

**CITY OF AUGUSTA, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2016**

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2016**

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## Independent Auditor's Report

City Council  
City of Augusta, Maine

### **Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016 on our consideration of the City of Augusta, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Augusta, Maine's internal control over financial reporting and compliance.



October 28, 2016  
Augusta, Maine

**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2016**

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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, 2016. 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 2016 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net position was \$38.1 million at June 30, 2016. Of this total, \$33.4 million is governmental net position and \$4.7 million is business-type net position.
- The City's net position increased by \$0.2 million. Of this amount, the governmental activities had a decrease in net position of \$0.8 million. The business-type activities net position increased by \$1 million. Governmental net position invested in capital assets net of debt increased by \$2.3 million, restricted net position increased by \$1.3 million and unrestricted net position decreased by \$4.3 million.
- City-wide governmental revenues include program revenues of \$25.3 million, a decrease of \$4.3 million, and general revenues of \$39.2 million, an increase of \$2.1 million. The decrease in program revenues of \$4.3 million is primarily due to contributions last year of \$2.3 million for the Lithgow Library Expansion, the decrease in State funding for Education of \$1 million and Central Garage capital contributions decrease of \$0.9 million. Business-type income was \$5.5 million, an increase of \$0.3 million.
- Total City-wide governmental expenses were \$65.2 million, a decrease of \$4.5 million and business-type activities expenses were \$4.6 million, an increase of \$0.1 million, for total expenditures of \$69.8 million, an increase of \$4.6 million or 7%.

**Fund Level:**

- Governmental fund balance decreased by \$1.7 million in Fiscal 2016 to \$35.4 million of which \$24.4 million is non-spendable, restricted, or committed. \$4.3 million is assigned for specific purposes and \$6.7 million is unassigned. Governmental fund revenues totaled \$64.1 million, with total expenditures of \$73.1 million. Other financing sources and uses added \$7.3 million. General fund revenues totaled \$52.9 million, with total expenditures of \$53.7 million, for a deficiency of revenues under expenditures \$0.8 million. The total of other financial sources and uses was \$1.7 million. The General Fund fund balance increased \$0.9 million for fiscal 2016.

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

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

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Government-wide Financial Statements provide longer term view of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position 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 position for the year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. All of the amounts in the Statement of Net Position 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 Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances. They exclude capital assets, long-term debt, and other long-term amounts.

Major Funds, which account for the major financial activities of the City, are presented individually while the activities of the Nonmajor 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 Position 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 Services, Development 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 two enterprise activities, Augusta Civic Center and Hatch Hill Landfill 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 Nonmajor Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Nonmajor Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

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

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 and include all of their assets and liabilities, current and long term.

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

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

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

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

**Table 1**  
**Governmental Activities Net Position**

	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 42,834,742	43,310,811
Capital assets	66,944,359	58,797,822
Total assets	109,779,101	102,108,633
Deferred outflows of resources	3,238,944	2,827,488
Long-term liabilities	67,373,623	57,553,977
Other liabilities	9,700,746	8,123,864
Total liabilities	77,074,369	65,677,841
Deferred inflows of resources	2,540,522	5,100,350
Net investment in capital assets	35,788,591	33,454,185
Restricted	10,776,115	9,526,956
Unrestricted	(13,161,552)	(8,823,251)
<b>Total net position</b>	<b>\$ 33,403,154</b>	<b>34,157,890</b>

Capital assets increased by 14% or \$8.1 million. The City's long-term liabilities (which included the net pension and OPEB liabilities) increased by \$9.8 million. The City's other liabilities increased by \$1.6 million. The City's net investment in capital assets represents 107% of the total net position. 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. Resources that are subject to external restrictions in their uses represent 32% of net position. The remaining balance is a deficit in unrestricted net position of \$13.2 million.

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

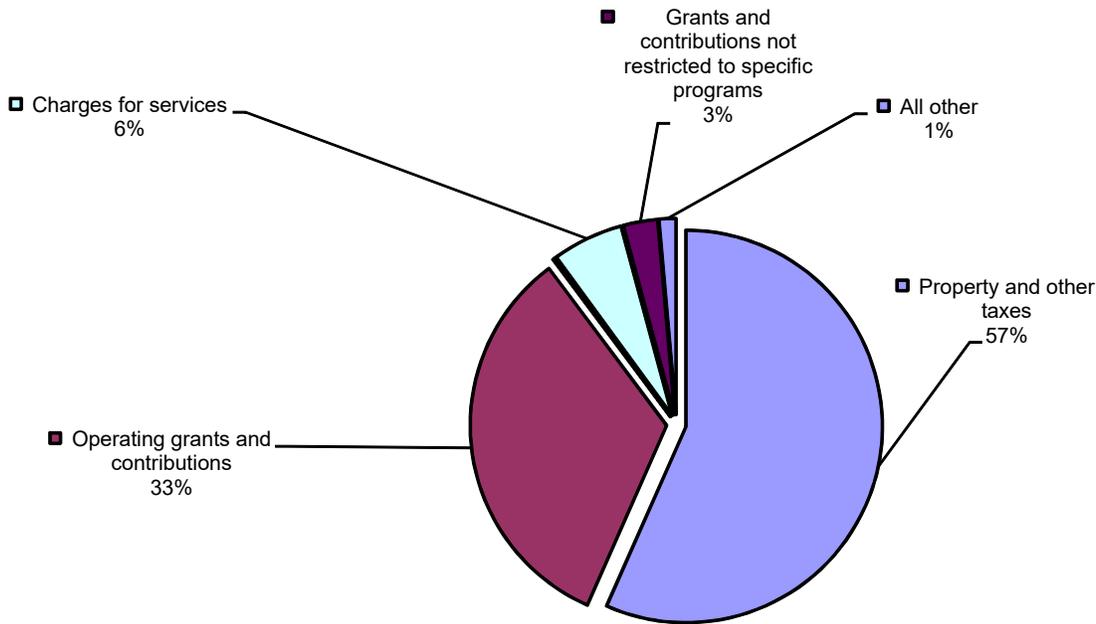
**Governmental Activities Changes in Net Position**

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 3,765,420	3,868,641	(103,221)
Operating grants and contributions	21,375,896	22,537,478	(1,161,582)
Capital grants and contributions	115,848	3,148,046	(3,032,198)
Total program revenues	25,257,164	29,554,165	(4,297,001)
<b>General Revenues:</b>			
Property and other taxes	36,504,287	34,667,616	1,836,671
Grants and contributions not restricted to specific programs	1,813,228	1,719,131	94,097
Licenses, permits and fees	399,030	310,704	88,326
Unrestricted investment income	315,175	160,390	154,785
Other	186,103	308,194	(122,091)
Total general revenues	39,217,823	37,166,035	2,051,788
Total revenues	64,474,987	66,720,200	(2,245,213)
<b>Functional Expenses:</b>			
Legislative and executive	530,504	576,556	(46,052)
Finance and administration	3,024,307	3,171,224	(146,917)
Development services	2,339,467	2,669,293	(329,826)
Community services	3,075,618	2,995,671	79,947
Public safety	9,418,051	8,817,839	600,212
Public works	3,368,069	3,542,468	(174,399)
Education	31,424,245	30,430,740	993,505
Retirement and insurance	5,001,945	1,803,541	3,198,404
Utilities	2,480,937	2,464,731	16,206
Unclassified	1,639,085	1,588,673	50,412
Interest on debt	240,336	228,732	11,604
Central garage	1,742,689	1,893,276	(150,587)
Capital maintenance	944,470	520,857	423,613
Total expenses	65,229,723	60,703,601	4,526,122
Increase (decrease) in net position	(754,736)	6,016,599	(6,771,335)
Net position – beginning of year, restated	34,157,890	28,141,291	6,016,599
<b>Net position – end of year</b>	<b>\$ 33,403,154</b>	<b>34,157,890</b>	<b>(754,736)</b>

Governmental activities resulted in a decrease in net position of \$0.8 million. Program revenues decreased \$4.3 million, with capital grants and contributions decreasing by \$3 million. Charge for services decreased by \$0.1 million. The State and Federal government decreased operating grants and contributions by \$1.2 million as compared to FY 2015. General revenues increased \$2.1 million. Property and other taxes increased \$1.8 million and unrestricted investment income increased \$0.2 million. Functional expenses increased \$4.5 million. Retirement and insurance increased \$3.2 million due to pension expense and other post-employment benefits. Education expense increased \$1 million.

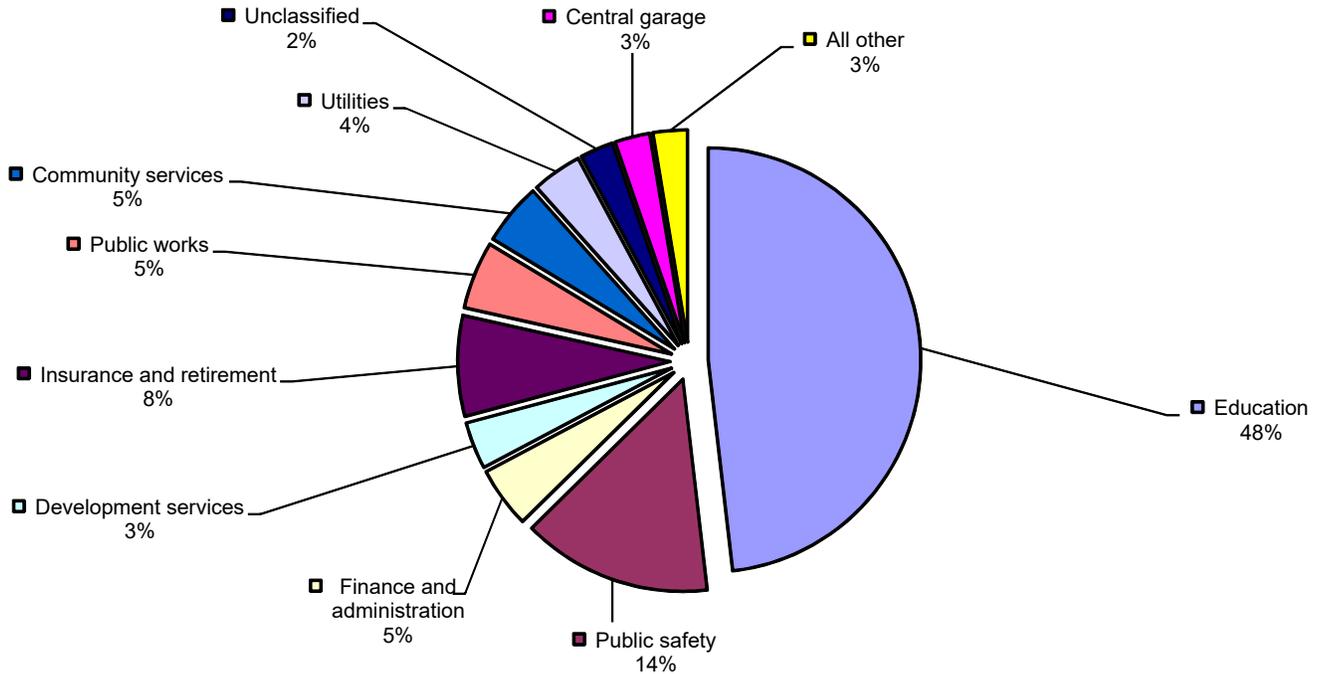
**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis, Continued**

**Source of Revenues**



As the source of revenues chart above shows, 57% of the City's fiscal 2016 governmental activities revenues came from property and other taxes, and 33% from operating grants and contributions. The remaining 10% came from charges for services 6%, grants and contributions not restricted to specific programs 3%, and all other revenue sources totaling 1%.

**Functional Expenses**



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

The functional expenses chart reflects only current year expenses, which are discussed below. Education accounted for 48% and municipal services 52% of expenses. Public safety accounted for 14% of total expenses. Finance and administration along with insurance and retirement were 13% of expenses, development services accounted for 3%, community services for 5%, and public works accounted for 5% of total expenses. Utilities, unclassified and central garage accounted for 9%. Legislative and executive, and interest on non-educational debt combined totaled 3% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2016, governmental capital assets, net of depreciation, increased \$8.1 million. Capital assets not being depreciated increased \$9.8 million. Capital assets being depreciated increased \$0.4 million and accumulated depreciation increased \$2.1 million.

**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 \$39.97 million, as the City is dependent on general revenues for 61% of expenses. Overall, program revenues reduced program expenses by an average of 39% of total expenses. The range of reduction was 0% to 60.9% for education. Overall, governmental activities net expenses increased \$8.8 million or 28%. The City's program revenues include charges for services, State subsidies, and operating and capital grants and contributions.

**Table 2**  
**Governmental Activities – Net (Expense) Revenue**  
**(In Millions)**

		<u>2016</u>	<u>2015</u>	<u>Variance</u>
Legislative and executive	\$	(0.53)	(0.58)	0.05
Finance and administration		(2.43)	(2.60)	0.17
Development services		(1.55)	(1.67)	0.12
Community services		(1.78)	0.38	(2.16)
Public safety		(7.01)	(6.37)	(0.64)
Public works		(2.64)	(2.86)	0.22
Education		(12.29)	(10.27)	(2.02)
Retirement and insurance		(5.00)	(1.80)	(3.20)
Utilities		(2.48)	(2.46)	(0.02)
Unclassified		(1.63)	(1.58)	(0.05)
Interest on debt		(0.24)	(0.23)	(0.01)
Central garage		(1.45)	(0.60)	(0.85)
Capital maintenance expenses		(0.94)	(0.51)	(0.43)
<b>Total</b>	<b>\$</b>	<b>(39.97)</b>	<b>(31.15)</b>	<b>(8.82)</b>

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

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

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Current and other assets	\$ 6.86	6.79	0.07
Capital assets	8.15	7.42	0.73
<b>Total assets</b>	<b>15.01</b>	<b>14.21</b>	<b>0.80</b>
Long-term liabilities	10.00	10.21	(0.21)
Other liabilities	0.33	0.28	0.05
<b>Total liabilities</b>	<b>10.33</b>	<b>10.49</b>	<b>(0.16)</b>
Net investment in capital assets	3.98	3.11	0.87
Unassigned	0.70	0.61	0.09
<b>Total net position</b>	<b>\$ 4.68</b>	<b>3.72</b>	<b>0.96</b>

Business-type activities net position increased by \$0.96 million in fiscal year 2016. The increase in net position is attributable to operating revenues of \$5.49 million, being offset by operating expenses of \$4.62 million, nonoperating expense (primarily interest expense) of \$0.18 million and a transfer in of \$0.02 million.

**The City's Fund Financial Statements**

Governmental Funds

At June 30, 2016, the City's governmental funds reported a combined fund balance of \$35.4 million. The governmental fund balance is comprised of the following; General Fund \$17.1 million, Library Expansion \$1.3 million and Other Funds \$17 million.

Government funds revenues totaled \$64.1 million with expenditures totaling \$73.1 million, a deficiency of revenues under expenditures of \$9 million. Other financing sources and uses netted \$7.3 million, resulting in a net decrease of fund balance by \$1.7 million. The General Fund had an increase in fund balance of \$0.9 million, Library Expansion decrease of \$8.9 million and Other Governmental Funds increase of \$6.3 million.

Proprietary Funds

Proprietary Funds net position increased by \$0.96 million for FY 2016. Proprietary Funds operating revenues were \$5.5 million, with operating expenses of \$4.4 million producing an operating income of \$1.1 million. Non operating expenses were \$0.2 million and operating transfers in of \$0.02 million.

