

CITY OF GARDINER, MAINE

Annual Financial Report

For the Fiscal Year Ended June 30, 2014

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Independent Auditor's Report

City Council
City of Gardiner, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardiner, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardiner, Maine, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the City of Gardiner, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gardiner, Maine's internal control over financial reporting and compliance.



December 22, 2014
South Portland, Maine

CITY OF GARDINER, MAINE
Management's Discussion and Analysis
June 30, 2014

As management of the City of Gardiner, Maine, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Gardiner, Maine for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in the notes to the financial statements; found on pages 22-38 of this report.

Financial Highlights

- The assets of the City of Gardiner, Maine exceeded its liabilities at the close of the most recent fiscal year by \$18,756,170 (*net position*) (Statement 1). Of this amount, \$1,973,048 (*unrestricted net position*) (Statement 1) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of Gardiner, Maine's total net position decreased a mere \$3,221 (Statement 2). This represents an increase of \$107,617 in governmental activities and a decrease of \$110,838 in business-type activities (Ambulance and Wastewater).
- As of the close of the current fiscal year, the City of Gardiner, Maine's governmental funds reported combined ending fund balances of \$2,926,011 (Statement 3), an increase of \$52,233 (Statement 4) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,170,022 (Statement 3) or 26% of total General Fund expenditures of \$8,402,471 (Statement 4).
- The City of Gardiner, Maine issued two new long-term notes totaling \$103,197 during the fiscal year. A new issue for the purchase of a Public Works wheel loader and upgrades to a fire truck. There was also a new capital lease in the amount of \$21,319 for a Ford Police Interceptor, as well as \$45,659 in the ambulance fund for two ambulance power cots and one power cot lift.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds. The City maintains two proprietary funds. The *enterprise fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise fund is used to account for operations of the ambulance service and the wastewater treatment plant.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-38 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Gardiner, Maine, assets exceeded liabilities by \$18,756,170 at the close of the most recent fiscal year (Statement 1).

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

By far the largest portion of the City of Gardiner, Maine's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The result is the City's net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Gardiner, Maine's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$3,641,381	\$3,469,624	\$845,174	\$1,027,778	\$4,486,555	\$4,497,402
Capital assets, net	14,065,609	14,689,302	11,171,010	11,392,600	25,236,619	26,081,902
Total assets	17,706,990	18,158,926	12,016,184	12,420,378	29,723,174	30,579,304
Long-term debt outstanding	6,586,774	7,260,612	3,905,108	4,199,132	10,491,882	11,459,744
Other liabilities	308,871	194,586	166,251	165,583	475,122	360,169
Total liabilities	6,895,645	7,455,198	4,071,359	4,364,715	10,967,004	11,819,913
Net position:						
Net investment in capital assets	8,261,925	8,274,622	7,417,922	7,359,757	15,679,847	15,634,379
Restricted	1,103,275	1,122,826	-	-	1,103,275	1,122,826
Unrestricted	1,446,145	1,306,280	526,903	695,906	1,973,048	2,002,186
Total net position	<u>\$10,811,345</u>	<u>\$10,703,728</u>	<u>\$7,944,825</u>	<u>\$8,055,663</u>	<u>\$18,756,170</u>	<u>\$18,759,391</u>

The City's restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,973,048) may be used to meet the City's ongoing obligations to citizens and creditors.

The City of Gardiner, Maine's net position decreased \$3,221 during the current fiscal year. This change is broken out in the following categories:

- **Governmental activities:** The City's governmental activities increased the net position by \$107,617.
- **Business-type activities:** The City's two business-type activities, the ambulance service and wastewater treatment plant, decreased the City of Gardiner, Maine's net position by \$110,838.

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

City of Gardiner, Maine's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 91,612	\$ 121,354	\$ 2,450,473	\$ 2,540,904	\$ 2,542,085	\$ 2,662,258
Operating grants and contributions	309,141	352,253	-	-	309,141	352,253
Capital grants and contributions	34,432	88,381	-	-	34,432	88,381
General revenues:						
Property taxes	6,980,813	7,187,615	-	-	6,980,813	7,187,615
Other taxes	887,909	910,751	-	-	887,909	910,751
Grants not restricted to specific programs	721,151	814,646	-	-	721,151	814,646
Other	129,414	320,952	18,567	42,759	147,981	363,711
Total revenues	9,154,472	9,795,952	2,469,040	2,583,663	11,623,512	12,379,615
Expenses:						
General government	1,176,168	1,316,777	-	-	1,176,168	1,316,777
Welfare	33,099	-	-	-	33,099	-
Public safety	1,663,886	1,664,941	-	-	1,663,886	1,664,941
Public works	1,650,368	1,750,916	-	-	1,650,368	1,750,916
Community services	399,640	377,636	-	-	399,640	377,636
Education	3,192,831	3,195,907	-	-	3,192,831	3,195,907
County tax	345,016	345,207	-	-	345,016	345,207
Unclassified	308,535	638,080	-	-	308,535	638,080
Minor capital outlay	118,305	344,013	-	-	118,305	344,013
Interest of debt	159,007	362,568	-	-	159,007	362,568
Ambulance	-	-	1,009,489	975,122	1,009,489	975,122
Wastewater	-	-	1,570,389	1,510,109	1,570,389	1,510,109
Total expenses	9,046,855	9,996,045	2,579,878	2,485,231	11,626,733	12,481,276
Increase (decrease) in net position	107,617	(200,093)	(110,838)	98,432	(3,221)	(101,661)
Net position - July 1	10,703,728	10,903,821	8,055,663	7,957,231	18,759,391	18,861,052
Net position - June 30	\$ 10,811,345	\$ 10,703,728	\$ 7,944,825	\$ 8,055,663	\$ 18,756,170	\$ 18,759,391

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Gardiner, Maine's governmental funds reported combined ending fund balances of \$2,926,011. Approximately 41% of this total amount (\$1,200,853) constitutes *unassigned fund balance*.

