TOWN OF ROCKLAND, MAINE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

FOR THE FISCAL YEAR
ENDED JUNE 30, 2014

CITY OF ROCKLAND
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

March 26, 2015

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, 2014, 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 Unites States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for out 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, 2014, 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.

295 Main Street • P.O. Box 889 • Ellsworth, Maine 04605

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 proved 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, 2015, 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, 2014

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, 2014. 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, 2014 by $24,933,357 (presented as "net position"). Of this amount, $6,529,487 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position – The City's total net position decreased by $114,683 (a .46% decrease) for the fiscal year ended June 30, 2014. Net position of governmental activities increased by $107,053 (a .7% increase), while net position of business-type activities showed a decrease of $221,736 (a 2.3% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2014, the City's governmental funds reported a combined ending fund balance of $6,573,061 with $1,213,665 being general unassigned fund balance. This unassigned fund balance represents approximately 6.5% of the total general fund expenditures for the year.

Long-term Debt:

The City's total long-term debt obligations decreased by $1,208,816 (8.9%) during the current fiscal year. Governmental debt obligations decreased by $694,985 and proprietary debt obligations decreased by $513,831. New bonds were issued for the following: $50,000 for the Pen Bay drainage project. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The government-wide financial statements can be found on pages 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
64.5% of the City's net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

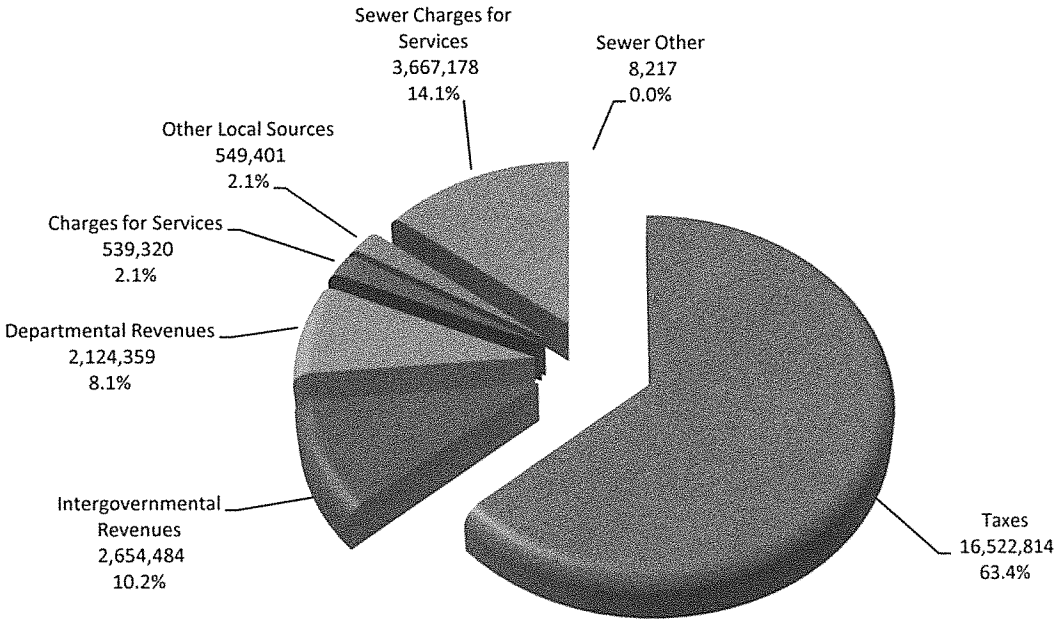
	Governmental Activities	Business-Type Activities	Total 2014	Total 2013
Current Assets	7,991,369	2,230,842	10,222,211	10,252,728
Capital Assets	16,015,835	13,024,038	29,039,873	30,739,590
Total Assets	24,007,204	15,254,880	39,262,084	40,992,318
Current Liabilities	2,088,094	692,421	2,780,515	2,993,924
Other Liabilities	6,170,887	5,347,148	11,518,035	12,930,921
Total Liabilities	8,258,981	6,039,569	14,298,550	15,924,845
Deferred Inflows of Resources				
Prepaid Taxes	30,177		30,177	19,433
Net Position:				
Net Investment in Capital Assets	8,924,199	7,169,434	16,093,633	16,159,722
Restricted	2,017,530	292,707	2,310,237	2,402,862
Unrestricted	4,776,317	1,753,170	6,529,487	6,485,456
Total Net Position	15,718,046	9,215,311	24,933,357	25,048,040
Total Liabilities Deferred Inflows of Resources and Net Position	24,007,204	15,254,880	39,262,084	40,992,318

Changes in Net Position

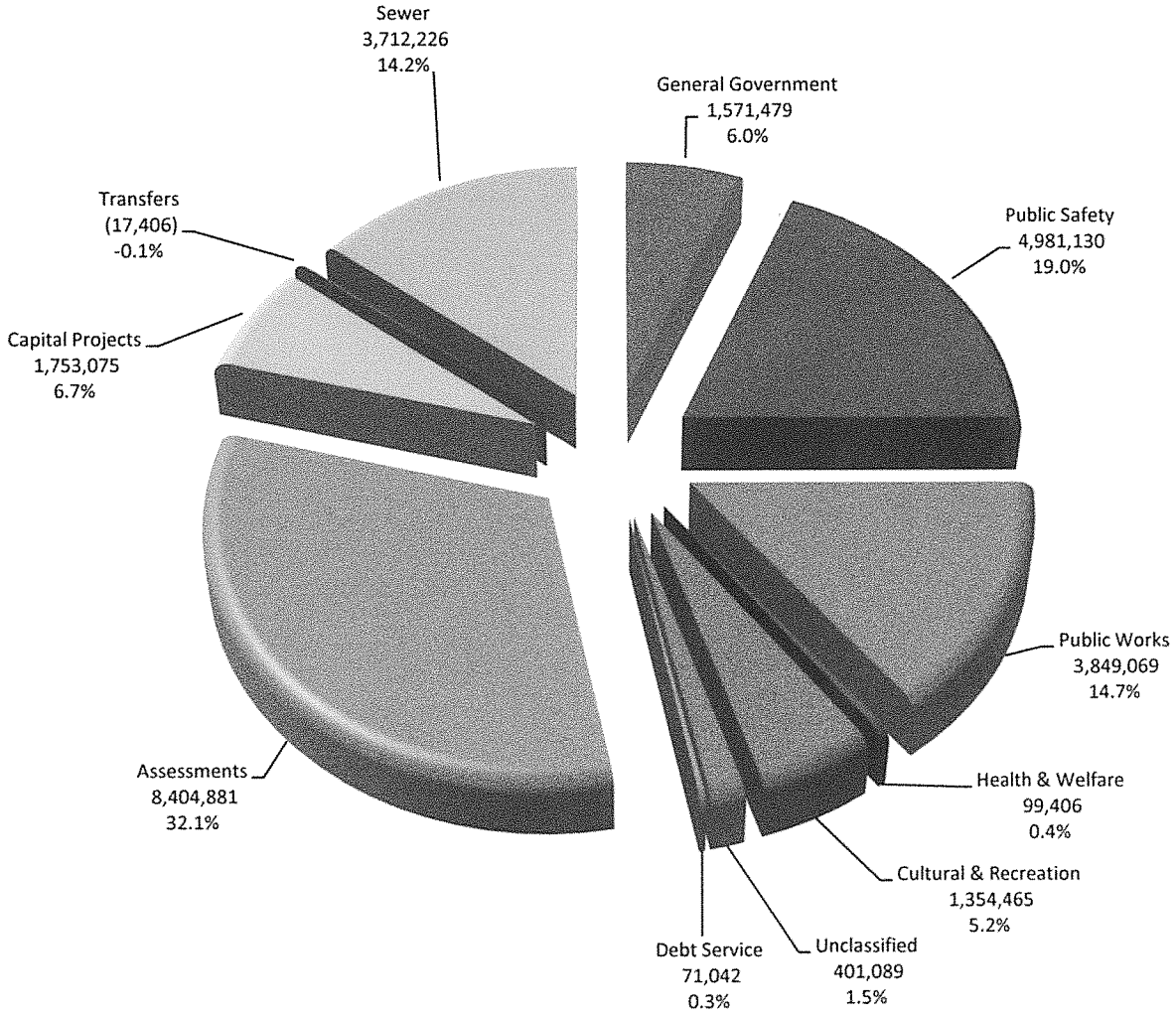
Approximately 63.4 percent of the City's total revenue came from property and excise taxes, approximately 10.2 percent came from State and Federal subsidies and grants, and approximately 26.4 percent came from services, investment earnings and other sources. Depreciation expense on the City's governmental activity assets represents $1,459,909 of the total expenses for the fiscal year and $845,524 of the total business-type activity assets.

	Governmental Activities	Business-Type Activities	Total 2014	Total 2013
Revenues:				
Taxes	16,522,814		16,522,814	16,221,185
Intergovernmental Revenues	2,654,484		2,654,484	3,322,209
Departmental Revenues	2,124,359		2,124,359	2,333,623
Charges for Services	539,320	3,667,178	4,206,498	4,118,075
Other Local Sources	549,401	8,217	557,618	511,437
Total	22,390,378	3,675,395	26,065,773	26,506,529
Expenses:				
General Government	1,571,479		1,571,479	1,607,358
Public Safety	4,981,130		4,981,130	5,026,300
Public Works	3,849,069	3,712,226	7,561,295	7,290,901
Health & Welfare	99,406		99,406	161,340
Cultural & Recreation	1,354,465		1,354,465	1,439,160
Unclassified	401,089		401,089	542,160
Debt Service	71,042		71,042	155,101
Assessments	8,404,881		8,404,881	8,249,991
Capital Projects	1,753,075		1,753,075	1,483,499
(Gain)/Loss on Disposal of Assets	-		-	88,173
Transfer (from)/to Enterprise Fund	(202,311)	184,905	(17,406)	3,000
Total	22,283,325	3,897,131	26,180,456	26,046,983
Changes in Net Position	107,053	(221,736)	(114,683)	459,546

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 $6,573,061, an increase of $164,409 in comparison with the prior year. Approximately 18.4 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

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

- $64,769 positive variance in property tax resulting from supplemental taxes of $9,281 plus a deferred property tax adjustment of 55,488.
- $123,528 positive variance in auto excise tax revenue due to budgeting conservatively in the past few years and seeing an increase in revenue due to citizens purchasing newer vehicles.
- $39,218 positive variance in the municipal fish pier revenue. The previous year's fish pier was not at capacity so the City budgeted the same revenue as the prior year. For FY 14 the pier filled to capacity and all the buyer stations were filled which increased permit revenue and docking fees.
- $58,851 positive variance in the executive department due to the City Manager position being vacant beginning in December 2013.
- $(34,765) negative variance in the community development department. The director advertised in trade journals to entice development in the city. The director also hired a consultant to oversee the multifamily housing projects going on throughout the city.
- $68,564 positive variance in the police department. The department was short staffed during the year from retirements resulting in savings from most of the payroll accounts.
- $73,757 positive variance in the other unclassified accounts. As part of the FY 14 budget, the city experienced layoffs. Monies were budgeted to help individuals while they were looking for jobs. The layoffs did not happen until after the fiscal year had started and the additional pay and health insurance offered was different than the budgeted assumptions.
- $(63,502) negative variance in capital lease payments. Equipment that was traded during the previous year had one more lease payment that was not budgeted for.
- $(422,052) negative variance in transfer station landfill revenue. Less tonnage was brought in than predicted and there was more competition in the field of accepting C&D at a lower per ton rate.

