

**CITY OF GARDINER, MAINE**

**Annual Financial Report**

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

**CITY OF GARDINER, MAINE**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2015**

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## Independent Auditor's Report

City Council  
City of Gardiner, Maine

### **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 Gardiner, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Gardiner, Maine's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Gardiner, Maine'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 City of Gardiner, Maine's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardiner, Maine, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gardiner, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the City of Gardiner, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gardiner, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Ryan Kristen Ouellette". The signature is written in a cursive, flowing style.

December 4, 2015  
South Portland, Maine

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

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As management of the City of Gardiner, Maine, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Gardiner, Maine for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the notes to the financial statements; found on pages 22-40 of this report.

### **Financial Highlights**

- The assets and deferred outflow of resources of the City of Gardiner, Maine exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,337,628 (*net position*) (Statement 1). Of this amount, \$1,454,663 (*unrestricted net position*) (Statement 1) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of Gardiner, Maine's total net position increased \$1,558,816 (Statement 2). This represents an increase of \$648,799 in governmental activities and an increase of \$910,017 in business-type activities (Ambulance and Wastewater).
- As of the close of the current fiscal year, the City of Gardiner, Maine's governmental funds reported combined ending fund balances of \$2,960,831 (Statement 3), an increase of \$34,820 (Statement 4) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,606,097 (Statement 3) or 28% of total General Fund expenditures of \$9,401,037 (Statement 4).
- The City of Gardiner, Maine issued three new notes in governmental activities totaling \$490,991 during the fiscal year. They consisted of a three-year loan in the amount of \$23,991 for a Ford Police Interceptor, a four-year loan in the amount of \$42,000 for a Chevy Silverado, and a six-year loan for \$425,000 for the reconstruction of Highland Avenue. The City of Gardiner also refinanced three business-type Rural Development loans in the Wastewater Fund through a 17-year State revolving loan in the amount of \$2,482,414. This will result in a savings of \$788,121.

### **Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the City of Gardiner, Maine's basic financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with an overview of the City of Gardiner, Maine's finances, in a manner similar to a private-sector business.

The *statement of net position*, Statement 1, presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities*, Statement 2, presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF GARDINER, MAINE**  
**Management's Discussion and Analysis, Continued**

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Both of the government-wide financial statements distinguish functions of the City of Gardiner, Maine that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, welfare, public safety, public works, education and community services. The City has two business-type activities, which are an ambulance service and a wastewater treatment plant.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gardiner, Maine, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet (Statement 3) and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and TIF Fund, which are considered to be major funds (Statement 4). Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report (See Exhibit B-1 and B-2).

The City of Gardiner, Maine adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget (Exhibit A-2).

**Proprietary funds.** The City maintains two proprietary funds. These *enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise funds are used to account for operations of the ambulance service and the wastewater treatment plant. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Fiduciary funds.** The City maintains one fiduciary fund. The *fiduciary fund* is used to account for assets held by the City as a trustee or agent on behalf of others and is considered an agency fund.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40 of this report.

**Other information.** Combining and individual fund financial statements can be found on Exhibits A through D of this report.

**CITY OF GARDINER, MAINE**  
**Management's Discussion and Analysis, Continued**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Gardiner, Maine, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,337,628 at the close of the most recent fiscal year (Statement 1).

By far the largest portion of the City of Gardiner, Maine's net position (88 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The result is the City's net investment in capital assets. The City uses these capital 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.

**City of Gardiner, Maine's Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
Current and other assets	\$ 3,841,679	3,641,381	1,199,420	845,174	5,041,099	4,486,555
Capital assets, net	13,788,742	14,065,609	11,399,797	11,171,010	25,188,539	25,236,619
Total assets	17,630,421	17,706,990	12,599,217	12,016,184	30,229,638	29,723,174
Deferred outflows of resources	342,830	208,632	-	-	342,830	208,632
Long-term liabilities	7,089,855	8,772,764	3,643,298	3,905,108	10,733,153	12,677,872
Other liabilities	447,821	308,871	101,077	166,251	548,898	475,122
Total liabilities	7,537,676	9,081,635	3,744,375	4,071,359	11,282,051	13,152,994
Deferred inflows of resources	952,789	-	-	-	952,789	-
Net investment in capital assets	8,196,807	8,261,925	7,901,745	7,417,922	16,098,552	15,679,847
Restricted	784,413	1,103,275	-	-	784,413	1,103,275
Unrestricted	501,566	(531,213)	953,097	526,903	1,454,663	(4,310)
Total net position	<u>\$ 9,482,786</u>	<u>8,833,987</u>	<u>8,854,842</u>	<u>7,944,825</u>	<u>18,337,628</u>	<u>16,778,812</u>

The City's restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,454,663) may be used to meet the City's ongoing obligations to citizens and creditors.

The City of Gardiner, Maine's net position increased \$1,558,816 during the current fiscal year. This change is broken out in the following categories:

- **Governmental activities:** The City's governmental activities increased the net position by \$648,799.
- **Business-type activities:** The City's two business-type activities, the ambulance service and wastewater treatment plant, increased the City of Gardiner, Maine's net position by \$910,017.



**CITY OF GARDINER, MAINE**  
**Management's Discussion and Analysis, Continued**

**City of Gardiner, Maine's Changes in Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 150,320	91,612	2,732,300	2,450,473	2,882,620	2,542,085
Operating grants and contributions	402,237	309,141	-	-	402,237	309,141
Capital grants and contributions	703,981	34,432	532,495	-	1,236,476	34,432
General revenues:						
Property taxes	7,304,800	6,980,813	-	-	7,304,800	6,980,813
Other taxes	1,066,387	887,909	-	-	1,066,387	887,909
Grants not restricted to specific programs	869,447	721,151	-	-	869,447	721,151
Other	257,751	129,414	(17,105)	18,567	240,646	147,981
Total revenues	<u>10,754,923</u>	<u>9,154,472</u>	<u>3,247,690</u>	<u>2,469,040</u>	<u>14,002,613</u>	<u>11,623,512</u>
<b>Expenses:</b>						
General government	858,050	1,176,168	-	-	858,050	1,176,168
Welfare	41,435	33,099	-	-	41,435	33,099
Public safety	1,651,899	1,663,886	-	-	1,651,899	1,663,886
Public works	2,622,097	1,650,368	-	-	2,622,097	1,650,368
Community services	454,326	399,640	-	-	454,326	399,640
Education	3,340,650	3,192,831	-	-	3,340,650	3,192,831
County tax	343,704	345,016	-	-	343,704	345,016
Unclassified	364,775	308,535	-	-	364,775	308,535
Miscellaneous capital costs	284,073	118,305	-	-	284,073	118,305
Interest of debt	145,115	159,007	-	-	145,115	159,007
Ambulance	-	-	986,690	1,009,489	986,690	1,009,489
Wastewater	-	-	1,350,983	1,570,389	1,350,983	1,570,389
Total expenses	<u>10,106,124</u>	<u>9,046,855</u>	<u>2,337,673</u>	<u>2,579,878</u>	<u>12,443,797</u>	<u>11,626,733</u>
Increase (decrease) in net position	648,799	107,617	910,017	(110,838)	1,558,816	(3,221)
Net position - July 1 - as restated	8,833,987	10,703,728	7,944,825	8,055,663	16,778,812	18,759,391
<b>Net position - June 30</b>	<u><b>\$ 9,482,786</b></u>	<u><b>10,811,345</b></u>	<u><b>8,854,842</b></u>	<u><b>7,944,825</b></u>	<u><b>18,337,628</b></u>	<u><b>18,756,170</b></u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Gardiner, Maine uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Gardiner, Maine's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year (Statement 3).

