

Federal Compliance Audit

City of Gardiner, Maine

June 30, 2024



Proven Expertise & Integrity

CITY OF GARDINER, MAINE

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Gardiner
Gardiner, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Gardiner, Maine as of and for the year ended June 30, 2024 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.

In our opinion, the accompanying 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, 2024 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gardiner, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gardiner, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Gardiner, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the City of Gardiner, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 13 and 79 through 86 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.

Supplementary 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 nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund

financial statements and capital asset schedules 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 23, 2024, 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 grants 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 the effectiveness of the City of Gardiner'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.

RHR Smith & Company

Buxton, Maine
December 23, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the City of Gardiner, Maine's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City of Gardiner, Maine's financial statements.

Financial Statement Overview

The City of Gardiner, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the City's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of City activities. The types of activities presented for the City of Gardiner, Maine are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the City's basic services are reported in governmental activities, which include general government, technology, public safety, public works, community services, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the City of Gardiner include the ambulance and wastewater fund.

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 local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the City of Gardiner can be divided into three categories: governmental funds, proprietary and fiduciary funds.

Governmental funds: Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the City's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The City of Gardiner, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The City's major governmental funds are the general fund and ARPA fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the City legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The City of Gardiner, Maine maintains two proprietary funds, the ambulance fund and wastewater fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the City. These funds are not reflected in the government-wide statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - Life Insurance, Schedule of Changes in Net OPEB Liability - Health Plan, Schedule of Changes in Net OPEB Liability and

Related Ratios - Health Plan, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and capital asset activity.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the City's governmental activities. The City's total governmental net position decreased by \$482,241 from \$12,174,676 to \$11,692,435. The City's total business-type net position decreased by \$215,948 from \$9,939,475 to \$9,723,527.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of \$1,958,743 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$745,161.

Table 1
City of Gardiner, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2023		2024	2023
	2024	(Restated)		
Assets				
Current Assets	\$ 6,042,226	\$ 6,269,124	\$1,180,023	\$1,251,863
Noncurrent Assets - Capital	12,843,406	13,322,264	15,643,542	16,114,509
Total Assets	<u>18,885,632</u>	<u>19,591,388</u>	<u>16,823,565</u>	<u>17,366,372</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	778,401	1,069,342	-	-
Deferred Outflows Related to OPEB	216,610	164,945	-	-
Total Deferred Outflows of Resources	<u>995,011</u>	<u>1,234,287</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	1,338,866	1,286,427	548,370	526,783
Noncurrent Liabilities	6,117,238	6,192,516	6,551,668	6,900,114
Total Liabilities	<u>7,456,104</u>	<u>7,478,943</u>	<u>7,100,038</u>	<u>7,426,897</u>
Deferred Inflows of Resources				
Prepaid Taxes	40,595	32,942	-	-
Deferred Revenue	36,849	167,846	-	-
Deferred Inflows Related to Pensions	414,143	695,233	-	-
Deferred Inflows Related to OPEB	240,517	276,035	-	-
Total Deferred Inflows of Resources	<u>732,104</u>	<u>1,172,056</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	8,454,883	8,523,056	8,978,366	9,069,565
Restricted	1,278,809	1,357,979	-	-
Unrestricted	1,958,743	2,293,641	745,161	869,910
Total Net Position	<u>\$ 11,692,435</u>	<u>\$ 12,174,676</u>	<u>\$9,723,527</u>	<u>\$9,939,475</u>

Revenues and Expenses

Revenues for the City's governmental activities decreased by 0.59%, while total expenses increased by 2.40%. The largest decrease in revenues was in miscellaneous. The largest increases in expenses were in public works and education. Revenues for the City's business-type activities increased by 5.89% and expenses increased by 9.84%.

Table 2
City of Gardiner, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 122,519	\$ 128,611	\$ 4,172,566	\$ 3,762,966
Operating grants and contributions	211,023	468,743	-	-
Capital grants and contributions	-	-	135,123	159,355
<i>General revenues:</i>				
Property taxes	8,995,022	8,264,370	-	-
Excise taxes	1,328,966	1,240,371	-	-
Grants and contributions not restricted to specific programs	2,266,177	2,153,670	7,134	154,318
Miscellaneous	718,613	1,467,624	3,855	1,651
Total revenues	<u>13,642,320</u>	<u>13,723,389</u>	<u>4,318,678</u>	<u>4,078,290</u>
Expenses				
General government	1,166,241	2,135,410	-	-
Technology	145,490	136,069	-	-
Public safety	2,897,651	3,881,677	-	-
Public works	3,587,435	1,398,759	-	-
Community services	1,546,346	1,771,452	-	-
Education	4,574,878	4,068,588	-	-
County tax	466,106	445,602	-	-
Unclassified	10,766	-	-	-
Interest on long-term debt	72,229	95,649	-	-
Ambulance	-	-	2,277,953	1,971,295
Wastewater	-	-	2,114,092	2,027,400
Total expenses	<u>14,467,142</u>	<u>13,933,206</u>	<u>4,392,045</u>	<u>3,998,695</u>
Excess (deficiency) before transfers	(824,822)	(209,817)	(73,367)	79,595
Transfers	<u>142,581</u>	<u>134,469</u>	<u>(142,581)</u>	<u>(134,469)</u>
Change in net position	<u>(682,241)</u>	<u>(75,348)</u>	<u>(215,948)</u>	<u>(54,874)</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	12,342,522	12,417,870	9,939,475	9,994,349
ERROR CORRECTION	<u>(167,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - JULY 1, AS RESTATED	<u>12,174,676</u>	<u>12,417,870</u>	<u>9,939,475</u>	<u>9,994,349</u>
NET POSITION - JUNE 30	<u>\$ 11,492,435</u>	<u>\$ 12,342,522</u>	<u>\$ 9,723,527</u>	<u>\$ 9,939,475</u>

Financial Analysis of the City's Fund Statements

Governmental funds: The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
City of Gardiner, Maine
Fund Balances - Governmental Funds
June 30,

	2024	2023 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 5,599	\$ -	\$ 5,599
Assigned	506,000	659,000	(153,000)
Unassigned	3,234,570	3,038,128	196,442
Total General Fund	\$ 3,746,169	\$ 3,697,128	\$ 49,041
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 878,777	\$ 955,424	\$ (76,647)
Unassigned (deficit)	(14,968)	(23,382)	8,414
Capital Projects Funds:			
Committed	-	199,997	(199,997)
Unassigned (deficit)	(87,155)	-	(87,155)
Permanent Funds:			
Nonspendable	307,399	307,399	-
Restricted	92,633	95,156	(2,523)
Unassigned (deficit)	(3,796)	-	(3,796)
Total Nonmajor Funds	\$ 1,172,890	\$ 1,534,594	\$ (361,704)

The changes to total fund balances for the general fund and nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The ambulance fund net position increased by \$185,662 and the wastewater fund decreased by \$401,610.

Budgetary Highlights

The final general fund budget increased by \$489,730 to reflect the use of carry forwards approved by City Council.

The general fund actual revenues exceeded budgeted amounts by \$227,431. This was the result of all revenues being receipted at or over budgeted amounts with the exception of property taxes, intergovernmental revenues - veteran's reimbursement, interest on taxes/lien costs and licenses and permits.

The general fund actual expenditures were within or under budget by \$811,340. All expenditure categories were within or under budget except for technology and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the City decreased by \$949,825. This decrease was the result of capital asset additions of \$846,218, less current year depreciation expense of \$1,769,043.

Table 4
City of Gardiner, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2024</u>	<u>2023</u>
Land and other assets not being depreciated	\$ 1,389,915	\$ 1,389,915
Buildings, building improvements and land improvements	4,900,276	5,084,339
Equipment, machinery and vehicles	1,925,279	1,720,032
Infrastructure	<u>20,271,478</u>	<u>21,242,487</u>
Total	<u>\$ 28,486,948</u>	<u>\$ 29,436,773</u>


Debt

At June 30, 2024, the City had \$11,053,699 in bonds and notes from direct borrowings payable versus \$11,844,152 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information on debt.

Economic Factors and Next Year's Budgets and Rates

The City continues to meet its responsibilities for sound financial management and City staff continue to look for ways to find savings and efficiencies within their departmental budgets.

The FY25 net municipal budget increased by 8.35% resulting in a \$1.90 mil rate increase. Municipal spending increased by 6.47%, the City's assessment for public education increased by 8.59%, and the Kennebec County budget increased 32.33%.

 City of Gardiner FY25 Budget Summary				
Category	FY24 Approved	FY25 Proposed	\$ Change	% Change
OPERATING	\$ 7,120,204	\$ 7,472,902	\$ 352,698	4.95%
CAPITAL/DEBT	\$ 468,202	\$ 606,506	\$ 138,304	29.54%
CITY BUDGET TOTAL	\$ 7,588,406	\$ 8,079,408	\$ 491,002	6.47%
OVERLAY	\$ 18,718	\$ 40,853	\$ 22,135	118.26%
MSAD 11/EDUCATION ASSESSMENT	\$ 4,574,878	\$ 4,967,744	\$ 392,866	8.59%
COUNTY ASSESSMENT	\$ 466,106	\$ 616,809	\$ 150,703	32.33%
GRAND TOTAL BUDGET	\$ 12,648,108	\$ 13,704,814	\$ 1,056,706	8.35%
PROJECTED REVENUE	\$ (12,648,108)	\$ (13,704,814)	\$ (1,056,706)	8.35%
Deficit	\$ -	\$ -	\$ -	\$ -

Once again, the City Council approved the use of \$500,000 in fund balance to reduce the impact of a larger tax rate increase to the citizens.

A City's unassigned fund balance provides for a "cushion" it could need for unanticipated circumstances. The City of Gardiner strives to maintain an unassigned fund balance of 16.7% (equivalent to two months of operating expenses) or higher. The City has not dropped below the 16.7% for 17 years and had a 31.6% unassigned fund balance at June 30, 2024.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at 6 Church Street, Gardiner, Maine 04345.

