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2017

# City of Gardiner Maine Financial Report For the Fiscal Year Ended June 30, 2017

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**CITY OF GARDINER, MAINE**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**

**CITY OF GARDINER, MAINE**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2017**

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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, the 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, 2017, 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, 2017, 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 City's proportionate share of the net pension liability, and the schedule of City 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 combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, 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 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 cursive script, reading "Remya Kristen Ouellette".

December 27, 2017  
South Portland, Maine

**CITY OF GARDINER, MAINE**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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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, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the notes to the basic financial statements found on pages 22-41 of this report.

### **Financial Highlights**

- The assets and deferred outflows 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 \$20,944,357 (*net position*) (Statement 1). Of this amount, \$3,162,901 (*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 \$1,956,821 (Statement 2). This represents an increase of \$368,893 in governmental activities and an increase of \$1,587,928 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 \$5,010,907 (Statement 3), an increase of \$1,854,120 (Statement 4) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,470,079 (Statement 3) or 26.6% of total General Fund expenditures of \$9,270,853 (Statement 4).
- The City of Gardiner, Maine issued three general obligation bonds in governmental activities totaling \$1,957,551 during the fiscal year. These issuances were used for the purchase of a new fire engine (\$163,080), a multi-year paving project (\$1,194,339), and sidewalk improvements (\$600,132). The City also entered into two capital leases totaling \$37,395 for the purchase of a pavement roller (\$14,395) and a tractor for the building and grounds department (\$23,000).
- The Ambulance Department entered into a capital lease totaling \$49,846 for the purchase a new cardiac monitor and lift for a stretcher.
- The Wastewater Department issued three general obligation bonds totaling \$3,337,000 during the fiscal year. These issuances were used to finance projects related to the Combined Sewer Overflow on the waterfront (\$2,758,000) and the Cobbossee Corridor (\$579,000).
- In addition, the City purchased a Ford Explorer for the Police Department and a new server for a total of \$59,886 using governmental fund's unassigned fund balance. The Wastewater Department also purchased a new truck and tractor using capital reserve funds in the amount of \$53,457.

### **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, technology, 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, TIF Funds, and Capital Projects 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 Exhibits 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 22-41 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 \$20,944,357 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 (81.4%) 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, and adding back any unspent bond proceeds. 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.

**Statements of Net Position**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 5,859,557	4,140,703	1,812,871	1,166,009	7,672,428	5,306,712
Capital assets, net	14,026,014	13,902,703	15,479,902	14,466,671	29,505,916	28,369,374
Total assets	19,885,571	18,043,406	17,292,773	15,632,680	37,178,344	33,676,086
Deferred outflows of resources	1,269,765	451,043	-	-	1,269,765	451,043
Noncurrent liabilities	10,122,080	7,634,041	6,464,058	3,507,269	16,586,138	11,141,310
Bond anticipation note payable	-	-	-	2,758,000	-	2,758,000
Other liabilities	463,812	548,381	95,444	222,068	559,256	770,449
Total liabilities	10,585,892	8,182,422	6,559,502	6,487,337	17,145,394	14,669,759
Deferred inflows of resources	358,358	469,834	-	-	358,358	469,834
Net investment in capital assets	7,883,820	8,745,766	9,171,680	7,783,444	17,055,500	16,529,210
Restricted	725,956	719,887	-	-	725,956	719,887
Unrestricted	1,601,310	376,540	1,561,591	1,361,899	3,162,901	1,738,439
Total net position	<u>\$10,211,086</u>	<u>9,842,193</u>	<u>10,733,271</u>	<u>9,145,343</u>	<u>20,944,357</u>	<u>18,987,536</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* (\$3,162,901) may be used to meet the City's ongoing obligations to citizens and creditors.

The City of Gardiner, Maine's net position increased \$1,956,821 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 \$368,893.
- **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 \$1,587,928.

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

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 124,064	\$ 153,000	\$ 2,799,151	\$ 3,030,306	\$ 2,923,215	\$ 3,183,306
Operating grants and contributions	1,182,875	1,114,005	-	-	1,182,875	1,114,005
Capital grants and contributions	840,088	380,936	1,573,445	364,577	2,413,533	745,513
General revenues:						
Property taxes	7,618,359	7,713,805	-	-	7,618,359	7,713,805
Other taxes	1,161,136	1,268,169	-	-	1,161,136	1,268,169
Grants not restricted to specific programs	689,585	638,858	-	-	689,585	638,858
Other	253,599	390,477	(93,572)	(96,714)	160,027	293,763
Total revenues	<u>11,869,706</u>	<u>11,659,250</u>	<u>4,279,024</u>	<u>3,298,169</u>	<u>16,148,730</u>	<u>14,957,419</u>
<b>Expenses:</b>						
General government	938,888	1,050,964	-	-	938,898	1,050,964
Technology	147,037	75,439	-	-	147,037	75,439
Public safety	1,951,932	2,069,486	-	-	1,951,932	2,069,486
Public works	2,092,799	2,360,785	-	-	2,092,799	2,360,785
Community services	1,583,740	1,304,200	-	-	1,583,740	1,304,200
Education	3,667,691	3,524,524	-	-	3,667,691	3,524,524
County tax	322,495	317,590	-	-	322,495	317,590
Unclassified	6,301	359,472	-	-	6,301	359,472
Miscellaneous capital costs	689,726	107,249	-	-	689,726	107,249
Interest on debt	100,204	130,134	-	-	100,204	130,134
Ambulance	-	-	1,124,997	1,087,901	1,124,997	1,087,901
Wastewater	-	-	1,566,099	1,387,272	1,566,099	1,387,272
Total expenses	<u>11,500,813</u>	<u>11,299,843</u>	<u>2,691,096</u>	<u>2,475,173</u>	<u>14,191,909</u>	<u>13,775,016</u>
Change in net position	368,893	359,407	1,587,928	822,996	1,956,821	1,182,403
Net position - July 1	9,842,193	9,482,786	9,145,343	8,322,347	18,987,536	17,805,133
Net position - June 30	<u>\$ 10,211,086</u>	<u>\$ 9,842,193</u>	<u>\$ 10,733,271</u>	<u>\$ 9,145,343</u>	<u>\$ 20,944,357</u>	<u>\$ 18,987,536</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 \$5,010,907. Approximately 34.5% of this total amount (\$1,727,244) constitutes *unassigned fund balance*.

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 decreased \$411,990 (Statement 4) during the current fiscal year.

