



**GARDINER CITY COUNCIL
AGENDA ITEM INFORMATION SHEET**



Meeting Date	01/23/2019	Department	Finance
Agenda Item	4.8 Audit Presentation with Runyon, Kersteen, Ouelette (RKO)		
Est. Cost	n/a		

Background Information	<p>Representation from Runyon, Kersteen, Ouelette will be present to give an audit presentation to the City Council.</p> <p>Denise Brown will also be present to help facilitate the conversation.</p>
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Requested Action	'I move to accept the FY18 Audit Report from Runyon, Kersteen, Ouelette.'
City Manager and/or Finance Review	The City Manager recommends the above action.
Council Vote/ Action Taken	
Departmental Follow-Up	

City Clerk Use Only	1 st Reading _____	Advertised _____	EFFECTIVE DATE _____
	2 nd Reading _____	Advertised _____ w/in 15 Days	
	Final to Dept _____	Updated Book _____	Online _____

CITY OF GARDINER

FINANCIAL OVERVIEW

Presented by:
Hank Farrah

RUNYON KERSTEEN OUELLETTE

INSIDE

2. Summary of Audit Results
3. General Fund – Fund Balance Analysis – FY 2014-2018
4. General Fund – Revenues (Budget vs Actual)
5. General Fund – Expenditures (Budget vs Actual)
6. Unassigned Fund Balance as a Percentage of Budget
7. Revenue Distribution – Local vs State
8. General Fund – Expenditures Pie Chart (2018)
9. General Fund – Expenditures Pie Chart (2017)

About this presentation

This presentation is intended as a tool to assist the City Council and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

Please contact us at 207-773-2986 or 1-800-486-1784
20 Long Creek Drive, South Portland, ME 04106