CITY OF GARDINER, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,308,497	\$ -	\$ 4,308,497
Investments	322,847	-	322,847
Accounts receivable (net of allowance for uncollectibles):			
Taxes	88,136	-	88,136
Liens	495,658	12,441	508,099
Other	206,397	1,674,111	1,880,508
Due from other governments	-	106,409	106,409
Prepaid items	5,599	2,154	7,753
Internal balances	615,092	(615,092)	-
Total current assets	<u>6,042,226</u>	<u>1,180,023</u>	<u>7,222,249</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,008,247	381,668	1,389,915
Depreciable assets, net of accumulated depreciation	11,835,159	15,261,874	27,097,033
Total noncurrent assets	<u>12,843,406</u>	<u>15,643,542</u>	<u>28,486,948</u>
TOTAL ASSETS	<u>18,885,632</u>	<u>16,823,565</u>	<u>35,709,197</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	778,401	-	778,401
Deferred outflows related to OPEB	216,610	-	216,610
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>995,011</u>	<u>-</u>	<u>995,011</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,880,643</u>	<u>\$ 16,823,565</u>	<u>\$ 36,704,208</u>

STATEMENT A (CONTINUED)

CITY OF GARDINER, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 511,607	\$ 68,820	\$ 580,427
Accrued payroll and related liabilities	62,135	34,819	96,954
Accrued expenses	4,981	-	4,981
Accrued interest	-	11,200	11,200
Current portion of long-term obligations	760,143	433,531	1,193,674
Total current liabilities	<u>1,338,866</u>	<u>548,370</u>	<u>1,887,236</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable	2,394,587	6,279,648	8,674,235
Notes from direct borrowings payable	1,278,802	-	1,278,802
Net pension liability	1,573,758	-	1,573,758
Net OPEB liability	615,039	-	615,039
Accrued compensated absences	255,052	272,020	527,072
Total noncurrent liabilities	<u>6,117,238</u>	<u>6,551,668</u>	<u>12,668,906</u>
TOTAL LIABILITIES	<u>7,456,104</u>	<u>7,100,038</u>	<u>14,556,142</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	40,595	-	40,595
Deferred revenue	36,849	-	36,849
Deferred inflows related to pensions	414,143	-	414,143
Deferred inflows related to OPEB	240,517	-	240,517
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>732,104</u>	<u>-</u>	<u>732,104</u>
NET POSITION			
Net investment in capital assets	8,454,883	8,978,366	17,433,249
Restricted	1,278,809	-	1,278,809
Unrestricted	1,958,743	745,161	2,703,904
TOTAL NET POSITION	<u>11,692,435</u>	<u>9,723,527</u>	<u>21,415,962</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 19,880,643</u>	<u>\$ 16,823,565</u>	<u>\$ 36,704,208</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 966,241	\$ 96,110	\$ -	\$ -	\$ (870,131)	\$ -	\$ (870,131)
Technology	145,490	-	-	-	(145,490)	-	(145,490)
Public safety	2,897,651	8,016	-	-	(2,889,635)	-	(2,889,635)
Public works	3,587,435	8,310	-	-	(3,579,125)	-	(3,579,125)
Community services	1,546,346	10,083	211,023	-	(1,325,240)	-	(1,325,240)
Education	4,574,878	-	-	-	(4,574,878)	-	(4,574,878)
County tax	466,106	-	-	-	(466,106)	-	(466,106)
Unclassified	10,766	-	-	-	(10,766)	-	(10,766)
Interest on long-term debt	72,229	-	-	-	(72,229)	-	(72,229)
Total governmental activities	<u>14,267,142</u>	<u>122,519</u>	<u>211,023</u>	<u>-</u>	<u>(13,933,600)</u>	<u>-</u>	<u>(13,933,600)</u>
Business-type activities:							
Ambulance	2,277,953	2,325,637	-	135,123	-	182,807	182,807
Wastewater	2,114,092	1,846,929	-	-	-	(267,163)	(267,163)
Total business-type activities	<u>4,392,045</u>	<u>4,172,566</u>	<u>-</u>	<u>135,123</u>	<u>-</u>	<u>(84,356)</u>	<u>(84,356)</u>
Total government	<u>\$ 18,659,187</u>	<u>\$ 4,295,085</u>	<u>\$ 211,023</u>	<u>\$ 135,123</u>	<u>(13,933,600)</u>	<u>(84,356)</u>	<u>(14,017,956)</u>

STATEMENT B (CONTINUED)

CITY OF GARDINER, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Changes in net position:			
Net (expense) revenue	(13,933,600)	(84,356)	(14,017,956)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,995,022	-	8,995,022
Excise taxes	1,328,966	-	1,328,966
Grants and contributions not restricted to specific programs	2,266,177	7,134	2,273,311
Miscellaneous	718,613	3,855	722,468
Total general revenues	<u>13,308,778</u>	<u>10,989</u>	<u>13,319,767</u>
Transfers	<u>142,581</u>	<u>(142,581)</u>	<u>-</u>
Change in net position	<u>(482,241)</u>	<u>(215,948)</u>	<u>(698,189)</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	12,342,522	9,939,475	22,281,997
ERROR CORRECTION	<u>(167,846)</u>	<u>-</u>	<u>(167,846)</u>
NET POSITION - JULY 1, AS RESTATED	<u>12,174,676</u>	<u>9,939,475</u>	<u>22,114,151</u>
NET POSITION - JUNE 30	<u>\$ 11,692,435</u>	<u>\$ 9,723,527</u>	<u>\$ 21,415,962</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

CITY OF GARDINER, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,210,147	\$ -	\$ 98,350	\$ 4,308,497
Investments	-	-	322,847	322,847
Accounts receivable (net of allowance for uncollectibles):				
Taxes	88,136	-	-	88,136
Liens	495,658	-	-	495,658
Other	132,340	-	74,057	206,397
Prepaid items	5,599	-	-	5,599
Due from other funds	839,518	38,422	978,160	1,856,100
TOTAL ASSETS	\$ 5,771,398	\$ 38,422	\$ 1,473,414	\$ 7,283,234
LIABILITIES				
Accounts payable	\$ 294,945	\$ 1,573	\$ 215,089	\$ 511,607
Accrued payroll	62,135	-	-	62,135
Accrued expenses	4,981	-	-	4,981
Due to other funds	1,155,573	-	85,435	1,241,008
TOTAL LIABILITIES	1,517,634	1,573	300,524	1,819,731
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	40,595	-	-	40,595
Deferred revenue	-	36,849	-	36,849
Deferred tax revenue	467,000	-	-	467,000
TOTAL DEFERRED INFLOWS OF RESOURCES	507,595	36,849	-	544,444
FUND BALANCES				
Nonspendable	5,599	-	307,399	312,998
Restricted	-	-	971,410	971,410
Committed	-	-	-	-
Assigned	506,000	-	-	506,000
Unassigned (deficit)	3,234,570	-	(105,919)	3,128,651
TOTAL FUND BALANCES	3,746,169	-	1,172,890	4,919,059
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,771,398	\$ 38,422	\$ 1,473,414	\$ 7,283,234

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 4,919,059
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, net of accumulated depreciation	12,843,406
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	467,000
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	778,401
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	216,610
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,865,401)
Notes from direct borrowings payable	(1,523,122)
Accrued compensated absences	(300,061)
Net pension liability	(1,573,758)
Net OPEB liability	(615,039)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(414,143)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(240,517)</u>
Net position of governmental activities	<u>\$ 11,692,435</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 7,922,134	\$ -	\$ 1,020,888	\$ 8,943,022
Excise taxes	1,328,966	-	-	1,328,966
Intergovernmental revenues	2,263,650	130,997	82,553	2,477,200
Charges for services	116,519	-	6,000	122,519
Investment income	247,679	-	4,717	252,396
Miscellaneous revenues	151,785	-	314,432	466,217
TOTAL REVENUES	12,030,733	130,997	1,428,590	13,590,320
EXPENDITURES				
Current:				
General government	1,091,877	130,997	299,324	1,522,198
Technology	145,490	-	-	145,490
Public safety	2,717,631	-	554	2,718,185
Public works	1,793,796	-	501,325	2,295,121
Community services	946,690	-	597,781	1,544,471
Education	4,574,878	-	-	4,574,878
County tax	466,106	-	-	466,106
Unclassified	-	-	10,766	10,766
Debt service:				
Principal	450,030	-	246,090	696,120
Interest	-	-	72,229	72,229
TOTAL EXPENDITURES	12,186,498	130,997	1,728,069	14,045,564
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(155,765)	-	(299,479)	(455,244)
OTHER FINANCING SOURCES (USES)				
Transfers in	344,806	-	323,000	667,806
Transfers (out)	(140,000)	-	(385,225)	(525,225)
TOTAL OTHER FINANCING SOURCES (USES)	204,806	-	(62,225)	142,581
NET CHANGE IN FUND BALANCES	49,041	-	(361,704)	(312,663)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	3,697,128	167,846	1,534,594	5,399,568
ERROR CORRECTION	-	(167,846)	-	(167,846)
FUND BALANCES - JULY 1, AS RESTATED	3,697,128	-	1,534,594	5,231,722
FUND BALANCES - JUNE 30	<u>\$ 3,746,169</u>	<u>\$ -</u>	<u>\$ 1,172,890</u>	<u>\$ 4,919,059</u>

See accompanying independent auditor's report and notes to 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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (312,663)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	510,757
Depreciation expense	<u>(989,615)</u>
	<u>(478,858)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(290,941)
OPEB	<u>51,665</u>
	<u>(239,276)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>52,000</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	
	<u>(412,629)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>823,314</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	281,090
OPEB	<u>35,518</u>
	<u>316,608</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(23,482)
Net pension liability	(106,411)
Net OPEB liability	<u>(100,844)</u>
	<u>(230,737)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (482,241)</u></u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Funds		
	Ambulance	Wastewater	Total
ASSETS			
Current assets:			
Accounts receivable (net of allowance for uncollectibles):			
Liens	\$ -	\$ 12,441	\$ 12,441
Other	1,071,052	603,059	1,674,111
Due from other governments	-	106,409	106,409
Prepaid items	1,500	654	2,154
Due from other funds	138,991	-	138,991
Total current assets	1,211,543	722,563	1,934,106
Noncurrent assets:			
Capital assets:			
Land and construction in progress	-	381,668	381,668
Buildings and improvements	-	8,487,880	8,487,880
Vehicles and equipment	1,429,613	766,032	2,195,645
Infrastructure	-	15,477,398	15,477,398
Total capital assets	1,429,613	25,112,978	26,542,591
Less: accumulated depreciation	(1,061,852)	(9,837,197)	(10,899,049)
Net capital assets	367,761	15,275,781	15,643,542
Total noncurrent assets	367,761	15,275,781	15,643,542
TOTAL ASSETS	\$ 1,579,304	\$ 15,998,344	\$ 17,577,648

