591	1,370,334	7,700	-	-	1,700,493
Excess of Revenues Over (Under) Expenditures	(27,536)	238,236	182,063	(7,700)	726,634	(292)	1,111,405
Other Financing Sources (Uses)							
Transfers from Other Funds	290,881						290,881
Transfers to Other Funds	(4,228)	(261,034)	(182,063)		(726,634)		(1,173,959)
Total Other Financing Sources (Uses)	286,653	(261,034)	(182,063)	-	(726,634)	-	(883,078)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	259,117	(22,798)	-	(7,700)	-	(292)	228,327
Fund Balance - July 1	983,555	100,087	-	18,000	-	41,359	1,143,001
Fund Balance - June 30	1,242,672	77,289	-	10,300	-	41,067	1,371,328

CITY OF ROCKLAND
 GENERAL RESERVE FUNDS
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2013

Reserve Fund	Fund	New	Transfers	Interest/ Dividends	Increase (Decrease)	Expenditures	Fund
	Balance July 1						From (To) Other Funds
Sewer Debt Service	41,695			7,831	(10,467)		39,059
Samoset/Glen Cove I & I	3,677			88	(118)		3,647
Samoset Debt Service	(9)			(1)	2		(8)
Johnson Park	1,500			601	(803)		1,298
Custom House Parking Lot	158,966	12,012		3,085	(4,123)		169,940
Police Forfeiture	40,968	4,534		837	(1,118)	(5,271)	39,950
Parks	13,096	575	(4,228)	204	(273)		9,374
Merritt Park Playground	6,727			154	(206)		6,675
Fish Pier Maintenance	3,117			65	(87)		3,095
Fish Pier Improvements	86,411		46,919	1,609	(2,150)		132,789
Police Trading Cards	1,669			48	(64)		1,653
Pumping/Chemicals Reserve	1,318			671	(897)		1,092
Sewer Rate Stabilization Reserve	483,611			6,793	(9,078)		481,326
Skatepark Helmet Reserve	1,343			28	(37)		1,334
Traffic Improvements Reserve	37,293			782	(1,046)		37,029
Fuel Assistance Reserve	26,800	100		653	(872)	(1,597)	25,084
TIF Tillson Redevelopment Reserve	31,874		222,859			(30,000)	224,733
Police Reserve	23,384						23,384
Fisher TIF Reserve	20,115		21,103				41,218
Total	983,555	17,221	286,653	23,448	(31,337)	(36,868)	1,242,672

CITY OF ROCKLAND
EMERGENCY MEDICAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
User Fees	535,374	421,134	(114,240)
Owls Head EMS Service	73,575	73,575	-
Aid to Outside Towns	28,500	30,025	1,525
Interest		3,526	3,526
Change in Fair Value		(4,712)	(4,712)
Donations		-	-
All Other		279	279
	<u>637,449</u>	<u>523,827</u>	<u>(113,622)</u>
Total Revenues			
Expenditures			
Personal Services	163,014	163,035	(21)
Contracted Services	102,525	83,518	19,007
Commodities	34,350	32,166	2,184
Capital Outlay	7,534	6,872	662
	<u>307,423</u>	<u>285,591</u>	<u>21,832</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>330,026</u>	<u>238,236</u>	<u>(91,790)</u>
Other Financing Sources (Uses)			
Transfers to Other Funds	(330,026)	(261,034)	68,992
Use of Surplus	-	-	-
	<u>(330,026)</u>	<u>(261,034)</u>	<u>68,992</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>-</u>	<u>(22,798)</u>	<u>(22,798)</u>
Fund Balance - July 1		<u>100,087</u>	
Fund Balance - June 30		<u>77,289</u>	

TRANSFER STATION

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Landfill Revenue	1,057,750	867,281	(190,469)
MSW Tipping Fee	404,427	377,190	(27,237)
Perc Performance Credit	145,410	129,488	(15,922)
Solid Waste Stickers	91,975	89,127	(2,848)
Cardboard Disposal	14,879	14,401	(478)
White Goods and Metals	20,962	26,156	5,194
Plastics	5,054	4,011	(1,043)
Pallet Fees	5,000	6,899	1,899
Mixed Paper	8,833	7,683	(1,150)
Universal Waste	6,000	5,840	(160)
Payt Bag	10,000	8,256	(1,744)
Metal Can Bundles	1,449	2,356	907
Tires	2,500	2,040	(460)
All Other	24,306	11,669	(12,637)
Total Revenues	<u>1,798,545</u>	<u>1,552,397</u>	<u>(246,148)</u>
Expenditures			
Personal Services	302,766	306,369	(3,603)
Contracted Services	824,471	782,750	41,721
Commodities	159,800	122,588	37,212
Capital Outlay	10,000	3,445	6,555
Principal and Interest	140,000	155,182	(15,182)
Total Expenditures	<u>1,437,037</u>	<u>1,370,334</u>	<u>66,703</u>
Excess of Revenues Over (Under)			
Expenditures	<u>361,508</u>	<u>182,063</u>	<u>(179,445)</u>
Other Financing Sources (Uses)			
Transfers from Other Funds			-
Transfers to Other Funds	<u>(269,204)</u>	<u>(182,063)</u>	<u>87,141</u>
Total Other Financing Sources (Uses)	<u>(269,204)</u>	<u>(182,063)</u>	<u>87,141</u>
Excess of Revenues and Other			
Sources Over (Under) Expenditures	<u>92,304</u>	<u>-</u>	<u>(92,304)</u>
Fund Balance - July 1			
Fund Balance - June 30		<u>-</u>	

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

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	1,131	10,467	11,598
Investments	98,494	34,980	133,474
Receivables (Net of Allowances)			
User Fees			-
Loans	323,854		323,854
Due from Other Governments	232,504		232,504
Due from Other Funds	330,411	47,168	377,579
Total Assets	986,394	92,615	1,079,009
 <i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable	-		-
Due to Other Funds	227,022	13,100	240,122
Total Liabilities	227,022	13,100	240,122
 Fund Balances			
Restricted	560,217	63,500	623,717
Committed	184,842	9,625	194,467
Assigned	14,313	6,390	20,703
Unassigned	-	-	-
Total Fund Balances	759,372	79,515	838,887
Total Liabilities and Fund Balances	986,394	92,615	1,079,009

