

**TOWN OF GARLAND, MAINE**

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

## TABLE OF CONTENTS

|  | Statement       | Page         |
|--|-----------------|--------------|
| <b>Independent Auditors' Report</b>  |                 | <b>3-4</b>   |
| <b>Basic Financial Statements</b>  |                 |              |
| <i>Government-wide Financial Statements:</i>   |                 |              |
| Statement of Net Position  | <b>1</b>        | <b>5</b>     |
| Statement of Activities  | <b>2</b>        | <b>6</b>     |
| <i>Fund Financial Statements:</i>  |                 |              |
| Balance Sheet – Governmental Funds   | <b>3</b>        | <b>7</b>     |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds | <b>4</b>        | <b>8-9</b>   |
| Statement of Net Position – Fiduciary Funds  | <b>5</b>        | <b>10</b>    |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Fiduciary Funds    | <b>6</b>        | <b>11</b>    |
| Notes to Financial Statements  |                 | <b>12-18</b> |
| <b>Required Supplemental Information</b>   | <b>Schedule</b> |              |
| Budgetary Comparison Schedule – General Fund   | <b>A</b>        | <b>19</b>    |
| Schedule of Departmental Operations – General Fund                                   | <b>B</b>        | <b>20-21</b> |

# Maine Municipal Audit Services, PA

---

Mindy J. Cyr, CPA

## Independent Auditors' Report

To the Board of Selectmen  
Town of Garland  
Garland, Maine

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Town of Garland, Maine, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Garland, Maine, as of December 31, 2019, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

The Town has not presented the Management's Discussion and Analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, on page 19 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 Town of Garland, Maine's basic financial statements. The schedule of departmental operations is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of departmental operations 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. 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, schedule of departmental operations is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maine Municipal Audit Services, PA*

Levant, Maine  
August 31, 2021

Town of Garland, Maine  
Statement of Net Position  
December 31, 2019

|   |            | Total<br>Governmental<br>Activities |
|---|------------|-------------------------------------|
| <b>ASSETS:</b>                                  |            |                                     |
| <i>Current assets:</i>                          |            |                                     |
| Cash and cash equivalents                       | \$ 719,439 |                                     |
| Taxes receivable, net                           | 118,248    |                                     |
| Tax liens receivable                            | 40,426     |                                     |
| <i>Total current assets</i>                     |            | \$ 878,113                          |
| <i>Non-current assets:</i>                      |            |                                     |
| Capital assets, net of accumulated depreciation | 601,158    |                                     |
| <i>Total non-current assets</i>                 |            | 601,158                             |
| <b>TOTAL ASSETS</b>                             |            | <b>1,479,271</b>                    |
|   |            | <b>\$ 1,479,271</b>                 |
| <b>LIABILITIES:</b>                             |            |                                     |
| <i>Current liabilities:</i>                     |            |                                     |
| Accounts payable                                | \$ 3,202   |                                     |
| Due to Fiduciary Funds                          | 20,583     |                                     |
| <i>Total current liabilities</i>                |            | \$ 23,785                           |
| <b>TOTAL LIABILITIES</b>                        |            | <b>23,785</b>                       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>           |            |                                     |
| Prepaid property taxes                          | 1,795      |                                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>      |            | <b>1,795</b>                        |
| <b>NET POSITION:</b>                            |            |                                     |
| Net investment in capital assets                | 601,158    |                                     |
| Unrestricted                                    | 852,533    |                                     |
| <b>TOTAL NET POSITION</b>                       |            | <b>1,453,691</b>                    |
|   |            | <b>\$ 1,479,271</b>                 |

The accompanying notes are an integral part of this statement.

Town of Garland, Maine  
 Statement of Activities  
 For the Year Ended December 31, 2019