As of the end of the current fiscal year, the City of Gardiner, Maine's governmental funds reported combined ending fund balances of \$2,960,831. Approximately 56% of this total amount (\$1,670,735) constitutes *unassigned fund balance*.

**CITY OF GARDINER, MAINE**  
**Management's Discussion and Analysis, Continued**

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The City continues to meet its responsibilities for sound financial management. Carefully monitoring expenditures and finding non-tax revenue have helped in establishing a favorable fund balance.

The fund balance of the City of Gardiner, Maine's General Fund increased \$319,875 (Statement 4) during the current fiscal year.

**General Fund Budgetary Highlights**

For the current fiscal year, revenues exceeded budgetary projections by \$441,842 and expenditures were below appropriations by \$247,303.

This created a positive variance of \$689,145 to fund balance. However, the budgeted use of prior year carry forwards and approved use of fund balance in the amount of \$691,883, along with other financing sources and uses, netted an increase of \$319,875 to fund balance.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Gardiner, Maine's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$13,788,742 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the purchase of a Chevy Silverado, a Ford Police Interceptor, as well as public improvements to Highland Avenue.

Additional information on the City of Gardiner, Maine's capital assets can be found in the Notes to the Basic Financial Statements of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Gardiner, Maine had total bonded debt outstanding of \$9,251,376. Of this amount, \$3,467,634 is business-type activities and \$5,783,742 is for governmental activities.

State statutes limit the amount of general obligation debt a municipality may issue up to 15 percent of its total state assessed valuation. The current debt limitation for the City of Gardiner, Maine is \$48,540,000, which is in excess of the City of Gardiner, Maine's outstanding general obligation debt of \$9,251,376.

Additional information on the City of Gardiner, Maine's long-term debt can be found in the Notes to the Basic Financial Statements of this report.

**Economic Factors**

The volatility of State Revenue Sharing and Aid to Education continues as it has for the last decade. It is necessary to consider the possibility that State Revenue Sharing may never return and eventually even be eliminated. Gardiner and other service center communities must advocate at the State level that if our cities are not supported, our State will fail. Cities are built to create jobs and support them. Whether it is fire, police, roads, water, sewer, etc., the towns and cities of Maine must unite to support a greater, larger, State economy. Any model that leaves cities or towns out will fail. If all Revenue Sharing is lost and no changes are made to the system, Gardiner will suffer from significant cuts and increases to local taxes.

**Next Year's Budgets and Tax Rates**

The above economic factor greatly impacted the Council's decisions when preparing the City's budget for the 2015-16 fiscal year. Their primary budgetary objectives were to provide quality City services to its citizens, minimize any increase in the property tax rate, and examine the cost of individual services to determine applicable user and permit fees. To accomplish these goals, City staff scrutinized their budgets for savings, examined staffing levels, adopted user fees, and refined operational service delivery methods for efficiencies.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Gardiner, Maine's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 6 Church Street, Gardiner, Maine 04345.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF GARDINER, MAINE**  
**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,294,025	-	2,294,025
Receivables:			
Taxes receivable	73,782	-	73,782
Tax liens	456,713	-	456,713
Accounts receivables, net of allowance	269,639	1,757,973	2,027,612
Notes receivable, net of allowance	184,160	-	184,160
Prepaid expenses	4,807	-	4,807
Internal balances	558,553	(558,553)	-
Capital assets, not being depreciated	1,391,166	1,180,426	2,571,592
Capital assets, net of accumulated depreciation	12,397,576	10,219,371	22,616,947
Total assets	17,630,421	12,599,217	30,229,638
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	342,830	-	342,830
Total deferred outflows of resources	342,830	-	342,830
<b>LIABILITIES</b>			
Accounts payable	357,824	68,525	426,349
Accrued expenses	46,575	25,102	71,677
Taxes paid in advance	9,719	-	9,719
Due to other governments	3,730	-	3,730
Accrued interest	29,973	7,450	37,423
Noncurrent liabilities:			
Due within one year	718,526	338,139	1,056,665
Due in more than one year	6,371,329	3,305,159	9,676,488
Total liabilities	7,537,676	3,744,375	11,282,051
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	952,789	-	952,789
Total deferred inflows of resources	952,789	-	952,789
<b>NET POSITION</b>			
Net investment in capital assets	8,196,807	7,901,745	16,098,552
Restricted for:			
Permanent funds - Nonexpendable principal	307,399	-	307,399
Permanent funds - Expendable	106,105	-	106,105
Revolving loan funds	266,353	-	266,353
Grants	104,556	-	104,556
Unrestricted	501,566	953,097	1,454,663
Total net position	\$ 9,482,786	8,854,842	18,337,628

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2015**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 858,050	67,281	1,759	-	(789,010)	-	(789,010)
Welfare	41,435	-	8,024	-	(33,411)	-	(33,411)
Public safety	1,651,899	61,631	4,381	-	(1,585,887)	-	(1,585,887)
Public works	2,622,097	4,805	70,792	-	(2,546,500)	-	(2,546,500)
Community services	454,326	16,603	181,543	-	(256,180)	-	(256,180)
Education	3,340,650	-	-	-	(3,340,650)	-	(3,340,650)
County tax	343,704	-	-	-	(343,704)	-	(343,704)
Unclassified	364,775	-	135,738	-	(229,037)	-	(229,037)
Miscellaneous capital costs	284,073	-	-	703,981	419,908	-	419,908
Interest on debt	145,115	-	-	-	(145,115)	-	(145,115)
Total governmental activities	10,106,124	150,320	402,237	703,981	(8,849,586)	-	(8,849,586)
Business-type activities:							
Ambulance	986,690	1,201,863	-	-	-	215,173	215,173
Wastewater	1,350,983	1,530,437	-	532,495	-	711,949	711,949
Total business-type activities	2,337,673	2,732,300	-	532,495	-	927,122	927,122
<b>Total primary government</b>	<b>\$ 12,443,797</b>	<b>2,882,620</b>	<b>402,237</b>	<b>1,236,476</b>	<b>(8,849,586)</b>	<b>927,122</b>	<b>(7,922,464)</b>
General revenues:							
Property taxes					7,304,800	-	7,304,800
Other taxes					1,066,387	-	1,066,387
Grants and contributions not restricted to specific programs:							
State revenue sharing					400,202	-	400,202
Homestead exemption					123,748	-	123,748
Other State aid					345,497	-	345,497
Interest earned					16,539	-	16,539
Unclassified					132,345	75,000	207,345
Sale of property					16,762	-	16,762
Transfers					92,105	(92,105)	-
Total general revenues and transfers					9,498,385	(17,105)	9,481,280
Change in net position					648,799	910,017	1,558,816
Net position - beginning - as restated					8,833,987	7,944,825	16,778,812
<b>Net position - ending</b>					<b>\$ 9,482,786</b>	<b>8,854,842</b>	<b>18,337,628</b>

