

CITY OF AUGUSTA, MAINE

Annual Financial Report

For the Year Ended June 30, 2015

CITY OF AUGUSTA, MAINE
Annual Financial Report
For the Year Ended June 30, 2015

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Independent Auditor's Report

City Council
City of Augusta, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 October 28, 2015 on our consideration of the City of Augusta, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Augusta, Maine's internal control over financial reporting and compliance.



October 28, 2015
Augusta, Maine

CITY OF AUGUSTA, MAINE
Management's Discussion and Analysis
June 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the basic financial statements and the accompanying notes to the financial statements. The City's financial highlights are presented below:

Fiscal 2015 Financial Highlights

Financial highlights of the year include the following:

City-wide:

- The City's total net position was \$37.9 million at June 30, 2015. Of this total, \$34.2 million is governmental net position and \$3.7 million is business-type net position.
- The City's net position increased by \$6.6 million. Of this amount, the governmental activities had an increase in net position of \$6 million. The business-type activities net position increased by \$0.54 million. Governmental net position invested in capital assets net of debt increased by \$2.8 million, restricted net position increased by \$2.2 million and unrestricted net position increased by \$1 million.
- City-wide governmental revenues include program revenues of \$29.6 million, an increase of \$2.5 million, and general revenues of \$37.2 million, an increase of \$1.8 million. The increase in program revenues of \$2.5 million is primarily due to the donations \$2.3 million for the Lithgow Library Expansion. Business-type income was \$5.2 million, an increase of \$0.06 million.
- Total City-wide governmental expenses were \$60.7 million, a decrease of \$0.67 million and business-type activities expenses were \$4.5 million, an increase of \$0.12 million, for total expenditures of \$65.2 million, a decrease of \$0.55 million or 0.84%.

Fund Level:

- Governmental fund balance increased by \$14.5 million in Fiscal 2015 to \$37.1 million of which \$26.98 million is non-spendable, restricted or committed. \$3.9 million is assigned for specific purposes and \$6.26 million is unassigned. Governmental fund revenues totaled \$65.6 million, with total expenditures of \$64.4 million. Other financing sources and uses added \$13.3 million. General fund revenues totaled \$52.5 million, with total expenditures of \$52.1 million, for an excess of revenues over expenditures \$0.35 million. The total of other financial sources and uses was \$0.65 million. The General Fund fund balance increased \$1 million for fiscal 2015.

Overview of the Financial Statements:

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

The Basic Financial Statements

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

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

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

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

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

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

The Government-wide Financial Statements

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

Governmental Activities:

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

Business-type Activities:

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

Fund Financial Statements

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

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

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

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

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

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

Financial Activities of the City as a Whole:

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

Table 1
Governmental Activities Net Position

	2015	2014 (Restated)
Current and other assets	\$ 43,310,811	28,640,243
Capital assets	58,797,822	57,083,471
Total assets	102,108,633	85,723,714
Deferred outflows of resources	2,827,488	1,262,013
Long-term liabilities	57,553,977	50,954,402
Other liabilities	8,123,864	7,890,034
Total liabilities	65,677,841	58,844,436
Deferred inflows of resources	5,100,350	-
Net investment in capital assets	33,454,185	30,674,608
Restricted	9,526,956	7,273,259
Unrestricted	(8,823,251)	(9,806,576)
Total net position	\$ 34,157,890	28,141,291

Capital assets increased by 3% or \$1.7 million. The City's long-term liabilities (which included the net pension and OPEB liabilities) increased by \$6.6 million. The City's other liabilities increased by \$0.2 million. The City's net investment in capital assets represents 98% of the total net position. The City uses these capital assets to provide services and transportation infrastructure to citizens, businesses, and visitors. These assets are not available to finance future operations nor are they available to repay outstanding debt. Resources that are subject to external restrictions in their uses represent 28% of net position. The remaining balance is a deficit in unrestricted net position of \$8.8 million.

