

CITY OF GARDINER, MAINE

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

CITY OF GARDINER, MAINE
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Table of Contents

	<u>Statements</u>	<u>Page</u>
Independent Auditor’s Report		1-3
Management’s Discussion and Analysis		4-9
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Net Position – Proprietary Funds	6	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	7	19
Statement of Cash Flows – Proprietary Funds	8	20
Statement of Fiduciary Net Position – Fiduciary Funds	9	21
Notes to Basic Financial Statements		22-46
Required Supplementary Information		47-50
	<u>Exhibits</u>	<u>Page</u>
Required Supplementary Information and Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	55
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Required Supplementary Information)	A-2	56
All Other Governmental Funds:		
Combining Balance Sheet	B-1	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	60
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	64
Nonmajor Permanent Funds:		
Combining Balance Sheet	D-1	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	68

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, 2020, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, 2020, 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, and the schedules pertaining to the net pension and OPEB liabilities 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 14, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gardiner, Maine's 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.



December 14, 2020
South Portland, Maine

CITY OF GARDINER, MAINE
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020. 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 22-46 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 \$21,508,384 (*net position*) (Statement 1). Of this amount, \$2,136,592 (*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 decreased \$760,008 (Statement 2). This represents a decrease of \$453,641 in governmental activities and a decrease of \$306,367 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 \$3,678,413 (Statement 3), a decrease of \$522,900 (Statement 4) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,288,220 (Statement 3) or 22% of total General Fund expenditures of \$10,224,361 (Statement 4).
- The General Fund acquired the following capital items:
 - A new SUV was purchased for the Police Department using \$36,002 in one-time expenses.
 - A radio equipment upgrade was performed in the amount of \$49,631 to enhance the public safety service and was funded with the City's fund balance.
 - A new loader for the Building and Grounds Department was purchased for \$74,689.
 - A new plow truck was purchased for the Public Works Department in the amount of \$156,369.
 - \$318,990 was spent on sidewalk upgrades during FY20.
- The Ambulance Fund entered into two capital leases to purchase two new ambulances totaling \$494,509.
- The WasteWater Fund has not yet bonded the plant upgrade, however \$279,580 has been spent for engineering costs.

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.

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

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).

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 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.

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

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 22-46 of this report.

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

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 \$21,508,384 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 (87.7%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) net of accumulated depreciation; 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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,691,224	5,052,902	1,233,676	1,610,467	5,924,900	6,663,369
Capital assets, net	14,748,049	15,044,308	14,540,209	14,515,425	29,288,258	29,559,733
Total assets	<u>19,439,273</u>	<u>20,097,210</u>	<u>15,773,885</u>	<u>16,125,892</u>	<u>35,213,158</u>	<u>36,223,102</u>
Deferred outflows related to pensions	744,734	613,042	-	-	744,734	613,042
Deferred outflows related to OPEB	126,247	58,472	-	-	126,247	58,472
Total deferred outflows of resources	<u>870,981</u>	<u>671,514</u>	<u>-</u>	<u>-</u>	<u>870,981</u>	<u>671,514</u>
Noncurrent liabilities	7,981,948	8,253,404	5,491,708	5,545,322	13,473,656	13,798,726
Other liabilities	555,849	334,669	90,439	82,465	646,288	417,134
Total liabilities	<u>8,537,797</u>	<u>8,588,073</u>	<u>5,582,147</u>	<u>5,627,787</u>	<u>14,119,944</u>	<u>14,215,860</u>
Deferred inflows related to pensions	445,697	388,822	-	-	445,697	388,822
Deferred inflows related to OPEB	10,114	21,542	-	-	10,114	21,542
Total deferred inflows of resources	<u>455,811</u>	<u>410,364</u>	<u>-</u>	<u>-</u>	<u>455,811</u>	<u>410,364</u>
Net investment in capital assets	9,515,525	9,182,115	9,256,786	9,172,560	18,772,311	18,354,675
Restricted	599,481	603,160	-	-	599,481	603,160
Unrestricted	1,201,640	1,985,012	934,952	1,325,545	2,136,592	3,310,557
Total net position	<u>\$ 11,316,646</u>	<u>\$ 11,770,287</u>	<u>10,191,738</u>	<u>10,498,105</u>	<u>21,508,384</u>	<u>22,268,392</u>

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

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* of \$2,136,592 may be used to meet the City's ongoing obligations to citizens and creditors.

The City of Gardiner, Maine's net position decreased \$760,008 during the current fiscal year. This change is broken out in the following categories:

- **Governmental activities:** The City's governmental activities decreased the net position by \$453,641.
- **Business-type activities:** The City's two business-type activities, the ambulance service and wastewater treatment plant, decreased the City of Gardiner, Maine's net position by \$306,367.

Changes in Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 105,228	86,326	3,023,213	3,024,948	3,128,441	3,111,274
Operating grants & cont.	357,161	494,543	-	-	357,161	494,543
Capital grants	206,315	164,151	-	-	206,315	164,151
General revenues:						
Property taxes	7,767,222	7,608,637	-	-	7,767,222	7,608,637
Other taxes	1,135,285	1,182,418	-	-	1,135,285	1,182,418
Grants & cont.	1,073,070	841,060	-	-	1,073,070	841,060
Other	193,157	308,119	-	-	193,157	308,119
Total revenues	10,837,438	10,685,254	3,023,213	3,024,948	13,860,651	13,710,202
Expenses:						
General government	1,161,242	737,364	-	-	1,161,242	737,364
Technology	104,963	92,418	-	-	104,963	92,418
Public safety	2,474,278	1,871,286	-	-	2,474,278	1,871,286
Public works	2,108,124	2,231,448	-	-	2,108,124	2,231,448
Community services	701,791	789,745	-	-	701,791	789,745
Education	3,770,478	3,550,050	-	-	3,770,478	3,550,050
County tax	362,004	347,746	-	-	362,004	347,746
Unclassified	19,410	15,797	-	-	19,410	15,797
Misc. capital costs	659,934	222,089	-	-	659,934	222,089
Interest on debt	83,079	92,820	-	-	83,079	92,820
Ambulance	-	-	1,485,551	1,273,285	1,485,551	1,273,285
Wastewater	-	-	1,689,805	1,750,208	1,689,805	1,750,208
Total expenses	11,445,303	9,950,763	3,175,356	3,023,493	14,620,659	12,974,256
Increase (decrease) in net position	(607,865)	734,491	(152,143)	1,455	(760,008)	735,946
Transfers in (out)	154,224	155,972	(154,224)	(155,972)	-	-
Net position, beg. of year	11,770,287	10,879,824	10,498,105	10,652,622	22,268,392	21,532,446
Net position, end of year	\$ 11,316,646	11,770,287	10,191,738	10,498,105	21,508,384	22,268,392

CITY OF GARDINER, MAINE
Management’s Discussion and Analysis, Continued

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’s governmental funds reported combined ending fund balances of \$3,678,413. Approximately 55.9% of this total amount (\$2,057,136) 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’s General Fund increased \$103,405 (Statement 4) during the current fiscal year.