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

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**General Fund Budgetary Highlights**

For the current fiscal year, revenues exceeded budgetary projections by \$221,899 and expenditures were below appropriations by \$334,668.

This created a positive variance of \$556,567 to fund balance. However, use of fund balance, carryforwards and transfers to other funds netted a decrease of \$411,990 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, 2017 amounts to \$14,026,014 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, and infrastructure.

Major capital asset events during the current fiscal year included the following:

<b>Asset</b>	<b>Department</b>	<b>Asset</b>	<b>Department</b>
Server Replacement	Technology	Cardiac Monitor	Amb
2016 Ford Explorer	Police	Power Lift - R1	Amb
2016 Kubota Tractor	B&G	2017 Chevy Silverado	WW
2016 Asphalt Roller	PW	2016 Kubota Tractor	WW

Total capital asset additions for FY 2017 in the City's governmental activities was \$913,854. After accounting for current year depreciation of \$790,543, governmental activities' net capital assets increased by \$123,311 from the prior fiscal year.

Total capital asset additions for FY 2017 in the City's business-type activities (Ambulance and Wastewater) was \$1,676,748. After accounting for current year depreciation of \$663,517, business-type activities' net capital assets increased by \$1,013,231 from the prior fiscal year.

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 \$12,683,650, which is an increase of \$4,392,170 from the prior year. Of this amount, \$6,591,947 is for governmental activities and \$6,091,703 is for business-type 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 \$50,625,000, which is well in excess of the City of Gardiner, Maine's outstanding general obligation debt of \$12,683,650.

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, Next Year's Budget, and Tax Rates**

The following economic factors are considered when deliberating the annual budget:

- Increases/decreases in revenues
- Expenses for which the City has limited control
- Taxable assessed value
- State budget

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

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City officials consider many factors when making judgments and estimates, such as:

- Minimal taxpayer impact
- Minimal impact to services
- Minimal impact to our workforce
- Responsibly managing the fund balance

City staff continue to look for ways to find savings and efficiencies within their departmental budgets.

The FY 2018 budget resulted in a tax increase of 0.50/mil; going from 21.5/mil to 22/mil.

**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, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,008,335	-	5,008,335
Receivables:			
Taxes	114,242	-	114,242
Tax liens	402,681	-	402,681
Accounts, net of allowance (\$145,000)	562,951	1,461,705	2,024,656
Notes, net of allowance (\$15,500)	122,514	-	122,514
Internal balances	(351,166)	351,166	-
Capital assets, not being depreciated	1,528,001	381,668	1,909,669
Capital assets, net of accumulated depreciation	12,498,013	15,098,234	27,596,247
Total assets	19,885,571	17,292,773	37,178,344
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,269,765	-	1,269,765
Total deferred outflows of resources	1,269,765	-	1,269,765
<b>LIABILITIES</b>			
Accounts payable	384,330	68,856	453,186
Accrued payroll	31,613	14,277	45,890
Taxes paid in advance	23,436	-	23,436
Due to other governments	4,271	-	4,271
Accrued interest	20,162	12,311	32,473
Noncurrent liabilities:			
Due within one year	744,273	485,999	1,230,272
Due in more than one year	9,377,807	5,978,059	15,355,866
Total liabilities	10,585,892	6,559,502	17,145,394
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	358,358	-	358,358
Total deferred inflows of resources	358,358	-	358,358
<b>NET POSITION</b>			
Net investment in capital assets	7,883,820	9,171,680	17,055,500
Restricted for:			
Permanent funds - Nonexpendable principal	307,399	-	307,399
Permanent funds - Expendable	107,139	-	107,139
Revolving loan funds	260,246	-	260,246
Grants	51,172	-	51,172
Unrestricted	1,601,310	1,561,591	3,162,901
Total net position	\$ 10,211,086	10,733,271	20,944,357

*See accompanying notes to basic financial statements.*

CITY OF GARDINER, MAINE  
Statement of Activities  
For the year ended June 30, 2017

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	\$ 938,888	82,038	-	-	(856,850)	-	(856,850)
Technology	147,037	-	-	-	(147,037)	-	(147,037)
Public safety	1,951,932	24,485	15,253	-	(1,912,194)	-	(1,912,194)
Public works	2,092,799	4,241	85,273	-	(2,003,285)	-	(2,003,285)
Community services	1,583,740	13,300	1,082,349	-	(488,091)	-	(488,091)
Education	3,667,691	-	-	-	(3,667,691)	-	(3,667,691)
County tax	322,495	-	-	-	(322,495)	-	(322,495)
Unclassified	6,301	-	-	-	(6,301)	-	(6,301)
Miscellaneous capital costs	689,726	-	-	840,088	150,362	-	150,362
Interest on debt	100,204	-	-	-	(100,204)	-	(100,204)
<b>Total governmental activities</b>	<b>11,500,813</b>	<b>124,064</b>	<b>1,182,875</b>	<b>840,088</b>	<b>(9,353,786)</b>	<b>-</b>	<b>(9,353,786)</b>
Business-type activities:							
Ambulance	1,124,997	1,276,065	-	-	-	151,068	151,068
Wastewater	1,566,099	1,523,086	-	1,573,445	-	1,530,432	1,530,432
<b>Total business-type activities</b>	<b>2,691,096</b>	<b>2,799,151</b>	<b>-</b>	<b>1,573,445</b>	<b>-</b>	<b>1,681,500</b>	<b>1,681,500</b>
<b>Total primary government</b>	<b>\$ 14,191,909</b>	<b>2,923,215</b>	<b>1,182,875</b>	<b>2,413,533</b>	<b>(9,353,786)</b>	<b>1,681,500</b>	<b>(7,672,286)</b>
General revenues:							
Property taxes					7,618,359	-	7,618,359
Other taxes					1,161,136	-	1,161,136
Grants and contributions not restricted to specific programs:							
State revenue sharing					390,967	-	390,967
Homestead and BETE exemptions					285,999	-	285,999
Other State aid					12,619	-	12,619
Interest earned					26,145	-	26,145
Unclassified					126,346	-	126,346
Sale of property					1,948	-	1,948
Gain on disposal of assets					-	5,588	5,588
Transfers					99,160	(99,160)	-
<b>Total general revenues and transfers</b>					<b>9,722,679</b>	<b>(93,572)</b>	<b>9,629,107</b>
Change in net position					368,893	1,587,928	1,956,821
Net position - beginning					9,842,193	9,145,343	18,987,536
<b>Net position - ending</b>					<b>\$ 10,211,086</b>	<b>10,733,271</b>	<b>20,944,357</b>