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

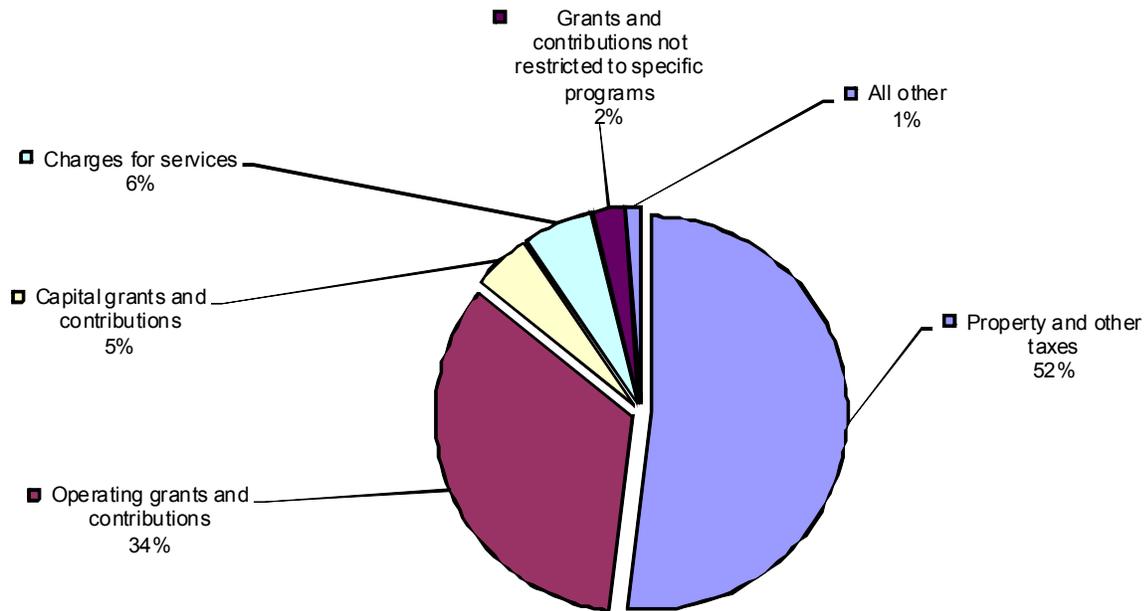
Governmental Activities Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Sources of Revenues			
Program Revenues:			
Charges for services	\$ 3,868,641	3,580,374	288,267
Operating grants and contributions	22,537,478	23,286,886	(749,408)
Capital grants and contributions	3,148,046	166,182	2,981,864
Total program revenues	29,554,165	27,033,442	2,520,723
General Revenues:			
Property and other taxes	34,667,616	32,799,871	1,867,745
Grants and contributions not restricted to specific programs	1,719,131	1,806,050	(86,919)
Licenses, permits and fees	310,704	304,859	5,845
Unrestricted investment income	160,390	140,563	19,827
Other	308,194	344,927	(36,733)
Total general revenues	37,166,035	35,396,270	1,769,765
Total revenues	66,720,200	62,429,712	4,290,488
Functional Expenses:			
Legislative and executive	576,556	599,307	(22,751)
Finance and administration	3,171,224	3,042,873	128,351
Development services	2,669,293	3,052,769	(383,476)
Community services	2,995,671	2,883,609	112,062
Public safety	8,817,839	8,700,558	117,281
Public works	3,542,468	3,161,720	380,748
Education	30,430,740	30,804,216	(373,476)
Retirement and insurance	1,803,541	3,108,473	(1,304,932)
Utilities	2,464,731	2,570,299	(105,568)
Unclassified	1,588,673	1,434,554	154,119
Interest on debt	228,732	151,240	77,492
Central garage	1,893,276	1,854,746	38,530
Capital maintenance	520,857	13,964	506,893
Total expenses	60,703,601	61,378,328	(674,727)
Increase (decrease) in net position	6,016,599	1,051,384	4,965,215
Net position – beginning of year, restated	28,141,291	35,690,426	(7,549,135)
Net position – end of year	\$ 34,157,890	36,741,810	(2,583,920)