General Fund Budgetary Highlights

For the current fiscal year, revenues exceeded budgetary projections by \$65,388 and expenditures were below appropriations by \$327,049.

This created a positive variance of \$392,437 to fund balance. However, use of fund balance, carryforwards and transfers to other funds netted an increase of \$103,405 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, 2020 amounts to \$14,748,049 (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:

Asset	Dept	Asset	Dept
Police Cruiser	PD	Plow Truck	PW
PD Radio Upgrade	PD	Sidewalk Upgrades	PW
Loader	B&G	Rescue 1	Amb
WW Upgrade	WW	Rescue 2	Amb

Total capital asset additions and deletions for FY 2020 in the City’s governmental activities was \$635,681. After accounting for current year depreciation of \$931,940, governmental activities’ net capital assets decreased by \$296,259 from the prior fiscal year.

Total capital asset additions and deletions for FY 2020 in the City’s business-type activities (Ambulance and Wastewater) was \$774,089. After accounting for current year depreciation of \$749,305, business-type activities’ net capital assets increased by \$24,784 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.

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

Long-term debt. At the end of the current fiscal year, the City of Gardiner, Maine had total notes payable of \$9,767,170, which is a decrease of \$1,060,423 from the prior year. Of this amount, \$4,888,961 is for governmental activities and \$4,878,209 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 \$55,695,000, which is well in excess of the City of Gardiner, Maine's outstanding debt of \$9,767,170.

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 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 2021 budget resulted in a flat tax rate, remaining at 21.7/mil. Highlights of the FY21 budget include the following:

- General Fund budget of \$10,300,624
 - \$6,126,712 (City)
 - \$3,770,478 (Education)
 - \$403,434 (County)
- Ambulance Enterprise Fund budget of \$1,495,056
- Wastewater Enterprise Fund budget of \$1,623,804

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,537,494	-	3,537,494
Receivables:			
Taxes	154,804	-	154,804
Tax liens	394,436	-	394,436
Accounts, net of allowance (\$145,000)	228,533	1,529,345	1,757,878
Notes	80,288	-	80,288
Internal balances	295,669	(295,669)	-
Capital assets, not being depreciated	1,691,418	661,248	2,352,666
Capital assets, net of accumulated depreciation	13,056,631	13,878,961	26,935,592
Total assets	19,439,273	15,773,885	35,213,158
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	744,734	-	744,734
Deferred outflows of resources related to OPEB	126,247	-	126,247
Total deferred outflows of resources	870,981	-	870,981
LIABILITIES			
Accounts payable	437,110	41,878	478,988
Accrued payroll	44,985	39,822	84,807
Taxes paid in advance	36,968	-	36,968
Due to other governments	11,748	-	11,748
Accrued interest	25,038	8,739	33,777
Noncurrent liabilities:			
Due within one year	695,052	342,326	1,037,378
Due in more than one year	7,286,896	5,149,382	12,436,278
Total liabilities	8,537,797	5,582,147	14,119,944
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	445,697	-	445,697
Deferred inflows of resources related to OPEB	10,114	-	10,114
Total deferred inflows of resources	455,811	-	455,811
NET POSITION			
Net investment in capital assets	9,515,525	9,256,786	18,772,311
Restricted for:			
Permanent funds - Nonexpendable principal	307,399	-	307,399
Permanent funds - Expendable	108,212	-	108,212
Capital projects	-	-	-
Revolving loan funds	118,985	-	118,985
Grants and other	64,885	-	64,885
Unrestricted	1,201,640	934,952	2,136,592
Total net position	\$ 11,316,646	10,191,738	21,508,384

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Activities
For the year ended June 30, 2020

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	\$ 1,161,242	84,826	15,500	-	(1,060,916)	-	(1,060,916)
Technology	104,963	-	-	-	(104,963)	-	(104,963)
Public safety	2,474,278	6,472	1,735	-	(2,466,071)	-	(2,466,071)
Public works	2,108,124	5,500	87,994	-	(2,014,630)	-	(2,014,630)
Community services	701,791	8,430	251,932	-	(441,429)	-	(441,429)
Education	3,770,478	-	-	-	(3,770,478)	-	(3,770,478)
County tax	362,004	-	-	-	(362,004)	-	(362,004)
Unclassified	19,410	-	-	-	(19,410)	-	(19,410)
Miscellaneous capital costs	659,934	-	-	206,315	(453,619)	-	(453,619)
Interest on debt	83,079	-	-	-	(83,079)	-	(83,079)
Total governmental activities	11,445,303	105,228	357,161	206,315	(10,776,599)	-	(10,776,599)
Business-type activities:							
Ambulance	1,485,551	1,459,263	-	-	-	(26,288)	(26,288)
Wastewater	1,689,805	1,563,950	-	-	-	(125,855)	(125,855)
Total business-type activities	3,175,356	3,023,213	-	-	-	(152,143)	(152,143)
Total primary government	\$ 14,620,659	3,128,441	357,161	206,315	(10,776,599)	(152,143)	(10,928,742)
General revenues:							
Property taxes					7,767,222	-	7,767,222
Other taxes					1,135,285	-	1,135,285
Grants and contributions not restricted to specific programs:							
State revenue sharing					656,891	-	656,891
Homestead and BETE exemptions					407,055	-	407,055
Other State aid					9,124	-	9,124
Interest earned					61,238	-	61,238
Unclassified					115,530	-	115,530
Sale of property					16,389	-	16,389
Transfers					154,224	(154,224)	-
Total general revenues and transfers					10,322,958	(154,224)	10,168,734
Change in net position					(453,641)	(306,367)	(760,008)
Net position - beginning					11,770,287	10,498,105	22,268,392
Net position - ending					\$ 11,316,646	10,191,738	21,508,384