**CITY OF GARDINER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	TIF Funds	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,435,428	-	-	572,907	5,008,335
Receivables:					
Taxes	114,242	-	-	-	114,242
Tax liens	402,681	-	-	-	402,681
Accounts	77,727	-	471,815	13,409	562,951
Notes, net of allowance (\$15,500)	-	-	-	122,514	122,514
Interfund loans receivable	-	-	2,081,883	30,651	2,112,534
<b>Total assets</b>	<b>\$ 5,030,078</b>	<b>-</b>	<b>2,553,698</b>	<b>739,481</b>	<b>8,323,257</b>
<b>LIABILITIES</b>					
Accounts payable	122,653	-	261,529	148	384,330
Accrued payroll and related liabilities	31,613	-	-	-	31,613
Taxes paid in advance	23,436	-	-	-	23,436
Due to other governments	4,271	-	-	-	4,271
Interfund loans payable	1,707,488	673,351	-	82,861	2,463,700
<b>Total liabilities</b>	<b>1,889,461</b>	<b>673,351</b>	<b>261,529</b>	<b>83,009</b>	<b>2,907,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	405,000	-	-	-	405,000
<b>Total deferred inflows of resources</b>	<b>405,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405,000</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	429,913	429,913
Restricted	-	-	391,338	296,043	687,381
Committed	182,000	-	1,900,831	-	2,082,831
Assigned	83,538	-	-	-	83,538
Unassigned	2,470,079	(673,351)	-	(69,484)	1,727,244
<b>Total fund balances (deficit)</b>	<b>2,735,617</b>	<b>(673,351)</b>	<b>2,292,169</b>	<b>656,472</b>	<b>5,010,907</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,030,078</b>	<b>-</b>	<b>2,553,698</b>	<b>739,481</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.					14,026,014
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					405,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:					
Accrued compensated absences					(235,660)
Accrued interest					(20,162)
Net pension liability with related deferred inflows and outflows of resources					(2,182,000)
Capital leases					(201,066)
Bonds and notes payable					(6,591,947)
<b>Net position of governmental activities</b>					<b>\$ 10,211,086</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, 2017**

	General	TIF Funds	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 8,837,495	-	-	-	8,837,495
Licenses and permits	21,363	-	-	-	21,363
Intergovernmental	913,130	-	785,962	981,787	2,680,879
Charges for services	57,314	-	-	-	57,314
Interest earned	12,870	-	-	13,275	26,145
Unclassified	127,294	1,000	54,126	22,930	205,350
<b>Total revenues</b>	<b>9,969,466</b>	<b>1,000</b>	<b>840,088</b>	<b>1,017,992</b>	<b>11,828,546</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	849,573	40,906	-	13,409	903,888
Technology	147,037	-	-	-	147,037
Public safety	1,911,108	-	-	2,413	1,913,521
Public works	1,798,565	-	-	-	1,798,565
Community services	536,989	-	-	1,056,284	1,593,273
Education	3,667,691	-	-	-	3,667,691
County tax	322,495	-	-	-	322,495
Unclassified	-	-	-	6,301	6,301
Debt service	-	426,682	-	-	426,682
Capital expenditures	37,395	-	1,251,684	-	1,289,079
<b>Total expenditures</b>	<b>9,270,853</b>	<b>467,588</b>	<b>1,251,684</b>	<b>1,078,407</b>	<b>12,068,532</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>698,613</b>	<b>(466,588)</b>	<b>(411,596)</b>	<b>(60,415)</b>	<b>(239,986)</b>
<b>Other financing sources (uses):</b>					
Proceeds from debt/capital leases	37,395	-	1,957,551	-	1,994,946
Transfers in	227,631	629,415	746,214	-	1,603,260
Transfers out	(1,375,629)	(125,471)	-	(3,000)	(1,504,100)
<b>Total other financing sources (uses)</b>	<b>(1,110,603)</b>	<b>503,944</b>	<b>2,703,765</b>	<b>(3,000)</b>	<b>2,094,106</b>
<b>Net change in fund balances</b>	<b>(411,990)</b>	<b>37,356</b>	<b>2,292,169</b>	<b>(63,415)</b>	<b>1,854,120</b>
<b>Fund balances (deficit), beginning of year</b>	<b>3,147,607</b>	<b>(710,707)</b>	<b>-</b>	<b>719,887</b>	<b>3,156,787</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 2,735,617</b>	<b>(673,351)</b>	<b>2,292,169</b>	<b>656,472</b>	<b>5,010,907</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, 2017**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	1,854,120
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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 capital outlays (\$913,854) exceeded depreciation expense (\$790,543).		123,311
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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 decrease in unavailable revenue - property taxes.		(58,000)
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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 (\$60,355) exceeded lease proceeds (\$37,395).		22,960
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the decrease in accrued compensated absences (\$20,423) and accrued interest (\$7,303) and the increase in the net pension liability with related deferred inflows and outflows of resources (\$163,983).		(136,257)
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Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note 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 proceeds from new bonds and notes (\$1,957,551) exceeded repayments (\$520,310).		(1,437,241)
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>368,893</b>
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*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