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 $62,599,204, net of accumulated depreciation of $33,559,331, leaving a net book value of $29,039,873. Current year additions include $72,747 for paving, $96,895 for the Pen Bay Acres drainage project, $45,615 for wastewater equipment, $63,542 for wastewater equipment and $164,982 in construction work in process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Rockland, 270 Pleasant Street, Rockland, ME 04841.

CITY OF ROCKLAND
STATEMENT OF NET POSITION
JUNE 30, 2014

Exhibit A

Assets	*Governmental Activities*	*Business-Type Activities*	*Total*
Cash and Equivalents	2,696,293	150	2,696,443
Investments	3,124,954	1,513	3,126,467
Receivables			
Taxes	1,399,060		1,399,060
Tax Liens	336,962		336,962
Accounts	82,640	49	82,689
User Fees, net	611,434	829,657	1,441,091
Loans	570,465		570,465
Tax Acquired Property	54,178		54,178
Prepaid Expenses	195,153	36,914	232,067
Due From Other Governments	262,383		262,383
Internal Balances	(1,342,153)	1,362,559	20,406
Capital Assets:			
Land	841,671	1,102	842,773
Other Capital Assets, Net of Depreciation	11,047,682	13,022,936	24,070,618
Construction Work In Process	4,126,482	-	4,126,482
Total Assets	**24,007,204**	**15,254,880**	**39,262,084**
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts Payable	6,175		6,175
Accrued Salaries	12,477	2,417	14,894
Payroll Taxes / Deductions	52,125		52,125
Deposits Payable	19,303		19,303
Compensated Absences Payable	1,077,265	96,474	1,173,739
Accrued Interest Payable		86,074	86,074
Long-term Liabilities:			
Due Within One Year	920,749	507,456	1,428,205
Due in More Than One Year	6,170,887	5,347,148	11,518,035
Total Liabilities	8,258,981	6,039,569	14,298,550
Deferred Inflows of Resources			
Prepaid Taxes	30,177		30,177
Total Deferred Inflows of Resources	30,177	-	30,177
Net Position			
Net Investment in Capital Assets	8,924,199	7,169,434	16,093,633
Restricted Net Position	2,017,530	292,707	2,310,237
Unrestricted	4,776,317	1,753,170	6,529,487
Total Net Position	15,718,046	9,215,311	24,933,357
Total Liabilities, Deferred Inflows of Resources and Net Position	**24,007,204**	**15,254,880**	**39,262,084**

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

CITY OF ROCKLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit B

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs		*Fees, Fines, and Charges for*		*Total*	*Total*	
Primary Government	*Expenses*	*Services*	*Operating Grants*	*Governmental Activities*	*Business-like Activities*	*Total*
Governmental Activities						
General Government	1,571,479	160,816		(1,410,663)		(1,410,663)
Public Safety	4,981,130	637,055	37,275	(4,306,800)		(4,306,800)
Public Works	3,849,069	1,425,618	4,700	(2,418,751)		(2,418,751)
Health & Welfare	99,406		30,217	(69,189)		(69,189)
Cultural & Recreation	1,354,465	442,509	3,000	(908,956)		(908,956)
Unclassified	401,089		22,255	(378,834)		(378,834)
Debt Service	71,042			(71,042)		(71,042)
Assessments	8,404,881			(8,404,881)		(8,404,881)
Capital Projects	1,753,075		1,656,995	(96,080)		(96,080)
Total Governmental Activities	22,485,636	2,665,998	1,754,442	(18,065,196)		(18,065,196)
Business-type Activities:						
Wastewater	3,712,226	3,667,178	-		(45,048)	(45,048)
Total Business-type Activities	3,712,226	3,667,178	-	-	(45,048)	(45,048)
Total Primary Government	26,197,862	6,333,176	1,754,442	(18,065,196)	(45,048)	(18,110,244)
General Revenues:						
Taxes						
Property				15,565,816		15,565,816
Auto Excise				956,998		956,998
Intergovernmental Revenues				928,556		928,556
Interest/Change in Fair Value				104,156		104,156
Other Local Sources				414,412	8,217	422,629
Transfers (to)/from Fiduciary Funds				17,406		17,406
Transfers between Enterprise Fund				184,905	(184,905)	-
Total Revenues, Special Items and Transfers				18,172,249	(176,688)	17,995,561
Changes in Net Position				107,053	(221,736)	(114,683)
Net Position - Beginning				15,610,993	9,437,047	25,048,040
Net Position - Ending				15,718,046	9,215,311	24,933,357

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

CITY OF ROCKLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

Assets	*General Fund*	*Federal/ State Programs*	*Capital Improvement Reserves*	*Other Governmental Funds*	*Total Governmental Funds*
Cash and Equivalents	1,602,605	1,705	630,286	461,697	2,696,293
Investments	1,541,052	101,105	974,410	508,387	3,124,954
Taxes Receivable	1,399,060				1,399,060
Tax Liens Receivable	336,962				336,962
Accounts Receivable	82,640				82,640
User Fees Receivable	611,434				611,434
Loans Receivable	-	292,631		277,834	570,465
Tax Acquired Property	54,178				54,178
Prepaid Expense	195,153				195,153
Due from Other Governments	53,777	208,606		-	262,383
Due from Other Funds	1,900,972	270,402	587,649	737,040	3,496,063
Total Assets	**7,777,833**	**874,449**	**2,192,345**	**1,984,958**	**12,829,585**
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	6,175			-	6,175
Accrued Salaries	12,477			-	12,477
Payroll Taxes/Deductions	52,125				52,125
Due to Other Funds	3,772,151	203,923	668,916	193,226	4,838,216
Deposits Payable	19,303				19,303
Total Liabilities	3,862,231	203,923	668,916	193,226	4,928,296
Deferred Inflows of Resources					
Unearned Property Taxes	1,280,123				1,280,123
Unearned Revenues - Other	17,928				17,928
Prepaid Taxes	30,177				30,177
Total Deferred Inflows of Resources	1,328,228	-	-	-	1,328,228
Fund Balances					
Non-Spendable				125,381	125,381
Restricted		474,659		1,417,490	1,892,149
Committed	1,197,116	187,211	1,523,429	241,589	3,149,345
Assigned	176,593	8,656		7,272	192,521
Unassigned	1,213,665	-		-	1,213,665
Total Fund Balances	2,587,374	670,526	1,523,429	1,791,732	6,573,061
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,777,833	874,449	2,192,345	1,984,958	12,829,585

(Continued)

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

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

Total Fund Balance	6,573,061
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of $19,087,206	16,015,835
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unearned Revenue - Other	17,928
Unearned Taxes	1,280,123
	1,298,051
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(6,509,050)
Accrued Compensated Absences	(1,077,265)
Capital Leases Payable	(582,586)
	(8,168,901)
Net Position of Governmental Activities	15,718,046

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, 2014

	General Fund	*Federal/ State Programs*	*Capital Improvement Reserves*	*Other Governmental Funds*	*Total Governmental Funds*
Revenues					
Taxes	16,578,302				16,578,302
Intergovernmental Revenues	958,773	1,695,711		-	2,654,484
Departmental Revenues	2,663,679				2,663,679
Interest	30,078	1,569	24,908	12,146	68,701
Change in Fair Value	13,912	1,040	16,511	3,992	35,455
Other Local Sources	370,315	12,539	21,710	27,074	431,638
Total Revenues	20,615,059	1,710,859	63,129	43,212	22,432,259
Expenditures					
General Government	1,495,188	5,401			1,500,589
Public Safety	4,638,696	27,389		12,342	4,678,427
Public Works	2,983,473	-		10,427	2,993,900
Health and Welfare	98,852			554	99,406
Culture and Recreation	1,154,071	5,000		9,602	1,168,673
Unclassified	387,867	1,520		11,702	401,089
Debt Service	1,240,838				1,240,838
Assessments	8,404,881				8,404,881
Capital Outlay		1,849,350	8,448	157,154	2,014,952
Total Expenditures	20,403,866	1,888,660	8,448	201,781	22,502,755
Excess of Revenues Over (Under) Expenditures	211,193	(177,801)	54,681	(158,569)	(70,496)
Other Financing Sources (Uses)					
Loan Proceeds				50,000	50,000
Transfers from Other Funds	1,541,955	111,026	109,638	498,669	2,261,288
Transfers to Other Funds	(1,794,872)	(22,071)	(211,240)	(48,200)	(2,076,383)
Total Other Financing Sources (Uses)	(252,917)	88,955	(101,602)	500,469	234,905
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(41,724)	(88,846)	(46,921)	341,900	164,409
Fund Balance - July 1	2,629,098	759,372	1,570,350	1,449,832	6,408,652
Fund Balance - June 30	**2,587,374**	**670,526**	**1,523,429**	**1,791,732**	**6,573,061**

(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, 2014

Net change in fund balances - total governmental funds	164,409
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	334,624
Depreciation expense	(1,459,909)
	(1,125,285)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unearned Revenues - Other	13,607
Transfer to Fiduciary	17,406
Unearned Taxes	(55,488)
	(24,475)
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 bonds	(50,000)
Capital lease obligation principal payments	424,811
General obligation bond principal payments	744,985
	1,119,796
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	(27,392)
	(27,392)
Change in net assets of governmental activities	107,053