**Analysis of Major Governmental Funds**

General Fund

General fund revenues increased \$0.79 million or 1.6%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 92.3% of revenues, had a 1.68% positive variance or \$0.79 million. Taxes had a 0.44% positive variance or \$0.14 million and intergovernmental revenues ran a positive variance of 4.33% or \$0.65 million. Tuition and other educational charges had a positive variance of 3.67% or \$0.03 million. Municipal charges for services had a positive variance of \$0.11 million. Unclassified revenues had a positive variance of \$0.91 million due to property rents, public works miscellaneous, general assistance reimbursement and cable franchise fees. Investment earnings had a positive variance of \$0.18 million.

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

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General fund expenditures had a budgetary surplus of 4.12% or \$2.2 million. Educational expenditures were 5.84% or \$1.54 million under budget. Municipal operating expenditures were under budget by 2.37% or \$0.61 million.

Library Expansion

The Library Expansion fund received \$0.095 million in donations, \$0.025 million in interest, and \$0.04 million in transfers from other funds. Expenditures incurred through the end of the fiscal year were \$9.1 million, leaving a remaining fund balance of \$1.3 million.

**Other Governmental Funds**

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

**Proprietary Funds**

Augusta Civic Center

Net position of the Civic Center increased \$0.3 million for FY 2016. Net position totaled \$1.97 million of which \$2.3 million represents net investment in capital assets, and unrestricted net position deficit totaled (\$0.3 million). The Civic Center had net operating income of \$0.3 million, with a nonoperating expense of \$0.1 million and a transfer in of \$0.08 million.

Hatch Hill Landfill

Net position of the regional Hatch Hill Landfill increased \$0.69 million in fiscal 2016. Net position totaled \$2.7 million of which \$1.7 million represents net investment in capital assets, and \$1 million in unrestricted net position. Net operating income totaled \$0.8 million, non-operating expense totaled \$ 0.04 million and a transfer out of \$0.05 million.

Central Garage (Internal Service Fund)

Net position of the Central Garage Fund decreased by \$0.05 million in FY 2016. \$2.9 million of net position represented net investment in capital assets and unrestricted net position totaled \$0.7 million. The Central Garage Fund had net operating loss of \$0.06 million, non-operating revenue of \$0.03 million, and transfers out totaling \$0.03 million.

**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 2016, the cost of infrastructure and other capital assets of Governmental activities recorded on the City's financial statements net of depreciation was \$66.9 million, an increase of \$8.1 million or 13.8%. The City's investment in capital assets increased by \$10.3 million and accumulated depreciation increased by \$2.1 million.

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

The capital assets of the business-type activities continued to decrease as the capacity of Hatch Hill landfill is utilized. Table 4 reflects capital assets at June 30, 2016, by Governmental activities and Business-type activities.

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

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Governmental activities:</b>			
Land	\$ 1,490,002	1,490,002	-
Construction in progress	10,792,145	945,349	9,846,796
Buildings and improvements	67,258,970	67,067,091	191,879
Machinery, vehicles, and equipment	6,602,018	7,063,495	(461,477)
Infrastructure	35,413,054	34,990,427	422,627
Internal service fund equipment	5,776,290	5,488,426	287,864
Less: Accumulated depreciation	(60,388,120)	(58,246,968)	(2,141,152)
	<u>66,944,359</u>	<u>58,797,822</u>	<u>8,146,537</u>
<b>Business-type activities:</b>			
Land	452,034	452,034	-
Construction in progress	1,291	50,195	(48,904)
Buildings and improvements	10,062,323	9,342,360	719,963
Machinery and equipment	1,438,430	1,347,878	90,552
Landfill	4,295,122	4,295,122	-
Less: Accumulated depreciation	(8,097,798)	(8,071,060)	(26,738)
	<u>\$ 8,151,402</u>	<u>7,416,529</u>	<u>734,873</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 governmental activities total bonded indebtedness at June 30, 2016 was \$43.1 million, an increase of \$3.6 million. Business-type activities total bonded indebtedness totaled \$3.8 million a decrease of \$0.8 million. The combined indebtedness totals \$46.9 million at June 30, 2016, an increase of \$2.8 million.

**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 Position**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,320,844	109,843	34,430,687
Investments	11,464,370	-	11,464,370
Receivables:			
Taxes	138,110	-	138,110
Tax liens	1,173,450	-	1,173,450
Due from other governments	1,286,908	-	1,286,908
Accounts (net of allowance for uncollectibles)	351,987	387,897	739,884
Notes	145,000	-	145,000
Internal balances	(6,302,155)	6,302,155	-
Inventories	135,833	22,713	158,546
Prepaid expenses	120,395	41,420	161,815
Capital assets, not being depreciated	12,282,147	453,325	12,735,472
Capital assets, net of accumulated depreciation	54,662,212	7,698,077	62,360,289
Total assets	109,779,101	15,015,430	124,794,531
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	577,500	-	577,500
Deferred outflows of resources related to pensions	2,661,444	-	2,661,444
Total deferred outflows of resources	3,238,944	-	3,238,944
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,938,684	175,213	3,113,897
Accrued payroll and benefits	2,515,804	35,556	2,551,360
Accrued compensated absences	3,966,166	86,141	4,052,307
Escrow payable and refundable deposits	7,844	37,985	45,829
Taxes paid in advance	5,495	-	5,495
Accrued interest	266,753	-	266,753
Noncurrent liabilities:			
Due within one year	3,959,573	846,232	4,805,805
Due in more than one year	63,414,050	9,153,691	72,567,741
Total liabilities	77,074,369	10,334,818	87,409,187
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on refunding	1,072,500	-	1,072,500
Deferred inflows of resources related to pensions	1,468,022	-	1,468,022
Total deferred inflows of resources	2,540,522	-	2,540,522
<b>NET POSITION</b>			
Net investment in capital assets	35,788,591	3,981,400	39,769,991
Restricted for:			
Permanent Funds - Nonexpendable principal	506,145	-	506,145
Permanent Funds - Expendable	114,937	-	114,937
Education	5,939,022	-	5,939,022
Grants and restricted programs	1,427,443	-	1,427,443
Tax Increment Financing	2,788,568	-	2,788,568
Unrestricted	(13,161,552)	699,212	(12,462,340)
<b>Total net position</b>	<b>\$ 33,403,154</b>	<b>4,680,612</b>	<b>38,083,766</b>

*See accompanying notes to basic financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Legislative and executive	\$ 530,504	-	28	-	(530,476)	-	(530,476)
Finance and administration	3,024,307	58,153	534,381	-	(2,431,773)	-	(2,431,773)
Development services	2,339,467	192,925	592,117	-	(1,554,425)	-	(1,554,425)
Community services	3,075,618	52,414	1,129,337	113,268	(1,780,599)	-	(1,780,599)
Public safety	9,418,051	1,848,551	564,431	-	(7,005,069)	-	(7,005,069)
Public works	3,368,069	2,431	730,217	-	(2,635,421)	-	(2,635,421)
Education	31,424,245	1,316,087	17,821,035	-	(12,287,123)	-	(12,287,123)
Retirement and insurance	5,001,945	-	-	-	(5,001,945)	-	(5,001,945)
Utilities	2,480,937	-	-	-	(2,480,937)	-	(2,480,937)
Unclassified	1,639,085	-	4,350	-	(1,634,735)	-	(1,634,735)
Interest on debt	240,336	-	-	-	(240,336)	-	(240,336)
Central garage	1,742,689	294,859	-	-	(1,447,830)	-	(1,447,830)
Capital maintenance	944,470	-	-	2,580	(941,890)	-	(941,890)
Total governmental activities	65,229,723	3,765,420	21,375,896	115,848	(39,972,559)	-	(39,972,559)
Business-type activities:							
Augusta Civic Center	2,438,453	2,634,471	-	-	-	196,018	196,018
Hatch Hill Landfill	2,177,496	2,855,701	-	1,291	-	679,496	679,496
Total business-type activities	4,615,949	5,490,172	-	1,291	-	875,514	875,514
<b>Total primary government</b>	<b>\$ 69,845,672</b>	<b>9,255,592</b>	<b>21,375,896</b>	<b>117,139</b>	<b>(39,972,559)</b>	<b>875,514</b>	<b>(39,097,045)</b>
General revenues:							
Property taxes, levied for general purposes					\$ 33,180,246	-	33,180,246
Motor vehicle excise taxes					3,324,041	-	3,324,041
Licenses and permits					294,213	-	294,213
Cable TV franchise fee					104,817	-	104,817
Grants and contributions not restricted to specific programs:							
Homestead exemption					380,109	-	380,109
Business equipment tax reimbursement					266,880	-	266,880
State Revenue Sharing					1,141,305	-	1,141,305
Other					24,934	-	24,934
Unrestricted investment earnings					315,175	291	315,466
Miscellaneous revenues					208,925	-	208,925
Gain (loss) on disposal of assets					(2,087)	60,000	57,913
Transfers					(20,735)	20,735	-
Total general revenues and transfers					39,217,823	81,026	39,298,849
Change in net position					(754,736)	956,540	201,804
Net position - beginning					34,157,890	3,724,072	37,881,962
<b>Net position - ending</b>					<b>\$ 33,403,154</b>	<b>4,680,612</b>	<b>38,083,766</b>

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General	Library Expansion	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,287,795	-	4,033,049	34,320,844
Investments	10,965,505	-	498,865	11,464,370
Receivables:				
Taxes	138,110	-	-	138,110
Tax liens	1,173,450	-	-	1,173,450
Due from other governments	475,418	-	811,490	1,286,908
Accounts receivable (net of allowance for uncollectibles)	321,665	3,167	27,155	351,987
Notes receivable	-	-	145,000	145,000
Interfund loans receivable	-	2,118,365	12,601,495	14,719,860
Inventory	496	-	19,322	19,818
Prepaid items	113,121	-	2,346	115,467
<b>Total assets</b>	<b>\$ 43,475,560</b>	<b>2,121,532</b>	<b>18,138,722</b>	<b>63,735,814</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	1,289,341	836,350	791,216	2,916,907
Accrued payroll and benefits	2,385,787	-	158,293	2,544,080
Escrow payable	7,844	-	-	7,844
Taxes paid in advance	5,495	-	-	5,495
Interfund loans payable	21,513,173	-	176,624	21,689,797
<b>Total liabilities</b>	<b>25,201,640</b>	<b>836,350</b>	<b>1,126,133</b>	<b>27,164,123</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,150,628	-	-	1,150,628
<b>Total deferred inflows of resources</b>	<b>1,150,628</b>	<b>-</b>	<b>-</b>	<b>1,150,628</b>
<b>FUND BALANCES</b>				
Nonspendable	113,617	-	671,869	785,486
Restricted	5,939,022	1,285,182	4,165,224	11,389,428
Committed	-	-	12,224,662	12,224,662
Assigned	4,338,644	-	-	4,338,644
Unassigned - budget stabilization	1,200,000	-	-	1,200,000
Unassigned	5,532,009	-	(49,166)	5,482,843
<b>Total fund balances</b>	<b>17,123,292</b>	<b>1,285,182</b>	<b>17,012,589</b>	<b>35,421,063</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 43,475,560</b>	<b>2,121,532</b>	<b>18,138,722</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				63,997,457
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				1,150,628
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 position.				3,630,396
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(3,854,436)
Accrued interest				(266,753)
Other postemployment benefits				(10,642,461)
Net pension liability with related deferred outflows and inflows of resources				(8,797,269)
Capital leases				(3,139,725)
Bonds payable, including deferred charges and unamortized premiums				(44,095,746)
<b>Net position of governmental activities</b>			<b>\$</b>	<b>33,403,154</b>

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2016**

	General	Library Expansion	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 32,255,122	-	4,120,187	36,375,309
Licenses and permits	294,213	-	-	294,213
Intergovernmental	16,730,529	-	4,468,645	21,199,174
Tuition and other charges - education	820,068	-	-	820,068
Charges for services	1,914,624	-	688,944	2,603,568
Fees and fines	46,925	-	-	46,925
Unclassified	603,618	95,610	1,720,312	2,419,540
Investment earnings	280,559	25,618	8,998	315,175
<b>Total revenues</b>	<b>52,945,658</b>	<b>121,228</b>	<b>11,007,086</b>	<b>64,073,972</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative and executive	537,214	-	-	537,214
Finance and administration	1,643,967	-	1,426,039	3,070,006
Development services	1,438,887	-	664,847	2,103,734
Community services	2,230,501	-	907,307	3,137,808
Public safety	8,708,504	-	520,831	9,229,335
Public works	3,347,193	-	137,338	3,484,531
Education	27,938,985	-	4,046,756	31,985,741
Retirement and insurance	2,145,179	-	-	2,145,179
Utilities	2,480,937	-	-	2,480,937
Unclassified	1,473,224	-	100	1,473,324
Debt service (excluding education)	1,414,737	-	229,503	1,644,240
Capital outlay	344,312	9,109,129	2,311,533	11,764,974
<b>Total expenditures</b>	<b>53,703,640</b>	<b>9,109,129</b>	<b>10,244,254</b>	<b>73,057,023</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(757,982)</b>	<b>(8,987,901)</b>	<b>762,832</b>	<b>(8,983,051)</b>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	6,815,000	6,815,000
Premium on issuance of debt, net of discounts	-	-	130,153	130,153
Lease proceeds	315,000	-	-	315,000
Transfers from other funds	1,576,845	40,252	437,748	2,054,845
Transfers to other funds	(185,000)	-	(1,861,343)	(2,046,343)
<b>Total other financing sources (uses)</b>	<b>1,706,845</b>	<b>40,252</b>	<b>5,521,558</b>	<b>7,268,655</b>
<b>Net change in fund balances</b>	<b>948,863</b>	<b>(8,947,649)</b>	<b>6,284,390</b>	<b>(1,714,396)</b>
<b>Fund balances, beginning of year</b>	<b>16,174,429</b>	<b>10,232,831</b>	<b>10,728,199</b>	<b>37,135,459</b>
<b>Fund balances, end of year</b>	<b>\$ 17,123,292</b>	<b>1,285,182</b>	<b>17,012,589</b>	<b>35,421,063</b>