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

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

The fund balance of the City of Gardiner, Maine's General Fund increased \$231,855 (Statement 4) during the current fiscal year.

General Fund Budgetary Highlights

For the current fiscal year, revenues exceeded budgetary projections by \$17,014 and expenditures were below appropriations by \$762,307.

This created a positive variance of \$779,321 to the fund balance. However, the budgeted use of prior year carry forwards and approved use of fund balance in the amount of \$547,466 netted an increase of \$231,855 to the fund balance.

Capital Asset and Debt Administration

Capital assets. The City of Gardiner, Maine's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$14,065,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the purchase of a Public Works wheel loader, upgrades to a fire truck, and a Ford Police Interceptor; as well as two ambulance power cots and one power cot lift in the ambulance fund.

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

Long-term debt. At the end of the current fiscal year, the City of Gardiner, Maine had total bonded debt outstanding of \$9,947,856. Of this amount, \$3,715,599 is business-type activities and \$6,232,257 is for governmental activities.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Gardiner, Maine is \$48,952,500 which is in excess of the City of Gardiner, Maine's outstanding general obligation debt of \$9,947,856.

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

Economic Factors

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

Next Year's Budgets and Tax Rates

The above economic factor greatly impacted the Council's decisions when preparing the City's budget for the 2014-15 fiscal year. Their primary budgetary objectives were to provide quality City services to its citizens, minimize any increase in the property tax rate, and examine the cost of individual services to determine applicable user and permit fees. To accomplish these goals, City staff scrutinized their budgets for savings, examined staffing levels, adopted user fees, and refined operational service delivery methods for efficiencies.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF GARDINER, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,575,367	-	2,575,367
Receivables:			
Taxes receivable	407,432	-	407,432
Tax liens	189,408	-	189,408
Accounts receivables, net of allowance	63,470	1,042,895	1,106,365
Notes receivable, net of allowance	207,983	-	207,983
Internal balances	197,721	(197,721)	-
Capital assets, not being depreciated	950,260	518,929	1,469,189
Capital assets, net of accumulated depreciation	13,115,349	10,652,081	23,767,430
Total assets	17,706,990	12,016,184	29,723,174
LIABILITIES			
Accounts payable	221,040	111,693	332,733
Accrued expenses	37,037	15,931	52,968
Taxes paid in advance	10,002	-	10,002
Due to other governments	9,291	-	9,291
Accrued interest	31,501	38,627	70,128
Noncurrent liabilities:			
Due within one year	714,550	325,691	1,040,241
Due in more than one year	5,872,224	3,579,417	9,451,641
Total liabilities	6,895,645	4,071,359	10,967,004
NET POSITION			
Net investment in capital assets	8,261,925	7,417,922	15,679,847
Restricted for:			
Permanent funds - Nonexpendable principal	307,399	-	307,399
Permanent funds - Expendable	129,938	-	129,938
Revolving loan funds	576,503	-	576,503
Grants	89,435	-	89,435
Unrestricted	1,446,145	526,903	1,973,048
Total net position	\$ 10,811,345	7,944,825	18,756,170

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Activities
For the year ended June 30, 2014

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 1,176,168	58,463	35,469	-	(1,082,236)	-	(1,082,236)
Welfare	33,099	-	2,954	-	(30,145)	-	(30,145)
Public safety	1,663,886	9,557	4,218	-	(1,650,111)	-	(1,650,111)
Public works	1,650,368	3,235	76,908	-	(1,570,225)	-	(1,570,225)
Community services	399,640	20,357	156,470	-	(222,813)	-	(222,813)
Education	3,192,831	-	-	-	(3,192,831)	-	(3,192,831)
County tax	345,016	-	-	-	(345,016)	-	(345,016)
Unclassified	308,535	-	33,122	-	(275,413)	-	(275,413)
Miscellaneous capital costs	118,305	-	-	34,432	(83,873)	-	(83,873)
Interest on debt	159,007	-	-	-	(159,007)	-	(159,007)
Total governmental activities	9,046,855	91,612	309,141	34,432	(8,611,670)	-	(8,611,670)
Business-type activities:							
Ambulance	1,009,489	924,692	-	-	-	(84,797)	(84,797)
Wastewater	1,570,389	1,525,781	-	-	-	(44,608)	(44,608)
Total business-type activities	2,579,878	2,450,473	-	-	-	(129,405)	(129,405)
Total primary government	\$ 11,626,733	2,542,085	309,141	34,432	(8,611,670)	(129,405)	(8,741,075)
General revenues:							
Property taxes					6,980,813	-	6,980,813
Other taxes					887,909	-	887,909
Grants and contributions not restricted to specific programs:							
State revenue sharing					433,423	-	433,423
Homestead exemption					120,339	-	120,339
Other					167,389	-	167,389
Interest earned					9,234	15,201	24,435
Unclassified					112,747	-	112,747
Sale of property					7,433	3,366	10,799
Total general revenues					8,719,287	18,567	8,737,854
Change in net position					107,617	(110,838)	(3,221)
Net position - beginning					10,703,728	8,055,663	18,759,391
Net position - ending					\$ 10,811,345	7,944,825	18,756,170