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

CITY OF ROCKLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

Exhibit E

	Wastewater Enterprise
Assets	
Current Assets:	
Cash and Equivalents	150
Investments	1,513
Invested with General Fund	740,799
Total Cash and Investments	742,462
Receivables	
User Fees, net	829,657
Accounts	49
Prepaid Expense	36,914
Due From Other Funds	621,760
Total Current Assets	2,230,842
Noncurrent Assets:	
Capital Assets, net	13,024,038
Total Noncurrent Assets	13,024,038
Total Assets	**15,254,880**
Liabilities and Fund Equity	
Liabilities	
Accrued Salaries	2,417
Accrued Compensated Absences	96,474
Accrued Interest Payable	86,074
Bonds and Notes Payable	507,456
Total Current Liabilities	692,421
Noncurrent Liabilities:	
Bonds and Notes Payable	5,347,148
Total Noncurrent Liabilities	5,347,148
Total Liabilities	6,039,569
Net Position	
Net Investment in Capital Assets	7,169,434
Retained Earnings:	
Reserved	292,707
Unreserved	1,753,170
Total Net Position	9,215,311
Total Liabilities and Net Position	**15,254,880**

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, 2014

Exhibit F

	Proprietary Fund Types
	Wastewater Enterprise
Operating Revenues:	
Industrial	2,331,642
Residential	727,239
Commercial	514,664
Chemical Surcharge	64,511
Sewer Reserve Capacity Fee	7,200
Lab Testing	770
Interest - Late Penalties	21,152
Total Operating Revenues:	3,667,178
Operating Expenditures:	
Personnel	621,459
Contracted Services	1,214,282
Commodities	320,393
Equipment Repairs & Replacement	194,570
Preventive Maintenance	261,686
Capital Improvements Programs	63,746
Lease Payments	7,207
Depreciation and Amortization	845,524
Total Operating Expenditures	3,528,867
Net Operating Income	138,311
Nonoperating Revenues (Expenses)	
Interest Revenue	23
Change in Fair Value	16
Accident Repair	(5,950)
Nonutility Income, net of expense	8,178
Transfer from/(to) other funds	(184,905)
Interest Expense	(177,409)
Total Nonoperating Revenue (Expenses)	(360,047)
Change in Net Position	(221,736)
Total Net Position - Beginning	9,437,047
Total Net Position - Ending	**9,215,311**

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, 2014

Exhibit G

	Proprietary Fund Types
	Wastewater Enterprise
Cash Flows from Operating Activities	
Received from Customers	3,667,178
Payments to Suppliers	(1,800,198)
Payments to Employees	(621,459)
Other Receipts (Payments)	(182,677)
Net Cash Provided by (Used in) Operating Activities	1,062,844
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(271,092)
Principal Paid on Capital Debt	(513,831)
Interest Paid on Capital Debt	(177,409)
Net Cash Used in Capital and Related Financing Activities	(962,332)
Cash Flows from Investing Activities	
Purchase of Investments	(380,406)
Interest and Dividends	39
Net Cash Provided by (Used in) Investing Activities	(380,367)
Net Increase (Decrease) in Cash and Cash Equivalents	(279,855)
Balances - beginning of the year	1,022,317
Balances - end of the year	742,462
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Net Operating Income (Loss)	138,311
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	845,524
(Increase) Decrease in Accounts Receivable	(50,043)
(Increase) Decrease in Prepaid Expense	(36,914)
(Increase) Decrease in Due To/From Other Governments	197,728
Increase (Decrease) in Accrued Interest Payable	(3,919)
Increase (Decrease) in Accrued Salaries Payable	2,417
Increase (Decrease) in Compensated Absences Payable	(24,506)
Increase (Decrease) in Accounts Payable	(5,754)
Net Cash Provided by (Used in) Operating Activities	1,062,844

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

CITY OF ROCKLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

Exhibit H

	Private Purpose Trust Funds			
Assets	*Rich Education Fund*	*Farwell Church Benevolent*	*Police Scholarship Account*	*Total*
Cash			4,396	4,396
Investments	60,114	6,824		66,938
Total Assets	**60,114**	**6,824**	**4,396**	**71,334**
Liabilities and Net Position				
Liabilities				
Due to Other Funds	19,000	1,406	-	20,406
Total Liabilities	19,000	1,406	-	20,406
Net Position				
Net Position				
Reserved for Endowment	27,000	5,000	-	32,000
Designated for Subsequent Years' Expenditures	14,114	418	4,396	18,928
Total Net Position	41,114	5,418	4,396	50,928
Total Liabilities and Net Position	**60,114**	**6,824**	**4,396**	**71,334**

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

CITY OF ROCKLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit I

	Private Purpose Trust Funds			
	Rich Education Fund	*Farwell Church Benevolent*	*Police Scholarship Account*	*Total*
Additions				
New Funds			6,031	6,031
Fair Value Increases (Decreases)	476	54		530
Investment Income	1,364	155	3	1,522
Total Additions	1,840	209	6,034	8,083
Reductions				
Churches				-
Other			38	38
Scholarships	3,000		1,600	4,600
Total Reductions	3,000	-	1,638	4,638
Changes in Net Position	(1,160)	209	4,396	3,445
Net Position - July 1	42,274	5,209	-	47,483
Net Position - June 30	**41,114**	**5,418**	**4,396**	**50,928**

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

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 2014 is $1,136,897. 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*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are 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.

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, $1,280,123 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 12, 2013 on property values assessed on April 1. Taxes were due in two installments due on September 27 and March 7, with interest at 7.0% beginning September 28 and March 8. 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.

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:

Assets	*Years*
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.

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.

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, 2014 fund balances on the balance sheet as follows:

	General Fund	*Federal/ State Programs*	*Capital Improvement Projects*	*Other Governmental Funds*	*Total*
Nonspendable					
Library Trust Funds Principal				125,381	125,381
	-	-	-	125,381	125,381
Restricted					
Federal/State Programs		474,659			474,659
Library Trust Funds Expendable				309,515	309,515
RCHP Scholarship				15,091	15,091
Berliawsky Park				4,251	4,251
Elizabeth Tyrell				34,069	34,069
Other Special Revenues				4,061	4,061
Pump Station/CSO Project				206,002	206,002
PW Big Dig Project				156,271	156,271
Capital Improvements Program				688,230	688,230
	-	474,659	-	1,417,490	1,892,149
Committed					
General Reserves	1,186,816				1,186,816
Federal/State Programs		187,211			187,211
Coast Guard				2,162	2,162
Veterans Memorial				8,020	8,020
Stormwater Separation Project				184,573	184,573
Capital Improvement Programs				46,834	46,834
Capital Reserve Funds			1,523,429		1,523,429
	1,186,816	187,211	1,523,429	241,589	3,139,045
Assigned					
Emergency Medical	589				589
Local Road Assistance	42,155				42,155
Tree Planting Fund	10,300				10,300
Municipal Revenue Sharing	67,503				67,503
Federal/State Programs		8,656			8,656
Shore Village Museum				973	973
Police DARE				2,914	2,914
Skateboard Park Project				1,287	1,287
Odor Study				2,098	2,098
General Fund Encumbered Funds	66,346				66,346
	186,893	8,656	-	7,272	202,821
Unassigned					
General Fund	1,213,665				1,213,665
	1,213,665	-	-	-	1,213,665
Total Fund Balance	2,587,374	670,526	1,523,429	1,791,732	6,573,061

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.

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 $66,346.

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, 2014, 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.

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 $2,700,839 and the bank balance was $3,587,630. 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	3,587,630	356,472	3,105,740	125,418

Investments

At June 30, 2014, the City's investments, maturities and credit ratings are as follows:

	June 30, 2014						
		Maturities in Years				Credit Rating	
Type	Fair Value	Less Than 1	1-5	6-10	More than 10	S&P	Moody's
Corporate Bonds	99,397		99,397			A-	A3
Corporate Bonds	230,503		230,503			A-	Baa1
Corporate Bonds	-					BBB+	B1
Corporate Bonds	125,535		125,535			BBB+	Baa1
Corporate Bonds	128,125			128,125		BBB+	Baa2
Corporate Bonds	27,294			27,294		A-	Baa2
Corporate Bonds	101,491		101,491			A-	Baa3
Corporate Bonds	177,846	127,400	50,446			BBB	Baa3
Corporate Bonds	133,204		133,204			BBB+	Ba3
Corporate Bonds	125,781		125,781			BBB	Ba3
Corporate Bonds	49,532		49,532			BBB	
Corporate Bonds	130,625			130,625		BBB+	B2
Corporate Bonds	25,373		25,373			A-	Baa1
U.S. Government Obligations	205,648	102,694			102,954	AAA	Aaa
U.S. Government Obligations	123,944		123,944			AAA	
U.S. Government Obligations	114,135		114,135			AA	Aa2
Mutual Funds	1,394,972	1,394,972				Not rated	Not rated
Total	3,193,405	1,625,066	1,179,341	286,044	102,954		

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, 2014:

Deposits and Cash on Hand	$	2,700,839
Investments	$	3,193,405
	$	5,894,244

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	$ 2,696,293	$ 150	$ 4,396	$ 2,700,839
Investments	$ 3,124,954	$ 1,513	$ 66,938	$ 3,193,405
	$ 5,821,247	$ 1,663	$ 71,334	$ 5,894,244

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		787,748,700
Tax Rate (per $1,000)		19.52
Commitment		15,376,855
Appropriations		19,299,289
Less:		
State Municipal Revenue Sharing	443,164	
Estimated Revenues	3,177,399	
BETE Reimbursement	169,015	
Homestead Reimbursement	132,856	
		3,922,434
Net Assessment for Commitment		15,376,855

Supplemental taxes totaling $9,282 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled $1,175,280, which represents tax collection of 92.4% of current year commitment. Unpaid liens at June 30 totaled $336,962.

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, 2014, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	1,900,972	3,772,151
Special Revenue Funds:		
Federal/State Funds	270,402	203,923
Shore Village Museum		4,485
Police DARE		1,473
RCHP Scholarship		6,850
Elizabeth Tyrell	34,069	
Odor Study	2,098	
Veterans Memorial	534	
Middle Country Public Library	539	
Harbor Trail	-	
Green Downtown Trail	216	-
YMCA General Assistance Grant	200	
Library Booktalk Podcast	606	
Midcoast Veterans Memorial	2,500	
Stormwater Separation Project	184,573	
Capital Project Funds		
Pump Station/CSO Project	206,002	
Capital Improvement Projects	305,703	
Public Works Big Dig		58,278
Capital Reserve Funds	587,649	668,916
Permanent Funds		122,140
Fiduciary Funds		20,406
Wastewater Enterprise Fund	1,362,559	-
Totals	4,858,622	4,858,622

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.