|                                      | Net (Expense) Revenue and Changes<br>in Net Position |  |                            |                       |
|--------------------------------------|--|--|----------------------------|-----------------------|
|                                      | Program Revenues                                     |  | Primary Government         |                       |
|                                      | Charges for<br>Services                              | Operating<br>Grants and<br>Contributions | Governmental<br>Activities | Total                 |
| <b>Governmental activities:</b>      |  |  |                            |                       |
| General government                   | \$ 187,094   | \$ 5,754                                 | \$ -                       | \$ (181,341)          |
| Public works                         | 203,084  | -  | 37,696                     | (165,388)             |
| Public safety                        | 38,748   | -  | -                          | (38,748)              |
| Health and sanitation                | 44,838   | 17,736                                   | -                          | (27,102)              |
| County tax                           | 71,472   | -  | -                          | (71,472)              |
| Education                            | 455,356  | -  | -                          | (455,356)             |
| Social services                      | 5,658  | -  | -                          | (5,658)               |
| Unclassified                         | 21,322   | -  | 7,261                      | (14,061)              |
| Depreciation                         | 59,300   | -  | -                          | (59,300)              |
| <b>Total governmental activities</b> | <b>1,086,871</b>                                     | <b>23,490</b>                            | <b>44,957</b>              | <b>(1,018,424)</b>    |
| <b>Total primary government</b>      | <b>\$ 1,086,871</b>                                  | <b>\$ 23,490</b>                         | <b>\$ 44,957</b>           | <b>\$ (1,018,424)</b> |

|  |           |                  |
|--|-----------|------------------|
| <b>General revenues:</b>   |           |                  |
| Property taxes, levied for general purposes                          | \$        | 731,891          |
| Excise taxes   |           | 175,431          |
| Interest and lien fees   |           | 11,486           |
| Licenses and permits   |           | 3,189            |
| <b>Grants and contributions not restricted to specific programs:</b> |           |                  |
| Homestead exemption  |           | 45,522           |
| State revenue sharing  |           | 59,457           |
| Veteran's reimbursement  |           | 589              |
| Tree growth reimbursement  |           | 3,036            |
| Unrestricted investment earnings                                     |           | 3,562            |
| Miscellaneous revenues   |           | 35,459           |
| <b>Total general revenues and transfers</b>                          |           | <b>1,069,622</b> |
| <i>Changes in net position</i>                                       |           | 51,198           |
| <b>NET POSITION - BEGINNING</b>                                      |           | <b>1,402,493</b> |
| <b>NET POSITION - ENDING</b>   | <b>\$</b> | <b>1,453,691</b> |

The accompanying notes are an integral part of this statement.

Town of Garland, Maine  
Balance Sheet  
Governmental Funds  
December 31, 2019

|  | General Fund      | Total Governmental Funds |
|--|-------------------|--------------------------|
| <b>ASSETS</b>  |                   |                          |
| Cash and cash equivalents  |                   |                          |
| Taxes receivable, net  | \$ 719,439        | \$ 719,439               |
| Tax liens receivable   | 118,248           | 118,248                  |
|  | 40,426            | 40,426                   |
| <b>TOTAL ASSETS</b>  | <b>\$ 878,113</b> | <b>\$ 878,113</b>        |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>   |                   |                          |
| <i>Liabilities:</i>  |                   |                          |
| Accounts payable   |                   |                          |
| Due to Fiduciary Fund  | \$ 3,202          | \$ 3,202                 |
|  | 20,583            | 20,583                   |
| <i>Total liabilities</i>   | <i>23,785</i>     | <i>23,785</i>            |
| <i>Deferred inflows of resources:</i>  |                   |                          |
| Prepaid property taxes   | 1,795             | 1,795                    |
| Deferred property tax revenue  | 132,000           | 132,000                  |
| <i>Total deferred inflows of resources</i>   | <i>133,795</i>    | <i>133,795</i>           |
| <i>Fund balances:</i>  |                   |                          |
| Assigned - see footnotes   | 286,755           | 286,755                  |
| Unassigned   | 433,778           | 433,778                  |
| <i>Total fund balances</i>   | <i>720,533</i>    | <i>720,533</i>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>   | <b>\$ 878,113</b> | <b>\$ 878,113</b>        |
| <i>Amounts reported for governmental activities in the statement of net position (Stmnt. 1) are different because:</i> |                   |                          |
| Depreciable and non-depreciable capital assets as reported in Stmnt. 1   |                   | 604,158                  |
| Deferred property taxes not reported on Stmnt. 1   |                   | 132,000                  |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <b>\$</b>         | <b>1,453,691</b>         |

The accompanying notes are an integral part of this statement.

