

**CITY OF AUGUSTA, MAINE**

**Financial Report**

**For the Year Ended June 30, 2007**

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2007**

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## Independent Auditor's Report

City Council  
City of Augusta, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Augusta, Maine's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Augusta, Maine, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2007, on our consideration of the City of Augusta, Maine's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Augusta, Maine. The combining and individual fund schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



November 20, 2007  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2007**

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As management of the City of Augusta, we offer readers of the City of Augusta's financial statements this narrative overview and analysis of the financial activities of the City of Augusta for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the basic financial statements and the accompanying notes to the financial statements. The City's financial highlights are presented below:

**Fiscal 2007 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net assets were \$31.67 million at June 30, 2007. Of this total, \$27.05 million were governmental assets and \$4.63 million were business-type assets.
- The City's net assets grew by \$1.6 million. Of this amount, the governmental activities had an increase in net assets of \$1.2 million. The business-type activities increased by \$.4 million. Governmental net assets invested in capital asset net of debt increased by \$5.3 million and unrestricted assets decreased by \$4.1 million. Business – type unrestricted assets increased by \$.4 million.
- City-wide governmental revenues include program revenues of \$23.7 million, an increase of \$3.1 million, and general revenues of \$34.2 million, a decrease of \$.2 million. Business-type income was \$7.04 million, a decrease of \$.17 million.
- Total City-wide governmental expenses were \$56.8 million, an increase of 7.8 % and business-type activities were \$6.5 million, a decrease of 13 %, for total expenditures of \$63.3 million, an increase of \$3.2 million or 5%.

**Fund Level:**

- Governmental Fund Balance decreased by \$3.7 million in Fiscal 2007 to \$17.1 million due the ongoing construction of a new high school. Governmental Fund Revenues totaled \$57.7 million, with total expenditures of \$62.1 million. Other Financing Sources and Uses added \$.7 million. General Fund Revenues totaled \$48.5 million, with total expenditures of \$47.8 million, for an excess of revenues over expenditures of \$.7 million. Total Other Financial Sources and Uses was (\$1.1) million. The General Fund Balance decreased \$.5 million for Fiscal 2007.

**Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the City of Augusta's Annual Financial Report. The City of Augusta's Basic Financial Report is comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**The Basic Financial Statements**

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

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

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City-wide Financial Statements provide longer term view of the City's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provide information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities under full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all of its expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenditures of each of the City's programs. The Statement of Activities explains in detail the change in net assets for the year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. All of the amounts in the Statement of Net Assets and Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the Government-wide Statements and focus primarily on the short-term activities of the City's General Fund and Other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances. They exclude capital assets, long-term debt and other long-term amounts.

Major Funds, which account for the major financial activities of the City, are presented individually while the activities of the Non-Major Funds are presented in summary, with subordinate schedules presenting the detail for each of these Other Funds. Major Funds are explained below.

**The Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities present information about the following:

**Governmental Activities:**

- All of the City's basic services are considered to be governmental activities including General Government, Community Development, City Services, Public Safety, Public Works, Education and General Administration. These services are supported by general City revenues such as taxes and specific program revenues such as Code Enforcement fees.

**Business-type Activities:**

- The City's four enterprise activities, Augusta Civic Center, Hatch Hill Landfill, Airport, and Ambulance, are reported here. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.
- The City-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

**Fund Financial Statements:**

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement 34, and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

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

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Fund Financial Statements include Governmental, Enterprise, and Internal Service Funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long term.

Comparisons of budget and actual financial information are presented only for the General Fund, as required by GASB 34. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City.

Fiduciary Funds are not reflected in the Government-Wide Financial Statement because the resources of those funds are not available to support the City of Augusta's own programs. The accounting use for Fiduciary Funds is much like that used for Proprietary Funds.

**Financial Activities of the City as a Whole:**

This analysis focuses on the net assets and changes in net assets of the City's Governmental activities (Table 1) and Business-type activities (Table 3) presented in the city-wide statement of net assets and statement of activities.

**Table 1**  
**Governmental Activities Net Assets**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Current and other assets	\$ 23,351,667	28,339,360	(4,987,693)
Capital assets	59,359,221	55,463,746	3,895,475
<b>Total assets</b>	82,710,888	83,803,106	(1,092,218)
Long-term liabilities	47,043,041	48,306,667	(1,263,626)
Other liabilities	8,620,191	9,606,283	(986,092)
<b>Total liabilities</b>	55,663,232	57,912,950	(2,249,718)
Net assets:			
Invested in capital assets (net of debt)	25,255,830	19,987,079	5,268,751
Restricted	607,643	609,243	(1,600)
Unrestricted	1,184,193	5,293,834	(4,109,641)
<b>Total net assets</b>	\$ 27,047,666	25,890,156	1,157,510

Capital assets net of related debt increased by 20.9% or \$5.3 million due to the continued construction of the New Cony High School. The City's long-term liabilities (primarily debt) decreased by \$1.3 million. The City's other liabilities decreased by \$1.0 million due to a reduction in accounts payable and other current liabilities. 93.4 % of the Governmental net assets are represented by the City's investment in Capital assets net of related debt. The City uses these capital assets to provide services and transportation infrastructure to citizens, businesses, and visitors. These assets are not available to finance future operations nor are they available to repay outstanding debt. 2.2% of net assets are represented by resources that are subject to external restrictions in their uses. The remaining balance of \$1.2 million is unrestricted net assets.

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

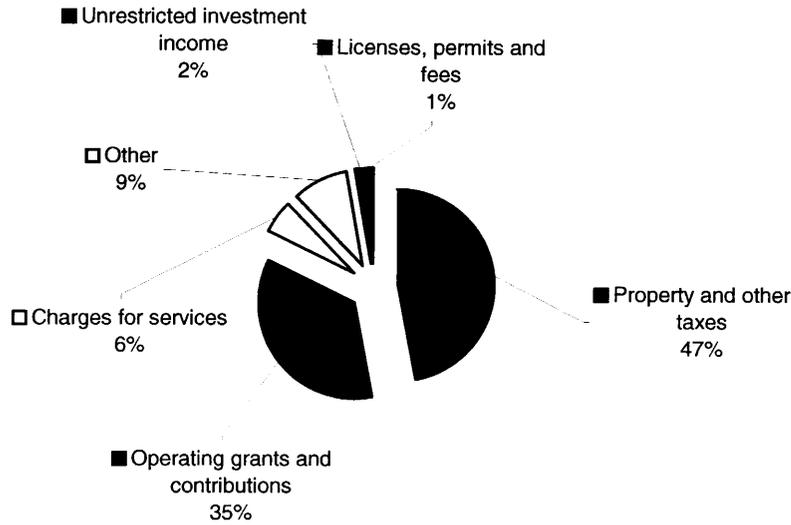
**Changes in Net Assets:**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
<b><u>Sources of Revenues</u></b>			
<b>Program Revenues:</b>			
Charges for services	\$ 3,331,409	3,362,594	(31,185)
Operating grants and contributions	20,385,932	17,097,427	3,288,505
Capital grants and contributions	-	120,274	(120,274)
	<u>23,717,341</u>	<u>20,580,295</u>	<u>3,137,046</u>
<b>General Revenues:</b>			
Property and other taxes	27,174,760	27,047,265	127,495
Grants and contributions not restricted to specific programs	3,014,023	3,010,331	3,692
Licenses, permits and fees	506,293	431,809	74,484
Unrestricted investment income	1,157,167	1,668,457	(511,290)
Other	2,361,324	2,244,404	116,920
	<u>34,213,567</u>	<u>34,402,266</u>	<u>(188,699)</u>
 Total revenues	 57,930,908	 54,982,561	 2,948,347
<b>Functional Expenses:</b>			
Legislative and executive	590,439	577,232	13,207
Finance and administration	2,804,888	2,616,040	188,848
City services	2,783,333	1,684,635	1,098,698
Community services	2,435,759	2,432,732	3,027
Public safety	5,868,011	5,164,109	703,902
Public works	2,645,499	2,875,294	(229,795)
Education	31,804,424	29,396,723	2,407,701
Insurance and retiree benefits	1,433,560	1,541,180	(107,620)
Utilities	2,043,033	1,953,588	89,445
Unclassified	1,440,886	1,336,969	103,917
Interest on debt	1,442,027	181,357	1,260,670
Central garage	1,353,725	1,348,833	4,892
Capital maintenance expenses	127,814	1,461,956	(1,334,142)
	<u>56,773,398</u>	<u>52,570,648</u>	<u>4,202,750</u>
 Increase (decrease) in net assets	 1,157,510	 2,411,913	 (1,254,403)
Net assets – beginning of year	25,890,156	23,478,243	2,411,913
	<u>\$ 27,047,666</u>	<u>25,890,156</u>	<u>1,157,510</u>

Governmental activities resulted in a positive change in net assets of \$1.2 million. Program revenues increased \$3.1 million, with Operating grants and contributions increasing 15.2 % or \$3.1 million. The increase was due to a \$1.8 million increase in state general purpose aid to education and a \$1.0 million grant increase for Mill Park redevelopment and Union St. reconstruction. General revenues were basically flat. Functional expenses increased \$4.2 million, an increase of 8 %. Education increased \$2.4 million, 8.2% and City services increased \$1.1 million, primarily Union Street reconstruction.

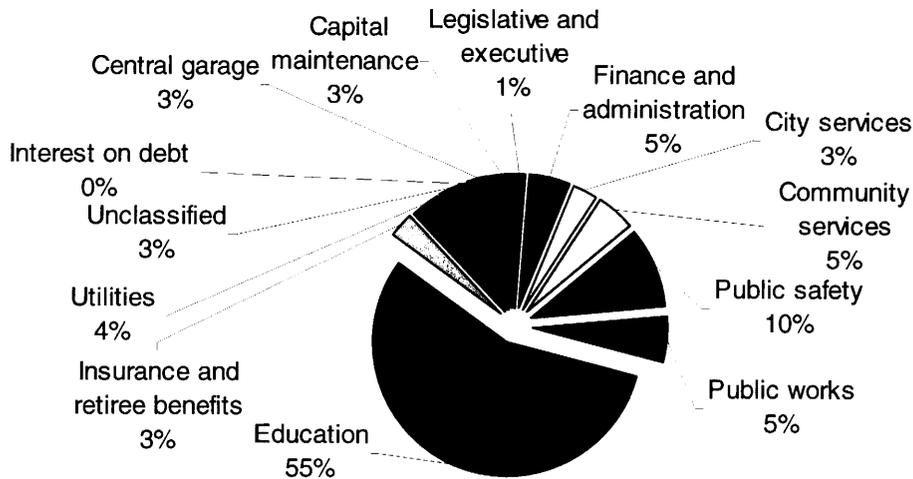
**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis, Continued**

**Source of Revenues**



As the source of revenues chart above shows, 47% of the City's fiscal 2007 governmental activities revenues came from property and other taxes, and 35 % from operating grants and contributions. The remaining 18 % came from charges for services (6 %), other (9 %), and unrestricted investment income (2%).

**Functional Expense**



The Functional expenses chart above reflects only current year expenses, which are discussed below. Education accounted for 55% and Municipal Services 45 % of expenses. Public safety accounted for 10 % of total expenses. Public works 5% Finance and administration accounted for 5 %, Community Services 5%, and Utilities 4% of total expenses. City services accounted for 3 %, Insurance and retiree benefits 3 %, and central garage 3 % and capital maintenance 3% of total expenses. Legislative and executive, and interest on non - educational debt, combined totaled 1 % of expenses.

Expenses do not include capital outlays, which are now capitalized to the City's capital assets. In 2007, Governmental capital assets increased \$3.9 million, due primarily to the on going construction of a new high school. Capital assets being depreciated decreased \$.4 million.

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

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**Governmental Activities:**

Table 2 presents the net expenses of each of the City's largest programs. Net expense is defined as total program cost less the revenue generated by those specific activities. Net expenses totaled \$(33.06) million as the City is dependent on general revenues for 60.3 % of expenses. In the City's case, the net expenses of several programs varied significantly from the total expense above. Overall, program revenues reduced program expenses by an average of 41.8 % of total expenses the same percentage reductions as FY 2006. The range of reduction was 0 % to 65.5 % for education. Over all, governmental activities net expenses increased \$1.09 million or 3.4 %. The City's program revenues include license fees, cable franchise fees, building permits, charges for services, State subsidies, and operating grants and contributions.

**Table 2**  
**Governmental Activities**  
**(In Millions)**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Legislative and executive	\$ (0.59)	(0.58)	(0.01)
Finance and administration	(2.69)	(2.48)	(0.21)
City services	(1.70)	(1.50)	(0.20)
Community services	(2.34)	(2.36)	0.02
Public safety	(5.53)	(4.43)	(1.10)
Public works	(2.30)	(2.52)	0.22
Education	(10.97)	(10.56)	(0.41)
Retirement and insurance	(1.43)	(1.54)	0.11
Utilities	(2.04)	(1.95)	(0.09)
Unclassified	(1.44)	(1.34)	(0.10)
Debt service	(0.82)	(0.18)	(0.64)
Central garage	(1.08)	(1.07)	(0.01)
Capital maintenance expenses	(0.13)	(1.46)	1.33
<b>Total</b>	<b>\$ (33.06)</b>	<b>(31.97)</b>	<b>(1.09)</b>

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

**Table 3**  
**Business-type Net Assets**  
**(In Millions)**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Current and other assets	\$ 6.62	6.22	0.40
Capital assets	12.15	12.92	(0.77)
<b>Total assets</b>	<b>18.77</b>	<b>19.14</b>	<b>(0.37)</b>
Long-term liabilities	13.76	14.49	(0.73)
Other liabilities	0.39	0.45	(0.06)
<b>Total liabilities</b>	<b>14.15</b>	<b>14.94</b>	<b>(0.79)</b>
Net assets:			
Invested in capital assets (net of debt)	2.67	2.71	(0.04)
Unrestricted	1.95	1.48	0.47
<b>Total net assets</b>	<b>\$ 4.62</b>	<b>4.19</b>	<b>0.43</b>

Business-type activities net assets increased by \$.43 million in fiscal year 2007. The increase in net assets is attributable to an operating income of \$1.1 million, being offset by non operating expense (primarily interest expense) of \$.6 million and an operating transfer of \$.1 million.

**The City's Fund Financial Statement**

Governmental Funds

At June 30, 2007, the City's governmental funds reported a combined fund balance of \$17.1 million. The governmental fund balance is comprised of the following; General Fund \$11.4 million, New Cony High School \$.4 million and Other Funds \$5.3 million.

Government funds revenues totaled \$57.7 million with expenditures totaling \$62.1 million, a deficiency of revenues under expenditures of \$4.4 million. Other financing sources and uses netted \$.7 million, resulting in a net decrease of fund balance by \$3.7 million. The reduction in fund balance is due to the ongoing construction of a new high school.

Proprietary Funds

Proprietary Funds net assets increased by \$.4 million for FY 2007. Enterprise operating revenues were \$7.0 million, with operating expenses of \$5.9 million resulting in a net operating income of \$1.1 million. Non-operating expenses were \$.6 million and operating transfers out of \$.1 million, for a net increase in net assets of \$.4 million.

**Analysis of Major Governmental Funds**

General Fund

General Fund revenues exceeded estimates by 1.9% or \$.9 million. The City experienced positive variations in all anticipated revenues by sources with the exception of tuition and other charges - education. Taxes were within 1.2% of expectations. The City's two primary revenue sources, taxes and intergovernmental revenues which account for 91 % of revenues were within estimates by 1.2 %. Licenses and permits exceeded estimates by 152 % as major retail expansion continued. Investment earnings exceeded estimates by 30 % as interest rates continued to increase during fiscal year 2007.

General fund expenditures had a budgetary surplus of 2.6 % or \$1.2 million. Educational expenditures were 1.7 % or \$.4 million under budget. Municipal operating expenditures were 96.3 % expended or \$.79 million under budget.

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

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Major positive variances were: Public works, \$300,127 (9.1%) under budget due to a mild winter. Public safety was \$213,616 (3.7%) under budget due to the police department effectively managing overtime and staff vacancies. City services had a \$104,539 positive expenditure variance due to building maintenance and health insurance.

**Other Governmental Funds**

These funds are not presented in the Basic Financial Statements but are presented as exhibits for supplemental information.

**Proprietary Funds**

Augusta Civic Center

Net assets of the Civic Center were essentially unchanged from FY2006. Net assets totaled \$2.55 million of which \$2.07 million represents investment in capital assets, net of related debt, and unrestricted net assets totaled \$.48 million. The Civic Center had net operating income of \$ 157,369, with a non-operating expense of \$(161,255) and an operating transfer out of \$57,176 for a loss of \$61,062 in net assets.

Hatch Hill Landfill

Net assets of the regional Hatch Hill Landfill increased \$.52 million in fiscal 2007. Net assets totaled \$1.8 million of which \$.3 million represents investments in capital assets net of related debt, and \$1.48 million in unrestricted net assets. Operating income totaled \$ .96 million; non-operating expense totaled \$.38 million.

Airport

The City manages the Augusta State Airport through a contract with the State of Maine.