**CITY OF GARDINER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	TIF Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,770,030	-	523,995	2,294,025
Receivables:				
Taxes receivable	73,782	-	-	73,782
Tax liens	456,713	-	-	456,713
Accounts receivables	181,978	-	87,661	269,639
Notes receivable, net of allowance of \$15,500	-	-	184,160	184,160
Prepaid expenditures	4,807	-	-	4,807
Interfund loans receivable	1,400,262	-	83,660	1,483,922
<b>Total assets</b>	<b>\$ 3,887,572</b>	<b>-</b>	<b>879,476</b>	<b>4,767,048</b>
<b>LIABILITIES</b>				
Accounts payable	252,768	-	105,056	357,824
Accrued payroll and related liabilities	46,575	-	-	46,575
Interfund loans payable	-	913,950	11,419	925,369
Taxes paid in advance	9,719	-	-	9,719
Due to other governments	3,730	-	-	3,730
<b>Total liabilities</b>	<b>312,792</b>	<b>913,950</b>	<b>116,475</b>	<b>1,343,217</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	463,000	-	-	463,000
<b>Total deferred inflows of resources</b>	<b>463,000</b>	<b>-</b>	<b>-</b>	<b>463,000</b>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	4,807	-	491,559	496,366
Restricted	-	-	292,854	292,854
Assigned	500,876	-	-	500,876
Unassigned	2,606,097	(913,950)	(21,412)	1,670,735
<b>Total fund balances (deficit)</b>	<b>3,111,780</b>	<b>(913,950)</b>	<b>763,001</b>	<b>2,960,831</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,887,572</b>	<b>-</b>	<b>879,476</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				13,788,742
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				463,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(268,649)
Accrued interest				(29,973)
Net pension liability with related deferred inflows and outflows of resources				(1,608,749)
Capital leases				(38,674)
Bonds and notes payable				(5,783,742)
<b>Net position of governmental activities</b>				<b>\$ 9,482,786</b>

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	General	TIF Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 8,346,187	-	-	8,346,187
Licenses and permits	22,611	-	-	22,611
Intergovernmental	1,064,530	-	776,297	1,840,827
Charges for services	55,096	-	39,155	94,251
Interest earned	3,052	-	13,487	16,539
Unclassified	149,107	135,738	32,558	317,403
<b>Total revenues</b>	<b>9,640,583</b>	<b>135,738</b>	<b>861,497</b>	<b>10,637,818</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	924,663	75,988	16,216	1,016,867
Welfare	35,473	-	6,176	41,649
Public safety	1,804,894	-	49,354	1,854,248
Public works	2,152,866	-	73,177	2,226,043
Community services	367,663	-	92,813	460,476
Education	3,340,650	-	-	3,340,650
County tax	343,704	-	-	343,704
Unclassified	337,136	-	27,639	364,775
Debt service	-	462,364	305,346	767,710
Capital expenditures	93,988	-	703,981	797,969
<b>Total expenditures</b>	<b>9,401,037</b>	<b>538,352</b>	<b>1,274,702</b>	<b>11,214,091</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>239,546</b>	<b>(402,614)</b>	<b>(413,205)</b>	<b>(576,273)</b>
<b>Other financing sources (uses):</b>				
Proceeds from debt/capital leases	518,988	-	-	518,988
Transfers in	250,214	594,530	94,343	939,087
Transfers out	(688,873)	(158,109)	-	(846,982)
<b>Total other financing sources</b>	<b>80,329</b>	<b>436,421</b>	<b>94,343</b>	<b>611,093</b>
<b>Net change in fund balances</b>	<b>319,875</b>	<b>33,807</b>	<b>(318,862)</b>	<b>34,820</b>
<b>Fund balances (deficit), beginning of year</b>	<b>2,791,905</b>	<b>(947,757)</b>	<b>1,081,863</b>	<b>2,926,011</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 3,111,780</b>	<b>(913,950)</b>	<b>763,001</b>	<b>2,960,831</b>

*See accompanying notes to basic financial statements.*



**CITY OF GARDINER, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2015**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	34,820
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$790,763) exceeded capital outlays (\$513,896).		(276,867)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase in unavailable revenue - property taxes.		25,000
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Lease proceeds provide current financial resources to governmental funds, but issuing leases increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$93,123) exceeded new lease proceeds (\$27,997).		65,126
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Some expenses reported in the statement of activities do not require use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the increase in accrued compensated absences (\$17,932) and the decrease in accrued interest (\$1,528) and net pension liability with related deferred inflows and outflows of resources (\$368,609).		352,205
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$939,506) exceeded proceeds from new bonds and notes (\$490,991).		448,515
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>648,799</b>
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*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Ambulance</b>	<b>Wastewater</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Accounts receivable - (net of allowance of \$80,000 in ambulance fund)	\$ 529,370	1,228,603	1,757,973
Total current assets	529,370	1,228,603	1,757,973
Capital assets:			
Construction in progress	-	798,758	798,758
Land	-	381,668	381,668
Capital assets, being depreciated	727,925	15,014,092	15,742,017
Accumulated depreciation	(555,601)	(4,967,045)	(5,522,646)
Total capital assets, net	172,324	11,227,473	11,399,797
<b>Total assets</b>	<b>701,694</b>	<b>12,456,076</b>	<b>13,157,770</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	7,189	61,336	68,525
Accrued payroll	16,633	8,469	25,102
Accrued interest	450	7,000	7,450
Interfund loans payable	332,148	226,405	558,553
Current portion of noncurrent liabilities	32,278	305,861	338,139
Total current liabilities	388,698	609,071	997,769
Noncurrent liabilities:			
Accrued compensated absences	114,935	30,311	145,246
Bonds and leases payable	148,140	3,011,773	3,159,913
Total noncurrent liabilities	263,075	3,042,084	3,305,159
<b>Total liabilities</b>	<b>651,773</b>	<b>3,651,155</b>	<b>4,302,928</b>
<b>NET POSITION</b>			
Net investment in capital assets	(8,094)	7,909,839	7,901,745
Unrestricted	58,015	895,082	953,097
<b>Total net position</b>	<b>\$ 49,921</b>	<b>8,804,921</b>	<b>8,854,842</b>

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Ambulance</b>	<b>Wastewater</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 1,201,863	1,530,437	2,732,300
Total operating revenues	1,201,863	1,530,437	2,732,300
Operating expenses:			
Personnel services	780,867	371,860	1,152,727
Contractual services	46,478	194,328	240,806
Supplies and materials	28,387	58,966	87,353
Repairs and maintenance	67,444	262,852	330,296
Other expenses	5,331	26,181	31,512
Depreciation expense	54,205	378,505	432,710
Total operating expenses	982,712	1,292,692	2,275,404
Operating income	219,151	237,745	456,896
Nonoperating revenues (expenses):			
Grant revenue	-	532,495	532,495
Miscellaneous	-	75,000	75,000
Interest expense	(3,978)	(58,291)	(62,269)
Total nonoperating revenues (expenses)	(3,978)	549,204	545,226
Net income before transfers	215,173	786,949	1,002,122
Transfers:			
Transfer to other funds	-	(92,105)	(92,105)
Total transfers	-	(92,105)	(92,105)
Change in net position	215,173	694,844	910,017
Net position, beginning of year	(165,252)	8,110,077	7,944,825
<b>Net position, end of year</b>	<b>\$ 49,921</b>	<b>8,804,921</b>	<b>8,854,842</b>

