

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**



**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**

**Table of Contents**

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
	<u>Statements</u>
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1      15
Statement of Activities	2      16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3      17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4      18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5      19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6      20
Statement of Net Position - Proprietary Funds	7      21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8      22
Statement of Cash Flows - Proprietary Funds	9      23
Statement of Fiduciary Net Position - Fiduciary Funds	10     24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11     25
Notes to Financial Statements	26-45
Required Supplementary Information	46
	<u>Exhibits</u>
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Comparative Balance Sheets	A-1     49
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	A-2     50-53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Reserves	A-3     54
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	B-1     57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	B-2     58
Combining Balance Sheet - Nonmajor Special Revenue Funds	C-1     59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	C-2     60

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**June 30, 2014**

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**Table of Contents, Continued**

	<u>Schedules</u>	<u>Page</u>
City Special Revenue Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	1	63-65
School Special Revenue Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	66
Nonmajor Capital Projects - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	3	67
Nonmajor Permanent Funds - City - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	68
Private-purpose Trust Funds - School - Combining Statement of Changes in Fiduciary Net Position	5	69-70
Agency Funds - Statement of Changes in Assets and Liabilities	6	71
 <b>STATISTICAL SECTION</b>		
	<u>Tables</u>	
Government-wide Expenses by Function	1	75
Government-wide Revenues	2	76
General Fund Expenditures by Function - Budgetary Basis	3	77
General Fund Revenues by Source	4	78
Property Tax Levies and Collections	5	79
Assessed and State Value of Taxable Property	6	80
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	7	81
Principal Taxpayers	8	82
 <b>SINGLE AUDIT SECTION</b>		
Reports Required by <i>Government Auditing Standards</i> and OMB Circular A-133:		
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 <i>Government Auditing Standards</i>		85-86
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133		87-89
Schedule of Expenditures of Federal Awards		90-91
Notes to Schedule of Expenditures of Federal Awards		92
Schedule of Findings and Questioned Costs:		
Section I - Summary of Auditor's Results		93
Section II - Findings Required to be Reported Under <i>Government Auditing Standards</i>		94
Section III - Findings and Questioned Costs for Federal Awards		95
Section IV - Status of Prior Year Findings and Questioned Costs		96-97

## 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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***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, 2014, 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 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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 November 7, 2014 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.



November 7, 2014  
Augusta, Maine

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

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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, 2014. 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 basic financial statements. The City's financial highlights are presented below:

**Fiscal 2014 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net position was \$39.9 million at June 30, 2014. Of this total, \$36.7 million is governmental net position and \$3.2 million is business-type net position.
- The City's net position increased by \$1.74 million. Of this amount, the governmental activities had an increase in net position of \$1.05 million. The business-type activities net position increased by \$0.69 million. Governmental net position invested in capital assets, net of debt decreased by \$0.37 million, restricted net position increased by \$1.54 million and unrestricted net position decreased by \$0.12 million.
- City-wide governmental revenues include program revenues of \$27.03 million, an increase of \$2.34 million, and general revenues of \$35.4 million, an increase of \$1.22 million. The increase in program revenues of \$2.34 million is primarily due to an increase of \$1.44 million in education subsidy, a grant for Statler Tissue Mill clean up and a CDBG Housing Assistance Grant. Business-type income was \$5.18 million, a decrease of \$0.28 million.
- Total City-wide governmental expenses were \$61.38 million, an increase of \$2.6 million and business-type activities expenses were \$4.38 million, a decrease of \$0.75 million, for total expenditures of \$65.76 million, an increase of \$1.85 million or 2.89%.

**Fund Level:**

- Governmental fund balance decreased by \$0.93 million in fiscal year 2014 to \$22.59 million of which \$12.45 million is non-spendable, restricted or committed. \$4.38 million is assigned for specific purposes and \$5.76 million is unassigned. Governmental fund revenues totaled \$62.06 million, with total expenditures of \$63.1 million. Other financing sources and uses added \$0.14 million. General Fund revenues totaled \$51.6 million, with total expenditures of \$52.18 million, for an excess of expenditures over revenues \$0.58 million. The total of other financial sources and uses were \$1.22 million. The General Fund balance increased \$0.65 million for fiscal year 2014.

**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 Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**The Basic Financial Statements**

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

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

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City-wide Financial Statements provide longer term view of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides 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 Development, 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**

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

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis 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 Statements 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 government-wide Statement of Net Position and Statement of Activities.

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

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 28,640,243	28,375,390
Capital assets	57,083,471	57,252,028
<b>Total assets</b>	<b>85,723,714</b>	<b>85,627,418</b>
Long-term liabilities	33,228,863	36,913,770
Other liabilities	15,753,041	13,023,222
<b>Total liabilities</b>	<b>48,981,904</b>	<b>49,936,992</b>
Net position:		
Net investment in capital assets	30,674,608	31,043,100
Restricted	7,273,259	5,732,419
Unrestricted	(1,206,057)	(1,085,093)
<b>Total net position</b>	<b>\$ 36,741,810</b>	<b>35,690,426</b>

Capital assets net of accumulated depreciation decreased by \$0.17 million. The City's long-term liabilities (primarily debt) decreased by \$3.68 million. The City's other liabilities increased by \$2.73 due to an increase in other post retirement benefit liabilities of \$1.52 million and an increase of \$0.9 million in accounts payable and other current liabilities. The City's net investment in capital assets represents 83% 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. 20% of net position is represented by resources that are subject to external restrictions in their uses. The remaining balance is a deficit in unrestricted net position of \$1.2 million.

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

**Governmental Activities Changes in Net Position**

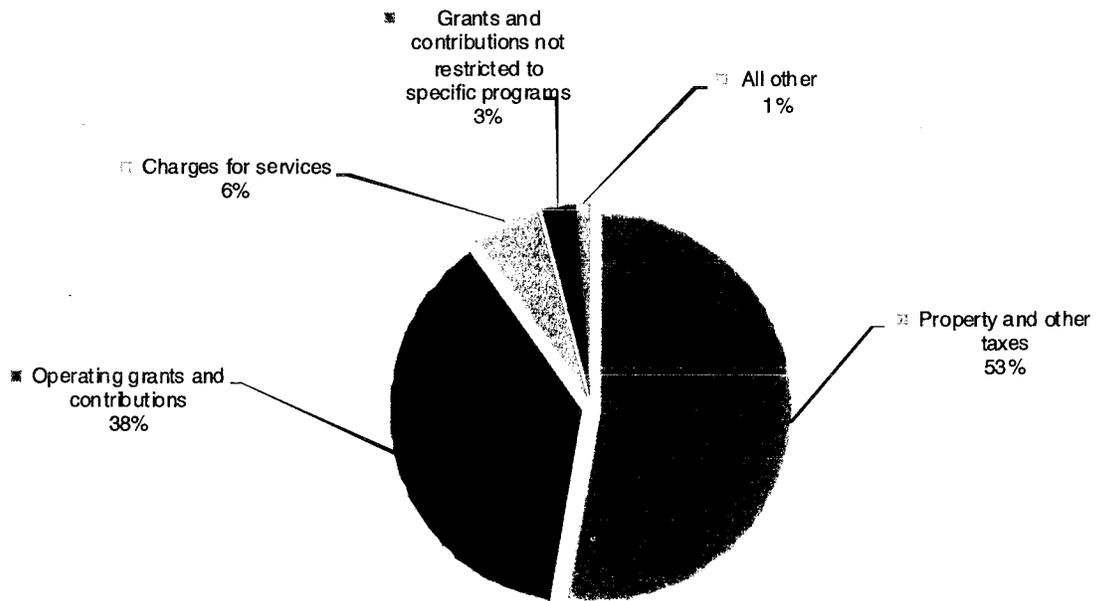
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 3,580,374	4,302,417	(722,043)
Operating grants and contributions	23,286,886	20,302,592	2,984,294
Capital grants and contributions	166,182	87,089	79,093
<b>Total program revenues</b>	<b>27,033,442</b>	<b>24,692,098</b>	<b>2,341,344</b>
<b>General Revenues:</b>			
Property and other taxes	32,799,871	31,221,902	1,577,969
Grants and contributions not restricted to specific programs	1,806,050	2,340,921	(534,871)
Licenses, permits and fees	304,859	324,055	(19,196)
Unrestricted investment income	140,563	25,131	115,432
Other	344,927	267,026	77,901
<b>Total general revenues</b>	<b>35,396,270</b>	<b>34,179,035</b>	<b>1,217,235</b>
<b>Total revenues</b>	<b>62,429,712</b>	<b>58,871,133</b>	<b>3,558,579</b>
<b>Functional Expenses:</b>			
Legislative and executive	599,307	451,287	148,020
Finance and administration	3,042,873	3,098,179	(55,306)
Development services	3,052,769	2,342,676	710,093
Community services	2,883,609	2,508,477	375,132
Public safety	8,700,558	8,067,039	633,519
Public works	3,161,720	2,872,808	288,912
Education	30,804,216	30,516,363	287,853
Retirement and insurance	3,108,473	3,166,570	(58,097)
Utilities	2,570,299	2,263,375	306,924
Unclassified	1,434,554	1,563,403	(128,849)
Interest on debt	151,240	180,084	(28,844)
Central garage	1,854,746	1,746,202	108,544
Capital maintenance	13,964	-	13,964
<b>Total expenses</b>	<b>61,378,328</b>	<b>58,776,463</b>	<b>2,601,865</b>
Increase in net position	1,051,384	94,670	956,714
Net position – beginning of year	35,690,426	35,595,756	94,670
<b>Net position – end of year</b>	<b>\$ 36,741,810</b>	<b>35,690,426</b>	<b>1,051,384</b>

Governmental activities resulted in an increase in net position of \$1.05 million. Program revenues increased \$2.34 million, with operating grants and contributions increasing by \$2.98 million. Charge for services decreased by \$0.7 million as compared to FY 2013. The State and Federal government increased capital grants and contributions by \$0.08 million. General revenues increased \$1.22 million. Property and other taxes increased \$1.58 million and grants and contributions not restricted to specific programs decreased \$0.5 million. Functional expenses increased \$2.6 million. Development Services increased \$0.7 million as a result of a Community Development Block Grant (CDBG) for Housing and a CDBG Haymarket Square grant. Public Safety has increased \$0.6 million as a result of a Fire Fighter Assistance grant, Justice Assistance Grant and Homeland Security Grants.

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

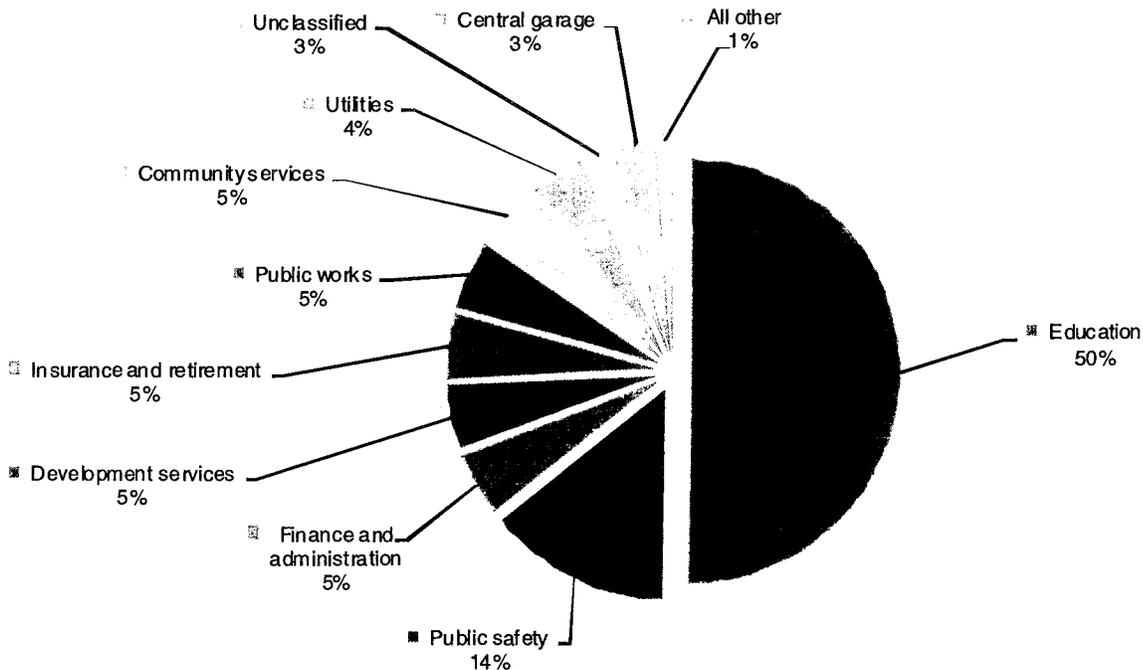
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**Source of Revenues**



As the source of revenues chart above shows, 53% of the City's fiscal 2014 governmental activities revenues came from property and other taxes, and 38% from operating grants and contributions. The remaining 9% 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 50% and municipal services 50% of expenses. Public safety accounted for 14% of total expenses. Finance and administration along with insurance and retirement were 5% each of expenses and Development services accounted for 5%, community services and public works accounted for 10% of total expenses. Utilities, unclassified and central garage accounted for 10%. Legislative and executive, and interest on non-educational debt combined totaled 1% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2014, governmental capital assets decreased \$0.17 million. Capital assets not being depreciated decreased \$1.34 million. Capital assets being depreciated increased \$1.77 million and accumulated depreciation increased \$0.6 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 \$34.34 million, as the City is dependent on general revenues for 56% of expenses. Overall, program revenues reduced program expenses by an average of 44% of total expenses. The range of reduction was 0% to 66.79% for education. Overall, governmental activities net expenses increase \$0.26 million or 0.71%. The City's program revenues include charges for services, State subsidies, and operating grants and contributions.