STATEMENT G (CONTINUED)
CITY OF GARDINER, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Funds		
	Ambulance	Wastewater	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 18,287	\$ 50,533	\$ 68,820
Accrued payroll and related liabilities	28,733	6,086	34,819
Accrued interest	-	11,200	11,200
Due to other funds	-	754,083	754,083
Current portion of long-term obligations	50,436	383,095	433,531
Total current liabilities	<u>97,456</u>	<u>1,204,997</u>	<u>1,302,453</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	6,279,648	6,279,648
Accrued compensated absences	252,543	19,477	272,020
Total noncurrent liabilities	<u>252,543</u>	<u>6,299,125</u>	<u>6,551,668</u>
TOTAL LIABILITIES	<u>349,999</u>	<u>7,504,122</u>	<u>7,854,121</u>
NET POSITION			
Net investment in capital assets	361,891	8,616,475	8,978,366
Unrestricted (deficit)	867,414	(122,253)	745,161
TOTAL NET POSITION	<u>1,229,305</u>	<u>8,494,222</u>	<u>9,723,527</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,579,304</u>	<u>\$ 15,998,344</u>	<u>\$ 17,577,648</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds		
	Ambulance	Wastewater	Total
OPERATING REVENUES			
Intergovernmental	\$ -	\$ 7,134	\$ 7,134
Charges for services	2,325,637	1,846,929	4,172,566
Other	3,855	-	3,855
TOTAL OPERATING REVENUES	<u>2,329,492</u>	<u>1,854,063</u>	<u>4,183,555</u>
OPERATING EXPENSES			
Payroll, taxes and benefits	1,650,819	518,356	2,169,175
Contractual services	111,962	400,361	512,323
Supplies and materials	89,769	126,147	215,916
Repairs and maintenance	154,599	332,208	486,807
Other expenses	43,409	39,595	83,004
Depreciation	227,176	579,252	806,428
TOTAL OPERATING EXPENSES	<u>2,277,734</u>	<u>1,995,919</u>	<u>4,273,653</u>
OPERATING INCOME (LOSS)	<u>51,758</u>	<u>(141,856)</u>	<u>(90,098)</u>
NONOPERATING REVENUES (EXPENSES)			
Capital contributions	135,123	-	135,123
Interest expense	(219)	(118,173)	(118,392)
Transfers (out)	(1,000)	(141,581)	(142,581)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>133,904</u>	<u>(259,754)</u>	<u>(125,850)</u>
CHANGE IN NET POSITION	185,662	(401,610)	(215,948)
NET POSITION - JULY 1	<u>1,043,643</u>	<u>8,895,832</u>	<u>9,939,475</u>
NET POSITION - JUNE 30	<u>\$ 1,229,305</u>	<u>\$ 8,494,222</u>	<u>\$ 9,723,527</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds		
	Ambulance	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 2,192,697	\$ 1,754,496	\$ 3,947,193
Internal activity - receipts (payments) from/to other funds	9,066	307,301	316,367
Intergovernmental revenues	-	(9,866)	(9,866)
Miscellaneous revenues	3,855	-	3,855
Payments to employees	(1,597,570)	(518,776)	(2,116,346)
Payments to suppliers	(400,728)	(899,396)	(1,300,124)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	207,320	633,759	841,079
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to/from other funds	(1,000)	(141,581)	(142,581)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,000)	(141,581)	(142,581)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	135,123	-	135,123
Purchases of capital assets	(335,461)	-	(335,461)
Principal paid on capital debt	(5,763)	(374,005)	(379,768)
Interest paid on capital debt	(219)	(118,173)	(118,392)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(206,320)	(492,178)	(698,498)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 51,758	\$ (141,856)	\$ (90,098)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	227,176	579,252	806,428
Changes in operating assets and liabilities:			
(Increase) decrease in liens	-	17,228	17,228
(Increase) decrease in accounts receivable	(132,940)	(109,661)	(242,601)
(Increase) decrease in due from other governments	-	(17,000)	(17,000)
(Increase) decrease in prepaid items	(1,500)	(654)	(2,154)
(Increase) decrease in due from other funds	9,066	-	9,066
Increase (decrease) in accounts payable	511	110	621
Increase (decrease) in accrued payroll and related liabilities	10,917	(1,713)	9,204
Increase (decrease) in accrued interest	-	(541)	(541)
Increase (decrease) in due to other funds	-	307,301	307,301
Increase (decrease) in accrued compensated absences	42,332	1,293	43,625
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 207,320	\$ 633,759	\$ 841,079

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Gardiner, Maine was incorporated under the laws of the State of Maine. The City operates under the City Council-Manager form of government and provides the following services: general government, technology, public safety, public works, community services, education and unclassified.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The City's combined financial statements include all accounts and all operations of the City. We have determined that the City has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is material to the financial statements.

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's ambulance fund and wastewater fund are categorized as business-type activities. All other activities of the City are categorized as governmental.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The City does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the City are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

Major Funds:

- a. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The ARPA Fund is used to account for the proceeds from ARPA grant revenues that are legally restricted to expenditures for specified purposes. The source of revenues is ARPA grant funds.

Nonmajor Funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the City that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the City or its citizenry. The City's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the City:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The City's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Per City Charter, the City Manager must submit budget estimates for the ensuing fiscal year to the City Council by the first Monday in May.
2. The budget shall be compiled from detailed information furnished by the administrative officers and boards on blanks, the forms of which shall be designated by the City Manager and shall contain:
 - a) Exact statement of the financial condition of the City.
 - b) itemized statement of appropriations recommended for current expenses and for permanent improvements with comparative statements in parallel columns of expenditures for the current and next preceding fiscal year.
 - c) Any increases or decreases in any item or items shall be indicated.
 - d) Itemized statement of estimated revenue from all sources other than taxation; and a statement of taxes required, with comparative figures from the current and next preceding year.
 - e) Such other information as the City Council may require.
3. The budget shall be posted not later than 2 weeks after its submission to the City council. The City Council shall fix a time and place for holding a public hearing upon the budget and shall give a public notice of such hearing, which shall be at least 10 days before the final passage of the appropriation resolve.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus and undivided profits as defined by the laws of the State of Maine.

It is the City's policy to value investments at fair value. None of the City's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$350,000 in the ambulance fund as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$1,986,917 for the year ended June 30, 2024.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After real property becomes tax acquired the Council is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the City as authorized by the City Policy for Tax Acquired Property.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost exceeding the thresholds outlined below are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Land	\$25,000
Buildings and improvements	10,000
Infrastructure	25,000
Furniture and equipment	10,000
Vehicles	10,000

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. The City has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	5 - 40 years
Infrastructure	5 - 40 years
Machinery and equipment	5 - 40 years
Vehicles	5 - 40 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pension

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 Participating Local District (PLD) Plan and additions to/deductions from the PLD Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD 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.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the 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, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the City's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority of the City. Commitments may be established, modified or rescinded only through a City Council meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given by the Charter and is expressed by the City Council.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City Council vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred outflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The City's property tax for the current year was levied August 2, 2023 on the assessed value listed as of April 1, 2023, for all real and personal property located in the City. Taxes were due in two installments on September 15, 2023 and March 15, 2024. Interest on unpaid taxes commenced on September 16, 2023 and March 16, 2024 at 8.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 amounted to \$18,718 for the year ended June 30, 2024.

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 tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The City does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the City consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all City funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City will not be able to recover its deposits. The City does not have a policy covering custodial credit risk for deposits. However, the City maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2024, the City's cash balances amounting to \$4,308,497 were comprised of deposits of \$4,460,248. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the City's cash and cash equivalents balance. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$4,210,248 were collateralized by a standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 4,460,248</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the City does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$322,847 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2024, the City's investments of \$322,847 are comprised of certificates of deposit which are collateralized by federal depository insurance and a standby letter of credit.

Credit risk - Statutes for the State of Maine authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The City does not have an investment policy on credit risk. Generally, the City invests excess funds in various savings accounts and certificates of deposit.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 839,518	\$ 1,155,573
ARPA fund	38,422	-
Enterprise fund	138,991	754,083
Nonmajor special revenue funds	978,160	14,968
Nonmajor capital projects funds	-	69,467
Nonmajor permanent funds	-	1,000
Totals	<u>\$ 1,995,091</u>	<u>\$ 1,995,091</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the City. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2024 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 140,000	\$ 344,806
Enterprise fund	142,581	-
Nonmajor special revenue funds	385,225	173,000
Nonmajor permanent funds	-	150,000
Totals	<u>\$ 667,806</u>	<u>\$ 667,806</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2024 is as follows:

	Balance 7/1/23	Additions	Disposals	Balance 6/30/24
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 1,008,247	\$ -	\$ -	\$ 1,008,247
Total non-depreciated assets	1,008,247	-	-	1,008,247
Depreciated assets:				
Buildings and improvements	552,290	-	-	552,290
Furniture and equipment	1,540,952	11,044	-	1,551,996
Vehicles	4,723,125	499,713	(504,875)	4,717,963
Infrastructure	48,758,902	-	-	48,758,902
Total capital assets being depreciated	55,575,269	510,757	(504,875)	55,581,151
Less: accumulated depreciation for:				
Buildings and improvements	(348,074)	(10,830)	-	(358,904)
Furniture and equipment	(1,316,898)	(73,302)	-	(1,390,200)
Vehicles	(3,538,514)	(321,409)	504,875	(3,355,048)
Infrastructure	(38,057,766)	(584,074)	-	(38,641,840)
Total accumulated depreciation	(43,261,252)	(989,615)	504,875	(43,745,992)
Total capital assets being depreciated, net	12,314,017	(478,858)	-	11,835,159
Total governmental activities capital assets	\$ 13,322,264	\$ (478,858)	\$ -	\$ 12,843,406
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ 381,668	\$ -	\$ -	\$ 381,668
	381,668	-	-	381,668
Depreciated assets:				
Buildings/sewer system	8,487,880	-	-	8,487,880
Furniture and equipment	1,012,585	-	-	1,012,585
Vehicles	847,599	335,461	-	1,183,060
Infrastructure	15,477,398	-	-	15,477,398
Total capital assets being depreciated	25,825,462	335,461	-	26,160,923
Less: accumulated depreciation for:				
Buildings and improvements	(3,607,757)	(173,233)	-	(3,780,990)
Furniture and equipment	(830,188)	(50,564)	-	(880,752)
Vehicles	(718,629)	(195,696)	-	(914,325)
Infrastructure	(4,936,047)	(386,935)	-	(5,322,982)
Total accumulated depreciation	(10,092,621)	(806,428)	-	(10,899,049)
Total capital assets being depreciated, net	15,732,841	(470,967)	-	15,261,874
Total business-type activities capital assets	\$ 16,114,509	\$ (470,967)	\$ -	\$ 15,643,542
Total capital assets	\$ 29,436,773	\$ (949,825)	\$ -	\$ 28,486,948

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 1,395
Public safety	179,466
Public works	806,879
Community services	1,875
Subtotal governmental	<u>989,615</u>
Ambulance	227,176
Wasterwater	579,252
Subtotal business-type	<u>806,428</u>
Total depreciation expense	<u>\$ 1,796,043</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	<u>Balance, 7/1/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/24</u>	<u>Current Portion</u>
<i>Governmental Activities:</i>					
Bonds payable	\$ 3,333,850	\$ -	\$ (468,449)	\$ 2,865,401	\$ 470,814
Notes from direct borrowings payable	1,465,358	412,629	(354,865)	1,523,122	244,320
	<u>\$ 4,799,208</u>	<u>\$ 412,629</u>	<u>\$ (823,314)</u>	<u>\$ 4,388,523</u>	<u>\$ 715,134</u>
<i>Business-type Activities:</i>					
<i>Ambulance:</i>					
Notes from direct borrowings payable	\$ 11,633	\$ -	\$ (5,763)	\$ 5,870	\$ 5,870
<i>Wastewater:</i>					
Bonds payable	7,005,399	-	(362,070)	6,643,329	363,681
Notes from direct borrowings payable	27,912	-	(11,935)	15,977	15,977
	<u>\$ 7,044,944</u>	<u>\$ -</u>	<u>\$ (379,768)</u>	<u>\$ 6,665,176</u>	<u>\$ 385,528</u>

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Governmental activities:

Bonds payable:

2007D - \$319,700 Maine Municipal Bond Bank General Obligation Bond for financing permanent public improvements in the Northwest quadrant of the City. Annual principal payments in the amount of \$15,985 with a fixed interest rate ranging from 2.000% to 6.000% per annum paid semi-annually. The bond matures in November of 2027.	\$ 63,940
2010 A/B - \$4,067,093 Maine Municipal Bond Bank General Obligation Bond for financing permanent public improvements at the Libby Hill Business Park. Annual principal payments in the amount of \$162,684 with a fixed interest rate ranging from 2.060% to 5.560% per annum paid semi-annually. The bond matures in November of 2027.	1,789,521
2010 D/E - \$767,000 Maine Municipal Bond Bank General Obligation Bond for financing a ladder truck. Annual principal payments in the amount of \$51,134 with a fixed interest rate ranging from 2.124% to 4.267% per annum paid semi-annually. The bond matures in November of 2027.	102,267
2011 C - \$260,000 Maine Municipal Bond Bank General Obligation Bond for financing Harrison ave. improvements. Annual principal payments in the amount of \$9,286 with a fixed interest rate ranging from 2.020% to 5.520% per annum. The bond matures in November of 2039.	148,571
2017 - \$1,194,339 Camden National Bank General Obligation Bond for financing permanent public improvements (paving). Annual principal payments in the amount of \$141,042 with a fixed interest rate of 2.490% per annum paid semi-annually. The bond matures in May of 2026.	276,944
2017 - \$600,132 Camden National Bank General Obligation Bond for financing permanent public improvements (sidewalks). Annual principal payments varying from \$38,894 to \$47,094 with a fixed interest rate of 2.990% per annum paid semi-annually. The bond matures in May of 2024.	315,538

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2018 - \$129,500 Kennebec Savings Bank General Obligation Bond for financing permanent public improvements (loader). Annual principal payments of \$21,583 with a fixed interest rate of 3.690% per annum paid semi-annually. The bond matures in December of 2024.	21,583
2017 - \$294,074 Camden National Bank General Obligation Bond for financing permanent public improvements (led streetlight conversion). Annual principal payments of \$29,407 with a fixed interest rate of 4.060% per annum paid semi-annually. The bond matures in February of 2029.	<u>147,037</u>
Total governmental activities bonds payable:	<u><u>\$ 2,865,401</u></u>
Notes from direct borrowings payable:	
2017 - \$150,000 Johnson Hall, Inc. construction project pledge. Pledge funds shall only be made available to Johnson Hall upon the financial close of construction financing for the aforescribed Scope of Renovation Improvements consistent with any lender commitment letter and the execution of a construction contract for said Project. Evidence of financial close and execution of a construction contract shall be provided in a written notice from Johnson Hall to Gardiner. The pledge is for \$50,000 in fiscal years 2023,2024 and 2025.	50,000
2019 - \$61,913 Androscoggin Bank capital lease for financing a 2018 Wacker-Neuson wheel loader. Annual payments of \$13,553 with a fixed interest rate of 3.110% per annum. The lease matures in September of 2022.	13,156
2020 - \$123,861 Gorham Savings Leasing Group, LLC capital lease for financing a 2020 Freightliner plow truck and sander. Annual payments of \$26,289 with a fixed interest rate of 2.570% per annum. The lease matures in August of 2025.	25,631
2020 - \$33,804 Gorham Savings Leasing Group, LLC capital lease for financing a 2020 Ford Explorer police cruiser. Annual payments of \$8,876 with a fixed interest rate of 1.920% per annum. The lease matures in October of 2024.	8,709
2020 - \$45,608 Gorham Savings Leasing Group, LLC capital lease for financing communication systems upgrade. Annual payments of \$11,961 with a fixed interest rate of 1.880% per annum. The lease matures in October of 2024. Split with Ambulance fund.	5,874
2021 - \$153,286 Gorham Savings Leasing Group, LLC capital lease for financing a 2021 Freightliner plow truck. Annual payments of \$33,222 with a fixed interest rate of 1.920% per annum. The lease matures in August of 2025.	62,624

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2022 - \$29,391 Androscoggin Bank capital lease for financing a 3/4 ton truck. Annual payments of \$7,781 with a fixed interest rate of 3.270% per annum. The lease matures in August of 2025. Split with Wasterwater fund.	7,423
2022 - \$29,049 Androscoggin Bank capital lease for financing a 1 ton truck. Annual payments of \$7,690 with a fixed interest rate of 3.270% per annum. The lease matures in August of 2025.	14,657
2023 - \$37,738 U.S. Bank Equipment Finance lease for financing copiers. Monthly principal and interest payments of \$629. The lease matures in January of 2028.	27,674
2023 - \$949,080 Androscoggin Bank capital lease for financing a Fire Truck . Annual principal payments of 92,451 with a fixed interest rate of 5.35% per annum. The lease matures in August of 2037.	894,745
2024 - \$143,030 Gorham Savings Bank lease for a street sweeper. Monthly principal and interest payments of \$35,084 at a fixed interest rate of 5% per annum. The lease matures in September of 2028.	143,030
2023 - \$949,080 Gorham Savings Bank capital lease for financing a plow truck. Annual principal and interest payments of \$33,265 with a fixed interest rate of 5% per annum. The lease matures in August of 2033.	269,599
Total governmental activities notes from direct borrowings payable	<u>\$ 1,523,122</u>
Total governmental activities bonds and notes from direct borrowings payable	<u>\$ 4,388,523</u>
<u>Business-type activities:</u>	
Bonds payable:	
Wastewater fund:	
2011 - \$236,000 USDA Rural Development 92-14 General Obligation Bond for financing wastewater improvements. Annual principal and interest payments of \$13,488 with a fixed interest rate of 3.750% per annum. The bond matures in May of 2040.	\$ 158,972
2014 FR - \$2,482,414 Maine Municipal Bond Bank General Obligation Bond for financing wastewater improvements. Annual principal payments in the amount of \$146,024 with a fixed interest rate of 0.250% per annum paid semi-annually. The bond matures in September of 2031.	1,168,195
2016 - \$391,000 USDA Rural Utilities Service 91-16 General Obligation Bond for financing wastewater improvements. Semi-annual principal payments of \$7,109 with a fixed interest rate of 2.250% per annum. The bond matures in February of 2045.	298,583

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2016 - \$188,000 USDA Rural Utilities Service 91-17 General Obligation Bond for financing wastewater improvements. Semi-annual principal payments of \$3,418 with a fixed interest rate of 2.250% per annum. The bond matures in February of 2045.	143,566
2016 - \$2,758,000 USDA Rural Utilities Service 92-19 General Obligation Bond for financing wastewater improvements. Semi annual principal payments of \$49,250 with a fixed interest rate of 1.875% per annum. The bond matures in December of 2044.	2,019,250
2022 - \$3,032,000 USDA Rural Utilities Service General Obligation Bond for financing wastewater improvements. Annual principal and interest payments of \$133,439 with a fixed interest rate of 1.500% per annum. The bond matures in February of 2050.	<u>2,854,763</u>
Total business-type activities bonds payable:	<u><u>\$ 6,643,329</u></u>
Notes from direct borrowings payable:	
Ambulance Services:	
2020 - \$45,608 Gorham Savings Leasing Group, LLC capital lease for financing communication systems upgrade. Annual payments of \$5,981 with a fixed interest rate of 1.880% per annum. The lease matures in October of 2024. Split with fire department.	\$ 5,870
Wastewater Services:	
2020 - \$33,285 Gorham Savings Leasing Group, LLC capital lease for financing a 2020 GMC Sierra truck. Annual payments of \$8,725 with a fixed interest rate of 1.900% per annum. The lease matures in October of 2024.	8,562
2022 - \$29,391 Androscoggin Bank capital lease for financing a 3/4 ton truck. Annual payments of \$3,891 with a fixed interest rate of 3.270% per annum. The lease matures in August of 2025. Split with public works.	<u>7,415</u>
Total business-type activities notes from direct borrowings payable	<u>\$ 21,847</u>
Total business-type activities bonds and notes from direct borrowings payable	<u><u>\$ 6,665,176</u></u>