Ambulance

Net assets of the Ambulance Fund remained basically unchanged at \$303,975. Net assets invested in capital assets net of related debt totaled \$272,708 and unrestricted net assets totaled \$31,267. Operating income for FY 2007 totaled \$61,090. Non operating expenses totaled \$22,374 and operating transfers out totaled \$22,121 for a change in net assets of \$16,595.

Central Garage (Internal Service Fund)

Net assets of the Central Garage fund remained basically unchanged at 1.8 million. \$1.6 of net assets was invested in capital assets net of debt and unrestricted net assets totaled \$0.19 million. Operating income was \$1.34 million, non operating revenue totaled \$47,622 and transfer out totaled \$31,644.

**Capital Assets**

GASB 34 requires the City to record all its capital assets, including infrastructure. Infrastructure assets include roads, sidewalks, and similar assets used by the entire population.

In fiscal 2003, the City recorded the cost of all its infrastructure assets based upon their original acquisition dates and computed the accumulated depreciation for these assets. At the end of fiscal 2007, the cost of infrastructure and other capital assets of Government Funds recorded on the City's financial statements was \$59.36 million, an increase of \$3.9 million or 7 % percent. The continued construction of a new high school accounted for the increase. The City's investment in infrastructure and internal service fund equipment approximately equaled depreciation. The City reclassified some business-type activities assets from machinery and equipment to buildings. The capital assets of the business-type activities continued to decrease as the capacity of Hatch Hill landfill is utilized. Table 4 reflects Capital assets at June 30, 2007, by Governmental activities and Business-type activities.

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

**Table 4**  
**Capital Assets at Year End**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated			
Land	\$ 1,200,713	1,200,713	-
Construction in progress	31,040,013	26,740,831	4,299,182
Capital assets being depreciated			
Land improvements	-	1,000,000	(1,000,000)
Buildings and improvements	32,346,328	30,606,940	1,739,388
Machinery, vehicles, and equipment	5,924,679	6,867,377	(942,698)
Infrastructure	27,806,320	27,100,165	706,155
Internal service fund equipment	3,934,821	3,637,298	297,523
Less: Accumulated depreciation	(42,893,653)	(41,689,578)	(1,204,075)
	59,359,221	55,463,746	3,895,475
<b>Business-type activities:</b>			
Capital assets, not being depreciated	428,950	428,950	-
Capital assets, being depreciated			
Buildings and improvements	8,501,692	7,427,211	1,074,481
Machinery and equipment	1,763,023	2,643,649	(880,626)
Landfill	14,685,287	14,685,287	-
Less: Accumulated depreciation	(13,233,523)	(12,265,684)	(967,839)
	\$ 12,145,429	12,919,413	(773,984)

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of capital assets over the years of its useful life so that an allocable portion of the cost of the asset is born by all users.

**Debt Administration**

The City's total bonded indebtedness at June 30, 2007 was \$56.47 million, a decrease of \$1.91 million. The City issued \$.5 million of new debt during FY 2007 and retired \$2.41 million principal amount of bonds and made all scheduled repayments of existing bonded indebtedness for fiscal year 2007.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City Manager's office at 207-626-2300.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**June 30, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,935,853	9,405	14,945,258
Investments	9,821,996	725,523	10,547,519
Receivables:			
Taxes	862,763	-	862,763
Tax liens	460,883	-	460,883
Intergovernmental	1,302,848	-	1,302,848
Accounts, (net of allowance for uncollectibles)	296,502	612,728	909,230
Notes	191,571	-	191,571
Internal balances	(5,195,588)	5,195,588	-
Inventories	176,395	23,113	199,508
Prepaid expenses	498,454	57,416	555,870
Capital assets, not being depreciated	32,240,726	428,950	32,669,676
Capital assets, net of accumulated depreciation	27,118,495	11,716,479	38,834,974
Total assets	82,710,898	18,769,202	101,480,100
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,164,311	100,084	2,264,395
Accrued payroll and benefits	2,751,079	38,333	2,789,412
Compensated absences payable	3,327,622	203,987	3,531,609
Escrow payable	10,800	44,637	55,437
Taxes paid in advance	41,505	-	41,505
Accrued interest	324,874	-	324,874
Noncurrent liabilities:			
Due within one year	3,099,067	711,315	3,810,382
Due in more than one year	43,943,974	13,043,980	56,987,954
Total liabilities	55,663,232	14,142,336	69,805,568
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,255,830	2,672,004	27,927,834
Restricted for:			
Nonexpendable principal	607,643	-	607,643
Unrestricted	1,184,193	1,954,862	3,139,055
Total net assets	\$ 27,047,666	4,626,866	31,674,532

*See accompanying notes to financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2007

Functions/programs	Program Revenues					Net (expense) revenue and changes in net assets	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government activities	
						Business-type activities	Total
<b>Primary government:</b>							
Governmental activities:							
Legislative and executive	\$ 590,439	-	-	-	(590,439)	-	(590,439)
Finance and administration	2,804,888	114,449	2,946	-	(2,687,493)	-	(2,687,493)
City services	2,783,333	-	1,083,142	-	(1,700,191)	-	(1,700,191)
Community services	2,435,759	50,190	49,765	-	(2,335,804)	-	(2,335,804)
Public safety	5,868,011	132,999	202,797	-	(5,532,215)	-	(5,532,215)
Public works	2,645,499	29,286	319,804	-	(2,296,409)	-	(2,296,409)
Education	31,804,424	2,735,024	18,100,639	-	(10,968,761)	-	(10,968,761)
Retirement and insurance	1,433,560	-	-	-	(1,433,560)	-	(1,433,560)
Utilities	2,043,033	-	-	-	(2,043,033)	-	(2,043,033)
Unclassified	1,440,886	-	-	-	(1,440,886)	-	(1,440,886)
Interest on debt	1,442,027	-	626,839	-	(815,188)	-	(815,188)
Central garage	1,353,725	269,461	-	-	(1,084,264)	-	(1,084,264)
Capital maintenance	127,814	-	-	-	(127,814)	-	(127,814)
<b>Total governmental activities</b>	<b>56,773,398</b>	<b>3,331,409</b>	<b>20,385,932</b>	<b>-</b>	<b>(33,056,057)</b>	<b>-</b>	<b>(33,056,057)</b>
<b>Business-type activities:</b>							
Augusta Civic Center	2,837,679	2,797,886	-	-	-	(39,793)	(39,793)
Hatch Hill Landfill	1,954,597	2,527,928	-	-	-	573,331	573,331
Airport	489,185	450,000	-	-	-	(39,185)	(39,185)
Ambulance	1,206,020	1,259,633	-	-	-	53,613	53,613
<b>Total business-type activities</b>	<b>6,487,481</b>	<b>7,035,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>547,966</b>	<b>547,966</b>
<b>Total primary government</b>	<b>\$ 63,260,879</b>	<b>10,366,856</b>	<b>20,385,932</b>	<b>-</b>	<b>(33,056,057)</b>	<b>547,966</b>	<b>(32,508,091)</b>
<b>General revenues:</b>							
Property taxes, levied for general purposes				\$	24,257,586	-	24,257,586
Motor vehicle excise taxes					2,917,174	-	2,917,174
Licenses and permits					293,264	-	293,264
Cable TV franchise fee					213,029	-	213,029
Grants and contributions not restricted to specific programs:							
Homestead exemption					451,747	-	451,747
State Revenue Sharing					2,520,594	-	2,520,594
Other:					41,682	-	41,682
Unrestricted investment earnings					1,157,167	38,158	1,195,325
Miscellaneous revenues					2,472,017	-	2,472,017
Loss on disposal of assets					(249,654)	(14,897)	(264,551)
Transfers					138,961	(138,961)	-
<b>Total general revenues and transfers</b>					<b>34,213,567</b>	<b>(115,700)</b>	<b>34,097,867</b>
<b>Change in net assets</b>							
Net assets - beginning					1,157,510	432,266	1,589,776
<b>Net assets - ending</b>					<b>25,890,156</b>	<b>4,194,600</b>	<b>30,084,756</b>
<b>Net assets - ending</b>				\$	<b>27,047,666</b>	<b>4,626,866</b>	<b>31,674,532</b>

See accompanying notes to financial statements.

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General	New Cony High School	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 14,605,013	11,787	319,053	14,935,853
Investments	9,343,367	-	478,629	9,821,996
Receivables:				
Taxes	862,763	-	-	862,763
Tax liens	460,883	-	-	460,883
Due from other governments	362,173	-	940,675	1,302,848
Accounts receivable, (net of allowance for uncollectibles)	93,877	-	201,959	295,836
Notes receivable	-	-	191,571	191,571
Interfund loans receivable	-	477,009	3,910,741	4,387,750
Inventory	6,938	-	35,838	42,776
Prepaid items	492,801	-	2,371	495,172
<b>Total assets</b>	<b>\$ 26,227,815</b>	<b>488,796</b>	<b>6,080,837</b>	<b>32,797,448</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	1,602,095	74,146	424,970	2,101,211
Accrued payroll and benefits	2,395,908	-	350,150	2,746,058
Escrow payable	10,800	-	-	10,800
Deferred revenue	1,068,128	-	-	1,068,128
Taxes received in advance	41,505	-	-	41,505
Interfund loans payable	9,726,340	-	7,637	9,733,977
<b>Total liabilities</b>	<b>14,844,776</b>	<b>74,146</b>	<b>782,757</b>	<b>15,701,679</b>
Fund balances:				
Reserved for:				
Encumbrances - City	437,635	-	-	437,635
Encumbrances - School	82,460	-	-	82,460
Noncurrent receivables	-	-	191,571	191,571
Inventory	6,938	-	35,838	42,776
Nonexpendable trust principal	-	-	607,643	607,643
Unreserved, reported in:				
General fund:				
City designated	2,924,766	-	-	2,924,766
School designated	1,181,777	-	-	1,181,777
City undesignated	5,448,042	-	-	5,448,042
School undesignated	1,301,421	-	-	1,301,421
Special revenue funds	-	-	1,401,273	1,401,273
Capital projects funds	-	414,650	2,561,878	2,976,528
Permanent funds	-	-	499,877	499,877
<b>Total fund balances</b>	<b>11,383,039</b>	<b>414,650</b>	<b>5,298,080</b>	<b>17,095,769</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,227,815</b>	<b>488,796</b>	<b>6,080,837</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,751,484
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,068,128
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,798,256
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(3,298,056)
Accrued interest	(324,874)
Capital leases	(41,741)
Bonds payable	(47,001,300)

<b>Net assets of governmental activities</b>	<b>\$ 27,047,666</b>
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*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2007**

	General	New Cony High School	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 26,040,229	-	1,076,150	27,116,379
Licenses and permits	293,264	-	-	293,264
Intergovernmental	18,252,825	626,839	4,520,291	23,399,955
Tuition and other charges - education	2,038,329	-	-	2,038,329
Charges for services	275,465	-	696,695	972,160
Fees and fines	51,459	-	-	51,459
Unclassified	597,911	-	2,077,788	2,675,699
Investment earnings	990,043	80,608	86,516	1,157,167
<b>Total revenues</b>	<b>48,539,525</b>	<b>707,447</b>	<b>8,457,440</b>	<b>57,704,412</b>
<b>Expenditures:</b>				
Current:				
Legislative and executive	596,578	-	310	596,888
Finance and administration	1,449,730	-	1,077,813	2,527,543
City services	1,459,625	-	1,449,762	2,909,387
Community services	2,101,960	-	620,547	2,722,507
Public safety	5,418,000	-	498,891	5,916,891
Public works	2,641,049	-	123,902	2,764,951
Education	27,794,379	-	3,910,286	31,704,665
Retirement and insurance	1,702,124	-	-	1,702,124
Utilities	2,043,033	-	-	2,043,033
Unclassified	1,399,907	-	40,979	1,440,886
Debt service (excluding education)	1,224,430	1,206,592	-	2,431,022
Capital outlay	17,313	3,860,398	1,428,838	5,306,549
<b>Total expenditures</b>	<b>47,848,128</b>	<b>5,066,990</b>	<b>9,151,328</b>	<b>62,066,446</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>691,397</b>	<b>(4,359,543)</b>	<b>(693,888)</b>	<b>(4,362,034)</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	-	-	500,000	500,000
Operating transfers from other funds	632,388	1,788,426	1,176,532	3,597,346
Operating transfers to other funds	(1,777,086)	-	(1,649,655)	(3,426,741)
<b>Total other financing sources (uses)</b>	<b>(1,144,698)</b>	<b>1,788,426</b>	<b>26,877</b>	<b>670,605</b>
<b>Net change in fund balances</b>	<b>(453,301)</b>	<b>(2,571,117)</b>	<b>(667,011)</b>	<b>(3,691,429)</b>
<b>Fund balances, beginning of year</b>	<b>11,836,340</b>	<b>2,985,767</b>	<b>5,965,091</b>	<b>20,787,198</b>
<b>Fund balances, end of year</b>	<b>\$ 11,383,039</b>	<b>414,650</b>	<b>5,298,080</b>	<b>17,095,769</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, 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, 2007**

Net change in fund balances - total governmental funds (from Statement 4)	\$	(3,691,429)
<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 capital expenditures (\$5,767,559) exceeded depreciation expense (\$1,725,862) and loss on disposal of assets (\$308,280).</p>		
		3,733,417
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		58,381
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments.</p>		
		66,004
<p>Change in accruals are recorded on the statement of net assets, but not on the governmental fund balance sheet - accrued compensated absences (\$247,615) and accrued interest (\$23,373).</p>		
		(224,242)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$1,697,622) exceeded proceeds (\$500,000).</p>		
		1,197,622
<p>Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		17,757
<b>Change in net assets of governmental activities (see Statement 2)</b>		<b>\$ 1,157,510</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2007**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 25,735,652	25,735,652	26,040,229	304,577
Licenses and permits	116,395	116,395	293,264	176,869
Intergovernmental	15,500,264	15,500,264	15,710,155	209,891
Tuition and other charges - education	2,179,473	2,179,473	2,038,329	(141,144)
Charges for services	274,953	266,953	275,465	8,512
Fees and fines	58,000	58,000	51,459	(6,541)
Unclassified	497,811	497,811	597,353	99,542
Investment earnings	631,850	762,350	990,043	227,693
<b>Total revenues</b>	<b>44,994,398</b>	<b>45,116,898</b>	<b>45,996,297</b>	<b>879,399</b>
<b>Expenditures:</b>				
Current:				
Legislative and executive	601,961	636,770	607,318	29,452
Finance and administration	1,513,803	1,520,035	1,462,484	57,551
City services	1,387,353	1,573,764	1,469,225	104,539
Community services	2,129,321	2,134,190	2,115,058	19,132
Public safety	5,668,789	5,676,086	5,462,470	213,616
Public works	3,125,429	3,286,047	2,985,920	300,127
Education	25,929,975	25,780,870	25,334,169	446,701
Retirement and insurance	1,627,009	1,708,500	1,702,124	6,376
Utilities	2,046,173	2,057,173	2,045,135	12,038
Unclassified	1,359,690	1,369,610	1,399,907	(30,297)
Debt service (excluding education)	1,302,281	1,302,281	1,224,430	77,851
<b>Total expenditures</b>	<b>46,691,784</b>	<b>47,045,326</b>	<b>45,808,240</b>	<b>1,237,086</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,697,386)</b>	<b>(1,928,428)</b>	<b>188,057</b>	<b>2,116,485</b>
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	803,781	1,657,126	-	(1,657,126)
Budgeted utilization of surplus - School	845,000	845,000	-	(845,000)
Use of carryforwards - City	-	221,238	-	(221,238)
Use of carryforwards - School	-	330,894	-	(330,894)
Operating transfers to other funds - City	(554,000)	(1,256,435)	(1,297,086)	(40,651)
Operating transfers to other funds - School	-	(480,000)	(480,000)	-
Operating transfers from other funds	602,605	610,605	611,176	571
<b>Total other financing sources (uses)</b>	<b>1,697,386</b>	<b>1,928,428</b>	<b>(1,165,910)</b>	<b>(3,094,338)</b>
<b>Net change in fund balance - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>(977,853)</b>	<b>(977,853)</b>
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			437,635	
Add back: encumbrances expended in budgetary - School			82,460	
Transfers to reserves from undesignated fund balance			(60,000)	
Change in reserves			64,457	
<b>Net change in fund balance - GAAP basis</b>			<b>(453,301)</b>	
<b>Fund balance, beginning of year</b>			<b>11,836,340</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>11,383,039</b>	