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

		<u>2014</u>	<u>2013</u>	<u>Variance</u>
Legislative and executive	\$	(0.60)	(0.45)	(0.15)
Finance and administration		(2.28)	(2.36)	0.08
Development services		(1.74)	(1.72)	(0.02)
Community services		(1.82)	(1.56)	(0.26)
Public safety		(6.60)	(6.33)	(0.27)
Public works		(2.35)	(2.15)	(0.20)
Education		(10.23)	(10.86)	0.63
Retirement and insurance		(3.11)	(3.17)	0.06
Utilities		(2.57)	(2.26)	(0.31)
Unclassified		(1.43)	(1.56)	0.13
Debt service		(0.15)	(0.18)	0.03
Central garage		(1.53)	(1.53)	-
Capital maintenance expenses		0.07	0.05	0.02
<b>Total</b>	<b>\$</b>	<b>(34.34)</b>	<b>(34.08)</b>	<b>(0.26)</b>

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

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

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Current and other assets	\$ 5.69	5.35	0.34
Capital assets	7.89	8.07	(0.18)
<b>Total assets</b>	<b>13.58</b>	<b>13.42</b>	<b>0.16</b>
Long-term liabilities	10.16	10.71	(0.55)
Other liabilities	0.24	0.22	0.02
<b>Total liabilities</b>	<b>10.40</b>	<b>10.93</b>	<b>(0.53)</b>
Net position:			
Net investment in capital assets	2.98	2.66	0.32
Unassigned	0.20	(0.17)	0.37
<b>Total net position</b>	<b>\$ 3.18</b>	<b>2.49</b>	<b>0.69</b>

Business-type activities net position increased by \$0.69 million in fiscal year 2014. The increase in net position is attributable to operating revenues of \$5.18 million, being offset by operating expenses of \$4.03 million, nonoperating expense (primarily interest expense) of \$0.35 million and a transfer out of \$0.11 million.

**The City's Fund Financial Statements**

Governmental Funds

At June 30, 2014, the City's governmental funds reported a combined fund balance of \$22.59 million. The governmental fund balance is comprised of the following; General Fund \$15.17 million, and Other Funds \$7.42 million.

Government funds revenues totaled \$62.06 million with expenditures totaling \$63.12 million, a deficit of revenues under expenditures of \$1.07 million. Other financing sources and uses netted \$0.14 million, resulting in a net decrease of fund balance by \$0.93 million. The General Fund had an increase in fund balance of \$0.65 million and Other Governmental Funds decrease in fund balance of \$1.58 million.

Proprietary Funds

Proprietary Funds net position increased by \$0.69 million for FY 2014. Proprietary Funds operating revenues were \$5.18 million, with operating expenses of \$4.03 million producing an operating income of \$1.15 million. Non operating expenses were \$0.35 million and operating transfers out of \$0.11 million.

**Analysis of Major Governmental Funds**

General Fund

General fund revenues increased \$1.49 million or 3.1%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 92.5% of revenues, had a 2.12% positive variance or \$0.97 million. Taxes had a 0.79% positive variance of \$0.23 million and intergovernmental revenues ran a positive variance of 4.62% or \$0.74 million. Tuition and other educational charges had a negative variance of 5.39%, municipal charges for services had a positive variance of \$0.18 million. Unclassified revenues had a positive variance of \$0.2 million due to property rents, public works miscellaneous, general assistance reimbursement and cable franchise fees. Investment earnings had a negative variance of (\$0.13 million).

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

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General fund expenditures had a budgetary surplus of 4.73% or \$2.38 million. Educational expenditures were 6.74% or \$1.83 million under budget. Municipal operating expenditures were under budget by 2.22% or \$0.55 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 decreased \$0.16 million for FY 2014. Net position totaled \$1.91 million of which \$2.24 million represents net investment in capital assets, and unrestricted net position totaled (\$0.34 million). The Civic Center had net operating income of \$0.04 million, with a nonoperating expense of \$0.15 million and a transfer out of \$0.06 million.

Hatch Hill Landfill

Net position of the regional Hatch Hill Landfill increased \$0.85 million in fiscal year 2014. Net position totaled \$1.28 of which \$0.74 million represents net investment in capital assets, and \$0.54 million in unrestricted net position. Net operating income totaled \$1.1 million, non-operating expense totaled \$0.2 million and a transfer out of \$0.05 million.

Central Garage (Internal Service Fund)

Net position of the Central Garage Fund increased by \$0.17 million in FY 2014. \$1.9 million of net position represented the net investment in capital assets and unrestricted net position totaled \$0.76 million. The Central Garage Fund had net operating income of \$0.15 million. Non-operating revenue of \$0.04 million and transfers out totaled \$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 2014, the cost of infrastructure and other capital assets of Governmental activities recorded on the City's financial statements net of depreciation was \$57.1 million, a decrease of \$0.17 million or 0.29%. The City's investment in capital assets increased by \$0.43 million and accumulated depreciation increased by \$0.6 million.

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, 2014, by Governmental activities and Business-type activities.

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

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

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated			
Land	\$ 1,490,002	1,490,002	-
Construction in progress	378,742	1,722,109	(1,343,367)
Capital assets being depreciated	1,868,744	3,212,111	(1,343,367)
Buildings and improvements	64,910,050	63,088,362	1,821,688
Machinery, vehicles, and equipment	7,392,074	8,274,220	(882,146)
Infrastructure	34,164,057	33,485,508	678,549
Internal service fund equipment	5,290,888	5,136,808	154,080
Less: Accumulated depreciation	(56,542,342)	(55,944,983)	(597,359)
	57,083,471	57,252,026	(168,555)
<b>Business-type activities:</b>			
Capital assets, not being depreciated	452,034	695,337	(243,303)
Capital assets, being depreciated			
Buildings and improvements	9,490,660	8,959,455	531,205
Machinery and equipment	1,344,191	1,313,730	30,461
Landfill	4,538,758	5,801,086	(1,262,328)
Less: Accumulated depreciation	(7,930,519)	(8,702,150)	771,631
	\$ 7,895,124	8,067,458	(172,334)

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, 2014 was \$31.1 million, a decrease of \$3.45 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, 2014**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,567,166	49,053	18,616,219
Investments	11,512,575	-	11,512,575
Receivables:			
Taxes	1,009,358	-	1,009,358
Tax liens	557,923	-	557,923
Intergovernmental	1,492,443	-	1,492,443
Accounts (net of allowance for uncollectibles)	396,839	265,130	661,969
Notes	154,500	-	154,500
Internal balances	(5,313,283)	5,313,283	-
Inventories	154,004	23,113	177,117
Prepaid expenses	108,718	38,631	147,349
Capital assets, not being depreciated	1,868,744	452,034	2,320,778
Capital assets, net of accumulated depreciation	55,214,727	7,443,090	62,657,817
<b>Total assets</b>	<b>85,723,714</b>	<b>13,584,334</b>	<b>99,308,048</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,584,884	89,217	1,674,101
Accrued payroll and benefits	2,337,684	4,025	2,341,709
Compensated absences payable	3,626,766	121,226	3,747,992
Escrow payable	9,200	26,340	35,540
Taxes paid in advance	120,359	-	120,359
Accrued interest	211,141	-	211,141
Other postemployment benefits	7,863,007	-	7,863,007
Noncurrent liabilities:			
Due within one year	3,862,673	738,342	4,601,015
Due in more than one year	29,366,190	9,423,624	38,789,814
<b>Total liabilities</b>	<b>48,981,904</b>	<b>10,402,774</b>	<b>59,384,678</b>
<b>NET POSITION</b>			
Net investment in capital assets	30,674,608	2,981,679	33,656,287
Restricted for:			
Permanent Funds - Nonexpendable principal	535,987	-	535,987
Permanent Funds - Expendable	64,594	-	64,594
Education	4,499,432	-	4,499,432
Grants and restricted programs	1,135,704	-	1,135,704
Tax Increment Financing	1,037,542	-	1,037,542
Unrestricted	(1,206,057)	199,881	(1,006,176)
<b>Total net position</b>	<b>\$ 36,741,810</b>	<b>3,181,560</b>	<b>39,923,370</b>

*See accompanying notes to basic financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2014

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
<b>Primary government:</b>							
Governmental activities:							
Legislative and executive	\$ 599,307	-	388	-	(598,919)	-	(598,919)
Finance and administration	3,042,873	150,280	608,097	-	(2,284,496)	-	(2,284,496)
Development services	3,052,769	105,184	1,204,201	-	(1,743,384)	-	(1,743,384)
Community services	2,883,609	38,388	1,023,157	-	(1,822,064)	-	(1,822,064)
Public safety	8,700,558	1,639,739	384,105	74,631	(6,602,083)	-	(6,602,083)
Public works	3,161,720	3,380	808,178	-	(2,350,162)	-	(2,350,162)
Education	30,804,216	1,319,368	19,254,010	-	(10,230,838)	-	(10,230,838)
Retirement and insurance	3,108,473	-	-	-	(3,108,473)	-	(3,108,473)
Utilities	2,570,299	-	-	-	(2,570,299)	-	(2,570,299)
Unclassified	1,434,554	-	4,750	-	(1,429,804)	-	(1,429,804)
Interest on debt	151,240	-	-	-	(151,240)	-	(151,240)
Central garage	1,854,746	324,035	-	-	(1,530,711)	-	(1,530,711)
Capital maintenance	13,964	-	-	91,551	77,587	-	77,587
Total governmental activities	61,378,328	3,580,374	23,286,886	166,182	(34,344,886)	-	(34,344,886)
Business-type activities:							
Augusta Civic Center	2,610,474	2,507,431	-	-	-	(103,043)	(103,043)
Hatch Hill Landfill	1,767,362	2,670,229	-	-	-	902,867	902,867
Total business-type activities	4,377,836	5,177,660	-	-	-	799,824	799,824
<b>Total primary government</b>	<b>\$ 65,756,164</b>	<b>8,758,034</b>	<b>23,286,886</b>	<b>166,182</b>	<b>(34,344,886)</b>	<b>799,824</b>	<b>(33,545,062)</b>
General revenues:							
Property taxes, levied for general purposes					\$ 29,674,618	-	29,674,618
Motor vehicle excise taxes					3,125,253	-	3,125,253
Licenses and permits					190,959	-	190,959
Cable TV franchise fee					113,900	-	113,900
Grants and contributions not restricted to specific programs:							
Homestead exemption					365,713	-	365,713
Business equipment tax reimbursement					237,809	-	237,809
State Revenue Sharing					1,177,978	-	1,177,978
Other					24,550	-	24,550
Unrestricted investment earnings					140,563	157	140,720
Miscellaneous revenues					311,627	-	311,627
Gain (loss) on disposal of assets					(75,137)	-	(75,137)
Transfers					108,437	(108,437)	-
Total general revenues and transfers					35,396,270	(108,280)	35,287,990
Change in net position					1,051,384	691,544	1,742,928
Net position - beginning					35,690,426	2,490,016	38,180,442
<b>Net position - ending</b>					<b>\$ 36,741,810</b>	<b>3,181,560</b>	<b>39,923,370</b>

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,546,419	20,747	18,567,166
Investments	11,027,739	484,836	11,512,575
Receivables:			
Taxes	1,009,358	-	1,009,358
Tax liens	557,923	-	557,923
Due from other governments	405,094	1,087,349	1,492,443
Accounts receivable (net of allowance for uncollectibles)	366,952	29,887	396,839
Notes receivable	-	154,500	154,500
Interfund loans receivable	-	6,596,718	6,596,718
Inventory	165	35,073	35,238
Prepaid items	100,968	3,489	104,457
<b>Total assets</b>	<b>\$ 32,014,618</b>	<b>8,412,599</b>	<b>40,427,217</b>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	1,004,830	530,104	1,534,934
Accrued payroll and benefits	2,084,774	269,752	2,354,526
Escrow payable	9,200	-	9,200
Taxes received in advance	120,359	-	120,359
Interfund loans payable	12,466,212	194,305	12,660,517
<b>Total liabilities</b>	<b>15,685,375</b>	<b>994,161</b>	<b>16,679,536</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	1,158,131	-	1,158,131
<b>Total deferred inflows of resources</b>	<b>1,158,131</b>	<b>-</b>	<b>1,158,131</b>
<b>FUND BALANCES</b>			
Nonspendable	101,133	725,560	826,693
Restricted	4,499,432	2,048,267	6,547,699
Committed	-	5,073,944	5,073,944
Assigned	4,381,640	-	4,381,640
Unassigned - budget stabilization	1,200,000	-	1,200,000
Unassigned	4,988,907	(429,333)	4,559,574
<b>Total fund balances</b>	<b>15,171,112</b>	<b>7,418,438</b>	<b>22,589,550</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 32,014,618</b>	<b>8,412,599</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.			55,178,941
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			1,158,131
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.			2,666,527
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Accrued compensated absences			(3,548,328)
Accrued interest			(211,141)
Other postemployment benefits			(7,863,007)
Capital leases			(2,174,038)
Bonds payable			(31,054,825)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>36,741,810</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, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 29,796,006	2,986,996	32,783,002
Licenses and permits	190,959	-	190,959
Intergovernmental	18,020,150	4,898,540	22,918,690
Tuition and other charges - education	806,501	-	806,501
Charges for services	1,783,333	618,051	2,401,384
Fees and fines	48,454	-	48,454
Unclassified	818,755	1,947,200	2,765,955
Investment earnings	136,379	4,184	140,563
<b>Total revenues</b>	<b>51,600,537</b>	<b>10,454,971</b>	<b>62,055,508</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Legislative and executive	602,247	-	602,247
Finance and administration	1,579,068	1,605,005	3,184,073
Development services	1,454,509	1,575,255	3,029,764
Community services	2,256,086	740,436	2,996,522
Public safety	8,085,345	507,135	8,592,480
Public works	3,256,880	294,790	3,551,670
Education	27,235,150	3,948,519	31,183,669
Retirement and insurance	2,723,701	-	2,723,701
Utilities	2,570,299	-	2,570,299
Unclassified	1,404,986	200	1,405,186
Debt service (excluding education)	898,014	-	898,014
Capital outlay	109,324	2,275,116	2,384,440
<b>Total expenditures</b>	<b>52,175,609</b>	<b>10,946,456</b>	<b>63,122,065</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(575,072)</b>	<b>(491,485)</b>	<b>(1,066,557)</b>
<b>Other financing sources (uses):</b>			
Transfers from other funds	2,651,891	1,052,569	3,704,460
Transfers to other funds	(1,431,670)	(2,136,055)	(3,567,725)
<b>Total other financing sources (uses)</b>	<b>1,220,221</b>	<b>(1,083,486)</b>	<b>136,735</b>
<b>Net change in fund balances</b>	<b>645,149</b>	<b>(1,574,971)</b>	<b>(929,822)</b>
<b>Fund balances, beginning of year</b>	<b>14,525,963</b>	<b>8,993,409</b>	<b>23,519,372</b>
<b>Fund balances, end of year</b>	<b>\$ 15,171,112</b>	<b>7,418,438</b>	<b>22,589,550</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, 2014**