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2016**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,714,396)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$10,674,266) exceeded depreciation expense (\$2,678,979) and loss on disposal (\$44,309).		7,950,978
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		128,978
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Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$375,992) exceeded proceeds (\$315,000).		60,992
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Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences (\$172,332), other post-employment benefits (\$1,373,307), accrued interest (\$46,476), and in net pension liabilities with related deferred outflows and inflows of resources (\$1,696,528).		(3,288,643)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. During the year, the City issued bonds in the amount of \$6,815,000 and premiums to be amortized totaling \$130,153. The City had amortization on deferred charges on refunding debt of \$95,000. The City also had amortization on bond premium of \$26,320. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal repayments totaled \$3,174,354.		(3,839,479)
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Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(53,166)
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>(754,736)</b>
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*See accompanying notes to basic 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, 2016**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 32,113,561	32,113,561	32,255,122	141,561
Licenses and permits	164,127	164,127	294,213	130,086
Intergovernmental	14,385,058	14,385,058	15,036,116	651,058
Tuition and other charges - education	790,000	790,000	820,068	30,068
Charges for services	1,804,277	1,804,277	1,914,624	110,347
Fees and fines	51,250	51,250	46,925	(4,325)
Unclassified	509,311	509,311	601,038	91,727
Investment earnings	102,975	102,975	280,559	177,584
Total revenues	49,920,559	49,920,559	51,248,665	1,328,106
<b>Expenditures:</b>				
Current:				
Legislative and executive	553,229	568,229	556,714	11,515
Finance and administration	1,718,760	1,733,916	1,684,792	49,124
Development services	1,538,631	1,540,831	1,495,133	45,698
Community services	2,403,786	2,419,836	2,247,263	172,573
Public safety	8,805,185	8,855,968	8,802,013	53,955
Public works	3,631,830	3,722,804	3,512,133	210,671
Education	27,862,810	27,915,614	26,376,189	1,539,425
Retirement and insurance	2,174,287	2,174,287	2,152,679	21,608
Utilities	2,481,753	2,481,753	2,480,937	816
Unclassified	1,475,821	1,475,821	1,473,224	2,597
Debt service (excluding education)	1,459,255	1,459,255	1,414,737	44,518
Total expenditures	54,105,347	54,348,314	52,195,814	2,152,500
Excess (deficiency) of revenues over (under) expenditures	(4,184,788)	(4,427,755)	(947,149)	3,480,606
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	1,156,683	1,156,683	-	(1,156,683)
Budgeted utilization of surplus - Education	2,000,000	2,000,000	-	(2,000,000)
Use of prior year encumbrances - City	-	190,163	-	(190,163)
Use of prior year encumbrances - Education	-	52,804	-	(52,804)
Transfers to other funds	(225,000)	(225,000)	(357,658)	(132,658)
Transfers from other funds	1,597,612	1,597,612	1,576,845	(20,767)
Total other financing sources (uses)	4,529,295	4,772,262	1,219,187	(3,553,075)
Net change in fund balance - budgetary basis	344,507	344,507	272,038	(72,469)
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			400,817	
Add back: encumbrances expended in budgetary - Education			131,617	
Change in reserves			144,391	
Net change in fund balance - GAAP basis			948,863	
Fund balance, beginning of year			16,174,429	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>17,123,292</b>	

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service</b>
	<b>Augusta Civic Center</b>	<b>Hatch Hill Landfill</b>	<b>Totals</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 109,843	-	109,843	-
Accounts receivable	209,062	178,835	387,897	-
Interfund loans receivable	-	6,691,659	6,691,659	667,782
Prepaid expenses	5,758	35,662	41,420	4,928
Inventories	22,713	-	22,713	116,015
<b>Total current assets</b>	<b>347,376</b>	<b>6,906,156</b>	<b>7,253,532</b>	<b>788,725</b>
Noncurrent assets:				
Property, plant, and equipment:				
Land	390,000	62,034	452,034	-
Construction in progress	-	1,291	1,291	-
Buildings and improvements	10,038,951	23,372	10,062,323	975,998
Equipment and vehicles	464,556	973,874	1,438,430	5,776,290
Hatch Hill landfill system	-	4,295,122	4,295,122	-
Less accumulated depreciation	(6,383,267)	(1,714,531)	(8,097,798)	(3,805,386)
<b>Total noncurrent assets</b>	<b>4,510,240</b>	<b>3,641,162</b>	<b>8,151,402</b>	<b>2,946,902</b>
<b>Total assets</b>	<b>4,857,616</b>	<b>10,547,318</b>	<b>15,404,934</b>	<b>3,735,627</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	121,255	53,958	175,213	21,777
Accrued payroll and benefits	24,378	11,178	35,556	14,861
Accrued compensated absences	68,815	17,326	86,141	68,593
Refundable deposits	37,985	-	37,985	-
Interfund loans payable	389,504	-	389,504	-
Current portion of bonds payable	332,565	485,000	817,565	-
Current portion of capital leases payable	28,667	-	28,667	-
<b>Total current liabilities</b>	<b>1,003,169</b>	<b>567,462</b>	<b>1,570,631</b>	<b>105,231</b>
Noncurrent liabilities:				
Bonds payable	1,542,775	1,455,000	2,997,775	-
Capital leases	338,023	-	338,023	-
Interim landfill closure accrual	-	339,996	339,996	-
Accrued landfill closure and postclosure costs	-	5,477,897	5,477,897	-
<b>Total noncurrent liabilities</b>	<b>1,880,798</b>	<b>7,272,893</b>	<b>9,153,691</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,883,967</b>	<b>7,840,355</b>	<b>10,724,322</b>	<b>105,231</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,280,238	1,701,162	3,981,400	2,946,902
Unrestricted	(306,589)	1,005,801	699,212	683,494
<b>Total net position</b>	<b>\$ 1,973,649</b>	<b>2,706,963</b>	<b>4,680,612</b>	<b>3,630,396</b>

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service</b>
	<b>Augusta Civic Center</b>	<b>Hatch Hill Landfill</b>	<b>Totals</b>	
Operating revenues:				
Rental income	\$ 1,248,631	-	1,248,631	-
Fees	-	2,848,016	2,848,016	1,671,473
Food and beverage sales	1,385,840	-	1,385,840	-
Miscellaneous	-	7,685	7,685	5,065
Total operating revenues	2,634,471	2,855,701	5,490,172	1,676,538
Operating expenses:				
Personnel services	1,266,155	425,924	1,692,079	516,722
Contractual services	345,625	564,969	910,594	66,881
Supplies and materials	461,361	116,737	578,098	724,170
Fixed charges	25,595	684,726	710,321	16,330
Capital outlay	-	194	194	1,736
Depreciation	202,278	281,116	483,394	409,447
Total operating expenses	2,301,014	2,073,666	4,374,680	1,735,286
Operating income (loss)	333,457	782,035	1,115,492	(58,748)
Nonoperating revenue (expense):				
Interest income	-	291	291	-
Interest expense	(137,439)	(103,830)	(241,269)	(7,403)
Gain (loss) on disposal of equipment	-	60,000	60,000	42,222
Total nonoperating revenue (expense)	(137,439)	(43,539)	(180,978)	34,819
Net income (loss) before transfers	196,018	738,496	934,514	(23,929)
Transfers and contributions:				
Transfer to other funds	75,437	(54,702)	20,735	(29,237)
Capital contributions	-	1,291	1,291	-
Total transfers and contributions	75,437	(53,411)	22,026	(29,237)
Change in net position	271,455	685,085	956,540	(53,166)
Total net position, beginning of year	1,702,194	2,021,878	3,724,072	3,683,562
<b>Total net position, end of year</b>	<b>\$ 1,973,649</b>	<b>2,706,963</b>	<b>4,680,612</b>	<b>3,630,396</b>

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service</b>
	<b>Augusta Civic Center</b>	<b>Hatch Hill Landfill</b>	<b>Totals</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,505,207	2,825,208	5,330,415	1,676,538
Payments to suppliers	(733,838)	(606,138)	(1,339,976)	(836,831)
Payments to employees	(1,294,589)	(428,357)	(1,722,946)	(505,802)
Payments for internal services used	(9,771)	(159,353)	(169,124)	-
<b>Net cash provided by (used in) operating activities</b>	<b>467,009</b>	<b>1,631,360</b>	<b>2,098,369</b>	<b>333,905</b>
<b>Cash flows from non-capital financing activities:</b>				
Transfers from (to) other funds	75,437	(54,702)	20,735	(29,237)
(Increase) decrease in interfund loans	705,963	(540,910)	165,053	265,519
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>781,400</b>	<b>(595,612)</b>	<b>185,788</b>	<b>236,282</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(709,767)	(447,209)	(1,156,976)	(562,784)
Bond, note and lease principal payments	(358,833)	(485,000)	(843,833)	-
Interest paid	(137,439)	(103,830)	(241,269)	(7,403)
<b>Net cash provided by (used in) capital financing activities</b>	<b>(1,206,039)</b>	<b>(1,036,039)</b>	<b>(2,242,078)</b>	<b>(570,187)</b>
<b>Cash flows from investing activities:</b>				
Investment income	-	291	291	-
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>291</b>	<b>291</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>42,370</b>	<b>-</b>	<b>42,370</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>67,473</b>	<b>-</b>	<b>67,473</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 109,843</b>	<b>-</b>	<b>109,843</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided by (used in) by operating activities:</b>				
Operating income (loss)	\$ 333,457	782,035	1,115,492	(58,748)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation	202,278	281,116	483,394	409,447
<b>(Increase) decrease in operating assets:</b>				
Accounts receivable	(129,264)	(30,493)	(159,757)	-
Prepaid expenses	(2,938)	(31,385)	(34,323)	(237)
Inventories	2,056	-	2,056	4,386
<b>Increase (decrease) in operating liabilities:</b>				
Accounts payable	82,154	86	82,240	(31,863)
Accrued payroll and benefits	5,815	2,498	8,313	4,174
Accrued compensated absences	(34,249)	(4,931)	(39,180)	6,746
Refundable deposit	7,700	-	7,700	-
Interim landfill closure accrual	-	94,686	94,686	-
Accrued landfill closure and postclosure costs	-	537,748	537,748	-
<b>Net cash provided by (used in) operating activities</b>	<b>467,009</b>	<b>1,631,360</b>	<b>2,098,369</b>	<b>333,905</b>

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Private- purpose Trust Funds	Agency Funds	
		SIB Loans	Student Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 60,759	-	278,485
Investments	485,220	765,910	-
Accounts receivable	780	-	-
<b>Total assets</b>	<b>546,759</b>	<b>765,910</b>	<b>278,485</b>
<b>LIABILITIES</b>			
Due to others	-	765,910	278,485
<b>Total liabilities</b>	<b>-</b>	<b>765,910</b>	<b>278,485</b>
<b>NET POSITION</b>			
Held in trust	\$ 546,759	-	-

*See accompanying notes to basic financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2016**

	<b>Private- purpose Trust Funds</b>
<hr/>	
Additions:	
Donations	\$ 54,297
Investment income (loss)	9,151
<b>Total additions</b>	<b>63,448</b>
<hr/>	
Deductions:	
Scholarships and other	30,222
<b>Total deductions</b>	<b>30,222</b>
<hr/>	
Change in net position	33,226
Net position, beginning of year	513,533
<hr/>	
<b>Net position, end of year</b>	<b>\$ 546,759</b>

*See accompanying notes to basic 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, Maine 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, Maine 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, Maine (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:

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

Those revenues susceptible to accrual are property taxes, ambulance receivables, interest revenue, and charges for services. Fines, licenses, and permits are not susceptible to accrual because generally they are not measurable until received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Library Expansion Fund is a capital project fund that accounts for the expansion of the Lithgow Library.

**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.

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 enterprise 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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.

**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. Inventories**

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**4. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items.

**5. 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 threshold for capitalizing assets for governmental activities is \$10,000 and \$5,000 for business type activities. 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.

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

Buildings and building improvements	40 years
Machinery, vehicles, and equipment	5-25 years
Infrastructure	20-70 years

**6. Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one type of deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. Deferred outflows and inflows of resources also include deferred charges on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**7. Compensated Absences**

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

**8. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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.

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. 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 transfers.

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**11. Fund Equity**

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

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

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

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

**12. 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.

**13. 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.

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

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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 department level through the passage of an appropriation resolve. Any revisions to the budget that alter total expenditures must be approved by the Council. By state law, that portion appropriated for educational purposes must be validated through a referendum vote.

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

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

During the year ended June 30, 2016, the City budgeted to utilize \$1,156,683 and the Department of Public Schools budgeted to utilize \$2,000,000 of prior year fund balance as a budgeted use of surplus.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2016, no expenditures exceeded appropriations.

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

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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**C. Deficit Fund Balances**

At June 30, 2016, the following funds had deficit fund balances:

Heating system control upgrade	\$ 33,540	MMA safety grant	2,117
KRRT Park connection	1,397	Title IA	158
Recreation – adult	881	Local entitlement	1,635
Pleasant Hill saw timber	207	Preschool	1,287
Cable TV franchise	1,886	Title III - ESL	1,064
Regional response team	4,994		

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

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DEPOSITS AND INVESTMENTS

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2016, 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>	<u>Level 1 input</u>
Money market	\$ 2,880,214	N/A	N/A
Government mutual fund	22,072	N/A	yes
U.S. Treasury Notes	8,710,884	2.637	yes
Federal Home Loan Management	469,848	2.740	yes
Federal National Mortgage Association	3,512,696	1.998	yes

*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. As of June 30, 2016, 100% of the City’s bank balance of \$33,791,707 was covered by FDIC insurance, fully insured, or collateralized. In accordance with its investment policy, the City’s funds must be fully covered under FDIC, fully insured or fully collateralized, with pledged collateral being at least 110% of market value of the net amount of public funds secured when marked to market monthly at least 102% of market value of the net amount of public funds secured when marked to market daily.

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

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DEPOSITS AND INVESTMENTS, CONTINUED

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*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, 2016, all of the City’s investments were rated, at a minimum, AA+ by Standard & Poor’s. In accordance with its investment policy, the City minimizes credit risk by limiting the types of investments to be purchased, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses will be minimized.

*Interest rate risk* – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates have subsequently increased. Accordingly, holders of debt securities in the situation just described face the prospect of a loss should those securities be sold prior to maturity, even though cash flows under the debt contract remain unaffected by changes in interest rates. In accordance with its investment policy, the City structures its investment portfolio so securities mature to meet cash requirements for ongoing operations. It invests funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of the portfolio.

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ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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As of June 30, 2016, the City had the following accounts receivable with allowance for uncollectible account balances:

	General Fund
Accounts receivable	\$ 384,903
<u>Allowance for uncollectible accounts</u>	<u>(63,238)</u>
<b><u>Accounts receivable, net</u></b>	<b><u>\$ 321,665</u></b>

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PROPERTY TAX

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Property taxes for the current year were committed on July 23, 2015, 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 \$344,507 for the year ended June 30, 2016.

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.

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

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PROPERTY TAX, CONTINUED

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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 unavailable revenues.