Governmental activities resulted in an increase in net position of \$6 million. Program revenues increased \$2.5 million, with capital grants and contributions increasing by \$2.98 million. Charge for services increased by \$0.29 million as compared to FY 2014. The State and Federal government decreased operating grants and contributions by \$0.75. General revenues increased \$1.77 million. Property and other taxes increased \$1.87 million and Grants and contributions not restricted to specific programs decreased \$0.087 million. Functional expenses decreased \$0.67 million. Retirement and insurance decreased \$1.3 million due to the decrease in the net pension liability. Capital maintenance increased \$0.51 million.

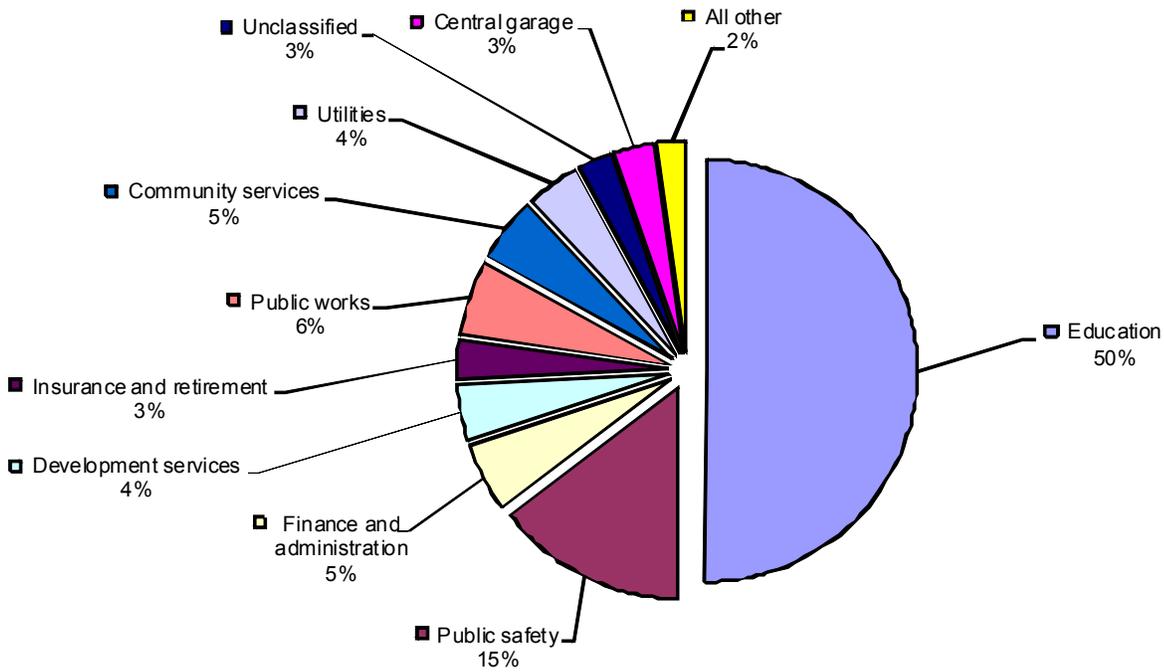
CITY OF AUGUSTA, MAINE
Management's Discussion and Analysis, Continued