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2013

Exhibit B-2
Page 1 of 2

Assets	Community Business Development	CDBG Microloans Grant	CDBG Home Repair Network Grants	CDBG Multi- Unit Housing Assistant Grant	CDBG Downtown Revitalization	Comm. For Me's Future Grant	Emergency Mngt. Perf. Grant	Recycling Capital Investment Grant	2010 Quality Community
Cash			1,131						
Investments	96,589	1,905							
Due from Other Governments			169,205	29,273	675		5,307		6,600
Loans Receivable	226,937	96,917							
Due from Other Funds	84,167	86,020			17,320	115,300	11,827	1,064	
Total Assets	407,693	184,842	170,336	29,273	17,995	115,300	17,134	1,064	6,600
<i>Liabilities and Fund Balances</i>									
Liabilities									
Accounts Payable			170,336	29,273					6,600
Due to Other Funds									
Total Liabilities	-	-	170,336	29,273	-	-	-	-	6,600
Fund Balances									
Non-Spendable									
Restricted					17,995	115,300	17,134	1,064	
Committed	407,693	184,842							
Assigned									
Unassigned									
Total Fund Balances	407,693	184,842	-	-	17,995	115,300	17,134	1,064	-
Total Liabilities and Fund Balances	407,693	184,842	170,336	29,273	17,995	115,300	17,134	1,064	6,600

CITY OF ROCKLAND
 SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

Exhibit B-2
 Page 2 of 2

Assets	MDOT Gateway Round 2	Main Street Downtown	Police N.A.D.D.I. Grant	2009 Dept. of Justice Burnes Grant	2011 Dept. of Justice Burnes Grant	2010 Project Canopy Grant	Small Community Grant Program	Wellness Grant	Brownsfield Grant	Totals
Cash										1,131
Investments		16,283			631					98,494
Due from Other Governments									4,530	232,504
Loans Receivable			855	613	2,255	1,303	8,150	506		323,854
Due from Other Funds	1,031									330,411
Total Assets	1,031	16,283	855	613	2,886	1,303	8,150	506	4,530	986,394
<i>Liabilities and Fund Balances</i>										
Liabilities										
Accounts Payable		16,283							4,530	227,022
Due to Other Funds										
Total Liabilities	-	16,283	-	-	-	-	-	-	4,530	227,022
Fund Balances										
Non-Spendable										
Restricted	1,031									560,217
Committed			855	613	2,886	1,303	8,150	506		184,842
Assigned										14,313
Unassigned										
Total Fund Balances	1,031	-	855	613	2,886	1,303	8,150	506	-	759,372
Total Liabilities and Fund Balances	1,031	16,283	855	613	2,886	1,303	8,150	506	4,530	986,394

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2013**

**Exhibit B-3
Page 1 of 2**

<i>Assets</i>	<i>Shore Village Museum</i>	<i>Police DARE</i>	<i>Skateboard Park Project</i>	<i>Scholarship Trust</i>	<i>Beritawsky Park</i>	<i>Elizabeth Tyrell Trust</i>	<i>Odor Study</i>
Cash and Equivalents			1,376				
Investments	5,317	4,274		21,269	4,120	34,069	2,098
Due from Other Funds							
Total Assets	5,317	4,274	1,376	21,269	4,120	34,069	2,098
<i>Liabilities and Fund Balances</i>							
<i>Liabilities</i>							
Due to Other Funds	4,485	2,190		6,425			
Total Liabilities	4,485	2,190	-	6,425	-	-	-
<i>Fund Balances</i>							
Restricted				14,844	4,120	34,069	
Committed							2,098
Assigned	832	2,084	1,376				
Total Fund Balances	832	2,084	1,376	14,844	4,120	34,069	2,098
Total Liabilities and Fund Balances	5,317	4,274	1,376	21,269	4,120	34,069	2,098

CITY OF ROCKLAND
 SPECIAL REVENUE FUNDS - ALL OTHER
 COMBINING BALANCE SHEET
 JUNE 30, 2013

Exhibit B-3
 Page 2 of 2

Assets	Middle	Green	YMCA	Coast	Veterans	Total
	Country Public Library	Downtown Trail	Gen. Assist. Grant	Guard	Memorial	
Cash and Equivalents				793	8,298	10,467
Investments						34,980
Due from Other Funds	1,309	2,896	200		534	47,168
Total Assets	1,309	2,896	200	793	8,832	92,615
<i>Liabilities and Fund Balances</i>						
Liabilities						
Due to Other Funds						13,100
Total Liabilities	-	-	-	-	-	13,100
<i>Fund Balances</i>						
Restricted	1,309	2,896	200	793	8,832	63,500
Committed						9,625
Assigned						6,390
Total Fund Balances	1,309	2,896	200	793	8,832	79,515
Total Liabilities and Fund Balances	1,309	2,896	200	793	8,832	92,615

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B-4

	<i>Federal/State Programs (Exhibit B-5)</i>	<i>All Other (Exhibit B-6)</i>	<i>Total</i>
Revenues			
Intergovernmental Revenues	1,916,879		1,916,879
Interest	2,083	647	2,730
Fair Value Increases (Decreases)	(2,783)	(852)	(3,635)
Other Local Sources	4,043	28,510	32,553
Total Revenues	1,920,222	28,305	1,948,527
Expenditures			
General Government	7,700		7,700
Public Safety	7,954	-	7,954
Public Works	61,067		61,067
Cultural & Recreation	165,859	18,855	184,714
Health & Welfare		-	-
Capital Improvement	1,694,154		1,694,154
Other	164,596	7,939	172,535
Total Expenditures	2,101,330	26,794	2,128,124
Excess of Revenues Over (Under) Expenditures	(181,108)	1,511	(179,597)
Other Financing Sources (Uses)			
Transfers from Other Funds	22,064	1,000	23,064
Transfers to Other Funds	(29,563)	-	(29,563)
Total Other Financing Sources (Uses)	(7,499)	1,000	(6,499)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(188,607)	2,511	(186,096)
Fund Balance - July 1	947,979	77,004	1,024,983
Fund Balance - June 30	759,372	79,515	838,887

