

**CITY OF AUGUSTA, MAINE**

**Financial Report**

**June 30, 2005**

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**June 30, 2005**

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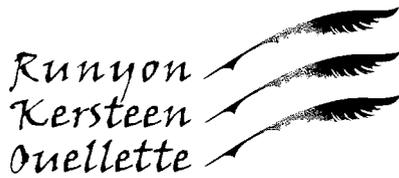
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## Independent Auditor's Report

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, 2005, 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 October 7, 2005, 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, contracts and grants 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 internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering 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 financial statements and statistical tables 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 financial statements 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.

A handwritten signature in black ink, reading "Raymond Keith Ouellette". The signature is written in a cursive style with a large initial 'R'.

October 7, 2005  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2005**

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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, 2005. 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 2005 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net assets were \$28.1 million at June 30, 2005. Of this total, \$23.5 million were governmental assets and \$4.6 million were business-type assets.
- The City's net assets grew by \$4.8 million. Of this amount, the governmental activities had an increase in net assets of \$4.3 million. The business-type activities increased by just over \$500,000; a decrease of \$286,000 in net capital assets and an increase of \$820,000 in unrestricted net assets.
- City-wide governmental revenues include program revenues of \$19.4 million, a decrease of \$4.0 million, and general revenues of \$34.0 million, an increase of \$3.8 million. Business-type income was \$6.9 million, an increase of \$0.9 million.
- Total City-wide governmental expenses were \$49.2 million, a decrease of 5.63 % and business-type activities were \$6.4 million, a decrease of 5.53 %, for total expenditures of \$55.5 million, a decrease of \$3.3 million.

**Fund Level:**

- Governmental Fund Balance decreased by \$4.9 in Fiscal 2005 to \$7.9 million. Governmental Fund Revenues total \$53.1 million, with total expenditures of \$62.0 million. Other Financing Sources and Uses added \$4.1 million. General Fund Revenues totaled \$45.6 million, with total expenditures of \$43.5 million, for an excess of revenues over expenditures of \$2.0 million. Total Other Financial Sources and Uses was (\$0.6) million. The increase in the General Fund Balance was \$1.4 million for Fiscal 2005.

**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-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.

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

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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 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.

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.

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

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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 Propriety 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 2) presented in the city-wide statement of net assets and statement of activities.

**Table 1 - Governmental Activities**

	<u>2005</u>	<u>2004</u>	<u>\$ Variance</u>
Current and other assets	\$41,783,872	\$19,247,276	22,536,596
Capital assets	38,855,550	26,715,922	12,139,628
<b>Total assets</b>	<u>80,639,422</u>	<u>45,963,198</u>	<u>34,762,224</u>
Long-term liabilities	21,625,758	19,581,260	2,044,498
Other liabilities	35,535,421	6,890,779	28,644,642
<b>Total liabilities</b>	<u>57,161,179</u>	<u>26,472,039</u>	<u>30,689,140</u>
Net assets:			
Invested in capital assets (net of debt)	17,447,597	20,264,462	(2,816,865)
Restricted	604,093	602,379	1,714
Unrestricted	5,426,553	(1,375,882)	6,802,435
<b>Total net assets</b>	<u>\$23,478,243</u>	<u>\$19,491,159</u>	<u>3,987,284</u>

Capital assets net of related debt increased by 14% or \$2.8 million. The City's long-term liabilities (primarily debt) increased by \$2.0 million. Seventy - three percent (74.3 %) 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. Two and one half percent (2.5%) of net assets represent resources that are subject to external restrictions in their uses. The remaining balance of \$5.4 million is unrestricted net assets.

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

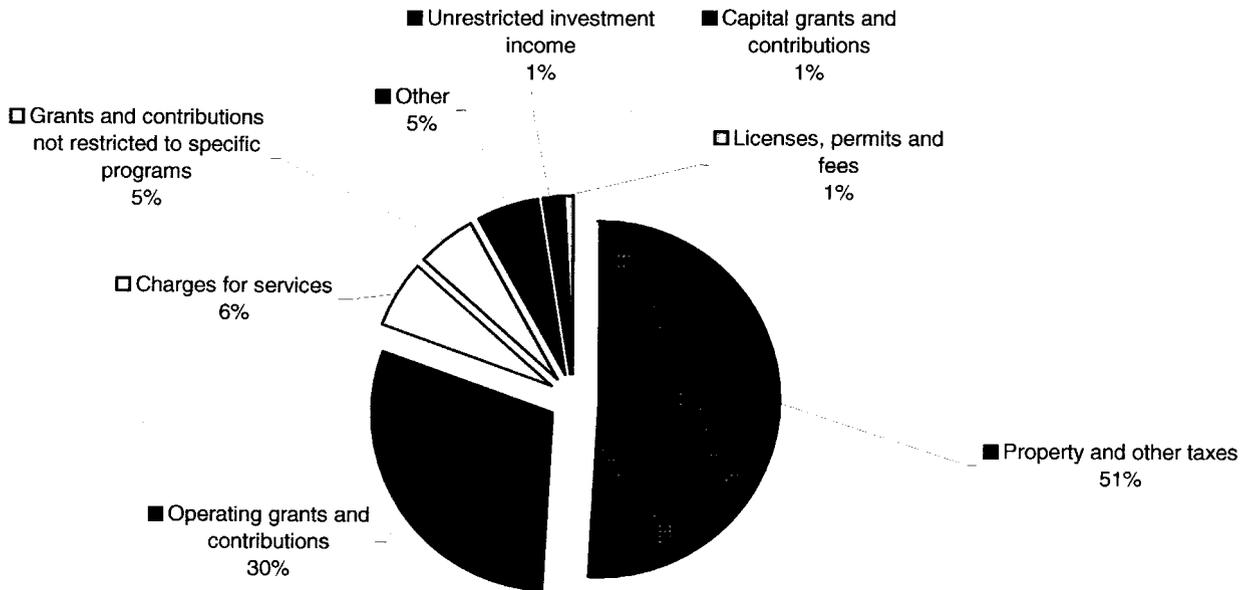
**Changes in Net Assets:**

	<u>2005</u>	<u>2004</u>	<u>\$ Variance</u>
<b>Sources of Revenues:</b>			
<b>Program Revenues</b>			
Charges for services	\$3,210,003	\$ 4,668,885	(\$1,458,882)
Operating grants and contributions	15,852,689	18,176,812	(2,324,123)
Capital grants and contributions	336,377	591,418	(255,041)
	<u>19,399,069</u>	<u>23,437,115</u>	<u>(4,038,046)</u>
<b>General Revenues</b>			
Property and other taxes	27,206,753	25,600,021	1,606,732
Grants and contributions not restricted to specific programs	2,932,607	2,969,273	(36,666)
Licenses, permits and fees	441,962	377,393	64,569
Unrestricted investment income	631,647	228,901	402,746
Other	2,828,833	1,021,416	1,807,417
	<u>34,041,802</u>	<u>30,197,004</u>	<u>3,844,798</u>
<b>Total Revenues</b>	<b>\$53,440,871</b>	<b>\$ 53,634,119</b>	<b>(\$193,248)</b>
<b>Functional Expenses:</b>			
Legislative and executive	\$ 586,959	\$ 1,525,583	\$ (938,624)
Finance and administration	2,574,468	799,314	1,775,154
City services	1,529,364	3,560,352	(2,030,988)
Community services	2,465,706	2,340,370	125,336
Public safety	5,459,336	5,017,437	441,899
Public works	1,708,725	0	1,708,725
Education	28,860,857	28,167,122	693,735
Insurance and retiree benefits	1,458,605	1,579,957	(121,352)
Utilities	1,891,239	2,110,899	(219,660)
Unclassified	1,245,371	5,404,041	(4,158,670)
Interest on debt	154,231	240,820	(86,589)
Central garage	1,129,094	1,030,789	98,305
Capital maintenance expenses	101,826	320,249	(218,423)
<b>Total Expenses</b>	<b>\$ 49,165,781</b>	<b>\$ 52,096,933</b>	<b>\$ (2,931,152)</b>
Increase (decrease) in net assets	\$ 4,275,090	\$ 1,537,186	\$ 2,737,904
Net assets – beginning of year, restated	<u>19,203,153</u>	<u>17,953,972</u>	
<b>Net assets – end of year</b>	<b>\$ 23,478,243</b>	<b>\$ 19,491,158</b>	<b>\$ 3,987,085</b>

Governmental activities resulted in a positive change in net assets of \$4.3 million. Program revenues decreased \$4.0 million, with Operating grants and contributions decreased 12.8 % or \$2.3 million. Charges for services decreased \$1.5 Million. The inter – departmental charges from the internal service fund were netted for FY 2005. This resulted in a decrease of \$.9 million in charges for service. General revenues increased \$3.8 million or a 12.6 % growth. The growth in other revenues resulted from a \$1.6 million increase in property taxes and \$1.5 million in miscellaneous revenues. Functional expenses decreased \$2.9 million, a reduction of 5.6%. Community Development Block Grant expenditures decreased by \$1.4 million.

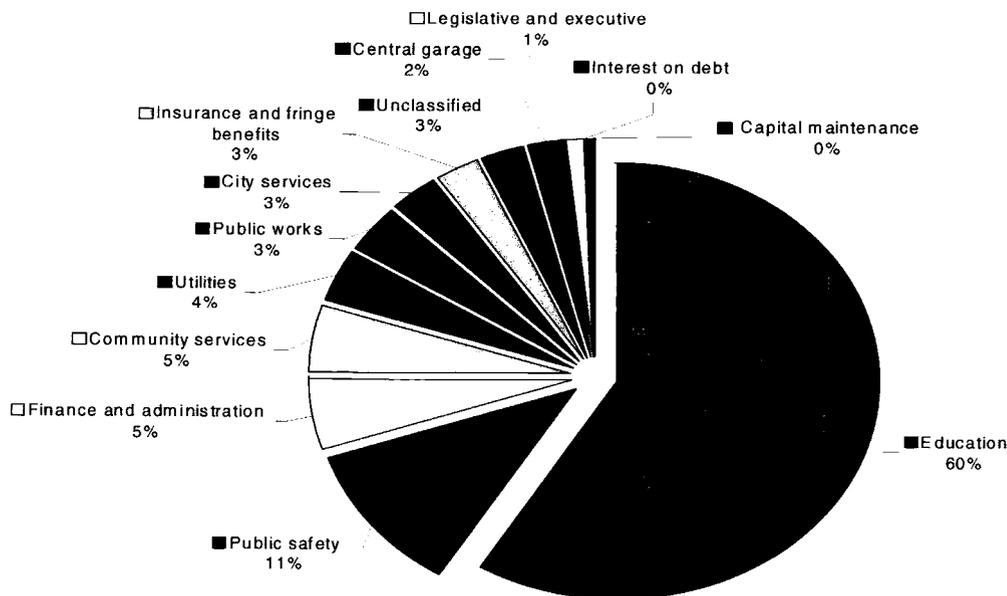
**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis, Continued**

**Source of Revenues**



As the source of revenues chart above shows, 50.9 % of the City's fiscal 2005 governmental activities revenues came from property and other taxes, and 29.7 % from operating grants and contributions. The remaining 19.4 % came from charges for services (6.0 %), grants and contributions not restricted to specific purposes (5.5%) and other (7.9%).

**Functional Expenses**



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

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The Functional expenses chart above reflects only current year expenses, which are discussed below. Education accounted for 58.7 % and Municipal Services 41.3%. of expenses. Public Safety accounted for 11.1% of total expenses. Finance and Administration accounted for 5.2% and Community Services 5%. Utilities accounted for 3.9%, Public Works 3.5%, and City Services 3.11% of total expenses. Insurance and retiree health benefits accounted for 2.97%, Unclassified 2.53% and Central Garage 2.3% of total expenses. Legislative and executive, interest on non - educational debt, and capital maintenance combined totaled 1.7% of expenses.

Expenses do not include capital outlays, which are now capitalized to the City's capital assets. In 2005, the City's capital assets increased \$12.1 million. Capital assets not being depreciated increased \$11.9 million due to on going construction of the new Cony High School. New investments exceeded depreciation by \$270,000 as shown in detail in Table 4.

**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 \$29.77 million as the City is dependent on general revenues for 69% 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 39 % of total expenses as compared to 43% in FY 2004. The range of reduction was 0 % to 62%. Over all, governmental activities net expenses increased \$1.1 million. 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>2005</u>	<u>2004</u>	<u>\$ Variance</u>
Legislative and executive	\$ (.59)	(1.52)	(.93)
Finance and administration	(2.45)	(0.80)	1.65
City services	(1.29)	(3.33)	(2.04)
Community services	(2.38)	(2.32)	.06
Public safety	(4.91)	(4.99)	(.08)
Public works	(1.38)		1.38
Education	(10.97)	(9.74)	1.23
Insurance and fringe benefits	(1.46)	(1.58)	(.12)
Other fixed charges	(1.89)	(2.11)	(.22)
Unclassified	(1.26)	(1.75)	(.49)
Debt service	(.15)	(.24)	(.09)
Central garage	(.94)	.04	.98
Capital maintenance expenses	(.10)	(.32)	(.22)
<b>Total</b>	<b>\$ (29.77)</b>	<b>(28.66)</b>	<b>1.11</b>

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

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

	<u>FY 2005</u>	<u>FY 2004</u>	<u>\$ Variance</u>
Current and other assets	\$6.63	\$ 5.77	\$.86
Capital assets	13.63	14.65	(1.02)
<b>Total assets</b>	<b>\$20.26</b>	<b>\$ 20.42</b>	<b>(\$.16)</b>
Long-term liabilities	\$15.10	15.84	(\$.74)
Other liabilities	0.58	0.54	.04
<b>Total liabilities</b>	<b>\$15.68</b>	<b>\$16.38</b>	<b>(\$.70)</b>
Net assets:			
Invested in capital assets (net of debt)	2.67	2.96	(.29)
Unrestricted	1.90	1.08	.82
<b>Total net assets</b>	<b>\$4.57</b>	<b>\$ 4.04</b>	<b>\$.53</b>

The net assets of business-type activities increased by \$.53 million in fiscal year 2005. The increase in net assets is attributable to operating income of \$1.2 million, and interest expense \$.64 million.

**The City's Fund Financial Statement**

Governmental Funds

At June 30, 2005, the City's governmental funds reported a combined fund balance of \$7.87 million. The General Fund accounted for \$11.7 million, New Cony High School (\$8.8 million) and Other Funds \$4.97 million.

Government funds revenues totaled \$53.05 million with expenditures totaling \$62.02 million, a deficiency of revenues under expenditures of \$8.97 million. Other financing sources and uses netted \$4.07 million, resulting in a net decrease of fund balance by \$4.9 million.