Source of Revenues



As the source of revenues chart above shows, 52% of the City's fiscal 2015 governmental activities revenues came from property and other taxes, and 34% from operating grants and contributions. The remaining 14% came from charges for services 6%, capital grants and contributions 5%, grants and contributions not restricted to specific programs 2%, 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 15% of total expenses. Finance and administration along with insurance and retirement were 8% of expenses, development services accounted for 4%, community services for 5%, and public works accounted for 6% of total expenses. Utilities, unclassified and central garage accounted for 10%. Legislative and executive, and interest on non-educational debt combined totaled 2% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2015, governmental capital assets increased \$1.7 million. Capital assets not being depreciated increased \$0.57 million. Capital assets being depreciated increased \$2.9 million and accumulated depreciation increased \$1.7 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 \$31.15 million, as the City is dependent on general revenues for 51% of expenses. Overall, program revenues reduced program expenses by an average of 49% of total expenses. The range of reduction was 0% to 66.24% for education. Overall, governmental activities net expenses decreased \$3.2 million or 9.3%. The City's program revenues include charges for services, State subsidies, and operating and capital grants and contributions.

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

		<u>2015</u>	<u>2014</u>	<u>Variance</u>
Legislative and executive	\$	(0.58)	(0.61)	0.03
Finance and administration		(2.60)	(2.28)	(0.32)
Development services		(1.67)	(1.74)	0.07
Community services		0.38	(1.82)	2.20
Public safety		(6.37)	(6.60)	0.23
Public works		(2.86)	(2.35)	(0.51)
Education		(10.27)	(10.23)	(0.04)
Retirement and insurance		(1.80)	(3.11)	1.31
Utilities		(2.46)	(2.57)	0.11
Unclassified		(1.58)	(1.43)	(0.15)
Debt service		(0.23)	(0.15)	(0.08)
Central garage		(0.60)	(1.53)	0.93
Capital maintenance expenses		(0.51)	0.08	(0.59)
Total	\$	(31.15)	(34.34)	3.19

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

Table 3
Business-type Net Position
(In Millions)

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Current and other assets	\$ 6.79	5.69	1.10
Capital assets	7.42	7.90	(0.48)
Total assets	14.21	13.58	0.63
Long-term liabilities	10.21	10.16	0.05
Other liabilities	0.28	0.24	0.04
Total liabilities	10.49	10.40	0.09
Net position:			
Net investment in capital assets	3.11	2.98	0.13
Unassigned	0.61	0.20	0.41
Total net position	\$ 3.72	3.18	0.54

Business-type activities net position increased by \$0.54 million in fiscal year 2015. The increase in net position is attributable to operating revenues of \$5.23 million, being offset by operating expenses of \$4.26 million, nonoperating expense (primarily interest expense) of \$0.32 million and a transfer out of \$0.10 million.

The City's Fund Financial Statements

Governmental Funds

At June 30, 2015, the City's governmental funds reported a combined fund balance of \$37.1 million. The governmental fund balance is comprised of the following; General Fund \$16.2 million, Library Expansion \$10.2 million and Other Funds \$10.7 million.

Government funds revenues totaled \$65.6 million with expenditures totaling \$64.4 million, an excess of revenues under expenditures of \$1.2 million. Other financing sources and uses netted \$13.3 million, resulting in a net increase of fund balance by \$14.5 million. The General Fund had an increase in fund balance of \$1 million, Library Expansion \$10.2 million and Other Governmental Funds \$3.3 million.

Proprietary Funds

Proprietary Funds net position increased by \$0.54 million for FY 2015. Proprietary Funds operating revenues were \$5.23 million, with operating expenses of \$4.26 million producing an operating income of \$0.97 million. Non operating expenses were \$0.33 million and operating transfers out of \$0.10 million.

Analysis of Major Governmental Funds

General Fund

General fund revenues increased \$1.03 million or 2.1%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 92.3% of revenues, had a 0.62% positive variance or \$0.29 million. Taxes had a 0.63% positive variance \$0.19 million and intergovernmental revenues ran a positive variance of 0.62% or \$0.1 million. Tuition and other educational charges had a positive variance of 4.12% or \$0.034 million. Municipal charges for services had a positive variance of \$0.35 million. Unclassified revenues had a positive variance of \$0.093 million due to property rents, public works miscellaneous, general assistance reimbursement and cable franchise fees. Investment earnings had a positive variance of \$0.05 million.