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, 2013

	Community Business Development	CDBG Microloans Grant	2011 CDBG Home Repair Network Grant	2012 CDBG Home Repair Network Grant	CDBG Multi- Unit Housing Assistant Grant	CDBG Downtown Revitalization	CDBG Comm. Enterprise Downtown Fascade	ARRA Energy Planning Grant	CDBG Lindsay Brook Public Infrastructure
Revenues									
Microloan Payments	906	287							
Intergovernmental Revenues			538,155	773,670	231,780	41,899	108,950	1,836	
Interest	2,042	41							
Fair Value Increases(Decreases)	(2,729)	(54)							
Local Sources					2,850				
Total Revenues	219	274	538,155	773,670	234,630	41,899	108,950	1,836	-
Expenditures									
New Loans/Loans forgiven	149,211	15,385							
Administration					38,582		1,900		1,357
Professional Services									
Contractors					196,048	36,849	108,950	7,700	
Capital Improvement			538,155	773,670					
Equipment									
Other									
Total Expenditures	149,211	15,385	538,155	773,670	234,630	36,849	110,850	7,700	1,357
Excess of Revenues Over (Under) Expenditures	(148,992)	(15,111)	-	-	-	5,050	(1,900)	(5,864)	(1,357)
Other Financing Sources (Uses) Transfers from Other Funds Transfers to Other Funds								1,920	(15,737)
Total Other Financing Sources (Uses)	-	-	-	-	-	12,945	-	1,920	(15,737)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(148,992)	(15,111)	-	-	-	17,995	(1,900)	(3,944)	(17,094)
Fund Balance - July 1	556,685	199,953	-	-	-	-	1,900	3,944	17,094
Fund Balance - June 30	407,693	184,842	-	-	-	17,995	-	-	-

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, 2013

	Comm. For Me's Future Grant	2010 Emergency Mngt. Perf. Grant	SHIP Floods & Pflings Grant	Recycling Capital Investment Grant	2010 Quality Community Grant	2010 Project Canopy Grant	MDOT Gateway Round I
Revenues							
Microloan Payments							
Intergovernmental Revenues			149,637		25,152	3,303	12,536
Interest							
Fair Value Increases(Decreases)							
Local Sources							
Total Revenues	-	-	149,637	-	25,152	3,303	12,536
Expenditures							
New Loans							
Administration		4,033					
Professional Services							
Contractors			161,329		23,652	2,000	12,960
Capital Improvement							
Equipment							
Other							
Total Expenditures	-	4,033	161,329	-	23,652	2,000	12,960
Excess of Revenues Over (Under) Expenditures	-	(4,033)	(11,692)	-	1,500	1,303	(424)
Other Financing Sources (Uses)							
Transfers from Other Funds			3,359				880
Transfers to Other Funds							(13,826)
Total Other Financing Sources (Uses)	-	-	3,359	-	(13,826)	-	880
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(4,033)	(8,333)	-	(12,326)	1,303	456
Fund Balance - July 1	115,300	21,167	8,333	1,064	12,326	-	(456)
Fund Balance - June 30	115,300	17,134	-	1,064	-	1,303	-

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	MDOT Gateway Round 2	MDOT WIN Grant	Police N.A.D.D.I. Grant	2009		2011		2012		Wellness Grant	Brownsfield Grant	Total
				Dept. of Justice Burnes Grant	Dept. of Justice Burnes Grant	Dept. of Justice Burnes Grant	Small Community Grant	Dept. of Justice Burnes Grant				
Revenues												
Microloan Payments	9,530	2,863		4,110	2,831	6,097	4,530					1,193
Intergovernmental Revenues												1,916,879
Interest												2,083
Fair Value Increases(Decreases)												(2,783)
Local Sources												2,850
Total Revenues	9,530	2,863	-	4,110	2,831	6,097	4,530	-	-	-	4,530	1,920,222
Expenditures												
New Loans												164,596
Administration												44,515
Professional Services												4,943
Contractors	9,178	5,823				6,097	3,586				944	571,530
Capital Improvement												1,311,825
Equipment												-
Other				3,921								3,921
Total Expenditures	9,178	5,823	-	3,921	-	6,097	4,530	-	-	-	4,530	2,101,330
Excess of Revenues Over (Under) Expenditures	352	(2,960)	-	189	2,831	-	-	-	-	-	-	(181,108)
Other Financing Sources (Uses)												
Transfers from Other Funds		2,960										22,064
Transfers to Other Funds												(29,563)
Total Other Financing Sources (Uses)	-	2,960	-	-	-	-	-	-	-	-	-	(7,499)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	352	-	-	189	2,831	-	-	-	-	-	-	(188,607)
Fund Balance - July 1	679	-	855	424	55	-	8,150	506	-	-	-	947,979
Fund Balance - June 30	1,031	-	855	613	2,886	-	8,150	506	-	-	-	759,372

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Shore Village Museum	Police DARE	Skateboard Park Project	RCHP Scholarship Trust	Berlowsky Park	Elizabeth Tyrell Trust	Odor Study
Revenues							
Intergovernmental Revenues		269				7,753	
Other Local Sources	112	90	2	367	70		
Interest	(150)	(121)		(487)	(94)		
Fair Value Increases (Decreases)							
Total Revenues	(38)	238	2	(120)	(24)	7,753	-
Expenditures							
Public Safety Programs							
Repairs and Maintenance							
Contractors							
Scholarships				1,000			
Supplies/Materials							
Insurance							
Miscellaneous							
Total Expenditures	-	-	-	1,000	-	-	-
Excess of Revenues Over (Under) Expenditures	(38)	238	2	(1,120)	(24)	7,753	-
Other Financing Sources (Uses) Transfer from Other Funds Transfer to Other Funds							
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(38)	238	2	(1,120)	(24)	7,753	-
Fund Balance (Deficit) - July 1	870	1,846	1,374	15,964	4,144	26,316	2,098
Fund Balance - June 30	832	2,084	1,376	14,844	4,120	34,069	2,098

**CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Middle Country Public Library	Harbor Trail	Green Downtown Trail	YMCA Gen. Assist. Grant	Coast Guard	Veterans Memorial	Total
Revenues							
Intergovernmental Revenues							-
Other Local Sources					8,283	12,205	28,510
Interest					1	5	647
Fair Value Increases (Decreases)							(852)
Total Revenues	-	-	-	-	8,284	12,210	28,305
Expenditures							
Public Safety Programs							-
Repairs and Maintenance							-
Contractors		1,346	6,104				7,450
Scholarships							1,000
Supplies/Materials	1,191				10,214		11,405
Insurance							-
Miscellaneous						6,939	6,939
Total Expenditures	1,191	1,346	6,104	-	10,214	6,939	26,794
Excess of Revenues Over (Under) Expenditures	(1,191)	(1,346)	(6,104)	-	(1,930)	5,271	1,511
Other Financing Sources (Uses)							
Transfer from Other Funds					1,000		1,000
Transfer to Other Funds							-
Total Other Financing Sources (Uses)	-	-	-	-	1,000	-	1,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,191)	(1,346)	(6,104)	-	(930)	5,271	2,511
Fund Balance (Deficit) - July 1	2,500	7,408	9,000	200	1,723	3,561	77,004
Fund Balance - June 30	1,309	6,062	2,896	200	793	8,832	79,515

CITY OF ROCKLAND
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

Exhibit C-1

<i>Assets</i>	<i>Pump Station/CSO Project</i>	<i>Capital Improvements Program</i>	<i>Public Works Big Dig Project</i>	<i>Capital Reserve Funds</i>	<i>Total</i>
Cash		856,383	37,115	719,252	1,612,750
Investments		40,012		844,025	884,037
Due from Other Governments		-	177,421		177,421
Due from Other Funds	206,002	54,202		736,972	997,176
Total Assets	206,002	950,597	214,536	2,300,249	3,671,384
<i>Liabilities and Fund Balances</i>					
<i>Liabilities</i>					
Accounts Payable		-			-
Retainage Payable					-
Due to Other Funds		375,124	54,202	729,899	1,159,225
Total Liabilities	-	375,124	54,202	729,899	1,159,225
<i>Fund Balances</i>					
Restricted	206,002	528,639	160,334		894,975
Committed		46,834		1,570,350	1,617,184
Total Fund Balances	206,002	575,473	160,334	1,570,350	2,512,159
Total Liabilities and Fund Balances	206,002	950,597	214,536	2,300,249	3,671,384

Exhibit C-2

CITY OF ROCKLAND
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENSES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	Pump Station/CSO Project	Capital Improvements Program	Public Works Big Dig Project	Capital Reserve Funds	Total
Revenues					
Intergovernmental Revenue			261,500		261,500
Local Sources				4,400	4,400
Change in Fair Value			18	(44,168)	(44,168)
Interest				33,049	33,067
Total Revenues	-	-	261,518	(6,719)	254,799
Expenditures					
Capital Outlay		1,032,183	344,144	45,140	1,421,467
Repairs & Maintenance			203,292	19,748	19,748
Debt Service				1,265	203,292
Other					1,265
Total Expenditures	-	1,032,183	547,436	66,153	1,645,772
Excess of Revenues Over (Under) Expenditures	-	(1,032,183)	(285,918)	(72,872)	(1,390,973)
Other Financing Sources (Uses)					
Loan Proceeds		648,400			648,400
Transfers from Other Funds		36,249	84,391	97,087	217,727
Transfers to Other Funds		(84,390)		(360,000)	(444,390)
Total Other Financing Sources (Uses)	-	600,259	84,391	(262,913)	421,737
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(431,924)	(201,527)	(335,785)	(969,236)
Fund Balance - July 1	206,002	1,007,397	361,861	1,906,135	3,481,395
Fund Balance - June 30	206,002	575,473	160,334	1,570,350	2,512,159

CITY OF ROCKLAND
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C-3

	Balance July 1	Transfers	Revenues	Lease/Loan Proceeds	Total Available	Expenditures	Transfer From(To) Unreserved	Balance June 30
<i>City Projects</i>								
Road Construction	14,798				14,798			14,798
Drainage Projects	1,597				1,597			1,597
Lindsey Brook Rehab	169,177	15,737			184,914			184,914
Roads and Sidewalks	4,327				4,327			4,327
Recycling Facility Improvement	5,697				5,697	(3,900)		1,797
Ambulance	(5,512)	5,512			-			-
Sign Van	8,000				8,000			8,000
Monitoring Well Landfill	8,681				8,681			8,681
Fire/EMS Command Vehicle	409				409			409
FD Fire Hose Upgrade/Replacement	2,229				2,229			2,229
Harbor & Waterfront Wreck Removal	9,893				9,893		(9,893)	-
Solid Waste Gas Collection System	22,360				22,360	(7,494)		14,866
Solid Waste Loader	1,500				1,500			1,500
Solid Waste Hydrogen Peroxide Storage and Distribution	37,200				37,200	(52,200)		-
Solid Waste New Gate House	15,000	15,000			30,000	(15,000)		-
Solid Waste Compactor	-			300,000	300,000	(222,000)		78,000
Fire Rescue Pumper	1,019				1,019			1,019
Police Upgrade Radar Units	769				769			769
PW Reline Sewer Upper Pleasant	84,391	(84,391)			-			-
PW Replace 12" Drain Park Street	3,464				3,464		(3,464)	-
PW Replace Thomaston Meadow Rd. Bridge	54,792				54,792			54,792
PW Replace Thomaston St. Marsh Brook Culvert	23,360				23,360	(1,224)	(22,136)	-
PW 13 Sidewalk Machine	-				-			-
Summer Street Sewer Line 2012	-			135,000	135,000	(109,873)		25,127
Sewer/Storm Water Camera 12	-			20,400	20,400	(4,594)		15,806
Penbay Acres Drainage	-			91,800	91,800	(91,268)		532
Sewer Camera Lease	-				-	(6,026)		(6,026)
Finance Munis Software	8,600			40,000	40,000	(40,000)		-
Library Gutters	(16,600)			8,600	8,600	(6,348)		2,252
Library Lighting & Insulation Project	19,524			(16,600)	19,524		16,600	-
Library Chimney	-				-	(3,465)		16,059
Recreation Center	497,567			61,200	61,200	(53,895)		7,305
Municipal Fish Pier Underground Elec.	7,214			497,567	497,567	(414,895)		82,672
				7,214	7,214			7,214
City Committed Balances	979,456	(48,142)	-	648,400	1,579,714	(1,032,182)	(18,893)	528,639
Total Committed Balances	979,456	(48,142)	-	648,400	1,579,714	(1,032,182)	(18,893)	528,639
Unassigned	27,941			27,941	27,941		18,893	46,834
Total CIP	1,007,397	(48,142)	-	648,400	1,607,655	(1,032,182)	-	575,473