<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 \$145,000 in ambulance fund)	\$ 877,821	583,884	1,461,705
Interfund loans receivable	7,136	344,030	351,166
Total current assets	884,957	927,914	1,812,871
Capital assets:			
Land	-	381,668	381,668
Capital assets, being depreciated	766,399	20,735,021	21,501,420
Accumulated depreciation	(535,258)	(5,867,928)	(6,403,186)
Total capital assets, net	231,141	15,248,761	15,479,902
<b>Total assets</b>	<b>1,116,098</b>	<b>16,176,675</b>	<b>17,292,773</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,552	58,304	68,856
Accrued payroll	9,481	4,796	14,277
Accrued interest	300	12,011	12,311
Current portion of noncurrent liabilities	67,123	418,876	485,999
Total current liabilities	87,456	493,987	581,443
Noncurrent liabilities:			
Accrued compensated absences	131,139	24,697	155,836
Bonds and leases payable	249,396	5,572,827	5,822,223
Total noncurrent liabilities	380,535	5,597,524	5,978,059
<b>Total liabilities</b>	<b>467,991</b>	<b>6,091,511</b>	<b>6,559,502</b>
<b>NET POSITION</b>			
Net investment in capital assets	(85,378)	9,257,058	9,171,680
Unrestricted	733,485	828,106	1,561,591
<b>Total net position</b>	<b>\$ 648,107</b>	<b>10,085,164</b>	<b>10,733,271</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, 2017**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Ambulance</b>	<b>Wastewater</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 1,276,065	1,523,086	2,799,151
Total operating revenues	1,276,065	1,523,086	2,799,151
<b>Operating expenses:</b>			
Personnel services	835,103	356,092	1,191,195
Contractual services	58,483	130,184	188,667
Supplies and materials	58,592	90,579	149,171
Repairs and maintenance	61,944	311,123	373,067
Other expenses	9,293	35,775	45,068
Depreciation expense	95,195	568,322	663,517
Total operating expenses	1,118,610	1,492,075	2,610,685
Operating income	157,455	31,011	188,466
<b>Nonoperating revenues (expenses):</b>			
Grant revenue	-	1,573,445	1,573,445
Gain on disposal of assets	-	5,588	5,588
Interest expense	(6,387)	(74,024)	(80,411)
Total nonoperating revenues (expenses)	(6,387)	1,505,009	1,498,622
Net income before transfers	151,068	1,536,020	1,687,088
<b>Transfers:</b>			
Transfer to other funds	-	(99,160)	(99,160)
Total transfers	-	(99,160)	(99,160)
Change in net position	151,068	1,436,860	1,587,928
Net position, beginning of year	497,039	8,648,304	9,145,343
<b>Net position, end of year</b>	<b>\$ 648,107</b>	<b>10,085,164</b>	<b>10,733,271</b>

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2017**

<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	\$ 1,170,433	1,557,922	2,728,355
Payments to employees	(831,798)	(362,268)	(1,194,066)
Payments to suppliers	(190,314)	(700,705)	(891,019)
Net cash provided by operating activities	148,321	494,949	643,270
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	-	(99,160)	(99,160)
Net change in interfund loans	(74,079)	(310,680)	(384,759)
Net cash used in noncapital financing activities	(74,079)	(409,840)	(483,919)
<b>Cash flows from capital and related financing activities:</b>			
Capital asset purchases	(49,846)	(1,626,902)	(1,676,748)
Proceeds from disposition of capital assets	-	5,588	5,588
Capital grants received	-	1,961,138	1,961,138
Principal payments on bond anticipation note	-	(2,758,000)	(2,758,000)
Decrease in interfund advance payable	-	(579,000)	(579,000)
Interest paid on bonds/leases	(6,462)	(67,862)	(74,324)
Proceeds from long-term debt	-	3,337,000	3,337,000
Proceeds from capital leases	49,846	-	49,846
Principal payments on bonds and capital leases	(67,780)	(357,071)	(424,851)
Net cash used in capital and related financing activities	(74,242)	(85,109)	(159,351)
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 by operating activities:</b>			
Operating income	\$ 157,455	31,011	188,466
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	95,195	568,322	663,517
(Increase) decrease in receivables	(105,632)	34,836	(70,796)
Increase (decrease) in accounts payable	(2,002)	(133,044)	(135,046)
Increase (decrease) in accrued payroll	1,919	416	2,335
Increase (decrease) in accrued compensated absences	1,386	(6,592)	(5,206)
Net cash provided by operating activities	148,321	494,949	643,270

*See accompanying notes to basic financial statements.*

**CITY OF GARDINER, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

		<b>Agency Funds</b>
		<b>Gardiner Growth Initiative</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	5,054
<b>Total assets</b>		<b>5,054</b>
<b>LIABILITIES</b>		
Due to outside groups		5,054
<b>Total liabilities</b>		<b>5,054</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 Capital Projects Fund accounts for the financial resources and expenditures related to the City's capital improvement program, which includes improvements to infrastructure, general street rehabilitation and the purchase of major capital assets.

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 are 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 acquisition cost 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 and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, 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 outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are 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 have 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, 2017, expenditures exceeded appropriations in the following department:

Technology	\$ 7,983
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**C. Deficit Fund Balances**

At June 30, 2017, the following funds had a deficit fund balance:

TIF Funds	\$ 673,351
Development and Planning	69,484

The TIF deficit will be funded by future tax revenue, sale of lots in Libby Hill or transfers from the General Fund. The development and planning deficit will be funded by future grant 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, 2017.

**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, 2017, the City reported deposits of \$5,013,389 with a bank balance of \$5,162,573. Of the bank balance of \$5,162,573, \$250,000 was covered by F.D.I.C. and \$4,000,000 was covered by additional insurance or letters of credit purchased or provided by the financial institutions. The remaining \$912,573 was subject to custodial credit risk as it was not covered by F.D.I.C or additional insurance or letters of credit.

*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	\$ 5,008,335
Reported in fiduciary funds	5,054
<b>Total deposits</b>	<b>\$ 5,013,389</b>

**INTERFUND BALANCES AND TRANSFERS**

As of June 30, 2017, interfund loans receivables, payables, and transfers were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	1,707,488	227,631	1,375,629
TIF Funds	-	673,351	629,415	125,471
Capital Projects Fund	2,081,883	-	746,214	-
Nonmajor Governmental Funds:				
Development and Planning	-	82,861	-	-
Private Grants	30,272	-	-	3,000
Wellness	154	-	-	-
Bradstreet Fund	75	-	-	-
Permanent Funds	150	-	-	-
Enterprise Funds:				
Ambulance	7,136	-	-	-
Wastewater	344,030	-	-	99,160
<b>Total interfund balances</b>	<b>\$ 2,463,700</b>	<b>2,463,700</b>	<b>1,603,260</b>	<b>1,603,260</b>

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

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**PROPERTY TAX**

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Property taxes for the current period were committed on July 28, 2016 on the assessed value listed as of the prior April 1<sup>st</sup> 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 \$17,331 for the year ended June 30, 2017.