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 9,405	-	-	-	9,405	-
Investments	725,523	-	-	-	725,523	-
Accounts receivable, net	121,949	96,929	101,344	292,506	612,728	666
Interfund loans receivable	-	5,711,450	-	-	5,711,450	150,639
Prepaid expenses	14,663	36,671	2,594	3,488	57,416	3,282
Inventory	23,113	-	-	-	23,113	133,619
<b>Total current assets</b>	<b>894,653</b>	<b>5,845,050</b>	<b>103,938</b>	<b>295,994</b>	<b>7,139,635</b>	<b>288,206</b>
Noncurrent assets:						
Property, plant, and equipment:						
Land	390,000	38,950	-	-	428,950	-
Buildings and improvements	7,476,494	23,372	-	-	7,499,866	19,097
Equipment and vehicles	1,415,253	868,372	-	481,225	2,764,850	3,934,821
Hatch Hill landfill system	-	14,685,287	-	-	14,685,287	-
Less accumulated depreciation	(4,048,130)	(8,976,877)	-	(208,517)	(13,233,524)	(2,346,181)
<b>Total noncurrent assets</b>	<b>5,233,617</b>	<b>6,639,104</b>	<b>-</b>	<b>272,708</b>	<b>12,145,429</b>	<b>1,607,737</b>
<b>Total assets</b>	<b>6,128,270</b>	<b>12,484,154</b>	<b>103,938</b>	<b>568,702</b>	<b>19,285,064</b>	<b>1,895,943</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	31,948	22,012	8,567	37,557	100,084	63,100
Accrued wages and benefits payable	16,835	6,177	3,750	11,571	38,333	5,021
Accrued compensated absences	104,476	56,024	20,445	23,042	203,987	29,566
Refundable deposits	44,637	-	-	-	44,637	-
Current portion of bonds payable	226,315	485,000	-	-	711,315	-
Interfund loans payable	213,059	-	110,246	192,557	515,862	-
<b>Total current liabilities</b>	<b>637,270</b>	<b>569,213</b>	<b>143,008</b>	<b>264,727</b>	<b>1,614,218</b>	<b>97,687</b>
Noncurrent liabilities:						
Bonds payable	2,942,110	5,820,000	-	-	8,762,110	-
Accrued landfill closure and postclosure costs	-	4,281,870	-	-	4,281,870	-
<b>Total noncurrent liabilities</b>	<b>2,942,110</b>	<b>10,101,870</b>	<b>-</b>	<b>-</b>	<b>13,043,980</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,579,380</b>	<b>10,671,083</b>	<b>143,008</b>	<b>264,727</b>	<b>14,658,198</b>	<b>97,687</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	2,065,192	334,104	-	272,708	2,672,004	1,607,737
Unrestricted	483,698	1,478,967	(39,070)	31,267	1,954,862	190,519
<b>Total net assets</b>	<b>\$ 2,548,890</b>	<b>1,813,071</b>	<b>(39,070)</b>	<b>303,975</b>	<b>4,626,866</b>	<b>1,798,256</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2007**

	Business-type Activities - Enterprise				Enterprise Fund Totals	Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance		
<b>Operating revenues:</b>						
Rental income	\$ 1,092,440	-	54,176	-	1,146,616	-
Fees	-	2,527,928	72,174	1,259,633	3,859,735	1,335,153
Food and beverage sales	1,500,809	-	-	-	1,500,809	-
State of Maine	-	-	323,650	-	323,650	-
Miscellaneous	204,637	-	-	-	204,637	9,347
<b>Total operating revenues</b>	<b>2,797,886</b>	<b>2,527,928</b>	<b>450,000</b>	<b>1,259,633</b>	<b>7,035,447</b>	<b>1,344,500</b>
<b>Operating expenses:</b>						
Personnel services	1,376,300	361,018	265,175	751,116	2,753,609	338,048
Contractual services	417,397	437,962	165,625	73,242	1,094,226	59,220
Supplies and materials	542,880	79,257	42,914	72,991	738,042	614,299
Fixed charges	13,964	21,569	7,471	253,240	296,244	-
Capital outlay	999	4,514	1,998	5,549	13,060	29,140
Depreciation	288,977	667,310	-	42,405	998,692	302,014
<b>Total operating expenses</b>	<b>2,640,517</b>	<b>1,571,630</b>	<b>483,183</b>	<b>1,198,543</b>	<b>5,893,873</b>	<b>1,342,721</b>
<b>Operating income (loss)</b>	<b>157,369</b>	<b>956,298</b>	<b>(33,183)</b>	<b>61,090</b>	<b>1,141,574</b>	<b>1,779</b>
<b>Nonoperating revenue (expense):</b>						
Interest income	35,907	2,251	-	-	38,158	-
Interest expense	(197,162)	(382,967)	(6,002)	(7,477)	(593,608)	(11,004)
Gain (loss) on sale of equipment	-	-	-	(14,897)	(14,897)	58,626
<b>Total nonoperating revenue (expense)</b>	<b>(161,255)</b>	<b>(380,716)</b>	<b>(6,002)</b>	<b>(22,374)</b>	<b>(570,347)</b>	<b>47,622</b>
<b>Net income (loss) before operating transfers</b>	<b>(3,886)</b>	<b>575,582</b>	<b>(39,185)</b>	<b>38,716</b>	<b>571,227</b>	<b>49,401</b>
<b>Operating transfers:</b>						
Transfer to other funds	(57,176)	(59,664)	-	(22,121)	(138,961)	(31,644)
<b>Total operating transfers</b>	<b>(57,176)</b>	<b>(59,664)</b>	<b>-</b>	<b>(22,121)</b>	<b>(138,961)</b>	<b>(31,644)</b>
<b>Change in net assets</b>	<b>(61,062)</b>	<b>515,918</b>	<b>(39,185)</b>	<b>16,595</b>	<b>432,266</b>	<b>17,757</b>
<b>Total net assets, beginning of year</b>	<b>2,609,952</b>	<b>1,297,153</b>	<b>115</b>	<b>287,380</b>	<b>4,194,600</b>	<b>1,780,499</b>
<b>Total net assets (deficits), end of year</b>	<b>\$ 2,548,890</b>	<b>1,813,071</b>	<b>(39,070)</b>	<b>303,975</b>	<b>4,626,866</b>	<b>1,798,256</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2007**

**Business-type Activities - Enterprise Funds**

	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	Governmental Activities Internal Service
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 2,895,361	2,525,509	462,575	1,213,567	7,097,012	1,351,719
Payments to suppliers	(1,016,960)	(390,155)	(216,019)	(386,228)	(2,009,362)	(657,989)
Payments to employees	(1,366,131)	(404,049)	(258,048)	(737,450)	(2,765,678)	(335,011)
Payments for interfund services used	-	(172,088)	(3,995)	(18,739)	(194,822)	-
Net cash provided by (used in) operating activities	512,270	1,559,217	(15,487)	71,150	2,127,150	358,719
<b>Cash flows from non-capital financing activities:</b>						
Operating transfers to other funds	(57,176)	(59,664)	-	(22,121)	(138,961)	(31,644)
Net cash used in non-capital financing activities	(57,176)	(59,664)	-	(22,121)	(138,961)	(31,644)
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(107,706)	-	-	(144,000)	(251,706)	(465,968)
Sale of capital assets	-	-	-	12,100	12,100	60,522
Increase (decrease) in interfund loans	99,095	(633,837)	21,489	90,348	(422,905)	89,375
Bond, note and lease principal payments	(249,119)	(485,000)	-	-	(734,119)	-
Interest paid	(197,162)	(382,967)	(6,002)	(7,477)	(593,608)	(11,004)
Net cash provided by (used in) financing activities	(454,892)	(1,501,804)	15,487	(49,029)	(1,990,238)	(327,075)
<b>Cash flows from investing activities:</b>						
Sale of investments	(35,907)	-	-	-	(35,907)	-
Investment income	35,907	2,251	-	-	38,158	-
Net cash provided by investing activities	-	2,251	-	-	2,251	-
Increase in cash	202	-	-	-	202	-
Cash, beginning of year	9,203	-	-	-	9,203	-
<b>Cash, end of year</b>	<b>\$ 9,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,405</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 157,369	956,298	(33,183)	61,090	1,141,574	1,779
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation	288,977	667,310	-	42,405	998,692	302,014
(Increase) decrease in operating assets:						
Accounts receivable	97,475	(2,419)	12,575	(46,066)	61,565	7,219
Prepaid expenses	(1,525)	(147)	(32)	(747)	(2,451)	(744)
Inventory	(5,572)	-	-	-	(5,572)	15,951
Increase (decrease) in operating liabilities:						
Accounts payable	(39,610)	(18,794)	(1,974)	802	(59,576)	29,463
Accrued wages and benefits	(1,051)	(434)	938	283	(264)	130
Accrued compensated absences	11,220	(42,597)	6,189	13,383	(11,805)	2,907
Refundable deposit	4,987	-	-	-	4,987	-
Net cash provided by (used in) operating activities	512,270	1,559,217	(15,487)	71,150	2,127,150	358,719

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

	<b>Agency Funds (Student Activities)</b>
<b>ASSETS</b>	
Cash	\$ 213,030
<b>Total assets</b>	<b>213,030</b>
<b>LIABILITIES</b>	
Due to student groups	213,030
<b>Total liabilities</b>	<b>213,030</b>
<b>NET ASSETS</b>	
Held in trust	\$ -

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting methods and procedures of the City of Augusta conform to generally accepted accounting principles (GAAP) as applied to government 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**

The City of Augusta was incorporated under the laws of the State of Maine in 1797 and operates under a council/manager form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Augusta (the primary government) and its component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which 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 appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, 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 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. Based upon the application of these criteria, there were no potential component units required to be included in this report.

Related Organizations:

There are certain organizations whose governing boards are appointed by the Augusta City Council. The City is not financially accountable for these organizations and therefore they are not component units of the City, but rather are considered "related organizations". They are as follows:

- Augusta Water District
- Augusta Sanitary District
- Augusta Parking District
- Augusta Housing Authority
- Old Fort Western Fund
- Trustees of the Lithgow Library and Reading Room

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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 City considers tax revenues to be available in the fund financial statements if they are collected within 60 days of the end of the current fiscal period. A one-year period is used for revenue recognition for all other governmental fund revenues. 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, ambulance receivables, interest revenue, and charges for services. Fines, licenses, and permits are not susceptible to accrual because generally they are not measurable until received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 New Cony High School fund is a capital projects fund, which accounts for the construction of the new Cony High School.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The City reports the following major proprietary funds:

Hatch Hill Landfill Fund accounts for the operation of the City's solid waste disposal.

Augusta Civic Center Fund accounts for the operation of the City's Civic Center.

Ambulance Fund accounts for the operation of the City's ambulance and emergency services.

Airport Fund accounts for the management of the airport owned by the State of Maine.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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 general and internal service funds and other functions of the government. 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 funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, and Equity**

**1. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at fair value. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**2. Interfund Receivables/Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**3. Community Development Loans Receivable**

The Community Development office maintains a revolving loan fund. The loans are made from program income derived from community development grants. There are two types of loans, direct and deferred.

Deferred loans are awarded to owner tenants, and are non-interest bearing. The outstanding loan balance is reduced by 10% each year the owner lives on the premises. Direct loans are interest bearing and monthly payments are due the City.

**4. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are generally recorded as expenditures when consumed rather than when purchased.

**5. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items.

**6. 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. 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.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Equipment and vehicles	5-25 years
Infrastructure	20-70 years

**7. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation and sick leave are accrued when incurred in the governmental-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.

**8. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**10. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**11. 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.

**12. Comparative Data**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgets**

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 which govern the City's operations. Historically, the budget has been prepared on a modified accrual basis of accounting.

The City charter requires that new budgets be submitted to the City Council not later than 90 days prior to the beginning of the new fiscal year, and the City Council shall make a reasonable effort to pass an annual appropriation resolve not later than 30 days prior to the beginning of that fiscal year.

Hearings are held to obtain public comments. The budget is legally enacted at the bureau level through the passage of an appropriation resolve. Any revisions to the budget that alter total expenditures must be approved by the Council.

All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts. Department level total expenditures should not exceed appropriations.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. For reporting under accounting principles generally accepted in the United States of America, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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Each year, the City Manager submits to the City Council a budget for the ensuing fiscal year with an accompanying budget message. The Manager's message explains the budget both in fiscal terms and in terms of the work programs. It outlines the proposed financial policies of the City for the coming fiscal year, describes the important features of the budget, indicates any major changes from the current year in financial policies, expenditures, and revenues, together with the reasons for such changes, summarizes the City's debt position, and includes such other material as the manager deems desirable. It also describes the tax impact of the proposed budget.

During the year ended June 30, 2007, the City budgeted to utilize \$1,222,791 and the Department of Public Schools budgeted to utilize \$845,000 of prior year undesignated fund balance as a budgeted use of surplus.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2007, expenditures did not exceed appropriations in any department.

**C. Deficit Fund Balances**

At June 30, 2007, the following funds had deficit fund balances:

Special Revenue Funds:

School health grant	\$ 112
Region 2 administrative	5,906
State agency grant	31,090
MELMAC college access	1,476
Chizzle Wizzle	580
Perkins Title IIC	3,192

These deficits will be funded by future grant revenue, charges for services or transfers.

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**DEPOSITS AND INVESTMENTS**

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As of June 30, 2007, the City had the following investments, some of which are classified as cash and cash equivalents:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
Repurchase agreement	\$ 5,000,000	N/A
Money market	108,406	N/A
Government mutual fund	22,932	N/A
U.S. Treasury Notes	49,664	0.378
Federal Home Loan Banks	10,144,480	1.823

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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*Custodial credit risk- deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City currently does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$173,457 of the City’s bank balance of \$10,799,221 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk- investments* – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City currently does not have an investment policy for custodial credit risk. Of the City’s \$5,000,000 investment in money market and repurchase agreements, 100% was collateralized by underlying securities held by the related bank, which were not in the City’s name.

*Credit risk* – Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The City currently does not have an investment policy for credit risk. As of June 30, 2007, the City’s investment in Federal Home Loan Banks was rated AAA by Standard & Poor’s.

*Interest rate risk* – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates have subsequently increased. Accordingly, holders of debt securities in the situation just described face the prospect of a loss should those securities be sold prior to maturity, even though cash flows under the debt contract remain unaffected by changes in interest rates. The City currently does not have a deposit policy for interest rate risk.

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**ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

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As of June 30, 2007, the City had the following accounts receivable with allowance for uncollectible account balances:

	General <u>Fund</u>	Augusta <u>Civic Center</u>	Hatch Hill <u>Landfill</u>	<u>Ambulance</u>
Accounts receivable	\$ 99,084	134,685	114,135	882,193
<u>Allowance for uncollectible accounts</u>	<u>(5,207)</u>	<u>(12,736)</u>	<u>(17,206)</u>	<u>(589,687)</u>
<b><u>Accounts receivable, net</u></b>	<b><u>\$ 93,877</u></b>	<b><u>121,949</u></b>	<b><u>96,929</u></b>	<b><u>292,506</u></b>

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

**PROPERTY TAX**

Property taxes for the current year were committed on July 25, 2006, 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. Prior to the commitment the City performed a revaluation.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$330,533 for the year ended June 30, 2007.

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 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.

The following summarizes the levy:

	<u>2007</u>	<u>2006</u>
Assessed value	\$ 1,461,889,800	928,172,900
Tax rate (per \$1,000)	16.50	26.00
Commitment	24,121,182	24,132,495
Supplemental taxes assessed	41,633	10,829
	24,162,815	24,143,324
Less:		
Abatements	44,132	37,723
Collections	23,493,905	23,312,969
<b>Current year taxes receivable at end of year</b>	<b>\$ 624,778</b>	<b>792,632</b>
Due date(s) - current year	½ Sept. 14, 2006	½ Sept. 15, 2005
	½ March 15, 2007	½ March 15, 2006
Interest rate on delinquent taxes	11.00%	6.50%
Collection rate	97.41%	96.71%
Taxes receivable - current year	\$ 624,778	792,632
Taxes receivable - prior years	237,985	197,234
Tax liens - prior year	460,883	390,132
<b>Total taxes receivables</b>	<b>\$ 1,323,646</b>	<b>1,379,998</b>

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2007</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,200,713	-	-	1,200,713
Construction in progress	26,740,831	4,299,182	-	31,040,013
Total capital assets not being depreciated	27,941,544	4,299,182	-	32,240,726
Capital assets, being depreciated:				
Buildings and building improvements	31,824,111	522,217	-	32,346,328
Machinery, vehicles and equipment	6,650,206	259,102	984,629	5,924,679
Infrastructure	27,100,165	706,155	-	27,806,320
Internal service fund equipment	3,637,298	446,871	149,348	3,934,821
Total capital assets being depreciated	69,211,780	1,934,345	1,133,977	70,012,148
Less accumulated depreciation for:				
Buildings and building improvements	21,617,398	641,093	-	22,258,491
Machinery, vehicles and equipment	4,177,636	479,815	676,349	3,981,102
Infrastructure	13,702,925	605,060	-	14,307,985
Internal service fund equipment	2,191,619	301,908	147,452	2,346,075
Total accumulated depreciation	41,689,578	2,027,876	823,801	42,893,653
Total capital assets being depreciated, net	27,522,202	(93,531)	310,176	27,118,495
<b>Governmental activities capital assets, net</b>	<b>\$ 55,463,746</b>	<b>4,205,651</b>	<b>310,176</b>	<b>59,359,221</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 428,950	-	-	428,950
Total capital assets not being depreciated	428,950	-	-	428,950
Capital assets, being depreciated:				
Buildings and building improvements	8,409,027	92,665	-	8,501,692
Machinery and equipment	1,661,832	159,041	57,850	1,763,023
Landfill	14,685,287	-	-	14,685,287
Total capital assets being depreciated	24,756,146	251,706	57,850	24,950,002
Less accumulated depreciation for:				
Buildings and building improvements	3,613,801	255,399	-	3,869,200
Machinery and equipment	821,040	124,847	30,853	915,034
Landfill	7,830,843	618,446	-	8,449,289
Total accumulated depreciation	12,265,684	998,692	30,853	13,233,523
Total capital assets being depreciated, net	12,490,462	(746,986)	26,997	11,716,479
<b>Business-type activities capital assets, net</b>	<b>\$ 12,919,412</b>	<b>(746,986)</b>	<b>26,997</b>	<b>12,145,429</b>