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Governmental Activities					
Bonds Payable			Notes from Direct Borrowings Payable		
	Principal	Interest	Principal	Interest	
2025	\$ 470,814	\$ 81,982	\$ 244,320	\$ 72,531	
2026	451,569	69,438	146,869	65,283	
2027	261,763	56,934	109,118	59,230	
2028	262,406	48,382	111,949	53,883	
2029	247,104	40,339	112,442	48,358	
2030-2034	953,346	97,609	473,312	164,425	
2035-2039	209,112	2,920	525,112	44,647	
2040-2044	9,287	-	-	-	
	<u>\$ 2,865,401</u>	<u>\$ 397,604</u>	<u>\$ 1,723,122</u>	<u>\$ 508,357</u>	
Business-type Activities					
Bonds Payable			Notes from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	Debt Service
2025	\$ 363,681	\$ 106,230	\$ 21,847	\$ 516	\$ 1,361,921
2026	365,321	101,886	-	-	1,200,366
2027	366,991	97,511	-	-	951,547
2028	368,694	93,105	-	-	938,419
2029	370,429	88,666	-	-	907,338
2030-2034	1,587,302	361,730	-	-	3,637,724
2035-2039	1,197,900	231,416	-	-	2,211,107
2040-2044	1,193,340	122,861	-	-	1,325,488
2045-2049	699,147	39,185	-	-	738,332
2050-2054	130,524	1,958	-	-	132,482
	<u>\$ 6,643,329</u>	<u>\$ 1,244,548</u>	<u>\$ 21,847</u>	<u>\$ 516</u>	<u>\$ 13,404,724</u>

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2024 was \$118,392.

All bonds and notes from direct borrowings payable are direct obligations of the City, for which its full faith and credit are pledged. All debt is payable from taxes or wastewater user fees levied on all taxable property within the City.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2024 is as follows:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 276,579	\$ 23,482	\$ -	\$ 300,061	\$ 45,009
Net pension liability	1,467,347	883,583	(777,172)	1,573,758	-
Net OPEB liability	514,195	139,560	(38,716)	615,039	-
	<u>\$ 2,258,121</u>	<u>\$ 1,046,625</u>	<u>\$ (815,888)</u>	<u>\$ 2,488,858</u>	<u>\$ 45,009</u>
<i>Business-type Activities:</i>					
<i>Ambulance:</i>					
Accrued compensated absences	\$ 254,777	\$ 42,332	\$ -	\$ 297,109	\$ 44,566
<i>Wastewater:</i>					
Accrued compensated absences	21,621	1,293	-	22,914	3,437
	<u>\$ 276,398</u>	<u>\$ 43,625</u>	<u>\$ -</u>	<u>\$ 320,023</u>	<u>\$ 48,003</u>

Please see Notes 8, 17, 19 and 20 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The City's policies regarding vacation and sick pay benefits do permit employees to accumulate earned but unused vacation and pay benefits. Generally, the liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2024, the City's liability for compensated absences is \$620,084.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the City at June 30, 2024:

	<u>Governmental</u>	<u>Business-Type</u>
Invested in capital assets	\$ 56,589,398	\$ 26,542,591
Accumulated depreciation	(43,745,992)	(10,899,049)
Outstanding capital related debt	<u>(4,388,523)</u>	<u>(6,665,176)</u>
	<u>\$ 8,454,883</u>	<u>\$ 8,978,366</u>

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2024, the City had the following restricted net position:

Nonmajor special revenue funds (Schedule C):	
Planning and development	\$ 308,639
TIF funds	346,378
Public safety grants	132,079
Private grants	46,570
Bradstreet funds	19,693
New Mills dam	25,418
Nonmajor permanent funds (Schedule G):	
Henrietta Johnson fire dept. trust	84,652
Lucy Harriman children's fund	20,555
Christmas dinner fund	12,452
Gardiner fire dept. fund	22,041
Cemetery perpetual care fund	2,141
Isabel Harriman fund	239,599
All other funds	<u>18,592</u>
	<u>\$ 1,278,809</u>

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2024, the City had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 5,599
Nonmajor permanent funds (Schedule G):	
Henrietta Johnson fire dept. trust	10,000
Lucy Harriman children's fund	20,000
Christmas dinner fund	10,000
Gardiner fire dept. fund	10,250
Cemetery perpetual care fund	2,050
Isabel Harriman fund	239,599
All other funds	15,500
	<u>\$ 312,998</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2024, the City had the following restricted fund balances:

Nonmajor special revenue funds (Schedule C):	
Planning and development	308,639
TIF funds	346,378
Public safety grants	132,079
Private grants	46,570
Bradstreet funds	19,693
New Mills dam	25,418
Nonmajor permanent funds (Schedule G):	
Henrietta Johnson fire dept. trust	74,652
Lucy Harriman children's fund	555
Christmas dinner fund	2,452
Gardiner fire dept. fund	11,791
Cemetery perpetual care fund	91
All other funds	3,092
	<u>\$ 971,410</u>

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2024, the City had the following assigned fund balances:

General fund:	
BLETP training	\$ 6,000
FY25 budget	<u>500,000</u>
	<u>\$ 506,000</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2024, the City had the following deficit fund balances:

Nonmajor special revenue funds (Schedule C):	
Libby Hill tower	\$ 14,968
Nonmajor capital projects funds (Schedule E)	87,155
Nonmajor permanent funds (Schedule G)	<u>3,796</u>
	<u>\$ 105,919</u>

NOTE 15 - OVERLAPPING DEBT

The City is responsible for its proportionate share of the Kennebec County and MSAD No. 11's debt. Kennebec County has no outstanding debt. As of June 30, 2024, the City's share of MSAD No. 11's debt is as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
MSAD No. 11	\$ 1,830,935	36.73%	<u>\$ 672,502</u>

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

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to limited torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the City carries commercial insurance. The City's property and casualty insurance is provided through Paquin & Carroll, LLC. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 - RISK MANAGEMENT (CONTINUED)

The City is a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The City pays an annual premium to the fund for its worker's compensation coverage. The City's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The City reimburses the Maine Department of Labor when the City has unemployment claims from present or former employees.

Based on the coverage provided by the insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

City employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide 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

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). 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. The System also provides disability and death benefits which are established by contract with other PLD employers under applicable statutory provisions. As of June 30, 2023, there were 327 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The City's 3C plan members are required to contribute 9.3% of their annual covered salary and the City's AC plan members are also required to contribute 6.95% (age 65) and 7.7% (age 60) of their annual salary. The City is required to contribute at an actuarially determined rate. The current rate is 12.8% for the 3C plan and 10.2% for the AC plan of covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The City's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2024 was \$486,231.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2024, the City reported a liability of \$1,573,758 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net pension liabilities based on a projection of the City's long-term

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2023, the City's proportion was 0.4932%, which was a decrease of 0.05878% from its proportion measured as of June 30, 2022.

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

For the year ended June 30, 2024, the City recognized total pension revenue of \$116,262. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 292,170	\$ 267,059
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	147,084
Contributions subsequent to the measurement date	<u>486,231</u>	<u>-</u>
Total	<u>\$ 778,401</u>	<u>\$ 414,143</u>

\$486,231 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2024	\$ (112,752)
2025	(292,503)
2026	270,869
2027	12,415
2028	-
Thereafter	-

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age of his or her expected future salary. The normal cost for each member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2023 and 2022; compounded annually.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 1.91%

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 class of assets. 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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.6%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.2%
Alternative Credit	5.0%	7.4%
Diversifiers	10.0%	5.0%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions 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 to current plan members. 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.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 4,312,211	\$ 1,573,758	\$ (685,243)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2023 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2023 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2023 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - DEFERRED COMPENSATION PLAN

The City of Gardiner, Maine offers all its employees not participating in Maine Public Employees Retirement a deferred compensation plan through MainePERS 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.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the City and from any use by the City other than paying benefits to employees and their beneficiaries in accordance with the plan.

It is the opinion of the City's management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

City employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2023, there were 146 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Group Life Insurance Plan (the Plan) 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 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's 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.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.48 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.48 per \$1,000 of coverage per month during the post-employment retired period. The City's contribution to the Plan for the year ended June 30, 2024 was \$6,281.

Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reported a liability of \$57,377 for its proportionate share of the net OPEB liabilities for the PLD Plan. The net OPEB liabilities were measured as of June 30, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the PLD Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2023, the City's proportion was 0.42051%, which was a decrease of 0.00549% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized total OPEB expense of \$9,743 for the PLD plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,019	\$ 449
Changes of assumptions	2,804	12,678
Net difference between projected and actual earnings on OPEB plan investments	1,847	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,884	12,075
Contributions subsequent to the measurement date	6,281	-
Total	\$ 14,835	\$ 25,202

\$6,281 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	PLD
Plan year ended December 31:	
2024	\$ (5,038)
2025	(8,142)
2026	651
2027	(3,062)
2028	(1,057)
Thereafter	-

Actuarial Methods and Assumptions

The collective total OPEB liability for the PLD Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2023, there were 7 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2023 actuarial valuation was based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model is used.

Participation Rate for Future Retirees - 100% of those currently enrolled.