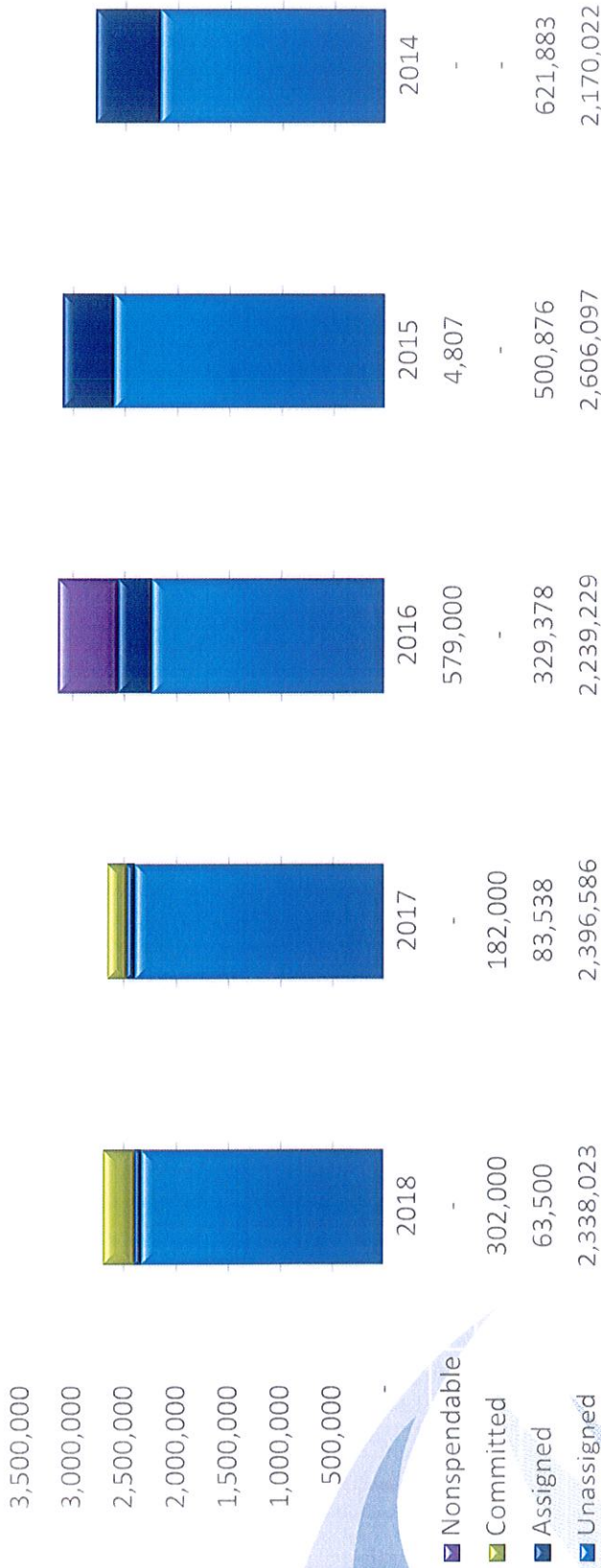
CITY OF GARDINER

SUMMARY OF AUDIT RESULTS

- Financial Statement Opinion – Unmodified
- Report Required by *Government Auditing Standards*
 - No Material Weaknesses
 - No Significant Deficiencies
 - Single Audit was not required in FY2018

CITY OF GARDINER

GENERAL FUND – FUND BALANCE ANALYSIS – FY 2014-2018



Observations:

- Overall fund balance increased by approximately \$41K from 2017.
- **Committed fund balance** is the amount of fund balance approved by the City Council prior to year-end to be allocated to Johnson Hall for its renovation project (\$150,000), the purchase of vehicles (\$92,000), and Libby Hill Tower (\$60,000) in FY2019.
- **Assigned fund balance** decreased by approximately \$20K from 2017 and changes annually based on the status of projects and appropriations. Full detail is available on page 45 in the notes to the financial statements.
- **Unassigned fund balance** decreased by approximately \$58K from 2017. Unassigned fund balance represents the fund balance remaining after amounts have been committed, assigned or reported in other categories.



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GENERAL FUND - REVENUES

	Budget	Actual	Variance
Taxes	\$ 8,828,924	\$ 8,880,367	\$ 51,443
Licenses and permits	22,000	14,922	(7,078)
Intergovernmental	988,086	987,289	(797)
Charges for services	52,800	59,655	6,855
Interest earned	5,000	65,902	60,902
Unclassified	88,610	111,490	22,880
Total revenues	9,985,420	10,119,625	134,205
Use of fund balance	259,000	-	(259,000)
Use of carryforwards	265,538	-	(265,538)
Transfers in	247,411	241,158	(6,253)
Total revenues and other financing sources	\$ 10,757,369	\$ 10,360,783	\$ (396,586)

Observations:

- **Taxes** revenues were over budget primarily due to higher-than-expected excise tax collections.
- **Interest earned** was over budget due to an increase in interest rates on bank accounts.



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GENERAL FUND - EXPENDITURES

	Budget	Actual	Variance
General government	\$ 988,313	\$ 925,799	\$ 72,514
Technology	88,491	80,629	7,862
Public safety	2,202,679	2,159,833	42,846
Public works	1,923,077	1,811,235	111,842
Community services	715,354	558,631	156,723
Education	3,773,650	3,773,650	-
County tax	337,340	337,340	-
Unclassified	67,591	21,393	46,198
Total expenditures	10,106,495	9,668,510	437,985
Transfers out	650,874	650,874	-
Total expenditures and other financing uses	\$ 10,757,369	\$ 10,319,384	\$ 437,985