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Net change in fund balances - total governmental funds (from Statement 4) \$ (929,822)

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 loss on disposal (\$136,979) and depreciation expense (\$2,552,831) exceeded capital outlay (\$2,472,515). (217,295)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 16,869

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 of capital lease principle repayments. 239,303

Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences (\$176,428) and other post-employment benefits (\$1,521,936) and the decrease in accrued interest (\$26,774). (1,671,590)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond principle repayments. 3,445,604

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. 168,315

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**Change in net position of governmental activities (see Statement 2) \$ 1,051,384**

*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, 2014**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 29,561,848	29,561,848	29,796,006	234,158
Licenses and permits	131,340	131,340	190,959	59,619
Intergovernmental	15,730,521	15,205,521	15,942,676	737,155
Tuition and other charges - education	850,000	850,000	806,501	(43,499)
Charges for services	1,607,410	1,607,410	1,783,333	175,923
Fees and fines	49,350	49,350	48,454	(896)
Unclassified	520,578	520,578	727,204	206,626
Investment earnings	267,600	267,600	136,379	(131,221)
<b>Total revenues</b>	<b>48,718,647</b>	<b>48,193,647</b>	<b>49,431,512</b>	<b>1,237,865</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative and executive	538,243	601,612	630,217	(28,605)
Finance and administration	1,619,179	1,651,198	1,575,804	75,394
Development services	1,434,996	1,496,667	1,472,228	24,439
Community services	2,226,459	2,261,776	2,285,625	(23,849)
Public safety	8,241,619	8,356,371	8,156,722	199,649
Public works	3,378,057	3,520,136	3,376,435	143,701
Education	26,860,508	27,070,908	25,245,751	1,825,157
Retirement and insurance	2,744,742	2,744,742	2,723,701	21,041
Utilities	2,465,687	2,622,277	2,570,299	51,978
Unclassified	1,405,208	1,405,208	1,404,986	222
Debt service (excluding education)	989,890	989,890	898,014	91,876
<b>Total expenditures</b>	<b>51,904,588</b>	<b>52,720,785</b>	<b>50,339,782</b>	<b>2,381,003</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,185,941)</b>	<b>(4,527,138)</b>	<b>(908,270)</b>	<b>3,618,868</b>
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	496,683	1,327,832	-	(1,327,832)
Budgeted utilization of surplus - Education	1,214,827	1,214,827	-	(1,214,827)
Use of prior year encumbrances - City	-	531,318	-	(531,318)
Use of prior year encumbrances - Education	-	210,400	-	(210,400)
Transfers to other funds	-	(231,670)	(1,431,670)	(1,200,000)
Transfers from other funds	1,646,891	1,646,891	1,566,891	(80,000)
<b>Total other financing sources (uses)</b>	<b>3,358,401</b>	<b>4,699,598</b>	<b>135,221</b>	<b>(4,564,377)</b>
<b>Net change in fund balance - budgetary basis</b>	<b>172,460</b>	<b>172,460</b>	<b>(773,049)</b>	<b>(945,509)</b>
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			285,897	
Add back: encumbrances expended in budgetary - Education			88,075	
Change in reserves			1,044,226	
<b>Net change in fund balance - GAAP basis</b>			<b>645,149</b>	
<b>Fund balance, beginning of year</b>			<b>14,525,963</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>15,171,112</b>	

*See accompanying notes to basic financial statements.*

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 49,053	-	49,053	-
Accounts receivable, net	133,766	131,364	265,130	-
Interfund loans receivable	-	5,712,781	5,712,781	750,516
Prepaid expenses	3,397	35,234	38,631	4,261
Inventory	23,113	-	23,113	118,766
Total current assets	209,329	5,879,379	6,088,708	873,543
Noncurrent assets:				
Property, plant, and equipment:				
Land	390,000	62,034	452,034	-
Buildings and improvements	9,467,288	23,372	9,490,660	161,362
Equipment and vehicles	420,870	923,321	1,344,191	5,290,888
Hatch Hill landfill system	-	4,538,758	4,538,758	-
Less accumulated depreciation	(6,029,909)	(1,900,610)	(7,930,519)	(3,547,720)
Total noncurrent assets	4,248,249	3,646,875	7,895,124	1,904,530
Total assets	4,457,578	9,526,254	13,983,832	2,778,073
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	31,915	57,302	89,217	49,950
Accrued wages and benefits payable	2,698	1,327	4,025	1,413
Accrued compensated absences	88,202	33,024	121,226	60,183
Refundable deposits	26,340	-	26,340	-
Interfund loans payable	399,498	-	399,498	-
Current portion of bonds payable	226,315	485,000	711,315	-
Current portion of capital leases payable	27,027	-	27,027	-
Total current liabilities	801,995	576,653	1,378,648	111,546
Noncurrent liabilities:				
Bonds payable	1,357,905	2,425,000	3,782,905	-
Capital leases	392,198	-	392,198	-
Interim landfill closure accrual	-	514,055	514,055	-
Accrued landfill closure and postclosure costs	-	4,734,466	4,734,466	-
Total noncurrent liabilities	1,750,103	7,673,521	9,423,624	-
Total liabilities	2,552,098	8,250,174	10,802,272	111,546
<b>NET POSITION</b>				
Net investment in capital assets	2,244,804	736,875	2,981,679	1,904,530
Unrestricted	(339,324)	539,205	199,881	761,997
Total net position	\$ 1,905,480	1,276,080	3,181,560	2,666,527

*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, 2014**

	<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>Operating revenues:</b>				
Rental income	\$ 1,188,451	-	1,188,451	-
Fees	-	2,662,101	2,662,101	1,987,809
Food and beverage sales	1,318,980	-	1,318,980	-
Miscellaneous	-	8,128	8,128	1,707
<b>Total operating revenues</b>	<b>2,507,431</b>	<b>2,670,229</b>	<b>5,177,660</b>	<b>1,989,516</b>
<b>Operating expenses:</b>				
Personnel services	1,243,811	429,334	1,673,145	465,791
Contractual services	332,655	541,858	874,513	49,665
Supplies and materials	469,822	90,306	560,128	950,508
Fixed charges	31,487	242,896	274,383	2,977
Capital outlay	80,436	5,155	85,591	500
Depreciation	304,335	260,315	564,650	366,537
<b>Total operating expenses</b>	<b>2,462,546</b>	<b>1,569,864</b>	<b>4,032,410</b>	<b>1,835,978</b>
<b>Operating income</b>	<b>44,885</b>	<b>1,100,365</b>	<b>1,145,250</b>	<b>153,538</b>
<b>Nonoperating revenue (expense):</b>				
Interest income	-	157	157	-
Interest expense	(147,928)	(197,498)	(345,426)	(18,768)
Gain (loss) on disposal of equipment	-	-	-	61,843
<b>Total nonoperating revenue (expense)</b>	<b>(147,928)</b>	<b>(197,341)</b>	<b>(345,269)</b>	<b>43,075</b>
<b>Net income (loss) before transfers</b>	<b>(103,043)</b>	<b>903,024</b>	<b>799,981</b>	<b>196,613</b>
<b>Transfers:</b>				
Transfer to other funds	(59,960)	(48,477)	(108,437)	(28,298)
<b>Total transfers</b>	<b>(59,960)</b>	<b>(48,477)</b>	<b>(108,437)</b>	<b>(28,298)</b>
<b>Change in net position</b>	<b>(163,003)</b>	<b>854,547</b>	<b>691,544</b>	<b>168,315</b>
<b>Total net position, beginning of year</b>	<b>2,068,483</b>	<b>421,533</b>	<b>2,490,016</b>	<b>2,498,212</b>
<b>Total net position, end of year</b>	<b>\$ 1,905,480</b>	<b>1,276,080</b>	<b>3,181,560</b>	<b>2,666,527</b>

*See accompanying notes to basic financial statements.*

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

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,448,098	2,695,891	5,143,989	1,989,516
Payments to suppliers	(894,933)	(424,985)	(1,319,918)	(946,752)
Payments to employees	(1,278,676)	(424,857)	(1,703,533)	(465,925)
Payments for internal services used	(14,775)	(216,685)	(231,460)	-
<b>Net cash provided by (used in) operating activities</b>	<b>259,714</b>	<b>1,629,364</b>	<b>1,889,078</b>	<b>576,839</b>
<b>Cash flows from non-capital financing activities:</b>				
Transfers to other funds	(59,960)	(48,477)	(108,437)	(28,298)
(Increase) decrease in interfund loans	531,154	(831,947)	(300,793)	(176,341)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>471,194</b>	<b>(880,424)</b>	<b>(409,230)</b>	<b>(204,639)</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(325,717)	(66,599)	(392,316)	(367,432)
Proceeds from sale of capital assets	-	-	-	14,000
Bond, note and lease principal payments	(252,583)	(485,000)	(737,583)	-
Interest paid	(147,928)	(197,498)	(345,426)	(18,768)
<b>Net cash provided by (used in) capital financing activities</b>	<b>(726,228)</b>	<b>(749,097)</b>	<b>(1,475,325)</b>	<b>(372,200)</b>
<b>Cash flows from investing activities:</b>				
Investment income	-	157	157	-
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>157</b>	<b>157</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>4,680</b>	<b>-</b>	<b>4,680</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>44,373</b>	<b>-</b>	<b>44,373</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 49,053</b>	<b>-</b>	<b>49,053</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided by (used in) by operating activities:</b>				
Operating income	\$ 44,885	1,100,365	1,145,250	153,538
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>				
Depreciation	304,335	260,315	564,650	366,537
<b>(Increase) decrease in operating assets:</b>				
Accounts receivable	(59,333)	25,662	(33,671)	-
Prepaid expenses	505	689	1,194	85
Inventory	(939)	-	(939)	30,155
<b>Increase (decrease) in operating liabilities:</b>				
Accounts payable	5,590	47,587	53,177	26,658
Accrued wages and benefits	(11,620)	(4,782)	(16,402)	(5,815)
Accrued compensated absences	(23,245)	9,259	(13,986)	5,681
Refundable deposit	(464)	-	(464)	-
Interim landfill closure	-	136,000	136,000	-
Accrued landfill closure and postclosure costs	-	54,269	54,269	-
<b>Net cash provided by (used in) operating activities</b>	<b>259,714</b>	<b>1,629,364</b>	<b>1,889,078</b>	<b>576,839</b>

*See accompanying notes to basic financial statements.*

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

	Private- purpose Trust Funds	Agency Funds	
		SIB Loans	Student Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 68,674	-	282,526
Investments	229,024	734,311	-
Accounts receivable	330	-	-
<b>Total assets</b>	<b>298,028</b>	<b>734,311</b>	<b>282,526</b>
<b>LIABILITIES</b>			
Due to others	-	734,311	282,526
<b>Total liabilities</b>	<b>-</b>	<b>734,311</b>	<b>282,526</b>
<b>NET POSITION</b>			
Held in trust	\$ 298,028	-	-

*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, 2014**

		<b>Private- purpose Trust Funds</b>
<hr/>		
Additions:		
Donations	\$	53,461
Investment income		3,259
Total additions		<hr/> 56,720
Deductions:		
Scholarships and other		10,611
Total deductions		<hr/> 10,611
Change in net position		46,109
Net position, beginning of year		<hr/> 251,919
<b>Net position, end of year</b>	<b>\$</b>	<b>298,028</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 fund:

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

The 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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, Liabilities, and Equity**

**1. Cash and Investments**

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

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

**2. Interfund Receivables/Payables**

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

**3. Community Development Loans Receivable**

The Community Development office maintains a revolving loan fund. The loans are made from program income derived from community development grants. There are two types of loans, direct and deferred. Deferred loans are awarded to owner tenants, and are non-interest bearing. The outstanding loan balance is reduced by 10% each year the owner lives on the premises. Direct loans are interest bearing and monthly payments are due to the City.

**4. Inventories**

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**5. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The 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

**7. Deferred Inflows of Resources**

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

**8. 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.

**9. 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

**10. 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.

**11. 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.

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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.

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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, 2014, the City budgeted to utilize \$1,327,832 and the Department of Public Schools budgeted to utilize \$1,214,827 of prior year fund balance as a budgeted use of surplus.

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2014, expenditures exceeded appropriations in the following areas:

Legislative and executive	\$ 28,605	Community services	23,849
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**C. Deficit Fund Balances**

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

Augusta Tissue remediate	\$ 31,155	Heating system control upgrade	19,841
Civic Center Drive sidewalks	5,423	CDBG housing assistance grant	1
KRRT Park connection	819	Forest management plans	1,800
Pleasant Hill Saw timber	1,033	Outside general assistance	3,226
Togas Pond	7,421	OUI grant	2,260
Speed enforcement	1,277	Firefighter assistance grant	129,029
ATV Grant	1,795	2012 Homeland security grant	70,684
Regional response team	5,253	MMA safety enhancement grant	1,000
CIPS	34	Title IA – CIPS	2,710
Rural low income	19,311	Title III – ESL	1,928
Local entitlement	1,700	Chizzle Whizzle	137
Scholarship	2,050	Fiscal Agent	769
Accidents	32,777	School miscellaneous work	31,637
Natural gas street openings	54,263		

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

**DEPOSITS AND INVESTMENTS**

As of June 30, 2014, 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>
Money market	\$ 705,294	N/A
Government mutual fund	21,655	N/A
U.S. Treasury Notes	9,261,362	2.729
Federal Home Loan Management	965,656	1.384
Federal National Mortgage Association	2,227,237	2.973

*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, 2014, 100% of the City's bank balance of \$18,557,923 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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*Custodial credit risk- investments* – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the City’s \$705,294 investment in money market, 100% was collateralized by underlying securities. In accordance with its investment policy, the City minimizes custodial credit risk by only doing business with authorized institutions, depositories, and broker/dealers, and that 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.