CITY OF GARDINER, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	TIF Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,739,952	-	835,415	2,575,367
Receivables:				
Taxes receivable	407,432	-	-	407,432
Tax liens	189,408	-	-	189,408
Accounts receivables	34,740	-	28,730	63,470
Notes receivable, net of allowance of \$15,500	-	-	207,983	207,983
Interfund loans receivable	1,084,591	-	97,390	1,181,981
Total assets	\$ 3,456,123	-	1,169,518	4,625,641
LIABILITIES				
Accounts payable	169,888	-	51,152	221,040
Accrued payroll and related liabilities	37,037	-	-	37,037
Interfund loans payable	-	947,757	36,503	984,260
Taxes paid in advance	10,002	-	-	10,002
Due to other governments	9,291	-	-	9,291
Total liabilities	226,218	947,757	87,655	1,261,630
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	438,000	-	-	438,000
Total deferred inflows of resources	438,000	-	-	438,000
FUND BALANCES (DEFICIT):				
Nonspendable	-	-	515,382	515,382
Restricted	-	-	587,893	587,893
Assigned	621,883	-	-	621,883
Unassigned	2,170,022	(947,757)	(21,412)	1,200,853
Total fund balances (deficit)	2,791,905	(947,757)	1,081,863	2,926,011
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,456,123	-	1,169,518	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,065,609
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	438,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(250,717)
Accrued interest	(31,501)
Capital leases	(103,800)
Bonds and notes payable	(6,232,257)

Net position of governmental activities **\$ 10,811,345**

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	TIF Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,866,206	-	-	7,866,206
Licenses and permits	25,616	-	-	25,616
Intergovernmental	891,602	-	24,091	915,693
Charges for services	61,890	-	4,106	65,996
Unclassified	120,180	21,316	127,715	269,211
Interest earned	5,429	-	3,805	9,234
Total revenues	8,970,923	21,316	159,717	9,151,956
Expenditures:				
Current:				
General government	971,247	143,450	64,852	1,179,549
Welfare	32,004	-	2,954	34,958
Public safety	1,513,455	-	10,845	1,524,300
Public works	1,559,471	-	-	1,559,471
Community services	355,896	-	47,396	403,292
Education	3,192,831	-	-	3,192,831
County tax	345,016	-	-	345,016
Unclassified	308,035	-	500	308,535
Capital expenditures	124,516	-	52,908	177,424
Debt service	-	477,638	21,225	498,863
Total expenditures	8,402,471	621,088	200,680	9,224,239
Excess (deficiency) of revenues over (under) expenditures	568,452	(599,772)	(40,963)	(72,283)
Other financing sources (uses):				
Proceeds from debt/capital leases	124,516	-	-	124,516
Transfers in	118,751	579,864	-	698,615
Transfers out	(579,864)	(118,751)	-	(698,615)
Total other financing sources (uses)	(336,597)	461,113	-	124,516
Net change in fund balances	231,855	(138,659)	(40,963)	52,233
Fund balances (deficit), beginning of year	2,560,050	(809,098)	1,122,826	2,873,778
Fund balances (deficit), end of year	\$ 2,791,905	(947,757)	1,081,863	2,926,011

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$	52,233
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$861,435) exceeded capital outlays (\$237,742).</p>		
		(623,693)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		2,516
<p>Lease proceeds provide current financial resources to governmental funds, but issuing leases increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$131,224) exceeded new lease proceeds (\$21,319).</p>		
		109,905
<p>Change in accruals recorded on the statement of net position, but not on the governmental fund - balance sheet:</p>		
Change in compensated absence accrual		24,386
Change in accrued interest		2,723
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$642,744) exceeded proceeds from new notes (\$103,197).</p>		
		539,547
<hr/>		
Change in net position of governmental activities (see Statement 2)	\$	107,617

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds			
	Ambulance	Wastewater	Total
ASSETS			
Current assets:			
Accounts receivable - (net of allowance of \$80,000 in ambulance fund)	\$ 372,567	670,328	1,042,895
Interfund loans receivable	-	211,924	211,924
Total current assets	372,567	882,252	1,254,819
Capital assets:			
Construction in progress	-	137,261	137,261
Land	-	381,668	381,668
Capital assets, being depreciated	727,925	15,014,092	15,742,017
Accumulated depreciation	(501,396)	(4,588,540)	(5,089,936)
Total capital assets, net	226,529	10,944,481	11,171,010
Total assets	599,096	11,826,733	12,425,829
LIABILITIES			
Current liabilities:			
Accounts payable	6,128	105,565	111,693
Accrued payroll	10,563	5,368	15,931
Accrued interest	525	38,102	38,627
Interfund loans payable	409,645	-	409,645
Current portion of noncurrent liabilities	32,071	293,620	325,691
Total current liabilities	458,932	442,655	901,587
Noncurrent liabilities:			
Accrued compensated absences	124,998	27,022	152,020
Bonds and leases payable	180,418	3,246,979	3,427,397
Total noncurrent liabilities	305,416	3,274,001	3,579,417
Total liabilities	764,348	3,716,656	4,481,004
NET POSITION			
Net investment in capital assets	14,040	7,403,882	7,417,922
Unrestricted	(179,292)	706,195	526,903
Total net position	\$ (165,252)	8,110,077	7,944,825