CITY OF ROCKLAND
 CAPITAL RESERVE FUNDS
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C-4

Reserve Fund	Fund	New Funds	Transfers	Interest/ Dividends	Increase (Decrease) In Fair Value	Expenditures	Fund
	Balance July 1		From (To) Other Funds				Balance June 30
Sewer Depreciation	159,323			280	(374)		159,229
Sewer Equipment	181			34	(46)		169
Industrial Park Land Sales	83,093			1,745	(2,331)		82,507
City Land Sales	102,809	4,400		722	(965)	(45,140)	61,826
Audio Visual Reserve	5,108			141	(188)		5,061
Ground Cover Reserve	17,143			360	(481)		17,022
Recreation Reserve	416			58	(78)		396
Sewer Renewal and Replacement Reserve	539,767		(360,000)	15,571	(20,810)		174,528
Civil War Artifacts Reserve	19,496			404	(539)	(1,265)	18,096
Emergency Medical Reserve	18,982			398	(533)		18,847
Landfill Closure Reserve	309,178			6,490	(8,674)		306,994
Ladder Truck Reserve	13,332			280	(374)		13,238
Landfill Perpetual Care Reserve	364,600		64,759	1,438	(1,921)	(19,748)	409,128
Sewer CIP Reserve	14,258			2,677	(3,579)		13,356
Fire Department Building Reserve	60,236		14,328	482	(644)		74,402
Transfer Station Capital Equipment Reserve	195,613		15,000	1,969	(2,631)		209,951
Port Development Reserve	2,600		3,000				5,600
Total	1,906,135	4,400	(262,913)	33,049	(44,168)	(66,153)	1,570,350

CITY OF ROCKLAND
 PERMANENT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

Exhibit D-1

<i>Assets</i>	<i>Cemetery</i>	<i>Haines Charity</i>	<i>Keywood Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
Cash	11,188	86,563				97,751
Investments	48,123	180,061	72,627	64,168	28,830	393,809
Due From Other Funds						-
Loans Receivable		30,798				30,798
Total Assets	59,311	297,422	72,627	64,168	28,830	522,358
<i>Liabilities and Fund Balances</i>						
<i>Liabilities</i>						
Due to Other Funds	43,873	49,977			-	93,850
Total Liabilities	43,873	49,977	-	-	-	93,850
<i>Fund Balances (Deficit)</i>						
Non-Spendable		57,581		50,000	17,800	125,381
Restricted	15,438	189,864	72,627	14,168	11,030	303,127
Unassigned						-
Total Fund Balances	15,438	247,445	72,627	64,168	28,830	428,508
Total Liabilities and Fund Balances	59,311	297,422	72,627	64,168	28,830	522,358

CITY OF ROCKLAND
 PERMANENT FUNDS
 COMBINING BALANCE SHEET - ALL OTHER
 JUNE 30, 2013

Exhibit D-2

<i>Assets</i>	<i>Cleveland/ Bostick Library</i>	<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
Cash					
Investments	10,093	6,755	5,488	6,494	28,830
Due from Other Funds					-
Loans Receivable					-
Total Assets	10,093	6,755	5,488	6,494	28,830
 <i>Liabilities and Fund Balances</i>					
Liabilities					
Due to Other Funds					-
Total Liabilities					-
Fund Balances					
Non-Spendable	10,000	1,000	200	6,600	17,800
Restricted	93	5,755	5,288	(106)	11,030
Total Fund Balances	10,093	6,755	5,488	6,494	28,830
Total Liabilities and Fund Balances	10,093	6,755	5,488	6,494	28,830

CITY OF ROCKLAND
PERMANENT FUNDS

STATEMENT OF ACTIVITY - ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit D-3

	Cemetery	Haines Charity	Keyword Library	Leach Library	All Other (Exhibit D-4)	Total
Revenues						
Local Sources		97				97
Investment Income	1,463	4,595	1,320	1,121	505	9,004
Fair Value Increases (Decreases)	(428)	(6,103)	(1,690)	(1,475)	(664)	(10,360)
Total Revenues	1,035	(1,411)	(370)	(354)	(159)	(1,259)
Expenditures						
Charity		10,242				10,242
Capital Improvements						-
Total Expenditures	-	10,242				10,242
Excess of Revenues Over (Under) Expenditures	1,035	(11,653)	(370)	(354)	(159)	(11,501)
Other Financing Sources (Uses)						
Transfer From Other Funds						-
Transfer to Other Funds			(6,934)	(1,513)	(820)	(9,267)
Total Other Financing Sources (Uses)	-	-	(6,934)	(1,513)	(820)	(9,267)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,035	(11,653)	(7,304)	(1,867)	(979)	(20,768)
Fund Balance - July 1	14,403	259,098	79,931	66,035	29,809	449,276
Fund Balance - June 30	15,438	247,445	72,627	64,168	28,830	428,508

CITY OF ROCKLAND
 PERMANENT FUNDS
 STATEMENT OF ACTIVITY - ALL OTHER
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit D-4