The following summarizes the levy:

	<u>2016</u>	<u>2015</u>
Assessed value	\$ 1,703,496,600	1,677,742,000
<u>Tax rate (per \$1,000)</u>	<u>19.40</u>	<u>18.67</u>
Commitment	33,047,834	31,323,443
<u>Supplemental taxes assessed</u>	<u>2,803</u>	<u>18,435</u>
	33,050,637	31,341,878
Less:		
Abatements	91,222	41,981
<u>    Collections</u>	<u>32,145,826</u>	<u>30,280,492</u>
	<b>\$ 813,589</b>	<b>1,019,405</b>
<hr/>		
Due date(s) - current year	½ Sept. 10, 2015 ½ March 10, 2016	½ Sept. 11, 2014 ½ March 12, 2015
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	97.53%	96.74%
	<u>2016</u>	<u>2015</u>
Taxes receivable - current year	\$ 61,511	1,019,405
Tax liens - current year	752,078	-
Taxes receivable - prior years	76,599	48,906
<u>Tax liens - prior year</u>	<u>421,372</u>	<u>461,224</u>
	<b>\$ 1,311,560</b>	<b>1,529,535</b>

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,490,002	-	-	1,490,002
Construction in progress	945,349	9,846,796	-	10,792,145
Total capital assets not being depreciated	2,435,351	9,846,796	-	12,282,147
Capital assets, being depreciated:				
Buildings and building improvements	67,067,091	254,705	62,826	67,258,970
Machinery, vehicles and equipment	7,063,495	164,788	626,265	6,602,018
Infrastructure	34,990,427	422,627	-	35,413,054
Internal service fund equipment	5,488,426	599,750	311,886	5,776,290
Total capital assets being depreciated	114,609,439	1,441,870	1,000,977	115,050,332
Less accumulated depreciation for:				
Buildings and building improvements	30,841,978	1,550,353	18,516	32,373,815
Machinery, vehicles and equipment	4,338,767	448,785	626,265	4,161,287
Infrastructure	19,469,152	719,746	-	20,188,898
Internal service fund equipment	3,597,071	369,543	302,494	3,664,120
Total accumulated depreciation	58,246,968	3,088,427	947,275	60,388,120
Total capital assets being depreciated, net	56,362,471	(1,646,557)	53,702	54,662,212
<b>Governmental activities capital assets, net</b>	<b>\$ 58,797,822</b>	<b>8,200,239</b>	<b>53,702</b>	<b>66,944,359</b>

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 452,034	-	-	452,034
Construction in progress	50,195	1,291	50,195	1,291
Total capital assets not being depreciated	502,229	1,291	50,195	453,325
Capital assets, being depreciated:				
Buildings and building improvements	9,342,360	719,963	-	10,062,323
Machinery and equipment	1,347,878	547,208	456,656	1,438,430
Landfill	4,295,122	-	-	4,295,122
Total capital assets being depreciated	14,985,360	1,267,171	456,656	15,795,875
Less accumulated depreciation for:				
Buildings and building improvements	5,908,350	181,677	-	6,090,027
Machinery and equipment	1,356,818	82,985	456,656	983,147
Landfill	805,892	218,732	-	1,024,624
Total accumulated depreciation	8,071,060	483,394	456,656	8,097,798
Total capital assets being depreciated, net	6,914,300	783,777	-	7,698,077
<b>Business-type activities capital assets, net</b>	<b>\$7,416,529</b>	<b>785,068</b>	<b>50,195</b>	<b>8,151,402</b>

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

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**CAPITAL ASSETS, CONTINUED**

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

**Governmental activities:**

Finance and administration	\$ 57,683
Development services	329,442
Community services	103,842
Public safety	334,764
Public works	728,744
Education	1,124,505
Central garage	409,447

**Total depreciation expense – governmental activities      \$ 3,088,427**

**Business-type activities:**

Augusta Civic Center	\$ 202,278
Hatch Hill Landfill	281,116

**Total depreciation expense – business-type activities      \$ 483,394**

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**LONG-TERM DEBT**

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Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 39,474,221	6,815,000	3,174,354	43,114,867	3,529,354
Premiums	382,046	130,153	26,320	485,879	33,170
Capital leases	3,200,717	315,000	375,992	3,139,725	397,049
Compensated absences	3,766,071	200,095	-	3,966,166	-
Net pension liability	5,227,839	4,762,852	-	9,990,691	-
Other post-employment	9,269,154	1,373,307	-	10,642,461	-
<b>Governmental activities</b>					
<b>long-term liabilities</b>	<b>\$ 61,320,048</b>	<b>13,596,407</b>	<b>3,576,666</b>	<b>71,339,789</b>	<b>3,959,573</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,632,905	-	817,565	3,815,340	817,565
Capital leases	392,958	-	26,268	366,690	28,667
Interim landfill closure	245,310	94,686	-	339,996	-
Landfill closure	4,940,149	537,748	-	5,477,897	-
Compensated absences	125,321	-	39,180	86,141	-
<b>Business-type activities</b>					
<b>long-term liabilities</b>	<b>\$ 10,336,643</b>	<b>632,434</b>	<b>883,013</b>	<b>10,086,064</b>	<b>846,232</b>

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

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2016 are comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance June 30, <u>2016</u>
<b>Governmental activities:</b>					
General obligation bonds 2007	4/25/07	\$ 500,000	2017	1.10-6.00%	50,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.00-3.375%	305,000
General obligation bonds 2011	5/26/11	1,250,000	2031	2.12-3.375%	890,000
School revolving loan fund	3/17/11	889,810 (a)	2024	0.00%	200,029
Qualified school construction	12/30/11	355,980	2022	4.81%	213,588
General obligation bonds 2012	12/28/12	2,610,000	2027	2.00%	1,810,000
Pension refunding bonds	8/14/14	7,590,000	2030	3.53-4.09%	7,165,000
General obligation bonds 2014	8/14/14	750,000	2024	3.53-4.09%	600,000
Refunding bonds 2015	1/28/15	16,880,000	2027	3.00-5.00%	15,390,000
General obligation bonds 2015	5/27/15	10,340,000	2035	2.00-3.50%	9,676,250
General obligation bonds 2016	3/29/16	6,815,000	2036	2.00-3.00%	6,815,000
<b>Total governmental activities</b>					<b>43,114,867</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	1,940,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	1,131,590
General obligation bonds 2015	5/27/15	850,000	2023	2.000-3.500%	743,750
<b>Total business-type activities</b>					<b>3,815,340</b>
<b>Total bonds and notes payable</b>					<b>\$ 46,930,207</b>

(a) \$489,751 of this bond was forgiven by the State.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2016 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>
2017	\$ 3,529,354	1,433,048	4,962,402	817,565	109,390	926,955
2018	3,489,354	1,313,864	4,803,218	817,565	61,929	879,494
2019	3,504,354	1,197,782	4,702,136	817,570	46,332	863,902
2020	3,399,354	1,079,388	4,478,742	817,570	30,568	848,138
2021	3,409,353	971,031	4,380,384	332,570	14,726	347,296
2022-2026	15,418,098	3,217,538	18,635,636	212,500	9,563	222,063
2027-2031	7,520,000	982,309	8,502,309	-	-	-
2032-2036	2,845,000	237,046	3,082,046	-	-	-
<b>Total</b>	<b>\$ 43,114,867</b>	<b>10,432,006</b>	<b>53,546,873</b>	<b>3,815,340</b>	<b>272,508</b>	<b>4,087,848</b>

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

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

**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, 2016.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	\$ 487,415	39,218
2018	487,415	39,218
2019	487,415	39,219
2020	440,192	39,219
2021	277,518	39,219
2022-2026	1,314,751	196,093
2027	123,475	39,219
Total minimum lease payments	3,618,181	431,405
Less: amount representing interest	(478,456)	(64,715)
<b>Present value of future minimum lease payments</b>	<b>\$ 3,139,725</b>	<b>366,690</b>

**STATUTORY DEBT LIMIT**

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City. The City's outstanding general long-term debt of \$46,930,207 at June 30, 2016 was within the statutory limit.

**ARBITRAGE REFUND**

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.

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

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**INTERFUND BALANCES AND TRANSFERS**

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As of June 30, 2016, the balances of interfund loans receivable/payable and transfers were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	21,513,173	1,391,845
Library Expansion	2,118,365	-	40,252
Special Revenue Funds:			
CDBG Loan Fund	40,455	-	-
Airport	97,773	-	-
City Special Revenue Funds	4,444,690	-	(1,861,343)
Adult Education	116,314	-	-
Adult Education Enrichment	185,277	-	-
School Lunch	261,385	-	-
School Special Revenue Funds	-	176,624	-
Internal Service Fund	667,782	-	(29,237)
Proprietary Funds:			
Hatch Hill Landfill	6,691,659	-	(54,702)
Augusta Civic Center	-	389,504	75,437
Capital Projects Funds	7,293,401	-	437,748
Permanent Funds	162,200	-	-
<b>Totals</b>	<b>\$ 22,079,301</b>	<b>22,079,301</b>	<b>-</b>

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

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As required by accounting principles generally accepted in the United States of America, the School Department has recorded a revenue and an expenditure for Maine Public Employees 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 \$1,694,413.

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

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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.

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

**NET POSITION**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2016:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 127,332,479	16,249,200
Accumulated depreciation	(60,388,120)	(8,097,798)
Bonds payable	(43,114,867)	(3,815,340)
Add back pension obligation bonds (non-capital)	7,165,000	-
Add back unspent proceeds	7,933,824	12,028
Capital leases payable	(3,139,725)	(366,690)
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 35,788,591</u></b>	<b><u>3,981,400</u></b>

**CONTRACT COMMITMENTS**

The Augusta School Department has entered into a contract for school transportation services with First Students, Inc. The contract expires in June of 2017. Future payments under this contract are as follows:

<u>2017</u>	<u>\$ 717,000</u>
<b><u>Total</u></b>	<b><u>\$ 717,000</u></b>

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

**FUND BALANCE**

As of June 30, 2016, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>			
Inventory and prepaid items	\$ 113,617	20,724	134,341
Notes receivable	-	145,000	145,000
Principal for permanent funds	-	506,145	506,145
<b>Total nonspendable</b>	<b>113,617</b>	<b>671,869</b>	<b>785,486</b>
<b>Restricted:</b>			
Finance and administration	-	2,876,601	2,876,601
Development services	-	423,071	423,071
Community services	-	44,814	44,814
Public safety	-	21,592	21,592
Public works	-	21,495	21,495
Education	5,939,022	662,714	6,601,736
Library expansion	-	1,285,182	1,285,182
Permanent funds	-	114,937	114,937
<b>Total restricted</b>	<b>5,939,022</b>	<b>5,450,406</b>	<b>11,389,428</b>
<b>Committed:</b>			
Legislative and executive	-	7,035	7,035
Finance and administration	-	186,407	186,407
Development services	-	497,563	497,563
Community services	-	454,616	454,616
Public safety	-	160,602	160,602
Public works	-	167,788	167,788
Capital projects	-	10,750,651	10,750,651
<b>Total committed</b>	<b>-</b>	<b>12,224,662</b>	<b>12,224,662</b>
<b>Assigned:</b>			
Subsequent budget	1,436,683	-	1,436,683
Reserves	2,194,555	-	2,194,555
Encumbrances	400,817	-	400,817
Civic Center	306,589	-	306,589
<b>Total assigned</b>	<b>4,338,644</b>	<b>-</b>	<b>4,338,644</b>
<b>Unassigned</b>	<b>6,732,009*</b>	<b>(49,166)</b>	<b>6,682,843</b>
<b>Total fund balance</b>	<b>\$ 17,123,292</b>	<b>18,297,771</b>	<b>35,421,063</b>

\* Includes the \$1,200,000 tax relief fund reserve (budget stabilization)

The City has created the tax relief fund (budget stabilization) to draw down the City's unassigned fund balance in a fiscally prudent manner in order to avoid service reductions and to minimize the increase in the property tax rate. The balance at June 30, 2016 is \$1,200,000 and it is categorized as unassigned fund balance.

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

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**TAX INCREMENT FINANCING DISTRICTS**

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The City has established fourteen tax increment financing districts under the terms of applicable state laws.

	Original <u>value</u>	Increase in <u>value</u>	TIF <u>cap</u>	Captured <u>value</u>	Captured <u>tax</u>
Marketplace Phase I	\$ 1,663,100	52,827,600	(A)	23,969,072	465,000
Marketplace Phase II	6,346,100	73,674,700	(B)	66,853,057	1,296,949
McCarthy Phase I	2,949,700	366,900	100%	366,900	7,118
McCarthy Phase II	37,600	1,282,200	50%	641,100	12,437
McCarthy Phase III	3,349,900	706,800	100%	706,800	13,712
NRF Distributors	262,600	4,347,427	40%	1,738,970	33,736
NRF Distributors Phase II	164,000	1,821,600	100%	1,821,600	35,339
Water Street Apartments	336,800	1,596,500	50%	798,250	15,486
Kennebec Arsenal	-	1,598,500	75%	1,198,875	23,258 (C)
Downtown	30,228,100	15,207,100	100%	15,207,100	295,018
Cony Village	170,200	2,007,000	75%	1,505,250	29,202
Cony Circle	12,481,400	8,701,300	100%	8,701,300	168,805
Commerce Center	1,550,000	22,120,700	100%	22,120,700	429,142 (D)
Old Belgrade Exit	7,552,200	-	100%	-	-
222-232 Water Street	244,000	400,900	100%	400,900	7,778
Augusta East Phase I	80,300	412,300	100%	412,300	7,999
Augusta East Phase II	-	6,556,500	100%	6,556,500	127,196
Cony Flatiron	-	354,100	100%	354,100	6,870
Community Natural Gas	201,700	42,423,000	100%	42,423,000	823,006

(A) \$250,000 to be captured for economic development

(B) \$400,000 to be captured for credit enhancement agreement with developers and moved \$896,949 to Downtown TIF

(C) The City has not received tax payment for this TIF District as of June 30, 2016

(D) The City has not received a portion of the tax payment for this TIF District as of June 30, 2016

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**CONTINGENT LIABILITIES**

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

**Other Contingent Liabilities** - The City is a defendant in various lawsuits. 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.

**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, expansion II, and expansion III. 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 and expansion II has been permanently closed. Expansion III is the current operating landfill and has capacity for approximately 712,256 tons of municipal solid waste. As of June 30, 2016, a total of approximately 335,963 tons has been placed in the expansion III 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 as follows:

Closure:	
Interim site	\$ 313,840
Expansion III (47%)	3,726,340
Postclosure monitoring, maintenance and leachate removal	<u>1,437,717</u>
<b>Total accrued liability for landfill closure and postclosure costs</b>	<b><u>\$ 5,477,897</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. 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, 2016.

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**OTHER POST EMPLOYMENT BENEFITS**

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The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Augusta, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

The City is a member of the Maine Municipal Employee Health Trust, Northern New England Employee Benefit Trust and Maine Education Association. The Health Trust and the City contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultant in August of 2015.

**Plan Descriptions** - In addition to providing pension benefits, the City provides health care benefits for certain retired employees. In general, employees hired prior to cut-off dates in the early 1990's (2005 for firefighters) are eligible for the same health insurance as active employees until the age of 65, and thereafter many are provided a Medicare supplemental plan. Some retirees have coverage for spouses and others individual only. Most retirees receive this benefit as 100% City-paid; however, employees who are eligible for retiree health coverage and retire(d) after cut-off dates in 2010 make a contribution to their coverage. This amount varies by unit but is most commonly 20% of the premium costs. For additional details, please refer to the various collective bargaining agreements and plan documents.

Teachers are eligible for 50% of single health insurance coverage with twenty-two years of service upon retirement between the ages of 55-65. School administrators are eligible for 100% single health insurance premiums with seven years of service upon retirement between the ages of 55-65.

Municipal employees not eligible for City-provided health insurance premiums are eligible to receive health benefit coverage upon retirement with the eligible retiree covering 100% of the health insurance premium.

**Funding Policy and Annual OPEB Cost** - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ending June 30 and the annual required contribution:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal cost	\$ 399,216	399,216	517,691
Amortization of unfunded	2,074,503	2,074,503	2,084,702
Adjustment to ARC	(536,036)	(454,718)	(366,705)
<u>Interest</u>	<u>419,755</u>	<u>363,509</u>	<u>305,180</u>
Annual required contribution	\$ 2,357,438	2,382,510	2,540,868

**Net OPEB Obligation** - The City's net OPEB obligations were calculated as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB liability, July 1	\$ 9,269,154	7,863,007	6,341,071
Annual required contribution	2,357,438	2,382,510	2,540,868
<u>Less: Actual contributions</u>	<u>(984,131)</u>	<u>(976,363)</u>	<u>(1,018,932)</u>
OPEB Liability, June 30	\$ 10,642,461	9,269,154	7,863,007

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

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OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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**Funding Status and Funding Progress** - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 2,357,438	2,382,510	2,540,868
Actual contribution	984,131	976,363	1,018,932
Percent contributed	41.75%	40.98%	40.10%
<hr/>			
Actuarial accrued liability	\$ 37,307,255	37,307,255	37,490,702
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 37,307,255	37,307,255	37,490,702
Covered payroll	25,699,847	24,006,195	25,081,752
Unfunded actuarial accrued liability as a percentage of covered payroll	145.17%	155.41%	149.47%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/15
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	3.00%
Healthcare cost trend	4.25%

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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***General Information about the Pension Plan***

**Plan Description** - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org).

**Benefits Provided** - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**PLD Plan** - Employees are required to contribute 7.5% to 9.0% of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2016 were 8.9% to 11.4% of annual payroll. Contributions to the pension plan from the City were \$1,262,918 for the year ended June 30, 2016.