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2014

Business-type Activities - Enterprise Funds			
	Ambulance	Wastewater	Total
Operating revenues:			
Charges for services	\$ 924,692	1,525,781	2,450,473
Total operating revenues	924,692	1,525,781	2,450,473
Operating expenses:			
Personnel services	824,504	445,114	1,269,618
Contractual services	43,096	177,749	220,845
Supplies and materials	24,160	53,759	77,919
Repairs and maintenance	56,735	326,374	383,109
Other expenses	3,456	47,251	50,707
Depreciation expense	54,205	378,505	432,710
Total operating expenses	1,006,156	1,428,752	2,434,908
Operating income (loss)	(81,464)	97,029	15,565
Nonoperating revenues (expenses):			
Sale of property	-	3,366	3,366
Interest revenue	-	15,201	15,201
Interest expense	(3,333)	(141,637)	(144,970)
Total nonoperating revenues (expenses)	(3,333)	(123,070)	(126,403)
Change in net position	(84,797)	(26,041)	(110,838)
Net position, beginning of year	(80,455)	8,136,118	8,055,663
Net position, end of year	\$ (165,252)	8,110,077	7,944,825

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2014

Business-type Activities - Enterprise Funds			
	Ambulance	Wastewater	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 852,932	1,423,836	2,276,768
Payments to employees	(826,767)	(459,412)	(1,286,179)
Payments to suppliers	(124,493)	(602,346)	(726,839)
Net cash provided (used) by operating activities	(98,328)	362,078	263,750
Cash flows from noncapital financing activities:			
Net change in interfunds	134,906	221,403	356,309
Net cash provided by noncapital financing activities	134,906	221,403	356,309
Cash flows from capital and related financing activities:			
Proceeds from capital lease	45,659	-	45,659
Capital asset purchases	(45,659)	(165,461)	(211,120)
Proceeds from the sale of property	-	3,366	3,366
Interest paid on bonds/leases	(3,408)	(144,343)	(147,751)
Principal payments on bonds and capital lease	(33,170)	(292,244)	(325,414)
Net cash used in capital and related financing activities	(36,578)	(598,682)	(635,260)
Cash flows from investing activities:			
Interest received	-	15,201	15,201
Net cash provided by investing activities	-	15,201	15,201
Net increase (decrease) in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	\$ -	-	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (81,464)	97,029	15,565
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	54,205	378,505	432,710
(Increase) decrease in receivables	(71,760)	(101,945)	(173,705)
Increase (decrease) in accounts payable	2,954	2,787	5,741
Increase (decrease) in accrued payroll	(1,277)	(1,015)	(2,292)
Increase (decrease) in accrued comp absences	(986)	(13,283)	(14,269)
Net cash provided (used) by operating activities	(98,328)	362,078	263,750

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

			Agency Funds
			Gardiner Growth Initiative
ASSETS			
Cash and cash equivalents	\$		1,433
Total assets			1,433
LIABILITIES			
Due to outside groups			1,433
Total liabilities			1,433
NET POSITION			
Held in trust	\$		-

See accompanying notes to basic financial statements.

CITY OF GARDINER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City of Gardiner, Maine have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the City of Gardiner that should be included as part of these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The City reports the following major proprietary funds:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Additionally, the City reports a fiduciary fund:

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

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

D. Cash

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

E. Interfund Loans

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

F. Capital Assets

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

G. Compensated Absences

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

H. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Interfund Transactions

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

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

J. Comparative Data

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Fund Equity

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

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

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

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

L. Use of Estimates

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, there were no expenditures that exceeded appropriations.

C. Deficit Fund Balances

At June 30, 2014, the following funds had a deficit fund balances:

TIF Fund	\$ 947,757
Capital projects	21,412

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

RISK MANAGEMENT

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

Based on the coverage provided by this pool, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claims liabilities that should be recorded at June 30, 2014.

DEPOSITS

Custodial credit risk-deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy with respect to custodial credit risk. As of June 30, 2014, the City reported deposits of \$2,576,800 with a bank balance of \$2,560,969. All of the bank balance was covered by F.D.I.C. or by additional insurance or letters of credit purchased or provided by the financial institutions.

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

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

DEPOSITS, CONTINUED

Deposits have been reported as follows:

Reported in governmental funds	\$ 2,575,367
Reported in fiduciary funds	1,433
Total deposits	\$ 2,576,800

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2014, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ 1,084,591	-
TIF Fund	-	947,757
Nonmajor Governmental Funds:		
Revolving Loan Fund	-	28,652
Capital Projects	10,003	-
Development and Planning	49,718	-
Public Safety Grants	-	3,245
School Resource Officer	-	4,106
Wellness	225	-
Private Grants	37,444	-
Isabel Harriman Fund	-	500
Enterprise Funds:		
Ambulance	-	409,645
Sewer	211,924	-
Total interfund balances	\$ 1,393,905	1,393,905

Individual interfund transfers for the year ended June 30, 2014 were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 118,751	579,864
TIF Fund	579,864	118,751
Total interfund transfers	\$ 698,615	698,615

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

PROPERTY TAX

Property taxes for the current period were committed on September 3, 2013 on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and the City budgeted an amount of \$90,886 for the year ended June 30, 2014.