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

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**CAPITAL ASSETS, CONTINUED**

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

Governmental activities:

Legislative and executive	\$ 5,341
Finance and administration	29,506
City services	274,911
Community services	22,253
Public safety	177,272
Public works	605,061
Education	611,518
<u>Central garage</u>	<u>302,014</u>

**Total depreciation expense – governmental activities      \$ 2,027,876**

Business-type activities:

Augusta Civic Center	\$ 288,977
Hatch Hill Landfill	667,310
<u>Ambulance</u>	<u>42,405</u>

**Total depreciation expense – business-type activities      \$ 998,692**

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**LONG-TERM DEBT**

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Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 48,198,922	500,000	1,697,622	47,001,300	3,078,550
Capital leases	107,745	-	66,004	41,741	20,517
<u>Compensated absences</u>	<u>3,077,100</u>	<u>250,522</u>	<u>-</u>	<u>3,327,622</u>	<u>-</u>
<b>Governmental activities</b>					
<b><u>long-term liabilities</u></b>	<b><u>\$ 51,383,767</u></b>	<b><u>750,522</u></b>	<b><u>1,763,626</u></b>	<b><u>50,370,663</u></b>	<b><u>3,099,067</u></b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 10,184,740	-	711,315	9,473,425	711,315
Capital leases	22,804	-	22,804	-	-
Landfill closure	4,281,870	-	-	4,281,870	-
<u>Compensated absences</u>	<u>215,792</u>	<u>-</u>	<u>7,352</u>	<u>203,987</u>	<u>-</u>
<b>Business-type activities</b>					
<b><u>long-term liabilities</u></b>	<b><u>\$ 15,266,070</u></b>	<b><u>-</u></b>	<b><u>741,471</u></b>	<b><u>13,959,282</u></b>	<b><u>711,315</u></b>

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

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2007 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2007</u>
<b>Governmental activities:</b>					
Farrington, Lincoln/Cony	07/12/88	\$ 7,260,000	2009	6.900-7.500%	700,000
Public improvements Lot B	08/15/89	4,395,000	2010	6.500-6.700%	630,000
Public improvements	10/29/97	498,000	2008	4.537-4.687%	48,000
Public improvements	05/01/98	980,000	2009	4.533-4.833%	196,000
Public improvements	5/31/00	922,500	2010	5.281-5.406%	369,000
Public improvements	5/25/01	495,000	2011	4.149-4.574%	247,500
General obligation bonds #1 2002	10/30/02	179,000	2007	2.50%	35,800
General obligation bonds #2 2002	10/30/02	500,000	2012	2.500-3.450%	300,000
Pension obligation bonds 2003	2/13/03	13,150,000	2013	4.000-5.250%	12,525,000
General obligation bonds 2004	12/9/04	3,495,000	2024	2.750-4.250%	3,050,000
General obligation bonds 2005	5/18/06	28,450,000	2026	4.125-5.000%	28,400,000
<b>General Obligation Bonds 2007</b>	<b>4/25/07</b>	<b>500,000</b>	<b>2017</b>	<b>1.100-6.000%</b>	<b>500,000</b>
<b>Total governmental activities</b>					<b>47,001,300</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	6,305,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	3,168,425
<b>Total business-type activities</b>					<b>9,473,425</b>
<b>Total bonds and notes payable</b>					<b>\$ 56,474,725</b>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2007 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>
2008	\$ 3,078,550	2,079,358	5,157,908	711,315	502,775	1,214,090
2009	3,114,750	1,935,228	5,049,978	711,315	468,303	1,179,618
2010	2,791,750	1,798,046	4,589,796	711,315	433,305	1,144,620
2011	2,716,750	1,676,159	4,392,909	711,315	396,569	1,107,884
2012	2,764,500	1,554,513	4,319,013	711,315	357,970	1,069,285
2013-2017	15,580,000	5,729,106	21,309,106	3,556,575	1,189,631	4,746,206
2018-2022	9,630,000	2,584,116	12,214,116	2,360,275	229,120	2,589,395
2023-2027	7,325,000	856,078	8,181,078	-	-	-
<b>Total</b>	<b>\$ 47,001,300</b>	<b>18,212,604</b>	<b>65,213,904</b>	<b>9,473,425</b>	<b>3,577,673</b>	<b>13,051,098</b>

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

**CAPITAL LEASES**

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2007 was \$102,898.

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, 2007.

	Governmental <u>Funds</u>
2008	\$ 21,956
2009	21,956
Total minimum lease payments	43,912
Less: amount representing interest	2,171
<b>Present value of future minimum lease payments</b>	<b>\$ 41,741</b>

**STATUTORY DEBT LIMIT**

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. The City's outstanding long-term debt of \$56,474,725 at June 30, 2007 was within the statutory limit.

**OVERLAPPING DEBT**

In addition to the bonds and notes payable, the City is contingently responsible for the following debt as of June 30, 2007:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Augusta</u>	<u>City of Augusta's share of debt</u>
Kennebec County	\$ 1,783,688	16.21%	289,122

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$10,165,000 of the Augusta Water District's debt if the District was to default payment.

Reimbursement for Debt Service Expenditures - The State of Maine currently reimburses the City for a portion of the financing costs of certain school buildings. Continuation of such reimbursements is dependent upon continued appropriation by the state legislature.

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

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**ARBITRAGE REFUND**

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Pursuant to the Tax Reform Act of 1986, governments issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. Since August 15, 1986, the effective date of these rules, the City has not been subject to any arbitrage refunds as they have met the exceptions to the arbitrage regulations. During the past two fiscal years, the City has issued bonds which may be subject to an arbitrage calculation. The amount will not be determined until the related projects are completed.

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**INTERFUND BALANCES**

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As of June 30, 2007, the balances of interfund loans receivable/payable were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	9,726,340	(1,144,698)
New Cony High School	477,009	-	1,788,426
Special Revenue Funds:			
CDBG Loan Fund	-	7,637	-
Other City Special Revenues	241,420	-	(311,229)
Other School Special Revenues	368,825	-	-
School Lunch	315,163	-	(30,000)
Internal Service Fund	150,639	-	(31,644)
Proprietary Funds:			
Hatch Hill Fund	5,711,450	-	(59,664)
Augusta Civic Center	-	213,059	(57,176)
Airport	-	110,246	-
Ambulance	-	192,557	(22,121)
Capital Projects Fund	2,620,873	-	1,176,532
Permanent Fund	364,460	-	(1,308,426)
<b>Totals</b>	<b>\$ 10,249,839</b>	<b>10,249,839</b>	<b>-</b>

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**BUDGETARY VS. GAAP BASIS OF ACCOUNTING - GENERAL FUND**

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As required by accounting principles generally accepted in the United States of America, the School Department has recorded a revenue and an expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,542,670.

These amounts have been included as an intergovernmental revenue and as an education expenditure on Statement 2 and 4 (GAAP basis). There is no effect on the fund balance at the end of the year.

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

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**MAINE STATE RETIREMENT SYSTEM (MSRS) - CONSOLIDATED RETIREMENT PENSION PLAN**

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**Description of the Plan** - The City contributes to the Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The Maine State 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 State Retirement, 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 and the City is required to contribute at actuarially determined rates. The current rates range from 2.8 - 6.5% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine State Legislature. The City and School Department's contributions to the Retirement Participating Local District for the year ended June 30, 2007, 2006, and 2005 were \$339,253, \$324,201, and \$300,237, respectively.

**Maine State Retirement - Teachers Group**

**Description of Plan** - All school teachers, plus other qualified educators, participate in the Maine State Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State 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 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$2,542,670 (19.14%) for the fiscal year 2007. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 19.14% of their compensation. This cost is charged to the applicable grant.

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

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**DEFERRED COMPENSATION PLAN**

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The City offers its employees 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.

The City amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, were removed from the City's financial statements.

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**POST RETIREMENT - EMPLOYEE HEALTH CARE BENEFITS**

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In addition to providing pension benefits, the government provides certain health care and life insurance benefits for certain retired employees. All municipal employees except firefighters hired prior to January 1, 1992, and all firefighters hired prior to December 31, 2005 may become eligible for those benefits if they reach normal retirement age, while working for the government. Currently 71 employees are eligible and receiving benefits. The cost of retiree health care and life insurance benefits is recognized as an expenditure as claims are paid. For the year ending June 30, 2007, those costs total \$485,153.

The issuance of GASB Statements Nos. 43 and 45, which address accounting and financial reporting for post employment benefit plans other than pension plans, will have an impact on the recorded liabilities of the governmental activities of the City. These statements become effective for the City for the year ending June 30, 2009.

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**DESIGNATED FUND BALANCE**

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At June 30, 2007 designated fund balances consisted of the following:

General Fund - City:	
2008 use of fund balance	\$ 576,822
Cemetery land purchase	160,000
Police local match reserve	50,000
Fire local match reserve	31,128
Quimby Lot infrastructure reserve	59,837
Other reserves	69,088
Accrued benefit reserve	1,977,891

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**Total General Fund designated City fund balance** **\$ 2,924,766**

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General Fund - School:	
2008 use of fund balance	1,045,000
Accrued benefit reserve	136,777

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**Total General Fund designated School fund balance** **\$ 1,181,777**

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

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**TAX INCREMENT FINANCING DISTRICTS**

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The City currently has three approved tax increment financing districts the objective of which are to stimulate new investment in the community by financing, through a tax increment financing projects, various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. The following are a brief description of each:

**Mall Area Development District:** Initially established in 1990, the Mall Area Development District (also known as the Marketplace TIF) was created to support the development of a Mall Project. In May of 1992, the City amended its designation of the District and amended the Development Program. This amendment included approval of a 'Credit Enhancement Agreement' between the City and the project developers. As a result of these changes, the City has the following obligations. The City has agreed to pay the developers certain amounts over certain time periods as the area provides increased assessed value. The project is broken down into two phases. Phase I provides for annual payments of \$285,000 commencing in fiscal year 1993-1994 for a period of 20 years. Phase II provides for annual payments of \$400,000 for a period of 20 years commencing in fiscal year 2000-01 (amended to \$330,000 in fiscal year 2004-05). Additionally, in 2003-04, this TIF was amended to shelter additional amounts to support the economic development office of the City. For the year ended June 30, 2007, the City captured and paid \$547,656 and \$465,000 for Phase I and Phase II, respectively. During the year the City transferred \$262,000 for economic development, which was \$12,000 over the capped amount of \$250,000. The obligation of the City to make such payments is limited solely to the availability of funds provided for by Tax Increment Revenues and does not constitute a general debt or obligation on the part of the City. If funds are not sufficient to meet required payments, any deficiency shall be added to the next periodic payment obligation and paid from tax increment receipts. The City has reported this activity in the "Other City Special Revenue Funds".

**McCarthy TIF:** Initially established in 2001, the McCarthy TIF calls for 100% captured value in excess of the original district value of \$2,204,500. In 2005-06, 50% of this captured amount is earmarked to satisfy a credit enhancement agreement calling for allocations to the J.S. McCarthy Printing Co. The remaining 50% will be set aside by the City to fund the costs of the City's economic development office. For the year ended June 30, 2007, the City captured and paid \$30,860 under the credit enhancement agreement. The obligation of the City to make such payments is limited solely to the availability of funds provided for by Tax Increment Revenues and does not constitute a general debt or obligation on the part of the City. If funds are not sufficient to meet required payments, any deficiency shall be added to the next periodic payment obligation and paid from tax increment receipts. The City has reported this activity in the "Other City Special Revenue Funds".

**NRF Distributors TIF:** Initially approved in 2002, this TIF calls for 40% captured value in excess of the original district value of \$262,600. This amount is earmarked to satisfy a credit enhancement agreement calling for allocations to NRF Distributors. The remaining balance will first be sheltered to fund an additional \$100,000 paid by the developers to extend Gabriel Drive. For the year ended June 30, 2007, the City captured and paid \$32,634 to the developers. Thereafter, the remaining funds will not be captured and will revert to the General Fund. The obligation of the City to make such payments is limited solely to the availability of funds provided for by Tax Increment Revenues and does not constitute a general debt or obligation on the part of the City. If funds are not sufficient to meet required payments, any deficiency shall be added to the next periodic payment obligation and paid from tax increment receipts. The City has reported this activity in the "Other City Special Revenue Funds".

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

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**LANDFILL LIABILITIES**

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The City currently has a landfill which is accounted for in the Hatch Hill Enterprise Fund. The landfill is comprised of several sites: an old site, expansion I, an interim site, and expansion II. The old site and the expansion I site are currently at capacity and have been closed in accordance with Department of Environmental Protection Standards (DEP). The interim site has been temporarily closed in accordance with a DEP operating license. Expansion II is the current operating landfill. Expansion II has capacity for approximately 300,000 tons of municipal solid waste. As of June 30, 2007, a total of approximately 280,400 tons have been placed in the expansion II site.

The City has recognized a liability for landfill closure and postclosure costs in the Hatch Hill Enterprise Fund. This liability was calculated based on current cost estimates for closure of each site, estimates for leachate transportation, postclosure monitoring and maintenance. The total liability on current capacity is estimated at \$4,281,870 as follows:

Closure:	
Expansion II (93%)	\$ 1,897,981
Interim site	357,500
Expansion III (24%)	1,252,616
Postclosure monitoring, maintenance and leachate removal	<u>773,773</u>
<b>Total accrued liability for land- fill closure and postclosure costs</b>	<b><u>\$ 4,281,870</u></b>

The actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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**RISK MANAGEMENT - CITY**

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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 public entity risk pools or is effectively self-insured. Currently, the City participates in two public entity risk pool sponsored by the Maine Municipal Association. These pools and the risks of loss to which the City is exposed are as follows:

Based on the coverage provided by these pools, as well as certain coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2007.

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

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**CONTINGENT LIABILITIES**

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**Grant Funds** - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**Other Contingent Liabilities** - The City is a defendant in various law suits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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**COMMITMENTS**

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The Department of Public Schools has entered into contracts in connection with the construction of the new Cony High School with Wright-Ryan Construction. The following is a summary of the commitments at June 30, 2007:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
Construction contract	\$ 25,533,466	100.00%	25,533,466	21,278	21,278

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**NET ASSETS**

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Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets invested in capital assets, net of related debt was calculated as follows at June 30, 2007:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 102,252,874	25,378,952
Accumulated depreciation	(42,893,653)	(13,233,523)
Bonds payable	(47,001,300)	(9,473,425)
Add back unspent bond proceeds	414,650	-
Add back pension obligation bonds	12,525,000	-
Capital leases payable	(41,741)	-
<b><u>Total invested in capital assets net of related debt</u></b>	<b><u>\$ 25,255,830</u></b>	<b><u>2,672,004</u></b>

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

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**SCHOOL ADMINISTRATIVE REORGANIZATION**

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On June 6, 2007 the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation “School Administrative Reorganization” (“SAR”) as Public Law 2007, Chapter 240. The law sets forth state policy to ensure that schools are organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All school units and municipal school units (collectively School Administrative Units or “SAU”) are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law required existing SAUs to file a “Notice of Intent” with the Commissioner by August 31, 2007. The Notice of Intent must elect either to engage in planning and negotiating with other SAUs for the purpose of developing a reorganization plan to form a regional school unit (“RSU”), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent is subject to approval by the Commissioner of Education (the “Commissioner”), including approval of the election to file an alternative plan. SAUs are then required to submit a reorganization plan, or, if a SAU is exempted by the Commissioner, an alternative plan, by December 15, 2007. Reorganization plans approved by the Department of Education (“DOE”) are submitted to the voters in the proposed RSU. If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

All reorganization plans are subject to voter approval. A SAU whose plan is approved by the Commissioner in December, 2007 must hold a referendum on the plan on or before January 15, 2008. A SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December, 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The DOE will fund the cost of a referendum held on or before January 15, 2008. SAU’s, not otherwise exempt, that fail to approve a reorganization plan by November 4, 2008 and to implement that plan by July 1, 2009 will face financial penalties, starting on July 1, 2009. Penalties for SAUs that do not form appropriate RSUs by the beginning of FY 2010 include:

- A 50% reduction in minimum subsidy (the special education minimum);
- A 50% reduction in system administration costs includable for purposes of the funding model;
- Less favorable consideration in approval and funding for school construction;
- Loss of eligibility for transition adjustments; and
- The percentage of state subsidy will not increase to the highest level as called for in the four-year “ramp-up” of state funding for education (i.e., GPA will be consistent with a statewide average contribution of 53.86% instead of the 55% overall state share).