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Governmental Activities:				
Capital assets not being depreciated:				
Land	841,671			841,671
Construction Work in Process	3,961,500	164,982	-	4,126,482
	4,803,171	164,982	-	4,968,153
Capital assets being depreciated:				
Buildings	5,998,854			5,998,854
Equipment	8,205,174			8,205,174
Infrastructure	15,761,218	169,642		15,930,860
Total capital assets being depreciated	29,965,246	169,642	-	30,134,888
Less accumulated depreciation for:				
Buildings	2,213,379	145,027		2,358,406
Equipment	5,109,224	661,939		5,771,163
Infrastructure	10,304,694	652,943		10,957,637
Total accumulated depreciation:	17,627,297	1,459,909	-	19,087,206
Net capital assets being depreciated	12,337,949	(1,290,267)	-	11,047,682
Governmental Activities:				
Capital Assets, net	17,141,120	(1,125,285)	-	16,015,835

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

Governmental Activities	
General Government	76,261
Public Safety	279,714
Public Works, including general infrastructure assets	910,217
Culture and Recreation	193,717
Total Depreciation Expense - Governmental Activities	1,459,909

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

D. Capital Assets (continued)

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Business-type Activities:				
Capital assets not being depreciated:				
Land	1,102			1,102
Construction Work in Process	4,228,828	97,734	(4,326,562)	-
Capital assets being depreciated				
Buildings	1,875,750	4,390,762		6,266,512
Equipment	659,267	45,615		704,882
Infrastructure	20,460,124	63,542		20,523,666
Total capital assets being depreciated	22,995,141	4,499,919	-	27,495,060
Less accumulated depreciation for:				
Buildings	660,204	250,018		910,222
Equipment	618,128	11,528		629,656
Infrastructure	12,348,269	583,977		12,932,246
Total accumulated depreciation	13,626,601	845,523	-	14,472,124
Net capital assets being depreciated	9,368,540	3,654,396	-	13,022,936
Business-type Activities:				
Capital Assets, net	9,369,642	3,752,130	-	13,024,038

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:

Year Ended June 30,	*Minimum Lease Payment*
2015	231,948
2016	175,491
2017	99,772
2018	99,773
Total Minimum Lease Payments	606,984
Less: Amount Representing Interest	(24,398)
Present Value of Future Minimum Lease Payments	582,586

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:

Purpose General Obligation	*Maturity Date*	*Interest Rate*	*Amount*
1995 City Hall Bonds	10/1/2015	5.2%-6.0%	50,000
1999 General Obligation Bonds	11/1/2014	4.039%-5.239%	58,200
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	653,913
2006 Fire Truck	11/1/2021	1.85 - 6.0%	320,000
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	828,035
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	715,852
2008 Fire Truck	2/5/2023	4.440%	212,981
2010 Key Bank CIP Bond	11/4/2012	1.920%	173,960
2012 Library Efficiency Upgrades	6/25/2017	2.220%	55,876
2012 Recreation Center Water Intrustion	9/1/2023	1.870%	607,500
2012 Captial Purchases Loan	11/25/3088	2.290%	264,476
2012 Public Works Big Dig	9/7/2040	2.750%	2,379,537
2013 CIP Summer Street, Library and Storm Camera	4/1/2019	1.530%	138,720
2014 Pen Bay Acres Drainage Project	2/7/2024	2.590%	50,000
			6,509,050

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

F. Long-Term Debt (continued)

1. General Obligation Bonds and Notes (continued)

Purpose Proprietary	*Maturity Date*	*Interest Rate*	*Amount*
1993 Declorination Bonds	10/1/2013	5.193%	-
1998 General Obligation Bonds	11/1/2013	4.528%-4.178%	-
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	1,899,995
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	965,024
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	840,348
2012 PCF Project	8/11/2040	2.150%	2,149,236
Total Proprietary Debt			5,854,603
Total Debt			12,363,653

Annual debt service requirements to maturity for general obligation bonds and notes including interest of $3,794,765 are as follows:

Year Ended June 30,	*General Obligation Debt*	*Proprietary Debt*	*Total*
2015	890,993	676,732	1,567,725
2016	823,833	677,034	1,500,867
2017	705,622	677,933	1,383,555
2018	590,510	678,219	1,268,729
2019	552,253	678,373	1,230,626
2020-2024	1,871,951	1,436,166	3,308,117
2025-2029	1,173,833	1,262,912	2,436,745
2030-2034	893,095	933,908	1,827,003
2035-2039	630,110	627,415	1,257,525
2040-2041	252,044	125,482	377,526
Total	8,384,244	7,774,174	16,158,418

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, 2014:

	General Obligation Debt	*Proprietary Debt*	*Total*
Long-term Debt payable July 1, 2013	7,204,035	6,368,434	13,572,469
Debt Issued	50,000	-	50,000
Debt Retired	(744,985)	(513,831)	(1,258,816)
Long-term Debt payable June 30, 2014	6,509,050	5,854,603	12,363,653

3. Overlapping Debt

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

Units	*Net debt outstanding June 30, 2014*	*Percentage applicable to the Town*	*Town's proportionate share of debt*
Regional School Unit #13	3,247,500	34.00%	1,104,150
Knox County	2,330,000	10.38%	241,854
Totals	5,577,500		1,346,004

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

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:

Non-expendable	*Principal*	*Income*
Cemetery Care	-	16,849
Haines Charity	57,581	197,810
Keywood Library	-	68,576
Leach Library	50,000	14,913
Cleveland/Bostick Library	10,000	281
Flower	1,000	5,969
Monroe Highway	200	5,462
Library	6,600	(345)
Total	125,381	309,515

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

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, PO Box 349, 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, 2012, 2013 and 2014 were $61,243, $64,057 and $59,751 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, 2012, 2013 and 2014, were $239,266, $299,874 and $334,669 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 2014 was $32,566.

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, 2014. 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, 2014.

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, 2014, 2013 and 2012 and the annual required contributions:

	2014	2013	2012
Normal Cost	$ 43,245	$ 43,245	$ 15,227
Amortization of unfunded	$ 80,386	$ 80,386	$ 43,800
Interest	$ 2,448	$ 2,448	$ 1,169
Annual required contribution	$126,079	$126,079	$ 60,196

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

	2014	2013	2012
Net OPEB Obligation, beginning	283,089	183,278	152,685
Annual required contribution	126,079	126,079	60,196
Interest	11,324	7,331	6,107
Adjustment to ARC	(16,371)	(10,599)	(8,830)
Annual OPEB Cost	121,032	122,811	57,473
Employer Contributions	23,000	23,000	26,880
Net OPEB Obligation, ending	381,121	283,089	183,278

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.

NOTE 4 - OTHER INFORMATION (Continued)

D. Deficit Fund Balance

The salt/sand shed capital improvement project ended the 6/30/14 fiscal year with a $(26,142.83) deficit fund balance. This was due to the project beginning ahead of an approved bond being issued. The project is now on hold until the location can be agreed upon and the bond remains unissued.

CITY OF ROCKLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit J

	Original Budget	*Final Budget*	*Actual*	*Variance Favorable (Unfavorable)*
Revenues				
Taxes	16,401,325	16,401,325	16,578,302	176,977
Intergovernmental Revenues	433,126	433,126	448,106	14,980
Departmental Revenues	788,192	788,192	796,894	8,702
Other Local Sources	281,800	281,800	312,438	30,638
Total Revenues	17,904,443	17,904,443	18,135,740	231,297
Expenditures (Net of Departmental Revenues)				
General Government	1,518,213	1,508,753	1,495,188	13,565
Public Safety	4,480,585	4,490,014	4,372,401	117,613
Public Works	1,529,063	1,534,445	1,546,461	(12,016)
Health and Welfare	92,881	92,881	97,900	(5,019)
Culture and Recreation	1,197,391	1,193,857	1,165,165	28,692
Unclassified	439,803	439,803	357,867	81,936
Debt Service	1,190,914	1,190,914	1,240,838	(49,924)
Assessments	8,532,529	8,532,529	8,404,881	127,648
Total Expenditures	18,981,379	18,983,196	18,680,701	302,495
Excess Revenues Over Expenditures	(1,076,936)	(1,078,753)	(544,961)	533,792
Other Financing Sources				
Transfers from Other Funds	1,076,240	1,078,057	1,086,456	8,399
Transfers to Other Funds	(320,804)	(365,804)	(421,265)	(55,461)
Total Other Financing Sources	755,436	712,253	665,191	(47,062)
Net Change in Fund Balance	(321,500)	(366,500)	120,230	486,730
Beginning Fund Balances - Budgetary Basis			1,093,435	
Ending Fund Balances - Budgetary Basis			1,213,665	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			66,346	
Ending Fund Balances - GAAP Basis			1,280,011	

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	*Actual*	*Over (Under) Budget*
Taxes			
Property	15,376,855	15,441,624	64,769
Auto Excise	833,470	956,998	123,528
Interest and Lien Charges	131,000	120,024	(10,976)
Payment in Lieu of Taxes	60,000	59,656	(344)
	16,401,325	16,578,302	176,977
Intergovernmental Revenues			
Welfare Reimbursement	25,000	30,217	5,217
Veterans Reimbursement	10,000	11,394	1,394
Tree Growth	3,300	11,390	8,090
Homestead Reimbursement	132,856	132,856	-
BETE Reimbursement	169,015	169,075	60
Police Grants	92,655	92,684	29
Snowmobile Reimbursement	300	490	190
	433,126	448,106	14,980
Departmental Revenues			
Police	100,200	63,389	(36,811)
Fire	14,858	34,346	19,488
Assessment	200	100	(100)
Finance	-	386	386
Legal	1,000	358	(642)
Code Enforcement	71,589	82,212	10,623
Public Works	95,200	98,153	2,953
Fish Pier	95,455	134,673	39,218
Harbor and Waterfront	189,390	197,692	8,302
Library	62,200	61,590	(610)
Recreation	73,000	48,554	(24,446)
City Clerk	55,100	55,956	856
Community Development	30,000	19,485	(10,515)
	788,192	796,894	8,702

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	*Actual*	*Over (Under) Budget*
Other Local Sources			
Interest on Investments	5,500	9,093	3,593
Interest on Accounts Receivable	2,500	1,394	(1,106)
Motor Vehicle Registration Fees	188,000	199,356	11,356
Camden and Rockport Water	12,000	15,084	3,084
Cable Franchise Fee	70,000	68,840	(1,160)
Photocopies	200	139	(61)
Workers Compensation Dividend		10,082	10,082
City Lease Revenue	3,600	5,100	1,500
Other		3,350	3,350
	281,800	312,438	30,638
Transfers and Other Sources			
Municipal Revenue Sharing	443,164	443,164	-
Administration Fee from Wastewater	169,060	153,313	(15,747)
Emergency Medical	357,901	357,365	(536)
Library Trust Fund	8,200	8,200	-
DOJ Burnes Grant		2,110	2,110
Transfer Station Fund	80,732	92,304	11,572
Tillson TIF Reserve	19,000	30,000	11,000
	1,078,057	1,086,456	8,399
Total Revenues and Transfers	18,982,500	**19,222,196**	**239,696**
Beginning Fund Balance Used	366,500		
Total	**19,349,000**		