CITY OF GARDINER, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,061,265	-	476,229	3,537,494
Receivables:				
Taxes	154,804	-	-	154,804
Tax liens	394,436	-	-	394,436
Accounts	103,813	100,720	24,000	228,533
Notes	-	-	80,288	80,288
Interfund loans receivable	-	675,189	35,294	710,483
Total assets	\$ 3,714,318	775,909	615,811	5,106,038
LIABILITIES				
Accounts payable	149,756	284,113	3,241	437,110
Accrued payroll and related liabilities	44,985	-	-	44,985
Taxes paid in advance	36,968	-	-	36,968
Due to other governments	11,748	-	-	11,748
Interfund loans payable	170,641	-	244,173	414,814
Total liabilities	414,098	284,113	247,414	945,625
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	482,000	-	-	482,000
Total deferred inflows of resources	482,000	-	-	482,000
FUND BALANCES (DEFICIT)				
Nonspendable	-	-	307,399	307,399
Restricted	-	-	292,082	292,082
Committed	210,000	491,796	-	701,796
Assigned	320,000	-	-	320,000
Unassigned	2,288,220	-	(231,084)	2,057,136
Total fund balances (deficit)	2,818,220	491,796	368,397	3,678,413
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,714,318	775,909	615,811	
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.				14,748,049
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				482,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(310,756)
Accrued interest				(25,038)
Net pension liability with related deferred inflows and outflows of resources				(1,480,365)
Other postemployment benefits liabilities with related deferred inflows and outflows of resources				(543,133)
Capital leases				(343,563)
Notes payable				(4,888,961)
Net position of governmental activities				\$ 11,316,646

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, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,965,477	-	-	8,965,477
Licenses and permits	52,738	-	-	52,738
Intergovernmental	1,277,939	206,315	56,212	1,540,466
Charges for services	46,490	-	6,000	52,490
Interest earned	54,117	-	7,121	61,238
Unclassified	131,919	-	96,080	227,999
Total revenues	10,528,680	206,315	165,413	10,900,408
Expenditures:				
Current:				
General government	1,027,209	-	30,384	1,057,593
Technology	104,963	-	-	104,963
Public safety	2,314,139	-	11,495	2,325,634
Public works	1,802,077	-	10,382	1,812,459
Community services	592,176	-	98,993	691,169
Education	3,770,478	-	-	3,770,478
County tax	362,004	-	-	362,004
Unclassified	15,910	-	3,500	19,410
Debt service	-	-	405,267	405,267
Capital expenditures	235,405	978,924	-	1,214,329
Total expenditures	10,224,361	978,924	560,021	11,763,306
Excess (deficiency) of revenues over (under) expenditures	304,319	(772,609)	(394,608)	(862,898)
Other financing sources (uses):				
Issuance of debt	185,774	-	-	185,774
Transfers in	340,886	27,895	702,679	1,071,460
Transfers out	(727,574)	-	(189,662)	(917,236)
Total other financing sources (uses)	(200,914)	27,895	513,017	339,998
Net change in fund balances	103,405	(744,714)	118,409	(522,900)
Fund balances, beginning of year	2,714,815	1,236,510	249,988	4,201,313
Fund balances, end of year	\$ 2,818,220	491,796	368,397	3,678,413

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, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$	(522,900)
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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 of:

Capitalized assets	635,681
Depreciation expense	(931,940)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue - property taxes.

	(62,970)
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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 of:

Lease proceeds	(185,774)
Lease principal repayments	82,956

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 amount of:

Accrued compensated absences	(25,194)
Accrued interest	3,012
Other post employment benefits and deferred inflows and outflows	(33,986)
Net pension liability and deferred inflows and outflows	(145,013)

Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of 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 of principal repayments.

	732,487
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Change in net position of governmental activities (see Statement 2)	\$	(453,641)
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See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

Business-type Activities - Enterprise Funds			
	Ambulance	Wastewater	Total
ASSETS			
Current assets:			
Accounts receivable - (net of allowance of \$145,000 in ambulance fund)	\$ 955,609	573,736	1,529,345
Interfund loans receivable	122,749	-	122,749
Total current assets	1,078,358	573,736	1,652,094
Capital assets:			
Construction in progress	-	279,580	279,580
Land	-	381,668	381,668
Capital assets, being depreciated	905,531	21,122,343	22,027,874
Accumulated depreciation	(448,838)	(7,700,075)	(8,148,913)
Total capital assets, net	456,693	14,083,516	14,540,209
Total assets	1,535,051	14,657,252	16,192,303
LIABILITIES			
Current liabilities:			
Accounts payable	21,830	20,048	41,878
Accrued payroll	28,476	11,346	39,822
Accrued interest	-	8,739	8,739
Interfund loans payable	-	418,418	418,418
Current portion of noncurrent liabilities	70,288	272,038	342,326
Total current liabilities	120,594	730,589	851,183
Noncurrent liabilities:			
Accrued compensated absences	178,890	29,395	208,285
Bonds and leases payable	334,926	4,606,171	4,941,097
Total noncurrent liabilities	513,816	4,635,566	5,149,382
Total liabilities	634,410	5,366,155	6,000,565
NET POSITION			
Net investment in capital assets	51,479	9,205,307	9,256,786
Unrestricted	849,162	85,790	934,952
Total net position	\$ 900,641	9,291,097	10,191,738