*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, 2014, 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, 2014, the City had the following accounts receivable with allowance for uncollectible account balances:

	<u>General Fund</u>	<u>Augusta Civic Center</u>
Accounts receivable	\$ 413,158	\$ 136,266
Allowance for uncollectible accounts	(46,206)	(2,500)
<b><u>Accounts receivable, net</u></b>	<b><u>\$ 366,952</u></b>	<b><u>\$ 133,766</u></b>

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**PROPERTY TAX**

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Property taxes for the current year were committed on July 26, 2013, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City’s Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$172,460 for the year ended June 30, 2014.

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

**PROPERTY TAX, CONTINUED**

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

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

The following summarizes the levy:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 1,626,342,700	1,604,345,700
Tax rate (per \$1,000)	18.15	17.55
Commitment	29,518,120	28,156,267
Special assessment	23,365	-
Supplemental taxes assessed	2,178	3,982
	29,543,663	28,160,249
Less:		
Abatements	17,604	38,496
Collections	28,560,954	27,184,423
<b>Current year taxes receivable at end of year</b>	<b>\$ 965,105</b>	<b>937,330</b>
Due date(s) - current year	½ Sept. 12, 2013 ½ March 13, 2014	½ Sept. 13, 2012 ½ March 14, 2013
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	96.73%	96.67%
	<u>2014</u>	<u>2013</u>
Taxes receivable - current year	\$ 965,105	937,330
Taxes receivable - prior years	44,253	53,090
Tax liens - prior year	557,923	491,628
<b>Total taxes receivables</b>	<b>\$ 1,567,281</b>	<b>1,482,048</b>

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

**CAPITAL ASSETS**

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

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,490,002	-	-	-	1,490,002
Construction in progress	1,722,109	378,743	-	1,722,110	378,742
Total capital assets not being depreciated	3,212,111	378,743	-	1,722,110	1,868,744
Capital assets, being depreciated:					
Buildings and building improvements	63,088,362	2,444,977	188,860	812,149	64,910,050
Machinery, vehicles and equipment	8,274,220	692,356	(188,860)	1,385,642	7,392,074
Infrastructure	33,485,508	678,549	-	-	34,164,057
Internal service fund equipment	5,136,810	415,275	-	261,197	5,290,888
Total capital assets being depreciated	109,984,900	4,231,157	-	2,458,988	111,757,069
Less accumulated depreciation for:					
Buildings and building improvements	28,573,474	1,423,562	10,943	679,686	29,328,293
Machinery, vehicles and equipment	5,871,206	482,714	(10,943)	1,381,126	4,961,851
Infrastructure	18,121,788	656,764	-	-	18,778,552
Internal service fund equipment	3,378,515	356,328	-	261,196	3,473,646
Total accumulated depreciation	55,944,983	2,919,368	-	2,322,008	56,542,342
Total capital assets being depreciated, net	54,039,917	1,311,789	-	136,979	55,214,727
<b>Governmental activities capital assets, net</b>	<b>\$ 57,252,028</b>	<b>1,690,532</b>	<b>-</b>	<b>1,859,089</b>	<b>57,083,471</b>

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 452,034	-	-	-	452,034
Construction in progress	243,303	-	-	243,303	-
Total capital assets not being depreciated	695,337	-	-	243,303	452,034
Capital assets, being depreciated:					
Buildings and building improvements	8,959,455	531,205	-	-	9,490,660
Machinery and equipment	1,313,730	37,815	-	7,354	1,344,191
Landfill	5,801,086	66,599	-	1,328,927	4,538,758
Total capital assets being depreciated	16,074,271	635,619	-	1,336,281	15,373,609
Less accumulated depreciation for:					
Buildings and building improvements	5,487,523	279,626	-	-	5,767,149
Machinery and equipment	1,068,091	271,837	-	7,354	1,332,574
Landfill	2,146,536	13,187	-	1,328,927	830,796
Total accumulated depreciation	8,702,150	564,650	-	1,336,281	7,930,519
Total capital assets being depreciated, net	7,372,121	70,969	-	-	7,443,090
<b>Business-type activities capital assets, net</b>	<b>\$ 8,067,458</b>	<b>70,969</b>	<b>-</b>	<b>243,303</b>	<b>7,895,124</b>

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

**CAPITAL ASSETS, CONTINUED**

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

<b>Governmental activities:</b>	
Legislative and executive	\$ 4,506
Finance and administration	11,484
Development services	307,803
Community services	60,767
Public safety	301,469
Public works	665,762
Education	1,201,040
Central garage	366,537
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 2,919,368</u></b>

<b>Business-type activities:</b>	
Augusta Civic Center	\$ 304,335
Hatch Hill Landfill	260,315
<b><u>Total depreciation expense – business-type activities</u></b>	<b><u>\$ 564,650</u></b>

**LONG-TERM DEBT**

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 34,500,429	-	3,445,604	31,054,825	3,615,604
Capital leases	2,413,341	-	239,303	2,174,038	247,069
Compensated absences	3,447,148	179,618	-	3,626,766	-
Other post-employment	6,341,071	2,540,868	1,018,932	7,863,007	-
<b><u>Governmental activities long-term liabilities</u></b>	<b><u>\$ 46,701,989</u></b>	<b><u>2,720,486</u></b>	<b><u>4,703,839</u></b>	<b><u>44,718,636</u></b>	<b><u>3,862,673</u></b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 5,205,535	-	711,315	4,494,220	711,315
Capital leases	445,493	-	26,268	419,225	27,027
Landfill closure	4,680,197	54,269	-	4,734,466	-
Compensated absences	135,212	-	13,986	121,226	-
<b><u>Business-type activities long-term liabilities</u></b>	<b><u>\$ 10,466,437</u></b>	<b><u>54,269</u></b>	<b><u>751,569</u></b>	<b><u>9,769,137</u></b>	<b><u>738,342</u></b>

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

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2014 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>2014</u>
<b>Governmental activities:</b>					
Pension obligation bonds 2003	2/13/03	\$ 13,150,000	2018	4.000-5.250%	6,820,000
General obligation bonds 2004	12/9/04	3,495,000	2024	2.750-4.250%	1,475,000
General obligation bonds 2005	5/18/06	28,450,000	2026	4.125-5.000%	18,250,000
General obligation bonds 2007	4/25/07	500,000	2017	1.100-6.000%	150,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.000-3.375%	515,000
General obligation bonds 2011	5/26/11	1,250,000	2031	2.120-3.375%	1,070,000
School revolving loan fund	3/17/11	889,810 (a)	2024	0.000%	280,041
Qualified school construction	12/30/11	355,980	2022	4.810%	284,784
General obligation bonds 2012	12/28/12	2,610,000	2027	2.00%	2,210,000
<b>Total governmental activities</b>					<b>31,054,825</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	2,910,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	1,584,220
<b>Total business-type activities</b>					<b>4,494,220</b>
<b>Total bonds and notes payable</b>					<b>\$ 35,549,045</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, 2014 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,615,604	1,259,733	4,875,337	711,315	238,096	949,411
2016	3,695,604	1,100,356	4,795,960	711,315	197,497	908,812
2017	3,840,604	935,848	4,776,452	711,315	156,614	867,929
2018	3,995,604	761,678	4,757,281	711,315	115,449	826,764
2019	1,990,604	633,725	2,624,329	711,320	74,284	785,604
2020-2024	8,986,805	2,042,158	11,028,964	937,640	39,387	977,027
2025-2029	4,825,000	357,326	5,182,326	-	-	-
2030-2032	105,000	4,858	109,858	-	-	-
<b>Total</b>	<b>\$ 31,054,825</b>	<b>7,095,682</b>	<b>38,150,507</b>	<b>4,494,220</b>	<b>821,327</b>	<b>5,315,547</b>

**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. Amounts capitalized under capital leases are \$1,621,039 and \$243,303 for governmental activities and business-type activities, respectively.

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

**CAPITAL LEASES, CONTINUED**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 345,080	39,143
2016	298,638	39,143
2017	236,704	39,143
2018	239,925	39,143
2019	243,238	39,143
2020-2024	1,269,286	195,714
<u>2025-2027</u>	<u>512,297</u>	<u>117,427</u>
Total minimum lease payments	3,145,168	508,856
Less: amount representing interest	(971,130)	(89,631)
<b>Present value of future minimum lease payments</b>	<b><u>\$ 2,174,038</u></b>	<b><u>419,225</u></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 \$35,549,045 at June 30, 2014 was within the statutory limit.

**OVERLAPPING DEBT**

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

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Augusta</u>	<u>City of Augusta's share of debt</u>
Kennebec County	\$ -	15.05%	-

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$4,154,877 of the Greater Augusta Utilities District's debt if the District was to default payment.

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

**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, 2014, 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	\$ -	12,466,212	1,220,221
Special Revenue Funds:			
CDBG Loan Fund	29,221	-	-
Airport	-	50,852	-
Other City Special Revenues	2,278,533	-	(1,837,178)
Adult Education	139,699	-	-
Adult Education Enrichment	196,815	-	-
School Lunch	137,362	-	-
School Special Revenues	-	143,453	-
Internal Service Fund	750,516	-	(28,298)
Proprietary Funds:			
Hatch Hill Fund	5,712,781	-	(48,477)
Augusta Civic Center	-	399,498	(59,960)
Capital Projects Fund	3,660,951	-	753,692
Permanent Fund	154,137	-	-
<b>Totals</b>	<b>\$ 13,060,015</b>	<b>13,060,015</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 \$2,077,474.

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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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

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**Description of the Plan** - The City contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at actuarially determined rates. The current rates range from 6.5% - 10.5% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine State Legislature. The City and School Department's contributions to the Participating Local District Plan for the year ended June 30, 2014, 2013, and 2012 were \$787,589, \$678,662, and \$569,325, respectively.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

**Maine Public Employees Retirement System - Teachers Group**

**Description of Plan** - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System (MainePERS) teacher's group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The MainePERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine Legislature establishes and amends benefit provisions. The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Group. That report may be obtained by writing to MainePERS, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required to contribute the unfunded actuarial liability portion of the employer contribution rate (13.03%) and the health and benefits component (2.33%) for a total of 15.36%. This amounted to \$2,077,474 for the fiscal year 2014. This amount has been reported as an intergovernmental revenue and education expense/expenditure in the GAAP basis financial statements (Statement 2 and 4). The School Department is required to contribute the normal cost of the employer contribution which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which the School Unit contributed 18.48%. This cost is charged to the applicable grant.

**DEFERRED COMPENSATION PLAN**

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.

**NET POSITION**

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

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 113,625,813	15,825,643
Accumulated depreciation	(56,542,342)	(7,930,519)
Bonds payable	(31,054,825)	(4,494,220)
Add back pension obligation bonds (non-capital)	6,820,000	-
Capital leases payable	(2,174,038)	(419,225)
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 30,674,608</u></b>	<b><u>2,981,679</u></b>

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

**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:

2015	\$ 717,000
2016	717,000
2017	717,000
<b>Total</b>	<b>\$ 2,151,000</b>

**FUND BALANCE**

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

	General Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>			
Inventory and prepaid items	\$ 101,133	35,073	136,206
Notes receivable	-	154,500	154,500
Principal for permanent funds	-	535,987	535,987
<b>Total nonspendable</b>	<b>101,133</b>	<b>725,560</b>	<b>826,693</b>
<b>Restricted:</b>			
Finance and administration	-	1,038,927	1,038,927
Development services	-	311,298	311,298
Community services	-	57,439	57,439
Public safety	-	15,622	15,622
Public works	-	28,005	28,005
Education	4,499,432	532,382	5,031,814
Permanent funds	-	64,594	64,594
<b>Total restricted</b>	<b>4,499,432</b>	<b>2,048,267</b>	<b>6,547,699</b>
<b>Committed:</b>			
Legislative and executive	-	6,894	6,894
Finance and administration	-	94,206	94,206
Development services	-	830,785	830,785
Community services	-	467,797	467,797
Public safety	-	158,710	158,710
Public works	-	767	767
Capital projects	-	3,514,785	3,514,785
<b>Total committed</b>	<b>-</b>	<b>5,073,944</b>	<b>5,073,944</b>
<b>Assigned:</b>			
Subsequent budget	1,096,683	-	1,096,683
Reserves	2,159,736	-	2,159,736
Encumbrances	285,897	-	285,897
Civic Center	339,324	-	339,324
Library renovation and expansion	500,000	-	500,000
<b>Total assigned</b>	<b>4,381,640</b>	<b>-</b>	<b>4,381,640</b>
<b>Unassigned</b>	<b>6,188,907*</b>	<b>(429,333)</b>	<b>5,759,574</b>
<b>Total fund balance</b>	<b>\$ 15,171,112</b>	<b>7,418,438</b>	<b>22,589,550</b>

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

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

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**FUND BALANCE, CONTINUED**

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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, 2014 is \$1,200,000 and it is categorized as unassigned fund balance.

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**TAX INCREMENT FINANCING DISTRICTS**

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

	Original value	Increase in value	TIF cap	Captured value	Captured tax
Marketplace Phase I	\$ 1,663,100	52,827,600	(A)	29,476,584	535,000
Marketplace Phase II	6,346,100	73,670,600	(B)	64,416,318	1,169,156
McCarthy Phase I	2,949,700	366,900	100%	366,900	6,659
McCarthy Phase II	2,032,200	1,282,200	50%	641,100	11,636
McCarthy Phase III	3,349,900	706,800	100%	706,800	12,828
Pomerleau	262,600	4,427,100	40%	1,770,840	32,141
Water Street Apartments	336,800	1,596,500	50%	798,250	14,488
Kennebec Arsenal	-	1,598,500	100%	1,598,500	29,012 (C)
Downtown	30,377,100	15,665,300	100%	15,665,300	284,325
Cony Village	170,200	1,540,500	75%	1,155,375	20,970
Cony Circle	12,481,400	9,325,700	100%	9,325,700	169,262
Commerce Center	1,550,000	19,015,600	100%	19,015,600	345,133
Old Belgrade Exit	7,552,200	-	100%	-	-
222-232 Water Street	244,000	400,900	100%	400,900	7,276
Augusta East Phase I	80,300	412,300	100%	412,300	7,483
Augusta East Phase II	-	2,139,700	100%	2,139,700	38,836

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

(B) \$330,000 to be captured for credit enhancement agreement with developers and moved \$839,156 to Downtown TIF

(C) The City has not received tax payment for this TIF District as of June 30, 2014

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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, CONTINUED**

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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 665,489 tons of municipal solid waste. As of June 30, 2014, a total of approximately 273,456 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	\$ 297,500
Expansion III (41%)	3,062,166
Postclosure monitoring, maintenance and leachate removal	<u>1,374,800</u>
<b>Total accrued liability for land- fill closure and postclosure costs</b>	<b><u>\$ 4,734,466</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, 2014.