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

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

The following summarizes the levy:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 351,629,500	361,348,500
<u>Tax rate (per \$1,000)</u>	<u>19.90</u>	<u>19.90</u>
Commitment	6,997,427	7,190,835
Plus:		
Supplementals	-	2,868
Less:		
Abatements / write offs	3,982	1,226
<u>Collections</u>	<u>6,601,219</u>	<u>6,898,357</u>
Current year taxes receivable at end of year	392,226	294,120
 <u>Taxes and liens receivable - prior years</u>	 <u>204,614</u>	 <u>207,854</u>
 <u>Total taxes and liens receivable</u>	 <u>\$ 596,840</u>	 <u>501,974</u>

Due date	1st half	September 15, 2013	September 15, 2012
	2nd half	March 15, 2014	March 15, 2013

	<u>2014</u>	<u>2013</u>
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	94.39%	95.91%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 928,648	-	-	928,648
Construction in progress	-	21,612	-	21,612
Total capital assets not being depreciated	928,648	21,612	-	950,260
Capital assets, being depreciated:				
Buildings and building improvements	377,783	37,507	-	415,290
Furniture and equipment	1,139,304	43,058	-	1,182,362
Vehicles	3,260,881	135,565	29,975	3,366,471
Infrastructure	44,652,686	-	-	44,652,686
Total capital assets being depreciated	49,430,654	216,130	29,975	49,616,809
Less accumulated depreciation for:				
Buildings and building improvements	253,678	6,105	-	259,783
Furniture and equipment	772,062	83,213	-	855,275
Vehicles	2,010,662	252,479	29,975	2,233,166
Infrastructure	32,633,598	519,638	-	33,153,236
Total accumulated depreciation	35,670,000	861,435	29,975	36,501,460
Total capital assets being depreciated, net	13,760,654	(645,305)	-	13,115,349
Governmental activities capital assets, net	\$ 14,689,302	(623,693)	-	14,065,609
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 381,668	-	-	381,668
Construction in progress	-	137,261	-	137,261
Total capital assets not being depreciated	381,668	137,261	-	518,929
Capital assets, being depreciated:				
Building/sewer system	4,822,059	-	-	4,822,059
Vehicles	607,786	6,500	-	614,286
Furniture and equipment	387,865	67,359	-	455,224
Infrastructure	9,850,448	-	-	9,850,448
Total capital assets being depreciated	15,668,158	73,859	-	15,742,017
Less accumulated depreciation for:				
Building/sewer system	2,495,129	115,735	-	2,610,864
Vehicles	414,279	47,189	-	461,468
Furniture and equipment	257,625	23,525	-	281,150
Infrastructure	1,490,193	246,261	-	1,736,454
Total accumulated depreciation	4,657,226	432,710	-	5,089,936
Total capital assets being depreciated, net	11,010,932	(358,851)	-	10,652,081
Business-type activities capital assets, net	\$ 11,392,600	(221,590)	-	11,171,010

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

CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 83,213
Public safety	252,479
Public works	525,743
<u>Total depreciation expense – governmental activities</u>	<u>\$ 861,435</u>

Business-type activities:	
Ambulance	\$ 54,205
Wastewater	378,505
<u>Total depreciation expense – business-type activities</u>	<u>\$ 432,710</u>

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds and notes	\$ 6,771,804	103,197	642,744	6,232,257	640,717
Capital leases	213,705	21,319	131,224	103,800	73,833
Compensated absences	275,103	-	24,386	250,717	-
<u>Governmental activities long-term liabilities</u>	<u>\$ 7,260,612</u>	<u>124,516</u>	<u>798,354</u>	<u>6,586,774</u>	<u>714,550</u>

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
General obligation bonds and notes	\$ 4,032,843	-	317,244	3,715,599	318,620
Capital leases	-	45,659	8,170	37,489	7,071
Compensated absences	166,289	-	14,269	152,020	-
<u>Business-type activities long-term liabilities</u>	<u>\$ 4,199,132</u>	<u>45,659</u>	<u>339,683</u>	<u>3,905,108</u>	<u>325,691</u>

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

LONG-TERM DEBT, CONTINUED

Long-term debt payable at June 30, 2014 is comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	Balance June 30, 2014
Governmental activities:					
General obligation bonds	5/25/95	\$ 750,000	11/01/15	5.508-6.208%	69,000
General obligation bonds	5/27/99	2,096,483	11/01/19	4.039-5.239%	628,947
IRP loan (Rural Development)	12/20/00	475,000	3/31/29	1.00%	301,892
General obligation bonds	10/28/04	775,000	11/01/19	4.099-4.295%	310,002
General obligation bonds	9/26/07	319,700	11/01/27	5.9-6.0%	223,790
General obligation bonds	5/27/10	4,067,093	11/01/24	2.773-5.746%	3,416,358
Ladder Truck	10/28/10	767,000	11/01/25	2.124-4.267%	613,600
General obligation bonds	5/26/11	260,000	11/01/39	2.02-5.52%	241,429
General obligation bonds	11/30/11	425,000	11/30/15	1.89%	212,500
General obligation bonds	11/01/12	200,000	11/01/15	1.57%	133,333
General obligation note	4/09/14	67,003	4/09/18	2.79%	52,855
General obligation note	4/09/14	36,194	4/09/18	2.79%	28,551
Total governmental activities					6,232,257
Business-type activities:					
1997 State revolving loan	3/14/97	1,296,500	11/01/17	2.95%	259,300
1999 State revolving loan	6/23/99	818,500	11/01/19	2.29%	204,625
2000 State revolving loan	5/15/00	790,000	4/01/20	3.20%	308,798
2004 Rural Development	9/07/05	1,635,000	9/07/33	4.125%	1,133,455
2004 Rural Development	9/07/05	1,507,000	9/07/31	4.125%	1,008,646
2007 Rural Development	3/23/07	540,900	3/23/35	4.125%	405,333
2011 Rural Development	5/26/11	236,000	5/26/40	3.75%	220,442
2013 Ambulance	11/01/12	200,000	11/01/20	1.79%	175,000
Total business-type activities					3,715,599
Total long-term debt					\$ 9,947,856