Town of Garland, Maine  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2019

|  | General<br>Fund   | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------------------|
| <b>REVENUES:</b>   |                   |                                |
| Property taxes   | \$ 712,602        | \$ 712,602                     |
| Excise taxes   | 175,431           | 175,431                        |
| Intergovernmental revenue  | 153,561           | 153,561                        |
| Charges for services   | 23,490            | 23,490                         |
| Licenses and permits   | 3,189             | 3,189                          |
| Interest and costs on liens                                      | 11,486            | 11,486                         |
| Investment income  | 3,562             | 3,562                          |
| Other revenue  | 35,459            | 35,459                         |
| <i>Total revenues</i>  | 1,118,781         | 1,118,781                      |
| <b>EXPENDITURES:</b>   |                   |                                |
| General government   | 192,186           | 192,186                        |
| Public works   | 240,927           | 240,927                        |
| Public safety  | 38,748            | 38,748                         |
| Health and sanitation  | 44,838            | 44,838                         |
| County tax   | 71,472            | 71,472                         |
| Education  | 455,356           | 455,356                        |
| Social services  | 5,658             | 5,658                          |
| Unclassified   | 21,322            | 21,322                         |
| <i>Total expenditures</i>  | 1,070,506         | 1,070,506                      |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | 48,274            | 48,274                         |
| <i>Net change in fund balances</i>                               | 48,274            | 48,274                         |
| <b>FUND BALANCES - BEGINNING</b>                                 | 672,259           | 672,259                        |
| <b>FUND BALANCES - ENDING</b>                                    | <b>\$ 720,533</b> | <b>\$ 720,533</b>              |

The accompanying notes are an integral part of this statement.

(Continued)



Town of Garland, 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 December 31, 2019

|   |           |               |
|---|-----------|---------------|
| <b>Net change in fund balances - total governmental funds (Statement 4)</b>   | \$        | 48,274        |
| <p>Amounts reported for governmental activities in the statement of activities (Stmt. 2) are different due to the following items:</p>  |           |               |
| <p>Depreciation expense recorded on statement of activities, yet not required to be recorded as expenditures on governmental funds</p>  |           | (59,300)      |
| <p>Purchase of new fixed asset recorded as an expenditure on statement of revenues, expenditures and changes in fund balance yet not required to be recorded on statement of activities</p>   |           | 37,843        |
| <p>Revenues in the Statement of Activities (Stmt 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.</p> |           | 19,289        |
| <p>Change in accrued compensated absences</p>   |           | 5,092         |
| <hr/>   |           |               |
| <b>Changes in net position of governmental activities (see Stmt. 2)</b>   | <b>\$</b> | <b>51,198</b> |

The accompanying notes are an integral part of this statement.

Town of Garland, Maine  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2019

|                               |           | Private Purpose<br>Trust Fund |
|-------------------------------|-----------|-------------------------------|
| <b>ASSETS</b>                 |           |                               |
| Cash and cash equivalents     | \$        | 34,149                        |
| Due from General Fund         |           | 20,583                        |
| <i>Total assets</i>           | <b>\$</b> | <b>54,732</b>                 |
| <br><b>NET POSITION</b>       |           |                               |
| Non-spendable                 | \$        | 43,573                        |
| <i>Restricted for:</i>        |           |                               |
| Beachfront improvements       |           | 609                           |
| Perpetual care                |           | 10,403                        |
| Ballfield                     |           | 147                           |
| <b>FIDUCIARY NET POSITION</b> | <b>\$</b> | <b>54,732</b>                 |

The accompanying notes are an integral part of this statement.

Town of Garland, Maine  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the year ended December 31, 2019

|   | Private Purpose<br>Trust Fund |
|---|-------------------------------|
| <b>Additions:</b>                       |                               |
| Transfers in                            | \$ -                          |
| Investment income                       | 547                           |
|   | 547                           |
| <b>Deductions:</b>                      |                               |
| Transfers (out)                         | -                             |
|   | -                             |
| <i>Change in Net Position</i>           | 547                           |
| <b>NET POSITION - BEGINNING OF YEAR</b> | 54,185                        |
| <b>NET POSITION - END OF YEAR</b>       | \$ 54,732                     |

**TOWN OF GARLAND, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Garland, Maine (the Town) was incorporated on February 16, 1811. The Town operates under a selectperson/town meeting form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institutes of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board (when applicable).

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

The accompanying financial statements present the government of the Town of Garland, Maine, which is identified based upon the criteria identified in GASB Statement No. 14, *The Financial Reporting Entity*. The Town engages in a range of municipal services, including administrative services, public safety, health and sanitation, and education. The financial statements include all operations of the Town. Based on criteria set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, the Town of Garland has no component units that are not included in this report.