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Ambulance</b>	<b>Wastewater</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 1,045,060	1,579,657	2,624,717
Payments to employees	(784,860)	(365,470)	(1,150,330)
Payments to suppliers	(146,579)	(586,556)	(733,135)
Net cash provided (used) by operating activities	113,621	627,631	741,252
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	-	(92,105)	(92,105)
Net change in interfunds	(77,497)	438,329	360,832
Net cash provided (used) by noncapital financing activities	(77,497)	346,224	268,727
<b>Cash flows from capital and related financing activities:</b>			
Capital asset purchases	-	(661,497)	(661,497)
Interest paid on bonds/leases	(4,053)	(89,393)	(93,446)
Principal payments on bonds and capital lease	(32,071)	(222,965)	(255,036)
Net cash used in capital and related financing activities	(36,124)	(973,855)	(1,009,979)
Net increase (decrease) in cash	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income	\$ 219,151	237,745	456,896
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>			
Depreciation	54,205	378,505	432,710
(Increase) decrease in receivables	(156,803)	49,220	(107,583)
Increase (decrease) in accounts payable	1,061	(44,229)	(43,168)
Increase (decrease) in accrued payroll	6,070	3,101	9,171
Increase (decrease) in accrued comp absences	(10,063)	3,289	(6,774)
Net cash provided (used) by operating activities	113,621	627,631	741,252
<b>Schedule of non-cash capital and related financing activities:</b>			
Current refunding of debt	\$ -	2,482,414	2,482,414

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

		<b>Agency Funds</b>
		<b>Gardiner Growth Initiative</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	5,002
<b>Total assets</b>		<b>5,002</b>
<b>LIABILITIES</b>		
Due to outside groups		5,002
<b>Total liabilities</b>		<b>5,002</b>
<b>NET POSITION</b>		
Held in trust	\$	-

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The City of Gardiner, Maine is located in Kennebec County. It was organized in 1754 and operates under a City Manager - City Council form of government.

The financial statements of the City of Gardiner, Maine have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable 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 City's accounting policies are described below.

**A. Reporting Entity**

This report includes all funds of the City of Gardiner, Maine. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointing of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the City of Gardiner that should be included as part of these 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 nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. 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 as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 TIF Fund is a special revenue fund that accounts primarily for revenues and expenditures associated with the City's tax increment financing districts. It also contains activity specific to costs associated with the development of the Libby Hill Business Park and revenue related to the sale of related lots.

The City reports the following major proprietary funds:

The Wastewater Fund accounts for the operation of a sewer system.

The Ambulance Fund accounts for the operations of the emergency rescue unit.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Additionally, the City reports a fiduciary fund:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary fund is considered an agency fund.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

**D. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as time deposits and certificates of deposit owned by the City. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

**E. Interfund Loans**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund loans receivable" or "interfund loans payable" on the balance sheet.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost greater than the thresholds listed below and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.



**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The City's policy is to capitalize assets exceeding the thresholds for various asset classes as follows:

Land	\$ 25,000
Buildings and Building Improvements	10,000
Furniture and Equipment	10,000
Vehicles	10,000
Infrastructure	25,000

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset's lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 40 years.

**G. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**H. Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include differences between expected and actual experience, which is deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds have one type of item that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred inflows that relate to the net pension liability, which include the changes in proportion and differences between City contributions and proportionate share of contributions, which is deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**I. Interfund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**J. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand.

**K. Fund Equity**

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the City imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council or a body or official delegated by the City Council may assign fund balance, including unspent budgeted amounts, for specific purposes in the General Fund at year-end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**L. Use of Estimates**

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**M. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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**A. Budgetary Information**

The City utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. These budgets are established in accordance with the various laws of the State of Maine which govern the City's operations. The budget has been prepared consistent with the modified accrual basis of accounting.

All unexpended appropriations lapse at year end unless specific approval is granted at a City Council meeting to carry such amounts forward. Department level total expenditures cannot exceed City appropriations by law.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2015, there were no expenditures that exceeded appropriations.

**C. Deficit Fund Balances**

At June 30, 2015, the following funds had a deficit fund balances:

TIF Funds	\$ 913,950
Capital projects	21,412

The TIF deficit will be funded by future tax revenue, sale of lots in Libby Hill or transfers from the General Fund. The capital projects deficit will be funded by future revenues or transfers from the General Fund.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

**RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association for workers' compensation coverage.

Based on the coverage provided by this pool, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claims liabilities that should be recorded at June 30, 2015.

**DEPOSITS**

*Custodial credit risk-deposits:* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy with respect to custodial credit risk. As of June 30, 2015, the City reported deposits of \$2,299,027 with a bank balance of \$2,430,160. All of the bank balance was covered by F.D.I.C. or by additional insurance or letters of credit purchased or provided by the financial institutions.

*Interest rate risk* – The City does not have a deposit policy for interest rate risk.

Deposits have been reported as follows:

Reported in governmental funds	\$ 2,294,025
Reported in fiduciary funds	<u>5,002</u>
<b>Total deposits</b>	<b><u>\$ 2,299,027</u></b>

**INTERFUND BALANCES**

As of June 30, 2015, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ 1,400,262	-
TIF Fund	-	913,950
Nonmajor Governmental Funds:		
Revolving Loan Fund	-	1,014
Development and Planning	53,040	-
Public Safety Grants	-	2,184
Private Grants	30,430	-
Wellness	190	-
New Mills Dam	-	4,219
Capital Projects	-	4,002
Enterprise Funds:		
Ambulance	-	332,148
Sewer	-	<u>226,405</u>
<b>Total interfund balances</b>	<b><u>\$ 1,483,922</u></b>	<b><u>1,483,922</u></b>

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

**PROPERTY TAX**

Property taxes for the current period were committed on July 30, 2014 on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and the City budgeted an amount of \$23,180 for the year ended June 30, 2015.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

Property taxes levied during the period were recorded as receivables at the time the levy was made. The receivables collected during the period and in the first sixty days following the end of the period have been recorded as revenues. The remaining receivables have been recorded as unavailable revenue-property taxes.

The following summarizes the levy:

	<u>2015</u>	<u>2014</u>
Assessed value	\$ 354,767,800	351,629,500
<u>Tax rate (per \$1,000)</u>	<u>20.60</u>	<u>19.90</u>
Commitment	7,308,217	6,997,427
Less:		
Abatements/write offs	3,230	3,982
<u>Collections</u>	<u>7,012,777</u>	<u>6,601,219</u>
Current year taxes receivable at end of year	292,210	392,226
<u>Taxes and liens receivable - prior years</u>	<u>238,285</u>	<u>204,614</u>
<b><u>Total taxes and liens receivable</u></b>	<b><u>\$ 530,495</u></b>	<b><u>596,840</u></b>
Due date	1st half    September 15, 2014	September 15, 2013
	2nd half    March 16, 2015	March 15, 2014
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	96.00%	94.39%