**SET Plan** - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$453,644 for the year ended June 30, 2016.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**PLD Plan** - At June 30, 2016, the City reported a liability of \$8,496,421 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion of the PLD Plan was 2.6631%.

**SET Plan** - At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 1,494,270
State's proportionate share of the net pension liability associated with the City	14,298,777
<b>Total</b>	<b>\$ 15,793,047</b>

At June 30, 2015, the City's proportion of the SETP Plan was 0.1107%.

For the year ended June 30, 2016, the City recognized pension expense of \$3,020,727 for the PLD Plan and \$1,745,193 for the SET Plan with revenue of \$1,352,830 for support provided by the State. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	758,543
Changes of assumptions	792,028	-
Net difference between projected and actual earnings on pension plan investments	-	709,479
Changes in proportion and differences between City contributions and proportionate share of contributions	152,854	-
City contributions subsequent to the measurement date	1,716,562	-
<b>Total</b>	<b>\$ 2,661,444</b>	<b>1,468,022</b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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\$1,716,562 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (248,612)
2017	(432,157)
2018	(576,993)
2019	734,622

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<b>Total</b>	<b>100%</b>	

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

**Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate** - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.125% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u><b>PLD Plan</b></u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 16,927,388	\$ 8,496,421	\$ 503,344
<u><b>SET Plan</b></u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 2,616,114	\$ 1,494,270	\$ 559,904

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2016.

**CITY OF AUGUSTA, MAINE**  
**Required Supplementary Information**

**Schedule of Funding Progress - Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2009	1/1/2009	\$ -	31,905,691	31,905,691	0.00%	25,813,004	123.60%
2010	1/1/2009	-	31,905,691	31,905,691	0.00%	25,426,737	125.48%
2011	1/1/2011	-	31,905,691	31,905,691	0.00%	26,438,697	120.68%
2012	1/1/2011	-	31,905,691	31,905,691	0.00%	26,871,404	118.73%
2013	1/1/2013	-	37,490,702	37,490,702	0.00%	26,166,079	143.28%
2014	1/1/2013	-	37,490,702	37,490,702	0.00%	25,081,752	149.47%
2015	1/1/2015	-	37,307,255	37,307,255	0.00%	24,006,195	155.41%
2016	1/1/2015	-	37,307,255	37,307,255	0.00%	25,699,847	145.17%

**CITY OF AUGUSTA, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of City's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System**  
**Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)**  
Last 10 Fiscal Years\*

	<u>2016**</u>	<u>2015**</u>
<b><u>PLD Plan</u></b>		
City's proportion of the net pension liability	2.6631%	2.6391%
City's proportionate share of the net pension liability	\$ 8,496,421	4,061,126
City's covered-employee payroll	13,545,518	13,115,762
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	62.72%	30.96%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%
<b><u>SET Plan</u></b>		
City's proportion of the net pension liability	0.1107%	0.1080%
City's proportionate share of the net pension liability	1,494,270	1,166,713
State's proportionate share of the net pension liability associated with the City	14,298,777	11,437,550
<b><u>Total</u></b>	<b><u>\$ 15,793,047</u></b>	<b><u>12,604,263</u></b>
City's covered-employee payroll	13,501,297	13,257,588
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	11.07%	8.80%
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%

\* Only two years of information available

\*\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**CITY OF AUGUSTA, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of City Contributions**  
**Maine Public Employees Retirement System**  
**Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)**  
 Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>PLD Plan</u></b>			
Contractually required contribution	\$ 1,262,918	1,076,272	914,894
Contributions in relation to the contractually required contribution	(1,262,918)	(1,076,272)	(914,894)
<hr/>			
<b><u>Contribution deficiency (excess)</u></b>	-	-	-
<hr/>			
City's covered-employee payroll	13,545,518	13,115,762	13,109,488
Contributions as a percentage of covered- Employee payroll	9.32%	8.21%	6.98%
<b><u>SET Plan</u></b>			
Contractually required contribution	453,644	351,326	347,119
Contributions in relation to the contractually required contribution	(453,644)	(351,326)	(347,119)
<hr/>			
<b><u>Contribution deficiency (excess)</u></b>	-	-	-
<hr/>			
City's covered-employee payroll	13,501,297	13,257,588	13,098,829
Contributions as a percentage of covered- Employee payroll	3.36%	2.65%	2.65%

\* Only three years of information available

**CITY OF AUGUSTA, MAINE**  
**Notes to Required Supplementary Information**

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**Changes of Benefit Terms** - None

**Changes of Assumptions** - The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

## **GENERAL FUND**

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,287,795	30,374,383
Investments	10,965,505	10,928,699
Receivables:		
Taxes	138,110	1,068,311
Tax liens	1,173,450	461,224
Due from other governments	475,418	404,846
Accounts receivable, (net of allowance for uncollectibles)	321,665	422,177
Inventory	496	109
Prepaid items	113,121	116,693
<b>Total assets</b>	<b>\$ 43,475,560</b>	<b>43,776,442</b>
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities	1,289,341	1,140,225
Accrued payroll and benefits	2,385,787	2,303,732
Escrow payable	7,844	6,624
Taxes paid in advance	5,495	89,713
Interfund loans payable	21,513,173	23,040,069
<b>Total liabilities</b>	<b>25,201,640</b>	<b>26,580,363</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	1,150,628	1,021,650
<b>Total deferred inflows of resources</b>	<b>1,150,628</b>	<b>1,021,650</b>
<b>FUND BALANCES</b>		
Nonspendable - inventory and prepaids	113,617	116,802
Restricted for education	5,939,022	5,742,799
Assigned for subsequent budget	1,436,683	1,156,683
Assigned for reserves	2,194,555	2,050,164
Assigned for encumbrances	400,817	262,382
Assigned for Civic Center	306,589	421,489
Unassigned - budget stabilization	1,200,000	1,200,000
Unassigned	5,532,009	5,224,110
<b>Total fund balances</b>	<b>17,123,292</b>	<b>16,174,429</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 43,475,560</b>	<b>43,776,442</b>

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(with comparative actual amounts for the year ended June 30, 2015)**

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real and personal property	\$ 28,889,675	28,782,044	(107,631)	27,581,412
Tax interest, lien penalties, payments in lieu	151,184	149,037	(2,147)	149,313
Excise taxes	3,072,702	3,324,041	251,339	3,213,279
Total taxes	32,113,561	32,255,122	141,561	30,944,004
Licenses and permits	164,127	294,213	130,086	198,356
Intergovernmental:				
Education	12,367,331	12,861,801	494,470	13,590,208
Tree growth reimbursement	9,532	9,833	301	9,532
Veterans exemption reimbursement	15,167	15,101	(66)	15,167
Homestead exemption	376,647	380,109	3,462	366,206
Business equipment tax reimbursement	208,983	266,880	57,897	239,903
State revenue sharing	1,057,770	1,141,305	83,535	1,088,323
General assistance DHS/SSI	5,000	24,523	19,523	10,336
Urban Rural Initiative Payment	344,628	336,564	(8,064)	333,448
Total intergovernmental	14,385,058	15,036,116	651,058	15,653,123
Tuition and other charges for services - education	790,000	820,068	30,068	823,964
Charges for services:				
Police	126,170	131,623	5,453	133,823
Fire and ambulance	1,555,505	1,689,729	134,224	1,765,856
Community services	26,650	32,688	6,038	24,502
Public works	14,550	2,431	(12,119)	2,828
Finance and admin	81,402	58,153	(23,249)	41,500
Total charges for services	1,804,277	1,914,624	110,347	1,968,509
Fees and fines:				
Traffic tickets	3,250	2,730	(520)	1,690
Court fees	19,000	18,119	(881)	22,559
Lithgow Library	24,000	19,726	(4,274)	20,156
False alarm calls	5,000	6,350	1,350	5,750
Total fees and fines	51,250	46,925	(4,325)	50,155
Unclassified:				
Rents - City property	107,930	84,584	(23,346)	96,233
Cemeteries	23,740	23,475	(265)	23,432
Contributions	70,000	-	(70,000)	70,000
Animal control program	10,285	8,972	(1,313)	9,193
General assistance reimbursement	86,378	128,243	41,865	124,806
Cable TV franchise	121,373	104,817	(16,556)	112,348
Public safety miscellaneous revenue	500	40,099	39,599	10,861
Public works miscellaneous	40,150	86,507	46,357	72,098
Workers compensation	7,500	1,348	(6,152)	12,452
Unclassified - City	11,455	39,546	28,091	55,212
Unclassified - Education	30,000	83,447	53,447	79,634
Total unclassified	509,311	601,038	91,727	666,269
Investment earnings	102,975	280,559	177,584	155,269
Total revenues	49,920,559	51,248,665	1,328,106	50,459,649

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 29,788	29,625	163	28,436
City management	215,862	215,068	794	210,570
Corporation counsel	128,004	134,231	(6,227)	168,715
Central services	9,787	8,537	1,250	6,646
Unclassified	154,788	146,480	8,308	155,961
Contingency	30,000	22,773	7,227	19,843
Total legislative and executive	568,229	556,714	11,515	590,171
Finance and administration:				
City clerk/treasurer/collection	516,205	501,474	14,731	447,598
Registrations and elections	36,893	36,834	59	41,916
City auditor	173,425	169,145	4,280	161,487
Information systems	406,621	392,383	14,238	392,437
Assessor	167,523	172,961	(5,438)	156,656
Finance and administration	152,611	153,494	(883)	150,549
Human resources	280,638	258,501	22,137	258,058
Total finance and administration	1,733,916	1,684,792	49,124	1,608,701
Development services:				
Economic development	252,350	250,602	1,748	228,756
Planning	173,140	162,369	10,771	163,242
Historic preservation	5,825	3,622	2,203	3,646
Code enforcement	157,631	153,051	4,580	145,017
Development services administration	60,384	58,055	2,329	54,781
Engineering	83,343	78,349	4,994	78,712
City facilities	808,158	789,085	19,073	812,505
Total development services	1,540,831	1,495,133	45,698	1,486,659
Community services:				
Community services administration	182,236	181,491	745	173,408
Public library	687,991	669,775	18,216	647,595
Recreation	166,543	157,266	9,277	160,009
Parks and cemeteries	790,851	783,483	7,368	773,039
Fort Western	99,470	99,741	(271)	94,072
Bicentennial Nature Park	27,050	24,050	3,000	26,413
Health and welfare	161,195	148,253	12,942	149,847
General assistance	304,500	183,204	121,296	252,932
Total community services	2,419,836	2,247,263	172,573	2,277,315

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

	2016			2015 Actual
	Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 4,668,748	4,617,891	50,857	4,364,875
Fire and ambulance	4,179,358	4,177,643	1,715	4,082,822
Civil Emergency Preparedness	7,862	6,479	1,383	5,517
Total public safety	8,855,968	8,802,013	53,955	8,453,214
Public works:				
Public works administration	66,589	64,894	1,695	62,269
Highway	1,963,440	1,925,925	37,515	1,719,484
Snow removal	869,024	734,672	134,352	1,413,646
Waste removal	823,751	786,642	37,109	733,113
Total public works	3,722,804	3,512,133	210,671	3,928,512
Education:				
Current:				
Regular instruction	9,264,652	8,770,863	493,789	8,574,394
Special education	4,449,453	4,270,350	179,103	3,941,732
Career and technical education	2,363,404	2,190,602	172,802	1,950,426
Other instruction	551,630	548,867	2,763	511,546
Student and staff support	2,128,700	1,841,079	287,621	1,820,127
System administration	922,280	797,196	125,084	762,356
School administration	1,644,310	1,518,953	125,357	1,478,924
Transportation and buses	1,684,353	1,597,078	87,275	1,463,302
Facilities maintenance	2,579,030	2,527,830	51,200	2,410,359
All other	5,220	1,965	3,255	2,169
Debt service	2,322,582	2,311,406	11,176	2,291,350
Total education	27,915,614	26,376,189	1,539,425	25,206,685
Retirement and insurance:				
Retirement and insurance	2,174,287	2,152,679	21,608	1,638,345
Total retirement and insurance	2,174,287	2,152,679	21,608	1,638,345
Utilities:				
Sanitary sewer and drains	1,200,530	1,198,050	2,480	1,184,685
Lighting and electricity	523,838	523,572	266	522,849
Water	757,385	759,315	(1,930)	757,197
Total utilities	2,481,753	2,480,937	816	2,464,731

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Bad debts	-	(2,597)	2,597	-
County tax	\$ 1,475,821	1,475,821	-	1,429,518
Total unclassified	1,475,821	1,473,224	2,597	1,429,518
Debt service (excluding education)	1,459,255	1,414,737	44,518	943,301
Total expenditures	54,348,314	52,195,814	2,152,500	50,027,152
Excess (deficiency) of revenues over (under) expenditures	(4,427,755)	(947,149)	3,480,606	432,497
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,156,683	-	(1,156,683)	-
Budgeted utilization of surplus - Education	2,000,000	-	(2,000,000)	-
Use of prior year encumbrances - City	190,163	-	(190,163)	-
Use of prior year encumbrances - Education	52,804	-	(52,804)	-
Transfers to other funds - City	(225,000)	(357,658)	(132,658)	(1,213,725)
Transfers from other funds	1,597,612	1,576,845	(20,767)	1,575,944
Total other financing sources (uses)	4,772,262	1,219,187	(3,553,075)	362,219
Net change in fund balance - budgetary basis	344,507	272,038	(72,469)	794,716
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		400,817		262,382
Add back: encumbrances expended in budgetary - Education		131,617		55,791
Change in reserves		144,391		(109,572)
Net change in fund balance - GAAP basis		948,863		1,003,317
Fund balance, beginning of year		16,174,429		15,171,112
<b>Fund balance, end of year</b>	<b>\$</b>	<b>17,123,292</b>		<b>16,174,429</b>