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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 December of 2013.

**Plan Descriptions** - In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Municipal employees, except for firefighters, hired prior to January 1, 1992, with twenty-five years of service and are 55 years or older, are eligible for City provided 100% of family health insurance premiums. Police officers with twenty-five years of service are eligible for 100% of single health insurance premiums upon retirement. Firefighters hired prior to December 31, 2005, with twenty-five years of service, are eligible for 100% of single health insurance premiums.

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>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost	\$ 517,691	517,691	387,120
Amortization of unfunded	2,084,702	2,084,702	1,774,143
Adjustment to ARC	(366,705)	(277,620)	(216,151)
<u>Interest</u>	<u>305,180</u>	<u>243,562</u>	<u>192,309</u>
Annual required contribution	\$ 2,540,868	2,568,335	2,137,421

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPEB liability, July 1	\$ 6,341,071	4,800,629	3,737,693
Annual required contribution	2,540,868	2,568,335	2,137,421
<u>Less: Actual contributions</u>	<u>(1,018,932)</u>	<u>(1,027,893)</u>	<u>(1,074,485)</u>
OPEB Liability, June 30	\$ 7,863,007	6,341,071	4,800,629

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**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>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 2,540,868	2,568,335	2,137,421
Actual contribution	1,018,932	1,027,893	1,074,485
<u>Percent contributed</u>	<u>40.10%</u>	<u>40.02%</u>	<u>50.27%</u>
Actuarial accrued liability	\$ 37,490,702	37,490,702	31,905,691
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 37,490,702	37,490,702	31,905,691
Covered payroll	25,081,752	26,166,079	26,871,404
Unfunded actuarial accrued liability as a percentage of covered payroll	149.47%	143.28%	118.73%

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	1/1/13
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare cost trend	4.25% - 8.5%

**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 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%

## **GENERAL FUND**



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

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,546,419	16,397,597
Investments	11,027,739	11,158,210
Receivables:		
Taxes	1,009,358	990,420
Tax liens	557,923	491,628
Due from other governments	405,094	400,153
Accounts receivable, (net of allowance for uncollectibles)	366,952	508,288
Inventory	165	209
Prepaid items	100,968	171,980
<b>Total assets</b>	<b>\$ 32,014,618</b>	<b>30,118,485</b>
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities	1,004,830	490,205
Accrued payroll and benefits	2,084,774	1,931,527
Escrow payable	9,200	34,201
Taxes received in advance	120,359	96,210
Interfund loans payable	12,466,212	11,899,117
<b>Total liabilities</b>	<b>15,685,375</b>	<b>14,451,260</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	1,158,131	1,141,262
<b>Total deferred inflows of resources</b>	<b>1,158,131</b>	<b>1,141,262</b>
<b>FUND BALANCES</b>		
Nonspendable - inventory and prepaids	101,133	172,189
Restricted for education	4,499,432	3,400,282
Assigned for subsequent budget	1,096,683	496,683
Assigned for reserves	2,159,736	2,315,510
Assigned for encumbrances	285,897	574,168
Assigned for landfill	-	24,058
Assigned for Civic Center	339,324	147,131
Assigned for library renovation and expansion	500,000	500,000
Unassigned - budget stabilization	1,200,000	-
Unassigned	4,988,907	6,895,942
<b>Total fund balances</b>	<b>15,171,112</b>	<b>14,525,963</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 32,014,618</b>	<b>30,118,485</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, 2014**  
**(with comparative actual amounts for the year ended June 30, 2013)**

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real and personal property	\$ 26,451,185	26,546,383	95,198	25,414,302
Tax interest, lien penalties, payments in lieu	148,105	124,370	(23,735)	136,102
Excise taxes	2,962,558	3,125,253	162,695	2,980,788
<b>Total taxes</b>	<b>29,561,848</b>	<b>29,796,006</b>	<b>234,158</b>	<b>28,531,192</b>
Licenses and permits	131,340	190,959	59,619	193,724
<b>Intergovernmental:</b>				
Education	13,129,204	13,778,595	649,391	12,343,879
Tree growth reimbursement	10,000	9,378	(622)	9,903
Veterans exemption reimbursement	15,300	15,172	(128)	15,351
Homestead exemption	365,713	365,713	-	357,140
Business equipment tax reimbursement	213,753	237,809	24,056	240,442
State revenue sharing	1,159,107	1,177,978	18,871	1,718,085
General assistance DHS/SSI	5,000	13,403	8,403	27,619
Urban Rural Initiative Payment	307,444	344,628	37,184	345,312
<b>Total intergovernmental</b>	<b>15,205,521</b>	<b>15,942,676</b>	<b>737,155</b>	<b>15,057,731</b>
Tuition and other charges for services - education	850,000	806,501	(43,499)	1,719,120
<b>Charges for services:</b>				
Police	126,070	131,371	5,301	124,450
Fire and ambulance	1,319,176	1,479,493	160,317	1,363,152
Community services	16,650	18,809	2,159	10,262
Public works	14,500	3,380	(11,120)	34,968
Finance and admin	131,014	150,280	19,266	147,509
<b>Total charges for services</b>	<b>1,607,410</b>	<b>1,783,333</b>	<b>175,923</b>	<b>1,680,341</b>
<b>Fees and fines:</b>				
Traffic tickets	3,250	2,225	(1,025)	5,540
Court fees	19,000	20,800	1,800	21,888
Lithgow Library	22,100	19,579	(2,521)	20,342
False alarm calls	5,000	5,850	850	4,725
<b>Total fees and fines</b>	<b>49,350</b>	<b>48,454</b>	<b>(896)</b>	<b>52,495</b>
<b>Unclassified:</b>				
Rents - City property	109,857	102,397	(7,460)	137,646
Cemeteries	23,740	28,590	4,850	22,152
Contributions	-	70,000	70,000	70,000
Animal control program	10,285	8,204	(2,081)	6,221
General assistance reimbursement	125,225	156,347	31,122	130,560
Cable TV franchise	123,746	113,900	(9,846)	130,331
Public safety miscellaneous revenue	-	4,714	4,714	8,977
Public works miscellaneous	35,150	103,822	68,672	50,647
Workers compensation	7,500	2,622	(4,878)	30,240
Unclassified - City	10,075	51,249	41,174	30,552
Unclassified - Education	75,000	85,359	10,359	66,514
<b>Total unclassified</b>	<b>520,578</b>	<b>727,204</b>	<b>206,626</b>	<b>683,840</b>
Investment earnings	267,600	136,379	(131,221)	22,635
<b>Total revenues</b>	<b>48,193,647</b>	<b>49,431,512</b>	<b>1,237,865</b>	<b>47,941,078</b>

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Legislative and executive:</b>				
Mayor and council	\$ 30,202	30,957	(755)	29,619
City management	199,590	211,313	(11,723)	190,564
Corporation counsel	128,754	157,271	(28,517)	86,162
Central services	11,007	7,834	3,173	7,809
Unclassified	200,639	194,733	5,906	154,967
Contingency	31,420	28,109	3,311	13,956
<b>Total legislative and executive</b>	<b>601,612</b>	<b>630,217</b>	<b>(28,605)</b>	<b>483,077</b>
<b>Finance and administration:</b>				
City clerk/treasurer/collection	492,627	474,248	18,379	498,493
Registrations and elections	47,059	34,500	12,559	37,853
City auditor	156,983	156,233	750	148,347
Information systems	403,540	373,555	29,985	365,251
Assessor	152,876	152,180	696	146,779
Finance and administration	146,335	143,038	3,297	139,799
Human resources	251,778	242,050	9,728	237,650
<b>Total finance and administration</b>	<b>1,651,198</b>	<b>1,575,804</b>	<b>75,394</b>	<b>1,574,172</b>
<b>Development services:</b>				
Economic development	230,896	206,229	24,667	227,231
Planning	158,049	154,942	3,107	135,814
Historic preservation	5,825	665	5,160	1,333
Code enforcement	144,645	140,332	4,313	137,451
Development services administration	60,345	53,941	6,404	53,450
Engineering	81,840	76,164	5,676	78,001
City facilities	815,067	839,955	(24,888)	772,833
<b>Total development services</b>	<b>1,496,667</b>	<b>1,472,228</b>	<b>24,439</b>	<b>1,406,113</b>
<b>Community services:</b>				
Community services administration	168,890	170,286	(1,396)	165,297
Public library	646,980	643,354	3,626	609,200
Recreation	159,517	144,224	15,293	147,081
Parks and cemeteries	778,890	767,565	11,325	747,593
Fort Western	90,894	87,846	3,048	87,124
Bicentennial Nature Park	33,145	28,154	4,991	15,350
Health and welfare	133,010	139,329	(6,319)	138,093
General assistance	250,450	304,867	(54,417)	269,333
<b>Total community services</b>	<b>2,261,776</b>	<b>2,285,625</b>	<b>(23,849)</b>	<b>2,179,071</b>

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 4,325,832	4,171,580	154,252	4,047,018
Fire and ambulance	4,018,205	3,975,100	43,105	3,812,070
Civil Emergency Preparedness	12,334	10,042	2,292	5,729
Total public safety	8,356,371	8,156,722	199,649	7,864,817
Public works:				
Public works administration	61,893	60,768	1,125	57,831
Highway	1,747,563	1,634,148	113,415	1,731,328
Snow removal	985,176	973,226	11,950	789,335
Waste removal	725,504	708,293	17,211	733,436
Total public works	3,520,136	3,376,435	143,701	3,311,930
Education:				
Current:				
Regular instruction	8,873,740	8,301,252	572,488	8,185,973
Special education	3,759,096	3,783,563	(24,467)	3,707,470
Career and technical education	2,302,960	1,975,000	327,960	2,332,059
Other instruction	571,725	536,796	34,929	502,378
Student and staff support	2,217,967	1,790,041	427,926	2,008,603
System administration	888,841	824,182	64,659	745,812
School administration	1,486,639	1,467,152	19,487	1,336,811
Transportation and buses	1,677,292	1,524,517	152,775	1,597,146
Facilities maintenance	2,697,803	2,432,976	264,827	2,377,466
All other	73,869	52,630	21,239	62,222
Debt service	2,520,976	2,557,642	(36,666)	2,535,220
Total education	27,070,908	25,245,751	1,825,157	25,391,160
Retirement and insurance:				
Retirement and insurance	2,744,742	2,723,701	21,041	2,615,587
Total retirement and insurance	2,744,742	2,723,701	21,041	2,615,587
Utilities:				
Sanitary sewer and drains	1,269,977	1,257,534	12,443	1,164,770
Lighting and electricity	537,003	500,904	36,099	504,568
Water	815,297	811,861	3,436	750,627
Total utilities	2,622,277	2,570,299	51,978	2,419,965

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
County tax	\$ 1,405,208	1,404,986	222	1,398,648
Sick/vacation payout	-	-	-	147,428
Total unclassified	1,405,208	1,404,986	222	1,546,076
Debt service (excluding education)	989,890	898,014	91,876	852,070
Total expenditures	52,720,785	50,339,782	2,381,003	49,644,038
Excess (deficiency) of revenues over (under) expenditures	(4,527,138)	(908,270)	3,618,868	(1,702,960)
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,327,832	-	(1,327,832)	-
Budgeted utilization of surplus - Education	1,214,827	-	(1,214,827)	-
Use of prior year encumbrances - City	531,318	-	(531,318)	-
Use of prior year encumbrances - Education	210,400	-	(210,400)	-
Transfers to other funds - City	(231,670)	(1,431,670)	(1,200,000)	(612,200)
Transfers from other funds	1,646,891	1,566,891	(80,000)	1,570,221
Total other financing sources (uses)	4,699,598	135,221	(4,564,377)	958,021
Net change in fund balance - budgetary basis	172,460	(773,049)	(945,509)	(744,939)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		285,897		574,168
Add back: encumbrances expended in budgetary - Education		88,075		361,374
Change in reserves		1,044,226		(9,901)
Net change in fund balance - GAAP basis		645,149		180,702
Fund balance, beginning of year		14,525,963		14,345,261
Fund balance, end of year	\$	15,171,112		14,525,963