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 928,648	-	-	928,648
Construction in progress	21,612	440,906	-	462,518
Total capital assets not being depreciated	950,260	440,906	-	1,391,166
Capital assets, being depreciated:				
Buildings and building improvements	415,290	-	-	415,290
Furniture and equipment	1,182,362	-	-	1,182,362
Vehicles	3,366,471	72,990	-	3,439,461
Infrastructure	44,652,686	-	-	44,652,686
Total capital assets being depreciated	49,616,809	72,990	-	49,689,799
Less accumulated depreciation for:				
Buildings and building improvements	259,783	6,105	-	265,888
Furniture and equipment	855,275	66,799	-	922,074
Vehicles	2,233,166	207,534	-	2,440,700
Infrastructure	33,153,236	510,325	-	33,663,561
Total accumulated depreciation	36,501,460	790,763	-	37,292,223
Total capital assets being depreciated, net	13,115,349	(717,773)	-	12,397,576
<b>Governmental activities capital assets, net</b>	<b>\$ 14,065,609</b>	<b>(276,867)</b>	<b>-</b>	<b>13,788,742</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 381,668	-	-	381,668
Construction in progress	137,261	661,497	-	798,758
Total capital assets not being depreciated	518,929	661,497	-	1,180,426
Capital assets, being depreciated:				
Building/sewer system	4,822,059	-	-	4,822,059
Vehicles	614,286	-	-	614,286
Furniture and equipment	455,224	-	-	455,224
Infrastructure	9,850,448	-	-	9,850,448
Total capital assets being depreciated	15,742,017	-	-	15,742,017
Less accumulated depreciation for:				
Building/sewer system	2,610,864	115,735	-	2,726,599
Vehicles	461,468	47,189	-	508,657
Furniture and equipment	281,150	23,525	-	304,675
Infrastructure	1,736,454	246,261	-	1,982,715
Total accumulated depreciation	5,089,936	432,710	-	5,522,646
Total capital assets being depreciated, net	10,652,081	(432,710)	-	10,219,371
<b>Business-type activities capital assets, net</b>	<b>\$ 11,171,010</b>	<b>228,787</b>	<b>-</b>	<b>11,399,797</b>

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS, CONTINUED**

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

Governmental activities:	
General government	\$ 25,863
Public safety	60,945
Public works	702,079
Community services	1,876

**Total depreciation expense – governmental activities      \$ 790,763**

Business-type activities:	
Ambulance	\$ 54,205
Wastewater	378,505

**Total depreciation expense – business-type activities      \$ 432,710**

**INTERFUND TRANSFERS**

Individual interfund transfers for the year ended June 30, 2015 were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 250,214	688,873
TIF Funds	594,530	158,109
Nonmajor Special Revenue Funds:		
New Mills Dam	94,343	-
Proprietary Funds:		
Wastewater	-	92,105
<b><u>Total interfund transfers</u></b>	<b><u>\$ 939,087</u></b>	<b><u>939,087</u></b>

**LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds and notes	\$ 6,232,257	490,991	939,506	5,783,742	707,606
Capital leases	103,800	27,997	93,123	38,674	10,920
Net pension liability	2,185,990	-	1,187,200	998,790	-
Compensated absences	250,717	17,932	-	268,649	-
<b><u>Governmental activities long-term liabilities</u></b>	<b><u>\$ 8,772,764</u></b>	<b><u>536,920</u></b>	<b><u>2,219,829</u></b>	<b><u>7,089,855</u></b>	<b><u>718,526</u></b>

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

**LONG-TERM LIABILITIES, CONTINUED**

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
General obligation bonds and notes	\$ 3,715,599	2,482,414	2,730,379	3,467,634	330,861
Capital leases	37,489	-	7,071	30,418	7,278
Compensated absences	152,020	-	6,774	145,246	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 3,905,108</b>	<b>2,482,414</b>	<b>2,744,224</b>	<b>3,643,298</b>	<b>338,139</b>

**LONG-TERM DEBT**

Long-term debt payable at June 30, 2015 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2015</u>
<b>Governmental activities:</b>					
General obligation bonds	5/25/95	\$ 750,000	11/01/15	5.508-6.208%	34,500
General obligation bonds	5/27/99	2,096,483	11/01/19	4.039-5.239%	524,123
General obligation bonds	10/28/04	775,000	11/01/19	4.099-4.295%	258,335
General obligation bonds	9/26/07	319,700	11/01/27	5.9-6.0%	207,805
General obligation bonds	5/27/10	4,067,093	11/01/34	2.773-5.746%	3,253,674
Ladder Truck	10/28/10	767,000	11/01/25	2.124-4.267%	562,467
General obligation bonds	5/26/11	260,000	11/01/39	2.02-5.52%	232,143
General obligation bonds	11/30/11	425,000	11/30/15	1.89%	106,250
General obligation bonds	11/01/12	200,000	11/01/15	1.57%	66,667
General obligation note	4/09/14	67,003	4/09/18	2.79%	40,182
General obligation note	4/09/14	36,194	4/09/18	2.79%	21,705
General obligation note	9/11/14	23,991	9/11/17	2.60%	17,760
General obligation note	12/10/14	42,000	12/10/18	2.79%	33,131
General obligation bond	4/1/15	425,000	4/1/21	2.09%	425,000
<b>Total governmental activities</b>					<b>5,783,742</b>
<b>Business-type activities:</b>					
1997 State revolving loan	3/14/97	1,296,500	11/01/17	2.95%	194,475
1999 State revolving loan	6/23/99	818,500	11/01/19	2.29%	163,700
2000 State revolving loan	5/15/00	790,000	4/01/20	3.20%	261,782
2011 Rural Development	5/26/11	236,000	5/26/40	3.75%	215,263
2013 Ambulance	11/01/12	200,000	11/01/20	1.79%	150,000
2014 refunding bond	9/19/14	2,482,414	9/1/31	0.25%	2,482,414
<b>Total business-type activities</b>					<b>3,467,634</b>
<b>Total long-term debt</b>					<b>\$ 9,251,376</b>

Governmental activities reported \$190,255 of interest expense on long-term debt, of which \$45,140 is reported in the direct function to which it is applicable.



**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT, CONTINUED**

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The annual requirements to amortize long-term debt outstanding as of June 30, 2015 are as follows:

June 30,	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 707,606	169,902	877,508	330,861	32,640	363,501
2017	501,121	157,212	658,333	332,820	27,568	360,388
2018	502,079	141,938	644,017	334,849	22,439	357,288
2019	475,041	125,532	600,573	272,128	18,018	290,146
2020	466,413	111,651	578,064	233,382	14,305	247,687
2021-2025	1,266,272	417,443	1,683,715	789,936	50,195	840,131
2026-2030	958,935	223,372	1,182,307	771,972	33,804	805,776
2031-2035	859,847	82,423	942,270	342,357	17,862	360,219
2036-2040	46,428	6,358	52,786	59,329	6,964	66,293
<b>Total</b>	<b>\$5,783,742</b>	<b>1,435,831</b>	<b>7,219,573</b>	<b>3,467,634</b>	<b>223,795</b>	<b>3,691,429</b>

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City of \$323,600,000. At June 30, 2015, the statutory limit for the City was \$48,540,000. The City's outstanding long-term debt of \$9,251,376 at June 30, 2015 was significantly less than the statutory limit.

**Current Refunding**

On September 19, 2014, the City issued \$2,482,414 in bonds at an interest rate of 0.25% through the Maine Municipal Bond Bank. The proceeds were used to refund three USDA rural development bonds, which had interest rates of 4.125% each. The net proceeds of \$2,482,414 were paid directly to the USDA from the Maine Municipal Bond Bank to retire, in full, the intended bonds. The City refunded the rural development bonds to reduce its total debt service payments by \$788,121.

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**OVERLAPPING DEBT**

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In addition to the notes and bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2015:

<u>Governmental unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Gardiner</u>	<u>City of Gardiner's share of debt</u>
MSAD 11	\$ 1,569,315	37.80%	\$ 593,201

The City's proportionate share of the District debt is paid through annual assessments. The City's share of MSAD 11 debt service payments is voted on annually.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL LEASES**

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The City has entered into several lease agreements as lessee for financing the acquisition of vehicles and equipment. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2015.