**GENERAL FUND**

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2007 and 2006**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,605,013	16,137,025
Investments	9,343,367	8,881,709
Receivables:		
Taxes	862,763	989,866
Tax liens	460,883	390,132
Due from other governments	362,173	72,610
Accounts receivable, (net of allowance for uncollectibles)	93,877	177,074
Inventory	6,938	3,001
Prepaid items	492,801	113,085
<b>Total assets</b>	<b>\$ 26,227,815</b>	<b>26,764,502</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	1,602,095	1,673,737
Accrued payroll and benefits	2,395,908	2,053,087
Escrow payable	10,800	2,400
Deferred revenue	1,068,128	1,009,747
Taxes received in advance	41,505	38,289
Interfund loans payable	9,726,340	10,150,902
<b>Total liabilities</b>	<b>14,844,776</b>	<b>14,928,162</b>
Fund balances:		
Reserved for:		
Encumbrances - City	437,635	223,596
Encumbrances - School	82,460	389,227
Inventory	6,938	-
Unreserved:		
Designated - City	2,924,766	3,506,278
Designated - School	1,181,777	981,777
Undesignated - City	5,448,042	4,839,973
Undesignated - School	1,301,421	1,895,489
<b>Total fund balances</b>	<b>11,383,039</b>	<b>11,836,340</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,227,815</b>	<b>26,764,502</b>

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2007**  
**(with comparative actual amounts for the year ended June 30, 2006)**

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real and personal property	\$ 22,794,499	22,992,663	198,164	22,887,351
Tax interest, lien penalties, payments in lieu	140,300	130,392	(9,908)	127,797
Excise taxes	2,800,853	2,917,174	116,321	2,846,618
<b>Total taxes</b>	<b>25,735,652</b>	<b>26,040,229</b>	<b>304,577</b>	<b>25,861,766</b>
<b>Licenses and permits</b>	<b>116,395</b>	<b>293,264</b>	<b>176,869</b>	<b>219,924</b>
<b>Intergovernmental:</b>				
Education	12,275,851	12,368,273	92,422	10,437,560
Tree growth reimbursement	15,000	28,622	13,622	-
Veterans exemption reimbursement	14,240	13,060	(1,180)	-
Homestead exemption	465,700	451,747	(13,953)	569,805
State revenue sharing	2,403,385	2,520,594	117,209	2,440,526
General assistance DHS/SSI	2,500	8,055	5,555	5,442
FEMA	-	-	-	40,540
Urban Rural Initiative Payment	323,588	319,804	(3,784)	323,588
<b>Total intergovernmental</b>	<b>15,500,264</b>	<b>15,710,155</b>	<b>209,891</b>	<b>13,817,461</b>
<b>Tuition and other charges for services - education</b>	<b>2,179,473</b>	<b>2,038,329</b>	<b>(141,144)</b>	<b>2,082,611</b>
<b>Charges for services:</b>				
Police	81,828	81,446	(382)	81,018
Fire	-	15	15	3,070
Library	1,500	864	(636)	867
Recreation	10,000	11,433	1,433	7,820
Trees	-	-	-	1,950
Parks	13,900	16,483	2,583	15,405
Dispatch	20,500	21,489	989	20,533
Public works	36,800	29,286	(7,514)	30,767
Finance and admin	102,425	114,449	12,024	113,591
<b>Total charges for services</b>	<b>266,953</b>	<b>275,465</b>	<b>8,512</b>	<b>275,021</b>
<b>Fees and fines:</b>				
Traffic tickets	14,000	7,360	(6,640)	7,816
Court fees	17,000	17,514	514	18,488
Lithgow Library	22,000	21,410	(590)	21,333
False alarm calls	5,000	5,175	175	5,825
<b>Total fees and fines</b>	<b>58,000</b>	<b>51,459</b>	<b>(6,541)</b>	<b>53,462</b>
<b>Unclassified:</b>				
Rents - City property	67,221	93,594	26,373	29,401
Cemeteries	26,000	33,587	7,587	23,165
Contributions	70,000	70,000	-	70,000
Animal control program	8,700	13,155	4,455	8,738
General assistance reimbursement	41,175	37,053	(4,122)	29,262
Cable TV franchise	211,885	213,029	1,144	211,885
Public safety miscellaneous revenue	-	18,008	18,008	4,454
Public Works miscellaneous	17,650	39,703	22,053	42,124
Workers compensation	5,000	40,245	35,245	26,362
Unclassified	50,180	38,979	(11,201)	49,408
<b>Total unclassified</b>	<b>497,811</b>	<b>597,353</b>	<b>99,542</b>	<b>494,799</b>
<b>Investment earnings</b>	<b>762,350</b>	<b>990,043</b>	<b>227,693</b>	<b>844,846</b>
<b>Total revenues</b>	<b>45,116,898</b>	<b>45,996,297</b>	<b>879,399</b>	<b>43,649,890</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 40,846	37,045	3,801	36,740
City management	247,357	247,350	7	239,279
Corporation counsel	136,985	135,362	1,623	130,568
Central services	9,625	11,016	(1,391)	9,602
Unclassified	164,311	145,325	18,986	149,883
Contingency	37,646	31,220	6,426	23,827
Total legislative and executive	636,770	607,318	29,452	589,899
Finance and administration:				
City clerk	185,658	182,583	3,075	174,687
Registrations and elections	31,755	27,000	4,755	30,005
City auditor	144,222	139,229	4,993	136,538
Information systems	365,347	356,768	8,579	321,467
Treasurer/tax collector	265,334	254,867	10,467	293,174
Assessor	212,711	188,630	24,081	209,049
Finance and administration	101,405	101,043	362	97,051
Human resources	213,603	212,364	1,239	202,115
Total finance and administration	1,520,035	1,462,484	57,551	1,464,086
City services:				
Economic development	232,838	211,443	21,395	190,167
Planning	107,062	110,739	(3,677)	78,762
Historic preservation	6,779	1,434	5,345	2,383
Code enforcement	280,882	271,636	9,246	240,392
City services administration	50,702	46,645	4,057	44,670
Engineering	173,082	146,526	26,556	143,505
City facilities	722,419	680,802	41,617	538,109
Total City services	1,573,764	1,469,225	104,539	1,237,988
Community services:				
Conservation Commission	2,762	1,819	943	1,781
Community services administration	195,810	192,336	3,474	185,263
Public library	564,912	547,525	17,387	515,488
Recreation	175,107	188,135	(13,028)	170,431
Bureau of trees and landscaping	175	175	-	92,011
Parks and cemeteries	775,888	780,034	(4,146)	677,863
Fort Western	111,698	108,466	3,232	106,031
Bicentennial Nature Park	58,410	56,383	2,027	54,833
Health and welfare	172,078	166,380	5,698	160,840
General assistance	77,350	73,805	3,545	56,312
Total community services	2,134,190	2,115,058	19,132	2,020,853

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 3,636,337	3,434,968	201,369	3,262,444
Fire	2,033,949	2,023,924	10,025	1,965,169
Civil Emergency Preparedness	5,800	3,578	2,222	4,726
Total public safety	5,676,086	5,462,470	213,616	5,232,339
Public works:				
Public works administration	121,881	121,762	119	119,692
Highway	1,562,393	1,405,634	156,759	1,284,948
Snow removal	862,690	742,295	120,395	754,132
Waste removal	739,083	716,229	22,854	704,933
Total public works	3,286,047	2,985,920	300,127	2,863,705
Education:				
Current:				
Administration	798,089	693,665	104,424	720,979
Elementary	7,321,171	7,031,245	289,926	6,802,659
Secondary	7,856,528	8,161,108	(304,580)	7,578,669
Special education	3,687,515	3,680,193	7,322	3,324,122
Adult education	520,885	507,276	13,609	483,346
District-wide	5,087,555	4,752,036	335,519	4,447,741
Debt service	509,127	508,646	481	536,436
Total education	25,780,870	25,334,169	446,701	23,893,952
Retirement and insurance:				
Retirement and insurance	1,708,500	1,702,124	6,376	1,563,118
Total retirement and insurance	1,708,500	1,702,124	6,376	1,563,118
Utilities:				
Sanitary sewer and drains	817,944	804,046	13,898	767,787
Lighting and electricity	518,893	519,015	(122)	472,308
Water	720,336	722,074	(1,738)	713,493
Total utilities	2,057,173	2,045,135	12,038	1,953,588

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Bad debts	\$ 20,000	1,834	18,166	3,274
County tax	1,349,610	1,349,609	1	1,271,219
Sick/vacation payout	-	48,464	(48,464)	47,500
Total unclassified	1,369,610	1,399,907	(30,297)	1,321,993
Debt service (excluding education)	1,302,281	1,224,430	77,851	1,305,832
Total expenditures	47,045,326	45,808,240	1,237,086	43,447,353
Excess (deficiency) of revenues over (under) expenditures	(1,928,428)	188,057	2,116,485	202,537
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,657,126	-	(1,657,126)	-
Budgeted utilization of surplus - School	845,000	-	(845,000)	-
Use of carryforwards - City	221,238	-	(221,238)	-
Use of carryforwards - School	330,894	-	(330,894)	-
Operating transfers to other funds - City	(1,256,435)	(1,297,086)	(40,651)	(816,112)
Operating transfers to other funds - School	(480,000)	(480,000)	-	(480,000)
Operating transfers from other funds	610,605	611,176	571	646,570
Total other financing sources (uses)	1,928,428	(1,165,910)	(3,094,338)	(649,542)
Net change in fund balance - budgetary basis	-	(977,853)	(977,853)	(447,005)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		437,635		223,596
Add back: encumbrances expended in budgetary - School		82,460		389,227
Transfers to reserves from undesignated fund balance		(60,000)		-
Change in reserves		64,457		(20,106)
Net change in fund balance - GAAP basis		(453,301)		145,712
Fund balance, beginning of year		11,836,340		11,690,628
<b>Fund balance, end of year</b>	<b>\$</b>	<b>11,383,039</b>		<b>11,836,340</b>

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the year ended June 30, 2007**

		Fund balances beginning of year	Revenues Unclassified	Expenditures Capital outlay	Transfers	Fund balances end of year
City reserves:						
1820	City Carry Forward	\$ 961	-	-	-	961
1901	Central Service Reserve	26,378	558	3,558	812	24,190
1902	Equipment Maintenance Self Reserve	24,487	-	10,755	5,164	18,896
1903	Sick and Vacation Reserve	1,977,891	-	-	-	1,977,891
1904	Cemetery Land Purchase Reserve	100,000	-	-	60,000	160,000
1905	Historic Preservation Reserve	7,196	-	-	5,345	12,541
1906	Police Local Match Reserve	50,000	-	-	-	50,000
1907	Fire Local Match Reserve	36,737	-	3,000	(2,609)	31,128
1908	Quimby Lot Infrastructure Reserve	59,837	-	-	-	59,837
1909	Actuarial study	-	-	-	12,500	12,500
Total City reserves		2,283,487	558	17,313	81,212	2,347,944
School reserves:						
1952	Sick and Vacation Reserve	136,777	-	-	-	136,777
Total School reserves		136,777	-	-	-	136,777
<b>Total reserves</b>		<b>\$ 2,420,264</b>	<b>558</b>	<b>17,313</b>	<b>81,212</b>	<b>2,484,721</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the purchase or construction of capital assets other than those accounted for in other funds.

### **PERMANENT FUNDS**

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.

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,622	-	264,431	319,053
Investments	-	-	478,629	478,629
Due from other governments	940,675	-	-	940,675
Accounts receivable	-	201,959	-	201,959
Inventory	35,838	-	-	35,838
Interfund loans receivable	925,408	2,620,873	364,460	3,910,741
Prepaid items	2,371	-	-	2,371
Notes receivable	191,571	-	-	191,571
<b>Total assets</b>	<b>\$ 2,150,485</b>	<b>2,822,832</b>	<b>1,107,520</b>	<b>6,080,837</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	164,016	260,954	-	424,970
Accrued payroll and benefits	350,150	-	-	350,150
Interfund loans payable	7,637	-	-	7,637
<b>Total liabilities</b>	<b>521,803</b>	<b>260,954</b>	<b>-</b>	<b>782,757</b>
Fund balances:				
Reserved for:				
Inventory	35,838	-	-	35,838
Noncurrent receivables	191,571	-	-	191,571
Principal	-	-	607,643	607,643
Unreserved, undesignated	1,401,273	2,561,878	499,877	4,463,028
<b>Total fund balances</b>	<b>1,628,682</b>	<b>2,561,878</b>	<b>1,107,520</b>	<b>5,298,080</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,150,485</b>	<b>2,822,832</b>	<b>1,107,520</b>	<b>6,080,837</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 1,076,150	-	-	1,076,150
Intergovernmental	4,520,291	-	-	4,520,291
Unclassified	1,515,363	407,620	-	1,922,983
Charges for services	696,695	-	-	696,695
Investment income	-	-	86,516	86,516
Donations	-	-	154,805	154,805
Total revenues	7,808,499	407,620	241,321	8,457,440
<b>Expenditures:</b>				
Finance and administration	1,077,813	-	-	1,077,813
City services	1,449,762	-	-	1,449,762
Community services	620,547	-	-	620,547
Public safety	498,891	-	-	498,891
Public works	123,902	-	-	123,902
Education	2,865,877	-	-	2,865,877
Food services	1,044,409	-	-	1,044,409
Capital outlay	-	1,428,838	-	1,428,838
Other miscellaneous	-	-	40,979	40,979
Total expenditures	7,681,511	1,428,838	40,979	9,151,328
Excess (deficiency) of revenues over (under) expenditures	126,988	(1,021,218)	200,342	(693,888)
<b>Other financing sources (uses):</b>				
Bond proceeds	-	500,000	-	500,000
Transfer to other funds	(341,229)	-	(1,308,426)	(1,649,655)
Transfer from other funds	-	1,176,532	-	1,176,532
Total other financing sources (uses)	(341,229)	1,676,532	(1,308,426)	26,877
Net change in fund balance	(214,241)	655,314	(1,108,084)	(667,011)
Fund balances, beginning of year	1,842,923	1,906,564	2,215,604	5,965,091
<b>Fund balances, end of year</b>	<b>\$ 1,628,682</b>	<b>2,561,878</b>	<b>1,107,520</b>	<b>5,298,080</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**  
**(with comparative totals for June 30, 2006)**

	CDBG Loan Fund	Other City Special Revenue Funds	Other School Special Revenue Funds	School Lunch	Totals	
					2007	2006
<b>ASSETS</b>						
Cash and cash equivalents	\$ 54,622	-	-	-	54,622	199,478
Due from other governments	-	398,621	520,321	21,733	940,675	551,342
Accounts receivable	-	-	-	-	-	120,737
Inventory	-	-	-	35,838	35,838	34,770
Interfund loans receivable	-	241,420	368,825	315,163	925,408	1,221,585
Prepaid items	-	1,368	1,003	-	2,371	4,313
Notes receivable	191,571	-	-	-	191,571	66,762
<b>Total assets</b>	<b>\$ 246,193</b>	<b>641,409</b>	<b>890,149</b>	<b>372,734</b>	<b>2,150,485</b>	<b>2,198,987</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other accrued liabilities	120	73,208	62,281	28,407	164,016	100,281
Accrued payroll and benefits payable	-	11,364	273,358	65,428	350,150	253,177
Interfund loans payable	7,637	-	-	-	7,637	2,606
<b>Total liabilities</b>	<b>7,757</b>	<b>84,572</b>	<b>335,639</b>	<b>93,835</b>	<b>521,803</b>	<b>356,064</b>
Fund balances:						
Reserved for inventory	-	-	-	35,838	35,838	34,770
Reserved for noncurrent loans receivable	191,571	-	-	-	191,571	66,762
Unreserved, undesignated	46,865	556,837	554,510	243,061	1,401,273	1,741,391
<b>Total fund balances</b>	<b>238,436</b>	<b>556,837</b>	<b>554,510</b>	<b>278,899</b>	<b>1,628,682</b>	<b>1,842,923</b>
<b>Total liabilities and fund balances</b>	<b>\$ 246,193</b>	<b>641,409</b>	<b>890,149</b>	<b>372,734</b>	<b>2,150,485</b>	<b>2,198,987</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2007**  
**(with comparative totals for the year ended June 30, 2006)**

	CDBG Loan Fund	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	School Lunch	Totals	
					2007	2006
<b>Revenues:</b>						
Property taxes	\$ -	1,076,150	-	-	1,076,150	1,128,548
Intergovernmental	-	1,330,595	2,723,839	465,857	4,520,291	3,914,167
Charges for services	-	-	65,509	631,186	696,695	677,633
Unclassified	272	1,461,584	45,233	8,274	1,515,363	1,738,140
<b>Total revenues</b>	<b>272</b>	<b>3,868,329</b>	<b>2,834,581</b>	<b>1,105,317</b>	<b>7,808,499</b>	<b>7,458,488</b>
<b>Expenditures:</b>						
Legislative and executive	-	310	-	-	310	-
Finance and administration	-	1,077,813	-	-	1,077,813	1,128,294
City services	25,459	1,424,303	-	-	1,449,762	352,010
Community services	-	620,547	-	-	620,547	698,036
Public safety	-	498,891	-	-	498,891	379,231
Public works	-	123,902	-	-	123,902	469,386
Education	-	-	2,865,877	-	2,865,877	2,722,735
Food services	-	-	-	1,044,409	1,044,409	1,021,670
<b>Total expenditures</b>	<b>25,459</b>	<b>3,745,766</b>	<b>2,865,877</b>	<b>1,044,409</b>	<b>7,681,511</b>	<b>6,771,362</b>
Excess (deficiency) of revenues over (under) expenditures	(25,187)	122,563	(31,296)	60,908	126,988	687,126
<b>Other financing uses:</b>						
Transfer to other funds	-	(311,229)	-	(30,000)	(341,229)	(405,373)
<b>Total other financing uses</b>	<b>-</b>	<b>(311,229)</b>	<b>-</b>	<b>(30,000)</b>	<b>(341,229)</b>	<b>(405,373)</b>
Net change in fund balances	(25,187)	(188,666)	(31,296)	30,908	(214,241)	281,753
Fund balances, beginning of year	263,623	745,503	585,806	247,991	1,842,923	1,561,170
<b>Fund balances, end of year</b>	<b>\$ 238,436</b>	<b>556,837</b>	<b>554,510</b>	<b>278,899</b>	<b>1,628,682</b>	<b>1,842,923</b>