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, 2020

Business-type Activities - Enterprise Funds			
	Ambulance	Wastewater	Total
Operating revenues:			
Charges for services	\$ 1,459,263	1,563,950	3,023,213
Total operating revenues	1,459,263	1,563,950	3,023,213
Operating expenses:			
Personnel services	1,101,455	467,242	1,568,697
Contractual services	85,412	181,180	266,592
Supplies and materials	53,747	91,352	145,099
Repairs and maintenance	60,662	280,913	341,575
Other expenses	18,030	4,043	22,073
Depreciation expense	164,226	585,079	749,305
Total operating expenses	1,483,532	1,609,809	3,093,341
Operating income (loss)	(24,269)	(45,859)	(70,128)
Nonoperating revenues (expenses):			
Interest expense	(2,019)	(79,996)	(82,015)
Total nonoperating revenues (expenses)	(2,019)	(79,996)	(82,015)
Net income (loss) before transfers	(26,288)	(125,855)	(152,143)
Transfers:			
Transfer to other funds	(22,670)	(131,554)	(154,224)
Total transfers	(22,670)	(131,554)	(154,224)
Change in net position	(48,958)	(257,409)	(306,367)
Net position, beginning of year	949,599	9,548,506	10,498,105
Net position, end of year	\$ 900,641	9,291,097	10,191,738

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

Business-type Activities - Enterprise Funds

	Ambulance	Wastewater	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,429,813	1,556,718	2,986,531
Payments to employees	(1,083,289)	(462,273)	(1,545,562)
Payments to suppliers	(208,914)	(574,902)	(783,816)
Net cash provided by operating activities	137,610	519,543	657,153
Cash flows from noncapital financing activities:			
Transfers to other funds	(22,670)	(131,554)	(154,224)
Net change in interfund loans	113,094	300,379	413,473
Net cash provided by (used in) noncapital financing activities	90,424	168,825	259,249
Cash flows from capital and related financing activities:			
Capital asset purchases	(494,509)	(279,580)	(774,089)
Interest paid on notes and leases	(2,019)	(80,852)	(82,871)
Proceeds from capital leases	396,239	-	396,239
Principal payments on notes and capital leases	(127,745)	(327,936)	(455,681)
Net cash used in capital and related financing activities	(228,034)	(688,368)	(916,402)
Net increase (decrease) in cash	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	-	-
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (24,269)	(45,859)	(70,128)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	164,226	585,079	749,305
(Increase) decrease in accounts receivables	(29,450)	(7,232)	(36,682)
Increase (decrease) in accounts payable	8,937	(17,414)	(8,477)
Increase (decrease) in accrued payroll	12,025	5,282	17,307
Increase (decrease) in accrued compensated absences	6,141	(313)	5,828
Net cash provided by operating activities	137,610	519,543	657,153

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

		Agency Funds Gardiner Growth Initiative
ASSETS		
Cash and cash equivalents	\$	2,604
Total assets		2,604
LIABILITIES		
Due to outside groups		2,604
Total liabilities		2,604
NET POSITION		
Held in trust	\$	-

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and OPEB liabilities, 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, 2020, technology expenditures exceeded appropriations by \$14,383.

C. Deficit Fund Balances

At June 30, 2020, the following funds had a deficit fund balance:

TIF Funds	\$ 196,964
Libby Hill Tower	34,120

The TIF deficit will be funded by future tax revenue, sale of lots in Libby Hill or transfers from the General Fund. The Libby Hill Tower deficit will be funded by future charges for services 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, 2020.

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, 2020, the City reported deposits of \$3,540,098 with a bank balance of \$3,687,199. Of the bank balance of \$3,687,199, \$250,000 was covered by F.D.I.C. and \$3,437,199 was covered by additional insurance or letters of credit purchased or provided by the financial institutions.

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

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2020, 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	\$ -	170,641	340,886	727,574
Capital Projects Fund	675,189	-	27,895	-
Nonmajor Governmental Funds:				
Revolving Loan Fund	-	-	-	25,000
Development and Planning	11,475	-	-	-
TIF Funds	-	196,964	690,553	162,015
Libby Hill Tower	-	34,120	12,126	-
Private Grants	23,331	-	-	2,647
Wellness	488	-	-	-
New Mills Dam	-	13,089	-	-
Enterprise Funds:				
Ambulance	122,749	-	-	22,670
Wastewater	-	418,418	-	131,554
Total interfund balances	\$ 833,232	833,232	1,071,460	1,071,460

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

PROPERTY TAX

Property taxes for the current period were committed on July 24, 2019 on the assessed value listed as of the prior April 1st 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 \$19,680 for the year ended June 30, 2020.

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>2020</u>	<u>2019</u>
Assessed value	\$ 357,994,600	355,605,900
<u>Tax rate (per \$1,000)</u>	<u>21.70</u>	<u>21.40</u>
Commitment	7,768,483	7,609,966
<u>Supplemental taxes</u>	<u>3,735</u>	<u>5,076</u>
	7,772,218	7,615,042
Less:		
Abatements/write offs	2,938	3,891
<u>Collections</u>	<u>7,508,385</u>	<u>7,292,152</u>
Current year taxes receivable at end of year	260,895	318,999
<u>Taxes and liens receivable - prior years</u>	<u>288,345</u>	<u>269,278</u>
<u>Total taxes and liens receivable</u>	<u>\$ 549,240</u>	<u>588,277</u>

Due date	1st half	September 16, 2019	September 17, 2018
	2nd half	March 16, 2020	March 15, 2019
Interest rate on delinquent taxes		9.00%	8.00%
Collection rate		96.64%	95.81%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,008,247	-	-	1,008,247
Construction in progress	364,181	318,990	-	683,171
Total capital assets not being depreciated	1,372,428	318,990	-	1,691,418
Capital assets, being depreciated:				
Buildings and building improvements	552,290	-	-	552,290
Furniture and equipment	1,334,517	49,631	-	1,384,148
Vehicles	4,399,231	267,060	-	4,666,291
Infrastructure	47,147,408	-	-	47,147,408
Total capital assets being depreciated	53,433,446	316,691	-	53,750,137
Less accumulated depreciation for:				
Buildings and building improvements	304,028	11,556	-	315,584
Furniture and equipment	1,023,026	71,064	-	1,094,090
Vehicles	2,729,164	276,328	-	3,005,492
Infrastructure	35,705,348	572,992	-	36,278,340
Total accumulated depreciation	39,761,566	931,940	-	40,693,506
Total capital assets being depreciated, net	13,671,880	(615,249)	-	13,056,631
Governmental activities capital assets, net	\$ 15,044,308	(296,259)	-	14,748,049
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 381,668	-	-	381,668
Construction in progress	-	279,580	-	279,580
Total capital assets not being depreciated	381,668	279,580	-	661,248
Capital assets, being depreciated:				
Building/sewer system	4,822,059	-	-	4,822,059
Furniture and equipment	930,464	-	-	930,464
Vehicles	675,389	494,509	371,945	797,953
Infrastructure	15,477,398	-	-	15,477,398
Total capital assets being depreciated	21,905,310	494,509	371,945	22,027,874
Less accumulated depreciation for:				
Building/sewer system	3,189,760	81,588	-	3,271,348
Furniture and equipment	584,467	127,152	-	711,619
Vehicles	609,019	153,630	371,945	390,704
Infrastructure	3,388,307	386,935	-	3,775,242
Total accumulated depreciation	7,771,553	749,305	371,945	8,148,913
Total capital assets being depreciated, net	14,133,757	(254,796)	-	13,878,961
Business-type activities capital assets, net	\$ 14,515,425	24,784	-	14,540,209