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

		Fund balances beginning of year	Revenues Unclassified	Expenditures			Fund balances end of year
				Capital outlay	Parks and cemeteries	Transfers	
City reserves - assigned:							
1901	Central service reserve	\$ 36,348	-	-	-	-	36,348
1902	Equipment maintenance self reserve	103,329	500	29,276	-	10,000	84,553
1903	Sick and vacation reserve	1,717,625	-	-	-	120,658	1,838,283
1905	Historic preservation reserve	26,478	-	-	1,535	2,000	26,943
1906	Police local match reserve	59,740	-	-	-	-	59,740
1907	Fire local match reserve	-	1,755	-	-	-	1,755
1908	Quimby lot infrastructure reserve	10,310	-	-	-	-	10,310
1909	Actuarial study	3,000	-	-	-	-	3,000
1911	Severance payout	33,353	-	-	-	-	33,353
1913	Job retention program	50,000	-	-	-	-	50,000
1914	Flat Iron reuse	3,864	-	-	-	-	3,864
1915	Forest mgmt plan - Bond Brook	6,000	-	-	-	-	6,000
1916	Mill Park easement	-	-	-	-	40,000	40,000
1917	Fuel assistance	5	325	-	-	-	330
1918	Fire equipment reserve	112	-	36	-	-	76
City reserves - unassigned:							
1919	Tax relief fund (budget stabilization)	1,200,000	-	-	-	-	1,200,000
Total City reserves		3,250,164	2,580	29,312	1,535	172,658	3,394,555
School reserves:							
1952	Sick and vacation reserve	136,777	-	-	-	-	136,777
Total School reserves		136,777	-	-	-	-	136,777
<b>Total reserves</b>		<b>\$ 3,386,941</b>	<b>2,580</b>	<b>29,312</b>	<b>1,535</b>	<b>172,658</b>	<b>3,531,332</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, 2016**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,942	4,012,325	16,782	4,033,049
Investments	56,765	-	442,100	498,865
Receivables:				
Due from other governments	811,490	-	-	811,490
Accounts receivable	27,155	-	-	27,155
Notes receivable	145,000	-	-	145,000
Interfund loans receivable	5,145,894	7,293,401	162,200	12,601,495
Inventory	19,322	-	-	19,322
Prepaid items	2,346	-	-	2,346
<b>Total assets</b>	<b>\$ 6,211,914</b>	<b>11,305,726</b>	<b>621,082</b>	<b>18,138,722</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	236,141	555,075	-	791,216
Accrued payroll and benefits	158,293	-	-	158,293
Interfund loans payable	176,624	-	-	176,624
Total liabilities	571,058	555,075	-	1,126,133
<b>FUND BALANCES</b>				
Nonspendable	165,724	-	506,145	671,869
Restricted	4,050,287	-	114,937	4,165,224
Committed	1,474,011	10,750,651	-	12,224,662
Unassigned	(49,166)	-	-	(49,166)
Total fund balances	5,640,856	10,750,651	621,082	17,012,589
<b>Total liabilities and fund balances</b>	<b>\$ 6,211,914</b>	<b>11,305,726</b>	<b>621,082</b>	<b>18,138,722</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds (Schedule 3)	Permanent Funds (Schedule 4)	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 4,120,187	-	-	4,120,187
Intergovernmental	4,468,645	-	-	4,468,645
Unclassified	1,715,962	-	-	1,715,962
Charges for services	688,944	-	-	688,944
Investment income	-	8	8,990	8,998
Donations	-	-	4,350	4,350
<b>Total revenues</b>	<b>10,993,738</b>	<b>8</b>	<b>13,340</b>	<b>11,007,086</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Finance and administration	1,426,039	-	-	1,426,039
Development services	664,847	-	-	664,847
Community services	907,307	-	-	907,307
Public safety	520,831	-	-	520,831
Public works	137,338	-	-	137,338
Education	2,837,582	-	-	2,837,582
Food services	1,209,174	-	-	1,209,174
Unclassified	-	-	100	100
Debt service	229,503	-	-	229,503
Capital outlay	127,306	2,184,227	-	2,311,533
<b>Total expenditures</b>	<b>8,059,927</b>	<b>2,184,227</b>	<b>100</b>	<b>10,244,254</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,933,811</b>	<b>(2,184,219)</b>	<b>13,240</b>	<b>762,832</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	-	6,815,000	-	6,815,000
Premium on issuance of debt	-	130,153	-	130,153
Transfer from other funds	-	437,748	-	437,748
Transfer to other funds	(1,861,343)	-	-	(1,861,343)
<b>Total other financing sources (uses)</b>	<b>(1,861,343)</b>	<b>7,382,901</b>	<b>-</b>	<b>5,521,558</b>
<b>Net change in fund balance</b>	<b>1,072,468</b>	<b>5,198,682</b>	<b>13,240</b>	<b>6,284,390</b>
<b>Fund balances, beginning of year</b>	<b>4,568,388</b>	<b>5,551,969</b>	<b>607,842</b>	<b>10,728,199</b>
<b>Fund balances, end of year</b>	<b>\$ 5,640,856</b>	<b>10,750,651</b>	<b>621,082</b>	<b>17,012,589</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2016**

	CDBG Loan Fund	Airport	City Special Revenue Funds	School Special Revenue Funds	Adult Education	Adult Education Enrichment	School Lunch	Totals
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3,915	-	27	-	-	-	-	3,942
Investments	-	-	56,765	-	-	-	-	56,765
Receivables:								
Due from other governments	-	66,140	333,723	357,266	-	-	54,361	811,490
Accounts receivable	-	3,635	23,520	-	-	-	-	27,155
Notes receivable	145,000	-	-	-	-	-	-	145,000
Interfund loans receivable	40,455	97,773	4,444,690	-	116,314	185,277	261,385	5,145,894
Inventory	-	-	-	-	-	-	19,322	19,322
Prepaid items	-	1,402	944	-	-	-	-	2,346
<b>Total assets</b>	<b>\$ 189,370</b>	<b>168,950</b>	<b>4,859,669</b>	<b>357,266</b>	<b>116,314</b>	<b>185,277</b>	<b>335,068</b>	<b>6,211,914</b>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	-	6,524	165,830	53,161	2,324	6,799	1,503	236,141
Accrued payroll and benefits payable	-	51,624	31,047	-	8,099	4,026	63,497	158,293
Interfund loans payable	-	-	-	176,624	-	-	-	176,624
<b>Total liabilities</b>	<b>-</b>	<b>58,148</b>	<b>196,877</b>	<b>229,785</b>	<b>10,423</b>	<b>10,825</b>	<b>65,000</b>	<b>571,058</b>
<b>FUND BALANCES</b>								
Nonspendable	145,000	1,402	-	-	-	-	19,322	165,724
Restricted	44,370	109,400	3,233,803	131,625	105,891	174,452	250,746	4,050,287
Committed	-	-	1,474,011	-	-	-	-	1,474,011
Unassigned	-	-	(45,022)	(4,144)	-	-	-	(49,166)
<b>Total fund balances</b>	<b>189,370</b>	<b>110,802</b>	<b>4,662,792</b>	<b>127,481</b>	<b>105,891</b>	<b>174,452</b>	<b>270,068</b>	<b>5,640,856</b>
<b>Total liabilities and fund balances</b>	<b>\$ 189,370</b>	<b>168,950</b>	<b>4,859,669</b>	<b>357,266</b>	<b>116,314</b>	<b>185,277</b>	<b>335,068</b>	<b>6,211,914</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, 2016**

	<b>CDBG Loan Fund</b>	<b>Airport</b>	<b>City Special Revenue (Schedule 1)</b>	<b>School Special Revenue (Schedule 2)</b>	<b>Adult Education</b>	<b>Adult Education Enrichment</b>	<b>School Lunch</b>	<b>Totals</b>
<b>Revenues:</b>								
Property taxes	\$ -	-	3,760,078	-	360,109	-	-	4,120,187
Intergovernmental	-	494,781	773,197	2,103,343	171,304	-	926,020	4,468,645
Charges for services	-	192,925	-	-	17,892	98,532	379,595	688,944
Unclassified	736	-	1,651,072	64,154	-	-	-	1,715,962
<b>Total revenues</b>	<b>736</b>	<b>687,706</b>	<b>6,184,347</b>	<b>2,167,497</b>	<b>549,305</b>	<b>98,532</b>	<b>1,305,615</b>	<b>10,993,738</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Finance and administration	-	-	1,426,039	-	-	-	-	1,426,039
Development services	-	511,973	152,874	-	-	-	-	664,847
Community services	-	-	907,307	-	-	-	-	907,307
Public safety	-	-	520,831	-	-	-	-	520,831
Public works	-	-	137,338	-	-	-	-	137,338
Education	-	-	-	2,142,215	579,816	115,551	-	2,837,582
Food services	-	-	-	-	-	-	1,209,174	1,209,174
Debt service	-	-	229,503	-	-	-	-	229,503
Capital outlay	-	127,306	-	-	-	-	-	127,306
<b>Total expenditures</b>	<b>-</b>	<b>639,279</b>	<b>3,373,892</b>	<b>2,142,215</b>	<b>579,816</b>	<b>115,551</b>	<b>1,209,174</b>	<b>8,059,927</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>736</b>	<b>48,427</b>	<b>2,810,455</b>	<b>25,282</b>	<b>(30,511)</b>	<b>(17,019)</b>	<b>96,441</b>	<b>2,933,811</b>
<b>Other financing uses:</b>								
Transfer to other funds	-	-	(1,861,343)	-	-	-	-	(1,861,343)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(1,861,343)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,861,343)</b>
<b>Net change in fund balances</b>	<b>736</b>	<b>48,427</b>	<b>949,112</b>	<b>25,282</b>	<b>(30,511)</b>	<b>(17,019)</b>	<b>96,441</b>	<b>1,072,468</b>
Fund balances, beginning of year	188,634	62,375	3,713,680	102,199	136,402	191,471	173,627	4,568,388
<b>Fund balances, end of year</b>	<b>\$ 189,370</b>	<b>110,802</b>	<b>4,662,792</b>	<b>127,481</b>	<b>105,891</b>	<b>174,452</b>	<b>270,068</b>	<b>5,640,856</b>

## **SCHEDULES**

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs - Committed:						
2019 Commemorative Quilts	\$ 6,307	-	28	-	-	6,335
2135 Meetings	105	-	-	-	-	105
2194 Promotional service	595	-	-	-	-	595
Total legislative and executive	7,007	-	28	-	-	7,035
Development services:						
Federal/State programs:						
2122 Canal Street	5,052	-	-	-	-	5,052
2142 Regional efficiency grant	753	-	-	-	-	753
2217 Blair Road Bridge replacement	57,783	-	-	-	-	57,783
2221 Efficiency Maine	26,316	-	-	6,698	-	19,618
2227 Airport marketing grant	180	-	-	-	-	180
2249 Heating system control upgrade	(22,040)	-	-	11,500	-	(33,540)
2257 Civic Center Drive sidewalks	(14,002)	14,555	-	1,887	78,095	76,761
2258 Cony Farrington Trail connection	935	-	-	98	-	837
2278 CDBG market place	53,194	-	-	1,133	-	52,061
2283 CDBG workforce development	-	82,045	-	82,045	-	-
Other programs - Restricted:						
2124 First time home buyers program	7,009	-	-	-	-	7,009
2133 Museum in the streets	3,601	-	-	-	-	3,601
2137 Fairfield Inn - Anthony Ave.	18,169	-	-	9,000	-	9,169
2147 Impact fee Packard Development	18,410	-	-	-	-	18,410
2148 Capitol Street extension	2,094	-	-	-	-	2,094
2171 Maine Community Foundation	6,850	-	-	6,850	-	-
2172 Greeley Associates	12,708	-	-	12,708	-	-
2174 Texas Roadhouse LLC	2,773	-	-	-	-	2,773
2176 Luke Bolduc	875	-	-	875	-	-
2180 Snow Cone Properties	3,915	-	-	3,915	-	-
2198 Bonenfat construction	5,277	-	-	5,277	-	-
2256 KRRT Park connection	(909)	-	-	488	-	(1,397)
2267 Skowhegan Savings Bank	6,600	-	-	-	-	6,600
2272 Kennebec Savings impact fee	10,400	-	-	10,400	-	-
2273 Elm Street Corp impact fee	6,600	-	-	-	-	6,600
Other programs - Committed:						
2012 Sale of Cony HS	664,174	-	-	-	(166,611)	497,563
Total development services	876,717	96,600	-	152,874	(88,516)	731,927
Public works:						
Other programs - Restricted:						
2154 Cony Village LLC	28,005	-	-	6,510	-	21,495
Other programs - Committed:						
2035 ADP misc. work highway	290	-	45,679	45,679	-	290
2036 Accidents	(29,307)	-	142,857	46,898	-	66,652
2038 School miscellaneous work	(75,994)	-	88,757	12,763	-	-
2117 Public works special revenues	618	-	94	125	-	587
2248 Failed septic	-	-	7,145	-	-	7,145
2271 Natural gas street opening permits	95,863	-	22,614	25,363	-	93,114
Total public works	19,475	-	307,146	137,338	-	189,283

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Community services:						
Federal/State programs:						
2095 Blaine Memorial Trees	\$ 347	-	-	-	-	347
2163 Snowmobile grant	-	6,070	-	6,070	-	-
Other programs - Restricted:						
2060 Stain Glass Lithgow Library	1,774	-	-	-	-	1,774
2061 Lost library books	12,359	-	16,039	19,566	-	8,832
2138 Farmer's market	5,989	-	5,000	3,652	-	7,337
2145 Viles Park Memorial	6,655	-	-	-	-	6,655
2164 Graffiti removal	2,996	-	-	143	-	2,853
2178 Kennebec Rail Trail	1,214	-	-	-	-	1,214
2208 Storage shed tennis court	679	-	-	53	-	626
2216 Kennebec River Rail Trail paving	269	17,658	28,944	33,304	-	13,567
2230 Food for thought	736	-	-	564	-	172
2260 Lets go gardening grant	234	-	250	466	-	18
2270 Petanque Court	1,419	-	-	-	-	1,419
Other programs - Committed:						
2055 Tree board	480	-	-	-	-	480
2065 After School Daycare	254,919	154,759	455,279	502,984	(60,478)	301,495
2079 Recreation - adult	5,042	-	31,773	37,696	-	(881)
2080 Recreation - youth	65,936	-	125,892	162,828	-	29,000
2081 Recreation - special events	2,656	-	-	-	-	2,656
2085 School mowing contract	54,131	-	107,569	107,624	-	54,076
2086 Bicentennial park	1,088	-	12	-	-	1,100
2087 Trolley Cars	3,516	-	-	3,516	-	-
2088 4th of July	593	-	1,636	62	-	2,167
2096 Pleasant Hill Saw timber	-	-	-	207	-	(207)
2111 Spring running	214	-	-	-	-	214
2207 Ball field improvements	940	-	-	-	-	940
2226 Dog park	318	-	-	158	-	160
2231 Cable TV equipment	17,008	-	6,000	14,796	-	8,212
2243 Tree Board investment fund	21,844	-	255	-	-	22,099
2244 Bicentennial park investment	32,017	-	-	-	-	32,017
2279 Togus Pond	-	13,618	-	13,618	-	-
Total community services	495,373	192,105	778,649	907,307	(60,478)	498,342