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize long-term debt outstanding as of June 30, 2014 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 640,717	184,611	825,328	318,620	135,394	454,014
2016	641,445	166,715	808,160	320,510	125,165	445,675
2017	434,773	151,450	586,223	322,469	114,862	437,331
2018	435,536	137,852	573,388	324,499	104,501	429,000
2019	414,525	124,145	538,670	261,778	94,849	356,627
2020-2024	1,449,550	473,734	1,923,284	818,058	361,439	1,179,497
2025-2029	1,137,467	259,862	1,397,329	718,708	212,035	930,743
2030-2034	859,847	110,083	969,930	541,841	69,948	611,789
2035-2039	209,112	11,382	220,494	77,262	9,748	87,010
2040	9,285	256	9,541	11,854	486	12,340
Total	\$ 6,232,257	1,620,090	7,852,347	3,715,599	1,228,427	4,944,026

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City of \$326,350,000. At June 30, 2014, the statutory limit for the City was \$48,952,500. The City's outstanding long-term debt of \$9,947,856 at June 30, 2014 was significantly less than the statutory limit.

OVERLAPPING DEBT

In addition to the notes and bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2014:

<u>Governmental unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Gardiner</u>	<u>City of Gardiner's share of debt</u>
MSAD 11	\$ 964,500	37.77%	364,292

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

CAPITAL LEASES

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

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

CAPITAL LEASES, CONTINUED

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2014.

	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 73,833	3,480
2016	11,557	730
2017	11,837	450
<u>2018</u>	<u>6,573</u>	<u>161</u>
Total	<u>\$ 103,800</u>	<u>4,821</u>

The amount capitalized under capital leases totals \$736,787 for governmental activities.

	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 7,071	1,098
2016	7,278	891
2017	7,492	678
2018	7,711	458
<u>2019</u>	<u>7,937</u>	<u>233</u>
Total	<u>\$ 37,489</u>	<u>3,358</u>

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

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine PERS - Consolidated Plan

Description of the Plan - The City contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. 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 authority to establish and amend benefit provisions rests with the State Legislature. 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 by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary, with the exception of Public Safety, which contributes 8%, and the City of Gardiner, Maine is required to contribute an actuarially determined rate. The current rate is 6.5%, except for Public Safety, which the rate is 10.5% of annual covered payroll. The contribution rates of plan members and the City of Gardiner, Maine are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City had an Initial Unpooled Unfunded Actuarial Credit when joining the consolidated plan. The credit amounted to \$297,478 as of June 30, 2013 (latest date available). This credit is being used in lieu of the City making monthly employer contributions to the plan. Contributions would have approximated \$225,008, \$208,975, and \$172,613 in 2014, 2013, and 2012, respectively, had these credits not been available.

DEFERRED COMPENSATION PLAN

The City of Gardiner, Maine offers all its employees not participating in Maine Public Employees Retirement a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

LANDFILL

The City pays a per capita fee for use of the Hatch Hill landfill facility in Augusta. In 2014, the per capita fee was based on 5,800 residents for a total of \$87,000. This was based on a rate of \$21,750 per quarter.

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

TAX INCREMENT FINANCING DISTRICTS

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

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

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

The City established the **Downtown Municipal Development Tax Incremental Financing District** on March 20, 2003, for the purpose of improving the downtown area. The TIF will fund debt service payments for a bond issued for downtown improvements. The TIF has been designated for 10 years or until the project costs are expended. This district was amended in 2009 to 30 years, and increased in size to include City owned areas including the City Common, and portions of Church and School Streets leading to the Downtown area. As of FY14, there are no credit enhancement agreements associated with this TIF which allows the City to keep 100% of the tax payments to be used in their entirety towards economic development. The City has adopted a Credit Enhancement program for the Downtown which may result in credit enhancements for qualified properties beginning in FY15.

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

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

The City established the **Associated Grocers Tax Incremental Financing District** in 2006, encompassing the facilities 40,000 square foot expansion completed in 2005. This district was amended in 2011 to 30 years, and increased by 24.86 acres to include all Business Park roads and infrastructure areas, as well as fire suppression system which supports the property. This property is owned by KNG, LLC, and is occupied by Pine State Trading.

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

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 start up costs and then all benefit from the tax revenues later on. There are currently 24 local governments who are members of the Authority, including the City of Gardiner, Maine. The Authority derives the bulk of its revenue from participants, but also receives some grant revenues from the State of Maine. In fiscal 2014, the City of Gardiner, Maine contributed \$32,261. However, the City receives a portion of the tax revenues generated, which amounted to \$14,247 in fiscal year 2014, for a net contribution of \$18,014. Additionally, the City of Gardiner is responsible for a percentage of the Authority's total debt outstanding at year end. As of June 30, 2014, the total debt outstanding equaled \$1,834,369, of which the City's share, based on real estate valuation, amounted to \$100,815. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at P.O. Box 246, Oakland, Maine 04963.