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>2017</u>	<u>2016</u>
Assessed value	\$ 354,539,000	357,331,300
<u>Tax rate (per \$1,000)</u>	<u>21.50</u>	<u>21.60</u>
Commitment	7,622,589	7,718,356
<u>Supplemental taxes</u>	<u>2,296</u>	<u>-</u>
	7,624,885	7,718,356
Less:		
Abatements/write offs	935	4,551
<u>Collections</u>	<u>7,356,762</u>	<u>7,467,080</u>
Current year taxes receivable at end of year	267,188	246,725
<u>Taxes and liens receivable - prior years</u>	<u>249,735</u>	<u>251,367</u>
<b><u>Total taxes and liens receivable</u></b>	<b><u>\$ 516,923</u></b>	<b><u>498,092</u></b>

Due date	1st half	September 15, 2016	September 15, 2015
	2nd half	March 16, 2017	March 15, 2016
Interest rate on delinquent taxes		7.00%	7.00%
Collection rate		96.50%	96.80%

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 928,648	-	-	928,648
Construction in progress	1,029,047	599,353	1,029,047	599,353
Total capital assets not being depreciated	1,957,695	599,353	1,029,047	1,528,001
Capital assets, being depreciated:				
Buildings and building improvements	471,090	-	-	471,090
Furniture and equipment	1,124,967	79,378	62,583	1,141,762
Vehicles	3,488,068	27,300	19,547	3,495,821
Infrastructure	44,492,471	1,236,870	-	45,729,341
Total capital assets being depreciated	49,576,596	1,343,548	82,130	50,838,014
Less accumulated depreciation for:				
Buildings and building improvements	273,408	7,500	-	280,908
Furniture and equipment	913,887	60,198	62,583	911,502
Vehicles	2,397,192	185,616	19,547	2,563,261
Infrastructure	34,047,101	537,229	-	34,584,330
Total accumulated depreciation	37,631,588	790,543	82,130	38,340,001
Total capital assets being depreciated, net	11,945,008	553,005	-	12,498,013
<b>Governmental activities capital assets, net</b>	<b>\$ 13,902,703</b>	<b>1,152,358</b>	<b>1,029,047</b>	<b>14,026,014</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 381,668	-	-	381,668
Construction in progress	3,967,527	-	3,967,527	-
Total capital assets not being depreciated	4,349,195	-	3,967,527	381,668
Capital assets, being depreciated:				
Building/sewer system	4,822,059	-	-	4,822,059
Vehicles	723,809	25,512	90,500	658,821
Furniture and equipment	623,724	77,791	72,395	629,120
Infrastructure	9,850,448	5,540,972	-	15,391,420
Total capital assets being depreciated	16,020,040	5,644,275	162,895	21,501,420
Less accumulated depreciation for:				
Building/sewer system	2,842,650	115,735	-	2,958,385
Vehicles	506,979	88,292	90,500	504,771
Furniture and equipment	323,283	74,705	72,395	325,593
Infrastructure	2,229,652	384,785	-	2,614,437
Total accumulated depreciation	5,902,564	663,517	162,895	6,403,186
Total capital assets being depreciated, net	10,117,476	4,980,758	-	15,098,234
<b>Business-type activities capital assets, net</b>	<b>\$ 14,466,671</b>	<b>4,980,758</b>	<b>3,967,527</b>	<b>15,479,902</b>

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

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CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 19,881
Public safety	65,748
Public works	703,038
Community services	1,876

**Total depreciation expense – governmental activities**      **\$ 790,543**

Business-type activities:	
Ambulance	\$ 95,195
Wastewater	568,322

**Total depreciation expense – business-type activities**      **\$ 663,517**

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LONG-TERM LIABILITIES

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Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
<b>Governmental activities:</b>					
General obligation bonds and notes	\$ 5,154,706	1,957,551	520,310	6,591,947	706,313
Capital leases	224,026	37,395	60,355	201,066	37,960
Net pension liability	1,999,226	1,094,181	-	3,093,407	-
Accrued compensated absences	256,083	4,791	25,214	235,660	-
<b>Governmental activities long-term liabilities</b>	<b><u>\$ 7,634,041</u></b>	<b><u>3,093,918</u></b>	<b><u>605,879</u></b>	<b><u>10,122,080</u></b>	<b><u>744,273</u></b>

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
<b>Business-type activities:</b>					
General obligation bonds and notes	\$ 3,136,774	3,337,000	382,071	6,091,703	443,876
Capital leases	209,453	49,846	42,780	216,519	42,123
Accrued compensated absences	161,042	1,386	6,592	155,836	-
<b>Business-type activities long-term liabilities</b>	<b><u>\$ 3,507,269</u></b>	<b><u>3,388,232</u></b>	<b><u>431,443</u></b>	<b><u>6,464,058</u></b>	<b><u>485,999</u></b>



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

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2017 is comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance June 30, <u>2017</u>
Governmental activities:					
General obligation bonds	5/27/99	\$ 2,096,483	11/01/19	4.04-5.24%	314,475
General obligation bonds	10/28/04	775,000	11/01/19	4.10-4.30%	155,001
General obligation bonds	9/26/07	319,700	11/01/27	5.90-6.00%	175,835
General obligation bonds	5/27/10	4,067,093	11/01/34	2.77-5.75%	2,928,307
Ladder truck	10/28/10	767,000	11/01/25	2.12-4.27%	460,200
General obligation bonds	5/26/11	260,000	11/01/39	2.02-5.52%	213,571
General obligation note	4/09/14	67,003	4/09/18	2.79%	13,775
General obligation note	4/09/14	36,194	4/09/18	2.79%	7,440
General obligation note	12/10/14	42,000	12/10/18	2.79%	17,016
General obligation bond	4/01/15	425,000	4/01/21	2.09%	283,333
Fire equipment note	10/20/15	91,620	10/20/21	2.09%	65,443
General obligation bond	3/30/17	163,080	3/31/22	1.86%	163,080
General obligation bond	5/22/17	1,194,339	5/22/26	2.49%	1,194,339
General obligation bond	5/22/17	600,132	5/22/31	2.99%	600,132
Total governmental activities					6,591,947
Business-type activities:					
1997 State revolving loan	3/14/97	1,296,500	11/01/17	2.95%	64,825
1999 State revolving loan	6/23/99	818,500	11/01/19	2.29%	81,850
2000 State revolving loan	5/15/00	790,000	4/01/20	3.20%	162,599
2011 rural development	5/26/11	236,000	5/26/40	3.75%	204,314
2013 ambulance	11/01/12	200,000	11/01/20	1.79%	100,000
2014 refunding bond	9/19/14	2,482,414	9/1/31	0.25%	2,190,365
2016 rural development	12/16/16	2,758,000	6/16/44	1.88%	2,708,750
2016 rural development	8/25/16	391,000	2/1/45	2.25%	391,000
2016 rural development	8/25/16	188,000	2/1/45	2.25%	188,000
Total business-type activities					6,091,703
<b>Total long-term debt</b>					<b>\$ 12,683,650</b>

Governmental activities reported \$148,319 of interest expense on long-term debt, of which \$48,115 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, 2017 are as follows:

June 30,	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 706,313	180,326	886,639	443,876	85,794	529,670
2019	687,761	164,348	852,109	391,682	79,171	470,853
2020	681,496	150,791	832,287	352,936	73,136	426,072
2021	527,605	137,920	665,525	297,038	67,967	365,005
2022	459,298	124,791	584,089	272,281	64,810	337,091
2023-2027	1,907,035	411,492	2,318,527	1,365,366	279,801	1,645,167
2028-2032	1,060,103	179,027	1,239,130	1,372,940	205,086	1,578,026
2033-2037	534,479	36,842	571,321	651,922	133,404	785,326
2038-2042	27,857	2,307	30,164	634,235	64,954	699,189
2043-2045	-	-	-	309,427	9,414	318,841
<b>Total</b>	<b>\$ 6,591,947</b>	<b>1,387,844</b>	<b>7,979,791</b>	<b>6,091,703</b>	<b>1,063,537</b>	<b>7,155,240</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 \$337,500,000. At June 30, 2017, the statutory limit for the City was \$50,625,000. The City's outstanding long-term debt of \$12,683,650 at June 30, 2017 was significantly less than the statutory limit.

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**SHORT-TERM DEBT**

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The City's short-term debt activity for the year ended June 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance
<b>Bond anticipation notes</b>	<b>\$ 2,758,000</b>	<b>-</b>	<b>2,758,000</b>	<b>-</b>

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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, 2017:

<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	\$ 3,500,062	37.64%	\$ 1,317,423

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, 2017.

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 37,960	5,868	42,123	5,054
2019	39,057	4,771	43,093	4,083
2020	40,189	3,643	35,914	3,093
2021	35,362	2,481	36,697	2,309
2022	23,891	1,455	37,491	1,516
2023-2026	24,607	738	21,201	1,783
<b>Total</b>	<b>\$ 201,066</b>	<b>18,956</b>	<b>216,519</b>	<b>17,838</b>

The amount capitalized under capital leases totals \$246,463 for governmental activities and \$281,818 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 2017, the per capita fee was based on 5,800 residents for a total of \$58,000. This was based on a rate of \$14,500 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 or 65. 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 8.0% for administration and 9.5% for public safety of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2017, was 9.5% and 11.4% 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 \$270,778 for the year ended June 30, 2017.

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

At June 30, 2017, the City reported a liability of \$3,093,407 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.5822%.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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For the year ended June 30, 2017, the City recognized a pension expense of \$434,761. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	161,464
Changes of assumption	331,621	-
Net difference between projected and actual earnings on pension plan investments	667,366	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	196,894
City contributions subsequent to the measurement date	270,778	-
<b>Total</b>	<b>\$ 1,269,765</b>	<b>\$ 358,358</b>

\$270,778 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 55,117
2019	63,914
2020	343,310
2021	178,288

**Actuarial Assumptions** - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.0% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

Mortality rates were based on the RP 2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<b>Total</b>	<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.875%. 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 City'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 6.875%, 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 (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 5,134,499	\$ 3,093,407	\$ 1,171,792

**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, 2017.

**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 seven tax increment financing districts under the terms of applicable state laws, which are accounted for in the TIF Fund. Additionally, the City enters into property tax abatement agreements in the form of credit enhancement agreements (CEA's) with local businesses and individuals, as authorized by the State of Maine Department of Economic and Community Development, for the purpose of attracting or retaining businesses within the City, promoting economic development through real estate development and job creation, as well as infrastructure improvements. The CEA's outline conditions for the reimbursement of a percentage of the tax revenues generated through the increased values of certain parcels within the district. For the fiscal year ended June 30, 2017, the City remitted a total of \$40,906 in credit enhancement payments. The following details each TIF district within the City as well as the terms and amounts of credit enhancement agreements within each TIF district. Each credit enhancement agreement listed exceeds 10 percent of the total amount abated.

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, 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, and William Lovely, with 50% reimbursement. Total credit enhancement payments made during the year by the City to the developers totaled \$21,748.

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. Total credit enhancement payments made during the year by the City to the developer totaled \$19,158.

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 was 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, 2017, 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 was 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. Fiscal year 2014 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.

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

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**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

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The City established the **EJ Prescott Tax Incremental Financing District** in March 2005. The TIF was designated as follows: 75% of the captured assessed value to be paid to developers 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. There is no longer a credit enhancement agreement for this District as it expired in fiscal year 2015.

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 a fire suppression system that supports the property. This property is owned by KNG, LLC, and is occupied by Pine State Trading.

The City established the **Summer Street Affordable Housing Municipal Development and Tax Increment Financing District** on October 6, 2016, to assist with the proposed development of a senior housing project and a workforce housing project. The TIF is for thirty years and the District encompasses 2.29 acres located at 24 Summer Street and 59 Summer Street. The area of the District was removed from the Downtown Tax Increment Financing District upon approval from the Maine State Housing Authority. As of June 30, 2017, there have been no credit enhancement agreements approved.

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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 benefit from the subsequent tax revenues. There are currently 24 local governments who are members of the Authority, including the City of Gardiner, Maine. The Authority derives most of its revenue from participants, but also receives some grant revenues from the State of Maine. In fiscal year 2017, the City of Gardiner, Maine contributed \$30,709. However, the City received a portion of the tax revenues generated, which amounted to \$14,890 in fiscal year 2017, for a net contribution of \$15,819. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at P.O. Box 246, Oakland, Maine 04963.



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

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**NET POSITION**

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Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. 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, 2017:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net of depreciation	\$ 14,026,014	15,479,902
Bonds and notes payable	(6,591,947)	(6,091,703)
Capital leases payable	(201,066)	(216,519)
Add: unspent bond proceeds	1,822,907	-
Less: non-capital unspent bond proceeds	(1,172,088)	-
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 7,883,820</u></b>	<b><u>9,171,680</u></b>

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**FUND BALANCE**

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As of June 30, 2017, fund balance components consisted of the following:

	<u>General Fund</u>	<u>TIF Funds</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Long-term notes receivable	\$ -	-	-	122,514	122,514
Principal for permanent funds	-	-	-	307,399	307,399
<b>Total nonspendable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429,913</b>	<b>429,913</b>
<b>Restricted:</b>					
Capital projects	-	-	391,338	-	391,338
Revolving loan funds	-	-	-	137,732	137,732
Grant for private uses	-	-	-	30,272	30,272
Grants for wellness	-	-	-	154	154
Grants for New Mills Dam	-	-	-	20,746	20,746
Permanent funds	-	-	-	107,139	107,139
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>391,338</b>	<b>296,043</b>	<b>687,381</b>
<b>Total committed:</b>					
Subsequent budget	182,000	-	-	-	182,000
Capital projects	-	-	1,900,831	-	1,900,831
<b>Total committed</b>	<b>182,000</b>	<b>-</b>	<b>1,900,831</b>	<b>-</b>	<b>2,082,831</b>