**B. Basis of Presentation**

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues. The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

TOWN OF GARLAND, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

**C. Measurement Focus and Basis of Accounting**

**Governmental Fund Types**

*General Fund* – The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Fiduciary Fund Types**

*Fiduciary funds* account for assets held by the Town in a trustee capacity. Non-expendable trust funds are held for investment with the interest only available for cemetery and other specified expenditures.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB #34. 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 which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

**TOWN OF GARLAND, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectmen level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses**

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair market value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (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 Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF GARLAND, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| Assets                   | Years |
|--------------------------|-------|
| Land & land improvements | 40    |
| Infrastructure           | 10-40 |
| Buildings                | 40    |
| Equipment & vehicles     | 5-20  |

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

*Non-spendable* – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

*Restricted* – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

*Assigned* – Funds intended to be used for specific purposes set by the Board of Selectmen.

*Unassigned* – Funds available for any purpose.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before the Town has legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on July 31, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Payment of taxes was due September 27, 2019, with interest at 7% on all tax bills unpaid as of the due date.

**TOWN OF GARLAND, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Town 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 \$35,706 for the year ended December 31, 2019.

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

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

**Risk Management**

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

Typically, the Town invests funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). From time to time the Town's deposits and investments may be subject to risks, such as the following:

**Custodial Credit Risk – Deposits** - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At December 31, 2019, cash deposits had a carrying value of \$753,588, all of which was covered by FDIC or collateralized.

**Interest Rate Risk** – The Town does not currently have a deposit policy for interest rate risk.

**Credit Risk** – The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities and real assets.



**TOWN OF GARLAND, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**3. CAPITAL ASSETS**

| <b>Governmental activities:</b>                    | <b>Balance<br/>1/1/19</b> | <b>Additions</b>   | <b>Deletions</b> | <b>Balance<br/>12/31/19</b> |
|--|---------------------------|--------------------|------------------|-----------------------------|
| <i>Capital assets not being depreciated:</i>       |                           |                    |                  |                             |
| Land   | \$ 35,380                 | \$ -               | \$ -             | \$ 35,380                   |
| <i>Capital assets being depreciated:</i>           |                           |                    |                  |                             |
| Buildings  | 273,415                   | 15,600             | -                | 289,015                     |
| Land improvements                                  | 15,698                    | -                  | -                | 15,698                      |
| Equipment  | 1,143,791                 | 22,243             | -                | 1,166,034                   |
| Infrastructure                                     | 746,430                   | -                  | -                | 746,430                     |
| <i>Total capital assets being depreciated</i>      | <u>2,179,334</u>          | <u>37,843</u>      | <u>-</u>         | <u>2,217,177</u>            |
| <i>Less accumulated depreciation</i>               | <u>(1,592,099)</u>        | <u>(59,300)</u>    | <u>-</u>         | <u>(1,651,399)</u>          |
| <i>Total capital assets being depreciated, net</i> | <u>587,235</u>            | <u>(21,457)</u>    | <u>-</u>         | <u>565,778</u>              |
| <b>Governmental activities Capital assets, net</b> | <b>\$ 622,615</b>         | <b>\$ (21,457)</b> | <b>\$ -</b>      | <b>\$ 601,158</b>           |

Depreciation expense is allocated to the following departments of the town:

|                |                         |
|----------------|-------------------------|
| Administration | \$ 3,339                |
| Public works   | 37,579                  |
| Public safety  | <u>18,382</u>           |
| <b>Total</b>   | <b><u>\$ 59,300</u></b> |

**4. PENDING LITIGATION**

According to Town management, there is a lawsuit pending with Penobscot County Superior Court at the time of this audit. At this time, it is not possible to predict the likelihood of an unfavorable outcome in this matter or to estimate the range of potential loss.

**5. SUBSEQUENT EVENTS**

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

TOWN OF GARLAND, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

6. **FUND BALANCE**

***General Fund:***

***Assigned Fund Balances:***

|  |                          |
|--|--------------------------|
| Highway reserve                        | \$ 81,337                |
| Fire department reserve                | 73,547                   |
| Forestry reserve                       | 32,822                   |
| Transfer station reserve               | 25,620                   |
| Town office reserve                    | 5,951                    |
| Cemetery reserve                       | 4,217                    |
| Legal                                  | 7,215                    |
| Animal control                         | 2,058                    |
| Paving                                 | 40,473                   |
| Fire department private fund           | 4,611                    |
| Garland Days private fund              | 1,114                    |
| Cemetery stones private fund           | 660                      |
| Recreation department private fund     | 1,891                    |
| Town field reserve                     | 1,691                    |
| Community center                       | 1,661                    |
| Neighbor helping neighbor private fund | 1,106                    |
| Flag replacement private fund          | <u>781</u>               |
|  | <b><u>\$ 286,755</u></b> |