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 10,920	588	7,278	891
2017	10,766	763	7,492	678
2018	5,505	481	7,711	458
2019	5,660	325	7,937	233
2020	5,823	165	-	-
<b>Total</b>	<b>\$ 38,674</b>	<b>2,322</b>	<b>30,418</b>	<b>2,260</b>

The amount capitalized under capital leases totals \$21,319 for governmental activities and \$45,659 for business-type activities.

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**LANDFILL**

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The City pays a per capita fee for use of the Hatch Hill landfill facility in Augusta. In 2015, the per capita fee was based on 5,800 residents for a total of \$87,000. This was based on a rate of \$21,750 per quarter.

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**DEFERRED COMPENSATION PLAN**

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The City of Gardiner, Maine offers all its employees not participating in Maine Public Employees Retirement a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees 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.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the City's financial statements.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

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***General Information about the Pension Plan***

**Plan Description** - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.maineipers.org](http://www.maineipers.org).

**Benefits Provided** - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 7.0% for administration and 8.5% for public safety of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015, was 7.8% and 11.0% of annual payroll for the administration and public safety plans, respectively, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$248,767 for the year ended June 30, 2015.

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

At June 30, 2015, the City reported a liability of \$998,790 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2014, the City's proportion was 0.6491%.

For the year ended June 30, 2015, the City recognized a pension gain of \$119,842. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,063	-
Net difference between projected and actual earnings on pension plan investments	-	848,623
Changes in proportion and differences between City contributions and proportionate share of contributions	-	104,166
City contributions subsequent to the measurement date	248,767	-
<b>Total</b>	<b>\$ 342,830</b>	<b>\$ 952,789</b>

\$248,767 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (215,523)
2017	(215,523)
2018	(215,523)
2019	(212,157)

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

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.25% per annum, compounded annually
Cost of living benefit increases	3.12% per annum

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
<b><u>Total</u></b>	<b><u>100%</u></b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 3,115,931	\$ 998,790	\$ (770,876)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2015.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**TAX INCREMENT FINANCING DISTRICTS**

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The City has established six tax increment financing districts under the terms of applicable state laws, which are accounted for in the TIF Fund.

The City established the **Libby Hill Area Wide Tax Incremental Financing District** in the spring of 2009. This thirty year TIF includes all the remaining lots within Libby Hill Phase I and Phase II that were not already in a separate TIF agreement as of that date. Credit enhancement agreements are decided on a case by case basis. Any captured assessed value will be applied to debt service on Libby Hill and economic development expenditures. Current credit enhancement agreements include Dennison Lubricants, 10 years at 25% reimbursement beginning in 2009, and Black Diamond Consultants, with a 25% reimbursement on land only (not to exceed 5 years) and an added 25% reimbursement for a further ten years upon building development.

The City established the **Harper's II LLC Municipal Development Tax Incremental Financing District** on March 23, 2001, for the purpose of economic development in the Libby Hill Business Park. The TIF will help offset the specific costs of the high-tech facility by paying for a portion of the marginal increase in debt service. This district was amended in 2011 to 30 years, and increased by 24.86 acres to include all Business Park roads and infrastructure areas. There is a 34% credit enhancement agreement on this TIF through 2020.

The City established the **Downtown Municipal Development Tax Incremental Financing District** on March 20, 2003, for the purpose of improving the downtown area. The TIF will fund debt service payments for a bond issued for downtown improvements. The TIF has been designated for 10 years or until the project costs are expended. This district was amended in 2009 to 30 years, and increased in size to include City owned areas including the City Common, and portions of Church and School Streets leading to the downtown area. During FY15, the City adopted a Credit Enhancement program for the downtown which may result in credit enhancements for qualified properties. As of June 30, 2015, there have been no credit enhancement agreements approved.

The City established the **Pine State Trading Municipal Development Tax Incremental Financing District** on March 30, 2004, for the purpose of economic development in the Libby Hill Business Park. The TIF will help offset the costs of a new building by paying for a portion of the project. The TIF has been designated for 10 years and 50% of the captured assessed value will be applied to the Credit Enhancement Agreement. This district was amended in 2011 to 30 years, and increased by 24.86 acres to include all Business Park roads and infrastructure areas. FY14 was the final year of the credit enhancement agreement for this district and, therefore, the City now keeps 100% of the tax payments to be used in their entirety towards economic development.

The City established the **EJ Prescott Tax Incremental Financing District** in March 2005. The TIF has been designated as follows: 75% of the captured assessed value to be paid to developer for years one through six and 50% for years seven through ten. This district was amended in 2011 to 30 years, and increased by 24.86 acres to include all Business Park roads and infrastructure areas. FY 2015 is the final year of the current credit enhancement agreement for this District.

The City established the **Associated Grocers Tax Incremental Financing District** in 2006, encompassing the facilities 40,000 square foot expansion completed in 2005. This district was amended in 2011 to 30 years, and increased by 24.88 acres to include all Business Park roads and infrastructure areas, as well as fire suppression system which supports the property. This property is owned by KNG, LLC, and is occupied by Pine State Trading.

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**JOINT VENTURE**

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The City of Gardiner, Maine has entered into a joint venture with a number of other municipalities. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the City. The joint venture is as follows:

**FirstPark**

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes according to the act were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities and other conditions to positively affect regional development. The intent was that the members would fund the start up costs and then all benefit from the tax revenues later on. There are currently 24 local governments who are members of the Authority, including the City of Gardiner, Maine. The Authority derives the bulk of its revenue from participants, but also receives some grant revenues from the State of Maine. In fiscal 2015, the City of Gardiner, Maine contributed \$31,845. However, the City receives a portion of the tax revenues generated, which amounted to \$13,941 in fiscal year 2015, for a net contribution of \$17,904. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at P.O. Box 246, Oakland, Maine 04963.

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**NET POSITION**

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Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2015:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net of depreciation	\$ 13,788,742	11,399,797
Bonds and notes payable	(5,783,742)	(3,467,634)
Capital leases payable	(38,674)	(30,418)
<u>Unspent bond proceeds</u>	<u>230,481</u>	<u>-</u>
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 8,196,807</u></b>	<b><u>7,901,745</u></b>

**CITY OF GARDINER, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**FUND BALANCE**

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As of June 30, 2015, fund balance components consisted of the following:

	<u>General Fund</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>				
Prepaid expenditures	\$ 4,807	-	-	4,807
Long-term notes receivable	-	-	184,160	184,160
Principal for permanent funds	-	-	307,399	307,399
<b>Total nonspendable</b>	<b>4,807</b>	-	<b>491,559</b>	<b>496,366</b>
<b>Restricted:</b>				
Revolving loan funds	-	-	82,193	82,193
Grants for development and planning	-	-	53,040	53,040
Grant for wellness	-	-	160	160
Grants for private uses	-	-	30,178	30,178
Grants for New Mills Dam	-	-	21,178	21,178
Permanent funds	-	-	106,105	106,105
<b>Total restricted</b>	-	-	<b>292,854</b>	<b>292,854</b>
<b>Assigned:</b>				
WIFI	1,400	-	-	1,400
Paving	240,000	-	-	240,000
Book restoration	3,000	-	-	3,000
Roof repairs	3,411	-	-	3,411
Signage project phase 2	9,000	-	-	9,000
Sidewalk repairs	12,000	-	-	12,000
Contractor services (MRI)	5,000	-	-	5,000
FY12 loan balance – Capen Road	227,065	-	-	227,065
<b>Total assigned</b>	<b>500,876</b>	-	-	<b>500,876</b>
<b>Total unassigned</b>	<b>2,606,097</b>	<b>(913,950)</b>	<b>(21,412)</b>	<b>1,670,735</b>
<b>Total fund balance (deficit)</b>	<b>\$ 3,111,780</b>	<b>(913,950)</b>	<b>763,001</b>	<b>2,960,831</b>

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**NEW PRONOUNCEMENTS AND RESTATEMENTS OF NET POSITION**

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For the fiscal year ended June 30, 2015, the City has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the City has restated beginning net position in the government-wide statement of net position to account for the addition of the City’s proportionate share of the net pension liability of \$2,185,990 and deferred outflows for the City’s contributions subsequent to the measurement date of \$208,632, which effectively decreased the City’s net position as of July 1, 2014 by \$1,977,358.