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate 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 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.20%
US Government securities	10.00%	2.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2023. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

The following table shows how the collective net OPEB liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	5.50%	6.50%	7.50%
City's proportionate share of the net OPEB liability	\$ 79,581	\$ 57,377	\$ 39,528

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2023 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Investment Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2023.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The City and City retirees contribute to the City's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the City and/or the City retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the City concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2024, the following employees were covered by the benefit terms:

Active members	48
Retirees and spouses	<u>2</u>
Total	<u><u>50</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500		\$1,015.49	\$2,277.90
	<u>Medicare</u>		
Medicare-eligible Retirees		\$659.34	\$1,318.68

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reported a liability of \$557,662 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The City's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2024, the City recognized OPEB revenue of \$23,404. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,727	\$ 151,125
Changes of assumptions	169,134	64,190
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	24,914	-
Total	<u>\$ 201,775</u>	<u>\$ 215,315</u>

\$24,914 were reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2025	\$ 8,794
2026	8,790
2027	(3,907)
2028	1,150
2029	(7,607)
Thereafter	(45,674)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2024. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.26% per annum for June 30, 2024 was based upon a measurement date of December 28, 2023. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.26%	3.26%	4.26%
Total OPEB liability	\$ 658,841	\$ 557,662	\$ 476,629
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 658,841</u>	<u>\$ 557,662</u>	<u>\$ 476,629</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 467,280	\$ 557,662	\$ 676,302
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 467,280</u>	<u>\$ 557,662</u>	<u>\$ 676,302</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2024, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2024, they are as follows:

Discount Rate - 3.26% per annum for year end 2024 reporting. 3.72% per annum for year end 2023 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2024_1b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.38%
Rate of Growth in Real Income/GDP per capital 2032+	1.40%
Extra Trend due to Taste/Technology 2031+	1.10%
Expected Health Share of GDP 2031	19.80%
Health Share of GDP Resistance Point	18.00%
Year for Limiting Cost Growth to GDP Growth	2044

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2024 to 2027 were based on plan design, population weighting, renewal projections and market analysis. For years 2028 to 2032, these are interpolated from 2027 to 2033 (which is the product of the inflation, GDP and extra trend rate assumptions).

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant - Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2024 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2024 was (\$143,398).

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the City office at 6 Church Street, Gardiner, Maine 04345.

NOTE 21 - TAX INCREMENT FINANCING DISTRICT

The City has established eight 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, 2024, the City remitted a total of \$102,540 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.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

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. Total credit enhancement payments made during the year by the City to the developers totaled \$48,031.

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. Fiscal year 2020 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 **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, 2024 was \$11,890.

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 FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 - TAX INCREMENT FINANCING DISTRICT (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. Total credit enhancement payments made during the year by the City to the developer totaled \$7,384.

The City established the **Central Maine Crossing Omnibus Municipal Development and Tax Increment Financing District** on March 23, 2020. The District is comprised of 6 parcel, 23.19 acre commercially zoned subdivision. The Term of the District is 30 years at 100% capture of the districts increased assessed value. The City intends to utilize its portion of the captured tax to fund infrastructure development and public safety facilities and equipment related to the establishment of the district, as well as quality childcare cost and administrative costs related to economic development. There is currently one credit enhancement agreement in place for lot 2 of the district, which is occupied by the Maine General Health Medical Care Facility. The agreement term is for 10 years starting in FY21 and includes 40% of captured tax reimbursed to the developer with the possibility of an additional 20% reimbursement if certain benchmarks are met by the developer. The intent of the CEA is to assist in the road buildout costs

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

associated with the remainder of the District in order to secure future development. Total credit enhancement payments were withheld during the year by the City to the developer totaled \$35,235 pending confirmation of developer road expenses.

TIF DISTRICT	TIF YEAR	2023 ASSESSMENT	ORIGINAL VALUE	INCREMENT	CAPTURE RATE	APPROVED CAPTURE	TIF PAYMENT	CEA %	CEA DISBURSEMENT
PINE STATE TRADING	20	\$ 7,427,900	\$ 202,100	\$ 7,225,800	\$ 1.00	\$ 7,225,800	\$ 171,251	0%	\$ -
HARPERS	23	2,418,600	-	2,418,600	1.00	2,418,600	57,321	0%	-
EJ PRESCOTT	19	8,259,300	401,500	7,918,100	1.00	7,857,800	187,659	0%	-
DOWNTOWN	21	34,696,420	23,253,600	11,487,410	1.00	11,442,820	272,252	VARIOUS	11,890
ASSOCIATED GROCERS	18	2,171,900	26,400	2,145,500	1.00	2,145,500	50,848	0%	-
CENTRAL MAINE CROSSING	4	4,009,400	169,000	3,840,400	1.00	3,840,400	91,017	VARIOUS	35,235
SUMMER ST AFF HOUS	7	791,200	168,100	623,100	1.00	623,100	14,767	50%	7,384
LIBBY HILL AREA TIF	15	9,595,200	297,300	9,958,100	1.00	9,297,900	236,007	VARIOUS	48,031

NOTE 22 - COMMITMENTS AND CONTINGENCIES

The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Fuel Depot

The City and School Administrative No. 11 entered into a ten-year inter-local agreement on February 7, 2016. The City (\$3,000) and School (\$7,000) make annual payments into a capital improvement fund that the school administers. The agreement may be extended once for a term of ten years.

IT Support Services

On March 3, 2023, the City entered into a technology maintenance and service contract with A Partner in Technology. The fiscal year contract amount is \$43,750 for a prepaid block of 350 hours.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 22 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Building and Equipment Rental

On April 2, 2019 the City entered into a five-year agreement with Kennebec County to share a building, communications equipment and a communications tower for an annual fee of \$2,000. The agreement may be renewed for two additional five-year terms.

NOTE 23 - 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 2024, the City of Gardiner, Maine contributed \$21,300. However, the City received a portion of the tax revenues generated, which amounted to \$22,715 in fiscal year 2024, for a net reimbursement of \$1,415. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at P.O. Box 246, Oakland, Maine 04963.

NOTE 24 - LETTER OF CREDIT

At June 30, 2024, the City has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Camden National Bank. This letter of credit, which expires at the close of business on August 30, 2024 authorizes multiple and partial draws only up to the amount of \$5,000,000. There were no draws for the year ended June 30, 2024.

CITY OF GARDINER, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 25 - RESTATEMENTS

In 2024, the City determined that certain transactions had been recorded incorrectly. Therefore, a restatement to governmental activities net position and fund balances were required.

	6/30/23 As Previously Reported	Error Correction	6/30/23 As Restated
Government-Wide			
Governmental Activities	<u>\$12,342,522</u>	<u>\$ (167,846)</u>	<u>\$12,174,676</u>
Governmental Funds			
Major Funds:			
General Fund	\$ 3,697,128	\$ -	\$ 3,697,128
ARPA Fund	167,846	(167,846)	-
Other Governmental Funds	<u>1,534,594</u>	<u>-</u>	<u>1,534,594</u>
Total Governmental Funds	<u>\$ 5,399,568</u>	<u>\$ (167,846)</u>	<u>\$ 5,231,722</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - Life Insurance
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

CITY OF GARDINER, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,697,128	\$ 3,697,128	\$ 3,697,128	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,173,662	8,173,662	7,922,134	(251,528)
Excise taxes	1,200,000	1,200,000	1,328,966	128,966
Intergovernmental Revenues:				
State revenue sharing	1,297,305	1,297,305	1,340,933	43,628
Homestead reimbursement	414,798	414,798	414,798	-
BETE reimbursement	185,477	185,477	185,575	98
Urban rural initiative	72,000	72,000	84,248	12,248
Tree growth	4,300	4,300	4,795	495
Veterans' reimbursement	5,500	5,500	5,283	(217)
Library	128,470	128,470	128,470	-
Other	86,515	86,515	99,548	13,033
Investment income	150,000	150,000	247,679	97,679
Interest on taxes/lien costs	55,000	55,000	41,710	(13,290)
Licenses and permits	73,000	73,000	58,755	(14,245)
Charges for services	47,500	47,500	57,764	10,264
Miscellaneous revenues	105,000	105,000	110,075	5,075
Transfers from other funds	149,581	149,581	344,806	195,225
Amounts Available for Appropriation	<u>15,845,236</u>	<u>15,845,236</u>	<u>16,072,667</u>	<u>227,431</u>
Charges to Appropriations (Outflows):				
General government	1,236,958	1,241,458	1,091,877	149,581
Technology	137,447	137,447	145,490	(8,043)
Public safety	2,945,084	2,945,084	2,717,631	227,453
Public works	1,817,262	1,817,262	1,793,796	23,466
Community services	983,453	983,453	946,690	36,763
Education	4,574,878	4,574,878	4,574,878	-
County tax	466,106	466,106	466,106	-
Unclassified	18,718	18,718	-	18,718
Debt service:				
Principal	468,202	953,432	450,030	503,402
Transfers to other funds	-	-	140,000	(140,000)
Total Charges to Appropriations	<u>12,648,108</u>	<u>13,137,838</u>	<u>12,326,498</u>	<u>811,340</u>
Budgetary Fund Balance, June 30	<u>\$ 3,197,128</u>	<u>\$ 2,707,398</u>	<u>\$ 3,746,169</u>	<u>\$ 1,038,771</u>
Carryforward of fund balance	\$ -	\$ 489,730	\$ -	\$ (489,730)
Utilization of Assigned Fund Balance	500,000	500,000	-	(500,000)
	<u>\$ 500,000</u>	<u>\$ 989,730</u>	<u>\$ -</u>	<u>\$ (989,730)</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Proportion of the net pension liability/(asset)	0.49%	0.55%	0.59%	0.55%	0.58%	0.57%	0.53%	0.53%	0.63%	0.65%
Proportionate share of the net pension liability/(asset)	\$ 1,573,758	\$ 1,467,347	\$ (191,080)	\$ 2,193,688	\$ 1,779,402	\$ 1,559,572	\$ 2,152,665	\$ 3,093,407	\$ 1,999,226	\$ 998,790
Covered payroll	\$ 3,757,612	\$ 3,707,561	\$ 3,485,950	\$ 3,110,220	\$ 3,108,117	\$ 2,870,972	\$ 2,577,844	\$ 2,695,361	\$ 2,639,319	\$ 2,465,972
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	41.88%	39.58%	-5.48%	70.53%	57.25%	54.32%	83.51%	114.77%	75.75%	40.50%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Contractually required contribution	\$ 486,231	\$ 449,002	\$ 434,499	\$ 406,826	\$ 356,845	\$ 356,859	\$ 316,342	\$ 270,778	\$ 274,365	\$ 248,767
Contributions in relation to the contractually required contribution	<u>(486,231)</u>	<u>(449,002)</u>	<u>(434,499)</u>	<u>(406,826)</u>	<u>(356,845)</u>	<u>(356,859)</u>	<u>(316,342)</u>	<u>(270,778)</u>	<u>(274,365)</u>	<u>(248,767)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,259,455	\$ 3,757,612	\$ 3,707,561	\$ 3,485,950	\$ 3,110,220	\$ 3,108,117	\$ 2,870,972	\$ 2,577,844	\$ 2,695,361	\$ 2,639,319
Contributions as a percentage of covered payroll	11.42%	11.95%	11.72%	11.67%	11.47%	11.48%	11.02%	10.50%	10.18%	9.43%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LIFE INSURANCE
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>PLD Life Insurance:</u>							
Proportion of the net OPEB liability	0.42%	0.43%	0.46%	0.52%	0.51%	0.45%	0.48%
City's proportionate share of the net OPEB liability	\$ 57,377	\$ 61,698	\$ 47,361	\$ 68,908	\$ 109,787	\$ 91,492	\$ 79,786
State's proportionate share of the net OPEB liability associated with the Town	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,757,612	\$ 3,707,561	\$ 3,485,950	\$3,110,220	\$3,108,117	\$2,870,972	\$ 2,577,844
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	1.53%	1.66%	1.36%	2.22%	3.53%	3.19%	3.10%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	56.15%	48.68%	55.40%	43.18%	43.92%	47.42%