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

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**FUND BALANCE, CONTINUED**

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	General <u>Fund</u>	TIF <u>Funds</u>	Capital Projects	Other Governmental <u>Funds</u>	<u>Total</u>
Assigned:					
Unemployment	\$ 5,000	-	-	-	5,000
Book restoration	5,000	-	-	-	5,000
Academy training	6,000	-	-	-	6,000
FD boat	43,000	-	-	-	43,000
Mower	6,500	-	-	-	6,500
Sign project	18,038	-	-	-	18,038
<b>Total assigned</b>	<b>83,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,538</b>
<b>Total unassigned</b>	<b>2,470,079</b>	<b>(673,351)</b>	<b>-</b>	<b>(69,484)</b>	<b>1,727,244</b>
<b>Total fund balance (deficit)</b>	<b>\$ 2,735,617</b>	<b>(673,351)</b>	<b>2,292,169</b>	<b>656,472</b>	<b>5,010,907</b>

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**SUBSEQUENT EVENT**

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On September 20, 2017, the City entered into a capital lease with Androscoggin Bank for the purchase of a 2017 Volvo Excavator for the Public Works Department for \$60,100. The term of the lease is five years at an interest rate of 3.09% per year. The first payment of principal and interest was due upon commencement and the final payment is due September 20, 2022.

**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 three years of information available)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.5822%	0.6266%	0.6491%
City's proportionate share of the net pension liability	\$ 3,093,407	1,999,226	998,790
City's covered payroll	2,695,361	2,639,319	2,465,972
City's proportion share of the net pension liability as a percentage of its covered payroll	114.77%	75.75%	40.50%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	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 four years of information available)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 270,778	274,365	248,767	208,632
Contributions in relation to the contractually required contribution	(270,778)	(274,365)	(248,767)	(208,632)
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,577,844	2,695,361	2,639,319	2,465,972
Contributions as a percentage of covered payroll	10.50%	10.18%	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** - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

## **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, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,435,428	2,263,136
Receivables:		
Taxes - current year	33,787	26,504
Taxes - prior years	80,455	72,493
Tax liens - current year	233,401	220,221
Tax liens - prior years	169,280	178,874
Accounts	77,727	54,719
Interfund advance receivable	-	579,000
Interfund loans receivable	-	358,093
<b>Total assets</b>	<b>\$ 5,030,078</b>	<b>3,753,040</b>
<b>LIABILITIES</b>		
Accounts payable	122,653	97,490
Accrued payroll and related liabilities	31,613	23,949
Taxes paid in advance	23,436	18,883
Due to other governments	4,271	2,111
Interfund loans payable	1,707,488	-
<b>Total liabilities</b>	<b>1,889,461</b>	<b>142,433</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	405,000	463,000
<b>Total deferred inflows of resources</b>	<b>405,000</b>	<b>463,000</b>
<b>FUND BALANCES</b>		
Nonspendable	-	579,000
Committed	182,000	-
Assigned	83,538	329,378
Unassigned	2,470,079	2,239,229
<b>Total fund balances</b>	<b>2,735,617</b>	<b>3,147,607</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,030,078</b>	<b>3,753,040</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, 2017**

	Budget		Actual	Variance with final budget positive (negative)	2016
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 8,667,589	8,667,589	8,837,495	169,906	8,981,974
Licenses and permits	22,000	22,000	21,363	(637)	18,919
Intergovernmental	911,488	911,488	913,130	1,642	1,115,308
Charges for services	56,050	56,050	57,314	1,264	63,976
Interest earned	2,500	2,500	12,870	10,370	4,124
Unclassified	87,940	87,940	127,294	39,354	87,784
Total revenues	9,747,567	9,747,567	9,969,466	221,899	10,272,085
<b>Expenditures:</b>					
Current:					
General government	965,104	966,504	849,573	116,931	819,980
Technology	139,054	139,054	147,037	(7,983)	75,273
Public safety	2,033,567	2,033,567	1,911,108	122,459	1,824,826
Public works	1,568,450	1,896,428	1,798,565	97,863	2,529,080
Community services	542,386	542,386	536,989	5,397	362,611
Education	3,667,691	3,667,691	3,667,691	-	3,524,524
County tax	322,496	322,496	322,495	1	317,590
Unclassified	-	-	-	-	357,472
Total expenditures	9,238,748	9,568,126	9,233,458	334,668	9,811,356
Excess of revenues over expenditures	508,819	179,441	736,008	556,567	460,729
<b>Other financing sources (uses):</b>					
Use of fund balance	567,063	567,063	-	(567,063)	-
Use of carryforwards	-	329,378	-	(329,378)	-
Transfer from other funds	299,747	299,747	227,631	(72,116)	251,090
Transfer to other funds	(1,375,629)	(1,375,629)	(1,375,629)	-	(675,992)
Total other financing uses	(508,819)	(179,441)	(1,147,998)	(968,557)	(424,902)
Net change in fund balance	-	-	(411,990)	(411,990)	35,827
Fund balance, beginning of year			3,147,607		3,111,780
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,735,617</b>		<b>3,147,607</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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 158,478	414,429	572,907
Accounts receivable	13,409	-	13,409
Notes receivable, net of allowance	122,514	-	122,514
Interfund loans receivable	30,501	150	30,651
<b>Total assets</b>	<b>\$ 324,902</b>	<b>414,579</b>	<b>739,481</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	107	41	148
Interfund loans payable	82,861	-	82,861
<b>Total liabilities</b>	<b>82,968</b>	<b>41</b>	<b>83,009</b>
Fund balances:			
Nonspendable	122,514	307,399	429,913
Restricted	188,904	107,139	296,043
Unassigned	(69,484)	-	(69,484)
<b>Total fund balances</b>	<b>241,934</b>	<b>414,538</b>	<b>656,472</b>
<b>Total liabilities and fund balances</b>	<b>\$ 324,902</b>	<b>414,579</b>	<b>739,481</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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 981,787	-	981,787
Interest income	7,350	5,925	13,275
Unclassified	22,780	150	22,930
Total revenues	1,011,917	6,075	1,017,992
Expenditures:			
Current:			
General government	13,409	-	13,409
Welfare	-	-	-
Public safety	2,413	-	2,413
Community services	1,056,284	-	1,056,284
Unclassified	-	6,301	6,301
Total expenditures	1,072,106	6,301	1,078,407
Deficiency of revenues under expenditures	(60,189)	(226)	(60,415)
Other financing uses:			
Transfers in (out)	(3,000)	-	(3,000)
Total other financing uses	(3,000)	-	(3,000)
Net change in fund balances	(63,189)	(226)	(63,415)
Fund balances, beginning of year	305,123	414,764	719,887
<b>Fund balances, end of year</b>	<b>\$ 241,934</b>	<b>414,538</b>	<b>656,472</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, 2017**