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Encumbered from 2013	*Budget*	*Actual*	*Encumbered to 2015*	*(Over) Under Budget*
General Government					
Legislative		4,538	4,562		(24)
Executive		198,449	139,598		58,851
Assessment		167,321	164,775		2,546
Finance		571,742	570,574		1,168
Legal		107,147	102,730		4,417
City Clerk		203,995	204,148		(153)
General		76,520	94,075		(17,555)
City Hall		34,925	36,468		(1,543)
Community Development		119,116	153,881		(34,765)
Engineering		25,000	24,377		623
	-	1,508,753	1,495,188	-	13,565
Public Safety					
Police Department		1,922,476	1,853,912		68,564
Fire Department		1,545,140	1,520,947		24,193
Dispatch		184,218	184,218		-
Lights and Hydrants		629,635	605,527		24,108
Code Enforcement		208,545	207,797		748
	-	4,490,014	4,372,401	-	117,613
Public Works					
Public Works	10,000	1,534,445	1,539,770	16,691	(12,016)
	10,000	1,534,445	1,539,770	16,691	(12,016)
Health and Welfare					
Contributions-Agencies		20,000	20,000		-
Welfare		72,881	77,900		(5,019)
	-	92,881	97,900	-	(5,019)
Culture and Recreation					
Public Library		558,434	522,480	11,094	24,860
Harbor and Waterfront		176,083	163,580		12,503
Municipal Fish Pier		90,440	78,396		12,044
Recreation		368,900	389,615		(20,715)
	-	1,193,857	1,154,071	11,094	28,692

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Encumbered from 2013	*Budget*	*Actual*	*Encumbered to 2015*	*(Over) Under Budget*
Unclassified					
Fringe Benefits		90,000	81,821		8,179
Other Unclassified		317,986	244,229		73,757
Fisher TIF Payment		31,817	31,817		-
TIF Agreements	38,561	-	-	38,561	-
	38,561	439,803	357,867	38,561	81,936
Debt Service					
TAN Interest		2,500	-		2,500
Principal on Long-Term Debt		646,743	641,743		5,000
Interest on Long-Term Debt		193,488	187,410		6,078
Capital Leases		348,183	411,685		(63,502)
	-	1,190,914	1,240,838	-	(49,924)
Assessments					
School District		7,666,584	7,666,584		-
County Tax		703,789	703,789		-
Overlay		162,156	34,508		127,648
	-	8,532,529	8,404,881	-	127,648
Operating Transfer Out					
Tillson Redevelopment Reserve		193,652	193,652		-
Fire Building Reserve		14,758	14,758		-
Fisher TIF Reserve		21,211	21,211		-
Coast Guard		1,000	1,000		-
Port Development Reserve		4,880	4,880		-
Fish Pier Improvements Reserve			51,262		(51,262)
Parks Reserve			2,199		(2,199)
Wastewater Fund		83,409	83,409		-
Capital Improvement Fund		46,894	46,894		-
City CIP Bond Issues Sewers & Lindsey Brook	115,774		115,774		-
Grants		-	2,000		(2,000)
	115,774	365,804	537,039	-	(55,461)
Total Appropriations	**164,335**	**19,349,000**	**19,199,955**	**66,346**	**247,034**

CITY OF ROCKLAND
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-3

Unassigned Fund Balance		
July 1, 2013		1,093,435
Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	239,696	
Unexpended Balance of Appropriations (Exhibit A-2)	247,034	
Budget Surplus		486,730
		1,580,165
Deductions		
Beginning Fund Balance Used		(366,500)
Unassigned Fund Balance		
June 30, 2014		1,213,665

CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

Exhibit A-4

Assets	*General Reserves*	*Emergency Medical*	*Transfer Station*	*Tree Planting Fund*	*Municipal Revenue Sharing*	*Local Road Assistance*	*Total*
Cash and Equivalents							-
Investments	1,138,705	171,203				42,155	1,352,063
Receivables (Net of Allowances)							
User Fees		385,265	226,169				611,434
Other		23,693					23,693
Due from Other Funds	445,897	-	-	10,300	67,503		523,700
Total Assets	**1,584,602**	**580,161**	**226,169**	**10,300**	**67,503**	**42,155**	**2,510,890**
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	-	1,901					1,901
Deferred Revenue							-
Due to Other Funds	397,786	577,671	226,169				1,201,626
Total Liabilities	397,786	579,572	226,169	-	-	-	1,203,527
Fund Balances							
Committed	1,186,816			10,300			1,197,116
Assigned		589			67,503	42,155	110,247
Total Fund Balances	1,186,816	589	-	10,300	67,503	42,155	1,307,363
Total Liabilities and Fund Balances	**1,584,602**	**580,161**	**226,169**	**10,300**	**67,503**	**42,155**	**2,510,890**

CITY OF ROCKLAND
ALL GENERAL RESERVES/FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-5

	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					510,667		510,667
Charges for Services		539,320	1,327,465				1,866,785
Interest	17,674	2,657	-			654	20,985
Fair Value Increases (Decreases)	11,716	1,762	-			434	13,912
Other Local Sources	43,129	1,639	22,202				66,970
Total Revenues	72,519	545,378	1,349,667	-	510,667	1,088	2,479,319
Expenditures							
Public Safety	1,582	264,713					266,295
Public Works	100		1,443,603				1,443,703
Health & Welfare	952						952
Cultural & Recreation	-						-
Other	30,000						30,000
Total Expenditures	32,634	264,713	1,443,603	-	-	-	1,740,950
Excess of Revenues Over (Under) Expenditures	39,885	280,665	(93,936)	-	510,667	1,088	738,369
Other Financing Sources (Uses)							
Transfers from Other Funds	269,259		186,240				455,499
Transfers to Other Funds	(365,000)	(357,365)	(92,304)		(443,164)		(1,257,833)
Total Other Financing Sources (Uses)	(95,741)	(357,365)	93,936	-	(443,164)	-	(802,334)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(55,856)	(76,700)	-	-	67,503	1,088	(63,965)
Fund Balance - July 1	1,242,672	77,289	-	10,300	-	41,067	1,371,328
Fund Balance - June 30	**1,186,816**	**589**	**-**	**10,300**	**67,503**	**42,155**	**1,307,363**

CITY OF ROCKLAND
GENERAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-6

Reserve Fund	*Fund Balance July 1*	*New Funds*	*Transfers From (To) Other Funds*	*Interest/ Dividends*	*Increase (Decrease) In Fair Value*	*Expenditures*	*Fund Balance June 30*
Sewer Debt Service	39,059			5,903	3,913		48,875
Samoset/Glen Cove I & I	3,647			67	44		3,758
Samoset Debt Service	(8)			(1)	(1)		(10)
Johnson Park	1,298			453	300		2,051
Custom House Parking Lot	169,940	12,385		2,325	1,541	(100)	186,091
Police Forfeiture	39,950			631	418	(1,582)	39,417
Parks	9,374		2,199	154	102		11,829
Merritt Park Playground	6,675			116	77		6,868
Fish Pier Maintenance	3,095			49	33		3,177
Fish Pier Improvements	132,789		51,262	1,213	804		186,068
Police Trading Cards	1,653			36	24		1,713
Pumping/Chemicals Reserve	1,092			506	335		1,933
Sewer Rate Stabilization Reserve	481,326			5,119	3,394		489,839
Skatepark Helmet Reserve	1,334			21	14		1,369
Traffic Improvements Reserve	37,029			590	392		38,011
Fuel Assistance Reserve	25,084	1,150		492	326	(952)	26,100
TIF Tillson Redevelopment Reserve	224,733		(134,413)			(30,000)	60,320
Police Reserve	23,384						23,384
Fisher TIF Reserve	41,218		(14,789)				26,429
Bartlett Library Reserve	-	29,594					29,594
Total	**1,242,672**	**43,129**	**(95,741)**	**17,674**	**11,716**	**(32,634)**	**1,186,816**

CITY OF ROCKLAND
EMERGENCY MEDICAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-7

	Budget	*Actual*	*Variance*
Revenues			
User Fees	535,374	431,277	(104,097)
Owls Head EMS Service	76,518	76,518	-
Aid to Outside Towns	18,500	31,525	13,025
Interest		2,657	2,657
Change in Fair Value		1,762	1,762
Donations		-	-
All Other	1,900	1,639	(261)
Total Revenues	632,292	545,378	(86,914)
Expenditures			
Personal Services	145,428	148,679	(3,251)
Contracted Services	88,079	78,892	9,187
Commodities	33,350	31,416	1,934
Capital Outlay	7,534	5,726	1,808
Total Expenditures	274,391	264,713	9,678
Excess of Revenues Over (Under) Expenditures	357,901	280,665	(77,236)
Other Financing Sources (Uses)			
Transfers to Other Funds	(357,901)	(357,365)	536
Use of Surplus	-		-
Total Other Financing Sources (Uses)	(357,901)	(357,365)	536
Excess of Revenues and Other Sources Over (Under) Expenditures	-	(76,700)	(76,700)
Fund Balance - July 1		77,289	
Fund Balance - June 30		**589**	

CITY OF ROCKLAND
TRANSFER STATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-8

	Budget	*Actual*	*Variance*
Revenues			
Landfill Revenue	1,041,750	619,698	(422,052)
MSW Tipping Fee	389,770	411,455	21,685
Perc Performance Credit	131,914	124,240	(7,674)
Solid Waste Stickers	88,985	88,528	(457)
Cardboard Disposal	14,879	21,247	6,368
White Goods and Metals	23,000	24,198	1,198
Plastics	4,647	4,960	313
Pallet Fees	5,000	5,932	932
Mixed Paper	8,833	8,641	(192)
Universal Waste	6,000	7,021	1,021
Payt Bag	10,000	8,466	(1,534)
Metal Can Bundles	1,305	1,387	82
Tires	2,500	1,692	(808)
DEP Fee Reimbursement	50,106	15,025	(35,081)
All Other	7,300	7,177	(123)
Total Revenues	1,785,989	1,349,667	(436,322)
Expenditures			
Personal Services	310,138	317,606	(7,468)
Contracted Services	866,820	834,963	31,857
Commodities	149,400	132,818	16,582
Capital Outlay	5,000	3,034	1,966
Principal and Interest	151,063	155,182	(4,119)
Total Expenditures	1,482,421	1,443,603	38,818
Excess of Revenues Over (Under) Expenditures	303,568	(93,936)	(397,504)
Other Financing Sources (Uses)			
Transfers from Other Funds		186,240	186,240
Transfers to Other Funds	(303,568)	(92,304)	211,264
Total Other Financing Sources (Uses)	(303,568)	93,936	397,504
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	-
Fund Balance - July 1			
Fund Balance - June 30		-	