***Fiduciary Fund:***

***Restricted Fund Balance:***

|                         |                         |
|-------------------------|-------------------------|
| Beachfront improvements | \$ 609                  |
| Perpetual care          | 10,403                  |
| Ballfield               | <u>147</u>              |
| <b>Total</b>            | <b><u>\$ 11,159</u></b> |

***Non-spendable:***

|                         |                         |
|-------------------------|-------------------------|
| Beachfront improvements | \$ 1,700                |
| Perpetual care          | 36,348                  |
| Ballfield               | <u>5,525</u>            |
| <b>Total</b>            | <b><u>\$ 43,573</u></b> |

Town of Garland, Maine  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|  | Budgeted Amounts |                  | Actual Amounts    | Variance with<br>Final Budget-<br>Positive (Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| <b>REVENUES:</b>   |                  |                  |                   |   |
| Property taxes   | \$ 737,762       | \$ 737,762       | \$ 712,602        | \$(25,161)  |
| Excise taxes   | 166,583          | 166,583          | 175,431           | 8,848   |
| Intergovernmental revenues                                       | 159,492          | 159,955          | 153,561           | \$(6,394)   |
| Charges for services   | -                | -                | 23,490            | 23,490  |
| Licenses and permits   | -                | 2,107            | 3,189             | 1,082   |
| Interest and costs on liens                                      | -                | -                | 11,486            | 11,486  |
| Investment income  | -                | -                | 3,562             | 3,562   |
| Other revenues   | 107,773          | 107,848          | 35,459            | \$(72,389)  |
| <i>Total revenues</i>  | <u>1,171,610</u> | <u>1,174,256</u> | <u>1,118,781</u>  | <u>\$(55,475)</u>                                     |
| <b>EXPENDITURES:</b>   |                  |                  |                   |   |
| General government   | 196,506          | 212,501          | 192,186           | 20,314  |
| Public works   | 270,000          | 362,736          | 240,927           | 121,810   |
| Public safety  | 61,800           | 132,774          | 38,748            | 94,027  |
| Health and sanitation  | 51,000           | 70,458           | 44,838            | 25,620  |
| County tax   | 71,186           | 71,186           | 71,472            | \$(286)   |
| Education  | 463,657          | 463,657          | 455,356           | 8,301   |
| Social services  | 5,255            | 6,361            | 5,658             | 703   |
| Unclassified   | 25,000           | 67,646           | 21,322            | 46,324  |
| <i>Total expenditures</i>  | <u>1,144,404</u> | <u>1,387,320</u> | <u>1,070,506</u>  | <u>316,813</u>  |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | 27,206           | (213,064)        | 48,274            | \$(372,288)   |
| <i>Net changes in fund balances</i>                              | 27,206           | (213,064)        | 48,274            |   |
| <b>FUND BALANCES - BEGINNING</b>                                 |                  |                  | 672,259           |   |
| <b>FUND BALANCES - ENDING</b>                                    |                  |                  | <u>\$ 720,533</u> |   |

Town of Garland, Maine  
 Schedule of Departmental Operations  
 For the Year Ended December 31, 2019