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Finance and administration:						
Federal/State programs:						
2017 MMEHT Employee Assistant Grant	\$ 1,385	-	-	-	(1,385)	-
Other programs - Restricted:						
2009 TIF - Downtown	63,284	-	295,018	87,951	(168,726)	101,625
2300 TIF - all purpose	-	-	64,903	64,903	-	-
2301 TIF - Cony Circle	300,419	-	168,805	-	(92,597)	376,627
2302 TIF - Old Belgrade Road	83	-	-	-	-	83
2303 TIF - Central Maine Commerce	517,436	-	414,427	207,212	-	724,651
2304 TIF - Market Place Phase 1	497,547	-	465,000	173,091	(377,937)	411,519
2305 TIF - Market Place Phase 2	-	-	1,296,949	400,000	(896,949)	-
2306 TIF - JS McCarthy (2011)	19,214	-	13,712	6,856	-	26,070
2307 TIF - Gas	523,936	-	823,006	56,411	(168,095)	1,122,436
2308 TIF - JS McCarthy (2001)	13,509	-	7,118	-	(6,660)	13,967
2309 TIF - Augusta East	7,591	-	135,195	131,196	-	11,590
2310 TIF - NRF 1	33,094	-	33,736	-	-	66,830
2311 TIF - NRF 2014	-	-	35,339	14,136	-	21,203
2312 TIF - Cony Flat Iron	-	-	6,870	6,870	-	-
Other programs - Committed:						
2010 Cable TV Franchise	(1,886)	-	127,209	127,209	-	(1,886)
2013 Fort Western Trustees	(1,054)	-	83,649	82,595	-	-
2014 Augusta Housing Authority	5,465	-	186,063	191,528	-	-
2015 Augusta Parking District	38	-	1,734	1,772	-	-
2205 GAUD	3,491	-	53,233	53,233	-	3,491
2228 Wellness loss prevention	27,507	-	-	1,742	-	25,765
2245 Cony High School investment	34,017	-	776	-	-	34,793
2281 Tax acquired property	89,478	-	81,717	48,837	-	122,358
Total finance and administration	2,134,554	-	4,294,459	1,655,542	(1,712,349)	3,061,122
Public safety:						
Federal/State programs:						
2040 Forfeiture fund	4,133	6,742	-	7,982	-	2,893
2047 Bulletproof vest	-	5,159	-	5,144	-	15
2048 Seatbelt grant	-	13,068	-	13,068	-	-
2049 OUI grant	-	15,942	-	15,942	-	-
2076 Justice Assistance Grant	(695)	47,200	-	46,505	-	-
2113 Hazmat sustainment	4,994	-	-	-	-	4,994
2125 Speed enforcement	-	9,037	-	9,037	-	-
2129 Firefighter assistance grant	-	192,865	4,651	197,516	-	-
2152 DHS law enforcement reimb	(117)	11,315	2,938	13,769	-	367
2189 Southern Kennebec underage drinking	4,809	13,000	-	12,788	-	5,021
2203 ATV Grant	87	3,720	-	3,418	-	389
2232 2010 Homeland security grant	5,053	-	-	-	-	5,053
2233 2009 HSG - Airport police	154	-	-	-	-	154
2266 Justice assistance grant - 2012	14	-	-	14	-	-
2269 2012 Homeland security grant	-	140,743	-	140,743	-	-
2275 Regional response team	(4,994)	-	-	-	-	(4,994)
2284 Downtown patrol	(108)	-	2,000	1,892	-	-
2285 Maine Drug Enforcement Agency	-	18,461	-	18,063	-	398
2553 Teen driver safety grant	177	7,240	-	7,417	-	-
Other programs - Restricted:						
2044 Juvenile program	1,162	-	-	1,162	-	-
2050 Fire prevention education	2,308	-	-	-	-	2,308
2119 MMA safety grant	-	-	-	2,117	-	(2,117)
Other programs - Committed:						
2042 Police outside work	46,866	-	21,279	24,254	-	43,891
2175 Fire airport service	116,711	-	-	-	-	116,711
Total public safety	180,554	484,492	30,868	520,831	-	175,083
<b>Total City special revenue funds</b>	<b>\$ 3,713,680</b>	<b>773,197</b>	<b>5,411,150</b>	<b>3,373,892</b>	<b>(1,861,343)</b>	<b>4,662,792</b>

**CITY OF AUGUSTA, MAINE**  
**School Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

		Balances (deficits) beginning of year	Revenues	Expenditures	Balances (deficits) end of year
Federal programs:					
0230	Title IA - Chapter I - Disadvantaged	\$ (2,858)	887,287	884,587	(158)
0247	Local Entitlement	(4,693)	633,422	630,364	(1,635)
0251	Preschool	-	18,447	19,734	(1,287)
0261	McKinney Vento Homeless	-	5,083	5,083	-
0267	Rural Low Income	-	42,466	42,466	-
0268	Title III - ESL	(720)	11,938	12,282	(1,064)
0270	Title IIA - Improving Teacher Quality	17,688	174,733	174,734	17,687
0286	Perkins Learning Center	15,956	131,012	146,759	209
0289	Perkins Administration	-	44,926	44,926	-
0295	ABE Federal Program	(777)	56,122	55,345	-
Total federal programs		24,596	2,005,436	2,016,280	13,752
State programs:					
0223	Proficiency Education	33,556	27,412	19,144	41,824
0225	College Transition Initiative	1,695	27,027	21,539	7,183
0226	CTE Early College Grant	2,500	38,868	27,090	14,278
0233	PEPG Development Grant	-	4,600	1,466	3,134
Total state programs		37,751	97,907	69,239	66,419
Other programs:					
0203	MELMAC College Access	913	-	-	913
0207	Summer School Grant	-	9,586	271	9,315
0208	Computer Repairs	17,741	7,365	1,378	23,728
0209	Donations	853	8,683	7,147	2,389
0601	School catering	5,612	-	65	5,547
0618	Chizzle Whizzle	-	21,039	21,039	-
0900	Scholarship	933	8,750	8,925	758
0915	Fiscal Agent	-	7,367	7,367	-
0916	Adult Education pass through	13,800	1,364	10,504	4,660
Total other programs		39,852	64,154	56,696	47,310
<b>Totals</b>		<b>\$ 102,199</b>	<b>2,167,497</b>	<b>2,142,215</b>	<b>127,481</b>

**CITY OF AUGUSTA, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Balances beginning of year	Revenues	Expenditures	Bond/ Lease Proceeds	Transfers in (out)	Balances end of year
<b>City Funds:</b>						
3003 Fiscal 2003	\$ 184,846	-	-	-	(115,000)	69,846
3007 Fiscal 2007	33,976	-	-	-	-	33,976
3008 Fiscal 2008	27,272	-	-	-	-	27,272
3009 Fiscal 2009	65,922	-	-	-	-	65,922
3010 Fiscal 2010	128,607	-	27,808	-	(37,868)	62,931
3011 Fiscal 2011	116,734	-	2,491	-	(2,384)	111,859
3012 Fiscal 2012	310,030	-	12,634	-	-	297,396
3013 Fiscal 2013	752,297	-	187,173	-	-	565,124
3014 Fiscal 2014	754,905	8	453,798	-	-	301,115
3015 Fiscal 2015	2,977,011	-	1,212,704	4,615,000	-	6,379,307
3016 Fiscal 2016	-	-	287,619	2,330,153	593,000	2,635,534
3086 Dickman Parking Garage	200,322	-	-	-	-	200,322
<b>School Funds:</b>						
0401 Energy Savings Project	47	-	-	-	-	47
<b>Total nonmajor capital projects</b>	<b>\$ 5,551,969</b>	<b>8</b>	<b>2,184,227</b>	<b>6,945,153</b>	<b>437,748</b>	<b>10,750,651</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - City**  
**For the year ended June 30, 2016**

City Funds		Fund balance, principal, beginning of year	Fund balance unexpended income, beginning of year	Donations	Investment income	Expenditures	Fund balance principal, end of year	Fund balance unexpended income, end of year
6501	L. W. Titcomb Playground	\$ 6,281	(193)	-	126	-	6,281	(67)
6502	Lithgow Library	24,933	1,572	-	547	-	24,933	2,119
6503	St. Mark's Church	11,968	529	-	258	-	11,968	787
6507	Cemetery Trust Fund	150,105	10,532	-	3,107	-	150,105	13,639
6516	Forest Grove Cemetery	75,538	4,273	-	1,824	-	75,538	6,097
6529	Kling Trust	9,974	563	-	241	-	9,974	804
6543	Alice Reynolds Trust	11,600	89	-	240	-	11,600	329
6544	Ed E. Gage Family Trust	49,700	1,001	-	1,052	-	49,700	2,053
6545	Edwards Dam Scholarship	-	25,280	-	539	-	-	25,819
6546	Eliza Church Fund	3,385	141	-	73	-	3,385	214
6547	Ira Bunker	500	26	-	11	-	500	37
6548	Lipman Memorial Trust	4,169	1,300	-	136	100	4,169	1,336
6549	Miriam Titcomb Trust	22,660	1,986	-	489	-	22,660	2,475
6550	Peavy Scholarship Fund	4,225	82	-	89	-	4,225	171
6551	Sanford Legacy	1,496	66	-	32	-	1,496	98
6552	Cony Family Fund	10,249	(125)	-	217	-	10,249	92
6555	Cemetery Perpetual Care	104,362	55,660	4,350	-	-	104,362	60,010
6556	Mall Mitigation Land Trust	15,000	(1,085)	-	9	-	15,000	(1,076)
<b>Total City Funds</b>		<b>\$ 506,145</b>	<b>101,697</b>	<b>4,350</b>	<b>8,990</b>	<b>100</b>	<b>506,145</b>	<b>114,937</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private-purpose Trust Funds - School**  
**For the year ended June 30, 2016**

School Funds	Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions			Net position principal, end of year	Net position unexpended income, end of year
			Investment income	Donations	Deductions		
6002 Refurbish Alumni Field at Cony	\$ -	246,086	4,045	-	-	-	250,131
6251 Auto Mechanic Scholarship	-	2,485	57	-	-	-	2,542
6252 Childcare Scholarship	-	613	13	-	-	-	626
6253 CATC Multi-media Scholarship	595	199	16	-	-	595	215
6254 CATC Plumbing And Heating	-	438	10	-	-	-	448
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	308	-	-	186	-	122
6256 CHS Class of 1938 Scholarship Fund	-	1,081	22	-	400	-	703
6257 CHS Special Music Concert (held at CHS)	-	621	-	-	502	-	119
6258 Cony Restoration Fund	-	1,851	38	-	-	-	1,889
6259 Devina Mudge Scholarship	-	35	1	-	-	-	36
6260 Ebbie Brooks Math and Science Fund	-	208	5	-	-	-	213
6261 Edgar A. Hussey Memorial	-	5,086	104	-	100	-	5,090
6262 Eliza Church Fund	-	969	20	-	-	-	989
6263 Frank Hewins Music	-	827	17	-	-	-	844
6264 Friedlander Memorial Award	-	57	1	-	-	-	58
6265 Georgianna Hayes English	-	1,321	27	-	-	-	1,348
6266 Jon Crockett Memorial Fund	-	2,397	49	-	150	-	2,296
6267 Lanny Cooper Memorial	-	1,257	26	-	-	-	1,283
6268 Lee and Larry Leighton Scholars	-	4,271	88	-	-	-	4,359
6269 Mable Thompson	-	565	11	-	50	-	526
6270 Theresa Brannigan Memorial	-	1,620	31	-	-	-	1,651
6271 Titcomb Fund	22,720	17,789	825	-	-	22,720	18,614
6272 Florence Tanner McIntire Memorial	-	89	4	-	-	-	93
6274 Mallory Dulac Scholarship	-	2,458	55	-	750	-	1,763
6275 Cony High Scholarship (held at CHS)	-	1,829	-	-	1,523	-	306
6276 Hawes/Jones Family Scholarship	-	-	61	10,000	-	-	10,061
6701 Ann Williams Funds	2,000	11,767	281	-	-	2,000	12,048
6702 Alumni Hall restoration	50	416	20	250	-	50	686
6703 Arthur E. Shea Memorial	1,161	(136)	21	-	-	1,161	(115)
6704 CATC School Wide Scholarship	10,000	699	225	-	-	10,000	924
6705 CHS Class of 1943 Scholarship Fund	7,199	2,518	202	-	-	7,199	2,720
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	5,145	-	21,336	19,361	-	7,120
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
Subtotal School Funds	\$ 43,725	324,022	6,275	31,586	23,022	43,725	338,861

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position, Continued**  
**Private-purpose Trust Funds - School**  
**For the year ended June 30, 2016**

School Funds	Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions			Net position principal, end of year	Net position unexpended income, end of year
			Investment income	Donations	Deductions		
6708 Carpentry Scholarship	\$ -	177	4	-	-	-	181
6709 Charles McGrail Scholarship	3,257	3,822	141	-	200	3,257	3,763
6710 Dorothy Giddings Fund	1,000	2,597	72	-	100	1,000	2,569
6711 Edward Albing Math Fund	500	84	11	-	-	500	95
6713 Food Service Scholarship	-	113	2	-	-	-	115
6714 Garside English Fund	1,000	(394)	12	-	-	1,000	(382)
6715 Helen Dyer Scholarship	1,717	157	39	-	-	1,717	196
6716 H. Graham Nye CATC Scholarship	2,500	125	54	-	-	2,500	179
6718 Karen Carey Scholarship	2,577	373	60	-	200	2,577	233
6719 Louis Ochmanski Scholarship	2,500	1,215	75	-	100	2,500	1,190
6720 Louise Webber Fund	10,000	5,823	328	-	-	10,000	6,151
6722 Mable I. Morton	1,970	1,422	69	-	-	1,970	1,491
6723 Mable Richmond Fund	200	59	5	-	-	200	64
6724 Machine Tool Scholarship	15	862	22	-	-	15	884
6725 Melanie Ann Cote Scholarship	1,800	2,734	92	-	-	1,800	2,826
6726 Nora Jackson Scholarship	3,000	4,960	163	-	250	3,000	4,873
6727 Raymond Falconia Fund	5,000	469	114	-	-	5,000	583
6728 Richard Ayotte Scholarship	2,050	196	46	-	-	2,050	242
6729 Sandra Lipman Arts Fund	-	927	20	-	150	-	797
6730 Theodore Rhoades Memorial	5,000	1,408	133	-	-	5,000	1,541
6731 Thomas Bishop Memorial Scholarship	1,730	1,363	66	65	300	1,730	1,194
6734 G & E Roofing	-	630	11	-	500	-	141
6736 Mary O'Connell	9,930	122	205	-	-	9,930	327
6737 Scott Laliberte	-	2,698	62	500	1,000	-	2,260
6738 Chrissanne Burns Memorial	-	3,588	72	5,821	3,000	-	6,481
6739 Michaud Family Scholarship	-	552	12	-	400	-	164
6740 A Joan Bridge	-	597	14	-	-	-	611
6741 Richard Shaw Jackson Scholarship	-	3,386	56	-	500	-	2,942
6742 E Jean Andrews Scholarship	50,000	(25)	851	-	-	50,000	826
6743 Evelyn and Pricilla Wilkins	-	-	65	16,325	500	-	15,890
<b>Total School Funds</b>	<b>149,471</b>	<b>364,062</b>	<b>9,151</b>	<b>54,297</b>	<b>30,222</b>	<b>149,471</b>	<b>397,288</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds - Activity Funds**  
**For the year Ended June 30, 2016**

	Beginning of year	Additions	Deletions	End of year
<b>ASSETS</b>				
Cash	\$ 278,895	389,303	389,713	278,485
<b>Total assets</b>	<b>\$ 278,895</b>	<b>389,303</b>	<b>389,713</b>	<b>278,485</b>
<b>LIABILITIES</b>				
Due to student groups	278,895	389,303	389,713	278,485
<b>Total liabilities</b>	<b>\$ 278,895</b>	<b>389,303</b>	<b>389,713</b>	<b>278,485</b>