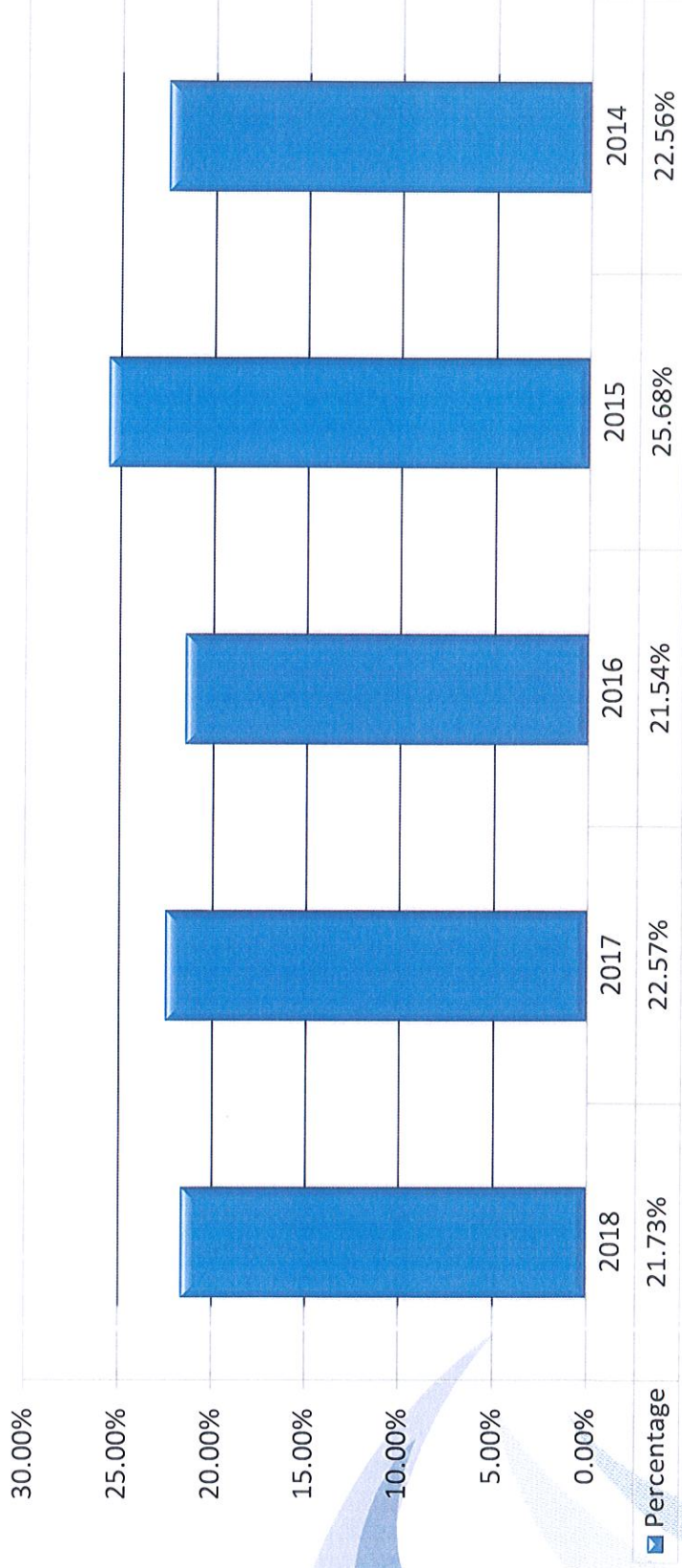
Observations:

- **General government** was under budget primarily due to lower-than-expected health insurance costs and legal services.
- **Public works** was under budget primarily due to lower-than-expected use of professional services and debt service costs not being due until FY19.
- **Community services** includes the \$150,000 set aside for Johnson Hall repairs