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

CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 11,269
Public safety	180,255
Public works	738,541
Community services	1,875

Total depreciation expense – governmental activities \$ 931,940

Business-type activities:	
Ambulance	\$ 164,226
Wastewater	585,079

Total depreciation expense – business-type activities \$ 749,305

LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
Notes from direct borrowings	\$ 5,621,448	-	732,487	4,888,961	578,595
Capital leases	240,745	185,774	82,956	343,563	116,457
Net pension liability	1,559,572	219,830	-	1,779,402	-
Other postemployment benefits	546,077	113,189	-	659,266	-
Accrued compensated absences	285,562	25,194	-	310,756	-
Governmental activities					
long-term liabilities	\$ 8,253,404	543,987	815,443	7,981,948	695,052

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Business-type activities:					
Notes from direct borrowings	\$ 5,206,145	-	327,936	4,878,209	272,038
Capital leases	136,720	396,239	127,745	405,214	70,288
Accrued compensated absences	202,457	5,828	-	208,285	-
Business-type activities					
long-term liabilities	\$ 5,545,322	402,067	455,681	5,491,708	342,326

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2020 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2020</u>
Governmental activities:					
Series D	9/26/07	\$ 319,700	11/01/27	6.00%	127,880
Libby Hill	5/27/10	4,067,093	11/01/34	2.77-5.75%	2,440,256
Ladder truck	10/28/10	767,000	11/01/25	2.12-4.27%	306,800
Refunding	5/26/11	260,000	11/01/39	2.02-5.52%	185,714
Highland Avenue	4/01/15	425,000	4/01/21	2.09%	70,833
Fire equipment	10/20/15	91,620	10/20/21	2.09%	26,177
Fire truck	3/30/17	163,080	3/31/22	1.86%	66,139
Road projects	5/22/17	1,194,339	5/22/26	2.49%	810,822
Sidewalks	5/22/17	600,132	5/22/31	2.99%	481,756
Loader	12/1/18	129,500	12/1/24	3.69%	107,917
LED street lights	2/28/19	294,074	2/28/29	3.58%	264,667
Total governmental activities					4,888,961
Business-type activities:					
2011 rural development	5/26/11	236,000	5/26/40	3.75%	186,302
2014 refunding bonds	9/19/14	2,482,414	9/1/31	0.25%	1,752,292
2016 rural development	12/16/16	2,758,000	6/16/44	1.88%	2,413,250
2016 rural development	8/25/16	391,000	2/1/45	2.25%	355,455
2016 rural development	8/25/16	188,000	2/1/45	2.25%	170,910
Total business-type activities					4,878,209
Total long-term debt					\$ 9,767,170

Governmental activities reported \$171,101 of interest expense on long-term debt, of which \$85,077 is reported in the direct function to which it is applicable.

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize long-term debt outstanding as of June 30, 2020 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 578,596	151,137	729,733	272,038	67,738	339,776
2022	510,289	136,118	646,407	272,280	64,810	337,090
2023	466,227	120,423	586,650	272,532	61,873	334,405
2024	468,449	101,765	570,214	272,793	58,927	331,720
2025	470,814	85,796	556,610	273,063	55,970	329,033
2026-2030	1,441,217	264,984	1,706,201	1,369,742	235,140	1,604,882
2031-2035	906,941	83,830	990,771	940,127	161,184	1,101,311
2036-2040	46,428	6,358	52,786	657,099	92,271	749,370
2041-2045	-	-	-	548,535	27,293	575,828
Total	\$ 4,888,961	950,411	5,839,372	4,878,209	825,206	5,703,415

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 \$371,300,000. At June 30, 2020, the statutory limit for the City was \$55,695,000. The City's outstanding long-term debt of \$9,767,170 at June 30, 2020 was significantly less than the statutory limit.

OVERLAPPING DEBT

In addition to the notes and bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2020:

<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	\$ 2,455,469	37.3%	\$ 915,890

The City's proportionate share of the District debt is paid through annual assessments.

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

CAPITAL LEASES

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, 2020.

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 116,457	7,897	70,288	7,055
2022	76,548	6,528	66,508	10,834
2023	74,072	4,274	63,942	8,670
2024	37,720	2,123	66,008	6,604
2025	38,766	1,078	68,128	4,485
2026	-	-	70,340	2,272
Total	\$ 343,563	21,900	405,214	39,920

The amount capitalized under capital leases totals \$589,261 for governmental activities and \$413,383 for business-type activities.

DEFERRED COMPENSATION PLAN

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

NET PENSION LIABILITY

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.

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 7.35% to 8.1% 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, 2020, was 10.0% and 12.8% 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 \$356,845 for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$1,779,402 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 0.5821%.