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

Exhibit B-1

Assets	*Federal/State Programs (Exhibit B-2)*	*All Other (Exhibit B-3)*	*Total*
Cash and Equivalents	1,705	10,935	12,640
Investments	101,105	36,037	137,142
Receivables (Net of Allowances)			
User Fees			-
Loans	292,631		292,631
Due from Other Governments	208,606		208,606
Due from Other Funds	270,402	225,335	495,737
Total Assets	**874,449**	**272,307**	**1,146,756**
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	-		-
Due to Other Funds	203,923	12,808	216,731
Total Liabilities	203,923	12,808	216,731
Fund Balances			
Restricted	474,659	57,472	532,131
Committed	187,211	194,755	381,966
Assigned	8,656	7,272	15,928
Unassigned	-	-	-
Total Fund Balances	670,526	259,499	930,025
Total Liabilities and Fund Balances	**874,449**	**272,307**	**1,146,756**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2014

Assets	*Community Business Development*	*CDBG Microloans Grant*	*CDBG Home Repair Network Grants*	*CDBG Main St. Parks Grant*	*Comm. For Me's Future Grant*	*Emergency Mngt. Perf. Grant*	*SHIP Ramp Grant*	*Recycling Capital Investment Grant*
Cash			1,131					
Investments	99,149	1,956						
Due from Other Governments			136,593		90	5,724		
Loans Receivable	182,426	110,205						
Due from Other Funds	123,276	75,050		6,081	7,991	11,410	25,000	1,064
Total Assets	**404,851**	**187,211**	**137,724**	**6,081**	**8,081**	**17,134**	**25,000**	**1,064**
Liabilities and Fund Balances								
Liabilities								
Accounts Payable								
Due to Other Funds			137,724					
Total Liabilities	-	-	137,724	-	-	-	-	-
Fund Balances								
Non-Spendable								
Restricted	404,851			6,081	8,081	17,134	25,000	1,064
Committed		187,211						
Assigned			-					
Unassigned			-					
Total Fund Balances	404,851	187,211	-	6,081	8,081	17,134	25,000	1,064
Total Liabilities and Fund Balances	**404,851**	**187,211**	**137,724**	**6,081**	**8,081**	**17,134**	**25,000**	**1,064**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2014

Assets	*2011 Project Canopy Grant*	*2010 Project Canopy Grant*	*EPA Brownfield Grant*	*Underage Drinking Grants*	*Drive Sober Grants*	*Click It Or Ticket Campaign*	*Police N.A.D.D.I. Grant*	*2009 Dept. of Justice Burnes Grant*
Cash							574	
Investments								
Due from Other Governments			53,208	2,597	2,529	2,752		
Loans Receivable								
Due from Other Funds	4,700	1,303					258	613
Total Assets	**4,700**	**1,303**	**53,208**	**2,597**	**2,529**	**2,752**	**832**	**613**
Liabilities and Fund Balances								
Liabilities								
Accounts Payable								
Due to Other Funds			53,208	2,597	2,529	2,752		
Total Liabilities	-	-	53,208	2,597	2,529	2,752	-	-
Fund Balances								
Non-Spendable								
Restricted	4,700	1,303					832	613
Committed								
Assigned								
Unassigned								
Total Fund Balances	4,700	1,303	-	-	-	-	832	613
Total Liabilities and Fund Balances	**4,700**	**1,303**	**53,208**	**2,597**	**2,529**	**2,752**	**832**	**613**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS
COMBINING BALANCE SHEET
JUNE 30, 2014

Assets	*2012 Dept. of Justice Burnes Grant*	*Knox County EMA Grant*	*Healthy Maine Street Grant*	*Small Community Grant Program*	*EMS Computer Grant*	*Wellness Grant*	*Totals*
Cash							1,705
Investments							101,105
Due from Other Governments	1,971	2,158			984		208,606
Loans Receivable							292,631
Due from Other Funds			5,000	8,150		506	270,402
Total Assets	**1,971**	**2,158**	**5,000**	**8,150**	**984**	**506**	**874,449**
Liabilities and Fund Balances							
Liabilities							
Accounts Payable							-
Due to Other Funds	1,971	2,158			984		203,923
Total Liabilities	1,971	2,158	-	-	984	-	203,923
Fund Balances							
Non-Spendable							-
Restricted			5,000				474,659
Committed							187,211
Assigned				8,150		506	8,656
Unassigned							-
Total Fund Balances	-	-	5,000	8,150	-	506	670,526
Total Liabilities and Fund Balances	**1,971**	**2,158**	**5,000**	**8,150**	**984**	**506**	**874,449**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2014

Assets	*Shore Village Museum*	*Police DARE*	*Skateboard Park Project*	*RCHP Scholarship Trust*	*Berliawsky Park*	*Elizabeth Tyrell Trust*	*Odor Study*	*Middle Country Public Library*
Cash and Equivalents			1,287					
Investments	5,458	4,387		21,941	4,251			
Due from Other Funds						34,069	2,098	539
Total Assets	**5,458**	**4,387**	**1,287**	**21,941**	**4,251**	**34,069**	**2,098**	**539**
Liabilities and Fund Balances								
Liabilities								
Due to Other Funds	4,485	1,473		6,850				
Total Liabilities	4,485	1,473	-	6,850	-	-	-	-
Fund Balances								
Restricted				15,091	4,251	34,069		539
Committed								
Assigned	973	2,914	1,287				2,098	
Total Fund Balances	973	2,914	1,287	15,091	4,251	34,069	2,098	539
Total Liabilities and Fund Balances	**5,458**	**4,387**	**1,287**	**21,941**	**4,251**	**34,069**	**2,098**	**539**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING BALANCE SHEET
JUNE 30, 2014

Assets	*Green Downtown Trail*	*YMCA Gen. Assist. Grant*	*Stormwater Separation Project*	*Library Booktalk Podcast*	*Midcoast Veterans Memorial*	*Coast Guard*	*Veterans Memorial*	*Total*
Cash and Equivalents						2,162	7,486	10,935
Investments								36,037
Due from Other Funds	216	200	184,573	606	2,500		534	225,335
Total Assets	**216**	**200**	**184,573**	**606**	**2,500**	**2,162**	**8,020**	**272,307**
Liabilities and Fund Balances								
Liabilities								
Due to Other Funds								12,808
Total Liabilities	-	-	-	-	-	-	-	12,808
Fund Balances								
Restricted	216	200		606	2,500			57,472
Committed			184,573			2,162	8,020	194,755
Assigned								7,272
Total Fund Balances	216	200	184,573	606	2,500	2,162	8,020	259,499
Total Liabilities and Fund Balances	**216**	**200**	**184,573**	**606**	**2,500**	**2,162**	**8,020**	**272,307**

CITY OF ROCKLAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit B-4

	Federal/State Programs (Exhibit B-5)	*All Other (Exhibit B-6)*	*Total*
Revenues			
Intergovernmental Revenues	1,695,711		1,695,711
Interest	1,569	754	2,323
Fair Value Increases (Decreases)	1,040	309	1,349
Other Local Sources	12,539	26,994	39,533
Total Revenues	1,710,859	28,057	1,738,916
Expenditures			
General Government	5,401		5,401
Public Safety	27,389	12,342	39,731
Public Works	-	10,427	10,427
Cultural & Recreation	5,000	9,602	14,602
Health & Welfare		-	-
Capital Improvement	1,849,350		1,849,350
Other	1,520	11,702	13,222
Total Expenditures	1,888,660	44,073	1,932,733
Excess of Revenues Over (Under) Expenditures	(177,801)	(16,016)	(193,817)
Other Financing Sources (Uses)			
Transfers from Other Funds	111,026	196,000	307,026
Transfers to Other Funds	(22,071)	-	(22,071)
Total Other Financing Sources (Uses)	88,955	196,000	284,955
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(88,846)	179,984	91,138
Fund Balance - July 1	759,372	79,515	838,887
Fund Balance - June 30	**670,526**	**259,499**	**930,025**

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, 2014

	Community Business Development	*CDBG Microloans Grant*	*2013 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*	*CDBG Main St. Parks Grant*	*Comm. For Me's Future Grant*
Revenues									
Microloan Payments		2,319							
Intergovernmental Revenues			716,673	540,087	65,221		41,050	87,209	71,371
Interest	1,539	30							
Fair Value Increases(Decreases)	1,020	20							
Local Sources									8,126
Total Revenues	2,559	2,369	716,673	540,087	65,221	-	41,050	87,209	79,497
Expenditures									
New Loans/Loans forgiven	5,401								
Administration					3,418				
Professional Services									
Contractors/Vendors					61,803		41,050	99,219	251,716
Capital Improvement			716,673	540,087					
Equipment									
Other									
Total Expenditures	5,401	-	716,673	540,087	65,221	-	41,050	99,219	251,716
Excess of Revenues Over (Under) Expenditures	(2,842)	2,369	-	-	-	-	-	(12,010)	(172,219)
Other Financing Sources (Uses)									
Transfers from Other Funds								19,026	65,000
Transfers to Other Funds						(17,995)		(935)	
Total Other Financing Sources (Uses)	-	-	-	-	-	(17,995)	-	18,091	65,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,842)	2,369	-	-	-	(17,995)	-	6,081	(107,219)
Fund Balance - July 1	407,693	184,842	-	-	-	17,995	-	-	115,300
Fund Balance - June 30	**404,851**	**187,211**	-	-	-	-	-	**6,081**	**8,081**

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, 2014

	2010 Emergency Mngt. Perf. Grant	*2011 Emergency Mngt. Perf. Grant*	*2012 Emergency Mngt. Perf. Grant*	*SHIP Ramp Grant*	*Recycling Capital Investment Grant*	*2011 Project Canopy Grant*	*2010 Project Canopy Grant*	*EPA Brownfield Grant*
Revenues								
Microloan Payments								
Intergovernmental Revenues		1,274	4,450			4,700		135,384
Interest								
Fair Value Increases(Decreases)								
Local Sources								
Total Revenues	-	1,274	4,450	-	-	4,700	-	135,384
Expenditures								
New Loans								
Administration								14,485
Professional Services								
Contractors/Vendors		1,274	4,450					120,899
Capital Improvement								
Equipment								
Other								
Total Expenditures	-	1,274	4,450	-	-	-	-	135,384
Excess of Revenues Over (Under) Expenditures	-	-	-	-	-	4,700	-	-
Other Financing Sources (Uses)								
Transfers from Other Funds				25,000				
Transfers to Other Funds								
Total Other Financing Sources (Uses)	-	-	-	25,000	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	25,000	-	4,700	-	-
Fund Balance - July 1	17,134	-	-	-	1,064	-	1,303	-
Fund Balance - June 30	**17,134**	-	-	**25,000**	**1,064**	**4,700**	**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, 2014