Proprietary Funds

Proprietary Fund net assets increased by \$.53 million. Enterprise operating incomes was \$1.22 million, with non-operating expenses of \$.64, for a net increase in net asset of \$.53 million, net operating transfers out totaled \$50,000.

**Analysis of Major Governmental Funds**

General Fund

General Fund revenues exceeded estimates by 2% or \$877,689 as compared to FY 2004 with a positive variance of \$736,775. The City experienced positive variations in all anticipated revenues by sources. The City's two primary revenue sources, taxes and intergovernmental revenues which account for 92.7 % revenues exceeded estimates by less than 1%. Licenses and permits exceeded estimates by 97.7% as major retail expansion continued. Investment earnings exceeded estimates by 23.75% interest rates continued to increase during fiscal year 2005.

General fund expenditures had a budgetary surplus of 3.5% or \$1.5 million. Educational expenditures were 97% (\$772,829) under budget. Municipal operating expenditures were 96.2% expended (\$728,961) under budget. Major positive variances were: Wages (\$345,139), Health insurance (\$272,194), Property & Casualty insurance (\$55,436), Sewer user fees (\$46,244), Abatements (\$40,000) and County taxes (\$24,134). Offsetting negative variances were incurred by: Winter salt (\$89,976) Corporation Counsel (\$68,050), and Elections (\$15,168).

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

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**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 increased \$127,576 in fiscal 2005. Net assets totaled \$2,593,167 million, of which \$1,786,754 represents investment in capital assets, net of related debt, and unrestricted net assets totaled \$806,413. The Civic Center had net operating income of \$328,321, with a non-operating expense of \$200,745 (interest expense).

Hatch Hill Landfill

Net assets of the regional Hatch Hill Landfill increased \$182,206 in fiscal 2005. Net assets totaled \$1,631,002 of which \$723,834 represents investments in capital assets net of related debt, \$907,168 in unrestricted net assets. Operating income totaled \$659,880, non-operating expense totaled \$427,674 and transfer to general fund totaled \$50,000.

Airport

The City manages the Augusta State Airport through a contract with the State of Maine. The Airport Fund net assets increased by \$9,018, which covered an operating loss of \$49,018 from FY 2004.

Ambulance

Net assets of the Ambulance Fund increased \$214,912 in fiscal 2005. Net assets totaled \$350,000, of which \$167,768 represents investment in capital assets net of related debt and unrestricted net assets totaled \$182,232. Operating income for FY 2005 totaled \$220,921. Non operating expenses totaled \$6,009.

Central Garage (Internal Service Fund)

Net assets of the Central Garage fund decreased \$18,407 in fiscal 2005. Net assets totaled \$1,843,095, of which \$1,147,049 represents investment in capital assets net of debt and unrestricted net assets totaled \$696,046. Operating income was \$52,512, non operating expense totaled \$14,415, net income was \$38,097 and transfer out totaled \$56,504.

**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 2005, the cost of infrastructure and other capital assets of Government Funds recorded on the City's financial statements was \$38,855,550, an increase of \$12,139,627 or 45.43 percent. The addition to the new Cony high school accounted for \$11,868,195 of the increase. The City continued to invest in infrastructure and internal service fund equipment. The City's capital assets being depreciated (net), increased by \$271,432 or 1.1%. Table 4 reflects Capital assets at June 30, 2005, by Governmental activities and Business-type activities.

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

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

	<u>FY 2005</u>	<u>FY 2004</u>	<u>\$ Variance</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated			
Land	\$ 1,200,713	\$ 1,200,713	0
Cony additions	12,812,195	944,000	11,868,195
Capital assets being depreciated			
Land improvements	1,000,000	1,000,000	0
Buildings and improvements	27,660,983	27,660,983	0
Machinery, vehicles, and equipment	6,087,224	6,010,530	76,694
Infrastructure	26,870,650	26,280,720	589,930
Internal service fund equipment	3,456,672	3,269,106	187,566
Less: Accumulated depreciation	(40,232,888)	(39,650,129)	(582,758)
	<u>38,855,549</u>	<u>\$26,715,922</u>	<u>12,139,627</u>
<b>Business-type activities:</b>			
Capital assets, not being depreciated	\$428,950	\$ 428,950	0
Capital assets, being depreciated			
Buildings and improvements	7,231,372	7,227,267	4,104
Machinery and equipment	2,582,714	2,573,250	9,465
Landfill	14,685,287	14,685,287	0
Less: Accumulated depreciation	(11,302,306)	(10,264,178)	(1,038,127)
	<u>13,626,017</u>	<u>\$14,650,575</u>	<u>(1,024,558)</u>

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, 2005 was \$32,295,385, an increase of \$1,423,278. The City issued \$3,495,000 of new debt during FY 2005 and retired \$2,071,723 principal amount of bonds and made all scheduled repayments of existing bonded indebtedness for fiscal year 2005.

**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, 2005**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,922,641	36,834	35,959,475
Investments	8,522,384	645,773	9,168,157
Receivables:			
Taxes receivable	225,853	-	225,853
Tax liens	882,190	-	882,190
Intergovernmental	844,250	-	844,250
Accounts, net	171,579	659,046	830,625
Notes	115,505	-	115,505
Internal balances	(5,208,481)	5,208,481	-
Inventories	163,130	17,285	180,415
Prepaid expenses	144,821	62,096	206,917
Capital assets, not being depreciated	14,012,908	428,950	14,441,858
Capital assets, net of accumulated depreciation	24,842,642	13,197,067	38,039,709
Total assets	80,639,422	20,255,532	100,894,954
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,353,249	281,357	3,634,606
Accrued payroll and benefits	2,129,644	71,419	2,201,063
Compensated absences payable	3,015,516	168,409	3,183,925
Escrow payable	1,500	62,517	64,017
Taxes paid in advance	37,306	-	37,306
Accrued interest	273,206	-	273,206
Bond anticipation note payable	26,725,000	-	26,725,000
Noncurrent liabilities:			
Due within one year	1,769,091	740,117	2,509,208
Due in more than one year	19,856,667	14,357,544	34,214,211
Total liabilities	57,161,179	15,681,363	72,842,542
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	17,447,597	2,678,356	20,125,953
Restricted for:			
Nonexpendable principal	604,093	-	604,093
Unrestricted	5,426,553	1,895,813	7,322,366
Total net assets	\$ 23,478,243	4,574,169	28,052,412

*See accompanying notes to financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2005

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	
						Governmental activities	Business-type activities
Total							
Primary government:							
Governmental activities:							
Legislative and executive	\$ 586,959	-	-	-	(586,959)	-	(586,959)
Finance and administration	2,574,468	111,586	12,455	-	(2,450,427)	-	(2,450,427)
City services	1,529,364	-	238,449	-	(1,290,915)	-	(1,290,915)
Community services	2,465,706	47,800	37,040	-	(2,380,866)	-	(2,380,866)
Public safety	5,459,336	142,108	69,646	336,377	(4,911,205)	-	(4,911,205)
Public works	1,708,725	49,457	277,472	-	(1,381,796)	-	(1,381,796)
Education	28,860,857	2,673,205	15,217,627	-	(10,970,025)	-	(10,970,025)
Insurance and fringe benefits	1,458,605	-	-	-	(1,458,605)	-	(1,458,605)
Utilities	1,891,239	-	-	-	(1,891,239)	-	(1,891,239)
Unclassified	1,245,371	-	-	-	(1,245,371)	-	(1,245,371)
Interest on debt	154,231	-	-	-	(154,231)	-	(154,231)
Central garage	1,129,094	185,847	-	-	(943,247)	-	(943,247)
Capital maintenance	101,826	-	-	-	(101,826)	-	(101,826)
Total governmental activities	49,165,781	3,210,003	15,852,689	336,377	(29,766,712)	-	(29,766,712)
Business-type activities:							
Augusta Civic Center	2,755,937	2,871,718	-	-	-	115,781	115,781
Hatch Hill Landfill	2,212,682	2,442,445	-	-	-	229,763	229,763
Airport	411,678	420,696	-	-	-	9,018	9,018
Ambulance	988,682	1,203,594	-	-	-	214,912	214,912
Total business-type activities	6,368,979	6,938,453	-	-	-	569,474	569,474
<b>Total primary government</b>	<b>\$ 55,534,760</b>	<b>10,148,456</b>	<b>15,852,689</b>	<b>336,377</b>	<b>(29,766,712)</b>	<b>569,474</b>	<b>(29,197,238)</b>
General revenues:							
Property taxes, levied for general purposes				\$	24,439,060	-	24,439,060
Motor vehicle excise taxes					2,767,693	-	2,767,693
Licenses and permits					228,753	-	228,753
Cable TV franchise fee					213,209	-	213,209
Grants and contributions not restricted to specific programs:							
Homestead exemption					680,323	-	680,323
State Revenue Sharing					2,219,516	-	2,219,516
Other					32,768	-	32,768
Unrestricted investment earnings					631,647	14,238	645,885
Miscellaneous revenues					2,502,450	-	2,502,450
Premium on issuance of bond anticipation note					313,751	-	313,751
Loss on disposal of assets					(37,368)	-	(37,368)
Transfers					50,000	(50,000)	-
Total general revenues and transfers					34,041,802	(35,762)	34,006,040
Change in net assets					4,275,090	533,712	4,808,802
Net assets - beginning, restated					19,203,153	4,040,457	23,243,610
<b>Net assets - ending</b>				<b>\$</b>	<b>23,478,243</b>	<b>4,574,169</b>	<b>28,052,412</b>

See accompanying notes to financial statements.

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	General	New Cony High School	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 16,297,414	18,686,799	938,428	35,922,641
Investments	8,499,103	-	23,281	8,522,384
Receivables:				
Taxes receivable	225,853	-	-	225,853
Tax liens	882,190	-	-	882,190
Due from other governments	474,562	-	369,688	844,250
Accounts receivable, net	73,899	-	94,074	167,973
Notes receivable	-	-	115,505	115,505
Interfund loans receivable	-	-	3,718,097	3,718,097
Inventory	3,099	-	27,755	30,854
Prepaid items	133,847	-	6,410	140,257
<b>Total assets</b>	<b>\$ 26,589,967</b>	<b>18,686,799</b>	<b>5,293,238</b>	<b>50,570,004</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	3,073,991	-	235,281	3,309,272
Accrued payroll and benefits	2,034,327	-	85,904	2,120,231
Escrow payable	1,500	-	-	1,500
Deferred revenue	952,796	-	-	952,796
Taxes received in advance	37,306	-	-	37,306
Bond anticipation notes payable	-	26,725,000	-	26,725,000
Interfund loans payable	8,799,419	756,858	2,474	9,558,751
<b>Total liabilities</b>	<b>14,899,339</b>	<b>27,481,858</b>	<b>323,659</b>	<b>42,704,856</b>
Fund balances (deficits):				
Reserved for:				
Encumbrances - City	206,004	-	76,018	282,022
Encumbrances - School	223,140	-	-	223,140
Noncurrent receivables	-	-	115,505	115,505
Inventory	-	-	27,755	27,755
Nonexpendable trust principal	-	-	604,093	604,093
Unreserved, reported in:				
General fund:				
City designated	3,163,315	-	-	3,163,315
School designated	856,777	-	-	856,777
City undesignated	5,278,078	-	-	5,278,078
School undesignated	1,963,314	-	-	1,963,314
Special revenue funds	-	-	1,417,910	1,417,910
Capital projects funds	-	(8,795,059)	1,527,002	(7,268,057)
Permanent funds	-	-	1,201,296	1,201,296
<b>Total fund balances (deficits)</b>	<b>11,690,628</b>	<b>(8,795,059)</b>	<b>4,969,579</b>	<b>7,865,148</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,589,967</b>	<b>18,686,799</b>	<b>5,293,238</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.				37,653,828
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				952,796
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.				1,843,095
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(2,992,333)
Accrued interest				(273,206)
Capital leases				(171,755)
Bonds payable				(21,399,330)
<b>Net assets of governmental activities</b>			<b>\$ 23,478,243</b>	

*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, 2005**

	General	New Cony High School	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 26,166,249	-	1,173,129	27,339,378
Licenses and permits	228,753	-	-	228,753
Intergovernmental	15,831,556	-	3,290,117	19,121,673
Tuition and other charges - education	2,033,618	-	-	2,033,618
Charges for services	287,306	-	639,587	926,893
Fees and fines	63,645	-	-	63,645
Unclassified	532,999	-	2,172,083	2,705,082
Investment earnings	453,846	130,192	47,609	631,647
<b>Total revenues</b>	<b>45,597,972</b>	<b>130,192</b>	<b>7,322,525</b>	<b>53,050,689</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative and executive	590,862	-	224	591,086
Finance and administration	1,365,972	-	1,151,829	2,517,801
City services	1,132,110	-	298,940	1,431,050
Community services	1,973,499	-	634,228	2,607,727
Public safety	4,901,569	-	482,301	5,383,870
Public works	2,676,181	-	67,221	2,743,402
Education	25,124,217	-	3,269,415	28,393,632
Insurance and fringe benefits	1,458,605	-	-	1,458,605
Utilities	1,891,239	-	-	1,891,239
Unclassified	1,220,418	-	24,953	1,245,371
Debt service	1,065,492	-	-	1,065,492
Capital outlay	163,370	9,120,594	3,404,972	12,688,936
<b>Total expenditures</b>	<b>43,563,534</b>	<b>9,120,594</b>	<b>9,334,083</b>	<b>62,018,211</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,034,438</b>	<b>(8,990,402)</b>	<b>(2,011,558)</b>	<b>(8,967,522)</b>
<b>Other financing sources (uses):</b>				
Premium on BAN proceeds	-	313,751	-	313,751
Bond proceeds	-	-	3,495,000	3,495,000
Lease proceeds	118,597	-	-	118,597
Operating transfers from other funds	2,154,048	810,000	480,466	3,444,514
Operating transfers to other funds	(2,878,663)	-	(424,410)	(3,303,073)
<b>Total other financing sources (uses)</b>	<b>(606,018)</b>	<b>1,123,751</b>	<b>3,551,056</b>	<b>4,068,789</b>
<b>Net change in fund balances</b>	<b>1,428,420</b>	<b>(7,866,651)</b>	<b>1,539,498</b>	<b>(4,898,733)</b>
<b>Fund balances (deficits), beginning of year, as restated</b>	<b>10,262,208</b>	<b>(928,408)</b>	<b>3,430,081</b>	<b>12,763,881</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 11,690,628</b>	<b>(8,795,059)</b>	<b>4,969,579</b>	<b>7,865,148</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, 2005**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 25,968,869	25,968,869	26,166,249	197,380
Licenses and permits	115,725	115,725	228,753	113,028
Intergovernmental	13,330,530	13,330,530	13,521,824	191,294
Tuition and other charges - education	1,877,500	1,877,500	2,033,618	156,118
Charges for services	263,125	260,075	287,306	27,231
Fees and fines	36,000	58,000	63,645	5,645
Unclassified	439,555	420,605	520,503	99,898
Investment earnings	366,751	366,751	453,846	87,095
Total revenues	42,398,055	42,398,055	43,275,744	877,689
<b>Expenditures:</b>				
Current:				
Legislative and executive	608,586	608,971	610,324	(1,353)
Finance and administration	1,403,989	1,406,542	1,374,810	31,732
City services	1,172,571	1,220,863	1,166,265	54,598
Community services	2,022,862	2,033,422	2,003,704	29,718
Public safety	5,219,516	5,222,388	4,903,819	318,569
Public works	2,720,531	2,798,140	2,787,275	10,865
Education	24,290,454	23,810,454	23,037,625	772,829
Insurance and fringe benefits	1,565,964	1,565,964	1,458,605	107,359
Utilities	1,947,257	1,947,257	1,891,239	56,018
Unclassified	1,334,006	1,334,006	1,220,418	113,588
Debt service (excluding education)	1,403,359	1,073,359	1,065,492	7,867
Total expenditures	43,689,095	43,021,366	41,519,576	1,501,790
Excess (deficiency) of revenues over (under) expenditures	(1,291,040)	(623,311)	1,756,168	2,379,479
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	720,000	862,271	-	(862,271)
Budgeted utilization of surplus - School	420,000	420,000	-	(420,000)
Operating transfers to other funds	(440,200)	(1,250,200)	(1,506,154)	(255,954)
Operating transfers from other funds	591,240	591,240	600,567	9,327
Total other financing sources (uses)	1,291,040	623,311	(905,587)	(1,528,898)
Net change in fund balance - budgetary	-	-	850,581	850,581
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			206,004	
Add back: encumbrances expended in budgetary - School			223,140	
Transfers to reserves from undesignated fund balance			(1,372,509)	
Change in reserves			1,521,204	
Net change in fund balance - GAAP basis			1,428,420	
Fund balance, beginning of year, as restated			10,262,208	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>11,690,628</b>	