## **STATISTICAL SECTION**

Table 1

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

Fiscal year	Legislative and executive	Finance and administration	Development services and public works	Community services	Public safety (1)	Education	Retirement and insurance	Utilities
2007	\$ 590,439	2,804,888	5,428,832	2,435,759	5,868,011	31,804,424	1,433,560	2,043,033
2008	590,439	2,636,407	6,447,891	2,723,474	6,371,806	33,695,133	1,848,206	2,103,034
2009	566,468	2,847,425	5,837,484	2,569,838	8,419,526	33,027,066	3,639,953	2,058,362
2010	620,474	2,934,491	6,015,890	2,443,777	8,169,237	33,150,558	3,668,658	1,843,957
2011	530,991	3,128,512	5,186,770	2,540,309	8,414,744	31,882,197	1,372,067	1,849,879
2012	503,962	3,739,345	5,675,393	2,629,189	8,024,923	31,653,870	2,887,343	1,686,770
2013	451,287	3,098,179	5,215,484	2,508,477	8,067,039	30,516,363	3,166,570	2,263,375
2014	599,307	3,042,873	6,214,489	2,883,609	8,700,558	30,804,216	3,108,473	2,570,299
2015	576,556	3,171,224	6,211,761	2,995,671	8,817,839	30,430,740	1,803,541	2,464,731
2016	530,504	3,024,307	5,707,536	3,075,618	9,418,051	31,424,245	5,001,945	2,480,937

Unclassified	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport (2)	Ambulance (1)	Total
\$ 1,440,886	1,442,027	1,353,725	127,814	2,837,679	1,954,597	489,185	1,206,020	63,260,879
1,575,514	1,118,484	1,460,457	1,606,400	2,913,963	3,066,414	520,177	1,362,669	70,040,468
1,574,821	175,543	1,719,573	18,230	2,780,635	2,537,369	573,028	-	68,345,321
1,634,375	150,443	1,325,849	9,586	2,689,638	2,917,070	505,709	-	68,079,712
1,545,250	132,514	1,391,499	-	2,757,129	2,842,985	-	-	63,574,846
1,633,097	155,541	1,578,780	-	2,658,420	2,197,797	-	-	65,024,430
1,563,403	180,084	1,746,202	-	2,708,495	2,421,337	-	-	63,906,295
1,434,554	151,240	1,854,746	13,964	2,610,474	1,767,362	-	-	65,756,164
1,588,673	228,732	1,893,276	520,857	2,650,799	1,848,165	-	-	65,202,565
1,639,085	240,336	1,742,689	944,470	2,438,453	2,177,496	-	-	69,845,672

(1) Beginning in the year ended June 30, 2009, ambulance services were moved into the public safety function in the governmental activities.

(2) Beginning in the year ended June 30, 2011, airport services were moved into a special revenue fund (Development services) in the governmental activities.

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	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2007	\$ 10,366,856	20,385,932	-	27,681,053	3,014,023	1,195,325	2,207,466	64,850,655	
2008	10,973,123	22,129,940	-	28,648,359	3,034,885	968,205	3,567,874	69,322,386	
2009	10,088,437	23,110,107	-	29,491,494	2,952,851	972,661	2,066,307	68,681,857	
2010	9,366,323	23,685,244	-	28,993,720	2,576,597	449,766	2,257,182	67,328,832	
2011	9,392,481	22,707,795	904,457	30,378,865	2,350,821	308,636	660,968	66,704,023	
2012	9,564,646	21,731,296	214,107	31,108,749	2,340,970	257,353	169,294	65,386,415	
2013	9,761,724	20,302,592	87,089	31,545,957	2,340,921	25,274	158,589	64,222,146	
2014	8,758,034	23,286,886	166,182	33,104,730	1,806,050	140,720	236,490	67,499,092	
2015	9,103,246	22,537,478	3,148,046	34,978,320	1,719,131	160,563	114,892	71,761,676	
2016	9,255,592	21,375,896	117,139	36,903,317	1,813,228	315,466	266,838	70,047,476	

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

Year	Legislative and executive	Finance and administration	Development services and public works	Community services	Public safety (1)	Insurances and utilities	Unclassified	County	Education	Debt service	Total
2007	\$ 607,318	1,462,484	4,455,145	2,115,058	5,462,470	3,747,259	50,298	1,349,609	25,334,169	1,224,430	45,808,240
2008	599,225	1,509,133	5,180,697	2,099,892	5,728,125	3,951,240	126,413	1,395,237	27,571,927	1,118,484	49,280,373
2009	697,527	1,571,797	5,264,080	2,063,501	7,478,538	4,168,103	112,258	1,406,380	27,332,285	1,023,587	51,118,056
2010	628,168	1,462,186	4,636,937	1,892,153	7,263,830	4,138,021	221,610	1,358,766	26,145,023	1,002,847	48,749,541
2011	555,129	1,377,274	4,821,949	1,959,452	7,671,112	4,387,729	237,003	1,396,619	24,921,342	765,334	48,092,943
2012	541,282	1,525,188	4,544,805	2,097,974	7,870,019	4,265,327	56,235	1,350,807	26,520,191	694,840	49,466,668
2013	483,077	1,574,172	4,718,043	2,179,071	7,864,817	5,035,552	147,428	1,398,648	25,391,160	852,070	49,644,038
2014	630,217	1,575,804	4,848,663	2,285,625	8,156,722	5,294,000	-	1,404,986	25,245,751	898,014	50,339,782
2015	590,171	1,608,701	5,415,171	2,277,315	8,453,214	4,103,076	-	1,429,518	25,206,685	943,301	50,027,152
2016	556,714	1,684,792	5,007,266	2,247,263	8,802,013	4,633,616	(2,597)	1,475,821	26,376,189	1,414,737	52,195,814

(1) Beginning in the year ended June 30, 2009, ambulance services were moved into the public safety function in the general fund.

Table 4

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

<b>Fiscal year</b>	<b>Taxes</b>	<b>Licenses and permits</b>	<b>Inter-governmental</b>	<b>Charges for services</b>	<b>Fines and fees</b>	<b>Investment earnings</b>	<b>Unclassified</b>	<b>Total</b>
2007	\$ 26,040,229	293,264	15,710,155	2,313,794	51,459	990,043	597,353	45,996,297
2008	27,075,553	175,598	18,071,244	2,177,047	55,783	897,340	486,725	48,939,290
2009	27,124,031	158,400	18,345,040	3,646,760	54,086	897,139	569,613	50,795,069
2010	26,549,455	110,211	16,854,140	3,080,733	50,647	408,934	706,056	47,760,176
2011	27,423,576	205,010	15,360,985	3,420,571	52,650	295,917	576,129	47,334,838
2012	29,042,178	372,244	15,882,572	3,453,378	46,433	231,746	644,964	49,673,515
2013	28,531,192	193,724	15,057,731	3,399,461	52,495	22,635	683,840	47,941,078
2014	29,796,006	190,959	15,942,676	2,589,834	48,454	136,379	727,204	49,431,512
2015	30,944,004	198,356	15,653,123	2,792,473	50,155	155,269	666,269	50,459,649
2016	32,255,122	294,213	15,036,116	2,734,692	46,925	280,559	601,038	51,248,665

Table 5

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

<b>Fiscal year</b>		<b>Total tax levy</b>	<b>Current tax collections</b>	<b>% of levy collected</b>	<b>Prior year tax collections</b>	<b>Total tax collections</b>	<b>% of total tax collection to levy</b>
2007	\$	24,118,683	23,493,905	97.41%	620,183	24,114,088	99.98%
2008		25,141,898	24,524,593	97.54%	611,893	25,136,486	99.98%
2009		25,982,227	25,164,056	96.85%	810,888	25,974,944	99.97%
2010		26,196,756	25,037,880	95.58%	1,121,998	26,159,878	99.86%
2011		27,016,108	25,845,259	95.67%	1,158,890	27,004,149	99.96%
2012		27,566,724	26,662,434	96.72%	887,027	27,549,461	99.94%
2013		28,120,753	27,183,423	96.67%	911,813	28,095,236	99.91%
2014		29,526,059	28,560,954	96.73%	644,495	29,205,449	98.91%
2015		31,299,897	30,280,492	96.74%	205,816	30,486,308	97.40%
2016		32,959,415	32,145,826	97.53%	-	32,145,826	97.53%

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	
2007	\$ 1,364,574,200	97,315,600	1,461,889,800	1,380,800,000	105.87%
2008	1,402,015,000	104,047,300	1,506,062,300	1,478,400,000	101.87%
2009	1,452,883,500	103,702,100	1,556,585,600	1,550,100,000	100.42%
2010	1,469,535,400	100,358,600	1,569,894,000	1,552,500,000	101.12%
2011	1,490,271,100	95,551,900	1,585,823,000	1,526,350,000	103.90%
2012	1,496,559,400	97,546,000	1,594,105,400	1,518,850,000	104.95%
2013	1,509,575,600	94,770,100	1,604,345,700	1,490,000,000	107.67%
2014	1,529,301,900	97,040,800	1,626,342,700	1,490,850,000	109.09%
2015	1,576,565,600	101,176,400	1,677,742,000	1,503,750,000	111.57%
2016	1,609,474,900	94,021,700	1,703,496,600	1,540,250,000	110.60%

**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>
2007 (a)	18,560	\$ 1,461,889,800	56,474,725	9,473,425	47,001,300	3.22%	2,532
2008	18,560	1,506,062,300	52,684,860	8,762,110	43,922,750	2.92%	2,367
2009	18,560	1,556,585,600	49,898,795	8,050,795	41,848,000	2.69%	2,255
2010	18,560	1,569,894,000	46,290,730	7,339,480	38,951,250	2.48%	2,099
2011	19,136	1,585,823,000	44,407,724	6,628,165	37,779,559	2.38%	1,974
2012	19,136	1,594,105,400	41,142,883	5,916,850	35,226,033	2.21%	1,841
2013	19,136	1,604,345,700	39,705,964	5,205,535	34,500,429	2.15%	1,803
2014	19,136	1,626,342,700	35,549,045	4,494,220	31,054,825	1.91%	1,623
2015	19,136	1,677,742,000	44,107,126	4,632,905	39,474,221	2.35%	2,063
2016	19,136	1,703,496,600	46,930,207	3,815,340	43,114,867	2.53%	2,253

Sources for population information: U.S. Census Bureau

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

Table 8

**CITY OF AUGUSTA, MAINE**  
**Principal Taxpayers**  
**June 30, 2016**

Taxpayer	Business	Assessed value	% of total value
W/S Development	Retail	\$ 84,506,400	5.04%
Central Maine Power	Public Utility	80,231,500	4.78%
Wal-Mart Stores, Inc.	Retail	33,840,900	2.02%
Central Maine Commerce Center	Office Building	30,282,100	1.80%
PDNED Augusta Crossing Inc	Developer	29,521,800	1.76%
Maine Natural Gas	Gas Pipelines	23,377,700	1.39%
Taurus Business Center Lmtd	Retail	20,802,500	1.24%
Summit Natural Gas	Gas Pipelines	20,172,000	1.20%
J & R Associates LLC	Developer	17,525,000	1.04%
CAP Center Associates LP	Developer	15,644,100	0.93%

## **SINGLE AUDIT SECTION**

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

City Council and Board of Education  
City of Augusta, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements, and have issued our report thereon dated October 28, 2016.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Augusta, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted other certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated October 28, 2016.

**Purpose of this Report**

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



October 28, 2016  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City Council and Board of Education  
City of Augusta, Maine

**Report on Compliance for Each Major Federal Program**

We have audited the City of Augusta, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Augusta, Maine's major federal programs for the year ended June 30, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Augusta, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Augusta, Maine's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

***Opinion on Each Major Federal Program***

In our opinion, the City of Augusta, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control over Compliance**

Management of the City of Augusta, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Augusta, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements. We issued our report thereon dated October 28, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



October 28, 2016  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass- through number	Federal Expenditures	CFDA/ Cluster Totals	Passed through to subrecipients
U.S. Department of Education, Passed through Maine Department of Education:					
0295 Adult Basic Education	84.002	6296	\$ 55,345		-
0230 Title IA	84.010	3107	884,587		-
Special Education Cluster:					
0247 Special Education State Grants Individuals with Disabilities Act	84.027	3046	630,364		-
0251 Preschool	84.173	6247	19,734		-
Total Special Education Cluster				650,098	
0286 Carl Perkins - Basic Grant (Learning Center)	84.048	3030	146,759		-
0289 Perkins Administration	84.048	2980	44,926	191,685	-
0261 McKinney Homeless	84.196	3104	5,083		-
0267 Rural Low Income	84.358	3305	42,466		-
0268 Title III - ESL	84.365	3115	19,649		7,367
0270 Teacher Quality Grant	84.367	3042	174,734		-
Total U.S. Department of Education			2,023,647		7,367
U.S. Department of Agriculture, passed through the Maine Dept. of Education:					
Child Nutrition Cluster:					
0600 National School Lunch Program	10.555	3022/3024	559,075		-
School Breakfast Program	10.553	3014	189,222		-
Summer Food Service Program	10.559	3016/3018	46,032		-
Food Donation Program	10.555	N/A	65,753		-
Total Child Nutrition Cluster				860,082	
Fresh Fruit and Vegetable Program	10.582	3028	47,603		-
Total U.S. Department of Agriculture			907,685		-
U.S. Department of Justice, passed through the Maine Department of Justice:					
2076 Justice Assistance Grant	16.738	N/A	46,505		-
2047 Bulletproof Vest	16.607	N/A	5,144		-
Total U.S. Department of Justice			51,649		-

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Federal Expenditures	CFDA/Cluster Totals	Passed through to subrecipients
U.S. Department of Transportation:					
Direct programs:					
2049	OUI Grant	20.600	\$ 15,942		-
2125	Speed Enforcement	20.600	9,037		-
2048	Seatbelt Grant	20.600	13,068	38,047	-
Passed through the Maine Department of Transportation:					
4200	Airport Improvement Program	20.106	137,706		-
Passed through the Maine Department of Public Safety:					
2553	Teen Driver Safety Grant	20.616	7,417		-
Total U.S. Department of Transportation			183,170		-
U.S. Department of Housing and Urban Development, passed through the Maine Department of Economic and Community Development:					
2278	CDBG Market Place	14.228	1,133		-
2283	CDBG Workforce Development	14.228	82,045	83,178	-
Total U.S. Department of Housing and Urban Development			83,178		-
U.S. Department of Health and Human Services, passed through Kennebec County:					
2189	Southern Kennebec Underage Drinking Task Force	93.243	12,788		-
Total U.S. Department of Health and Human Services			12,788		-
U.S. Department of Homeland Security:					
Direct program:					
2129	2012 Assistance to Firefighters	97.044	197,516		-
Passed through Maine Emergency Management Agency:					
2269	2012 Homeland Security Grant	97.067	140,743		-
2152	TSA - Officer Reimbursement	97.090	13,769		-
Total U.S. Department of Homeland Security			352,028		-
<b>Totals</b>			<b>\$ 3,614,145</b>		<b>7,367</b>

99 See accompanying notes to schedule of expenditures of federal awards.

**CITY OF AUGUSTA, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

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**PURPOSE OF THE SCHEDULE**

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Office of Management and Budget (OMB)'s Uniform Guidance 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, 2016. The reporting entity is defined in the 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 the Uniform Guidance.
  - 1. Pursuant to the Uniform Guidance, 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 - The Uniform Guidance 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.
  
- D. The City of Augusta, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2016**

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

**Basic financial statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

**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**

**None**

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

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

None