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UNASSIGNED FUND BALANCE AS A PERCENTAGE OF BUDGET



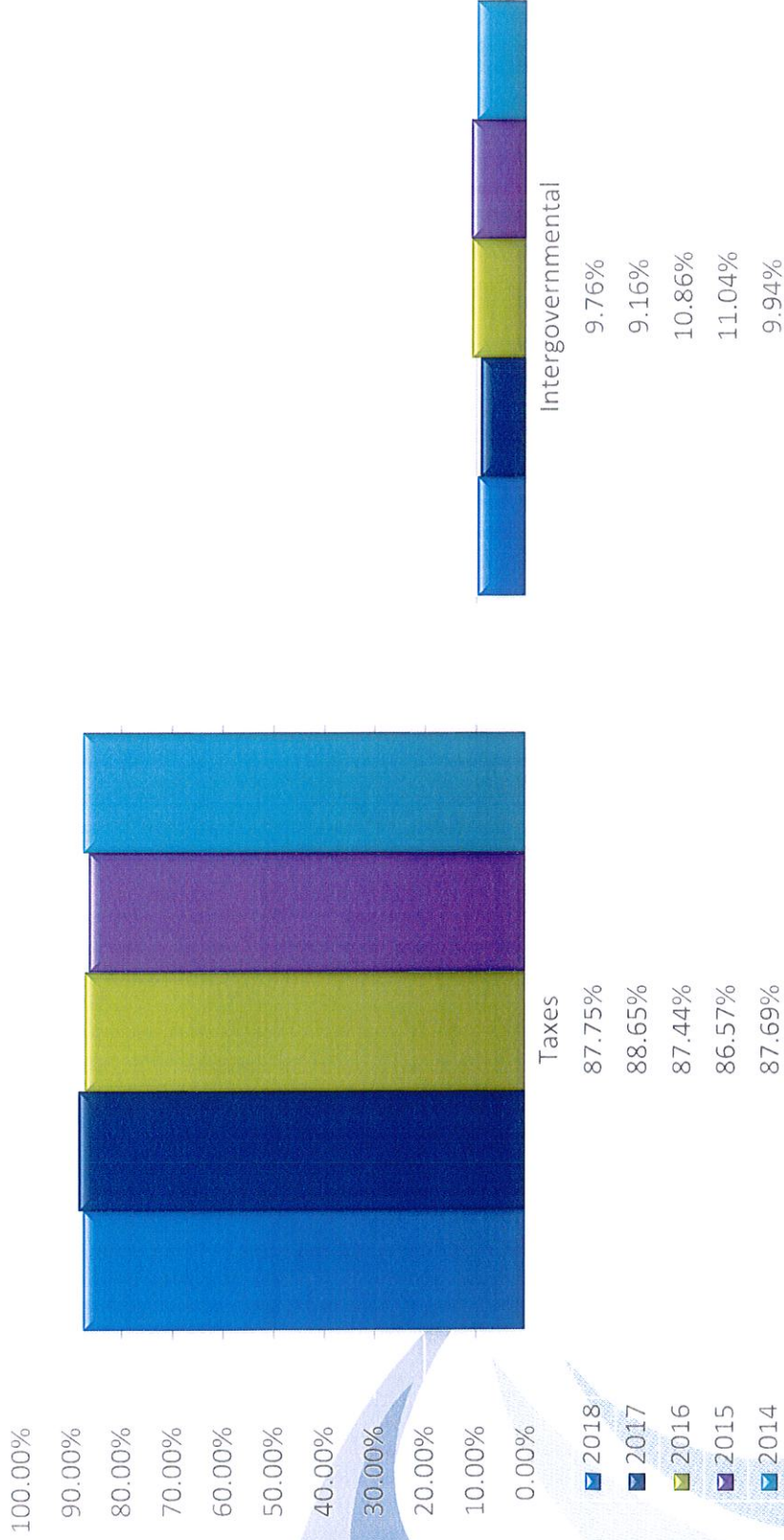
OBSERVATIONS

- Fund balance provides working capital for the City and enhances its credit worthiness.
- Unassigned fund balance as percentage of budget equals 21.73% at June 30, 2018.
- Credit agencies typically look for a minimum ratio of unassigned fund balance to budget of 20%. We generally recommend one to two months of expenditures, which equals 8.3% to 16.7%.
- When you take the TIF Funds deficit into account, the unassigned fund balance as a percentage of budget falls to 18.16%.