**CITY OF GARDINER, MAINE**  
**Required Supplementary Information**

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**Schedule of City's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*  
(Only one year of information available)

2015

City's proportion of the net pension liability	0.6491%
City's proportionate share of the net pension liability	\$ 998,790
City's covered-employee payroll	\$2,639,319
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	37.84%
Plan fiduciary net position as a percentage of of the total pension liability	94.10%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**CITY OF GARDINER, MAINE**  
**Required Supplementary Information, Continued**

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**Schedule of City Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**  
**Last 10 Fiscal Years**  
*(Only two years of information available)*

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 248,767	208,632
Contributions in relation to the contractually required contribution	(248,767)	(208,632)
<b><u>Contribution deficiency (excess)</u></b>	<b><u>\$ -</u></b>	<b><u>-</u></b>
City's covered-employee payroll	\$ 2,639,319	2,465,972
Contributions as a percentage of covered- employee payroll	9.43%	8.46%

**CITY OF GARDINER, MAINE**  
**Notes to Required Supplementary Information**

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**Changes of Benefit Terms – None**

**Changes of Assumptions - None**

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **GENERAL FUND**

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund (Exhibit A-2) is information required by the Governmental Accounting Standards Board as required supplementary information. Comparative Balance Sheets (Exhibit A-1) is presented for additional analysis only.

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvement costs which are not paid through other funds.

**CITY OF GARDINER, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,770,030	1,739,952
Receivables:		
Taxes - current year	22,379	392,226
Taxes - prior years	51,403	15,206
Tax liens - current year	269,831	-
Tax liens - prior years	186,882	189,408
Accounts receivables	181,978	34,740
Prepaid expenditures	4,807	-
Interfund loans receivable	1,400,262	1,084,591
<b>Total assets</b>	<b>\$ 3,887,572</b>	<b>3,456,123</b>
<b>LIABILITIES</b>		
Accounts payable	252,768	169,888
Accrued payroll and related liabilities	46,575	37,037
Taxes paid in advance	9,719	10,002
Due to other governments	3,730	9,291
<b>Total liabilities</b>	<b>312,792</b>	<b>226,218</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	463,000	438,000
<b>Total deferred inflows of resources</b>	<b>463,000</b>	<b>438,000</b>
<b>FUND BALANCES</b>		
Nonspendable - prepaid expenditures	4,807	-
Assigned	500,876	621,883
Unassigned	2,606,097	2,170,022
<b>Total fund balances</b>	<b>3,111,780</b>	<b>2,791,905</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,887,572</b>	<b>3,456,123</b>

**CITY OF GARDINER, MAINE**  
**Required Supplementary Information**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**General Fund**  
**For the year ended June 30, 2015**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 8,208,217	8,208,217	8,346,187	137,970
Licenses and permits	22,000	22,000	22,611	611
Intergovernmental	824,530	824,530	1,064,530	240,000
Charges for services	47,212	47,212	55,096	7,884
Interest earned	4,000	4,000	3,052	(948)
Unclassified	92,782	92,782	149,107	56,325
<b>Total revenues</b>	<b>9,198,741</b>	<b>9,198,741</b>	<b>9,640,583</b>	<b>441,842</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,041,182	1,054,682	924,663	130,019
Welfare	39,288	39,288	35,473	3,815
Public safety	1,806,388	1,806,388	1,804,894	1,494
Public works	1,843,261	2,249,444	2,152,866	96,578
Community services	380,458	380,458	367,663	12,795
Education	3,340,650	3,340,650	3,340,650	-
County tax	343,704	343,704	343,704	-
Unclassified	339,738	339,738	337,136	2,602
<b>Total expenditures</b>	<b>9,134,669</b>	<b>9,554,352</b>	<b>9,307,049</b>	<b>247,303</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>64,072</b>	<b>(355,611)</b>	<b>333,534</b>	<b>689,145</b>
<b>Other financing sources (uses):</b>				
Use of fund balance	272,200	272,200	-	(272,200)
Use of carryforwards	-	419,683	-	(419,683)
Proceeds from long-term debt	-	-	425,000	425,000
Transfer from other funds	258,258	258,258	250,214	(8,044)
Transfer to other funds	(594,530)	(594,530)	(688,873)	(94,343)
<b>Total other financing sources (uses)</b>	<b>(64,072)</b>	<b>355,611</b>	<b>(13,659)</b>	<b>(369,270)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>319,875</b>	<b>319,875</b>
<b>Fund balance, beginning of year</b>			<b>2,791,905</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>3,111,780</b>	

\*Debt service is budgeted in the department in which debt was incurred.

**ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF GARDINER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 110,491	-	413,504	523,995
Accounts receivable	4,107	83,554	-	87,661
Notes receivable, net of allowance	184,160	-	-	184,160
Interfund loans receivable	83,660	-	-	83,660
<b>Total assets</b>	<b>\$ 382,418</b>	<b>83,554</b>	<b>413,504</b>	<b>879,476</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	4,092	100,964	-	105,056
Interfund loans payable	7,417	4,002	-	11,419
Total liabilities	11,509	104,966	-	116,475
Fund balances (deficit):				
Nonspendable	184,160	-	307,399	491,559
Restricted	186,749	-	106,105	292,854
Unassigned	-	(21,412)	-	(21,412)
Total fund balances (deficit)	370,909	(21,412)	413,504	763,001
<b>Total liabilities and fund balances</b>	<b>\$ 382,418</b>	<b>83,554</b>	<b>413,504</b>	<b>879,476</b>



**CITY OF GARDINER, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 72,316	703,981	-	776,297
Charges for services	39,155	-	-	39,155
Interest income	9,681	-	3,806	13,487
Unclassified	32,558	-	-	32,558
Total revenues	153,710	703,981	3,806	861,497
Expenditures:				
Current:				
General government	16,216	-	-	16,216
Welfare	6,176	-	-	6,176
Public safety	49,354	-	-	49,354
Public works	73,177	-	-	73,177
Community services	92,813	-	-	92,813
Unclassified	-	-	27,639	27,639
Debt service	305,346	-	-	305,346
Capital outlay	-	703,981	-	703,981
Total expenditures	543,082	703,981	27,639	1,274,702
Deficiency of revenues under expenditures	(389,372)	-	(23,833)	(413,205)
Other financing sources:				
Transfers in	94,343	-	-	94,343
Total other financing sources	94,343	-	-	94,343
Net change in fund balances	(295,029)	-	(23,833)	(318,862)
Fund balances (deficit), beginning of year	665,938	(21,412)	437,337	1,081,863
<b>Fund balances (deficit), end of year</b>	<b>\$ 370,909</b>	<b>(21,412)</b>	<b>413,504</b>	<b>763,001</b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

Nonmajor special revenue funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