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
HEALTH PLAN
FOR YEAR ENDED JUNE 30, 2024

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/23 (Reporting December 31, 2023)	\$ 452,497	\$ -	\$ 452,497
Changes for the year:			
Service cost	22,079	-	22,079
Interest	17,445	-	17,445
Changes of benefits	-	-	-
Differences between expected and actual experience	(1,238)	-	(1,238)
Changes of assumptions	78,226	-	78,226
Contributions - employer	-	11,347	(11,347)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(11,347)	(11,347)	-
Administrative expense	-	-	-
Net changes	<u>105,165</u>	<u>-</u>	<u>105,165</u>
Balances at 1/1/24 (Reporting December 31, 2024)	<u>\$ 557,662</u>	<u>\$ -</u>	<u>\$ 557,662</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - HEALTH PLAN LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>							
Service cost (BOY)	\$ 22,079	\$ 26,509	\$ 30,551	\$ 26,345	\$ 19,189	\$ 21,419	\$ 15,133
Interest (includes interest on service cost)	17,445	10,408	13,648	15,623	19,207	16,804	13,130
Changes of benefit terms	-	-	-	-	(11,551)	-	-
Differences between expected and actual experience	(1,238)	-	(194,875)	-	(8,655)	-	34,782
Changes of assumptions	78,226	(58,822)	26,365	39,084	87,433	(45,520)	79,541
Benefit payments, including refunds of member contributions	(11,347)	(8,576)	(11,849)	(11,393)	(10,729)	(10,316)	(5,165)
Net change in total OPEB liability	\$ 105,165	\$ (30,481)	\$ (136,160)	\$ 69,659	\$ 94,894	\$ (17,613)	\$ 137,421
Total OPEB liability - beginning	\$ 452,497	\$ 482,978	\$ 619,138	\$ 549,479	\$ 454,585	\$ 472,198	\$ 334,777
Total OPEB liability - ending	\$ 557,662	\$ 452,497	\$ 482,978	\$ 619,138	\$ 549,479	\$ 454,585	\$ 472,198
<u>Plan fiduciary net position</u>							
Contributions - employer	\$ 11,347	\$ 8,576	\$ 11,849	\$ 11,393	\$ 10,729	\$ 10,316	5,165
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(11,347)	(8,576)	(11,849)	(11,393)	(10,729)	(10,316)	(5,165)
Administrative expense	-	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 557,662	\$ 452,497	\$ 482,978	\$ 619,138	\$ 549,479	\$ 454,585	\$ 472,198
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-	-
Covered payroll	\$ 2,829,231	\$ 2,188,883	\$ 2,188,883	\$ 2,482,628	\$ 2,482,628	\$ 2,025,392	\$ 2,025,392
Net OPEB liability as a percentage of covered payroll	19.7%	20.7%	22.1%	24.9%	22.1%	22.4%	23.3%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	
<u>MMEHT - Health Plan:</u>								
Employer contributions	\$ 11,347	\$ 8,576	\$ 11,849	\$ 11,393	\$ 10,729	\$ 10,316	\$ 5,165	
Benefit payments	(11,347)	(8,576)	(11,849)	(11,393)	(10,729)	(10,316)	(5,165)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 2,829,231	\$ 2,188,883	\$ 2,188,883	\$ 2,482,628	\$ 2,482,628	\$ 2,025,392	\$ 2,025,392	
Contributions as a percentage of covered payroll	0.40%	0.39%	0.54%	0.46%	0.43%	0.51%	0.26%	
<u>PLD Life Insurance:</u>								
Contractually required contribution	\$ 6,281	\$ 4,378	\$ 2,494	\$ 1,855	\$ 1,904	\$ 2,296	\$ 2,000	\$ 2,034
Contributions in relation to the contractually required contribution	(6,281)	(4,378)	(2,494)	(1,855)	(1,904)	(2,296)	(2,000)	(2,034)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,259,455	\$ 3,757,612	\$ 3,707,561	\$ 3,485,950	\$ 3,110,220	\$ 3,108,117	\$ 2,870,972	\$ 2,577,844
Contributions as a percentage of covered-employee payroll	0.15%	0.12%	0.07%	0.05%	0.06%	0.07%	0.07%	0.08%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions.

MEPERS PLD OPEB Plan:

There were no changes to assumptions.

MMEHT OPEB Plan:

There was a change in the discount rate from 3.72% to 3.26% per GASB 75 discount rate selection. Trends were updated since the last valuation.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

CITY OF GARDINER, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 23,961	\$ -	\$ 74,389	\$ 98,350
Investments	-	-	322,847	322,847
Accounts receivable (net of allowance for uncollectibles)	47,725	26,332	-	74,057
Due from other funds	978,160	-	-	978,160
TOTAL ASSETS	\$ 1,049,846	\$ 26,332	\$ 397,236	\$ 1,473,414
LIABILITIES				
Accounts payable	\$ 171,069	\$ 44,020	\$ -	\$ 215,089
Due to other funds	14,968	69,467	1,000	85,435
TOTAL LIABILITIES	186,037	113,487	1,000	300,524
FUND BALANCES (DEFICIT)				
Nonspendable	-	-	307,399	307,399
Restricted	878,777	-	92,633	971,410
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(14,968)	(87,155)	(3,796)	(105,919)
TOTAL FUND BALANCES (DEFICIT)	863,809	(87,155)	396,236	1,172,890
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 1,049,846	\$ 26,332	\$ 397,236	\$ 1,473,414

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 25,756	\$ 56,797	\$ -	\$ 82,553
Taxes	1,020,888	-	-	1,020,888
Charges for services	6,000	-	-	6,000
Investment income	270	-	4,447	4,717
Other	314,432	-	-	314,432
TOTAL REVENUES	1,367,346	56,797	4,447	1,428,590
EXPENDITURES				
General government	299,324	-	-	299,324
Public safety	554	-	-	554
Public works	7,376	493,949	-	501,325
Community services	597,781	-	-	597,781
Debt Service:				
Principal	246,090	-	-	246,090
Interest	72,229	-	-	72,229
Unclassified	-	-	10,766	10,766
TOTAL EXPENDITURES	1,223,354	493,949	10,766	1,728,069
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	143,992	(437,152)	(6,319)	(299,479)
OTHER FINANCING SOURCES (USES)				
Transfers in	173,000	150,000	-	323,000
Transfers (out)	(385,225)	-	-	(385,225)
TOTAL OTHER FINANCING SOURCES (USES)	(212,225)	150,000	-	(62,225)
NET CHANGE IN FUND BALANCES (DEFICIT)	(68,233)	(287,152)	(6,319)	(361,704)
FUND BALANCES (DEFICIT) - JULY 1	932,042	199,997	402,555	1,534,594
FUND BALANCES (DEFICIT) - JUNE 30	\$ 863,809	\$ (87,155)	\$ 396,236	\$ 1,172,890

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

CITY OF GARDINER, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2024

	20 Revolving Loan Fund	21 Development and Planning	23 TIF Funds	24 Public Safety Grants	25 Libby Hill Tower
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	41,131	-	-	-
Due from other funds	-	270,085	513,910	132,079	-
TOTAL ASSETS	\$ -	\$ 311,216	\$513,910	\$132,079	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ 2,577	\$167,532	\$ -	\$ -
Due to other funds	-	-	-	-	14,968
TOTAL LIABILITIES	-	2,577	167,532	-	14,968
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	308,639	346,378	132,079	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(14,968)
TOTAL FUND BALANCES (DEFICITS)	-	308,639	346,378	132,079	(14,968)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 311,216	\$513,910	\$132,079	\$ -