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**June 30, 2007**  
**(with comparative totals for June 30, 2006)**

	Totals	
	2007	2006
<b>ASSETS</b>		
Accounts receivable	\$ 201,959	-
Interfund loans receivable	2,620,873	1,956,378
<b>Total assets</b>	<b>\$ 2,822,832</b>	<b>1,956,378</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	260,954	49,814
<b>Total liabilities</b>	<b>260,954</b>	<b>49,814</b>
Fund balances:		
Reserved for encumbrances	-	98,162
Unreserved, undesignated	2,561,878	1,808,402
<b>Total fund balances</b>	<b>2,561,878</b>	<b>1,906,564</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,822,832</b>	<b>1,956,378</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**For the year ended June 30, 2007**  
**(with comparative totals for the year ended June 30, 2006)**

	Totals	
	2007 (Schedule 3)	2006
Revenues:		
Unclassified	\$ 407,620	97,730
Total revenues	407,620	97,730
Expenditures:		
Capital outlay	1,428,838	1,061,861
Total expenditures	1,428,838	1,061,861
Deficiency of revenues under expenditures	(1,021,218)	(964,131)
Other financing sources:		
Bond proceeds	500,000	500,000
Transfer from other funds	1,176,532	767,675
Total other financing sources	1,676,532	1,267,675
Net change in fund balances	655,314	303,544
Fund balances, beginning of year	1,906,564	1,603,020
<b>Fund balances, end of year</b>	<b>\$ 2,561,878</b>	<b>1,906,564</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2007**

	City	School	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,008	248,423	264,431
Investments	478,629	-	478,629
Interfund loans receivable	364,460	-	364,460
<b>Total assets</b>	<b>\$ 859,097</b>	<b>248,423</b>	<b>1,107,520</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Principal	535,987	71,656	607,643
Unexpended income	323,110	176,767	499,877
<b>Total fund balances</b>	<b>859,097</b>	<b>248,423</b>	<b>1,107,520</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 859,097</b>	<b>248,423</b>	<b>1,107,520</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2007**

	City (Schedule 4)	School (Schedule 5)	Totals
<b>Revenues:</b>			
Investment income	\$ 68,967	17,549	86,516
Donations	150,521	4,284	154,805
Total revenues	219,488	21,833	241,321
<b>Expenditures:</b>			
Current:			
Other miscellaneous	27,133	13,846	40,979
Total expenditures	27,133	13,846	40,979
Excess of revenues over expenditures	192,355	7,987	200,342
<b>Other financing uses:</b>			
Transfer to other funds	(1,308,426)	-	(1,308,426)
Total other financing uses	(1,308,426)	-	(1,308,426)
Net change in fund balance	(1,116,071)	7,987	(1,108,084)
Fund balances, beginning of year	1,975,168	240,436	2,215,604
<b>Fund balances, end of year</b>	<b>\$ 859,097</b>	<b>248,423</b>	<b>1,107,520</b>

## **SCHEDULES**

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs:						
2019 Commemorative Quilts	\$ 2,885	-	820	-	-	3,705
2135 Meetings	-	-	310	310	-	-
Total legislative and executive	2,885	-	1,130	310	-	3,705
Finance and administration:						
Federal/State programs:						
2016 MMEHT Wellness Grant 2002	980	-	6,877	6,542	-	1,315
2017 MMEHT Employee Assistant Grant	4,520	-	3,010	2,490	-	5,040
2034 Kennebec Valley Assessing Project	3,300	2,946	-	6,246	-	-
Other programs:						
2009 TIF	-	-	1,076,150	666,150	(410,000)	-
2011 Old City Hall Redevelopment	94,746	-	-	-	(94,746)	-
2013 Fort Western Trustees	-	-	67,510	67,510	-	-
2014 Augusta Housing Authority	(379)	-	311,203	310,338	-	486
2015 Augusta Parking District	-	-	17,595	17,595	-	-
2089 Hurricane relief	942	-	-	942	-	-
2123 American Tissue	(2,250)	-	-	-	2,250	-
Total finance and administration	101,859	2,946	1,482,345	1,077,813	(502,496)	6,841
City services:						
Federal/State programs:						
2003 Maine State Housing Authority	1,306	-	-	-	-	1,306
2073 Façade Water Street	915	92,614	80,023	166,899	-	6,653
2078 Public Service Grant	-	22,685	-	22,685	-	-
2083 Union Street Reconstruction	-	640,511	-	640,511	-	-
2108 FEMA - Spring flooding	16,601	13,776	-	1,488	-	28,889
2114 Airport electrical work	-	9,000	-	9,000	-	-
2115 Storm water pollution	-	3,783	-	3,783	-	-
2116 Airport 139FAA	-	637	-	637	-	-
2122 Canal Street	50,000	280,089	80,732	435,821	25,000	-
2142 Regional efficiency grant	-	6,600	-	189	8,000	14,411
Other programs:						
2012 Sale of Cony HS	24,850	-	-	-	-	24,850
2021 APD/CRID parking solution	4,981	-	-	-	-	4,981
2024 Job retention program	75,000	-	-	-	(25,000)	50,000
2027 Lower Water St.	-	13,447	-	13,447	-	-
2028 Greenway bike path	1,222	-	-	-	-	1,222
2033 Kennebec River Rail Trail Phase 3	19,000	-	61,000	80,000	-	-
2075 Signalized intersections	20,765	-	1,121	-	-	21,886
2124 First time home buyers program	7,009	-	-	-	-	7,009
2127 Cony Road Ext sewer lines	-	-	-	2,781	129,746	126,965
2128 Tim Hortin traffic signal	-	-	40,000	18,851	-	21,149
2133 Museum in the streets	-	-	5,000	-	-	5,000
2134 Flat Iron reuse	-	-	-	28,211	57,750	29,539
2137 Fairfield Inn - Anthony Ave.	-	-	21,409	-	-	21,409
Total City services	221,649	1,083,142	289,285	1,424,303	195,496	365,269
Public works:						
Other programs:						
2035 ADP misc. work highway	-	-	25,609	25,546	-	63
2036 Accidents	-	-	62,871	60,518	-	2,353
2038 School miscellaneous work	-	-	24,480	24,480	-	-
2106 Townsend Road	13,208	-	-	13,208	-	-
2117 Public works special revenues	61	-	219	150	-	130
Total public works	13,269	-	113,179	123,902	-	2,546

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
<b>Community services:</b>						
Federal/State programs:						
2065 After School Daycare	\$ 48,740	14,210	281,148	293,728	-	50,370
2094 Greenway Trail Enhancement	3,309	-	-	-	-	3,309
2095 Blaine Memorial Trees	5,664	-	-	54	-	5,610
Other programs:						
2055 Tree board	10,784	-	800	702	(6,000)	4,882
2056 Edward Mill Site	6,603	-	-	-	-	6,603
2060 Stain Glass Lithgow Library	1,575	-	85	-	-	1,660
2061 Lost library books	2,891	-	35,250	30,957	-	7,184
2071 Skateboard park	1,314	-	-	-	-	1,314
2079 Recreation	4,588	-	145,383	122,842	-	27,129
2085 School mowing contract	412	-	93,680	78,883	-	15,209
2086 Bicentennial park	214	-	285	-	-	499
2087 Trolley Cars	910	-	-	-	-	910
2088 4th of July	15,974	-	400	10,269	-	6,105
2091 Urban comm forestry assistance	575	-	-	-	-	575
2096 Pleasant Hill Saw timber	11,620	-	200	5,550	(6,000)	270
2110 Bukee School donations	71	-	-	-	-	71
2111 Spring running	1,472	-	4,571	3,577	-	2,466
2121 Augusta Nature Trail	2,198	27,500	14,910	44,608	-	-
2130 Youth football	-	-	5,000	-	-	5,000
2138 Farmer's market	-	-	6,210	4,019	-	2,191
2139 Project Canopy	-	-	8,530	8,530	-	-
2140 New Cony planting	-	-	5,000	16,828	12,000	172
<b>Total community services</b>	<b>118,914</b>	<b>41,710</b>	<b>601,452</b>	<b>620,547</b>	<b>-</b>	<b>141,529</b>
<b>Public safety:</b>						
Federal/State programs:						
2041 Ride-a-long	-	12,725	-	11,304	(1,421)	-
2043 Community Policing	7,533	-	-	-	-	7,533
2047 Bullet Proof Vest	-	1,100	-	1,033	-	67
2048 Seatbelt Grant	-	2,524	-	2,524	-	-
2049 OUI Grant	-	4,066	-	4,066	-	-
2062 Fire prevention	8,850	-	-	1,248	-	7,602
2072 Safe Ways to School	15,703	2,921	-	18,624	-	-
2074 2004 Homeland Security Grant	235,831	-	-	235,831	-	-
2076 Edward Byrne Memorial Justice	2,304	-	-	2,304	-	-
2104 Law Enforcement Terrorist Prevention	-	12,448	-	12,448	-	-
2109 MMA 2005 Safety Grant	1,500	-	-	1,500	-	-
2112 Homeland Security Grant 2005	-	15,076	-	15,076	-	-
2113 Hazmat sustainment fund	-	1,532	-	1,532	-	-
2118 JAG Grant Canine Unit	-	18,290	237	17,918	-	609
2120 HSF - Kennebec Pool	-	4,726	-	4,093	-	633
2125 Speed enforcement	-	4,500	-	4,500	-	-
2126 Police service airport	-	75,523	-	75,523	-	-
2129 Firefighter assistance grant	-	47,366	-	49,975	2,609	-
Other programs:						
2040 Forfeiture fund	4,394	-	-	699	-	3,695
2042 Police outside work	1,793	-	39,754	34,337	(5,417)	1,793
2044 Juvenile program	4,692	-	2,590	-	-	7,282
2050 Fire prevention education	3,358	-	180	-	-	3,538
2051 Fire alarm maintenance	969	-	5,200	2,929	-	3,240
2131 Fire officer II program	-	-	1,000	1,000	-	-
2132 Safety grant	-	-	955	-	-	955
2141 SOG Team V response	-	-	427	427	-	-
<b>Total public safety</b>	<b>286,927</b>	<b>202,797</b>	<b>50,343</b>	<b>498,891</b>	<b>(4,229)</b>	<b>36,947</b>
<b>Total City special revenue funds</b>	<b>\$ 745,503</b>	<b>1,330,595</b>	<b>2,537,734</b>	<b>3,745,766</b>	<b>(311,229)</b>	<b>556,837</b>

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
2507/41	Title IVA - Drug free schools	\$ 22,405	21,232	13,298	(8,000)	22,339
2508	Title IIA - Improving Teacher Quality	281,898	161,616	207,818	(60,000)	175,696
2509	Title IA - Chapter I - disadvantaged	12,910	1,051,752	959,835	-	104,827
2511	Title V	-	22,511	79,128	68,000	11,383
2515	Local entitlement	-	784,298	777,582	-	6,716
2520-23	Learning center	25,597	127,426	136,637	-	16,386
2524	Technology Literacy	27,702	12,146	19,320	-	20,528
2526/33	National Science Foundation	35	-	-	-	35
2527	Pre-School	17,318	19,977	22,085	-	15,210
2534	Rural Low Income	-	86,238	84,884	-	1,354
2537	School Health Grant	692	2,000	2,804	-	(112)
2538	Reading First - Gilbert	-	119,268	117,410	-	1,858
2539	Title III - ESL	9,809	18,225	16,660	-	11,374
2542	Reading First - Farrington	-	183,837	166,888	-	16,949
2603	Cony Maine Youth Voices	1,800	654	1,645	-	809
2615	ESL Refugee	776	-	-	-	776
Total federal programs		400,942	2,611,180	2,605,994	-	406,128
State programs:						
2501	Maine Arts Commission	2,617	-	2,617	-	-
2503	Work study project	606	2,228	1,561	-	1,273
2505	Region 2 Administrative	-	(2,015)	3,891	-	(5,906)
2518	Learning results	10,387	17,549	23,197	-	4,739
2525	Health clinic	307	-	-	-	307
2536	State Agency Grant	-	2,326	33,416	-	(31,090)
2544	Healthy community Maine grant	-	600	507	-	93
2612	State agency - outside students	43,134	-	-	-	43,134
Total state programs		57,051	20,688	65,189	-	12,550
Other programs:						
2535	Teamwork for Kids	1,000	-	-	-	1,000
2540	MELMAC College Access	-	13,529	15,005	-	(1,476)
2543	Sam's Club gifted/talented	1,000	-	1,000	-	-
2604	Sports Done Right	1,835	-	1,696	-	139
2605-06	Summer School	-	5,600	152	-	5,448
2607	Chizzle whizzle	-	16,392	16,972	-	(580)
2616	Stagehand, student stipends	1,081	2,509	3,368	-	222
Total other programs		4,916	38,030	38,193	-	4,753
Special projects:						
2625	CTV 7	36,916	7,203	9,038	-	35,081
Total special projects		36,916	7,203	9,038	-	35,081
Subtotal		\$ 499,825	2,677,101	2,718,414	-	458,512

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
2512	ABE federal program	\$ -	58,655	58,655	-	-
2516	Workforce development	784	-	-	-	784
2529	Perkins Title II C	-	3,035	6,227	-	(3,192)
Total federal programs		784	61,690	64,882	-	(2,408)
State programs:						
2532	Jail education program	20,999	30,281	31,091	-	20,189
Total state programs		20,999	30,281	31,091	-	20,189
Other programs:						
2613	Self-supporting General Teaching	23,896	25,981	26,204	-	23,673
2614	Health Occupation Education	24,678	35,082	21,710	-	38,050
2622	KLC Computer Lab	15,624	4,446	3,576	-	16,494
Total other programs		64,198	65,509	51,490	-	78,217
<b>Total School Special Revenues</b>		<b>\$ 585,806</b>	<b>2,834,581</b>	<b>2,865,877</b>	<b>-</b>	<b>554,510</b>

**CITY OF AUGUSTA, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

	<b>Balances beginning of year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Bond Proceeds</b>	<b>Transfers in (out)</b>	<b>Balances end of year</b>
<b>City Funds:</b>						
3000 Fiscal 2000	\$ 49,672	-	17,334	-	-	32,338
3001 Fiscal 2001	42,407	2,288	-	-	-	44,695
3002 Fiscal 2002	-	20	-	-	-	20
3003 Fiscal 2003	299,552	-	11,330	-	(5,720)	282,502
3004 Fiscal 2004	231,569	11,033	93,679	-	19,981	168,904
3005 Fiscal 2005	285,934	13,011	142,863	-	-	156,082
3006 Fiscal 2006	685,966	352,146	741,207	-	653,771	950,676
3007 Fiscal 2007	2,621	13,982	419,526	500,000	493,920	590,997
3008 Fiscal 2008	-	-	-	-	14,580	14,580
3086 Dickman Parking Garage	280,679	15,140	-	-	-	295,819
3097 Fiscal 1997	9,275	-	843	-	-	8,432
3098 Carry Forward	18,889	-	2,056	-	-	16,833
<b>Total nonmajor capital projects</b>	<b>\$ 1,906,564</b>	<b>407,620</b>	<b>1,428,838</b>	<b>500,000</b>	<b>1,176,532</b>	<b>2,561,878</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - City**  
**For the year ended June 30, 2007**