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2005**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 36,834	-	-	-	36,834	-
Investments	645,773	-	-	-	645,773	-
Accounts receivable, net	99,794	150,509	121,305	287,438	659,046	3,606
Interfund loans receivable	219,239	5,127,032	-	-	5,346,271	632,173
Prepaid expenses	9,122	40,737	2,035	10,202	62,096	4,564
Inventory	17,285	-	-	-	17,285	132,276
Total current assets	1,028,047	5,318,278	123,340	297,640	6,767,305	772,619
Noncurrent assets:						
Property, plant, and equipment:						
Land and buildings	7,598,000	62,322	-	-	7,660,322	-
Equipment and vehicles	1,344,747	852,722	-	385,245	2,582,714	3,456,672
Hatch Hill landfill system	-	14,685,287	-	-	14,685,287	-
Less accumulated depreciation	(3,483,332)	(7,601,497)	-	(217,477)	(11,302,306)	(2,254,950)
Total noncurrent assets	5,459,415	7,998,834	-	167,768	13,626,017	1,201,722
Total assets	6,487,462	13,317,112	123,340	465,408	20,393,322	1,974,341
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	27,962	202,334	19,107	31,954	281,357	43,977
Accrued wages and benefits payable	35,714	11,668	3,947	20,090	71,419	9,413
Accrued compensated absences	95,441	47,108	5,160	20,700	168,409	23,183
Refundable deposits	62,517	-	-	-	62,517	-
Current portion of bonds payable	226,315	485,000	-	-	711,315	-
Current portion of leases payable	28,802	-	-	-	28,802	54,673
Interfund loans payable	-	-	95,126	42,664	137,790	-
Total current liabilities	476,751	746,110	123,340	115,408	1,461,609	131,246
Noncurrent liabilities:						
Bonds payable	3,394,740	6,790,000	-	-	10,184,740	-
Capital leases payable	22,804	-	-	-	22,804	-
Accrued landfill closure and postclosure costs	-	4,150,000	-	-	4,150,000	-
Total noncurrent liabilities	3,417,544	10,940,000	-	-	14,357,544	-
Total liabilities	3,894,295	11,686,110	123,340	115,408	15,819,153	131,246
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	1,786,754	723,834	-	167,768	2,678,356	1,147,049
Unrestricted	806,413	907,168	-	182,232	1,895,813	696,046
Total net assets	\$ 2,593,167	1,631,002	-	350,000	4,574,169	1,843,095

*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, 2005**

	Business-type Activities - Enterprise					Enterprise Fund Totals	Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance			
Operating revenues:							
Rental income	\$ 1,109,846	-	38,548	-	-	1,148,394	-
Fees	-	2,401,559	71,966	1,203,594	-	3,677,119	1,157,499
Food and beverage sales	1,510,967	-	-	-	-	1,510,967	-
State of Maine	-	-	278,727	-	-	278,727	-
Miscellaneous	250,905	40,886	31,455	-	-	323,246	10,577
<b>Total operating revenues</b>	<b>2,871,718</b>	<b>2,442,445</b>	<b>420,696</b>	<b>1,203,594</b>	<b>-</b>	<b>6,938,453</b>	<b>1,168,076</b>
Operating expenses:							
Personnel services	1,347,805	352,514	220,330	665,364	-	2,586,013	333,540
Contractual services	377,896	513,630	151,911	72,042	-	1,115,479	51,742
Supplies and materials	523,922	114,136	26,196	52,490	-	716,744	455,762
Fixed charges	18,817	49,312	8,417	147,848	-	224,394	-
Capital outlay	-	3,612	-	1,672	-	5,284	11,610
Depreciation	274,957	719,913	-	43,257	-	1,038,127	262,910
Miscellaneous	-	29,448	-	-	-	29,448	-
<b>Total operating expenses</b>	<b>2,543,397</b>	<b>1,782,565</b>	<b>406,854</b>	<b>982,673</b>	<b>-</b>	<b>5,715,489</b>	<b>1,115,564</b>
<b>Operating income</b>	<b>328,321</b>	<b>659,880</b>	<b>13,842</b>	<b>220,921</b>	<b>-</b>	<b>1,222,964</b>	<b>52,512</b>
Nonoperating revenue (expense):							
Interest income	11,795	2,443	-	-	-	14,238	-
Interest expense	(212,540)	(430,117)	(4,824)	(6,009)	-	(653,490)	(13,530)
Gain of sale of equipment	-	-	-	-	-	-	(885)
<b>Total nonoperating revenue (expense)</b>	<b>(200,745)</b>	<b>(427,674)</b>	<b>(4,824)</b>	<b>(6,009)</b>	<b>-</b>	<b>(639,252)</b>	<b>(14,415)</b>
<b>Net income before operating transfers</b>	<b>127,576</b>	<b>232,206</b>	<b>9,018</b>	<b>214,912</b>	<b>-</b>	<b>583,712</b>	<b>38,097</b>
Operating transfers:							
Transfer to other funds	-	(50,000)	-	-	-	(50,000)	(56,504)
<b>Total operating transfers</b>	<b>-</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>	<b>(56,504)</b>
<b>Change in net assets</b>	<b>127,576</b>	<b>182,206</b>	<b>9,018</b>	<b>214,912</b>	<b>-</b>	<b>533,712</b>	<b>(18,407)</b>
<b>Total net assets, beginning of year</b>	<b>2,465,591</b>	<b>1,448,796</b>	<b>(9,018)</b>	<b>135,088</b>	<b>-</b>	<b>4,040,457</b>	<b>1,861,502</b>
<b>Total net assets, end of year</b>	<b>\$ 2,593,167</b>	<b>1,631,002</b>	<b>-</b>	<b>350,000</b>	<b>-</b>	<b>4,574,169</b>	<b>1,843,095</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2005**

<b>Business-type Activities - Enterprise Funds</b>							<b>Governmental Activities Internal Service</b>
	<b>Augusta Civic Center</b>	<b>Hatch Hill Landfill</b>	<b>Airport</b>	<b>Ambulance</b>	<b>Totals</b>		
<b>Cash flows from operating activities:</b>							
Receipts from customers and users	\$ 2,916,951	2,394,694	374,949	1,078,426	6,765,020	1,171,586	
Payments to suppliers	(1,021,773)	(489,672)	(168,944)	(241,377)	(1,921,766)	(491,157)	
Payments to employees	(1,365,661)	(352,733)	(227,762)	(681,901)	(2,628,057)	(328,290)	
Payments for interfund services used	(3,086)	(102,829)	-	-	(105,915)	-	
Net cash provided by (used in) operating activities	526,431	1,449,460	(21,757)	155,148	2,109,282	352,139	
<b>Cash flows from non-capital financing activities:</b>							
Operating transfers to other funds	-	(50,000)	-	-	(50,000)	(56,504)	
Net cash used in non-capital financing activities	-	(50,000)	-	-	(50,000)	(56,504)	
<b>Cash flows from capital and related financing activities:</b>							
Purchase of capital assets	(13,569)	-	-	-	(13,569)	(290,345)	
Sale of capital assets	-	-	-	-	-	3,200	
Increase (decrease) in interfund loans	(173,964)	(486,786)	26,581	(149,139)	(783,308)	57,083	
Bond, note and lease principal payments	(253,386)	(485,000)	-	-	(738,386)	(52,043)	
Interest paid	(212,540)	(430,117)	(4,824)	(6,009)	(653,490)	(13,530)	
Net cash used in financing activities	(653,459)	(1,401,903)	21,757	(155,148)	(2,188,753)	(295,635)	
<b>Cash flows from investing activities:</b>							
Sale of investments	15,996	-	-	-	15,996	-	
Investment income	11,795	2,443	-	-	14,238	-	
Net cash provided by investing activities	27,791	2,443	-	-	30,234	-	
Decrease in cash	(99,237)	-	-	-	(99,237)	-	
Cash, beginning of year	136,071	-	-	-	136,071	-	
<b>Cash, end of year</b>	<b>\$ 36,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,834</b>	<b>-</b>	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ 328,321	659,880	13,842	220,921	1,222,964	52,512	
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation	274,957	719,913	-	43,257	1,038,127	262,910	
(Increase) decrease in operating assets:							
Accounts receivable	45,233	(47,751)	(45,747)	(125,168)	(173,433)	3,510	
Prepaid expenses	2,220	(31,143)	328	4,989	(23,606)	1,055	
Inventory	6,493	-	-	-	6,493	6,185	
Increase (decrease) in operating liabilities:							
Accounts payable	(436)	148,780	17,252	27,686	193,282	20,717	
Accrued wages and benefits	1,990	(103)	(1,302)	(20,972)	(20,387)	881	
Accrued compensated absences	(19,846)	(116)	(6,130)	4,435	(21,657)	4,369	
Refundable deposit	(112,501)	-	-	-	(112,501)	-	
Net cash provided by (used in) operating activities	526,431	1,449,460	(21,757)	155,148	2,109,282	352,139	

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds - Agency Funds - Student Activity Funds**  
**June 30, 2005**

		<b>Agency Funds (Student Activities)</b>
<b>ASSETS</b>		
Cash	\$	186,533
<b>Total assets</b>		<b>186,533</b>
<b>LIABILITIES</b>		
Due to student groups		186,533
<b>Total liabilities</b>		<b>186,533</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 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 fund:

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, 2005 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 recorded as liabilities and related expenses in the government-wide financial statements for both governmental and business-type activities.

**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. Bureau 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. For budgetary reporting, encumbrances for the Department of Public Schools have been shown as additional expenditures for the year.

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.

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

During the year ended June 30, 2005, the City budgeted to utilize \$720,000 and the Department of Public Schools budgeted to utilize \$420,000 of prior year undesignated fund balance as a budgeted use of surplus.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2005, expenditures exceeded appropriations in the following categories:

Corporation council	\$ 68,050	Bicentennial Nature Park	578
Registrations and elections	15,169	General assistance	15,629
Code enforcement	1,321	Snow removal	185,207
City facilities	4,031	Waste removal	13,960
Conservation commission	273	Resurfacing of streets	50,568
Parks and cemeteries	3,824	Water	825

**C. Deficit Fund Balances**

At June 30, 2005, the following funds had deficit fund balances:

<u>Special Revenue Funds:</u>		<u>Special Revenue Funds:</u>	
Recreation – adults	\$ 15,269	Summer school	12,320
Recreation – special events	2,318	Stagehand, student stipends	147
Class size reduction grant	568	Perkins – Title IIC	298
Aids grant	31	Aspire – lab	5,123
21 <sup>st</sup> century grant	1,376	<u>Capital Project Fund:</u>	
Work study project	159	New Cony High School	8,795,059
School needs parents	5,478		

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

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

**DEPOSITS AND INVESTMENTS**

As of June 30, 2005, 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	\$ 25,861,307	0.454
Cash management	436,128	N/A
Money market	662,851	N/A
Government mutual fund	21,446	N/A
Common Stock	1,835	N/A
U.S. Treasury Notes	2,395,529	1.627
Federal Home Loan Banks	6,749,347	2.073

*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, 2005, \$1,369,839 of the City’s bank balance of \$9,796,814 was exposed to custodial credit risk because it was uninsured and uncollateralized and \$7,802,567 was collateralized by underlying securities held by the related bank, which were not in the City’s name.

*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 \$26,960,286 investment in money market, cash management 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. As of June 30, 2005, the City’s investment in Federal Home Loan Banks was rated AAA by Standard & Poor’s.

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

**ACCOUNTS RECEIVABLE**

As of June 30, 2005, the City had the following accounts receivable and allowance for uncollectible account balances:

	<u>General Fund</u>	<u>Augusta Civic Center</u>	<u>Hatch Hill Landfill</u>	<u>Ambulance</u>
Accounts receivable	\$ 77,399	113,187	163,665	616,469
<u>Allowance for uncollectible accounts</u>	<u>(3,500)</u>	<u>(13,393)</u>	<u>(13,156)</u>	<u>(329,031)</u>
<b><u>Accounts receivable, net</u></b>	<b><u>\$ 73,899</u></b>	<b><u>99,794</u></b>	<b><u>150,509</u></b>	<b><u>287,438</u></b>

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

**PROPERTY TAX**

Property taxes for the current year were committed on August 12, 2004, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$386,261 for the year ended June 30, 2005.