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2014:

	Governmental activities	Business-type activities
Capital assets, net of depreciation	\$ 14,065,609	11,171,010
Bonds and notes payable	(6,232,257)	(3,715,599)
Add non-capital debt (IRP)	301,892	-
Capital leases payable	(103,800)	(37,489)
Unspent bond proceeds	230,481	-
Total net investment in capital assets	\$ 8,261,925	7,417,922

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

FUND BALANCE

As of June 30, 2014, fund balance components consisted of the following:

	General Fund	TIF Fund	Other Governmental Funds	Total
Nonspendable:				
Long-term notes receivable	\$ -	-	207,983	207,983
Principal for permanent funds	-	-	307,399	307,399
Total nonspendable	-	-	515,382	515,382
Restricted:				
Revolving loan funds	-	-	368,520	368,520
Grants for development and planning	-	-	54,118	54,118
Grant for wellness	-	-	132	132
Grants for private uses	-	-	35,185	35,185
Permanent funds	-	-	129,938	129,938
Total restricted	-	-	587,893	587,893
Assigned:				
Assigned for subsequent year's budget	202,200	-	-	202,200
Software	4,000	-	-	4,000
Window replacement	2,000	-	-	2,000
WIFI	2,500	-	-	2,500
Signage project phase 1	3,022	-	-	3,022
Book restoration	5,000	-	-	5,000
Signage project phase 2	9,180	-	-	9,180
Stormwater (Highland Avenue)	19,000	-	-	19,000
Paving	127,000	-	-	127,000
Erosion control	15,500	-	-	15,500
Video project	2,000	-	-	2,000
FY12 loan balance – Capen Road	230,481	-	-	230,481
Total assigned	621,883	-	-	621,883
Total unassigned	2,170,022	(947,757)	(21,412)	1,200,853
Total fund balance (deficit)	\$ 2,791,905	(947,757)	1,081,863	2,926,011

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

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

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

CITY OF GARDINER, MAINE
General Fund
Comparative Balance Sheets
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,739,952	1,962,949
Receivables:		
Taxes - current year	392,226	11,706
Taxes - prior years	15,206	23,144
Tax liens - current year	-	282,414
Tax liens - prior years	189,408	184,710
Accounts receivables	34,740	105,881
Interfund loans receivable	1,084,591	582,117
Total assets	\$ 3,456,123	3,152,921
LIABILITIES		
Accounts payable	169,888	109,191
Accrued payroll and related liabilities	37,037	35,083
Taxes paid in advance	10,002	7,023
Due to other governments	9,291	6,090
Total liabilities	226,218	157,387
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	438,000	435,484
Total deferred inflows of resources	438,000	435,484
FUND BALANCES:		
Assigned	621,883	547,466
Unassigned	2,170,022	2,012,584
Total fund balances	2,791,905	2,560,050
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,456,123	3,152,921

CITY OF GARDINER, MAINE
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
General Fund
For the year ended June 30, 2014

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,880,536	7,880,536	7,866,206	(14,330)
Licenses and permits	19,000	19,000	25,616	6,616
Intergovernmental	881,994	881,994	891,602	9,608
Charges for services	52,212	52,212	61,890	9,678
Unclassified	114,167	114,167	120,180	6,013
Interest earned	6,000	6,000	5,429	(571)
Total revenues	8,953,909	8,953,909	8,970,923	17,014
Expenditures:				
Current:				
General government	1,077,584	1,135,084	971,247	163,837
Welfare	39,851	39,851	32,004	7,847
Public safety	1,624,126	1,624,626	1,513,455	111,171
Public works	1,729,527	1,997,968	1,559,471	438,497
Community services	375,060	375,060	355,896	19,164
Education	3,192,831	3,192,831	3,192,831	-
County tax	345,016	345,016	345,016	-
Unclassified	329,826	329,826	308,035	21,791
Total expenditures	8,713,821	9,040,262	8,277,955	762,307
Excess (deficiency) of revenues over (under) expenditures	240,088	(86,353)	692,968	779,321
Other financing sources (uses):				
Use of fund balance	221,025	221,025	-	(221,025)
Use of carryforwards	-	326,441	-	(326,441)
Transfer from other funds	118,751	118,751	118,751	-
Transfer to other funds	(579,864)	(579,864)	(579,864)	-
Total other financing sources (uses)	(240,088)	86,353	(461,113)	(547,466)
Net change in fund balance	-	-	231,855	231,855
Fund balance, beginning of year			2,560,050	
Fund balance, end of year	\$		2,791,905	

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

ALL OTHER GOVERNMENTAL FUNDS

CITY OF GARDINER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 397,578	-	437,837	835,415
Accounts receivable	11,751	16,979	-	28,730
Notes receivable, net of allowance	207,983	-	-	207,983
Interfund loans receivable	87,387	10,003	-	97,390
Total assets	\$ 704,699	26,982	437,837	1,169,518
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,758	48,394	-	51,152
Interfund loans payable	36,003	-	500	36,503
Total liabilities	38,761	48,394	500	87,655
Fund balances:				
Nonspendable	207,983	-	307,399	515,382
Restricted	457,955	-	129,938	587,893
Unassigned	-	(21,412)	-	(21,412)
Total fund balances (deficit)	665,938	(21,412)	437,337	1,081,863
Total liabilities and fund balances	\$ 704,699	26,982	437,837	1,169,518

CITY OF GARDINER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 4,218	19,873	-	24,091
Charges for services	4,106	-	-	4,106
Interest income	-	-	3,805	3,805
Other income	113,156	14,559	-	127,715
Total revenues	121,480	34,432	3,805	159,717
Expenditures:				
Current:				
General government	64,852	-	-	64,852
Welfare	2,954	-	-	2,954
Public safety	10,845	-	-	10,845
Community services	47,396	-	-	47,396
Unclassified	-	-	500	500
Debt service	21,225	-	-	21,225
Capital outlay	-	52,908	-	52,908
Total expenditures	147,272	52,908	500	200,680
Excess (deficiency) of revenues over (under) expenditures	(25,792)	(18,476)	3,305	(40,963)
Net change in fund balances	(25,792)	(18,476)	3,305	(40,963)
Fund balances (deficit), beginning of year	691,730	(2,936)	434,032	1,122,826
Fund balances (deficit), end of year	\$ 665,938	(21,412)	437,337	1,081,863