	Cleveland/ Bostick Library	Flower	Monroe Highway	Other Library	Total
Revenues					
Investment Income	176	116	95	118	505
Fair Value Increases (Decreases)	(232)	(155)	(126)	(151)	(664)
Total Revenues	(56)	(39)	(31)	(33)	(159)
Expenditures					
Abatements					-
Cemetery Care					-
Total Expenditures					-
Excess of Revenues Over (Under) Expenditures	(56)	(39)	(31)	(33)	(159)
Other Financing Sources (Uses) Transfer to Other Funds	(273)			(547)	(820)
Total Other Financing Sources (Uses)	(273)			(547)	(820)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(329)	(39)	(31)	(580)	(979)
Fund Balance - July 1	10,422	6,794	5,519	7,074	29,809
Fund Balance - June 30	10,093	6,755	5,488	6,494	28,830

**CITY OF ROCKLAND
WASTEWATER ENTERPRISE CAPITAL IMPROVEMENTS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013**

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			4,880
Rehab Sea Pro Pump Station	50,000			50,000			50,000
Sand & Paint Clarifier	25,000			25,000			25,000
Resinous Floor Coat	30,000			30,000			30,000
Enlarge Door GBT Room	8,000			8,000			8,000
WWTP Reline Sewer Pipe	55,500			55,500			55,500
WWTP 50% Aeration Cover	33,830			33,830			33,830
	207,210	-	-	207,210	-	-	207,210
Wastewater Designated Balances							

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

March 26, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of and for the year ended June 30, 2013, 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 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 the City of Rockland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rockland, Maine's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material weakness of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2013-01 to 2013-04.

A significant deficiency is a deficiency, or 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. We did not identify any significant deficiencies.

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*.

City of Rockland, Maine's Response to Findings

City of Rockland, Maine's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Rockland, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRULAR A-133***

March 26, 2014

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

Report on Compliance for Each Major Federal Program

We have audited the City of Rockland, Maine's compliance with the types of compliance requirements described in the *OMB 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, 2013. 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-5 and 2013-6. Our opinion on each major federal program is not modified with respect to these matters.

City of Rockland's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Rockland's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Rockland, Maine is responsible for establishing and maintaining effective internal controls 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.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

SCHEDULE I
CITY OF ROCKLAND
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

***Auditor's
Reference
Number***

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2012-01 RECONCILIATION OF ACCOUNTS RECEIVABLE

Criteria: Accounts Receivable need to be reconciled on a monthly basis to ensure accurate financial records.

Condition: Some accounts receivable reconciliations were attempted during the year but were not completed for June 30, 2012 balances. Accounts receivable reconciliations were done 6 to 8 months after year end and throughout the audit fieldwork.

Effect: Failure to finalize monthly reconciliations allows errors and adjustments to go uncorrected, and inaccurate and incomplete financial records. Additional time was spent reviewing reconciliations and waiting for them to be completed.

Recommendation: We recommend that the City's accounts receivable be reconciled on a monthly basis and all adjustments necessary be made timely. We recommend that management monitor this situation to ensure that reconciliations are finalized in a timely manner.

Management's Response: Management has cross trained employees in this area, currently reconciliations are being done monthly. The Finance Director is reviewing the reconciliations each month to make sure it balances to the general ledger.

Current Year Condition: Accounts receivable are being reconciled on a monthly basis, however, the loans receivable need to be reconciled to the activity in the general ledger.

2012-02 RECONCILIATION OF CAPITAL IMPROVEMENT PROJECTS

Criteria: The City has a separate fund to account for capital improvement projects. There are several different funding sources for these projects, which should be reflected in the capital improvement fund.

Condition: There were several transfers not recorded in the capital improvement fund. There were also various projects that ended and required additional transfers to correct balances.

Effect: Inaccurate and incomplete financial records and additional time required to determine the ending balances for the capital projects.

Recommendation: We recommend that the City post all funding sources and expenditures in the capital improvement fund and that projects be tracked monthly to monitor balances timely.

Management's Response: Management concurs with the finding and will make sure entries are being done to transfer monies from one account to another. Negative balances have always been taken care of during the audit process as some projects are allowed to be over expended if it can be covered but another project that was under spent.

Current Year Condition: Reconciliations are improved and the finding was removed.

2012-03 CAPITAL PROJECT EXPENDITURES – LIBRARY GUTTERS

Criteria: The City has a separate fund to account for capital improvement projects. Funding for these projects are approved before expenditures made.

Condition: The City spent money for library gutters without a funding source. The project was originally part of a 2010 bond that was voted down.

Effect: The City spent the money for the library gutters and still has not voted on how this project will be funded. The project is being carried at a deficit.

Recommendation: We recommend that the City approve all funding sources for projects before expenditures are made.

Management's Response: Management concurs with the finding. The procedure for projects has changed. All projects are now run through the finance office to make sure funding is in place.

Current Year Condition: There were no findings for expenditures being made before funding was approved.

2012-04 CAPITAL PROJECT EXPENDITURES - AMBULANCE

Criteria: The City has a separate fund to account for capital improvement projects. Funding for these projects are approved before expenditures made.

Condition: The City spent money for an ambulance without having all the funding to pay for the project. Transfers from reserves in the amount of \$149,193 were budgeted but only \$56,250 was available to transfer from the ems fund. Of the \$92,943 balance remaining, \$87,431 was taken from the beginning balance of ems utility vehicle project, leaving a deficit of \$(5,512) on June 30, 2012. The deficit balance will need to be funded in fiscal year 2013.

Effect: The City spent the money for the ambulance and did not have all the funds available. The project is being carried at a deficit.

Recommendation: We recommend that the City make sure all project funding is available before the expenditures are made.

Management's Response: Management thought they had the funding available and invested with Bar Harbor Bank and Trust. Auditors pointed out during their field work that these funds were not available but part of the undesignated balance. Finance Director recommends that the City and auditors review all funds invested with Bar Harbor Bank and Trust to prevent this from happening in the future.

Current Year Condition: Funding for the ambulance deficit was approved.