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>2005</u>	<u>2004</u>
Assessed value	\$ 933,311,300	935,457,000
Tax rate (per \$1,000)	26.00	25.33
Commitment	24,266,094	23,695,130
Supplemental taxes assessed	3,780	5,550
	24,269,874	23,700,680
Less:		
Abatements	15,164	13,521
Collections	23,661,231	22,990,568
	<b>\$ 593,479</b>	<b>696,591</b>
<b>Current year taxes receivable at end of year</b>	<b>\$ 593,479</b>	<b>696,591</b>
Due date(s) - current year	½ Sept. 15, 2004 ½ March 15, 2005	½ Sept. 14, 2003 ½ March 15, 2004
Interest rate on delinquent taxes	6.50%	7.00%
Collection rate	97.55%	97.06%
Taxes receivable - current year	\$ 74,778	696,591
Tax liens - current year	518,701	-
Taxes receivable - prior years	151,075	286,619
Tax liens - prior year	363,489	358,957
	<b>\$ 1,108,043</b>	<b>1,342,167</b>
<b>Total taxes receivables</b>	<b>\$ 1,108,043</b>	<b>1,342,167</b>

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance June 30, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2005</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,200,713	-	-	1,200,713
<u>Cony additions</u>	944,000	11,868,195	-	12,812,195
Total capital assets not being depreciated	2,144,713	11,868,195	-	14,012,908
Capital assets, being depreciated:				
Land improvements	1,000,000	-	-	1,000,000
Buildings and building improvements	27,660,983	-	-	27,660,983
Machinery, vehicles and equipment	6,010,530	893,173	816,479	6,087,224
Infrastructure	26,280,720	589,930	-	26,870,650
<u>Internal service fund equipment</u>	3,269,106	290,345	102,779	3,456,672
Total capital assets being depreciated	64,221,339	1,773,448	919,258	65,075,529
Less accumulated depreciation for:				
Land improvements	485,417	25,000	-	510,417
Buildings and building improvements	20,039,845	474,010	-	20,513,855
Machinery, vehicles and equipment	4,144,111	469,953	779,996	3,834,068
Infrastructure	12,890,022	229,575	-	13,119,597
<u>Internal service fund equipment</u>	2,090,734	262,910	98,694	2,254,950
Total accumulated depreciation	39,650,129	1,461,448	878,690	40,232,887
<u>Total capital assets being depreciated, net</u>	24,571,210	312,000	40,568	24,842,642

**Governmental activities capital assets, net    \$ 26,715,923    12,180,195    40,568    38,855,550**

**Business-type activities:**

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	7,227,268	4,104	-	7,231,372
Machinery and equipment	2,573,249	9,465	-	2,582,714
<u>Landfill</u>	14,685,287	-	-	14,685,287
Total capital assets being depreciated	24,485,804	13,569	-	24,928,323
Less accumulated depreciation for:				
Buildings and building improvements	2,967,995	185,131	-	3,153,126
Machinery and equipment	702,232	234,551	-	936,783
<u>Landfill</u>	6,593,952	618,445	-	7,212,397
Total accumulated depreciation	10,264,179	1,038,127	-	11,302,306
<u>Total capital assets being depreciated, net</u>	14,221,625	(1,024,558)	-	13,197,067

**Business-type activities capital assets, net    \$ 14,650,575    (1,024,558)    -    13,626,017**

**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	\$ 8,010
Finance and administration	31,417
City services	103,064
Community services	16,511
Public safety	152,110
Public works	229,575
Education	657,851
Central garage	262,910

**Total depreciation expense – governmental activities      \$ 1,461,448**

**Business-type activities:**

Augusta Civic Center	\$ 274,957
Hatch Hill Landfill	719,913
Ambulance	43,257

**Total depreciation expense – business-type activities      \$ 1,038,127**

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**LONG-TERM DEBT**

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Long-term liability activity for the year ended June 30, 2005, 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	\$ 19,264,737	3,495,000	1,360,407	21,399,330	1,650,408
Capital leases	316,524	118,597	208,693	226,428	118,683
Compensated absences	2,311,454	704,062	-	3,015,516	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 21,892,715</b>	<b>4,317,659</b>	<b>1,569,100</b>	<b>24,641,274</b>	<b>1,769,091</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 11,607,370	-	711,315	10,896,055	711,315
Capital leases	78,677	-	27,071	51,606	28,802
Landfill closure	4,150,000	-	-	4,150,000	-
Compensated absences	190,066	-	21,657	168,409	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 16,026,113</b>	<b>-</b>	<b>760,042</b>	<b>15,266,070</b>	<b>740,117</b>

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

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2005 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, 2005</u>
<b>Governmental activities:</b>					
Farrington, Lincoln/Cony	07/12/88	\$ 7,260,000	2009	6.900-7.500%	1,400,000
Public improvements Lot B	08/15/89	4,395,000	2010	6.500-6.700%	1,050,000
Public improvements	10/26/95	425,000	2005	4.900-5.050%	42,500
Public improvements	10/30/96	460,000	2006	4.938-5.050%	92,000
Public improvements	10/29/97	498,000	2008	4.537-4.687%	148,000
Public improvements	05/01/98	980,000	2009	4.533-4.833%	392,000
Public improvements	10/29/98	492,000	2005	3.784-4.034%	70,286
Public improvements	11/6/99	497,500	2006	4.038-5.038%	142,144
Public improvements	5/31/00	922,500	2010	5.281-5.406%	553,500
Public improvements	5/25/01	495,000	2011	4.149-4.574%	346,500
New Cony Architect	5/25/01	325,000	2006	4.149-4.224%	130,000
General obligation bonds #1 2002	10/30/02	179,000	2007	2.50%	107,400
General obligation bonds #2 2002	10/30/02	500,000	2012	2.500-3.450%	400,000
Pension obligation bonds 2003	2/13/03	13,150,000	2013	4.000-5.250%	13,030,000
General obligation bonds	12/9/04	3,495,000	2024	2.750-4.250%	3,495,000
<b>Total governmental activities</b>					<b>21,399,330</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	7,275,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	3,621,055
<b>Total governmental activities</b>					<b>10,896,055</b>
<b>Total bonds and notes payable</b>					<b>\$ 32,295,285</b>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2005 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>
2006	\$ 1,650,408	1,032,663	2,683,071	711,315	570,669	1,281,984
2007	1,647,622	949,245	2,596,867	711,315	536,900	1,248,215
2008	1,578,550	867,970	2,446,520	711,315	502,775	1,214,090
2009	1,614,750	784,684	2,399,434	711,315	468,303	1,179,618
2010	1,291,750	709,726	2,001,476	711,315	433,305	1,144,620
2011-2015	6,966,250	2,598,039	9,564,289	3,556,575	1,590,060	5,146,635
2016-2020	6,025,000	638,541	6,663,541	3,556,585	576,963	4,133,548
2021-2025	625,000	65,623	690,623	226,320	6,268	232,588
<b>Total</b>	<b>\$ 21,399,330</b>	<b>7,646,491</b>	<b>29,045,821</b>	<b>10,896,055</b>	<b>4,685,243</b>	<b>15,581,298</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 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, 2005.

	<u>Governmental Activities</u>			<u>Business-type Activities</u>
	<u>Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>	
2006	\$ 69,866	56,728	126,594	31,361
2007	69,866	-	69,866	23,521
2008	21,956	-	21,956	-
2009	21,956	-	21,956	-
Total minimum lease payments	183,644	56,728	240,372	54,882
Less: amount representing interest	11,889	2,055	13,944	3,276
<b>Present value of future minimum lease payments</b>	<b>\$ 171,755</b>	<b>54,673</b>	<b>226,428</b>	<b>51,606</b>

**SHORT-TERM DEBT**

Short-term debt activity for the year ended June 30, 2005 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
<u>Bond anticipation notes</u>	\$ -	26,725,000	-	26,725,000

Bond anticipation notes payable at June 30, 2005 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, 2005</u>
Governmental activities:					
<u>Bond anticipation note</u>	04/07/2005	\$ 26,725,000	2006	4.00%	\$ 26,725,000

**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 \$32,295,285 at June 30, 2005 was within the statutory limit.

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

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**OVERLAPPING DEBT**

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In addition to the bonds and notes payable, the City is contingently responsible for the following debt as of June 30, 2005:

<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	\$ 2,711,585	16.07%	435,830

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$7,385,000 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.

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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, 2005, the balances of interfund loans receivable/payable were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
General Fund	\$ -	8,799,419
New Cony High School	-	756,858
Special Revenue Funds:		
CDBG Loan Fund	-	2,474
Other City Special Revenues	377,001	-
Other School Special Revenues	453,136	-
School Lunch	212,513	-
Proprietary Funds:		
Internal Service Fund	632,173	-
Hatch Hill Fund	5,127,032	-
Augusta Civic Center	219,239	-
Airport	-	95,126
Ambulance	-	42,664
Capital Projects Fund	1,621,611	-
Permanent Fund	1,053,836	-
<b>Totals</b>	<b>\$ 9,696,541</b>	<b>9,696,541</b>

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

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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 \$2,309,732.

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.

**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 Maine State Legislature Consolidated Plan for the year ended June 30, 2005 and 2004 were \$300,237 and \$281,419, 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 \$2,309,732 (17.77%) for the fiscal year 2005. 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 17.77% 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. Substantially all of the government's public safety employees may become eligible for those benefits if they reach normal retirement age, while working for the government. Currently 56 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, 2005, those costs total \$464,098.

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 funds 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, 2005 designated fund balances consisted of the following:

General Fund - City:	
2006 use of fund balance	\$ 859,722
Cemetery land purchase	100,000
Police local match reserve	50,000
Fire local match reserve	50,000
Quimby Lot infrastructure reserve	59,837
Other reserves	65,865
Accrued benefit reserve	1,977,891

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**Total General Fund designated City fund balance** **\$ 3,163,315**

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General Fund - School:	
2006 use of fund balance	720,000
Accrued benefit reserve	136,777

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**Total General Fund designated School fund balance** **\$ 856,777**

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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. No debt will be issued by the City as a result of the Mall Area Development District TIF. Rather, 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, 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, 2005, the City captured and paid \$522,497 and \$465,000 for Phase I and Phase II, respectively. 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. 43% of this captured amount is earmarked to satisfy a credit enhancement agreement calling for allocations to the J.S. McCarthy Printing Co. The remaining 57% will be set aside by the City to fund the costs of the City's economic development office. For the year ended June 30, 2005, the City captured \$65,796, paying \$28,292 out 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, 2005, the City captured and paid \$119,837 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 250,000 tons of municipal solid waste. As of June 30, 2005, a total of approximately 276,000 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 \$4,150,000 as follows:

Closure:	
Expansion II (110%)	\$ 1,700,000
Interim site	275,000
Expansion III (14%)	675,000
Postclosure monitoring, maintenance and leachate removal	<u>1,500,000</u>
<b>Total accrued liability for land- fill closure and postclosure costs</b>	<b><u>\$ 4,150,000</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:

MMA's Property and Casualty Pool has a Loss Fund that is established from the fund members' contributions. For each fund year, the Pool also purchases specific reinsurance that provides coverage for claims exceeding \$100,000 per occurrence. In addition, for the fund years through 2001-2002, the Pool purchased aggregate reinsurance of \$1,000,000 in excess of the reinsurance attachment point. No aggregate coverage was purchased for the 2003-2004 and 2004-2005 fund years.

MMA's Workers' Compensation Fund retains the first \$1,000,000 of each claim and purchases excess insurance for individual claims above \$1,000,000 to meet statutory requirements without limitation.

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, 2005.

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

**CONTINGENT LIABILITIES**

**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.

**COMMITMENTS**

The Department of Public Schools has entered into contracts in connection with the construction of the new Cony High School with Wright-Ryan Construction and PDT Architects. The following is a summary of the commitments at June 30, 2005:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
Construction contract	\$ 24,766,614	35.04%	8,678,973	433,949	16,521,590
Architectural services contract	1,584,916	85.25%	1,351,141	-	233,775
Reimbursable services contract	166,000	31.97%	53,072	-	112,928
Furnishings contract	66,468	34.60%	23,000	-	43,468
<b>Totals</b>	<b>\$ 26,583,998</b>		<b>10,106,186</b>	<b>433,949</b>	<b>16,911,761</b>

During fiscal year 2004, the City entered into a contract in connection with the construction of the Dickman Parking Garage with Reed and Reed Construction, Inc. for \$2,754,441, which has been reduced to \$2,748,149 due to change orders. As of June 30, 2005, the commitment under the contract, including retainage was \$59,794.

**RESTATEMENT OF FUND BALANCE/NET ASSETS**

During 2005, the City changed the manner in which it accounts for accrued compensated absences to comply with recent interpretations of previously issued accounting standards. Fund balance as of June 30, 2004 has been restated as follows:

	<u>General Fund</u>
Fund balance, June 30, 2004, as previously reported	\$ 9,043,559
<u>Prior period adjustment - accrued compensated absences</u>	<u>1,218,649</u>
<b><u>Fund balance, June 30, 2004, as restated</u></b>	<b><u>\$ 10,262,208</u></b>

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

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**RESTATEMENT OF FUND BALANCE/NET ASSETS**

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The governmental activities net assets have been restated to include the accrued interest liability on the governmental activities balance sheet. It has been restated as follows:

	<u>Governmental Activities</u>
Net assets, June 30, 2004, as previously reported	\$ 19,491,159
<u>Prior period adjustment - accrued interest</u>	<u>(288,006)</u>
<b><u>Net assets, June 30, 2004, as restated</u></b>	<b><u>\$ 19,203,153</u></b>

## **GENERAL FUND**

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2005 and 2004**

	2005	2004 (Restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,297,414	1,126,793
Investments	8,499,103	18,842,479
Receivables:		
Taxes receivable	225,853	983,210
Tax liens	882,190	358,957
Due from other governments	474,562	570,034
Accounts receivable, net	73,899	10,986
Inventory	3,099	-
Prepaid items	133,847	128,309
<b>Total assets</b>	<b>\$ 26,589,967</b>	<b>22,020,768</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	3,073,991	1,791,392
Accrued payroll and benefits	2,034,327	2,020,354
Escrow payable	1,500	1,500
Deferred revenue	952,796	1,085,421
Taxes received in advance	37,306	37,076
Interfund loans payable	8,799,419	6,822,817
<b>Total liabilities</b>	<b>14,899,339</b>	<b>11,758,560</b>
Fund balances:		
Reserved for:		
Encumbrances - City	206,004	145,989
Encumbrances - School	223,140	204,423
Unreserved:		
Designated - City	3,163,315	2,812,981
Designated - School	856,777	420,000
Undesignated - City	5,278,078	5,188,377
Undesignated - School	1,963,314	1,490,438
<b>Total fund balances</b>	<b>11,690,628</b>	<b>10,262,208</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,589,967</b>	<b>22,020,768</b>

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2005**

(with comparative actual amounts for the year ended June 30, 2004)