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Fund balances beginning of year	Revenues Unclassified	Expenditures			Fund balances end of year	
			Capital outlay	Finance and administration	Transfers		
City reserves - assigned:							
1901	Central service reserve	\$ 35,993	2,961	-	2,606	-	36,348
1902	Equipment maintenance self reserve	146,829	615	9,544	-	-	137,900
1903	Sick and vacation reserve	1,717,625	-	-	-	-	1,717,625
1905	Historic preservation reserve	26,478	-	-	-	-	26,478
1906	Police local match reserve	47,293	30,000	-	18,000	-	59,293
1908	Quimby lot infrastructure reserve	10,310	-	-	-	-	10,310
1909	Actuarial study	5,000	-	-	2,000	-	3,000
1911	Severance payout	33,353	-	-	-	-	33,353
1912	Lithgow Library construction	117,765	57,575	99,780	-	-	75,560
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	115,000	-	-	-	(115,000)	-
1917	Fuel assistance	-	400	-	395	-	5
City reserves - unassigned:							
1919	Tax relief fund (budget stabilization)	-	-	-	-	1,200,000	1,200,000
Total City reserves		2,315,510	91,551	109,324	23,001	1,085,000	3,359,736
School reserves:							
1952	Sick and vacation reserve	136,777	-	-	-	-	136,777
Total School reserves		136,777	-	-	-	-	136,777
<b>Total reserves</b>		<b>\$ 2,452,287</b>	<b>91,551</b>	<b>109,324</b>	<b>23,001</b>	<b>1,085,000</b>	<b>3,496,513</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, 2014**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,938	45	16,764	20,747
Investments	55,156	-	429,680	484,836
Due from other governments	1,087,349	-	-	1,087,349
Accounts receivable	29,887	-	-	29,887
Inventory	35,073	-	-	35,073
Interfund loans receivable	2,781,630	3,660,951	154,137	6,596,718
Prepaid items	3,489	-	-	3,489
Notes receivable	154,500	-	-	154,500
<b>Total assets</b>	<b>\$ 4,151,022</b>	<b>3,660,996</b>	<b>600,581</b>	<b>8,412,599</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	384,327	145,777	-	530,104
Accrued payroll and benefits	269,318	434	-	269,752
Interfund loans payable	194,305	-	-	194,305
<b>Total liabilities</b>	<b>847,950</b>	<b>146,211</b>	<b>-</b>	<b>994,161</b>
<b>FUND BALANCES</b>				
Nonspendable	189,573	-	535,987	725,560
Restricted	1,983,673	-	64,594	2,048,267
Committed	1,559,159	3,514,785	-	5,073,944
Unassigned	(429,333)	-	-	(429,333)
<b>Total fund balances</b>	<b>3,303,072</b>	<b>3,514,785</b>	<b>600,581</b>	<b>7,418,438</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,151,022</b>	<b>3,660,996</b>	<b>600,581</b>	<b>8,412,599</b>

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 2,986,996	-	-	2,986,996
Intergovernmental	4,898,540	-	-	4,898,540
Unclassified	1,942,450	-	-	1,942,450
Charges for services	618,051	-	-	618,051
Investment income	-	88	4,096	4,184
Donations	-	-	4,750	4,750
<b>Total revenues</b>	<b>10,446,037</b>	<b>88</b>	<b>8,846</b>	<b>10,454,971</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Finance and administration	1,605,005	-	-	1,605,005
Development services	1,575,255	-	-	1,575,255
Community services	740,436	-	-	740,436
Public safety	507,135	-	-	507,135
Public works	294,790	-	-	294,790
Education	2,833,026	-	-	2,833,026
Food services	1,115,493	-	-	1,115,493
Unclassified	-	-	200	200
Capital outlay	-	2,275,116	-	2,275,116
<b>Total expenditures</b>	<b>8,671,140</b>	<b>2,275,116</b>	<b>200</b>	<b>10,946,456</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,774,897</b>	<b>(2,275,028)</b>	<b>8,646</b>	<b>(491,485)</b>
<b>Other financing sources (uses):</b>				
Transfer from other funds	-	1,052,569	-	1,052,569
Transfer to other funds	(1,837,178)	(298,877)	-	(2,136,055)
<b>Total other financing sources (uses)</b>	<b>(1,837,178)</b>	<b>753,692</b>	<b>-</b>	<b>(1,083,486)</b>
<b>Net change in fund balance</b>	<b>(62,281)</b>	<b>(1,521,336)</b>	<b>8,646</b>	<b>(1,574,971)</b>
<b>Fund balances, beginning of year</b>	<b>3,365,353</b>	<b>5,036,121</b>	<b>591,935</b>	<b>8,993,409</b>
<b>Fund balances, end of year</b>	<b>\$ 3,303,072</b>	<b>3,514,785</b>	<b>600,581</b>	<b>7,418,438</b>

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

	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	\$ 3,911	-	27	-	-	-	-	3,938
Investments	-	-	55,156	-	-	-	-	55,156
Due from other governments	-	124,869	529,278	389,006	-	-	44,196	1,087,349
Accounts receivable	-	2,506	27,381	-	-	-	-	29,887
Inventory	-	-	-	-	-	-	35,073	35,073
Interfund loans receivable	29,221	-	2,278,533	-	139,699	196,815	137,362	2,781,630
Prepaid items	-	1,509	1,980	-	-	-	-	3,489
Notes receivable	154,500	-	-	-	-	-	-	154,500
<b>Total assets</b>	<b>\$ 187,632</b>	<b>128,884</b>	<b>2,892,355</b>	<b>389,006</b>	<b>139,699</b>	<b>196,815</b>	<b>216,631</b>	<b>4,151,022</b>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	-	25,639	345,821	7,755	2,365	585	2,162	384,327
Accrued payroll and benefits payable	-	19,083	3,220	170,675	4,988	1,732	69,620	269,318
Interfund loans payable	-	50,852	-	143,453	-	-	-	194,305
<b>Total liabilities</b>	<b>-</b>	<b>95,574</b>	<b>349,041</b>	<b>321,883</b>	<b>7,353</b>	<b>2,317</b>	<b>71,782</b>	<b>847,950</b>
<b>FUND BALANCES</b>								
Nonspendable	154,500	-	-	-	-	-	35,073	189,573
Restricted	33,132	33,310	1,384,849	95,762	132,346	194,498	109,776	1,983,673
Committed	-	-	1,559,159	-	-	-	-	1,559,159
Unassigned	-	-	(400,694)	(28,639)	-	-	-	(429,333)
<b>Total fund balances</b>	<b>187,632</b>	<b>33,310</b>	<b>2,543,314</b>	<b>67,123</b>	<b>132,346</b>	<b>194,498</b>	<b>144,849</b>	<b>3,303,072</b>
<b>Total liabilities and fund balances</b>	<b>\$ 187,632</b>	<b>128,884</b>	<b>2,892,355</b>	<b>389,006</b>	<b>139,699</b>	<b>196,815</b>	<b>216,631</b>	<b>4,151,022</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, 2014**

	CDBG Loan Fund	Airport	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	Adult Education	Adult Education Enrichment	School Lunch	Totals
<b>Revenues:</b>								
Property taxes	\$ -	-	2,655,193	-	331,803	-	-	2,986,996
Intergovernmental	-	465,056	1,095,298	2,338,718	175,542	-	823,926	4,898,540
Charges for services	-	105,184	-	-	21,564	111,115	380,188	618,051
Unclassified	2	-	1,882,693	56,639	-	-	3,116	1,942,450
<b>Total revenues</b>	<b>2</b>	<b>570,240</b>	<b>5,633,184</b>	<b>2,395,357</b>	<b>528,909</b>	<b>111,115</b>	<b>1,207,230</b>	<b>10,446,037</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Finance and administration	-	-	1,605,005	-	-	-	-	1,605,005
Development services	99	578,996	996,160	-	-	-	-	1,575,255
Community services	-	-	740,436	-	-	-	-	740,436
Public safety	-	-	507,135	-	-	-	-	507,135
Public works	-	-	294,790	-	-	-	-	294,790
Education	-	-	-	2,213,688	521,074	98,264	-	2,833,026
Food services	-	-	-	-	-	-	1,115,493	1,115,493
<b>Total expenditures</b>	<b>99</b>	<b>578,996</b>	<b>4,143,526</b>	<b>2,213,688</b>	<b>521,074</b>	<b>98,264</b>	<b>1,115,493</b>	<b>8,671,140</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(97)</b>	<b>(8,756)</b>	<b>1,489,658</b>	<b>181,669</b>	<b>7,835</b>	<b>12,851</b>	<b>91,737</b>	<b>1,774,897</b>
<b>Other financing uses:</b>								
Transfer to other funds	-	-	(1,837,178)	-	-	-	-	(1,837,178)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(1,837,178)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,837,178)</b>
<b>Net change in fund balances</b>	<b>(97)</b>	<b>(8,756)</b>	<b>(347,520)</b>	<b>181,669</b>	<b>7,835</b>	<b>12,851</b>	<b>91,737</b>	<b>(62,281)</b>
<b>Fund balances (deficit), beginning of year</b>	<b>187,729</b>	<b>42,066</b>	<b>2,890,834</b>	<b>(114,546)</b>	<b>124,511</b>	<b>181,647</b>	<b>53,112</b>	<b>3,365,353</b>
<b>Fund balances, end of year</b>	<b>\$ 187,632</b>	<b>33,310</b>	<b>2,543,314</b>	<b>67,123</b>	<b>132,346</b>	<b>194,498</b>	<b>144,849</b>	<b>3,303,072</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, 2014**

	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	\$ 5,911	-	283	-	-	-	6,194
2135 Meetings	-	-	105	-	-	-	105
2194 Promotional service	595	-	-	-	-	-	595
Total legislative and executive	6,506	-	388	-	-	-	6,894
Development services:							
Federal/State programs:							
2122 Canal Street	5,052	-	-	-	-	-	5,052
2142 Regional efficiency grant	753	-	-	-	-	-	753
2195 Augusta Tissue Remediate	(4,155)	-	-	27,000	-	-	(31,155)
2216 Kennebec River Rail Trail paving	269	-	-	-	-	-	269
2217 Blair Road Bridge replacement	57,783	-	-	-	-	-	57,783
2221 Efficiency Maine	11,444	5,555	-	-	-	-	16,999
2227 Airport marketing grant	539	1,793	-	2,152	-	-	180
2242 EPA Augusta Tissue cleanup	54,737	257,948	-	270,979	-	-	41,706
2249 Heating system control upgrade	-	-	-	19,841	-	-	(19,841)
2257 Civic Center Drive sidewalks	(3,665)	-	-	1,758	-	-	(5,423)
2258 Cony Farrington Trail connection	1,605	-	-	527	-	-	1,078
2277 CDBG housing assistance grant	-	376,876	-	376,877	-	-	(1)
2278 CDBG market place	-	72,693	-	269,938	213,000	-	15,755
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	-	-	-	-	-	18,169
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	(18,009)	24,278	-	7,088	-	-	(819)
2259 SS Realty LLC	20,000	-	-	20,000	-	-	-
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	997,396	-	-	-	(166,611)	-	830,785
Total development services	1,229,030	739,143	-	996,160	46,389	-	1,018,402
Public works:							
Other programs - Restricted:							
2154 Cony Village LLC	28,005	-	-	-	-	-	28,005
Other programs - Committed:							
2035 ADP misc. work highway	-	-	30,207	29,917	-	-	290
2036 Accidents	15,470	-	40,836	89,083	-	-	(32,777)
2038 School miscellaneous work	-	-	14,805	46,442	-	-	(31,637)
2117 Public works special revenues	277	-	200	-	-	-	477
2271 Natural gas street opening permits	167,905	-	273,680	129,348	(366,500)	-	(54,263)
Total public works	211,657	-	359,728	294,790	(366,500)	-	(89,905)

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

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Community services:						
Federal/State programs:						
2094 Greenway Trail Enhancement	\$ 3,284	-	-	-	-	3,284
2095 Blaine Memorial Trees	1,678	-	-	-	-	1,678
2163 Snowmobile grant	10,000	9,483	-	19,483	-	-
2263 Project Canopy	5,145	-	-	-	-	5,145
2276 Forest management plans	-	-	-	1,800	-	(1,800)
Other programs - Restricted:						
2060 Stain Glass Lithgow Library	1,774	-	-	-	-	1,774
2061 Lost library books	6,266	-	19,903	16,937	-	9,232
2138 Farmer's market	3,427	-	5,410	5,316	-	3,521
2145 Viles Park Memorial	6,655	-	-	-	-	6,655
2164 Graffiti removal	3,353	-	-	-	-	3,353
2178 Kennebec Rail Trail	9,284	-	21,000	11,012	-	19,272
2208 Storage shed tennis court	679	-	-	-	-	679
2230 Food for thought	736	-	-	-	-	736
2260 Lets go gardening grant	269	-	-	-	-	269
2270 Petanque Court	6,300	-	10,900	15,359	-	1,841
Other programs - Committed:						
2055 Tree board	480	-	-	-	-	480
2065 After School Daycare	194,767	-	475,961	412,705	-	258,023
2079 Recreation - adult	14,811	-	33,053	36,145	-	11,719
2080 Recreation - youth	35,906	-	130,764	112,742	-	53,928
2081 Recreation - special events	2,808	-	-	81	-	2,727
2085 School mowing contract	51,407	-	110,425	92,487	-	69,345
2086 Bicentennial park	925	-	116	-	-	1,041
2087 Trolley Cars	5,697	-	-	-	-	5,697
2088 4th of July	100	-	95	-	-	195
2096 Pleasant Hill Saw timber	(99)	-	-	934	-	(1,033)
2111 Spring running	1,797	-	-	1,583	-	214
2207 Ball field improvements	940	-	-	-	-	940
2226 Dog park	-	-	418	100	-	318
2231 Cable TV equipment	5,576	-	6,000	2,105	-	9,471
2243 Tree Board investment fund	21,393	-	289	-	-	21,682
2244 Bicentennial park investment	32,017	-	-	-	-	32,017
2274 Outside general assistance	-	-	-	3,226	-	(3,226)
2279 Togus Pond	-	-	-	7,421	-	(7,421)
2280 Paddle Park	-	-	1,000	1,000	-	-
<b>Total community services</b>	<b>427,375</b>	<b>9,483</b>	<b>815,334</b>	<b>740,436</b>	<b>-</b>	<b>511,756</b>