City Funds	Fund balance, principal, beginning of year	Fund balance		Investment income	Expenditures	Transfers in (out)	Fund balance principal, end of year	Fund balance unexpended income, end of year
		Fund balance, income, beginning of year	Donations					
6001 New Cony High School	\$ -	1,375,174	147,271	35,667	2,869	(1,308,426)	-	246,817
6501 L. W. Titcomb Playground	6,281	(468)	-	330	242	-	6,281	(380)
6502 Lithgow Library	24,933	371	-	1,434	1,051	-	24,933	754
6503 St. Mark's Church	11,968	(37)	-	676	496	-	11,968	143
6504 Addie Wright	150	8	-	-	-	(158)	-	-
6505 Anna Brown	74	5	-	-	-	(79)	-	-
6506 Annie and Seth Goodwin	400	22	-	-	-	(422)	-	-
6507 Cemetery Trust Fund	141,483	(2,704)	-	8,334	6,555	9,134	150,105	(413)
6508 Church Williams	100	6	-	-	-	(106)	-	-
6509 Dora Barry Taylor	100	6	-	-	-	(106)	-	-
6510 Dr. Carl Hutchinson	598	35	-	-	-	(633)	-	-
6511 Elaine Webber	249	15	-	-	-	(264)	-	-
6512 Ellen F. Dutton	100	6	-	-	-	(106)	-	-
6513 Emma Sylvester	100	6	-	-	-	(106)	-	-
6514 EST Leadbetter & Page	149	9	-	-	-	(158)	-	-
6515 Everett Withee	100	6	-	-	-	(106)	-	-
6516 Forest Grove Cemetery	75,538	4,449	-	4,605	7,382	-	75,538	1,672
6517 George Cottle	100	6	-	-	-	(106)	-	-
6518 Gordon Drew	1,995	117	-	-	-	(2,112)	-	-
6519 H. Williams	149	9	-	-	-	(158)	-	-
6520 Horace Leighton	100	6	-	-	-	(106)	-	-
6521 Isaac and Alice Garside	498	30	-	-	-	(528)	-	-
6522 ITF Edwin B. Thorne	199	12	-	-	-	(211)	-	-
6523 ITF Janet Wade	299	18	-	-	-	(317)	-	-
6524 ITF Lucinda Downe	50	3	-	-	-	(53)	-	-
6525 ITF Silas Jackson	100	6	-	-	-	(106)	-	-
6526 J. Albert Knowles	100	6	-	-	-	(106)	-	-
6527 John M. Currier	100	6	-	-	-	(106)	-	-
6528 John R. Philbrook	100	6	-	-	-	(106)	-	-
6529 Kling Trust	9,974	587	-	608	975	-	9,974	220
6530 L. B. Scribner	249	15	-	-	-	(264)	-	-
6531 Lena Haskell	291	18	-	-	-	(309)	-	-
6532 Luther Barr	180	10	-	-	-	(190)	-	-
6533 M. Morrell/Burns	149	9	-	-	-	(158)	-	-
6534 M. Tuek & E. Steve	199	12	-	-	-	(211)	-	-
6535 N.B.K Pettingill	299	18	-	-	-	(317)	-	-
6536 Nash Robinson	100	6	-	-	-	(106)	-	-
6537 Pauline B. Carter	498	30	-	-	-	(528)	-	-
6538 Pearl Fisher Scholarship	199	12	-	-	-	(211)	-	-
6539 Pierce Flower	199	12	-	-	-	(211)	-	-
6540 R. W. Brown/Pelton	100	6	-	-	-	(106)	-	-
6541 Wesley Cummings	149	9	-	-	-	(158)	-	-
6542 Wm. and Sylvia Vaughn	100	6	-	-	-	(106)	-	-
6543 Alice Reynolds Trust	11,565	(89)	-	651	493	-	11,565	69
6544 Ed E. Gage Family Trust	49,566	1,820	-	2,934	4,000	-	49,566	754
6545 Edwards Dam Scholarship	27,899	(106)	-	1,573	1,000	-	27,899	467
6546 Eliza Church Fund	3,376	-	-	192	150	-	3,376	42
6547 Ira Bunker	499	17	-	30	61	-	499	(14)
6548 Lipman Memorial Trust	4,057	843	-	276	100	-	4,057	1,019
6549 Miriam Titcomb Trust	22,660	914	-	1,281	938	-	22,660	1,257
6550 Peavy Scholarship Fund	4,211	45	-	243	259	-	4,211	29
6551 Sanford Legacy	1,496	(5)	-	85	62	-	1,496	18
6552 Cony Family Fund	12,497	(1,665)	-	615	500	-	12,497	(1,550)
6553 Tree Board Trust	-	28,631	-	1,534	-	-	-	30,165
6554 Bicentennial Nature Park	-	27,317	-	2,392	-	-	-	29,709
6555 Cemetery Perpetual Care	104,362	5,805	3,250	5,127	-	-	104,362	14,182
6556 Mall Mitigation Land Trust	15,000	(2,230)	-	380	-	-	15,000	(1,850)
<b>Total City Funds</b>	<b>\$ 535,987</b>	<b>1,439,181</b>	<b>150,521</b>	<b>68,967</b>	<b>27,133</b>	<b>(1,308,426)</b>	<b>535,987</b>	<b>323,110</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - School**  
**For the year ended June 30, 2007**

School Funds	Fund balance					Fund balance principal, end of year	Fund balance unexpended income, end of year
	Fund balance, principal, beginning of year	unexpended income, beginning of year	Investment income	Other revenues	Expenditures		
6251 Auto Mechanic Scholarship	\$ -	5,477	238	-	700	-	5,015
6252 Childcare Scholarship	290	214	23	-	-	290	237
6253 CATC Multi-media Scholarship	595	58	30	-	-	595	88
6254 CATC Plumbing And Heating	-	768	30	-	250	-	548
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	301	3	-	-	-	304
6256 CHS Class of 1938 Scholarship Fund	-	2,567	112	-	250	-	2,429
6257 CHS Special Music Concert (held at CHS)	-	593	7	1,724	2,090	-	234
6258 Cony Restoration Fund	-	1,522	69	-	-	-	1,591
6259 Devina Mudge Scholarship	-	695	25	-	600	-	120
6260 Ebbie Brooks Math and Science Fund	-	582	26	-	20	-	588
6261 Edgar A. Hussey Memorial	-	5,483	248	-	200	-	5,531
6262 Eliza Church Fund	-	797	36	-	-	-	833
6263 Frank Hewins Music	-	680	31	-	-	-	711
6264 Friedlander Memorial Award	-	47	2	-	-	-	49
6265 Georgianna Hayes English	-	1,086	50	-	-	-	1,136
6266 Jon Crockett Memorial Fund	-	2,365	107	-	-	-	2,472
6267 Lanny Cooper Memorial	-	1,034	46	-	-	-	1,080
6268 Lee and Larry Leighton Scholars	-	4,316	193	-	200	-	4,309
6269 Mable Thompson	-	627	28	-	25	-	630
6270 Theresa Brannigan Memorial	-	769	35	-	-	-	804
6271 Titcomb Fund	-	33,305	1,509	-	-	-	34,814
6272 Florence Tanner McIntire Memorial	-	1,675	75	-	300	-	1,450
6273 Pat MacFarland Memorial	-	237	4	-	241	-	-
6274 Mallory Dulac Scholarship	-	5,506	247	-	500	-	5,253
6275 Cony High Scholarship (held at CHS)	-	3,713	51	-	-	-	3,764
6701 Ann Williams Funds	2,000	9,319	513	-	-	2,000	9,832
6702 Alumni Hall restoration	400	18,725	866	35	-	400	19,626
6703 Arthur E. Shea Memorial	1,161	(30)	50	-	300	1,161	(280)
6704 CATC School Wide Scholarship	10,000	(1)	453	-	-	10,000	452
6705 CHS Class of 1943 Scholarship Fund	7,212	2,697	447	-	500	7,212	2,644
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	22,456	8,114	-	-	-	30,570
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	8,952	201	-	-	-	9,153
6708 Carpentry Scholarship	75	636	29	-	250	75	415
6709 Charles McGrail Scholarship	3,257	987	190	-	150	3,257	1,027
6710 Dorothy Giddings Fund	1,000	2,945	178	-	400	1,000	2,723
6711 Edward Albing Math Fund	500	187	31	-	20	500	198
6713 Food Service Scholarship	15	78	4	-	-	15	82
6714 Garside English Fund	600	107	31	-	50	600	88
6715 Helen Dyer Scholarship	1,717	713	110	-	-	1,717	823
6716 H. Graham Nye CATC Scholarship	2,500	(343)	98	-	-	2,500	(245)
6717 Jim Marchildon Scholarship	1,705	7,686	420	1,475	4,000	1,705	5,581
6718 Karen Carey Scholarship	2,577	745	145	-	400	2,577	490
6719 Louis Ochmanski Scholarship	2,500	837	149	-	200	2,500	786
6720 Louise Webber Fund	10,000	5,146	686	-	-	10,000	5,832
6722 Mable I. Morton	1,970	818	127	-	-	1,970	945
6723 Mable Richmond Fund	200	211	18	-	25	200	204
6724 Machine Tool Scholarship	15	178	9	-	-	15	187
6725 Melanie Ann Cote Scholarship	1,800	1,928	169	-	-	1,800	2,097
6726 Nora Jackson Scholarship	3,000	4,858	352	-	250	3,000	4,960
6727 Raymond Falconia Fund	5,000	949	266	-	450	5,000	765
6728 Richard Ayotte Scholarship	2,050	96	98	-	-	2,050	194
6729 Sandra Lipman Arts Fund	2,220	(674)	70	-	-	2,220	(604)
6730 Theodore Rhoades Memorial	5,000	1,780	307	-	-	5,000	2,087
6731 Thomas Bishop Memorial Scholarship	2,297	617	133	50	-	2,297	800
6732 Maine Veterans Home	-	504	13	-	475	-	42
6733 Child Care Options	-	252	11	-	-	-	263
6734 G & E Roofing	-	1,004	32	500	1,000	-	536
6735 Maine Science Corp Director	-	-	4	500	-	-	504
<b>Total School Funds</b>	<b>\$ 71,656</b>	<b>168,780</b>	<b>17,549</b>	<b>4,284</b>	<b>13,846</b>	<b>71,656</b>	<b>176,767</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year Ended June 30, 2007**

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007
<b>ASSETS</b>				
Cash	\$ 223,941	683,998	694,909	213,030
<b>Total assets</b>	<b>\$ 223,941</b>	<b>683,998</b>	<b>694,909</b>	<b>213,030</b>
<b>LIABILITIES</b>				
Due to student groups	223,941	683,998	694,909	213,030
<b>Total liabilities</b>	<b>\$ 223,941</b>	<b>683,998</b>	<b>694,909</b>	<b>213,030</b>

**STATISTICAL SECTION**

**CITY OF AUGUSTA, MAINE**  
**Government-wide Expenses by Function**  
**Last Five Fiscal Years**

Fiscal year	Legislative and executive	Finance and administration	City services and public works				Education	Retirement and insurance	Utilities
			Community services	Public safety	Augusta Civic Center	Hatch Hill Landfill			
2003	\$ 1,649,442	759,861	3,365,923	2,222,759	4,990,504	28,609,739	1,444,711	2,107,913	
2004	1,525,583	799,314	3,560,352	2,340,370	5,017,437	28,167,122	1,579,957	2,110,899	
2005	593,157	2,574,468	3,238,089	2,465,706	5,459,336	28,860,857	1,458,605	1,891,239	
2006	577,232	2,616,040	4,559,929	2,432,732	5,164,109	29,396,723	1,541,180	1,953,588	
2007	590,439	2,804,888	5,428,832	2,435,759	5,868,011	31,804,424	1,433,560	2,043,033	

Unclassified	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Total
\$ 3,375,553	217,015	1,093,333	989,578	2,740,829	1,882,110	383,866	854,430	56,687,566
5,404,041	240,820	1,030,789	320,249	2,804,081	2,423,384	375,821	1,138,584	58,838,803
1,245,371	154,231	1,129,094	101,826	2,756,456	2,212,682	411,678	988,682	55,541,477
1,336,969	181,357	1,348,833	1,461,956	2,828,352	3,018,672	432,140	1,229,298	60,079,110
1,440,886	1,442,027	1,353,725	127,814	2,837,679	1,954,597	489,185	1,206,020	63,260,879

Only five years have been presented because 2003 was the year GASB Statement No. 34 implemented.

**CITY OF AUGUSTA, MAINE**  
**Government-wide Revenues**  
**Last Five Fiscal Years**

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2003	\$ 10,591,058	16,828,960	249,349	25,698,103	2,773,577	572,677	455,410	57,169,134	
2004	10,669,424	18,176,812	591,418	25,977,414	2,969,273	230,190	795,914	59,410,445	
2005	10,126,546	15,852,689	336,377	27,648,715	2,932,607	913,190	2,533,438	60,343,562	
2006	10,571,366	17,097,427	120,274	27,479,074	3,010,331	1,686,457	2,146,525	62,111,454	
2007	10,366,856	20,385,932	-	27,681,053	3,014,023	1,195,325	2,207,466	64,850,655	

Only five years have been presented because 2003 was the year GASB Statement No. 34 implemented.

**CITY OF AUGUSTA, MAINE**  
**General Fund Expenditures by Function - Budgetary Basis**  
**Last Ten Fiscal Years**

Year	City services and public works										Capital	Total
	Legislative and executive	Finance and administration	and public works	Community services	Public safety	Insurances and utilities	Unclassified	County	Education	Debt service		
1998	\$ 1,154,125	567,169	3,525,582	1,752,270	4,383,198	2,319,645	163,570	905,443	19,023,866	1,223,905	331,787	35,350,560
1999	1,294,178	621,615	2,872,967	1,657,595	4,469,332	2,423,836	550,961	907,261	20,048,538	1,274,000	288,064	36,408,347
2000	1,348,789	687,942	2,810,895	1,696,616	4,668,417	2,563,493	46,271	923,910	20,292,065	1,295,121	500,573	36,834,092
2001	1,479,817	732,150	3,069,726	1,758,860	4,333,753	3,369,256	361,650	967,133	21,189,136	1,053,031	1,235,604	39,550,116
2002	1,393,480	734,239	3,001,316	2,058,400	4,771,026	3,679,068	55,902	1,032,866	22,232,493	1,210,712	301,359	40,470,861
2003	1,333,025	750,628	2,966,127	2,219,539	4,845,665	3,552,624	158,188	1,092,007	22,710,095	1,052,479	-	40,680,377
2004	1,357,108	770,768	2,981,857	2,335,567	4,876,575	3,690,856	41,498	1,175,364	22,422,435	1,052,084	-	40,704,112
2005	610,324	1,374,810	3,953,540	2,003,704	4,903,819	3,349,844	(14,454)	1,234,872	23,037,625	1,065,492	-	41,519,576
2006	589,899	1,464,086	4,101,693	2,020,853	5,232,339	3,516,706	50,774	1,271,219	23,893,952	1,305,832	-	43,447,353
2007	607,318	1,462,484	4,455,145	2,115,058	5,462,470	3,747,259	50,298	1,349,609	25,334,169	1,224,430	-	45,808,240

Table 4

**CITY OF AUGUSTA, MAINE**  
**General Fund Revenues by Source - Budgetary Basis**  
**Last Ten Fiscal Years**

Fiscal year	Licenses and permits		Inter-governmental	Charges for services	Fines and fees	Investment earnings	Unclassified	Total
	Taxes	and permits						
1998	\$ 22,664,914	139,650	10,357,846	1,643,261	17,954	514,797	593,347	35,931,769
1999	22,388,370	218,097	11,039,470	1,767,706	18,359	561,559	710,280	36,703,841
2000	23,392,171	199,655	11,280,800	2,300,802	24,078	665,626	627,739	38,490,871
2001	24,233,540	180,316	12,410,358	1,779,140	37,325	976,638	472,931	40,090,248
2002	24,638,041	178,492	12,697,557	2,008,673	44,301	608,637	757,532	40,933,233
2003	25,251,253	204,666	12,739,376	2,099,126	24,527	475,208	673,116	41,467,272
2004	25,514,600	180,976	13,222,437	2,233,881	42,945	219,288	492,791	41,906,918
2005	26,166,249	228,753	13,521,824	2,320,924	63,645	453,846	520,503	43,275,744
2006	25,861,766	219,924	13,817,461	2,357,632	53,462	844,846	494,799	43,649,890
2007	26,040,229	293,264	15,710,155	2,313,794	51,459	990,043	597,353	45,996,297

Table 5

**CITY OF AUGUSTA, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>Total tax levy</b>	<b>Current tax collections</b>	<b>% of levy collected</b>	<b>Prior year tax collections</b>	<b>Total tax collections</b>	<b>% of total tax collection to levy</b>
1998	\$	20,196,369	19,318,947	95.66%	1,169,763	20,488,710	101.45%
1999		20,286,033	19,319,920	95.24%	713,514	20,033,434	98.75%
2000		20,789,821	19,886,796	95.66%	825,434	20,712,230	99.63%
2001		22,010,273	21,111,582	95.92%	1,075,709	22,187,291	100.80%
2002		22,629,151	21,816,956	96.41%	755,714	22,572,670	99.75%
2003		23,263,776	22,364,810	96.14%	683,187	23,047,997	99.07%
2004		23,700,680	22,990,568	97.00%	704,836	23,695,404	99.98%
2005		24,254,710	23,661,231	97.55%	827,605	24,488,836	100.97%
2006		24,105,601	23,312,969	96.71%	520,677	23,833,646	98.87%
2007		24,118,683	23,493,905	97.41%	681,130	24,175,035	100.23%

Table 6

**CITY OF AUGUSTA, MAINE**  
**Assessed and State Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal year	Assessed Value		Total		Ratio assessed to state
	Real property	Personal property	Assessed value	State value	
1998	\$ 789,231,500	102,046,900	891,278,400	853,350,000	104.44%
1999	758,011,300	111,141,800	869,153,100	861,700,000	100.86%
2000	762,747,900	101,983,200	864,731,100	861,850,000	100.33%
2001	788,781,700	108,786,200	897,567,900	869,500,000	103.23%
2002	801,226,100	118,658,100	919,884,200	912,200,000	100.84%
2003	815,134,900	120,636,100	935,771,000	928,000,000	100.84%
2004	822,193,800	113,263,200	935,457,000	990,400,000	94.45%
2005	836,811,900	96,499,400	933,311,300	1,064,250,000	87.70%
2006	834,194,300	93,978,600	928,172,900	1,202,450,000	77.19%
2007	1,364,574,200	97,315,600	1,461,889,800	1,380,800,000	105.87%

Table 7

**CITY OF AUGUSTA, MAINE**  
**Ratio of Net General Bonded Debt**  
**to Assessed Value and Net Bonded**  
**Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal year	Population	Assessed value	Gross debt	Enterprise debt	Net bonded debt	Ratio net debt to value	Net debt per capita
1998	21,041	\$ 891,278,400	11,383,191	590,000	10,793,191	1.21%	513
1999	20,915	869,153,100	9,809,785	-	9,809,785	1.13%	469
2000	21,325	864,731,100	19,446,093	9,700,000	9,746,093	1.13%	457
2001	18,560	897,567,900	22,843,473	13,515,000	9,328,473	1.04%	503
2002	18,560	919,884,200	21,128,600	13,030,000	8,098,600	0.88%	436
2003	18,560	935,771,000	32,863,829	12,318,685	20,545,144	2.20%	1,107
2004	18,560	935,457,000	30,872,107	11,607,370	19,264,737	2.06%	1,038
2005	18,560	933,311,300	32,295,385	10,896,055	21,399,330	2.29%	1,153
2006	18,560	928,172,900	58,383,662	10,184,740	48,198,922	5.19%	2,597
2007 (a)	18,560	1,461,889,800	56,474,725	9,473,425	47,001,300	3.22%	2,532

Sources for population information:

State of Maine Department of Human Services, research department, for 1995 through 2000, except for 1996 and 1997 which were estimated by Kennebec Valley Council of Governments. Population for 2001 was obtained from the U.S. Census Bureau.