	2005		Variance positive (negative)	2004 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real and personal property	\$ 23,084,823	23,265,824	181,001	22,793,871
Tax interest, lien penalties, payments in lieu	181,746	132,732	(49,014)	-
Excise taxes	2,702,300	2,767,693	65,393	2,720,729
Total taxes	25,968,869	26,166,249	197,380	25,514,600
Licenses and permits	115,725	228,753	113,028	180,976
<b>Intergovernmental:</b>				
Education	10,134,446	10,294,543	160,097	9,944,982
Tree growth reimbursement	15,000	17,611	2,611	17,595
Veterans exemption reimbursement	16,020	15,157	(863)	16,489
Homestead exemption	671,000	680,323	9,323	754,875
State revenue sharing	2,260,000	2,219,516	(40,484)	2,214,398
General assistance DHS/SSI	1,100	16,172	15,072	5,009
FEMA	-	1,030	1,030	41,134
Urban Rural Initiative Payment	232,964	277,472	44,508	232,964
Total intergovernmental	13,330,530	13,521,824	191,294	13,227,446
Tuition and other charges for services - education	1,877,500	2,033,618	156,118	1,968,546
<b>Charges for services:</b>				
Police	76,400	77,169	769	18,739
Fire	-	1,525	1,525	-
Library	1,600	1,077	(523)	1,435
Recreation	10,000	9,000	(1,000)	7,910
Trees	1,950	1,950	-	-
Parks	10,300	14,467	4,167	19,069
Dispatch	20,200	21,075	875	10,000
Public works	37,000	49,457	12,457	-
Finance and admin	102,625	111,586	8,961	212,675
Total charges for services	260,075	287,306	27,231	269,828
<b>Fees and fines:</b>				
Traffic tickets	14,000	10,988	(3,012)	14,700
Court fees	17,000	26,276	9,276	22,995
Lithgow Library	22,000	21,306	(694)	22,120
False alarm calls	5,000	5,075	75	5,250
Total fees and fines	58,000	63,645	5,645	65,065
<b>Unclassified:</b>				
Rents - City property	18,975	32,995	14,020	89,078
Cemeteries	26,000	21,895	(4,105)	30,849
Contributions	70,000	70,000	-	-
Animal control program	8,700	9,640	940	9,542
Departmental miscellaneous revenue	2,250	130	(2,120)	482
General assistance reimbursement	30,000	36,185	6,185	25,117
Cable TV franchise	196,000	213,209	17,209	196,417
Police miscellaneous revenue	-	26,706	26,706	3,198
Public Works miscellaneous	17,500	21,600	4,100	8,175
Workers compensation	-	22,989	22,989	10,484
Benefit charges	-	-	-	13,669
Unclassified	51,180	65,154	13,974	74,158
Total unclassified	420,605	520,503	99,898	461,169
Investment earnings	366,751	453,846	87,095	219,288
Total revenues	42,398,055	43,275,744	877,689	41,906,918

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

	2005		Variance positive (negative)	2004 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 40,823	31,068	9,755	39,015
City management	235,949	235,459	490	236,535
Corporation counsel	78,000	146,050	(68,050)	99,417
Central services	11,950	(1,155)	13,105	12,464
Unclassified	212,249	187,864	24,385	182,003
Contingency	30,000	11,038	18,962	15,977
Total legislative and executive	608,971	610,324	(1,353)	585,411
Finance and administration:				
City clerk	174,722	174,701	21	157,974
Registrations and elections	31,706	46,875	(15,169)	32,835
City auditor	158,739	152,408	6,331	153,634
Information systems	228,267	220,986	7,281	215,321
Treasurer/tax collector	306,215	284,244	21,971	312,298
Assessor	212,212	206,689	5,523	199,831
Finance and administration	92,641	91,020	1,621	89,515
Human resources	202,040	197,887	4,153	192,044
Total finance and administration	1,406,542	1,374,810	31,732	1,353,452
City services:				
Economic development	220,380	195,895	24,485	189,013
Planning	82,813	76,000	6,813	70,804
Historic preservation	5,825	2,071	3,754	6,374
Code enforcement	233,332	234,653	(1,321)	223,978
City services administration	46,010	40,228	5,782	43,537
Engineering	169,664	150,548	19,116	145,874
City facilities	462,839	466,870	(4,031)	396,534
Total City services	1,220,863	1,166,265	54,598	1,076,114
Community services:				
Conservation Commission	2,800	3,073	(273)	2,315
Community services administration	188,661	181,689	6,972	175,210
Public library	534,862	511,848	23,014	497,300
Recreation	171,160	167,806	3,354	155,900
Bureau of trees and landscaping	89,868	84,134	5,734	72,611
Parks and cemeteries	666,494	670,318	(3,824)	672,249
Fort Western	109,098	105,210	3,888	101,585
Bicentennial Nature Park	49,904	50,482	(578)	60,180
Health and welfare	160,575	153,515	7,060	201,683
General assistance	60,000	75,629	(15,629)	-
Total community services	2,033,422	2,003,704	29,718	1,939,033

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

	2005		Variance positive (negative)	2004 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 3,223,581	2,977,180	246,401	2,955,152
Fire	1,992,607	1,926,279	66,328	1,921,423
Civil Emergency Preparedness	6,200	360	5,840	-
Total public safety	5,222,388	4,903,819	318,569	4,876,575
Public works:				
Public works administration	102,101	100,914	1,187	99,728
Highway	646,234	494,730	151,504	486,271
Street cleaning	111,615	71,216	40,399	83,952
Snow removal	693,991	879,198	(185,207)	595,654
Waste removal	635,651	649,611	(13,960)	626,012
Walks	71,792	47,248	24,544	59,685
Street and road maintenance	196,790	168,405	28,385	211,233
Resurfacing of streets	240,183	290,751	(50,568)	234,598
Signs	99,783	85,202	14,581	94,157
Total public works	2,798,140	2,787,275	10,865	2,491,290
Education:				
Current:				
Administration	826,479	764,311	62,168	733,217
Elementary	6,894,719	6,724,046	170,673	6,665,784
Secondary	7,420,893	7,275,225	145,668	7,076,739
Special education	3,394,604	3,215,494	179,110	3,151,346
Adult education	486,696	450,693	36,003	446,135
District wide	4,192,374	4,017,798	174,576	3,719,073
Debt service	594,689	590,058	4,631	630,141
Total education	23,810,454	23,037,625	772,829	22,422,435
Insurance and fringe benefits:				
Retirement and insurance	1,565,964	1,458,605	107,359	1,579,957
Total insurance and fringe benefits	1,565,964	1,458,605	107,359	1,579,957

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

	2005			2004 Actual
	Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Utilities:				
Sanitary sewer and drains	\$ 818,000	771,756	46,244	965,000
Lighting and electricity	414,257	403,658	10,599	432,028
Water	715,000	715,825	(825)	713,871
Total utilities	1,947,257	1,891,239	56,018	2,110,899
Unclassified:				
Bad debts	20,000	-	20,000	(12,647)
County tax	1,259,006	1,234,872	24,134	1,175,364
Reserve/abatements	55,000	-	55,000	-
Expenditure of prior year reserves	-	-	-	54,145
Vacation time earned	-	(14,454)	14,454	652,612
Total unclassified	1,334,006	1,220,418	113,588	1,869,474
Debt service (excluding education)	1,073,359	1,065,492	7,867	1,052,084
Total expenditures	43,021,366	41,519,576	1,501,790	41,356,724
Excess (deficiency) of revenues over (under) expenditures	(623,311)	1,756,168	2,379,479	550,194
Other financing sources (uses):				
Budgeted utilization of surplus - City	862,271	-	(862,271)	-
Budgeted utilization of surplus - School	420,000	-	(420,000)	-
Operating transfers to other funds - City	(1,250,200)	(1,506,154)	(255,954)	(215,000)
Operating transfers from other funds - City	591,240	600,567	9,327	530,851
Total other financing sources (uses)	623,311	(905,587)	(1,528,898)	315,851
Net change in fund balance - budgetary basis	-	850,581	850,581	866,045
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		206,004		
Add back: encumbrances expended in budgetary - School		223,140		
Transfers to reserves from undesignated fund balance		(1,372,509)		
Change in reserves		1,521,204		
Net change in fund balance - GAAP basis		1,428,420		866,045
Fund balance, beginning of year		10,262,208		8,177,514
Restatement for removal of accrued compensated absences from the fund financial statements		-		1,218,649
Fund balance, beginning of year		10,262,208		9,396,163
<b>Fund balance, end of year</b>	<b>\$</b>	<b>11,690,628</b>		<b>10,262,208</b>

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**Year ended June 30, 2005**

		Fund balance beginning of year	Revenues Unclassified	Expenditures Capital outlay		Transfers	Fund balance end of year
City reserves:							
1820	City Carry Forward	\$ 44,834	-	31,034	-	5,500	19,300
1901	Central Service Reserve	18,423	11,996	13,739	-	11,881	28,561
1902	Equipment Maintenance Self Reserve	13,750	500	-	-	-	14,250
1903	Sick and Vacation Reserve	742,159	-	-	-	1,235,732	1,977,891
1904	Cemetery Land Purchase Reserve	100,000	-	-	-	-	100,000
1905	Historic Preservation Reserve	-	-	-	-	3,754	3,754
1906	Police Local Match Reserve	-	-	-	-	50,000	50,000
1907	Fire Local Match Reserve	-	-	-	-	50,000	50,000
1908	Quimby Lot Infrastructure Reserve	-	-	-	-	59,837	59,837
Total City reserves		919,166	12,496	44,773	-	1,416,704	2,303,593
School reserves:							
1952	Sick and Vacation Reserve	-	-	-	-	136,777	136,777
Total School reserves		-	-	-	-	136,777	136,777
<b>Total reserves</b>		<b>\$ 919,166</b>	<b>12,496</b>	<b>44,773</b>	<b>-</b>	<b>1,553,481</b>	<b>2,440,370</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, 2005**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 210,156	-	728,272	938,428
Investments	-	-	23,281	23,281
Due from other governments	369,688	-	-	369,688
Accounts receivable	93,719	355	-	94,074
Inventory	27,755	-	-	27,755
Interfund loans receivable	1,042,650	1,621,611	1,053,836	3,718,097
Prepaid items	6,410	-	-	6,410
Notes receivable	115,505	-	-	115,505
<b>Total assets</b>	<b>\$ 1,865,883</b>	<b>1,621,966</b>	<b>1,805,389</b>	<b>5,293,238</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and deposits	216,335	18,946	-	235,281
Accrued wages and benefits	85,904	-	-	85,904
Interfund loans payable	2,474	-	-	2,474
<b>Total liabilities</b>	<b>304,713</b>	<b>18,946</b>	<b>-</b>	<b>323,659</b>
Fund balances:				
Reserved for:				
Encumbrances	-	76,018	-	76,018
Inventory	27,755	-	-	27,755
Noncurrent receivables	115,505	-	-	115,505
Principal	-	-	604,093	604,093
Unreserved, undesignated	1,417,910	1,527,002	1,201,296	4,146,208
<b>Total fund balances</b>	<b>1,561,170</b>	<b>1,603,020</b>	<b>1,805,389</b>	<b>4,969,579</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,865,883</b>	<b>1,621,966</b>	<b>1,805,389</b>	<b>5,293,238</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2005**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 1,173,129	-	-	1,173,129
Intergovernmental	3,290,117	-	-	3,290,117
Unclassified	1,166,289	729,608	-	1,895,897
Charges for services	639,587	-	-	639,587
Investment income	-	-	47,609	47,609
Donations	-	-	276,186	276,186
<b>Total revenues</b>	<b>6,269,122</b>	<b>729,608</b>	<b>323,795</b>	<b>7,322,525</b>
<b>Expenditures:</b>				
Legislative and executive	224	-	-	224
Finance and administration	1,151,829	-	-	1,151,829
City services	298,940	-	-	298,940
Community services	634,228	-	-	634,228
Public safety	482,301	-	-	482,301
Public works	67,221	-	-	67,221
Education	2,290,405	-	-	2,290,405
Food services	979,010	-	-	979,010
Capital outlay	-	3,404,972	-	3,404,972
Other miscellaneous	-	-	24,953	24,953
<b>Total expenditures</b>	<b>5,904,158</b>	<b>3,404,972</b>	<b>24,953</b>	<b>9,334,083</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>364,964</b>	<b>(2,675,364)</b>	<b>298,842</b>	<b>(2,011,558)</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	-	3,495,000	-	3,495,000
Transfer to other funds	(424,410)	-	-	(424,410)
Transfer from other funds	-	480,466	-	480,466
<b>Total other financing sources (uses)</b>	<b>(424,410)</b>	<b>3,975,466</b>	<b>-</b>	<b>3,551,056</b>
<b>Net change in fund balance</b>	<b>(59,446)</b>	<b>1,300,102</b>	<b>298,842</b>	<b>1,539,498</b>
<b>Fund balances, beginning of year</b>	<b>1,620,616</b>	<b>302,918</b>	<b>1,506,547</b>	<b>3,430,081</b>
<b>Fund balances, end of year</b>	<b>\$ 1,561,170</b>	<b>1,603,020</b>	<b>1,805,389</b>	<b>4,969,579</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2005**  
(with comparative totals for June 30, 2004)

	CDBG Loan Fund	Other City Special Revenue Funds	Other School Special Revenue Funds	School Lunch	Totals	
					2005	2004
<b>ASSETS</b>						
Cash	\$ 167,230	42,926	-	-	210,156	93,808
Due from other governments	-	102,312	248,049	19,327	369,688	265,938
Accounts receivable	-	93,719	-	-	93,719	-
Inventory	-	-	-	27,755	27,755	37,607
Interfund loans receivable	-	377,001	453,136	212,513	1,042,650	1,164,606
Prepaid items	-	3,718	1,504	1,188	6,410	4,673
Notes receivable	115,505	-	-	-	115,505	346,898
<b>Total assets</b>	<b>\$ 282,735</b>	<b>619,676</b>	<b>702,689</b>	<b>260,783</b>	<b>1,865,883</b>	<b>1,913,530</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	11	48,242	168,082	-	216,335	59,106
Accrued wages and benefits payable	-	21,596	19,041	45,267	85,904	191,699
Accrued compensated absences	-	-	-	-	-	9,991
Interfund loans payable	2,474	-	-	-	2,474	32,119
<b>Total liabilities</b>	<b>2,485</b>	<b>69,838</b>	<b>187,123</b>	<b>45,267</b>	<b>304,713</b>	<b>292,915</b>
Fund balances:						
Reserved for inventory	-	-	-	27,755	27,755	37,607
Reserved for noncurrent loans receivable	115,505	-	-	-	115,505	346,898
Unreserved, undesignated	164,745	549,838	515,566	187,761	1,417,910	1,236,110
<b>Total fund balances</b>	<b>280,250</b>	<b>549,838</b>	<b>515,566</b>	<b>215,516</b>	<b>1,561,170</b>	<b>1,620,615</b>
<b>Total liabilities and fund balances</b>	<b>\$ 282,735</b>	<b>619,676</b>	<b>702,689</b>	<b>260,783</b>	<b>1,865,883</b>	<b>1,913,530</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, 2005**  
**(with comparative totals for the year ended June 30, 2004)**