NONMAJOR SPECIAL REVENUE FUNDS

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

CITY OF GARDINER, MAINE
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2014

	20	21	24	25	26	27	28	29	
	Revolving	Development	Public	School	Private	Wellness	Bradstreet	Special	Total
	Loan	and Planning	Safety	Reserve	Grants		Fund	Projects	
	Fund		Grants	Officer					
ASSETS									
Cash and cash equivalents	\$ 397,578	-	-	-	-	-	-	-	397,578
Accounts receivable	-	4,400	3,245	4,106	-	-	-	-	11,751
Notes receivable, net of allowance	207,983	-	-	-	-	-	-	-	207,983
Interfund loans receivable	-	49,718	-	-	37,444	225	-	-	87,387
Total assets	\$ 605,561	54,118	3,245	4,106	37,444	225	-	-	704,699
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	406	-	-	-	2,259	93	-	-	2,758
Interfund loans payable	28,652	-	3,245	4,106	-	-	-	-	36,003
Total liabilities	29,058	-	3,245	4,106	2,259	93	-	-	38,761
Fund balances:									
Nonspendable	207,983	-	-	-	-	-	-	-	207,983
Restricted	368,520	54,118	-	-	35,185	132	-	-	457,955
Total fund balances	576,503	54,118	-	-	35,185	132	-	-	665,938
Total liabilities and fund balances	\$ 605,561	54,118	3,245	4,106	37,444	225	-	-	704,699

CITY OF GARDINER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	20	21	24	25	26	27	28	29	
	Revolving	Development	Public	School	Private	Wellness	Bradstreet	Special	Total
	Loan	and Planning	Safety	Reserve	Grants		Fund	Projects	
	Fund		Grants	Officer					
Revenues:									
Intergovernmental	\$ -	-	4,218	-	-	-	-	-	4,218
Charges for services	-	-	-	4,106	-	-	-	-	4,106
Other income	11,806	-	-	-	67,946	1,986	2,954	28,464	113,156
Total revenues	11,806	-	4,218	4,106	67,946	1,986	2,954	28,464	121,480
Expenditures:									
Current:									
General government	7,024	27,718	-	-	-	-	-	30,110	64,852
Welfare	-	-	-	-	-	-	2,954	-	2,954
Public safety	-	-	6,739	4,106	-	-	-	-	10,845
Community services	-	1,500	-	-	43,939	1,957	-	-	47,396
Debt service	21,225	-	-	-	-	-	-	-	21,225
Total expenditures	28,249	29,218	6,739	4,106	43,939	1,957	2,954	30,110	147,272
Excess (deficiency) of revenues over (under) expenditures	(16,443)	(29,218)	(2,521)	-	24,007	29	-	(1,646)	(25,792)
Net change in fund balances	(16,443)	(29,218)	(2,521)	-	24,007	29	-	(1,646)	(25,792)
Fund balances, beginning of year	592,946	83,336	2,521	-	11,178	103	-	1,646	691,730
Fund balances, end of year	\$ 576,503	54,118	-	-	35,185	132	-	-	665,938

NONMAJOR PERMANENT FUNDS

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

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

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

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

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

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

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

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

CITY OF GARDINER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2014

		Henrietta Johnson Fire Dept. Fund	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund	Cemetery Perpetual Care	Isabel Harriman Fund	All Other Funds	Total
ASSETS									
Cash and cash equivalents	\$	120,308	21,845	11,624	20,251	2,109	243,373	18,327	437,837
Total assets	\$	120,308	21,845	11,624	20,251	2,109	243,373	18,327	437,837
LIABILITIES AND FUND BALANCES									
Liabilities:									
Interfund loan payable		-	-	-	-	-	500	-	500
Total liabilities		-	-	-	-	-	500	-	500
Fund balances:									
Nonspendable		10,000	20,000	10,000	10,250	2,050	239,599	15,500	307,399
Restricted		110,308	1,845	1,624	10,001	59	3,274	2,827	129,938
Total fund balances		120,308	21,845	11,624	20,251	2,109	242,873	18,327	437,337
Total liabilities and fund balances	\$	120,308	21,845	11,624	20,251	2,109	243,373	18,327	437,837

CITY OF GARDINER, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended June 30, 2014

	Henrietta Johnson Fire Dept. Fund	Lucy Harriman Children's Fund	Christmas Dinner Fund	Gardiner Fire Department Fund	Cemetery Perpetual Care	Isabel Harriman Fund	All Other Funds	Total
Revenues:								
Other revenue	\$ -	-	-	-	-	-	-	-
Investment income	1,046	190	101	176	18	2,115	159	3,805
Total revenues	1,046	190	101	176	18	2,115	159	3,805
Expenditures								
Expenditures	-	-	-	-	-	500	-	500
Total expenditures	-	-	-	-	-	500	-	500
Net change in fund balances	1,046	190	101	176	18	1,615	159	3,305
Fund balances, beginning of year	119,262	21,655	11,523	20,075	2,091	241,258	18,168	434,032
Fund balances, end of year	\$ 120,308	21,845	11,624	20,251	2,109	242,873	18,327	437,337