2012-05 WASTEWATER PROJECT ACTIVITY NOT POSTED TO THE GENERAL LEDGER

Criteria: All revenues and expenditures should go through the City's normal cash receipts and disbursements processes to ensure timely and accurate reporting.

Condition: The City's new public works project and the ongoing pcf project were not recorded through the cash receipts or warrant process. General ledger entries were made after year end to record some of the activity for the projects, however, not all the activity was included. Accounts payable and retainage payable was not recorded.

Effect: Inaccurate and incomplete financial records and additional time required to determine the revenues and expenditures appropriate for each project.

Recommendation: We recommend that the City post all funding sources and expenditures for each project through the cash receipt and disbursement procedures currently established. We also recommend the City record accounts payable and retainage payable at year end.

Management's Response: Management concurs with the finding. This finding was noted in FY11 which was presented towards the end of FY12, this practice has stopped. The City now cuts all checks from the General Fund warrant process and reimburses itself with project funds.

Current Year Condition: This finding was removed for the current year.

2012-06 RECONCILIATION OF GRANT FUNDS

Criteria: The City has a separate fund to account for grants. All activity should be recorded in this fund and reconciled.

Condition: Prior year grant receivables were not reversed and current year grant receivables were not recorded. Grant expenditures were charged to incorrect accounts and incorrect funds. Some transfers to the grants were not recorded. Police grants were recorded in both the grant fund and the general fund. Administration fees for the grants were not recorded.

Effect: Inaccurate and incomplete financial records and additional time required to determine the ending balances for the grants.

Recommendation: We recommend that the City post all grant activity in the grant fund. We also recommend the City reconcile the grant fund to the grant documents.

Management's Response: The Finance Department reconciles cash and expenditures in each grant. Finance will work with the individuals responsible for the grants to make sure all info is received and set up in the grant fund.

Current Year Condition: This finding remained for the current year.

2012-07 EMERGENCY MEDICAL FUND

Criteria: Emergency medical accounts receivable prior variances and issues should be followed up on and current outstanding balances should be reviewed.

Condition: During the previous fiscal year the City changed billing providers and during the transition, there were issues with old accounts receivables. Some previous accounts receivable were added by the new billing company, but not all of them. The issues found were not followed up on and corrected and remain outstanding. Receipts for the current year were accounted for with the exception of receipts for old balances outstanding. They were corrected during the audit and new balances calculated. Current old outstanding balances receivable are not being actively pursued now and should be reviewed.

Effect: Inaccurate and incomplete financial records.

Recommendation: We recommend that the City follow up on prior issues with the billing company and correct problems with duplicate balances included in the aged trial balance. We also recommend that the City request monthly statements from the billing company and follow up on reports if not provided timely and that management provide a reconciliation of outstanding items monthly to the billing company in order to ensure timely answers are provided. Management should review the large list of old outstanding balances due and determine a course of action to eliminate them.

Management's Response: Finance reconciles the cash collected by the city is correctly posted by the billing company. The procedure has been to resend any items that vary from billing company to the city books, finance will follow up on a more regular basis to correct issues.

Current Year Condition: A finding remains for the current year regarding the aged trial balance and variances in the reports received and for addressing old accounts receivable.

2012-08 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 Condition: This finding remains during fiscal year 2013.

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

2012-09

Major Program: USDA Loans for Wastewater Projects

CFDA#10.760

Federal Agency: Department of Agriculture

Criteria: Per OMB A-133, cash reimbursement requests should not be include for the same expenditures.

Condition: During the course of our test work, we selected 43 expenditures for testing and noted 1 instance in which the legal bill was requested for reimbursement on both the pcf project and the big dig project.

Questioned Costs: \$3,494.

Effect: The City was reimbursed twice for the same expenditure.

Recommendation: We recommend the City establish a procedure to ensure that expenditures are reimbursed from the correct project and only reimbursed once.

Management's Response: Management concurs with the finding and will make sure that the proper invoices are expensed correctly.

Current Year Condition: This finding was removed for the current year.

2012-10

Major Program: USDA Cluster, CDBG Cluster

CFDA#10.760, 14.228

Federal Agency: Department of Agriculture, Housing and Urban Development

Criteria: Per OMB A-133, the single audit report for fiscal year 2011 must be submitted by March 31, 2012 and the current single audit report must be submitted by March 31, 2013.

Condition: The single audit report for June 30, 2011 and 2012 was not submitted before the deadline.

Questioned Costs: There are no questioned costs identified.

Effect: The City cannot be considered a low-risk auditee.

Recommendation: We recommend the City implement recommendations given for all other findings in order to make the City's internal control more effective and the audit process more efficient in order to meet the filing deadline.

Management's Response: Management concurs with the condition. Management believes an earlier start date for audit would prevent this in the future.

Current Year Condition: This finding remains for the current year.

*SCHEDULE II
CITY OF ROCKLAND, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013*

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Rockland.
2. Reportable conditions relating to the audit of the financial statements are 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*.
3. No instances of noncompliance material to the financial statements of the City of Rockland were disclosed during the audit.
4. Two reportable conditions relating to the audit of the major federal award programs are 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 on all major federal programs.
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

2013-01 RECONCILIATION OF ACCOUNTS RECEIVABLE

Criteria: Accounts Receivable need to be reconciled to the general ledger to ensure accurate financial records.

Condition: Accounts receivable for loans were not reconciled to the activity in the general ledger for June 30, 2013 balances. Loans receivable for individuals were kept but not reconciled to the activity posted to accounts.

Effect: Failure to reconcile balances to the activity posted allows errors and adjustments to go uncorrected, and inaccurate and incomplete financial records.

Recommendation: We recommend that the City's loan balances be reconciled with the activity posted to the general ledger accounts.

Management's Response: Management has changed their practice in billing which made it hard to reconcile loan accounts. Loan accounts are now reconciled to general ledger activity and old loans that need to be written off have been put back on reconciliation.

2013-02 RECONCILIATION OF GRANT FUNDS

Criteria: The City has a separate fund to account for grants. All activity should be recorded in this fund and reconciled.