	CDBG Loan Fund	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	School Lunch	Totals	
					2005	2004
<b>Revenues:</b>						
Property taxes	\$ -	1,173,129	-	-	1,173,129	998,435
Intergovernmental	-	676,765	2,167,058	446,294	3,290,117	3,990,548
Charges for services	-	-	45,148	594,439	639,587	610,601
Unclassified	5,092	1,127,516	33,681	-	1,166,289	1,634,797
<b>Total revenues</b>	<b>5,092</b>	<b>2,977,410</b>	<b>2,245,887</b>	<b>1,040,733</b>	<b>6,269,122</b>	<b>7,234,381</b>
<b>Expenditures:</b>						
Legislative and executive	-	224	-	-	224	5,609
Finance and administration	-	1,151,829	-	-	1,151,829	1,348,764
City services	36,920	262,020	-	-	298,940	1,203,898
Community services	-	634,228	-	-	634,228	598,582
Public safety	-	482,301	-	-	482,301	203,048
Public works	-	67,221	-	-	67,221	108,910
Education	-	-	2,290,405	-	2,290,405	2,356,538
Food services	-	-	-	979,010	979,010	938,487
<b>Total expenditures</b>	<b>36,920</b>	<b>2,597,823</b>	<b>2,290,405</b>	<b>979,010</b>	<b>5,904,158</b>	<b>6,763,836</b>
Excess (deficiency) of revenues over (under) expenditures	(31,828)	379,587	(44,518)	61,723	364,964	470,545
<b>Other financing sources (uses):</b>						
Transfer (to) from other funds	(2,701)	(417,593)	25,884	(30,000)	(424,410)	(504,971)
<b>Total other financing sources (uses)</b>	<b>(2,701)</b>	<b>(417,593)</b>	<b>25,884</b>	<b>(30,000)</b>	<b>(424,410)</b>	<b>(504,971)</b>
Net change in fund balances	(34,529)	(38,006)	(18,634)	31,723	(59,446)	(34,426)
Fund balances, beginning of year	314,779	587,844	534,200	183,793	1,620,616	1,655,041
<b>Fund balances, end of year</b>	<b>\$ 280,250</b>	<b>549,838</b>	<b>515,566</b>	<b>215,516</b>	<b>1,561,170</b>	<b>1,620,615</b>

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**June 30, 2005**  
**(with comparative totals for June 30, 2004)**

	<b>Totals</b>	
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Accounts receivable	\$ 355	-
Interfund loans receivable	1,621,611	-
<b>Total assets</b>	<b>\$ 1,621,966</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	18,946	439,752
Interfund loans payable	-	185,738
<b>Total liabilities</b>	<b>18,946</b>	<b>625,490</b>
Fund balances (deficit):		
Reserved for encumbrances	76,018	-
Unreserved, undesignated	1,527,002	(625,490)
<b>Total fund balances (deficit)</b>	<b>1,603,020</b>	<b>(625,490)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,621,966</b>	<b>-</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year ended June 30, 2005**  
**(with comparative totals for the year ended June 30, 2004)**

	Totals	
	2005 (Schedule 3)	2004
Revenues:		
Unclassified	\$ 729,608	34,950
Total revenues	729,608	34,950
Expenditures:		
Capital outlay	3,404,972	1,771,552
Total expenditures	3,404,972	1,771,552
Deficiency of revenues under expenditures	(2,675,364)	(1,736,602)
Other financing sources:		
Bond proceeds	3,495,000	-
Transfer from other funds	480,466	439,120
Total other financing sources	3,975,466	439,120
Net change in fund balance	1,300,102	(1,297,482)
Fund balances, beginning of year	302,918	671,992
<b>Fund balances (deficit), end of year</b>	<b>\$ 1,603,020</b>	<b>(625,490)</b>

Beginning balance differs due to the New Cony High School capital project being deemed a major fund for fiscal year 2005.

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2005**

	City	School	Totals
<b>ASSETS</b>			
Cash	\$ 494,472	233,800	728,272
Investments	23,281	-	23,281
Interfund loans receivable	1,053,836	-	1,053,836
<b>Total assets</b>	<b>\$ 1,571,589</b>	<b>233,800</b>	<b>1,805,389</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Principal	532,587	71,506	604,093
Unexpended income	1,039,002	162,294	1,201,296
<b>Total fund balances</b>	<b>1,571,589</b>	<b>233,800</b>	<b>1,805,389</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 1,571,589</b>	<b>233,800</b>	<b>1,805,389</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2005**

	City (Schedule 4)	School (Schedule 5)	Totals
Revenues:			
Investment income	\$ 44,954	2,655	47,609
Donations	270,025	6,161	276,186
Total revenues	314,979	8,816	323,795
Expenditures:			
Current:			
Other miscellaneous	16,834	8,119	24,953
Total expenditures	16,834	8,119	24,953
Net change in fund balance	298,145	697	298,842
Fund balances, beginning of year	1,273,444	233,103	1,506,547
<b>Fund balances, end of year</b>	<b>\$ 1,571,589</b>	<b>233,800</b>	<b>1,805,389</b>

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF AUGUSTA, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds - By Source**  
**June 30, 2005**

Capital assets:	
Land	\$ 1,200,713
Construction in progress - Cony High School	12,812,195
Land Improvements	1,000,000
Buildings	27,660,983
Machinery and equipment	9,543,896
Infrastructure	26,870,650
<hr/>	
<b>Total governmental fund capital assets</b>	<b>\$ 79,088,437</b>
<hr/>	
Investments in capital assets by source:	
Governmental Funds	79,088,437
<hr/>	
<b>Total governmental fund capital assets</b>	<b>\$ 79,088,437</b>
<hr/>	

**CITY OF AUGUSTA, MAINE**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity**  
**June 30, 2005**

Function and Activity	Construction		Land	Buildings	Equipment	Infrastructure	Total
	Land	in process	improvements				
Legislative and executive	\$ -	-	-	-	69,568	-	69,568
Finance and administration	-	-	-	-	285,082	-	285,082
City services	865,863	2,746,388	-	3,396,855	196,003	-	7,205,109
Community services	10,000	-	-	832,172	213,078	-	1,055,250
Public safety	65,200	-	-	454,349	2,225,013	-	2,744,562
Public works	-	-	-	-	-	26,870,650	26,870,650
Education	259,650	10,065,807	1,000,000	22,977,607	3,098,480	-	37,401,544
Central Garage (internal service fund)	-	-	-	-	3,456,672	-	3,456,672
<b>Total governmental fund capital asset</b>	<b>\$ 1,200,713</b>	<b>12,812,195</b>	<b>1,000,000</b>	<b>27,660,983</b>	<b>9,543,896</b>	<b>26,870,650</b>	<b>79,088,437</b>

## Exhibit F-3

**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**June 30, 2005**

Function and Activity	Balance	Additions	Deletions	Balance
	2004			2005
Legislative and executive	\$ 29,115	45,762	5,309	69,568
Finance and administration	285,082	-	-	285,082
City services	4,449,188	2,768,721	12,800	7,205,109
Community services	1,038,411	51,136	34,297	1,055,250
Public safety	2,462,431	373,542	91,411	2,744,562
Public works	26,280,720	589,930	-	26,870,650
Education	28,551,999	9,522,207	672,662	37,401,544
Central Garage (internal service fund)	3,269,106	290,345	102,779	3,456,672
<b>Totals</b>	<b>\$ 66,366,052</b>	<b>13,641,643</b>	<b>919,258</b>	<b>79,088,437</b>

## **SCHEDULES**

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2005**

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs:						
2018 Edwards Dam scholarship	\$ 224	-	-	224	-	-
2019 Commemorative Quilts	1,373	-	672	-	-	2,045
Total legislative and executive	1,597	-	672	224	-	2,045
Finance and administration:						
Federal/State programs:						
2016 MMEHT Wellness Grant 2002	89	6,655	-	6,625	-	119
2017 MMEHT Employee Assistant Grant	2,560	2,500	-	-	-	5,060
2034 Kennebec Valley Assessing Project	-	3,300	-	-	-	3,300
Other programs:						
2009 TIF	-	-	1,173,129	763,129	(410,000)	-
2010 Cable TV franchise	25,884	-	-	-	(25,884)	-
2011 Old City Hall Redevelopment	94,746	-	-	-	-	94,746
2013 Fort Western Trustees	-	-	80,549	80,549	-	-
2014 Augusta Housing Authority	-	-	274,702	274,702	-	-
2015 Augusta Parking District	-	-	25,874	25,874	-	-
2032 Old Cony High School Site	-	-	950	950	-	-
Total finance and administration	123,279	12,455	1,555,204	1,151,829	(435,884)	103,225
City services:						
Federal/State programs:						
2003 Maine State Housing Authority	1,306	-	-	-	-	1,306
2004 Boothby Street	(6,566)	9,398	-	-	(2,832)	-
2006 Main St. Maine	5,000	-	-	5,000	-	-
2007 Public Service Grant	-	18,566	-	18,566	-	-
2008 Housing Assistance	(2,165)	160,000	-	157,835	-	-
2029 Kennebec River Rail Trail	20,925	49,650	-	70,575	-	-
2083 Union Street Reconstruction	-	835	-	5,423	4,588	-
Other programs:						
2012 Sale of Cony HS	(5,150)	-	25,000	-	-	19,850
2020 Development Sites Third Bridge	12,438	-	1,000	4,021	-	9,417
2021 APD/CRID parking solution	4,981	-	-	-	-	4,981
2022 New Neighbor Program	(2,701)	-	600	600	2,701	-
2024 Job retention program	75,000	-	-	-	-	75,000
2027 Lower Water St.	68,000	-	-	-	-	68,000
2028 Greenway bike path	1,222	-	-	-	-	1,222
2031 Lower Capital Construction	5,545	-	-	-	(5,545)	-
2033 Kennebec River Rail Trail Phase 3	-	-	19,000	-	-	19,000
Total City services	177,835	238,449	45,600	262,020	(1,088)	198,776
Public works:						
Other programs:						
2035 ADP Misc. Work Highway	-	-	29,441	29,440	-	1
2036 Accidents	-	-	1,664	1,664	-	-
2038 School Misc. Work	-	-	32,414	32,414	-	-
2106 Townsend Road	-	-	3,703	3,703	-	-
Total public works	-	-	67,222	67,221	-	1

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2005**

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Community services:						
Federal/State programs:						
2065 After School Daycare	\$ 95,809	18,422	301,725	328,051	-	87,905
2094 Greenway Trail Enhancement	5,353	-	-	-	-	5,353
2095 Blaine Memorial Trees	5,664	-	-	-	-	5,664
2105 Tree Planting - New England Road	-	2,446	-	2,446	-	-
Other programs:						
2055 Tree board	11,254	-	6,620	6,189	-	11,685
2056 Edward Mill Site	6,603	-	-	-	-	6,603
2060 Stain Glass Lithgow Library	42,226	-	700	-	-	42,926
2061 Lost library books	3,778	-	24,563	25,570	-	2,771
2066 New Dimensions	296	-	-	296	-	-
2069 Summer Arts	759	-	-	759	-	-
2071 Skateboard park	-	-	192	-	10,000	10,192
2079 Recreation - Adult	818	-	32,032	40,209	(7,910)	(15,269)
2080 Recreation - Youth	19,655	-	89,709	103,006	-	6,358
2081 Recreation - Special Events	3,409	-	11,244	16,971	-	(2,318)
2085 School mowing contract	18,047	-	84,696	102,087	-	656
2086 Bicentennial park	(319)	-	319	-	-	-
2087 Trolley Cars	-	-	425	-	-	425
2088 4th of July	17,946	-	9,589	6,078	-	21,457
2091 Urban comm forestry assistance	575	-	-	-	-	575
2092 Open space forest management	-	-	-	-	-	-
2093 Maine Forest Service	-	-	-	-	-	-
2096 Pleasant Hill Saw timber	7,022	-	17,633	2,566	-	22,089
2097 Augusta Gateway planters	123	-	-	-	-	123
Total community services	239,018	20,868	579,447	634,228	2,090	207,195
Public safety:						
Federal/State programs:						
2041 Ride-a-long	8,301	15,246	-	22,183	(1,314)	50
2043 Community Policing	3,954	3,579	-	-	-	7,533
2047 Bullet Proof Vest	669	831	-	1,500	-	-
2048 Seatbelt Grant	-	2,052	-	2,052	-	-
2049 OUI Grant	-	3,803	-	3,803	-	-
2054 Augusta Homeland Security	-	149,414	-	149,414	-	-
2057 Terrorism Mitigation	-	37,975	-	37,975	-	-
2058 Law Enforcement Block Grant	10,259	-	95	10,354	-	-
2059 Fire Assistance	10,292	97,685	-	107,977	-	-
2062 Fire prevention	2,566	10,944	-	13,107	-	403
2063 MMA Safety Enhancement	988	-	-	988	-	-
2064 Assistance to Firefighters	-	43,242	-	48,046	4,804	-
2070 Disaster Plan WMD Annex	-	21,281	-	21,281	-	-
2072 Safe Ways to School	-	-	-	70	22,050	21,980
2082 Assistance to Firefighters	-	8,061	-	8,957	1,002	106
2103 Local Law Enforcement Block Grant	-	10,880	-	12,082	1,202	-
Other programs:						
2040 Forfeiture fund	4,598	-	3,448	2,459	(1,202)	4,385
2042 Police Outside Work	-	-	40,578	31,158	(9,253)	167
2044 Juvenile Program	2,230	-	1,929	614	-	3,545
2050 Fire prevention	1,489	-	116	1,178	-	427
2051 Fire alarm maintenance	769	-	6,334	7,103	-	-
Total public safety	46,115	404,993	52,500	482,301	17,289	38,596
<b>Total City special revenue funds</b>	<b>\$ 587,844</b>	<b>676,765</b>	<b>2,300,645</b>	<b>2,597,823</b>	<b>(417,593)</b>	<b>549,838</b>