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

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
<b>Finance and administration:</b>						
Federal/State programs:						
2017 MMEHT Employee Assistant Grant	\$ 1,385	-	-	-	-	1,385
Other programs - Restricted:						
2009 TIF	911,050	-	284,325	371,112	(593,911)	230,352
2300 TIF - all purpose	-	-	86,511	86,511	-	-
2301 TIF - Cony Circle	-	-	169,262	-	19,820	189,082
2302 TIF - Old Belgrade Road	-	-	-	-	83	83
2303 TIF - Central Maine Commerce	-	-	345,133	172,566	139,894	312,461
2304 TIF - Market Place Phase 1	-	-	535,000	2,453	(250,000)	282,547
2305 TIF - Market Place Phase 2	-	-	1,169,156	330,000	(839,156)	-
2306 TIF - JS McCarthy (2011)	-	-	12,828	6,415	6,203	12,616
2308 TIF - JS McCarthy (2001)	-	-	6,659	-	-	6,659
2309 TIF Augusta East	-	-	46,319	42,577	-	3,742
Other programs - Committed:						
2010 Cable TV Franchise	1,230	-	123,669	123,667	-	1,232
2013 Fort Western Trustees	(4)	-	70,758	70,646	-	108
2014 Augusta Housing Authority	(151)	-	314,194	308,331	-	5,712
2015 Augusta Parking District	(53)	-	1,137	1,046	-	38
2205 GAUD	3,491	-	76,417	76,417	-	3,491
2228 Wellness loss prevention	41,687	-	-	8,764	-	32,923
2245 Cony High School investment	33,280	-	321	-	-	33,601
2281 Tax acquired property	-	-	17,101	-	-	17,101
2282 Properties - purchase	-	-	4,500	4,500	-	-
<b>Total finance and administration</b>	<b>991,915</b>	<b>-</b>	<b>3,263,290</b>	<b>1,605,005</b>	<b>(1,517,067)</b>	<b>1,133,133</b>
<b>Public safety:</b>						
Federal/State programs:						
2040 Forfeiture fund	35	6,672	-	4,522	-	2,185
2047 Bulletproof vest	(250)	2,600	-	2,350	-	-
2048 Seatbelt grant	(2,035)	5,000	-	2,965	-	-
2049 OUI grant	600	7,915	-	10,775	-	(2,260)
2076 Justice Assistance Grant	-	18,269	-	18,269	-	-
2125 Speed enforcement	(2)	10,036	-	11,311	-	(1,277)
2129 Firefighter assistance grant	6,791	-	-	135,820	-	(129,029)
2152 DHS law enforcement reimb	(892)	12,807	-	11,521	-	394
2183 Holiday grant	324	-	-	324	-	-
2189 Southern Kennebec underage drinking	(240)	16,192	-	10,100	-	5,852
2203 ATV Grant	(838)	1,000	-	1,957	-	(1,795)
2229 Underage drinking	42	6,367	-	6,409	-	-
2232 2010 Homeland security grant	(24,807)	74,631	-	44,771	-	5,053
2233 2009 HSG - Airport police	154	-	-	-	-	154
2251 2011 Homeland security grant	(100,657)	117,432	-	16,775	-	-
2266 Justice assistance grant - 2012	15,075	-	-	15,061	-	14
2269 2012 Homeland security grant	(21,955)	63,790	-	112,519	-	(70,684)
2275 Regional response team	-	-	-	5,253	-	(5,253)
2553 Teen driver safety grant	-	3,961	-	3,961	-	-
Other programs - Restricted:						
2044 Juvenile program	1,162	-	-	-	-	1,162
2050 Fire prevention education	48	-	760	-	-	808
2063 MMA safety enhancement grant	875	-	2,801	3,676	-	-
2119 MMA safety grant	-	-	-	1,000	-	(1,000)
Other programs - Committed:						
2042 Police outside work	13,222	-	95,585	70,107	-	38,700
2175 Fire airport service	137,699	-	-	17,689	-	120,010
<b>Total public safety</b>	<b>24,351</b>	<b>346,672</b>	<b>99,146</b>	<b>507,135</b>	<b>-</b>	<b>(36,966)</b>
<b>Total City special revenue funds</b>	<b>\$ 2,890,834</b>	<b>1,095,298</b>	<b>4,537,886</b>	<b>4,143,526</b>	<b>(1,837,178)</b>	<b>2,543,314</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, 2014**

		Balances (deficits) beginning of year	Revenues	Expenditures	Balances (deficits) end of year
Federal programs:					
0230	Title IA - Chapter I - Disadvantaged	\$ (70,693)	1,074,958	1,004,265	-
0231	CIPS	(7,059)	7,059	34	(34)
0242	Title IA - CIPS	(524)	524	2,710	(2,710)
0247	Local Entitlement	(49,829)	743,165	695,036	(1,700)
0251	PreSchool	-	17,509	17,509	-
0263	21st Century	(977)	977	-	-
0267	Rural Low Income	(19,311)	43,518	43,518	(19,311)
0268	Title III - ESL	(721)	1,310	2,517	(1,928)
0270	Title IIA - Improving Teacher Quality	(24,334)	230,640	190,585	15,721
0286	Perkins Learning Center	15,956	111,718	111,718	15,956
0295	ABE Federal Program	16,972	55,517	55,517	16,972
Total federal programs		(140,520)	2,286,895	2,123,409	22,966
State programs:					
0211	Maine Math Science Alliance	3,934	-	-	3,934
0223	Proficiency Education	-	25,521	5,542	19,979
0225	College Transition Initiative	57	26,302	26,313	46
Total state programs		3,991	51,823	31,855	23,959
Other programs:					
0203	MELMAC College Access	913	-	-	913
0208	Computer Repairs	13,803	2,929	1,014	15,718
0209	Donations	-	11,600	10,689	911
0601	School catering	5,612	-	-	5,612
0618	Chizzle Whizzle	(720)	22,239	21,656	(137)
0900	Scholarship	2,375	10,286	14,711	(2,050)
0915	Fiscal Agent	-	9,585	10,354	(769)
Total other programs		21,983	56,639	58,424	20,198
<b>Totals</b>		<b>\$ (114,546)</b>	<b>2,395,357</b>	<b>2,213,688</b>	<b>67,123</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, 2014**

	Balances beginning of year	Revenues	Expenditures	Transfers in (out)	Balances end of year
<b>City Funds:</b>					
3003 Fiscal 2003	\$ 284,222	-	118,740	115,000	280,482
3006 Fiscal 2006	338	-	-	-	338
3007 Fiscal 2007	28,321	-	-	-	28,321
3008 Fiscal 2008	27,943	-	-	-	27,943
3009 Fiscal 2009	92,332	-	8,683	-	83,649
3010 Fiscal 2010	160,419	-	26,138	-	134,281
3011 Fiscal 2011	168,081	-	42,974	-	125,107
3012 Fiscal 2012	504,961	-	39,250	(144,000)	321,711
3013 Fiscal 2013	2,656,575	52	1,280,875	441,522	1,817,274
3014 Fiscal 2014	-	-	737	496,047	495,310
3085 New Cony High School	154,877	-	-	(154,877)	-
3086 Dickman Parking Garage	200,322	-	-	-	200,322
<b>School Funds:</b>					
0400 Gilbert Renovation	118,543	-	118,543	-	-
0401 Energy Savings Project	639,187	36	639,176	-	47
<b>Total nonmajor capital projects</b>	<b>\$ 5,036,121</b>	<b>88</b>	<b>2,275,116</b>	<b>753,692</b>	<b>3,514,785</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, 2014**

City Funds	Fund balance, principal, beginning of year	Fund balance unexpended income, beginning of year	Investment			Fund balance principal, end of year	Fund balance unexpended income, end of year
			Donations	income	Expenditures		
6501 L. W. Titcomb Playground	\$ 6,281	(319)	-	57	-	6,281	(262)
6502 Lithgow Library	24,933	1,020	-	249	-	24,933	1,269
6503 St. Mark's Church	11,968	268	-	118	-	11,968	386
6507 Cemetery Trust Fund	150,105	7,274	-	1,504	-	150,105	8,778
6516 Forest Grove Cemetery	75,538	2,538	-	756	-	75,538	3,294
6529 Kling Trust	9,974	335	-	99	-	9,974	434
6543 Alice Reynolds Trust	11,565	(21)	-	111	100	11,565	(10)
6544 Ed E. Gage Family Trust	49,566	276	-	475	-	49,566	751
6545 Edwards Dam Scholarship	27,899	(2,659)	-	243	-	27,899	(2,416)
6546 Eliza Church Fund	3,376	77	-	33	-	3,376	110
6547 Ira Bunker	499	16	-	5	-	499	21
6548 Lipman Memorial Trust	4,057	1,387	-	54	100	4,057	1,341
6549 Miriam Titcomb Trust	22,660	1,494	-	222	-	22,660	1,716
6550 Peavy Scholarship Fund	4,211	6	-	41	-	4,211	47
6551 Sanford Legacy	1,496	34	-	14	-	1,496	48
6552 Cony Family Fund	12,497	(1,372)	-	105	-	12,497	(1,267)
6555 Cemetery Perpetual Care	104,362	46,697	4,750	-	-	104,362	51,447
6556 Mall Mitigation Land Trust	15,000	(1,103)	-	10	-	15,000	(1,093)
<b>Total City Funds</b>	<b>\$ 535,987</b>	<b>55,948</b>	<b>4,750</b>	<b>4,096</b>	<b>200</b>	<b>535,987</b>	<b>64,594</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private-purpose Trust Funds - School**  
**For the year ended June 30, 2014**

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		
6251 Auto Mechanic Scholarship	\$ -	2,918	36	-	500	-	2,454
6252 Childcare Scholarship	290	311	5	-	-	290	316
6253 CATC Multi-media Scholarship	595	183	7	-	-	595	190
6254 CATC Plumbing And Heating	-	624	9	-	200	-	433
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	308	-	-	-	-	308
6256 CHS Class of 1938 Scholarship Fund	-	1,203	11	-	-	-	1,214
6257 CHS Special Music Concert (held at CHS)	-	621	-	-	-	-	621
6258 Cony Restoration Fund	-	1,813	17	-	-	-	1,830
6259 Devina Mudge Scholarship	-	35	-	-	-	-	35
6260 Ebbie Brooks Math and Science Fund	-	399	4	-	100	-	303
6261 Edgar A. Hussey Memorial	-	5,565	54	-	200	-	5,419
6262 Eliza Church Fund	-	949	9	-	-	-	958
6263 Frank Hewins Music	-	810	8	-	-	-	818
6264 Friedlander Memorial Award	-	56	-	-	-	-	56
6265 Georgianna Hayes English	-	1,294	12	-	-	-	1,306
6266 Jon Crockett Memorial Fund	-	2,348	22	-	-	-	2,370
6267 Lanny Cooper Memorial	-	1,231	12	-	-	-	1,243
6268 Lee and Larry Leighton Scholars	-	4,279	41	-	-	-	4,320
6269 Mable Thompson	-	577	5	25	-	-	607
6270 Theresa Brannigan Memorial	-	1,587	15	-	-	-	1,602
6271 Titcomb Fund	-	39,670	381	-	-	-	40,051
6272 Florence Tanner McIntire Memorial	-	86	1	-	-	-	87
6274 Mallory Dulac Scholarship	-	3,376	34	-	250	-	3,160
6275 Cony High Scholarship (held at CHS)	-	1,829	-	-	-	-	1,829
6701 Ann Williams Funds	2,000	11,482	130	-	-	2,000	11,612
6702 Alumni Hall restoration	400	22,420	219	-	-	400	22,639
6703 Arthur E. Shea Memorial	1,161	(157)	10	-	-	1,161	(147)
6704 CATC School Wide Scholarship	10,000	1,347	113	-	300	10,000	1,160
6705 CHS Class of 1943 Scholarship Fund	7,212	2,862	92	416	-	7,212	3,370
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	4,545	1,550	-	-	-	6,095
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
<b>Subtotal School Funds</b>	<b>\$ 21,658</b>	<b>123,724</b>	<b>2,797</b>	<b>441</b>	<b>1,550</b>	<b>21,658</b>	<b>125,412</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position, Continued**  
**Private-purpose Trust Funds - School**  
**For the year ended June 30, 2014**

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	\$ 75	99	1	-	-	75	100
6709 Charles McGrail Scholarship	3,257	3,531	62	150	-	3,257	3,743
6710 Dorothy Giddings Fund	1,000	2,719	36	-	100	1,000	2,655
6711 Edward Albing Math Fund	500	123	5	50	100	500	78
6713 Food Service Scholarship	15	96	1	-	-	15	97
6714 Garside English Fund	600	(7)	6	-	-	600	(1)
6715 Helen Dyer Scholarship	1,717	118	18	-	-	1,717	136
6716 H. Graham Nye CATC Scholarship	2,500	70	25	-	-	2,500	95
6717 Jim Marchildon Scholarship	1,705	362	44	-	2,111	-	-
6718 Karen Carey Scholarship	2,577	312	27	-	-	2,577	339
6719 Louis Ochmanski Scholarship	2,500	1,041	32	100	-	2,500	1,173
6720 Louise Webber Fund	10,000	6,463	165	-	500	10,000	6,128
6722 Mable I. Morton	1,970	1,351	32	-	-	1,970	1,383
6723 Mable Richmond Fund	200	103	3	-	50	200	56
6724 Machine Tool Scholarship	15	842	8	-	-	15	850
6725 Melanie Ann Cote Scholarship	1,800	2,640	43	-	-	1,800	2,683
6726 Nora Jackson Scholarship	3,000	5,035	77	-	-	3,000	5,112
6727 Raymond Falconia Fund	5,000	743	58	-	200	5,000	601
6728 Richard Ayotte Scholarship	2,050	(16)	20	-	-	2,050	4
6729 Sandra Lipman Arts Fund	2,220	(1,167)	10	-	-	2,220	(1,157)
6730 Theodore Rhoades Memorial	5,000	1,274	61	-	-	5,000	1,335
6731 Thomas Bishop Memorial Scholarship	2,297	1,579	43	65	500	2,297	1,187
6734 G & E Roofing	-	1,115	8	-	500	-	623
6736 Mary O'Connell	-	9,600	88	250	-	-	9,938
6737 Scott Laliberte	-	4,072	52	25	1,000	-	3,149
6738 Chrissanne Burns Memorial	-	7,093	67	2,380	3,000	-	6,540
6739 Michaud Family Scholarship	-	934	4	-	-	-	938
6740 A Joan Bridge	-	2,045	22	-	500	-	1,567
6741 Richard Shaw Jackson Scholarship	-	4,369	(30)	-	500	-	3,839
6742 E Jean Andrews Scholarship	-	-	(526)	50,000	-	-	49,474
<b>Total School Funds</b>	<b>71,656</b>	<b>180,263</b>	<b>3,259</b>	<b>53,461</b>	<b>10,611</b>	<b>69,951</b>	<b>228,077</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year Ended June 30, 2014**