(a) The City performed a revaluation prior to the commitment.

Table 8

**CITY OF AUGUSTA, MAINE**  
**Principal Taxpayers**  
**June 30, 2007**

Taxpayer	Business	Assessed value	% of total value
Capital Augusta Properties	Retail	\$ 82,058,800	5.61%
Central Maine Power	Public Utility	68,048,500	4.65%
Gall, Edward	Rental/retail	28,001,500	1.92%
Wal-Mart Stores, Inc.	Retail	19,242,400	1.58%
Seventy Seven Sewall St Assoc	Office building	18,060,500	1.32%
Meadowpark Development Corp	Apts/Offices	17,293,000	1.24%
Taurus Business Center Lmtd	Retail	13,775,200	1.18%
Pomerleau, Frank X. trustee	Retail	12,661,600	0.94%
CAP Center Associates LP	Developer	11,079,500	0.87%
Shuman, Charles & Nancy/ESN	Retail	10,227,500	0.76%

**SINGLE AUDIT SECTION**



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

City Council and Board of Education  
City of Augusta, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2007, which collectively comprise the City of Augusta, Maine's basic financial statements and have issued our report thereon dated November 20, 2007. 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.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Augusta, Maine's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Augusta, Maine's financial statements that is more than inconsequential will not be prevented or detected by the City of Augusta, Maine's internal control. We consider the deficiency described in the accompanying schedule of findings as item #2007-1 to be a significant deficiency in internal control over financial reporting.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Augusta, Maine's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Augusta, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2007-2.

We also noted certain additional matters that we reported to management of the City of Augusta, Maine in a separate letter dated November 20, 2007.

This report is intended solely for the information and use of the City Council, Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 20, 2007  
South Portland, Maine



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

City Council and Board of Education  
City of Augusta, Maine:

Compliance

We have audited the compliance of the City of Augusta, Maine, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Augusta, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Augusta, Maine's management. Our responsibility is to express an opinion on the City of Augusta, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Augusta, Maine's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Augusta's compliance with those requirements.

As described in items #2007-3 and #2007-4 in the accompanying schedule of findings and questioned costs, the City of Augusta, Maine did not comply with the requirements regarding reporting that are applicable to its U.S. Department of Education, Title IA - Disadvantaged (CFDA #84.010) and Special Education Cluster (CFDA #84.027, 84.173) programs, and cash management that is applicable to its U.S. Department of Education, Title IIA - Improving Teacher Quality (CFDA#84.367) program. As described in item #2007-5 in the accompanying schedule of findings and questioned costs, the City of Augusta, Maine did not comply with the requirements regarding cash management that are applicable to its U.S. Department of Homeland Security, Homeland Security Grant Program (CFDA #97.004, 97.074). Compliance with such requirements is necessary, in our opinion, for the City of Augusta, Maine to comply with requirements applicable to those programs.

In our opinion, except for the noncompliances described in the preceding paragraph, the City of Augusta, Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133, CONTINUED**

Internal Control Over Compliance

The management of the City of Augusta, Maine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Augusta, Maine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Maine's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Augusta, Maine's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Augusta, Maine's internal control.

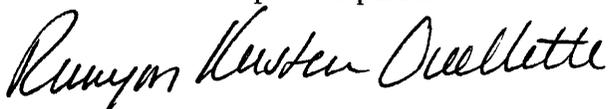
A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Augusta, Maine's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2007, and have issued our report thereon dated November 20, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the City Council, Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 20, 2007  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2007**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2006	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2007
					Federal	Other			
U.S. Department of Education,									
Passed through Maine Department of Education:									
2512 Adult Basic Education									
2509 Title IA	84.002	6296/6297	\$ 98,534	-	98,534	-	98,534	-	-
2515 Special Education State Grants Individuals with Disabilities Act	84.010	6334	1,051,752	12,910	1,051,752	-	959,835	-	104,827
2520 Carl Perkins - Basic grant (learning center)	84.027	6317	784,298	-	784,298	-	777,582	-	6,716
2527 PreSchool	84.048	5159	127,426	25,597	127,426	-	136,637	-	16,386
2511 Title V - Innovative	84.173	6241	19,977	17,318	19,977	-	22,085	-	15,210
2524 Technology Literacy	84.298	1072	22,511	-	22,511	68,000	79,128	-	11,383
2538 Reading First - Gilbert	84.318	1006	12,146	27,702	12,146	-	19,320	-	20,528
2542 Reading First - Farrington	84.357	1101	119,268	-	119,268	-	117,410	-	1,858
2534 Rural Low Income	84.357	1101	183,837	-	183,837	-	166,888	-	16,949
2539 Title III - ESL	84.358	1078	86,238	-	86,238	-	84,884	-	1,354
2508 Teacher Quality grant	84.365	1004	18,225	9,809	18,225	-	16,660	-	11,374
Passed through Maine Office of Substance Abuse:									
2507 Drug Free Schools and Communities	84.367	1138	161,616	281,898	161,616	-	207,818	60,000	175,696
Total U.S. Department of Education									
	84.186	N/A	21,232	22,405	21,232	-	13,298	8,000	22,339
				397,639	2,707,060	68,000	2,700,079	68,000	404,620
U.S. Department of Housing and Urban Development, passed through Department of Economic and Community Development:									
2073 CDBG - Boothby Street	14.228	G705065	127,500	915	92,614	80,023	92,614	74,285	6,653
2078 CDBG - Housing Assistance Grant	14.228	G905104	50,000	-	22,685	-	22,685	-	-
Total U.S. Department of Housing and Urban Development									
				915	115,299	80,023	115,299	74,285	6,653
U.S. Department of Agriculture, passed through the Maine Dept. of Ed:									
2617 National School Lunch Program	10.555	7128	N/A	228,390	367,940	598,212	367,940	565,175	261,427
School Breakfast Program	10.553	7127	N/A	-	82,113	-	82,113	-	-
Summer Food Service Program	10.559	7130	N/A	-	1,402	-	1,402	-	-
Food Donation Program	10.550	6134	N/A	15,509	55,650	-	53,687	-	17,472
Total U.S. Department of Agriculture									
				243,899	507,105	598,212	505,142	565,175	278,899
U.S. Department of Justice, passed through the Maine Department of Justice:									
2043 Community Policing	16.579	N/A	23,060	7,533	-	-	-	-	7,533
2047 Bulletproof Vests	16.607	N/A	N/A	-	1,100	-	1,033	-	67
2076 Justice Assistance Grant	16.738	N/A	N/A	2,304	-	-	2,304	-	-
2118 Justice Assistance Grant	16.738	N/A	N/A	-	18,290	237	17,918	-	609
Passed through the Maine Department of Education:									
2603 Youth Voices	16.727	N/A	N/A	1,800	654	-	1,645	-	809
Total U.S. Department of Justice									
				11,637	20,044	237	22,900	-	9,018
U.S. Department of Transportation:									
Direct programs:									
2049 OUI Grant	20.600	N/A	N/A	-	4,066	-	4,066	-	-
2125 Speed Enforcement	20.600	N/A	N/A	-	4,500	-	4,500	-	-
2048 Seabell Grant	20.604	N/A	N/A	-	2,524	-	2,524	-	-
Passed through the Maine Department of Transportation:									
2083 Highway Planning and Construction	20.205	N/A	50,000	-	5,484	635,027	5,484	635,027	-
2121 Recreational Trails Program	20.219	N/A	27,500	2,198	27,500	14,910	27,500	17,108	-
Total U.S. Department of Transportation									
				2,198	44,074	649,937	44,074	652,135	-

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2007**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2006	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2007
					Federal	Other			
U.S. Department of Human Services, passed through the Maine Department of Education:									
2615 Refugee resettlement	93.576	5019	\$ -	776	-	-	-	-	776
2537 Comprehensive School Health	93.938	6312	2,000	692	2,000	-	2,804	-	(112)
Passed through the Maine Department of Human Services:									
2065 Child Care Development Fund	93.575	N/A	21,046	48,740	14,210	281,148	14,210	279,518	50,370
Total U.S. Department of Human Services				50,208	16,210	281,148	17,014	279,518	51,034
U.S. Department of Homeland Security:									
Direct program:									
2062 Fire Prevention Safety Grant	97.044	N/A	25,665	8,850	-	-	1,248	-	7,602
2129 Assistance to Firefighters Grant	97.044	N/A	47,366	-	47,366	2,609	47,366	2,609	-
2108 FEMA Disaster Assistance	97.036	N/A	91,842	16,601	13,776	-	1,488	-	28,889
Passed through Maine Emergency Management Agency:									
2074 Homeland Security Grant	97.004	N/A	275,000	235,831	-	-	235,831	-	-
2120 Homeland Security Grant	97.004	N/A	24,141	-	4,726	-	4,093	-	633
2113 Hazmat Sustainment	97.004	N/A	N/A	-	1,532	-	1,532	-	-
2112 Homeland Security Grant	97.066	N/A	459,062	-	15,076	-	15,076	-	-
2104 Law Enforcement Terrorism Prevention	97.074	N/A	N/A	-	12,448	-	12,448	-	-
2126 Law Enforcement Terrorism Prevention	97.074	N/A	N/A	-	75,523	-	75,523	-	-
Total U.S. Department of Homeland Security				261,282	170,447	2,609	394,605	2,609	37,124
<b>Totals</b>				<b>\$ 967,778</b>	<b>3,580,239</b>	<b>1,680,166</b>	<b>3,799,113</b>	<b>1,641,722</b>	<b>787,348</b>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF AUGUSTA, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2007**

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**PURPOSE OF THE SCHEDULE**

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Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Augusta, Maine for the fiscal year ended June 30, 2007. The reporting entity is defined in notes to basic financial statements of the City of Augusta, Maine.
  
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  
  - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Augusta, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
  
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City of Augusta, Maine's fund financial statements.

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2007**

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**Section I-Summary of Auditor's Results**

**Basic financial statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified not considered to be a material weakness?	yes
Noncompliance material to financial statements noted?	yes

**Federal Awards**

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified not considered to be material weaknesses?	no
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
10.553 - 10.559	School Lunch Cluster
84.010	Title 1A
97.004, 97.074	Homeland Security

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	no

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section II - Findings Required to be Reported Under *Government Auditing Standards***

**SIGNIFICANT DEFICIENCIES**

**#2007-1 - School Department Accounting System**

Currently, the School Department accounting system only accounts for expenditures within the School Department's general and special funds. The School Department and City should consider whether one single accounting system could meet both of their needs rather than continued use of duplicative systems. We understand there have been discussions in this regard but that currently there are no plans for change. Alternatively, if the School Department continues the use of a separate, distinct general ledger system, we would recommend that the system be expanded such that proper accounting practices are being followed. The system should represent a complete, self-balancing group of accounts organized by funds as required by Handbook IIR. This would require that the School Department maintain balance sheet accounts to represent their assets and liabilities, as well as accounts in which revenues could be posted and tracked. All accounts should be reconciled to the City on a regular basis. In addition to this being an acceptable accounting practice (self-balancing groups of accounts), the School Department would benefit in the preparation of certain reports such as the annual form EF-M-45, required by the State Department of Education. Currently the revenues are manually entered on the form from the City's records.

**COMPLIANCE FINDING**

**#2007-2 - Exceeding Tax Incremental Financing District Cap**

During our review of the Tax Incremental Financing District payments, it was noted that the payment made to support the economic development office from the Mall Area Development District Phase I TIF exceeded the cap that is placed on those payments. According to the Marketplace at Augusta TIF District Amendment; up to \$250,000 of annual tax incremental revenues being generated from Phase I of the Mall Area Development District be sheltered and applied toward eligible operational expenses of the Office of Economic and Community Development for the remaining duration of the District. The City transferred \$262,000 for economic development, which exceeded the cap by \$12,000.

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Findings and Questioned Costs for Federal Awards**

**#2007-3 - U.S. Department of Education, for the Period July 1, 2006 through June 30, 2007, CFDA #84.010 Title IA – Disadvantaged and CFDA #84.027, 84.173 Special Education Cluster**

Statement of Condition: The ending balances reported on the cash management report for federal programs did not reflect the balances reported on the City's accounting system.

Criteria: The City is required to submit financial information on the cash management report to its pass-through entity, which is the State of Maine.

Effect: The pass-through entity may not be able to correctly monitor its subrecipient's cash management if the information provided is incorrect.

Cause: Some beginning balances on the cash management report did not reconcile with the balances on the accounting system. Also, some revenues and expenditures reported on the accounting system did not reconcile with those that were reported on the cash management report.

Recommendation: The cash management reports should be carefully reviewed and compared to what is being reported on the City's accounting system before being submitted to the State of Maine.

Questioned Costs: None

**#2007-4 - U.S. Department of Education, for the Period July 1, 2006 through June 30, 2007, CFDA #84.367 Title IIA – Improving Teacher Quality**

Statement of Condition: The Title IIA – Improving Teacher Quality program had excess cash balances on hand for excessive periods of time.

Criteria: Draw downs of federal funds must be made as close as possible to the time of making distributions. Time should be minimized between the transfer from the U. S. Treasury and the disbursement of funds by the recipient.

Effect: Excess cash on hand could result in the payment of federal funds being delayed or denied.

Cause: Allowable cost expenditures under the Special Education Grant from July 1, 2005 through June 30, 2006 were not sufficient to prevent a month-end cash overflow, as defined by the State of Maine, for certain months.

Recommendation: Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs: None

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Findings and Questioned Costs for Federal Awards, Continued**

**#2007-5 - U.S. Department of Homeland Security, for the Period July 1, 2006 through June 30, 2007, CFDA #97.004, 97.074 Homeland Security Grant Program**

Statement of Condition: The City drew down funds and did not disburse all of those funds in the required 120 days. Also, the City had a significant drawdown of funds on hand for a period of time (108 days) before disbursing those funds, without submitting the interest earned on those funds to the U.S. Treasury.

Criteria: Grantees are permitted to draw down funds up to 120 days prior to disbursement, but must place those funds in an interest-bearing account, and the interest earned must be submitted to the U.S. Treasury.

Effect: The City did not disburse all funds within the 120 day period and had earned interest on Homeland Security funds without submitting that interest to the U.S. Treasury.

Cause: The City did not disburse all funds until 143 days after receiving them (\$15,000). The City also held on to a significant amount of funds (\$231,331) for a significant amount of time (108 days) before making the disbursement, and did not submit the applicable interest earned on those funds.

Recommendation: The City should disburse funds before or immediately after receiving the reimbursement from the State, or submit interest earned on funds that it has held for a significant time period.

Questioned Costs: None

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV - Status of Prior Year Findings and Questioned Costs**

**#2006-2 - U.S. Department of Education, for the Period July 1, 2005 through June 30, 2006, CFDA #84.010 Title IA – Disadvantaged and CFDA #84.027, 84.173 Special Education Cluster**

Statement of Condition: The ending balances reported on the cash management report for federal programs did not reflect the balances reported on the City's accounting system.

Status: See current year finding #2007-3

**#2006-3 - U.S. Department of Education, for the Period July 1, 2005 through June 30, 2006, CFDA #84.367 Title IIA – Improving Teacher Quality**

Statement of Condition: The Title IIA – Improving Teacher Quality program had excess cash balances on hand for excessive periods of time.

Status: See current year finding #2007-4