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2005**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
2507	Title IVA - Drug free schools	\$ 15,317	26,533	24,152	-	17,698
2508	Title IIA - Improving Teacher Quality	209,102	159,917	176,016	-	193,003
2509	Title IA - Chapter I - disadvantaged	49,555	879,594	929,149	-	-
2510	Class size reduction grant	(568)	-	-	-	(568)
2511	Title V	(3,040)	34,053	31,013	-	-
2513	Parent Education Consortium	743	-	-	-	743
2514	Aids grant	(31)	-	-	-	(31)
2515	Local entitlement	95,958	488,266	584,224	-	-
2519	21st Century Grant	-	71,997	73,373	-	(1,376)
2520-23	Learning center	12,428	131,973	126,182	-	18,219
2524	Technology Literacy	16,983	29,107	7,164	-	38,926
2526/33	National Science Foundation	1,360	-	1,325	-	35
2527	Pre-School	9,419	25,032	17,793	-	16,658
2534	Rural Low Income	(13,348)	95,983	38,775	-	43,860
2603	Cony Maine Youth Voices	-	1,723	994	-	729
2608	Bullying grant (sex equity)	153	-	-	-	153
2615	ESL Refugee	706	3,542	1,011	-	3,237
Total federal programs		394,737	1,947,720	2,011,171	-	331,286
State programs:						
2501	Maine Arts Commission	(4)	5,605	900	-	4,701
2503	Work study project	223	4,286	4,668	-	(159)
2505	Region 2 Administrative	5,111	-	4,109	-	1,002
2517	Schools need parents	9,790	44,294	59,562	-	(5,478)
2518	Learning results	8,431	20,904	16,391	-	12,944
2525	Health clinic	307	-	-	-	307
2536	State Agency Grant	5,493	13,491	18,984	-	-
2537	School Health Grant	-	2,000	441	-	1,559
2612	State agency - outside students	36,423	26,392	19,681	-	43,134
Total state programs		65,774	116,972	124,736	-	58,010
Other programs:						
2535	Teamwork for Kids	1,000	-	-	-	1,000
2604	Sports Done Right	-	3,000	610	-	2,390
2605-06	Summer School	(34,659)	18,209	(4,130)	-	(12,320)
2607	Chizzle whizzle	(195)	7,126	6,931	-	-
2611	Tuition out of district	(19,682)	-	(19,681)	-	(1)
2616	Stagehand, student stipends	(1,017)	-	(870)	-	(147)
2618	Tech time - Stewart	1,002	-	-	-	1,002
Total other programs		(53,551)	28,335	(17,140)	-	(8,076)
Special projects:						
2625	CTV 7	(572)	5,346	-	25,884	30,658
Total special projects		(572)	5,346	-	25,884	30,658
Subtotal		\$ 406,388	2,098,373	2,118,767	25,884	411,878

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2005**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
2502	Aspire - Customer Service #6/7	\$ 19,148	-	10,031	-	9,117
2506	Aspire program	3,825	-	500	-	3,325
2512	ABE federal program	-	64,406	64,406	-	-
2516	Workforce development	(3,744)	8,756	4,228	-	784
2529	Perkins Title II C	(298)	3,333	3,333	-	(298)
2530	Aspire - Lab	19,643	-	24,766	-	(5,123)
2531	Aspire - overhead	589	-	-	-	589
Total federal programs		39,163	76,495	107,264	-	8,394
State programs:						
2532	Jail education program	23,679	25,871	26,396	-	23,154
Total state programs		23,679	25,871	26,396	-	23,154
Other programs:						
2613	Self-supporting General Teaching	28,627	18,754	21,627	-	25,754
2614	Health Occupation Education	30,657	16,109	15,347	-	31,419
2622	KLC Computer Lab	5,686	10,285	1,004	-	14,967
Total other programs		64,970	45,148	37,978	-	72,140
<b>Total School Special Revenues</b>		<b>\$ 534,200</b>	<b>2,245,887</b>	<b>2,290,405</b>	<b>25,884</b>	<b>515,566</b>

**CITY OF AUGUSTA, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2005**

		Balances beginning of year	Revenues	Expenditures	Bond Proceeds	Transfers in (out)	Balances end of year
<b>City Funds:</b>							
3000	Fiscal 2000	\$ 95,730	-	5,215	-	-	90,515
3001	Fiscal 2001	8,378	344	6,896	-	40,000	41,826
3002	Fiscal 2002	18,344	761	-	-	(17,884)	1,221
3003	Fiscal 2003	382,604	99	57,408	-	(22,050)	303,245
3004	Fiscal 2004	42,170	56,685	534,818	640,000	166,939	370,976
3005	Fiscal 2005	-	74,034	359,798	355,000	313,461	382,697
3086	Dickman Parking Garage	(342,657)	590,158	2,403,731	2,500,000	-	343,770
3096	Fiscal 1996	678	-	678	-	-	-
3097	Fiscal 1997	9,275	-	-	-	-	9,275
3098	Carry Forward	88,396	7,527	36,428	-	-	59,495
<b>Total nonmajor capital projects</b>		<b>\$ 302,918</b>	<b>729,608</b>	<b>3,404,972</b>	<b>3,495,000</b>	<b>480,466</b>	<b>1,603,020</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - City**  
**Year ended June 30, 2005**

City 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	Principal additions	Other revenues	Expenditures		
6001 New Cony High School	\$ -	689,155	-	292,201	1,685	-	979,671
6501 L. W. Titcomb Playground	6,281	117	-	185	761	6,281	(459)
6502 Lithgow Library	24,933	470	-	754	815	24,933	409
6503 St. Mark's Church	11,968	(62)	-	360	317	11,968	(19)
6504 Addie Wright	150	2	-	5	-	150	7
6505 Anna Brown	74	2	-	2	-	74	4
6506 Annie and Seth Goodwin	400	6	-	12	-	400	18
6507 Cemetery Trust Fund	141,483	2,663	-	4,231	9,386	141,483	(2,492)
6508 Church Williams	100	2	-	3	-	100	5
6509 Dora Barry Taylor	100	2	-	3	-	100	5
6510 Dr. Carl Hutchinson	598	11	-	18	-	598	29
6511 Elaine Webber	249	4	-	8	-	249	12
6512 Ellen F. Dutton	100	2	-	3	-	100	5
6513 Emma Sylvester	100	2	-	3	-	100	5
6514 EST Leadbetter & Page	149	3	-	5	-	149	8
6515 Everett Withee	100	2	-	3	-	100	5
6516 Forest Grove Cemetery	75,538	1,422	-	2,270	-	75,538	3,692
6517 George Cottle	100	2	-	3	-	100	5
6518 Gordon Drew	1,995	37	-	60	-	1,995	97
6519 H. Williams	149	3	-	5	-	149	8
6520 Horace Leighton	100	2	-	3	-	100	5
6521 Isaac and Alice Garside	498	10	-	15	-	498	25
6522 ITF Edwin B. Thorne	199	4	-	6	-	199	10
6523 ITF Janet Wade	299	6	-	9	-	299	15
6524 ITF Lucinda Downe	50	1	-	1	-	50	2
6525 ITF Silas Jackson	100	2	-	3	-	100	5
6526 J. Albert Knowles	100	2	-	3	-	100	5
6527 John M. Currier	100	2	-	3	-	100	5
6528 John R. Philbrook	100	2	-	3	-	100	5
6529 Kling Trust	9,974	187	-	300	-	9,974	487
6530 L. B. Scribner	249	5	-	7	-	249	12
6531 Lena Haskell	291	6	-	9	-	291	15
6532 Luther Barr	180	3	-	5	-	180	8
6533 M. Morrell/Burns	149	3	-	4	-	149	7
6534 M. Tuek & E. Steve	199	4	-	6	-	199	10
6535 N.B.K Pettingill	299	6	-	9	-	299	15
6536 Nash Robinson	100	2	-	3	-	100	5
6537 Pauline B. Carter	498	10	-	15	-	498	25
6538 Pearl Fisher Scholarship	199	4	-	6	-	199	10
6539 Pierce Flower	199	4	-	6	-	199	10
6540 R. W. Brown/Pelton	100	2	-	3	-	100	5
6541 Wesley Cummings	149	3	-	5	-	149	8
6542 Wm. and Sylvia Vaughn	100	2	-	3	-	100	5
6543 Alice Reynolds Trust	11,565	(9)	-	351	300	11,565	42
6544 Ed E. Gage Family Trust	49,566	1,743	-	1,548	1,000	49,566	2,291
6545 Edwards Dam Scholarship	27,899	12	-	842	650	27,899	204
6546 Eliza Church Fund	3,376	(17)	-	102	80	3,376	5
6547 Ira Bunker	499	(3)	-	15	-	499	12
6548 Lipman Memorial Trust	4,057	752	-	145	100	4,057	797
6549 Miriam Titcomb Trust	22,660	869	-	681	601	22,660	949
6550 Peavy Scholarship Fund	4,211	(22)	-	127	100	4,211	5
6551 Sanford Legacy	1,496	(8)	-	45	39	1,496	(2)
6552 Cony Family Fund	12,497	(4,291)	-	4,439	1,000	12,497	(852)
6553 Tree Board Trust	-	27,855	-	702	-	-	28,557
6554 Bicentennial Nature Park	-	25,724	-	426	-	-	26,150
6555 Cemetery Perpetual Care	98,242	(440)	2,720	2,081	-	100,962	1,641
6556 Mall Mitigation Land Trust	15,000	(2,705)	-	194	-	15,000	(2,511)
<b>Total City Funds</b>	<b>\$ 529,867</b>	<b>743,577</b>	<b>2,720</b>	<b>312,259</b>	<b>16,834</b>	<b>532,587</b>	<b>1,039,002</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - School**  
**Year ended June 30, 2005**

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	Interest earned	Other revenues	Expenditures		
6230 Theresa Brannigan Memorial	\$ -	744	5	-	-	-	749
6251 Auto Mechanic Scholarship	-	5,715	70	-	150	-	5,635
6252 Childcare Scholarship	290	696	6	-	500	290	202
6253 CATC Multi-media Scholarship	595	38	4	-	-	595	42
6254 CATC Plumbing And Heating	-	744	5	-	-	-	749
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	297	2	-	-	-	299
6256 CHS Class of 1938 Scholarship Fund	-	2,870	31	-	250	-	2,651
6257 CHS Special Music Concert (held at CHS)	-	584	4	-	-	-	588
6258 Cony Restoration Fund	-	1,459	25	-	-	-	1,484
6259 Devina Mudge Scholarship	-	899	7	-	-	-	906
6260 Ebbie Brooks Math and Science Fund	-	603	4	-	20	-	587
6261 Edgar A. Hussey Memorial	-	5,672	69	-	200	-	5,541
6262 Eliza Church Fund	-	771	6	-	-	-	777
6263 Frank Hewins Music	-	659	4	-	-	-	663
6264 Friedlander Memorial Award	-	49	(3)	-	-	-	46
6265 Georgianna Hayes English	-	1,050	9	-	-	-	1,059
6266 Jon Crockett Memorial Fund	-	1,434	21	1,000	-	-	2,455
6267 Lanny Cooper Memorial	-	999	9	-	-	-	1,008
6268 Lee and Larry Leighton Scholars	(150)	4,505	52	-	200	(150)	4,357
6269 Mable Thompson	-	642	4	-	25	-	621
6271 Titcomb Fund	-	32,054	414	-	-	-	32,468
6272 Florence Tanner McIntire Memorial	-	2,202	24	-	-	-	2,226
6273 Pat MacFarland Memorial	-	825	4	-	300	-	529
6274 Mallory Dulac Scholarship	-	6,377	79	-	-	-	6,456
6275 Cony High Scholarship (held at CHS)	-	-	50	3,626	-	-	3,676
6701 Ann Williams Funds	2,000	8,896	138	-	-	2,000	9,034
6702 Alumni Hall restoration	400	17,899	235	110	-	400	18,244
6703 Arthur E. Shea Memorial	1,161	(68)	10	-	-	1,161	(58)
6704 CATC School Wide Scholarship	10,000	(374)	122	-	-	10,000	(252)
6705 CHS Class of 1943 Scholarship Fund	7,212	2,726	123	-	500	7,212	2,349
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	18,308	-	1,100	1,814	-	17,594
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	8,547	147	-	-	-	8,694
6708 Carpentry Scholarship	75	1,210	8	-	600	75	618
6709 Charles McGrail Scholarship	3,257	1,226	53	-	200	3,257	1,079
6710 Dorothy Giddings Fund	1,000	2,996	48	-	-	1,000	3,044
6711 Edward Albing Math Fund	500	205	5	-	20	500	190
6713 Food Service Scholarship	15	575	1	-	500	15	76
6714 Garside English Fund	600	114	5	-	20	600	99
6715 Helen Dyer Scholarship	1,717	633	26	-	-	1,717	659
6716 H. Graham Nye CATC Scholarship	2,500	561	35	-	-	2,500	596
6717 Jim Marchildon Scholarship	1,705	7,765	113	300	2,000	1,705	6,178
6718 Karen Carey Scholarship	2,577	820	40	-	-	2,577	860
6719 Louis Ochmanski Scholarship	2,500	814	39	-	-	2,500	853
6720 Louise Webber Fund	10,000	5,567	195	-	500	10,000	5,262
6722 Mable I. Morton	1,970	718	30	-	-	1,970	748
6723 Mable Richmond Fund	200	238	2	-	20	200	220
6724 Machine Tool Scholarship	15	175	(2)	-	-	15	173
6725 Melanie Ann Cote Scholarship	1,800	1,792	42	-	-	1,800	1,834
6726 Nora Jackson Scholarship	3,000	4,566	94	-	-	3,000	4,660
6727 Raymond Falconia Fund	5,000	1,222	75	-	250	5,000	1,047
6728 Richard Ayotte Scholarship	2,050	265	25	-	50	2,050	240
6729 Sandra Lipman Arts Fund	2,220	(435)	19	-	-	2,220	(416)
6730 Theodore Rhoades Memorial	5,000	1,774	84	-	-	5,000	1,858
6731 Thomas Bishop Memorial Scholarship	2,297	974	38	25	-	2,297	1,037
<b>Total School Funds</b>	<b>\$ 71,506</b>	<b>161,597</b>	<b>2,655</b>	<b>6,161</b>	<b>8,119</b>	<b>71,506</b>	<b>162,294</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2005**

	Balance 7/1/2004	Additions	Deletions	Balance 6/30/2005
<b>ASSETS</b>				
Cash	\$ 158,879	714,632	686,978	186,533
<b>Total assets</b>	<b>\$ 158,879</b>	<b>714,632</b>	<b>686,978</b>	<b>186,533</b>
<b>LIABILITIES</b>				
Funds held for student activities	158,879	714,632	686,978	186,533
<b>Total liabilities</b>	<b>\$ 158,879</b>	<b>714,632</b>	<b>686,978</b>	<b>186,533</b>