	MDOT Gateway Round 2	*Underage Drinking Grants*	*Drive Sober Grants*	*Click It Or Ticket Campaign*	*Police N.A.D.D.I. Grant*	*2009 Dept. of Justice Burnes Grant*	*2011 Dept. of Justice Burnes Grant*	*2012 Dept. of Justice Burnes Grant*
Revenues								
Microloan Payments								
Intergovernmental Revenues		3,223	8,484	2,752			1,340	130
Interest								
Fair Value Increases(Decreases)								
Local Sources					574			
Total Revenues	-	3,223	8,484	2,752	574	-	1,340	130
Expenditures								
New Loans								
Administration								
Professional Services								
Contractors/Vendors		3,223	8,484	2,752	597		1,971	130
Capital Improvement								
Equipment								
Other							145	
Total Expenditures	-	3,223	8,484	2,752	597	-	2,116	130
Excess of Revenues Over (Under) Expenditures	-	-	-	-	(23)	-	(776)	-
Other Financing Sources (Uses)								
Transfers from Other Funds								
Transfers to Other Funds	(1,031)						(2,110)	
Total Other Financing Sources (Uses)	(1,031)	-	-	-	-	-	(2,110)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,031)	-	-	-	(23)	-	(2,886)	-
Fund Balance - July 1	1,031	-	-	-	855	613	2,886	-
Fund Balance - June 30	-	-	-	-	**832**	**613**	-	-

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, 2014

	Knox County EMA Grant	*Healthy Maine Street Grant*	*Small Community Grant Program*	*Snow Marine Park Boat Ramp*	*ATV Grant*	*EMS Computer Grant*	*Wellness Grant*	*Total*
Revenues								
Microloan Payments								2,319
Intergovernmental Revenues	2,158	5,000		3,000	1,221	984		1,695,711
Interest								1,569
Fair Value Increases(Decreases)								1,040
Local Sources							1,520	10,220
Total Revenues	2,158	5,000	-	3,000	1,221	984	1,520	1,710,859
Expenditures								
New Loans								5,401
Administration								17,903
Professional Services								-
Contractors/Vendors	2,158			5,000	1,221	984		606,931
Capital Improvement								1,256,760
Equipment								-
Other							1,520	1,665
Total Expenditures	2,158	-	-	5,000	1,221	984	1,520	1,888,660
Excess of Revenues Over (Under) Expenditures	-	5,000	-	(2,000)	-	-	-	(177,801)
Other Financing Sources (Uses)								
Transfers from Other Funds				2,000				111,026
Transfers to Other Funds								(22,071)
Total Other Financing Sources (Uses)	-	-	-	2,000	-	-	-	88,955
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	5,000	-	-	-	-	-	(88,846)
Fund Balance - July 1	-	-	8,150	-	-	-	506	759,372
Fund Balance - June 30	-	**5,000**	**8,150**	-	-	-	**506**	**670,526**

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Shore Village Museum	*Police DARE*	*Skateboard Park Project*	*RCHP Scholarship Trust*	*Berliawsky Park*	*Elizabeth Tyrell Trust*	*Odor Study*	*Middle Country Public Library*	*Harbor Trail*	*Green Downtown Trail*
Revenues										
Intergovernmental Revenues										
Other Local Sources		717		75						
Interest	85	68	1	498	97					
Fair Value Increases (Decreases)	56	45		174	34					
Total Revenues	141	830	1	747	131	-	-	-	-	-
Expenditures										
Public Safety Programs										
Repairs and Maintenance										
Contractors/Vendors									6,062	2,680
Scholarships				500						
Supplies/Materials								770		
Insurance										
Miscellaneous			90							
Total Expenditures	-	-	90	500	-	-	-	770	6,062	2,680
Excess of Revenues Over (Under) Expenditures	141	830	(89)	247	131	-	-	(770)	(6,062)	(2,680)
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	141	830	(89)	247	131	-	-	(770)	(6,062)	(2,680)
Fund Balance (Deficit) - July 1	832	2,084	1,376	14,844	4,120	34,069	2,098	1,309	6,062	2,896
Fund Balance - June 30	973	2,914	1,287	15,091	4,251	34,069	2,098	539	-	216

CITY OF ROCKLAND
SPECIAL REVENUE FUNDS - ALL OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	YMCA Gen. Assist. Grant	*2014 YMCA E.U.D.L.*	*Stormwater Separation Project*	*MMA Safety Grant*	*Library Booktalk Podcast*	*Midcoast Veterans Memorial*	*Coast Guard*	*Veterans Memorial*	*Total*
Revenues									
Intergovernmental Revenues									-
Other Local Sources		10,542		1,800	996	2,500	8,382	1,982	26,994
Interest							1	4	754
Fair Value Increases (Decreases)									309
Total Revenues	-	10,542	-	1,800	996	2,500	8,383	1,986	28,057
Expenditures									
Public Safety Programs									-
Repairs and Maintenance									-
Contractors/Vendors		10,542	10,427	1,800	390				31,901
Scholarships									500
Supplies/Materials							8,014		8,784
Insurance									-
Miscellaneous								2,798	2,888
Total Expenditures	-	10,542	10,427	1,800	390	-	8,014	2,798	44,073
Excess of Revenues Over (Under) Expenditures	-	-	(10,427)	-	606	2,500	369	(812)	(16,016)
Other Financing Sources (Uses)									
Transfer from Other Funds			195,000				1,000		196,000
Transfer to Other Funds									-
Total Other Financing Sources (Uses)	-	-	195,000	-	-	-	1,000	-	196,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	184,573	-	606	2,500	1,369	(812)	179,984
Fund Balance (Deficit) - July 1	200	-	-	-	-	-	793	8,832	79,515
Fund Balance - June 30	200	-	184,573	-	606	2,500	2,162	8,020	259,499

CITY OF ROCKLAND
ALL CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

Exhibit C-1

Assets	*Pump Station/CSO Project*	*Capital Improvements Program*	*Public Works Big Dig Project*	*Capital Reserve Funds*	*Total*
Cash		338,289	37,128	630,286	1,005,703
Investments		41,072		974,410	1,015,482
Loan Receivable		50,000			50,000
Due from Other Governments		-	177,421		177,421
Due from Other Funds	206,002	305,703		587,649	1,099,354
Total Assets	**206,002**	**735,064**	**214,549**	**2,192,345**	**3,347,960**
Liabilities and Fund Balances					
Liabilities					
Accounts Payable		-			-
Retainage Payable					-
Due to Other Funds			58,278	668,916	727,194
Total Liabilities	-	-	58,278	668,916	727,194
Fund Balances					
Restricted	206,002	688,230	156,271		1,050,503
Committed		46,834		1,523,429	1,570,263
Total Fund Balances	206,002	735,064	156,271	1,523,429	2,620,766
Total Liabilities and Fund Balances	**206,002**	**735,064**	**214,549**	**2,192,345**	**3,347,960**

CITY OF ROCKLAND
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit C-2

	Pump Station/CSO Project	*Capital Improvements Program*	*Public Works Big Dig Project*	*Capital Reserve Funds*	*Total*
Revenues					
Intergovernmental Revenue					-
Local Sources				21,710	21,710
Change in Fair Value				16,511	16,511
Interest			13	24,908	24,921
Total Revenues	-	-	13	63,129	63,142
Expenditures					
Capital Outlay		153,078			153,078
Repairs & Maintenance				5,887	5,887
Debt Service			3,520		3,520
Other			556	2,561	3,117
Total Expenditures	-	153,078	4,076	8,448	165,602
Excess of Revenues Over (Under) Expenditures	-	(153,078)	(4,063)	54,681	(102,460)
Other Financing Sources (Uses)					
Loan Proceeds		50,000			50,000
Transfers from Other Funds		302,669		109,638	412,307
Transfers to Other Funds		(40,000)		(211,240)	(251,240)
Total Other Financing Sources (Uses)	-	312,669	-	(101,602)	211,067
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	159,591	(4,063)	(46,921)	108,607
Fund Balance - July 1	206,002	575,473	160,334	1,570,350	2,512,159
Fund Balance - June 30	206,002	735,064	156,271	1,523,429	2,620,766

CITY OF ROCKLAND
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit C-3

	Balance July 1	*Transfers*	*Revenues*	*Lease/Loan Proceeds*	*Total Available*	*Expenditures*	*Transfer From(To) Unreserved*	*Balance June 30*
City Projects								
Road Construction	14,798				14,798			14,798
Drainage Projects	1,597				1,597			1,597
Lindsey Brook Rehab	184,914	(40,000)			144,914			144,914
Roads and Sidewalks	4,327				4,327			4,327
Recycling Facility Improvement	1,797				1,797	(957)		840
Sign Van	8,000				8,000			8,000
Monitoring Well Landfill	8,681				8,681			8,681
Fire/EMS Command Vehicle	409				409			409
FD Fire Hose Upgrade/Replacement	2,229				2,229			2,229
Solid Waste Gas Collection System	14,866				14,866			14,866
Solid Waste Loader	1,500				1,500			1,500
Solid Waste Compactor	78,000				78,000			78,000
Fire Rescue Pumper	1,019				1,019			1,019
Police Upgrade Radar Units	769				769			769
PW Replace Thomaston Meadow Rd. Bridge	54,792				54,792			54,792
PW 13 Sidewalk Machine	25,127				25,127			25,127
PW Salt/Sand Shed	-				-	(26,143)		(26,143)
Summer Street Sewer Line 2012	15,806				15,806	(2,000)		13,806
Sewer/Storm Water Camera 12	532				532			532
Stormwater & Wastewater Collection Study	-	205,774			205,774			205,774
Downtown Lighting Project	-	50,000			50,000			50,000
Penbay Acres Drainage	(6,026)	46,895		50,000	90,869	(90,869)		-
Finance Munis Software	2,252				2,252			2,252
Library Lighting & Insulation Project	16,059				16,059			16,059
Library Chimney	7,305				7,305	(639)		6,666
Recreation Center	82,672				82,672	(32,470)		50,202
Municipal Fish Pier Underground Elec.	7,214				7,214			7,214
City Committed Balances	528,639	262,669	-	50,000	841,308	(153,078)	-	688,230
Total Committed Balances	528,639	262,669		50,000	841,308	(153,078)	-	688,230
Unassigned	46,834				46,834			46,834
Total CIP	575,473	262,669	-	50,000	888,142	(153,078)	-	735,064

CITY OF ROCKLAND
CAPITAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit C-4