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REVENUE DISTRIBUTION – LOCAL VS STATE



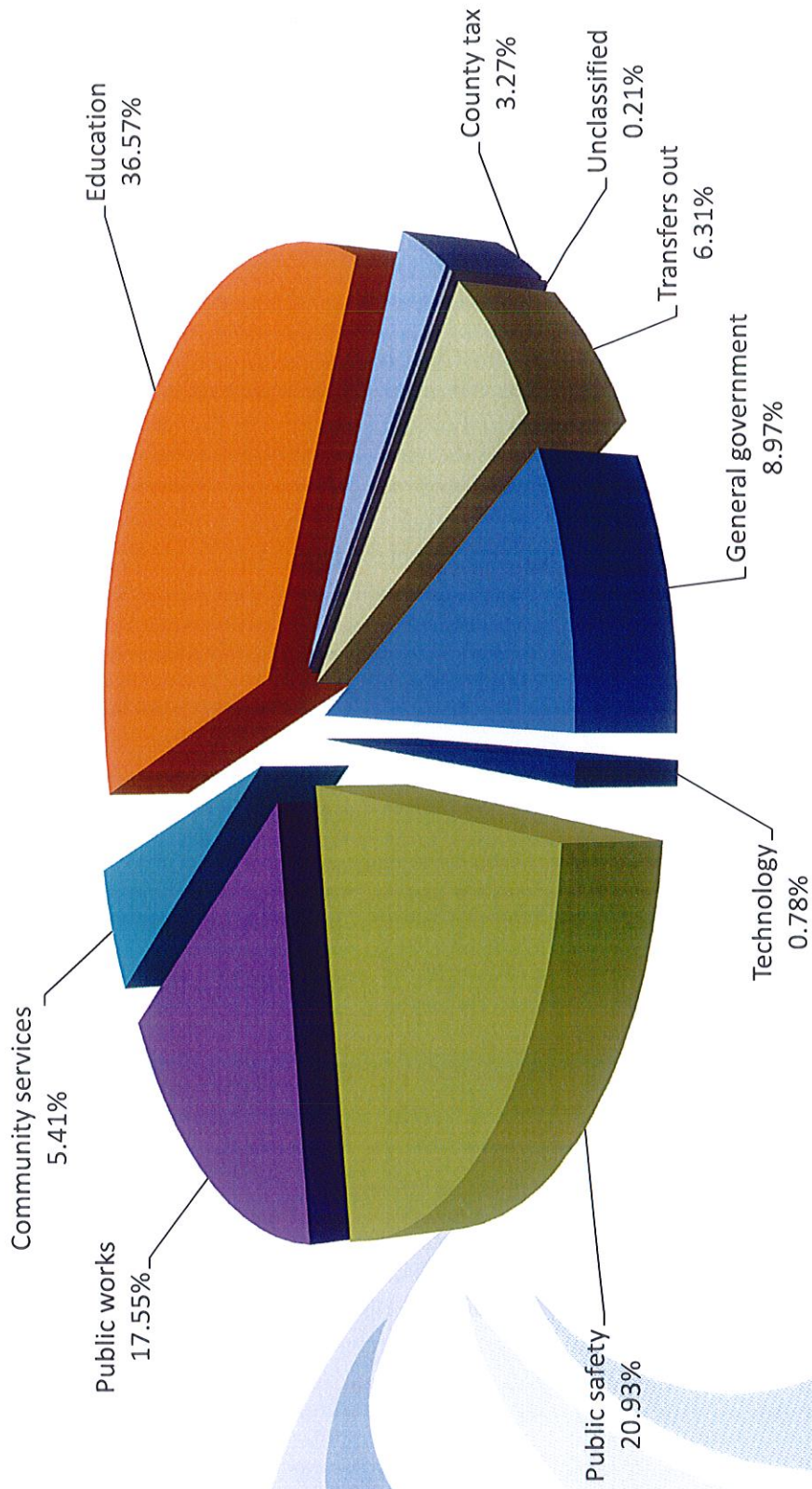
Notes:

- Taxes and intergovernmental revenues comprise 97.51% of total City revenues.
- Intergovernmental revenues include State revenue sharing, BETE and Homestead exemption reimbursements, library aid and other State grants and reimbursements.



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GENERAL FUND – EXPENDITURES PIE CHART 2018



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GENERAL FUND – EXPENDITURES PIE CHART 2017