Condition: Prior year grant receivables were not reversed and current year grant receivables were not recorded. Grant expenditures were charged to incorrect accounts and incorrect funds. Some transfers to the grants were not recorded. Police grants were recorded in both the grant fund and the general fund.

Effect: Inaccurate and incomplete financial records and additional time required to determine the ending balances for the grants.

Recommendation: We recommend that the City post all grant activity in the grant fund. We also recommend the City make sure prior year receivables are reversed and current year receivables are recorded.

Management's Response: The Finance Department reconciles cash and expenditures in each grant. Finance will work with the individuals responsible for the grants to make sure all info is received and set up in the grant fund.

2013-03 EMERGENCY MEDICAL FUND

Criteria: Emergency medical accounts receivable variances need to be finalized.

Condition: The City and current outside billing company continue to have issues with receipt variances and previous issues not being resolved. Receipts for the current year were accounted for with the exception of receipts for old balances still being outstanding. There are issues with the aged trial balance having variances from one month to another. Duplicate old accounts receivable need to be removed and the old list should be reviewed for collectability.

Effect: Inaccurate and incomplete financial records.

Recommendation: We recommend that the City follow up on prior issues with the billing company and request that the duplicate balances included in the aged trial balance be taken care of. We also recommend that the City request monthly statements from the billing company and follow up on reports if not provided timely. Management should review the large list of old outstanding balances due and determine a course of action to eliminate them.

Management's Response: The Finance Dept. reconciles the EMS receivables monthly. We have an issue with billing company in where they change beginning balances without documentation to the city. When this happens, the City leaves the variance on the reconciliation as an open item until the billing company can explain what happened and send documentation along. The billing company is working on internal controls to stop this from happening and the City is continuing to monitor the open items to resolve on a faster turnaround.

2013-04 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.

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

2013-05

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 12 contracts for testing and noted 1 instance in which the installation of windows by a general contractor did not comply 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.

2013-6

Major Program: CDBG Cluster

CFDA#14.228

Federal Agency: Housing and Urban Development

Criteria: Per OMB A-133, the single audit report for fiscal year 2011 must be submitted by March 31, 2012 and the single audit report for fiscal year 2012 must be submitted by March 31, 2013.

Condition: The single audit report for June 30, 2011 and 2012 was not submitted before the deadline.

Questioned Costs: There are no questioned costs identified.

Effect: The City cannot be considered a low-risk auditee.

Recommendation: We recommend the City implement recommendations given for all other findings in order to make the City's internal control more effective and the audit process more efficient in order to meet the filing deadline.

Management's Response: Management concurs with the condition. Management believes an earlier start date for audit would prevent this in the future.

CITY OF ROCKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE III

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1	Revenues	Expenditures	Accrued or (Deferred) Revenue at June 30
U.S. Department of Housing and Urban Development:							
Passed Through State Department of Economic and Community Development:							
2011 Home Repair Network Program	14.228	015-19A-05870126331	1,105,000		538,155	(538,155)	-
2012 Home Repair Network Program	14.228	015-19A-05870126331	1,500,000		773,670	(773,670)	-
2011 CDBG Multi Family Housing	14.228	015-19A-05870126631	300,000		231,780	(231,780)	-
CDBG Downtown Revitalization	14.228	015-19A-05870126631	600,000		44,880	(44,880)	-
2011 CDBG Community Enterprise	14.228	015-19A-05870126631	150,000		108,950	(108,950)	-
Total U.S. Department of Housing and Urban Development			3,655,000	-	1,697,435	(1,697,435)	-
U.S. Department of Transportation:							
Passed Through State Department of Transportation:							
MDOT White Limerock Quality Community Program	20.205	013-16A-304D0126401	3,440		2,863	(2,863)	-
2012 HVE Impaired Driving Enforcement	20.600	013-16A-304D0126401	4,906		4,906	(4,906)	-
2013 Drive Sober Maine Impaired Driving	20.600	013-16A-304D0126401	9,775		6,147	(6,147)	-
Total U.S. Department of Transportation			18,121	-	13,916	(13,916)	-
U.S. Department of Agriculture:							
USDA Grant							
Passed Through State Department of Conservation:	10.760	---	261,500		132,907	(132,907)	-
Project Canopy Grant	10.675	---	3,410		2,000	(2,000)	-
Total U.S. Department of Agriculture			264,910	-	134,907	(134,907)	-
U.S. Department of Justice:							
Byrnes' Grant							
Passed Through State Department of Public Safety:	16.804	---	39,491		3,921	(3,921)	-
JAG Grant	16.738	---	6,734		6,097	(6,097)	-
Passed Through State Department of Health and Human Services:							
2013 Underage Drinking Enforcement Grant	16.727	---	7,360		6,469	(6,469)	-
2011 Underage Drinking Enforcement Grant	16.727	---	10,000		1,601	(1,601)	-
Total U.S. Department of Justice			63,585	-	18,088	(18,088)	-
U.S. Department of Energy:							
Passed Through State Department of Public Utilities Commission:							
ARRA Energy Grant	81.128	---	9,180		5,780	(5,780)	-
Total U.S. Department of Energy			9,180	-	5,780	(5,780)	-
U.S. Department of Homeland Security							
Passed Through State Department of Defense, Veterans and EM:							
FEMA	97.036	---	64,876		63,211	(63,211)	-
Total U.S. Department of Homeland Security			64,876	-	63,211	(63,211)	-
U.S. Department of Environmental Protection:							
Brownfield Assessment Program							
Total U.S. Department of Environmental Protection	66.818	---	400,000		4,530	(4,530)	-
U.S. Department of Interior							
Passed Through State Department of Transportation:							
SHIP Grant	15.622	---	100,000		33,333	(33,333)	-
Total U.S. Department of Interior			100,000	-	33,333	(33,333)	-
Total			4,575,672	-	1,971,200	(1,971,200)	-

***CITY OF ROCKLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013***

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 way as they are included in the financial statements of the City of Rockland, Maine in accordance with generally accepted accounting principles.

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.