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

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2020, the City recognized a pension expense of \$501,858. At June 30, 2020, 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	\$ 210,687	-
Changes of assumptions	90,115	-
Net difference between projected and actual earnings on pension plan investments	-	445,697
Changes in proportion and differences between City contributions and proportionate share of contributions	87,087	-
City contributions subsequent to the measurement date	356,845	-
Total	\$ 744,734	\$ 445,697

\$356,845 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 147,056
2022	(183,430)
2023	(21,151)
2024	(283)

Actuarial Assumptions - The total pension liability in the June 30, 2019 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	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% 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, 2019 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

NET PENSION LIABILITY, 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. 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 6.75%, 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City’s proportionate share of the net pension liability	\$ 4,053,363	1,779,402	(347,671)

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, 2020.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

Plan Description - The City sponsors a post-retirement benefit plan providing group term life insurance to retiring employees. The City participates in Group Life Insurance Plan for Participating Local District (PLD). The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.mainepers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions from the City were \$1,904 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of June 30, 2018. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City reported a liability of \$109,787 for its proportionate share of the net OPEB liability. At June 30, 2019, the City's proportion was 0.5131%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$3,376 for the OPEB Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,998	-
Changes of assumption	-	5,206
Net difference between projected and actual earnings on OPEB plan investments	-	4,908
Changes in proportion and differences between City contributions and proportionate share of contributions	6,510	-
City contributions subsequent to the measurement date	1,904	-
Total	\$ 15,412	\$ 10,114

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

\$1,904 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ (1,828)
2022	(1,828)
2023	(801)
2024	4,880
2025	2,971

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the OPEB Plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 9.00%
Investment rate of return	6.75%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US Government Securities	10.0%	2.3%

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Discount Rate - The rate used to measure the total OPEB liability was 4.98%, which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. Projections of the plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2050. Therefore, the portion of the future projected benefit payments after 2050 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 4.98%, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

	1% Decrease (3.98%)	Discount Rate (4.98%)	1% Increase (5.98%)
Net OPEB liability	\$ 144,985	109,787	82,039

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB Plan’s fiduciary net position is available in a separately issued MPERS financial report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE

General Information about the OPEB Plan

Plan Description - The City sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At January 1, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	51
Total	54

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB liability of \$549,479 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2019		\$	454,585
Changes for the year:			
Service cost			19,189
Interest			19,207
Changes of benefit terms			(11,551)
Differences between expected and actual experience			(8,655)
Changes in assumptions			87,433
Benefit payments			<u>(10,729)</u>
Net changes			<u>94,894</u>
Balance at June 30, 2020		\$	<u>549,479</u>

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

For the year ended June 30, 2020, The City recognized OPEB expense of \$32,514. At June 30, 2020, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,494	-
Changes in assumptions	<u>95,341</u>	<u>-</u>
Total	\$ 110,835	-

Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 16,398
2022	16,398
2023	16,398
2024	16,398
2025	16,398
Thereafter	28,845

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the January 1, 2020 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.50% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 2.74% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 2.74%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 646,409	549,479	471,659

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City's total OPEB liability calculated using the healthcare cost trend rates, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 467,254	549,479	654,900

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

TAX INCREMENT FINANCING DISTRICTS

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, 2020, the City remitted a total of \$26,081 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.

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. A credit enhancement agreement in place with Black Diamond is currently suspended due to unfulfilled requirements by the developer. Current active credit enhancement agreements include Dennison Lubricants, 10 years at 25% reimbursement. Total credit enhancement payments made during the year by the City to the developers totaled \$1,135.

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 \$19,336.

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. A credit enhancement agreement is in place for Johnson Hall with 100% reimbursement through fiscal year ending June 30, 2021, changing to 100% reimbursement of the tax payment that exceeds \$19,000 through fiscal year ending June 30, 2026. The credit enhancement agreement for the year ended June 30, 2020 was \$5,610.

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 retains 100% of the tax payments to be used in their entirety towards economic development.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

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. Fiscal year 2015 was the final year of the credit enhancement agreement for this district and, therefore, the City now retains 100% of the tax payments to be used in their entirety towards economic development.

The City established the **Associated Grocers Tax Incremental Financing District** in 2006, encompassing the facility's 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 Stag Industrial Holdings and is occupied by Core Mark. Fiscal year 2011 was the final year of the credit enhancement agreement for this district due to foreclosure sale and, therefore, the City now retains 100% of the tax payments to be used in their entirety towards economic development.

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. The District was amended in fiscal year 2019 and now encompasses 1.75 acres located at 58-60 Summer Street and 59 Summer Street. An area of the District was removed and returned to the Downtown Tax Increment Financing District for construction of a Kidney Dialysis Center upon approval from the Maine State Housing Authority and the Department of Economic Development. No captured assessments were retained for fiscal year 2020 in this district as the properties within the district remained tax exempt under City ownership.

JOINT VENTURE

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 startup 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 2020, the City of Gardiner, Maine contributed \$31,452. However, the City received a portion of the tax revenues generated, which amounted to \$20,095 in fiscal year 2020, for a net contribution of \$11,357. 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

FUND BALANCE

As of June 30, 2020, fund balance components consisted of the following:

	General Fund	Capital Projects	Other Governmental Funds	Total
Nonspendable:				
Principal for permanent funds	\$ -	-	307,399	307,399
Total nonspendable	-	-	307,399	307,399
Restricted:				
Revolving loan funds	-	-	118,985	118,985
Planning and development	-	-	32,282	32,282
Grants for private uses	-	-	23,283	23,283
Grants for wellness	-	-	488	488
Grants for New Mills Dam	-	-	8,832	8,832
Permanent funds	-	-	108,212	108,212
Total restricted	-	-	292,082	292,082
Total committed:				
Libby Hill tower	60,000	-	-	60,000
Johnson Hall pledge	150,000	-	-	150,000
Capital projects	-	491,796	-	491,796
Total committed	210,000	491,796	-	701,796
Assigned:				
Subsequent budget	250,000	-	-	250,000
Tires	3,000	-	-	3,000
Turnout gear	6,900	-	-	6,900
Mower	2,500	-	-	2,500
Culverts/structures	12,500	-	-	12,500
Road striping	10,400	-	-	10,400
Engineering	11,500	-	-	11,500
Stormwater control	12,600	-	-	12,600
Retirement	10,600	-	-	10,600
Total assigned	320,000	-	-	320,000
Total unassigned	2,288,220	-	(231,084)	2,057,136
Total fund balance (deficit)	\$ 2,818,220	491,796	368,397	3,678,413

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

NET POSITION

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, 2020:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net of depreciation	\$ 14,748,049	14,540,209
Notes payable	(4,888,961)	(4,878,209)
Capital leases payable	(343,563)	(405,214)
<u>Total net investment in capital assets</u>	<u>\$ 9,515,525</u>	<u>9,256,786</u>

CITY OF GARDINER, MAINE
Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	\$ 0.5821%	0.5699%	0.5258%	0.5288%	0.6266%	0.6491%
City's proportionate share of the net pension liability	1,779,402	1,559,572	2,152,665	3,093,407	1,999,226	998,790
City's covered payroll	3,108,117	2,870,972	2,577,844	2,695,361	2,639,319	2,465,972
City's proportionate share of the net pension liability as a percentage of its covered payroll	57.25%	54.32%	83.51%	114.77%	75.75%	40.50%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

* Only six years of information available.