|                              | Balance<br>1/1/2019 | Appropriations | Other<br>Revenue | Total<br>Available | Expenditures   | Lapsed        | Balances<br>Carried |
|------------------------------|---------------------|----------------|------------------|--------------------|----------------|---------------|---------------------|
| <b>GENERAL GOVERNMENT</b>    |                     |                |                  |                    |                |               |                     |
| Administration               | \$ -                | \$ 164,121     | \$ -             | \$ 164,121         | \$ 163,919     | \$ 202        | \$ -                |
| Selectboard and elections    | -                   | 9,385          | -                | 9,385              | 5,577          | 3,808         | -                   |
| Assessing                    | -                   | 10,000         | -                | 10,000             | 9,095          | 905           | -                   |
| Community center             | 2,047               | 13,000         | -                | 15,047             | 13,596         | (209)         | 1,660               |
| Town office reserve          | 5,951               | -              | -                | 5,951              | -              | -             | 5,951               |
| Legal                        | 7,215               | -              | -                | 7,215              | -              | -             | 7,215               |
| Flag replacement             | 781                 | -              | -                | 781                | -              | -             | 781                 |
| <b>Total</b>                 | <b>15,995</b>       | <b>196,506</b> | <b>-</b>         | <b>212,501</b>     | <b>192,186</b> | <b>4,707</b>  | <b>15,607</b>       |
| <b>PUBLIC WORKS</b>          |                     |                |                  |                    |                |               |                     |
| Highways                     | -                   | 206,500        | -                | 206,500            | 206,500        | -             | -                   |
| Highway reserve              | 87,264              | 28,500         | -                | 115,764            | 34,427         | -             | 81,337              |
| Paving                       | 5,473               | 35,000         | -                | 40,473             | -              | -             | 40,473              |
| <b>Total</b>                 | <b>92,736</b>       | <b>270,000</b> | <b>-</b>         | <b>362,736</b>     | <b>240,927</b> | <b>-</b>      | <b>121,810</b>      |
| <b>PUBLIC SAFETY</b>         |                     |                |                  |                    |                |               |                     |
| Fire department              | -                   | 46,000         | -                | 46,000             | 30,827         | 15,173        | -                   |
| Fire department reserve      | 63,547              | 10,000         | -                | 73,547             | -              | -             | 73,547              |
| Private fire department      | 4,536               | -              | 75               | 4,611              | -              | -             | 4,611               |
| Code enforcement             | -                   | 2,000          | -                | 2,000              | 3,363          | (1,363)       | -                   |
| Animal control               | 708                 | 3,800          | 2,107            | 6,615              | 4,557          | -             | 2,058               |
| <b>Total</b>                 | <b>68,792</b>       | <b>61,800</b>  | <b>2,182</b>     | <b>132,774</b>     | <b>38,748</b>  | <b>13,810</b> | <b>80,217</b>       |
| <b>HEALTH AND SANITATION</b> |                     |                |                  |                    |                |               |                     |
| Transfer station             | 19,458              | 51,000         | -                | 70,458             | 44,838         | -             | 25,620              |
| <b>Total</b>                 | <b>19,458</b>       | <b>51,000</b>  | <b>-</b>         | <b>70,458</b>      | <b>44,838</b>  | <b>-</b>      | <b>25,620</b>       |

Town of Garland, Maine  
 Schedule of Departmental Operations  
 For the Year Ended December 31, 2019

|                                       | Balance<br>1/1/2019 | Appropriations | Other<br>Revenue | Total<br>Available | Expenditures | Lapsed    | Balances<br>Carried |
|---------------------------------------|---------------------|----------------|------------------|--------------------|--------------|-----------|---------------------|
| <b>COUNTY TAX</b>                     | -                   | 71,186         | -                | 71,186             | 71,472       | (286)     | -                   |
| <b>EDUCATION</b>                      | -                   | 463,657        | -                | 463,657            | 455,356      | 8,301     | -                   |
| <b>SOCIAL SERVICES</b>                |                     |                |                  |                    |              |           |                     |
| General assistance                    | -                   | -              | -                | -                  | 403          | (403)     | -                   |
| Social service agency donations       | -                   | 5,255          | -                | 5,255              | 5,255        | -         | -                   |
| Neighbor helping neighbor food pantry | 1,106               | -              | -                | 1,106              | -            | -         | 1,106               |
| <i>Total</i>                          | 1,106               | 5,255          | -                | 6,361              | 5,658        | (403)     | 1,106               |
| <b>UNCLASSIFIED</b>                   |                     |                |                  |                    |              |           |                     |
| Private recreation fund               | 1,891               | -              | -                | 1,891              | -            | -         | 1,891               |
| Town field reserve                    | 1,228               | -              | 463              | 1,691              | -            | -         | 1,691               |
| Garland Days committee private fund   | 1,114               | -              | -                | 1,114              | -            | -         | 1,114               |
| Cemetery maintenance reserve          | 4,217               | -              | -                | 4,217              | -            | -         | 4,217               |
| Cemetery maintenance                  | -                   | 25,000         | -                | 25,000             | 21,072       | 3,928     | -                   |
| Cemetery stones                       | 660                 | -              | -                | 660                | -            | -         | 660                 |
| Forestry reserve                      | 33,072              | -              | -                | 33,072             | 250          | -         | 32,822              |
| <i>Total</i>                          | 42,183              | 25,000         | 463              | 67,646             | 21,322       | 3,928     | 42,396              |
| <b>TOTAL EXPENDITURES</b>             | \$ 240,270          | \$ 1,144,404   | \$ 2,645         | \$ 1,387,320       | \$ 1,070,506 | \$ 30,058 | \$ 286,755          |