## **STATISTICAL SECTION**

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

Fiscal year	City Services										Total						
	Legislative and executive	Finance and administration	Public works	Community services	Public Safety	Education	Insurance and other fringe benefits	Utilities	Unclassified	Interest on debt		Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance
2003	\$ 1,649,442	759,861	3,365,923	2,222,759	4,990,504	28,609,739	1,444,711	2,107,913	3,375,553	217,015	1,093,333	989,578	2,740,829	1,882,110	383,866	854,430	56,687,566
2004	1,525,583	799,314	3,560,352	2,340,370	5,017,437	28,167,122	1,579,957	2,110,899	5,404,041	240,820	1,030,789	320,249	2,804,081	2,423,384	375,821	1,138,584	58,838,803
2005	593,157	2,574,468	3,238,089	2,465,706	5,459,336	28,860,857	1,458,605	1,891,239	1,245,371	154,231	1,129,094	101,826	2,756,456	2,212,682	411,678	988,682	55,541,477

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

Table 2

**CITY OF AUGUSTA, MAINE**  
**Government-wide Revenues**  
**Last Ten 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	

Only three 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										Debt service	Capital	Total
	Legislative and executive	Finance and administration	and public works	Community services	Public safety	Insurances and utilities	Unclassified	County	Education				
1996 \$	938,447	565,508	2,868,632	1,509,976	4,487,926	2,484,092	346,495	890,168	18,113,381	1,223,376	358,068	33,786,069	
1997	1,093,285	578,432	2,797,878	1,468,807	4,619,294	2,422,003	547,391	905,186	18,841,881	1,223,131	258,044	34,755,332	
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	

Table 4

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

Fiscal year	Licenses and permits		Inter-governmental	Charges for services		Fines and fees		Investment earnings	Unclassified	Total
	Taxes	and permits		for services	and fees					
1996	\$ 21,630,465	116,476	8,369,863	1,963,744	19,456	459,167	571,851	33,131,022		
1997	21,845,648	124,856	8,663,614	2,132,230	19,813	505,694	497,645	33,789,500		
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		

Table 5

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

Fiscal year	Total		Current		% of levy		Prior year		Total		% of total tax	
	tax levy	collections	tax collections	collected	tax collections	collected	tax collections	to levy	tax collections	to levy	collection to levy	collection to levy
1996	\$ 20,029,900	18,661,340	18,661,340	93.17%	763,007	763,007	19,424,347	96.98%	19,424,347	96.98%	96.98%	96.98%
1997	19,869,390	18,643,530	18,643,530	93.83%	1,062,182	1,062,182	19,705,712	99.18%	19,705,712	99.18%	99.18%	99.18%
1998	20,196,369	19,318,947	19,318,947	95.66%	1,169,763	1,169,763	20,488,710	101.45%	20,488,710	101.45%	101.45%	101.45%
1999	20,286,033	19,319,920	19,319,920	95.24%	713,514	713,514	20,033,434	98.75%	20,033,434	98.75%	98.75%	98.75%
2000	20,789,821	19,886,796	19,886,796	95.66%	825,434	825,434	20,712,230	99.63%	20,712,230	99.63%	99.63%	99.63%
2001	22,010,273	21,111,582	21,111,582	95.92%	1,075,709	1,075,709	22,187,291	100.80%	22,187,291	100.80%	100.80%	100.80%
2002	22,629,151	21,816,956	21,816,956	96.41%	755,714	755,714	22,572,670	99.75%	22,572,670	99.75%	99.75%	99.75%
2003	23,263,776	22,364,810	22,364,810	96.14%	683,187	683,187	23,047,997	99.07%	23,047,997	99.07%	99.07%	99.07%
2004	23,700,680	22,990,568	22,990,568	97.00%	704,836	704,836	23,695,404	99.98%	23,695,404	99.98%	99.98%	99.98%
2005	24,254,710	23,661,231	23,661,231	97.55%	827,605	827,605	24,488,836	100.97%	24,488,836	100.97%	100.97%	100.97%

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		
1996	\$	799,549,800	101,075,200	900,625,000	890,750,000	101.11%
1997		792,195,900	101,211,900	893,407,800	874,800,000	102.13%
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%

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

<b>Fiscal year</b>	<b>Population</b>	<b>Assessed value</b>	<b>Gross debt</b>	<b>Enterprise debt</b>	<b>Net bonded debt</b>	<b>Ratio net debt to value</b>	<b>Net debt per capita</b>
1996	21,041	\$ 900,625,000	13,428,573	1,790,000	11,638,573	1.29%	553
1997	21,041	893,407,800	11,935,597	1,190,000	10,745,597	1.20%	511
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

Sources for population information:

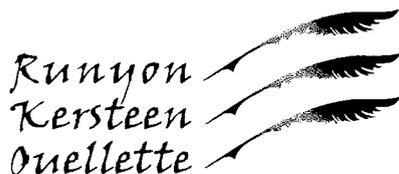
State of Maine Department of Human Services, research department, for 1995 through 2000, except for 1996 and 1997 which were estimated by Kennebec Valley Council of Governments. Population for 2001 was obtained from the U.S. Census Bureau.

**Table 8**

**CITY OF AUGUSTA, MAINE  
Principal Taxpayers  
June 30, 2005**

<b>Taxpayer</b>	<b>Business</b>		<b>Assessed value</b>	<b>% of total value</b>
Central Maine Power	Public Utility	\$	60,629,700	6.50%
Capital Augusta/Townsend/SK Prop.	Retail		27,073,500	2.90%
Wal-Mart Stores, Inc.	Retail		21,297,600	2.28%
Gall, Edward	Rental/retail		18,778,900	2.01%
Harpers/Central Main Comm. Ctr.	Property Management		17,328,900	1.86%
Pomerleau, Frank	Retail		13,351,300	1.43%
Meadowpark Dev. Corp.	Rental		10,958,800	1.17%
CAP Center Associates LP	Developer		7,332,600	0.79%
McCarthy J.S. Co. Inc.	Factory		7,188,000	0.77%
Hannaford Bros.	Retail		6,915,500	0.74%

## **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 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, 2005, which collectively comprise the City of Augusta, Maine's basic financial statements and have issued our report thereon dated October 7, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated October 7, 2005.

Compliance and Other Matters

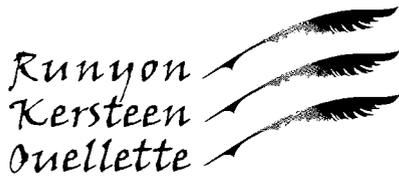
As part of obtaining reasonable assurance about whether the City of Augusta, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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**

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.



October 7, 2005  
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, 2005. 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 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 #2005-1 and #2005-2 in the accompanying schedule of findings and questioned costs, the City of Augusta, Maine did not comply with the requirement regarding cash management that is applicable to its U.S. Department of Education, Title IA - Disadvantaged (CFDA #84.010) and Special Education - Grants to States (CFDA #84.027) programs. Compliance with such requirement 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, 2005.

Internal Control Over Compliance

The management of the City of Augusta, Maine is responsible for establishing and maintaining effective internal control over compliance with the 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

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

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Augusta, Maine's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item #2005-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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, 2005, and have issued our report thereon dated October 7, 2005. 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 taken as a whole. 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.



October 7, 2005  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2005**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30,		Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2005
				2004	2005	Federal	Other			
U.S. Department of Education.										
Direct funding:										
2519 21st Century Grant	84.287	N/A	\$ 71,997	-	-	71,997	-	73,373	-	(1,376)
Passed through Maine Department of Education:										
2512 Adult Basic Education	84.002	6296/6297	103,973	-	-	103,973	-	103,973	-	-
2509 Title IA	84.010	6334	879,594	49,555	-	879,594	-	929,149	-	-
2515 Special Education State Grants Individuals with Disabilities Act	84.027	6317	488,266	95,958	-	488,266	-	584,224	-	-
2520 Carl Perkins - Basic grant (learning center)	84.048	5159	1,31,973	12,428	-	131,973	-	126,182	-	18,219
2608 Carl Perkins - Basic grants (sex equity)	84.048	N/A	-	153	-	-	-	-	-	153
2527 PreSchool	84.173	6241	25,032	9,419	-	17,793	-	17,793	-	16,658
2511 Title V - Innovative	84.298	1072	34,053	(3,040)	-	34,053	-	31,013	-	-
2524 Technology Literacy	84.318	1006	29,107	16,983	-	29,107	-	7,164	-	38,926
2510 Class size reduction grant	84.340	5088	-	(568)	-	-	-	-	-	(568)
2534 Rural Low Income	84.358	1078	95,983	(13,348)	-	95,983	-	38,775	-	43,860
2508 Teacher Quality grant	84.367	1138	159,917	209,102	-	159,917	-	176,016	-	193,003
Passed through Maine Office of Substance Abuse:										
2507 Drug Free Schools and Communities	84.186	N/A	26,533	15,317	-	26,533	-	18,419	-	23,431
Total U.S. Department of Education				391,959		2,046,428		2,106,081		332,306
U.S. Department of Housing and Urban Development, passed through Department of Economic and Community Development:										
2004 CDBG - Boothby Street	14.228	G703364	400,000	(6,566)	-	9,398	-	2,832	-	-
2007 CDBG - Public Service Grant	14.228	G903287	50,000	-	-	18,566	-	18,566	-	-
2008 CDBG - Housing Assistance Grant	14.228	G903286	160,000	(2,165)	-	160,000	-	157,835	-	-
Total U.S. Department of Housing and Urban Development				(8,731)		187,964		179,233		-
U.S. Department of Agriculture, passed through the Maine Dept. of Ed:										
2617 National School Lunch Program	10.555	7128	N/A	165,452	-	310,558	617,473	310,558	578,028	204,897
School Breakfast Program	10.553	7127	N/A	-	-	60,935	-	60,935	-	-
Summer Food Service Program	10.559	7130	N/A	-	-	4,028	-	4,028	-	-
Food Donation Program	10.550	6134	N/A	18,341	-	51,767	-	59,489	-	10,619
Total U.S. Department of Agriculture				183,793		427,288	617,473	435,010	578,028	215,516
U.S. Department of Justice, passed through the Maine Department of Justice:										
2043 Community Policing	16.579	N/A	23,060	3,954	-	3,579	-	-	-	7,533
2058 Law Enforcement Block Grant	16.592	N/A	21,888	10,259	-	-	95	10,259	95	-
2103 Law Enforcement Block Grant	16.592	N/A	12,021	-	-	10,880	1,202	10,880	1,202	-
2047 Bulletproof Vests	16.607	N/A	1,500	669	-	831	-	1,500	-	-
Passed through the Maine Department of Education:										
2603 Youth Voices	16.727	N/A	N/A	-	-	1,723	-	994	-	729
Total U.S. Department of Justice				14,882		17,013	1,297	23,633	1,297	8,262
U.S. Department of Transportation:										
Direct programs:										
2049 OUI Grant	20.600	N/A	N/A	-	-	2,052	-	2,052	-	-
2048 Seabell Grant	20.604	N/A	N/A	-	-	3,803	-	3,803	-	-
Passed through the Maine Department of Transportation:										
2083 Highway Planning and Construction	20.205	N/A	50,000	-	-	835	4,588	835	4,588	-
Total U.S. Department of Transportation				-		6,690	4,588	6,690	4,588	-

CITY OF AUGUSTA, MAINE  
Schedule of Expenditures of Federal Awards, Continued

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2004	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2005
					Federal	Other			
U.S. Department of Human Services, passed through the									
Maine Department of Education:									
2615 Refugee resettlement	93,576	5019	3,542	706	3,542	-	1,011	-	3,237
2537 Comprehensive School Health	93,938	6312	2,000	-	2,000	-	441	-	1,559
Passed through the Maine Department of Human Services:									
2065 Child Care Development Fund	93,575	N/A	21,046	95,809	18,422	301,725	18,422	309,629	87,905
Total U.S. Department of Human Services				96,515	23,964	301,725	19,874	309,629	92,701
U.S. Department of Homeland Security:									
Direct program:									
2070 Disaster Plan WMD Annex	97,004	N/A	31,012	-	21,281	-	21,281	-	-
2062 Fire Prevention Safety Grant	97,044	N/A	25,665	2,566	10,944	-	13,107	-	403
2064 Assistance to Firefighters Grant	97,044	N/A	48,046	-	43,242	4,804	43,242	4,804	-
2082 Assistance to Firefighters Grant	97,044	N/A	9,018	-	8,061	1,002	8,061	896	106
Passed through Maine Emergency Management Agency:									
2054 Homeland Security Grant	97,004	N/A	287,770	-	149,414	-	149,414	-	-
2057 Terror Mitigation Equipment	97,004	N/A	64,300	-	37,975	-	37,395	-	580
Total U.S. Department of Homeland Security				2,566	270,917	5,806	272,500	5,700	1,089
Federal Emergency Management Agency:									
Direct program:									
2059 Assistance to Firefighters Grant	97,036	N/A	N/A	-	1,030	-	1,030	-	-
83,554 Assistance to Firefighters Grant	83,554	N/A	139,776	10,292	97,685	-	107,977	-	-
Total U.S. Department of Federal Emergency Management				10,292	98,715	-	109,007	-	-
<b>Totals</b>			<b>\$</b>	<b>691,276</b>	<b>3,078,979</b>	<b>930,889</b>	<b>3,152,028</b>	<b>899,242</b>	<b>649,874</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, 2005**

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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, 2005. 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, 2005**

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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

Reportable condition identified  
not considered to be a material weakness? no

Noncompliance material to financial statements noted? no

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified? no

Reportable conditions identified  
not considered to be material weaknesses? yes

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	Local Entitlement
10.553-555	School Lunch Cluster
84.010	Title IA

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***

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**

**#2005-1 - U.S. Department of Education, for the Period July 1, 2004 through June 30, 2005, CFDA #84.010 Title IA - Disadvantaged**

Statement of Condition: The Title IA 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 Title IA Grant from July 1, 2004 through June 30, 2005 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

**#2005-2 - U.S. Department of Education, for the Period July 1, 2004 through June 30, 2005, CFDA #84.027 Special Education – Grants to States**

Statement of Condition: The Special Education – Grants to States 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, 2004 through June 30, 2005 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**

REPORTABLE CONDITION

**#2005 - 3 - Semi-annual Certification of Title 1A Employees**

Our test work revealed that currently the School Department does not require semi-annual certifications of employees paid 100% through the Title 1A federal grant. The A-133 Compliance Supplement states that “An employee whose compensation is funded solely from a Single Cost Objective must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B paragraph 11.h.3”. We recommend that certificates be distributed to Title 1A staff twice a year and be signed by both the Title 1A employee and the Title 1A grant director.

**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**

NONE