	20	21	24	26	27	28	29	Total
	Revolving Loan Fund	Development and Planning	Public Safety Grants	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 137,732	-	-	-	-	-	20,746	158,478
Accounts receivable	-	13,409	-	-	-	-	-	13,409
Notes receivable, net of allowance (\$15,500)	122,514	-	-	-	-	-	-	122,514
Interfund loans receivable	-	-	-	30,272	154	75	-	30,501
<b>Total assets</b>	<b>\$ 260,246</b>	<b>13,409</b>	<b>-</b>	<b>30,272</b>	<b>154</b>	<b>75</b>	<b>20,746</b>	<b>324,902</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	-	32	-	-	-	75	-	107
Interfund loans payable	-	82,861	-	-	-	-	-	82,861
<b>Total liabilities</b>	<b>-</b>	<b>82,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>82,968</b>
Fund balances (deficits):								
Nonspendable	122,514	-	-	-	-	-	-	122,514
Restricted	137,732	-	-	30,272	154	-	20,746	188,904
Unassigned	-	(69,484)	-	-	-	-	-	(69,484)
<b>Total fund balances (deficits)</b>	<b>260,246</b>	<b>(69,484)</b>	<b>-</b>	<b>30,272</b>	<b>154</b>	<b>-</b>	<b>20,746</b>	<b>241,934</b>
<b>Total liabilities and fund balances</b>	<b>\$ 260,246</b>	<b>13,409</b>	<b>-</b>	<b>30,272</b>	<b>154</b>	<b>75</b>	<b>20,746</b>	<b>324,902</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, 2017**

	20 Revolving Loan Fund	21 Development and Planning	24 Public Safety Grants	26 Private Grants	27 Wellness	28 Bradstreet Fund	29 New Mills Dam	Total
<b>Revenues:</b>								
Intergovernmental	\$ -	966,534	1,843	13,410	-	-	-	981,787
Interest income	7,350	-	-	-	-	-	-	7,350
Unclassified	-	-	-	2,982	1,680	3,947	14,171	22,780
<b>Total revenues</b>	<b>7,350</b>	<b>966,534</b>	<b>1,843</b>	<b>16,392</b>	<b>1,680</b>	<b>3,947</b>	<b>14,171</b>	<b>1,011,917</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	-	13,409	-	-	-	-	-	13,409
Public safety	-	-	1,843	570	-	-	-	2,413
Community services	-	1,048,649	-	1,062	1,546	5,027	-	1,056,284
<b>Total expenditures</b>	<b>-</b>	<b>1,062,058</b>	<b>1,843</b>	<b>1,632</b>	<b>1,546</b>	<b>5,027</b>	<b>-</b>	<b>1,072,106</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,350</b>	<b>(95,524)</b>	<b>-</b>	<b>14,760</b>	<b>134</b>	<b>(1,080)</b>	<b>14,171</b>	<b>(60,189)</b>
<b>Other financing sources uses:</b>								
Transfers in (out)	-	-	-	(3,000)	-	-	-	(3,000)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,000)</b>
<b>Net change in fund balances</b>	<b>7,350</b>	<b>(95,524)</b>	<b>-</b>	<b>11,760</b>	<b>134</b>	<b>(1,080)</b>	<b>14,171</b>	<b>(63,189)</b>
<b>Fund balances, beginning of year</b>	<b>252,896</b>	<b>26,040</b>	<b>-</b>	<b>18,512</b>	<b>20</b>	<b>1,080</b>	<b>6,575</b>	<b>305,123</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 260,246</b>	<b>(69,484)</b>	<b>-</b>	<b>30,272</b>	<b>154</b>	<b>-</b>	<b>20,746</b>	<b>241,934</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, 2017**

	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	\$ 94,211	22,529	11,988	20,885	2,175	244,396	18,245	414,429
Interfund loans receivable	-	-	-	-	150	-	-	150
<b>Total assets</b>	<b>\$ 94,211</b>	<b>22,529</b>	<b>11,988</b>	<b>20,885</b>	<b>2,325</b>	<b>244,396</b>	<b>18,245</b>	<b>414,579</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	-	41	-	-	-	-	-	41
<b>Total liabilities</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>
Fund balances:								
Nonspendable	10,000	20,000	10,000	10,250	2,050	239,599	15,500	307,399
Restricted	84,211	2,488	1,988	10,635	275	4,797	2,745	107,139
<b>Total fund balances</b>	<b>94,211</b>	<b>22,488</b>	<b>11,988</b>	<b>20,885</b>	<b>2,325</b>	<b>244,396</b>	<b>18,245</b>	<b>414,538</b>
<b>Total liabilities and fund balances</b>	<b>\$ 94,211</b>	<b>22,529</b>	<b>11,988</b>	<b>20,885</b>	<b>2,325</b>	<b>244,396</b>	<b>18,245</b>	<b>414,579</b>



**CITY OF GARDINER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	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
Revenues:								
Other revenue	\$ -	-	-	-	150	-	-	150
Interest income	1,384	318	169	295	31	3,472	256	5,925
Total revenues	1,384	318	169	295	181	3,472	256	6,075
Expenditures:								
Unclassified	4,260	41	-	-	-	2,000	-	6,301
Total expenditures	4,260	41	-	-	-	2,000	-	6,301
Net change in fund balances	(2,876)	277	169	295	181	1,472	256	(226)
Fund balances, beginning of year	97,087	22,211	11,819	20,590	2,144	242,924	17,989	414,764
<b>Fund balances, end of year</b>	<b>\$ 94,211</b>	<b>22,488</b>	<b>11,988</b>	<b>20,885</b>	<b>2,325</b>	<b>244,396</b>	<b>18,245</b>	<b>414,538</b>