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

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 356,845	356,859	316,342	270,778	274,365	248,767	208,632
Contributions in relation to the contractually required contribution	(356,845)	(356,859)	(316,342)	(270,778)	(274,365)	(248,767)	(208,632)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
City's covered payroll	\$ 3,110,220	3,108,117	2,870,972	2,577,844	2,695,361	2,639,319	2,465,972
Contributions as a percentage of covered payroll	11.47%	11.48%	11.02%	10.50%	10.18%	9.43%	8.46%

* Only seven years of information available.

CITY OF GARDINER, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net OPEB Liability
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	\$ 0.5131%	0.4529%	0.4771%
City's proportionate share of the net OPEB liability	109,787	91,492	79,786
City's covered payroll	3,108,117	2,780,972	2,577,844
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.53%	3.29%	3.10%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%

* Only three years of information available.
The amounts presented for each fiscal year were determined as of the prior fiscal year.

Schedule of City OPEB Contributions
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,904	2,296	2,000	2,034
Contributions in relation to the contractually required contribution	(1,904)	(2,296)	(2,000)	(2,034)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 3,110,220	3,108,117	2,870,972	2,577,844
Contributions as a percentage of covered-employee payroll	0.06%	0.07%	0.07%	0.08%

* Only four years of information available.

CITY OF GARDINER, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 19,189	21,419	15,133
Interest	19,207	16,804	13,130
Changes of benefit terms	(11,551)	-	-
Differences between expected and actual experience	(8,655)	-	34,782
Changes of assumptions or other inputs	87,433	(45,520)	79,541
Benefit payments	<u>(10,729)</u>	<u>(10,316)</u>	<u>(5,165)</u>
Net change in total OPEB Liability	94,894	(17,613)	137,421
Total OPEB liability - beginning	<u>454,585</u>	<u>472,198</u>	<u>334,777</u>
Total OPEB liability - ending	\$ <u>549,479</u>	<u>454,585</u>	<u>472,198</u>
Covered-employee payroll	\$ 2,482,628	2,025,392	2,025,392
Total OPEB liability as a percent of covered-employee payroll	22.1%	22.4%	23.3%

*Only three years of information available.

CITY OF GARDINER, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.75%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75% - 9.0%	2.75% - 9.0%	3.5% - 13.5%	3.5% - 13.5%
Cost of living increases	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	4.98%	5.13%	5.41%

Total OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.74%	4.10%	3.44%	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS**

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, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,061,265	3,884,132
Receivables:		
Taxes - current year	28,537	32,085
Taxes - prior years	126,267	107,861
Tax liens - current year	232,358	286,914
Tax liens - prior years	162,078	161,417
Accounts	103,813	91,492
Total assets	\$ 3,714,318	4,563,901
LIABILITIES		
Accounts payable	149,756	238,634
Accrued payroll and related liabilities	44,985	37,654
Taxes paid in advance	36,968	23,013
Due to other governments	11,748	3,111
Interfund loans payable	170,641	1,001,704
Total liabilities	414,098	1,304,116
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	482,000	544,970
Total deferred inflows of resources	482,000	544,970
FUND BALANCES		
Committed	210,000	210,000
Assigned	320,000	234,500
Unassigned	2,288,220	2,270,315
Total fund balances	2,818,220	2,714,815
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,714,318	4,563,901

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, 2020

	Budget		Actual	Variance with final budget positive (negative)	2019
	Original	Final			
Revenues:					
Taxes	\$ 8,914,483	8,914,483	8,965,477	50,994	8,663,085
Licenses and permits	21,000	21,000	52,738	31,738	23,888
Intergovernmental	1,263,182	1,263,182	1,277,939	14,757	1,022,926
Charges for services	51,700	51,700	46,490	(5,210)	56,438
Interest earned	100,000	100,000	54,117	(45,883)	113,897
Unclassified	112,927	112,927	131,919	18,992	146,343
Total revenues	10,463,292	10,463,292	10,528,680	65,388	10,026,577
Expenditures:					
Current:					
General government	1,124,282	1,127,282	1,055,104	72,178	997,545
Technology	90,580	90,580	104,963	(14,383)	92,418
Public safety	2,408,567	2,408,567	2,321,265	87,302	2,240,955
Public works	1,944,746	1,951,246	1,804,077	147,169	1,891,033
Community services	608,189	608,189	592,176	16,013	564,903
Education	3,770,478	3,770,478	3,770,478	-	3,550,050
County tax	362,004	362,004	362,004	-	347,746
Unclassified	34,680	34,680	15,910	18,770	11,797
Capital expenditures	-	49,631	49,631	-	92,000
Total expenditures	10,343,526	10,402,657	10,075,608	327,049	9,788,447
Excess (deficiency) of revenues over (under) expenditures	119,766	60,635	453,072	392,437	238,130
Other financing sources (uses):					
Use of fund balance	225,000	274,631	-	(274,631)	-
Use of carryforwards	-	9,500	-	(9,500)	-
Transfer from other funds	345,787	345,787	340,886	(4,901)	457,983
Transfer to other funds	(690,553)	(690,553)	(690,553)	-	(684,821)
Total other financing sources (uses)	(119,766)	(60,635)	(349,667)	(289,032)	(226,838)
Net change in fund balance	-	-	103,405	103,405	11,292
Fund balance, beginning of year			2,714,815		2,703,523
Fund balance, end of year	\$		2,818,220		2,714,815

*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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 60,618	415,611	476,229
Accounts receivable	24,000	-	24,000
Notes receivable	80,288	-	80,288
Interfund loans receivable	35,294	-	35,294
Total assets	\$ 200,200	415,611	615,811
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	3,241	-	3,241
Interfund loans payable	244,173	-	244,173
Total liabilities	247,414	-	247,414
Fund balances:			
Nonspendable	-	307,399	307,399
Restricted	183,870	108,212	292,082
Unassigned	(231,084)	-	(231,084)
Total fund balances (deficits)	(47,214)	415,611	368,397
Total liabilities and fund balances	\$ 200,200	415,611	615,811