CITY OF GARDINER, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	26	27	28	29	Total
	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 23,961	\$ 23,961
Accounts receivable (net of allowance for uncollectibles)	5,674	920	-	-	47,725
Due from other funds	40,896	40	19,693	1,457	978,160
TOTAL ASSETS	<u>\$ 46,570</u>	<u>\$ 960</u>	<u>\$ 19,693</u>	<u>\$ 25,418</u>	<u>\$ 1,049,846</u>
LIABILITIES					
Accounts payable	\$ -	\$ 960	\$ -	\$ -	\$ 171,069
Due to other funds	-	-	-	-	14,968
TOTAL LIABILITIES	<u>-</u>	<u>960</u>	<u>-</u>	<u>-</u>	<u>186,037</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	46,570	-	19,693	25,418	878,777
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(14,968)
TOTAL FUND BALANCES (DEFICITS)	<u>46,570</u>	<u>-</u>	<u>19,693</u>	<u>25,418</u>	<u>863,809</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 46,570</u>	<u>\$ 960</u>	<u>\$ 19,693</u>	<u>\$ 25,418</u>	<u>\$ 1,049,846</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	20 Revolving Loan Fund	21 Development and Planning	23 TIF Funds	24 Public Safety Grants	25 Libby Hill Tower
REVENUES					
Intergovernmental	\$ -	\$ 25,756	\$ -	\$ -	\$ -
Taxes	-	-	1,020,888	-	-
Charges for services	-	-	-	-	6,000
Investment income	270	-	-	-	-
Other	-	45,634	28,482	123,383	-
TOTAL REVENUES	<u>270</u>	<u>71,390</u>	<u>1,049,370</u>	<u>123,383</u>	<u>6,000</u>
EXPENDITURES					
General government	-	-	293,738	-	5,586
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	210,879	-	137,741	-
Debt Service:					
Principal	-	-	246,090	-	-
Interest	-	-	72,229	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>210,879</u>	<u>612,057</u>	<u>137,741</u>	<u>5,586</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>270</u>	<u>(139,489)</u>	<u>437,313</u>	<u>(14,358)</u>	<u>414</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	135,000	-	-	8,000
Transfers (out)	(10,225)	-	(360,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,225)</u>	<u>135,000</u>	<u>(360,000)</u>	<u>-</u>	<u>8,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(9,955)	(4,489)	77,313	(14,358)	8,414
FUND BALANCES (DEFICITS) - JULY 1	<u>9,955</u>	<u>313,128</u>	<u>269,065</u>	<u>146,437</u>	<u>(23,382)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 308,639</u>	<u>\$ 346,378</u>	<u>\$132,079</u>	<u>\$ (14,968)</u>

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	26	27	28	29	
	Private Grants	Wellness	Bradstreet Fund	New Mills Dam	Total
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 25,756
Taxes	-	-	-	-	1,020,888
Charges for services	-	-	-	-	6,000
Investment income	-	-	-	-	270
Other	70,466	1,778	13,211	31,478	314,432
TOTAL REVENUES	<u>70,466</u>	<u>1,778</u>	<u>13,211</u>	<u>31,478</u>	<u>1,367,346</u>
EXPENDITURES					
General government	-	-	-	-	299,324
Public safety	554	-	-	-	554
Public works	-	-	-	7,376	7,376
Community services	244,800	2,361	2,000	-	597,781
Debt Service:					
Principal	-	-	-	-	246,090
Interest	-	-	-	-	72,229
TOTAL EXPENDITURES	<u>245,354</u>	<u>2,361</u>	<u>2,000</u>	<u>7,376</u>	<u>1,223,354</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(174,888)</u>	<u>(583)</u>	<u>11,211</u>	<u>24,102</u>	<u>143,992</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	30,000	-	-	-	173,000
Transfers (out)	(10,000)	-	(5,000)	-	(385,225)
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(212,225)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(154,888)</u>	<u>(583)</u>	<u>6,211</u>	<u>24,102</u>	<u>(68,233)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>201,458</u>	<u>583</u>	<u>13,482</u>	<u>1,316</u>	<u>932,042</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 46,570</u>	<u>\$ -</u>	<u>\$ 19,693</u>	<u>\$ 25,418</u>	<u>\$ 863,809</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

CITY OF GARDINER, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2024

	Capital Projects Fund	Total
ASSETS		
Accounts receivable (net of allowance for uncollectibles)	\$ 26,332	\$ 26,332
TOTAL ASSETS	<u>\$ 26,332</u>	<u>\$ 26,332</u>
LIABILITIES		
Accounts payable	\$ 44,020	\$ 44,020
Due to other funds	69,467	69,467
TOTAL LIABILITIES	<u>113,487</u>	<u>113,487</u>
FUND BALANCES (DEFICIT)		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(87,155)	(87,155)
TOTAL FUND BALANCES (DEFICIT)	<u>(87,155)</u>	<u>(87,155)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 26,332</u>	<u>\$ 26,332</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES		
Intergovernmental	<u>\$ 56,797</u>	<u>\$ 56,797</u>
TOTAL REVENUES	<u>56,797</u>	<u>56,797</u>
EXPENDITURES		
Public works	<u>493,949</u>	<u>493,949</u>
TOTAL EXPENDITURES	<u>493,949</u>	<u>493,949</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(437,152)</u>	<u>(437,152)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	150,000	150,000
Transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>150,000</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	(287,152)	(287,152)
FUND BALANCES (DEFICIT) - JULY 1	<u>199,997</u>	<u>199,997</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ (87,155)</u>	<u>\$ (87,155)</u>

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the City of Gardiner, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the City or its citizenry.

- 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

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2024

	Henrietta Johnson Fire Dept. Trust	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund
ASSETS				
Cash and cash equivalents	\$ 17,503	\$ 4,250	\$ 2,575	\$ 4,558
Investments	67,149	16,305	9,877	17,483
TOTAL ASSETS	<u>\$ 84,652</u>	<u>\$ 20,555</u>	<u>\$ 12,452</u>	<u>\$ 22,041</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	10,000	20,000	10,000	10,250
Restricted	74,652	555	2,452	11,791
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
TOTAL FUND BALANCES	<u>84,652</u>	<u>20,555</u>	<u>12,452</u>	<u>22,041</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 84,652</u>	<u>\$ 20,555</u>	<u>\$ 12,452</u>	<u>\$ 22,041</u>

CITY OF GARDINER, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2024

	Cemetery Perpetual Care Fund	Isabel Harriman Fund	All Other Funds	Total
ASSETS				
Cash and cash equivalents	\$ 442	\$ 40,217	\$ 4,844	\$ 74,389
Investments	1,699	195,586	14,748	322,847
TOTAL ASSETS	<u>\$ 2,141</u>	<u>\$ 235,803</u>	<u>\$ 19,592</u>	<u>\$ 397,236</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 1,000	\$ 1,000
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
FUND BALANCES				
Nonspendable	2,050	239,599	15,500	307,399
Restricted	91	-	3,092	92,633
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	(3,796)	-	(3,796)
TOTAL FUND BALANCES	<u>2,141</u>	<u>235,803</u>	<u>18,592</u>	<u>396,236</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,141</u>	<u>\$ 235,803</u>	<u>\$ 19,592</u>	<u>\$ 397,236</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Henrietta Johnson Fire Dept. Trust	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund
REVENUES				
Investment income	\$ 925	\$ 225	\$ 136	\$ 241
TOTAL REVENUES	<u>925</u>	<u>225</u>	<u>136</u>	<u>241</u>
EXPENDITURES				
Unclassified	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	925	225	136	241
FUND BALANCES - JULY 1	<u>83,727</u>	<u>20,330</u>	<u>12,316</u>	<u>21,800</u>
FUND BALANCES - JUNE 30	<u>\$ 84,652</u>	<u>\$ 20,555</u>	<u>\$ 12,452</u>	<u>\$ 22,041</u>

CITY OF GARDINER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Cemetery Perpetual Care Fund	Isabel Harriman Fund	All Other Funds	Total
REVENUES				
Investment income	\$ 23	\$ 2,694	\$ 203	\$ 4,447
TOTAL REVENUES	<u>23</u>	<u>2,694</u>	<u>203</u>	<u>4,447</u>
EXPENDITURES				
Unclassified	-	10,766	-	10,766
TOTAL EXPENDITURES	<u>-</u>	<u>10,766</u>	<u>-</u>	<u>10,766</u>
NET CHANGE IN FUND BALANCES	23	(8,072)	203	(6,319)
FUND BALANCES - JULY 1	<u>2,118</u>	<u>243,875</u>	<u>18,389</u>	<u>402,555</u>
FUND BALANCES - JUNE 30	<u>\$ 2,141</u>	<u>\$ 235,803</u>	<u>\$ 18,592</u>	<u>\$ 396,236</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

CITY OF GARDINER, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2024

	Land and Non-depreciable Assets	Buildings, Building Improvements	Furniture, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 1,008,247	\$ 162,628	\$ 224,319	\$ -	\$ 1,395,194
Public safety	-	87,034	2,422,295	-	2,509,329
Public works	-	194,192	3,623,345	48,758,902	52,576,439
Community services	-	108,436	-	-	108,436
Ambulance	-	-	1,429,613	-	1,429,613
Wastewater	381,668	8,487,880	766,032	15,477,398	25,112,978
Total General Capital Assets	1,389,915	9,040,170	8,465,604	64,236,300	83,131,989
Less: Accumulated Depreciation	-	(4,139,894)	(6,540,325)	(43,964,822)	(54,645,041)
Net General Capital Assets	\$ 1,389,915	\$ 4,900,276	\$ 1,925,279	\$20,271,478	\$ 28,486,948

See accompanying independent auditor's report and notes to financial statements.

CITY OF GARDINER, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024

	General Capital Assets 7/1/23	Additions	Deletions	General Capital Assets 6/30/24
General Government	\$ 1,389,312	\$ 5,882	\$ -	\$ 1,395,194
Public safety	2,509,329	-	-	2,509,329
Public works	52,576,439	-	-	52,576,439
Community services	108,436	-	-	108,436
Ambulance	1,094,152	335,461	-	1,429,613
Wastewater	25,112,978	-	-	25,112,978
Total General Capital Assets	82,790,646	341,343	-	83,131,989
Less: Accumulated Depreciation	<u>(53,353,873)</u>	<u>(1,796,043)</u>	<u>504,875</u>	<u>(54,645,041)</u>
Net General Capital Assets	<u>\$29,436,773</u>	<u>\$(1,454,700)</u>	<u>\$ 504,875</u>	<u>\$28,486,948</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of Gardiner
Gardiner, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Gardiner, Maine as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City of Gardiner, Maine's basic financial statements and have issued our report thereon dated December 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gardiner, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gardiner, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gardiner, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gardiner, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City of Gardiner, Maine in a separate letter dated December 23, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
December 23, 2024