Reserve Fund	*Fund Balance July 1*	*New Funds*	*Transfers From (To) Other Funds*	*Interest/ Dividends*	*Increase (Decrease) In Fair Value*	*Expenditures*	*Fund Balance June 30*
Sewer Depreciation	159,229			211	140		159,580
Sewer Equipment	169			26	17		212
Industrial Park Land Sales	82,507			1,314	871		84,692
City Land Sales	61,826	19,610		544	361	(2,561)	79,780
Audio Visual Reserve	5,061			106	70		5,237
Thermal Imaging Camera	-	2,100		-	-		2,100
Ground Cover Reserve	17,022			271	180		17,473
Recreation Reserve	396			44	29		469
Sewer Renewal and Replacement Reserve	174,528		65,000	11,735	7,780		259,043
Civil War Artifacts Reserve	18,096			304	202	(4,017)	14,585
Emergency Medical Reserve	18,847			301	199		19,347
Landfill Closure Reserve	306,994			4,891	3,243		315,128
Ladder Truck Reserve	13,238			211	139		13,588
Landfill Perpetual Care Reserve	409,128		(186,240)	1,084	718	(1,870)	222,820
Sewer CIP Reserve	13,356			2,019	1,338		16,713
Fire Department Building Reserve	74,402		14,758	363	241		89,764
Transfer Station Capital Equipment Reserve	209,951			1,484	983		212,418
Port Development Reserve	5,600		4,880				10,480
Total	**1,570,350**	**21,710**	**(101,602)**	**24,908**	**16,511**	**(8,448)**	**1,523,429**

CITY OF ROCKLAND
PERMANENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

Exhibit D-1

Assets	*Cemetery*	*Haines Charity*	*Keywood Library*	*Leach Library*	*All Other (Exhibit D-4)*	*Total*
Cash	17,499	57,846				75,345
Investments	43,223	217,199	74,920	66,194	29,742	431,278
Due From Other Funds						-
Loans Receivable		50,413				50,413
Total Assets	**60,722**	**325,458**	**74,920**	**66,194**	**29,742**	**557,036**
Liabilities and Fund Balances						
Liabilities						
Due to Other Funds	43,873	70,067	6,344	1,281	575	122,140
Total Liabilities	43,873	70,067	6,344	1,281	575	122,140
Fund Balances (Deficit)						
Non-Spendable		57,581		50,000	17,800	125,381
Restricted	16,849	197,810	68,576	14,913	11,367	309,515
Unassigned						-
Total Fund Balances	16,849	255,391	68,576	64,913	29,167	434,896
Total Liabilities and Fund Balances	**60,722**	**325,458**	**74,920**	**66,194**	**29,742**	**557,036**

CITY OF ROCKLAND
PERMANENT FUNDS
COMBINING BALANCE SHEET -ALL OTHER
JUNE 30, 2014

Exhibit D-2

Assets	*Cleveland/ Bostick Library*	*Flower*	*Monroe Highway*	*Other Library*	*Total*
Cash					-
Investments	10,412	6,969	5,662	6,699	29,742
Due from Other Funds					-
Loans Receivable					-
Total Assets	**10,412**	**6,969**	**5,662**	**6,699**	**29,742**
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	131			444	575
Total Liabilities	131			444	575
Fund Balances					
Non-Spendable	10,000	1,000	200	6,600	17,800
Restricted	281	5,969	5,462	(345)	11,367
Total Fund Balances	10,281	6,969	5,662	6,255	29,167
Total Liabilities and Fund Balances	**10,412**	**6,969**	**5,662**	**6,699**	**29,742**

CITY OF ROCKLAND
PERMANENT FUNDS
STATEMENT OF ACTIVITY - ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit D-3

	Cemetery	*Haines Charity*	*Keywood Library*	*Leach Library*	*All Other (Exhibit D-4)*	*Total*
Revenues						
Local Sources		80				80
Investment Income	1,262	6,240	1,699	1,501	677	11,379
Fair Value Increases (Decreases)	149	2,180	594	525	235	3,683
Total Revenues	1,411	8,500	2,293	2,026	912	15,142
Expenditures						
Charity		554				554
Capital Improvements						-
Total Expenditures	-	554				554
Excess of Revenues Over (Under) Expenditures	1,411	7,946	2,293	2,026	912	14,588
Other Financing Sources (Uses)						
Transfer From Other Funds						-
Transfer to Other Funds			(6,344)	(1,281)	(575)	(8,200)
Total Other Financing Sources (Uses)	-	-	(6,344)	(1,281)	(575)	(8,200)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,411	7,946	(4,051)	745	337	6,388
Fund Balance - July 1	15,438	247,445	72,627	64,168	28,830	428,508
Fund Balance - June 30	**16,849**	**255,391**	**68,576**	**64,913**	**29,167**	**434,896**

CITY OF ROCKLAND
PERMANENT FUNDS
STATEMENT OF ACTIVITY - ALL OTHER
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit D-4

	Cleveland/ Bostick Library	*Flower*	*Monroe Highway*	*Other Library*	*Total*
Revenues					
Investment Income	237	159	129	152	677
Fair Value Increases (Decreases)	82	55	45	53	235
Total Revenues	319	214	174	205	912
Expenditures					
Abatements					-
Cemetery Care					-
Total Expenditures					-
Excess of Revenues Over (Under) Expenditures	319	214	174	205	912
Other Financing Sources (Uses)					
Transfer to Other Funds	(131)			(444)	(575)
Total Other Financing Sources (Uses)	(131)			(444)	(575)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	188	214	174	(239)	337
Fund Balance - July 1	10,093	6,755	5,488	6,494	28,830
Fund Balance - June 30	**10,281**	**6,969**	**5,662**	**6,255**	**29,167**

CITY OF ROCKLAND
WASTEWATER ENTERPRISE CAPITAL IMPROVEMENTS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit E-1

Wastewater Projects	*Balance July 1*	*Transfers*	*Revenues*	*Total Available*	*Expenditures*	*Transfer From(To) Unreserved*	*Balance June 30*
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
Wastewater Designated Balances	207,210	-	-	207,210	-	-	207,210

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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, 2015

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, 2014, 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, 2015.

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, 2014-01.

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.

295 Main Street • P.O. Box 889 • Ellsworth, Maine 04605

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

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Wanese L. Lynch, C.P.A.

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

March 26, 2015

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, 2014. 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, 2014.

295 Main Street • P.O. Box 889 • Ellsworth, Maine 04605

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 item 2014-2. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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, 2014

Auditor's Reference Number

A. 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.

Current Year Condition: Accounts receivable have been reconciled to the general ledger and only minor adjustments made in the current year.

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.

Current Year Condition: Grants were reconciled and minor adjustments were necessary.

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.

Current Year Condition: The EMS accounts receivable were reconciled monthly and changes/questions were sent to the outside billing company when identified. There is still an issue with the outside billing company finding a resolution timely but the finding has been removed and place in the communication with management letter.

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.

Current Year Condition: This finding remains during fiscal year 2014.

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.

Current Year Condition: During the course of our 2014 test work, we selected 10 contracts for testing and noted 9 instances in which there was no proof that the general contractor complied with Davis Bacon Act. This finding remains for 2014.

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.

Current Year Condition: The single audit report for fiscal year 2013 was submitted before the deadline.

SCHEDULE II
CITY OF ROCKLAND, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Rockland, Maine.

2. One reportable condition relating to the audit of the financial statements is reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.* The condition is reported as a material weakness.

3. No instances of noncompliance material to the financial statements of the City of Rockland were disclosed during the audit.

4. One reportable condition relating to the audit of the major federal award programs is reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.*

5. The auditor's report on compliance for the major federal award programs for the City of Rockland expresses an unqualified opinion.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.

7. The programs tested as major programs include:

   CDBG Cluster, CFDA #14.228.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The City of Rockland was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-01 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*

2014-02

Major Program: CDBG Cluster
CFDA#14.228
Federal Agency: Housing and Urban Development

Criteria: Davis Bacon Act.

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

Questioned Costs: N/A.

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

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

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

CITY OF ROCKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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:							
2013 Home Repair Network Program	*14.228	015-19A-05870126331	1,950,000		716,673	(716,673)	-
2012 Home Repair Network Program	*14.228	015-19A-05870126331	1,500,000		540,087	(540,087)	-
2011 CDBG Multi Family Housing	*14.228	015-19A-05870126631	300,000		65,221	(65,221)	-
CDBG Downtown Revitalization	*14.228	015-19A-05870126631	600,000		100,154	(100,154)	-
2011 CDBG Community Enterprise	*14.228	015-19A-05870126631	150,000		41,050	(41,050)	-
Total U.S. Department of Housing and Urban Development			4,500,000	-	1,463,185	(1,463,185)	-
U.S. Department of Transportation:							
Passed Through Maine Bureau of Highway Safety:							
2013 Drive Sober Maine Impaired Driving	20.600	013-16A-304D0126401	9,775		2,215	(2,215)	-
2014 Drive Sober Maine Impaired Driving	20.600	013-16A-304D0126401	10,000		6,269	(6,269)	-
2014 Click It or Ticket Campaign	20.609	013-16A-304D0126401	3,000		2,752	(2,752)	-
Total U.S. Department of Transportation			22,775	-	11,236	(11,236)	-
U.S. Department of Agriculture:							
USDA Grant	10.760	---	261,500		77,114	(77,114)	-
Total U.S. Department of Agriculture			261,500	-	77,114	(77,114)	-
U.S. Department of Justice:							
Passed Through State Department of Public Safety:							
2011 JAG Grant	16.738	---	6,734		130	(130)	-
2012 JAG Grant	16.738	---	10,652		2,116	(2,116)	-
Passed Through State Department of Health and Human Services:							
2013 Underage Drinking Enforcement Grant	16.727	---	7,095		626	(626)	-
2014 Underage Drinking Enforcement Grant	16.727	---	4,500		2,597	(2,597)	-
Total U.S. Department of Justice			28,981	-	5,469	(5,469)	-
U.S. Department of Homeland Security							
Passed Through Maine Emergency Management Agency:							
2013 Emergency Management Performance Grant Program	97.042		5,856		4,450	(4,450)	-
2012 Emergency Management Performance Grant Program	97.042		5,532		1,274	(1,274)	-
Passed Through the County of Knox, Maine:							
2011 HSG for Training & Equipment for LETTP	97.067	---	2,158		2,158	(2,158)	-
Total U.S. Department of Homeland Security			13,546	-	7,882	(7,882)	-
U.S. Department of Environmental Protection:							
Brownfield Assessment Program	66.818	---	400,000		135,384	(135,384)	-
Total U.S. Department of Environmental Protection			400,000	-	135,384	(135,384)	-
Total			**5,226,802**	-	**1,700,270**	**(1,700,270)**	-

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.