CITY OF GARDINER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 56,212	-	56,212
Charges for services	6,000	-	6,000
Interest income	4,417	2,704	7,121
Unclassified	96,080	-	96,080
Total revenues	162,709	2,704	165,413
Expenditures:			
Current:			
General government	30,384	-	30,384
Public safety	11,495	-	11,495
Public works	10,382	-	10,382
Community services	98,993	-	98,993
Unclassified	-	3,500	3,500
Debt service	405,267	-	405,267
Total expenditures	556,521	3,500	560,021
Excess (deficiency) of revenues over (under) expenditures	(393,812)	(796)	(394,608)
Other financing sources (uses):			
Transfers in	702,679	-	702,679
Transfers out	(189,662)	-	(189,662)
Total other financing sources (uses)	513,017	-	513,017
Net change in fund balances	119,205	(796)	118,409
Fund balances (deficits), beginning of year	(166,419)	416,407	249,988
Fund balances (deficits), end of year	\$ (47,214)	415,611	368,397

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, 2020

		20	21	22-23	24	25	26	27	28	29	
		Revolving Loan Fund	Development and Planning	TIF Funds	Public Safety Grants	Libby Hill Tower	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	Total
ASSETS											
Cash and cash equivalents	\$	38,697	-	-	-	-	-	-	-	21,921	60,618
Accounts receivable		-	24,000	-	-	-	-	-	-	-	24,000
Notes receivable		80,288	-	-	-	-	-	-	-	-	80,288
Interfund loans receivable		-	11,475	-	-	-	23,331	488	-	-	35,294
Total assets	\$	118,985	35,475	-	-	-	23,331	488	-	21,921	200,200
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		-	3,193	-	-	-	48	-	-	-	3,241
Interfund loans payable		-	-	196,964	-	34,120	-	-	-	13,089	244,173
Total liabilities		-	3,193	196,964	-	34,120	48	-	-	13,089	247,414
Fund balances (deficits):											
Restricted		118,985	32,282	-	-	-	23,283	488	-	8,832	183,870
Unassigned		-	-	(196,964)	-	(34,120)	-	-	-	-	(231,084)
Total fund balances (deficits)		118,985	32,282	(196,964)	-	(34,120)	23,283	488	-	8,832	(47,214)
Total liabilities and fund balances	\$	118,985	35,475	-	-	-	23,331	488	-	21,921	200,200

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 Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	20	21	22-23	24	25	26	27	28	29	Total
	Revolving Loan Fund	Development and Planning	TIF Funds	Public Safety Grants	Libby Hill Tower	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	
Revenues:										
Intergovernmental	\$ -	54,477	-	1,735	-	-	-	-	-	56,212
Charges for services	-	-	-	-	6,000	-	-	-	-	6,000
Interest income	4,417	-	-	-	-	-	-	-	-	4,417
Unclassified	15,500	32,317	-	-	-	27,595	1,850	4,520	14,298	96,080
Total revenues	19,917	86,794	-	1,735	6,000	27,595	1,850	4,520	14,298	162,709
Expenditures:										
Current:										
General government	-	-	26,081	-	4,303	-	-	-	-	30,384
Public safety	-	-	-	1,735	-	9,760	-	-	-	11,495
Public works	-	-	-	-	-	-	-	-	10,382	10,382
Community services	-	89,927	-	-	-	3,150	1,396	4,520	-	98,993
Debt service	-	-	405,267	-	-	-	-	-	-	405,267
Total expenditures	-	89,927	431,348	1,735	4,303	12,910	1,396	4,520	10,382	556,521
Excess (deficiency) of revenues over (under) expenditures	19,917	(3,133)	(431,348)	-	1,697	14,685	454	-	3,916	(393,812)
Other financing sources (uses):										
Transfers in	-	-	690,553	-	12,126	-	-	-	-	702,679
Transfers out	(25,000)	-	(162,015)	-	-	(2,647)	-	-	-	(189,662)
Total other financing sources (uses)	(25,000)	-	528,538	-	12,126	(2,647)	-	-	-	513,017
Net change in fund balances	(5,083)	(3,133)	97,190	-	13,823	12,038	454	-	3,916	119,205
Fund balances (deficits), beginning of year	124,068	35,415	(294,154)	-	(47,943)	11,245	34	-	4,916	(166,419)
Fund balances (deficits), end of year	\$ 118,985	32,282	(196,964)	-	(34,120)	23,283	488	-	8,832	(47,214)

CITY OF GARDINER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2020

		Henrietta Johnson Fire Dept. Fund	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund	Cemetery Perpetual Care Fund	Isabel Harriman Fund	All Other Funds	Total
ASSETS									
Cash and cash equivalents	\$	96,697	21,623	12,110	21,436	2,232	242,785	18,728	415,611
Total assets	\$	96,697	21,623	12,110	21,436	2,232	242,785	18,728	415,611
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		-	-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-	-
Fund balances:									
Nonspendable		10,000	20,000	10,000	10,250	2,050	239,599	15,500	307,399
Restricted		86,697	1,623	2,110	11,186	182	3,186	3,228	108,212
Total fund balances		96,697	21,623	12,110	21,436	2,232	242,785	18,728	415,611
Total liabilities and fund balances	\$	96,697	21,623	12,110	21,436	2,232	242,785	18,728	415,611

CITY OF GARDINER, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended June 30, 2020

	Henrietta Johnson Fire Dept. Fund	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund	Cemetery Perpetual Care Fund	Isabel Harriman Fund	All Other Funds	Total
Revenues:								
Interest income	\$ 624	149	78	138	14	1,580	121	2,704
Total revenues	624	149	78	138	14	1,580	121	2,704
Expenditures:								
Unclassified	-	1,500	-	-	-	2,000	-	3,500
Total expenditures	-	1,500	-	-	-	2,000	-	3,500
Net change in fund balances	624	(1,351)	78	138	14	(420)	121	(796)
Fund balances, beginning of year	96,073	22,974	12,032	21,298	2,218	243,205	18,607	416,407
Fund balances, end of year	\$ 96,697	21,623	12,110	21,436	2,232	242,785	18,728	415,611