	Beginning of year	Additions	Deletions	End of year
<b>ASSETS</b>				
Cash	\$ 271,296	415,481	404,251	282,526
<b>Total assets</b>	<b>\$ 271,296</b>	<b>415,481</b>	<b>404,251</b>	<b>282,526</b>
<b>LIABILITIES</b>				
Due to student groups	271,296	415,481	404,251	282,526
<b>Total liabilities</b>	<b>\$ 271,296</b>	<b>415,481</b>	<b>404,251</b>	<b>282,526</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 safety (1)	Education	Retirement and insurance	Utilities
			public works	Community services					
2005	\$ 593,157	2,574,468	3,238,089	2,465,706	5,459,336	28,860,857	1,458,605	1,891,239	
2006	577,232	2,616,040	4,559,929	2,432,732	5,164,109	29,396,723	1,541,180	1,953,588	
2007	590,439	2,804,888	5,428,832	2,435,759	5,868,011	31,804,424	1,433,560	2,043,033	
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	

Unclassified	Interest on debt	Central garage	Capital maintenance expenses			Airport (2)	Ambulance (1)	Total
			Augusta Civic Center	Hatch Hill Landfill				
\$ 1,245,371	154,231	1,129,094	101,826	2,756,456	2,212,682	411,678	988,682	55,541,477
1,336,969	181,357	1,348,833	1,461,956	2,828,352	3,018,672	432,140	1,229,298	60,079,110
1,440,886	1,442,027	1,353,725	127,814	2,837,679	1,954,597	489,185	1,206,020	63,260,879
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) 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				
	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	Total
2005	\$ 10,126,546	15,852,689	336,377	27,648,715	2,932,607	913,190	2,533,438	60,343,562
2006	10,571,366	17,097,427	120,274	27,479,074	3,010,331	1,686,457	2,146,525	62,111,454
2007	10,366,856	20,385,932	-	27,681,053	3,014,023	1,195,325	2,207,466	64,850,655
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

**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
2005	\$ 610,324	1,374,810	3,953,540	2,003,704	4,903,819	3,349,844	(14,454)	1,234,872	23,037,625	1,065,492	41,519,576
2006	589,899	1,464,086	4,101,693	2,020,853	5,232,339	3,516,706	50,774	1,271,219	23,893,952	1,305,832	43,447,353
2007	607,318	1,462,484	4,455,145	2,115,058	5,462,470	3,747,259	50,298	1,349,609	25,334,169	1,224,430	45,808,240
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

(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**

Fiscal year	Taxes	Licenses and permits	Inter-governmental	Charges for services	Fines and fees	Investment earnings	Unclassified	Total
2005	\$ 26,166,249	228,753	13,521,824	2,320,924	63,645	453,846	520,503	43,275,744
2006	25,861,766	219,924	13,817,461	2,357,632	53,462	844,846	494,799	43,649,890
2007	26,040,229	293,264	15,710,155	2,313,794	51,459	990,043	597,353	45,996,297
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

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>
2005	\$ 24,254,710	23,661,231	97.55%	588,206	24,249,437	99.98%
2006	24,105,601	23,312,969	96.71%	787,093	24,100,062	99.98%
2007	24,118,683	23,493,905	97.41%	619,353	24,113,258	99.98%
2008	25,141,898	24,524,593	97.54%	610,545	25,135,138	99.97%
2009	25,982,227	25,164,056	96.85%	806,279	25,970,335	99.95%
2010	26,196,756	25,037,880	95.58%	1,113,917	26,151,797	99.83%
2011	27,016,108	25,845,259	95.67%	1,123,309	26,968,568	99.82%
2012	27,566,724	26,662,434	96.72%	841,042	27,503,476	99.77%
2013	28,120,753	27,183,423	96.67%	542,391	27,725,814	98.60%
2014	29,526,059	28,560,954	96.73%	-	28,560,954	96.73%

**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	
2005	\$ 836,811,900	96,499,400	933,311,300	1,064,250,000	87.70%
2006	834,194,300	93,978,600	928,172,900	1,202,450,000	77.19%
2007	1,364,574,200	97,315,600	1,461,889,800	1,380,800,000	105.87%
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%

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

Fiscal year	Population	Assessed value	Gross debt	Enterprise debt	Net bonded debt	Ratio net debt to value	Net debt per capita
2005	18,560	\$ 933,311,300	32,295,385	10,896,055	21,399,330	2.29%	1,153
2006	18,560	928,172,900	58,383,662	10,184,740	48,198,922	5.19%	2,597
2007 (a)	18,560	1,461,889,800	56,474,725	9,473,425	47,001,300	3.22%	2,532
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

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, 2014**

Taxpayer	Business	Assessed value	% of total value
W/S Development	Retail	\$ 83,547,400	5.14%
Central Maine Power	Public Utility	58,732,900	3.61%
Wal-Mart Stores, Inc.	Retail	34,557,400	2.12%
Central Maine Commerce Center	Office Building	32,049,800	1.97%
PDNED Augusta Crossing Inc	Developer	29,521,800	1.82%
Taurus Business Center Lmted	Retail	20,802,500	1.28%
J & R Associates LLC	Developer	16,840,900	1.04%
CAP Center Associates LP	Developer	15,644,100	0.96%
MPDC I-IV	Apartment Complexes	14,764,700	0.91%
Augusta Edison Trust	Utility	14,750,000	0.91%

**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, 2014, 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 November 7, 2014.

**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**

We noted other certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated November 7, 2014.

**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*.

**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.



November 7, 2014  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Augusta, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Augusta, Maine's compliance.

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

In our opinion, 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, 2014.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

**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 OMB Circular A-133, 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.

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*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 OMB Circular A-133. 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 OMB CIRCULAR A-133, CONTINUED**

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2014, 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 November 7, 2014, 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 OMB Circular A-133 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.



November 7, 2014  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2014**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2013	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2014	
					Federal	Other				
U.S. Department of Education,										
Passed through Maine Department of Education:										
0295	Adult Basic Education	84.002	6296	\$ 55,517	16,972	55,517	-	55,517	-	16,972
0230	Title IA	84.010	3107	870,509	(70,693)	1,074,958	-	1,004,265	-	-
0231	CIPS	84.010	3106	-	(7,059)	7,059	-	34	-	(34)
0242	CIPS	84.010	3106	-	(524)	524	-	2,710	-	(2,710)
0247	Special Education State Grants Individuals with Disabilities Act	84.027	3046	657,768	(49,829)	743,165	-	695,036	-	(1,700)
0286	Carl Perkins - Basic Grant (learning center)	84.048	3030	111,718	15,956	111,718	-	111,718	-	15,956
0251	Preschool	84.173	6241	17,513	-	17,509	-	17,509	-	-
0267	Rural Low Income	84.358	3005	43,518	(19,311)	43,518	-	43,518	-	(19,311)
0268	Title III - ESL	84.365	3115	15,119	(721)	15,119	-	16,326	-	(1,928)
0270	Teacher Quality Grant	84.367	3042	170,811	(24,334)	230,640	-	190,585	-	15,721
0263	21st Century Grant	84.287	3054	977	(977)	977	-	-	-	-
Total U.S. Department of Education					(140,520)	2,300,704	-	2,137,218	-	22,966
U.S. Department of Agriculture, passed through the Maine Dept. of Education:										
0600	National School Lunch Program	10.555	3022/3024	N/A	40,564	533,569	339,310	533,569	261,661	118,213
	School Breakfast Program	10.553	3014	N/A	-	174,130	-	174,130	-	-
	Summer Food Service Program	10.559	3016	N/A	-	33,693	-	33,693	-	-
	Food Donation Program	10.555	N/A	N/A	12,548	63,203	-	49,115	-	26,636
	Fresh Fruit and Vegetable Program	10.582	3028	N/A	-	63,325	-	63,325	-	-
Passed through the Maine Department of Conservation:										
2263	Project Canopy	10.675	N/A	3,430	5,145	-	-	-	-	5,145
Total U.S. Department of Agriculture					58,257	867,920	339,310	853,832	261,661	149,994
U.S. Department of Justice, passed through the Maine Department of Justice:										
2266	Justice Assistance Grant	16.738	N/A	33,648	15,075	-	-	15,061	-	14
2076	Justice Assistance Grant	16.738	N/A	18,269	-	18,269	-	18,269	-	-
2047	Bulletproof Vest	16.607	N/A	2,350	(250)	2,600	-	2,350	-	-
Passed through the City of Gardiner, Maine:										
2229	Underage drinking	16.727	N/A	6,367	42	6,367	-	6,409	-	-
Total U.S. Department of Justice					14,867	27,236	-	42,089	-	14

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2014**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2013	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2014	
					Federal	Other				
U.S. Department of Transportation:										
Direct programs:										
2049	OUI Grant	20.600	N/A	\$ 10,000	600	7,915	-	10,775	-	(2,260)
2125	Speed Enforcement	20.600	N/A	10,000	(2)	10,036	-	11,311	-	(1,277)
2183	Holiday Grant	20.600	N/A	-	324	-	-	324	-	-
2048	Seatbelt Grant	20.600	N/A	3,000	(2,035)	5,000	-	2,965	-	-
Passed through the Maine Department of Public Safety:										
2553	Teen Driver Safety Grant	20.616	N/A	5,000	-	3,961	-	3,961	-	-
Passed through the Maine Department of Transportation:										
2227	Small Community Air Service Development	20.903	N/A	100,000	539	1,793	-	2,152	-	180
Total U.S. Department of Transportation					(574)	28,705	-	31,488	-	(3,357)
U.S. Department of Housing and Urban Development, passed through the Maine Department of Economic and Community Development:										
2277	CDBG housing assistance grant	14.228	N/A	500,000	-	376,876	-	376,877	-	(1)
2278	CDBG market place	14.228	N/A	200,000	-	72,693	213,000	72,693	197,245	15,755
Total U.S. Department of Housing and Urban Development					-	449,569	213,000	449,570	197,245	15,754
Environmental Protection Agency:										
Direct programs:										
2195	Brownfields	66.818	N/A	350,000	(4,155)	-	-	27,000	-	(31,155)
2242	Brownfields	66.818	N/A	400,000	54,737	257,948	-	270,979	-	41,706
Total Environmental Protection Agency					50,582	257,948	-	297,979	-	10,551
U.S. Department of Homeland Security:										
Direct program:										
2129	2012 Assistance to Firefighters	97.044	N/A	129,029	6,791	-	-	129,029	6,791	(129,029)
Passed through Maine Emergency Management Agency:										
2232	2010 Homeland Security Grant	97.067	N/A	218,457	(24,807)	74,631	-	44,771	-	5,053
2251	2011 Homeland Security Grant	97.067	N/A	151,471	(100,657)	117,432	-	16,775	-	-
2269	2012 Homeland Security Grant	97.067	N/A	71,725	(21,955)	63,790	-	112,519	-	(70,684)
2152	TSA - Officer Reimbursement	97.090	N/A	N/A	(892)	12,807	-	11,521	-	394
Total U.S. Department of Homeland Security					(141,520)	268,660	-	314,615	6,791	(194,266)
<b>Totals</b>					<b>\$ (158,908)</b>	<b>4,200,742</b>	<b>552,310</b>	<b>4,126,791</b>	<b>465,697</b>	<b>1,656</b>

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

**CITY OF AUGUSTA, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

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**PURPOSE OF THE SCHEDULE**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Augusta, Maine for the fiscal year ended June 30, 2014. The reporting entity is defined in notes to basic financial statements of the City of Augusta, Maine.
  
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  
  - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Augusta, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
  
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City of Augusta, Maine's fund financial statements.

CITY OF AUGUSTA, MAINE  
 Schedule of Findings and Questioned Costs  
 June 30, 2014

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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 Circular A-133, Section .510(a)?	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.173</u>	<u>Special Education Cluster</u>
<u>84.010</u>	<u>Title I – Part A</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

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

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

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

**None**

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

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

**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**

**2013-002 - U.S. Department of Education, for the Period July 1, 2012 through June 30, 2013, CFDA #84.010 Title I – Part A**

**Statement of Condition:** The School Department did not request the proper amount of funds using the Federal Grant Reimbursement Invoice that is submitted to the State of Maine Department of Education.

**Criteria:** The Federal Grant Reimbursement Invoice is submitted to the State for the request of Title I – Part A funds. The funds requested should be disbursed prior to submitting the Federal Grant Reimbursement Invoice with the State of Maine Department of Education.

**Effect:** The School Department may request funds in excess of, or less than, those amounts disbursed during the period for which those funds were requested.

**Status:** *No finding in the current year.*

**2013-003 - U.S. Department of Education, for the Period July 1, 2012 through June 30, 2013, CFDA #84.027, #84.173 Special Education Cluster**

**Statement of Condition:** The School Department did not request the proper amount of funds using the Federal Grant Reimbursement Invoice that is submitted to the State of Maine Department of Education.

**Criteria:** The Federal Grant Reimbursement Invoice is submitted to the State for the request of Special Education Cluster funds. The funds requested should be disbursed prior to submitting the Federal Grant Reimbursement Invoice with the State of Maine Department of Education.

**Effect:** The School Department may request funds in excess of, or less than, those amounts disbursed during the period for which those funds were requested.

**Status:** *No finding in the current year.*

**2013-004 - U.S. Department of Agriculture, for the Period July 1, 2012 through June 30, 2013, CFDA #10.553-10.559 Child Nutrition Cluster**

**Statement of Condition:** The number of meals reported on the School Food Service Reimbursement Claim Forms submitted to the State was intentionally inflated over the actual amount of meals served at the Augusta School Department by the kitchen managers overstating the amount of free lunches served.

**Criteria:** The number of meals for breakfast and lunch must be reported by the number of free, full price, reduced, and adult meals served, on the School Food Service Reimbursement Claim Form.

**Effect:** Reporting more meals to the State than the actual number of meals served at the School Department resulted in an overpayment of Federal and State funds to the School Department.

**Status:** *No finding in the current year.*

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, Continued**

**2013-005 - U.S. Department of Education, for the Period July 1, 2012 through June 30, 2013, CFDA #84.010**  
**Title I - Part A**

Statement of Condition: Amounts reported for Title IA expenditures in the NCLB Performance Report had material variances with the amount of Title IA expenditures reported in the School Department's accounting system.

Criteria: Amounts reported on the NCLB Performance Report should be accurate and reflect actual activity incurred during the year reported.

Effect: Incorrect reporting may result in a loss of future funding.

Status: *No finding in the current year.*