**CITY OF GARDINER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

		20	21	24	25	26	27	28	29	
		Revolving	Development	Public	School	Private	Wellness	Bradstreet	New Mills	Total
		Loan	and Planning	Safety	Reserve	Grants		Fund	Dam	
		Fund		Grants	Officer					
<b>ASSETS</b>										
Cash and cash equivalents	\$	83,207	-	-	-	-	-	-	27,284	110,491
Accounts receivable		-	-	2,184	-	1,923	-	-	-	4,107
Notes receivable, net of allowance		184,160	-	-	-	-	-	-	-	184,160
Interfund loans receivable		-	53,040	-	-	30,430	190	-	-	83,660
<b>Total assets</b>	<b>\$</b>	<b>267,367</b>	<b>53,040</b>	<b>2,184</b>	<b>-</b>	<b>32,353</b>	<b>190</b>	<b>-</b>	<b>27,284</b>	<b>382,418</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable		-	-	-	-	2,175	30	-	1,887	4,092
Interfund loans payable		1,014	-	2,184	-	-	-	-	4,219	7,417
<b>Total liabilities</b>		<b>1,014</b>	<b>-</b>	<b>2,184</b>	<b>-</b>	<b>2,175</b>	<b>30</b>	<b>-</b>	<b>6,106</b>	<b>11,509</b>
Fund balances:										
Nonspendable		184,160	-	-	-	-	-	-	-	184,160
Restricted		82,193	53,040	-	-	30,178	160	-	21,178	186,749
<b>Total fund balances</b>		<b>266,353</b>	<b>53,040</b>	<b>-</b>	<b>-</b>	<b>30,178</b>	<b>160</b>	<b>-</b>	<b>21,178</b>	<b>370,909</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>267,367</b>	<b>53,040</b>	<b>2,184</b>	<b>-</b>	<b>32,353</b>	<b>190</b>	<b>-</b>	<b>27,284</b>	<b>382,418</b>

**CITY OF GARDINER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	20	21	24	25	26	27	28	29	Total
	Revolving Loan Fund	Development and Planning	Public Safety Grants	School Reserve Officer	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	
Revenues:									
Intergovernmental	\$ -	67,935	2,724	-	1,657	-	-	-	72,316
Charges for services	-	-	-	39,155	-	-	-	-	39,155
Interest income	9,681	-	-	-	-	-	-	-	9,681
Unclassified	-	5,127	-	-	19,484	1,759	6,176	12	32,558
<b>Total revenues</b>	<b>9,681</b>	<b>73,062</b>	<b>2,724</b>	<b>39,155</b>	<b>21,141</b>	<b>1,759</b>	<b>6,176</b>	<b>12</b>	<b>153,710</b>
Expenditures:									
Current:									
General government	14,485	-	-	-	-	1,731	-	-	16,216
Welfare	-	-	-	-	-	-	6,176	-	6,176
Public safety	-	-	2,724	39,155	7,475	-	-	-	49,354
Public works	-	-	-	-	-	-	-	73,177	73,177
Community services	-	74,140	-	-	18,673	-	-	-	92,813
Debt service	305,346	-	-	-	-	-	-	-	305,346
<b>Total expenditures</b>	<b>319,831</b>	<b>74,140</b>	<b>2,724</b>	<b>39,155</b>	<b>26,148</b>	<b>1,731</b>	<b>6,176</b>	<b>73,177</b>	<b>543,082</b>
Excess (deficiency) of revenues over (under) expenditures	(310,150)	(1,078)	-	-	(5,007)	28	-	(73,165)	(389,372)
Other financing sources:									
Transfers in	-	-	-	-	-	-	-	94,343	94,343
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,343</b>	<b>94,343</b>
Net change in fund balances	(310,150)	(1,078)	-	-	(5,007)	28	-	21,178	(295,029)
Fund balances, beginning of year	576,503	54,118	-	-	35,185	132	-	-	665,938
<b>Fund balances, end of year</b>	<b>\$ 266,353</b>	<b>53,040</b>	<b>-</b>	<b>-</b>	<b>30,178</b>	<b>160</b>	<b>-</b>	<b>21,178</b>	<b>370,909</b>

## NONMAJOR PERMANENT FUNDS

Nonmajor permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The **Henrietta Johnson Fire Department Fund** of \$10,000 is a fund intended for the assistance and relief of sick or unfortunate members of the Gardiner Fire Department, former member(s), or their families.

**Lucy Harriman Children's Fund** holds \$20,000 of nonexpendable gifts to the City. This trust was established for the assistance of needy children in Gardiner.

**Christmas Dinner Fund** holds \$10,000 of nonexpendable gifts to the City. The purpose of this fund is to purchase groceries to provide Christmas dinners for the needy.

**Gardiner Fire Department Fund** holds \$10,250 of nonexpendable gifts to the City. The purpose of this fund is the same as the Henrietta Johnson Fire Department fund.

The **Cemetery Perpetual Care Fund** holds \$2,050 of nonexpendable gifts to the City. They were established by various donors for the ongoing care of City cemeteries from the income of the trust funds.

The **Isabel Harriman fund** of \$239,599 is for scholarships for deserving Gardiner area High School graduates to defray the cost of further vocational education.

**All Other Funds** hold \$15,500 of nonexpendable gifts to the City. The income generated from these various funds is to be used to help the poor and help maintain the City's parks, libraries and cemeteries.

**CITY OF GARDINER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Henrietta Johnson Fire Dept. Fund	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund	Cemetery Perpetual Care	Isabel Harriman Fund	All Other Funds	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 96,327	22,037	11,726	20,429	2,127	243,009	17,849	413,504
<b>Total assets</b>	<b>\$ 96,327</b>	<b>22,037</b>	<b>11,726</b>	<b>20,429</b>	<b>2,127</b>	<b>243,009</b>	<b>17,849</b>	<b>413,504</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loan payable	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	10,000	20,000	10,000	10,250	2,050	239,599	15,500	307,399
Restricted	86,327	2,037	1,726	10,179	77	3,410	2,349	106,105
Total fund balances	96,327	22,037	11,726	20,429	2,127	243,009	17,849	413,504
<b>Total liabilities and fund balances</b>	<b>\$ 96,327</b>	<b>22,037</b>	<b>11,726</b>	<b>20,429</b>	<b>2,127</b>	<b>243,009</b>	<b>17,849</b>	<b>413,504</b>

**CITY OF GARDINER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	<b>Henrietta Johnson Fire Dept. Fund</b>	<b>Lucy Harriman Children's Fund</b>	<b>Christmas Dinner Fund</b>	<b>Gardiner Fire Department Fund</b>	<b>Cemetery Perpetual Care</b>	<b>Isabel Harriman Fund</b>	<b>All Other Funds</b>	<b>Total</b>
Revenues:								
Interest income	\$ 1,019	192	102	178	18	2,136	161	3,806
Total revenues	1,019	192	102	178	18	2,136	161	3,806
Expenditures:								
Unclassified	25,000	-	-	-	-	2,000	639	27,639
Total expenditures	25,000	-	-	-	-	2,000	639	27,639
Net change in fund balances	(23,981)	192	102	178	18	136	(478)	(23,833)
Fund balances, beginning of year	120,308	21,845	11,624	20,251	2,109	242,873	18,327	437,337
<b>Fund balances, end of year</b>	<b>\$ 96,327</b>	<b>22,037</b>	<b>11,726</b>	<b>20,429</b>	<b>2,127</b>	<b>243,009</b>	<b>17,849</b>	<b>413,504</b>