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

General fund expenditures had a budgetary surplus of 5.1% or \$2.66 million. Educational expenditures were 7.38% or \$2 million under budget. Municipal operating expenditures were under budget by 2.57% or \$0.65 million.

Library Expansion

The Library Expansion fund received \$2.2 million in donations, \$8 million in bond proceeds, and \$0.95 million in transfers from other funds. Expenditures incurred through the end of the fiscal year were \$0.94 million, leaving a remaining fund balance of \$10.2 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 \$0.2 million for FY 2015. Net position totaled \$1.7 million of which \$2.12 million represents net investment in capital assets, and unrestricted net position deficit totaled (\$0.42 million). The Civic Center had net operating income of \$0.03 million, with a nonoperating expense of \$0.17 million and a transfer out of \$0.06 million.

Hatch Hill Landfill

Net position of the regional Hatch Hill Landfill increased \$0.75 million in fiscal 2015. Net position totaled \$2.02 million of which \$0.99 million represents net investment in capital assets, and \$1.03 million in unrestricted net position. Net operating income totaled \$0.95 million, non-operating expense totaled \$0.15 million and a transfer out of \$0.05 million.

Central Garage (Internal Service Fund)

Net position of the Central Garage Fund increased by \$1.02 in FY 2015. \$2.75 million of net position represented net investment in capital assets and unrestricted net position totaled \$0.93 million. The Central Garage Fund had net operating income of \$0.19 million. Non-operating expense of \$0.012 million, transfers out totaled \$0.028 million and capital contributions of \$0.87 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 2015, the cost of infrastructure and other capital assets of Governmental activities recorded on the City's financial statements net of depreciation was \$58.8 million, an increase of \$1.7 million or 3%. The City's investment in capital assets increased by \$3.42 million and accumulated depreciation increased by \$1.7 million.

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

The capital assets of the business-type activities continued to decrease as the capacity of Hatch Hill landfill is utilized. Table 4 reflects capital assets at June 30, 2015, by Governmental activities and Business-type activities.

Table 4
Capital Assets at Year End

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Governmental activities:			
Capital assets, not being depreciated			
Land	\$ 1,490,002	1,490,002	-
Construction in progress	945,349	378,742	566,607
Capital assets being depreciated	2,435,351	1,868,744	566,607
Buildings and improvements	67,067,091	64,910,049	2,157,042
Machinery, vehicles, and equipment	7,063,495	7,392,074	(328,579)
Infrastructure	34,990,427	34,164,057	826,370
Internal service fund equipment	5,488,426	5,290,888	197,538
Less: Accumulated depreciation	(58,246,968)	(56,542,342)	(1,704,626)
	58,797,822	57,083,470	1,714,352
Business-type activities:			
Capital assets, not being depreciated	452,034	452,034	-
Construction in progress	50,195	-	50,195
Capital assets, being depreciated			
Buildings and improvements	9,342,360	9,490,660	(148,300)
Machinery and equipment	1,348,878	1,344,191	4,687
Landfill	4,295,122	4,538,758	(243,636)
Less: Accumulated depreciation	(8,071,060)	(7,930,519)	(140,541)
	\$ 7,417,529	7,895,124	(477,595)

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, 2015 was \$39.5 million, an increase of \$8.4 million. Business-type activities total bonded indebtedness totaled \$4.6 million an increase of \$0.14 million. The combined indebtedness totals \$44.1 million at June 30, 2015, an increase of \$8.59 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 34,843,229	67,473	34,910,702
Investments	11,417,653	-	11,417,653
Receivables:			
Taxes	1,068,311	-	1,068,311
Tax liens	461,224	-	461,224
Due from other governments	1,106,492	-	1,106,492
Accounts (net of allowance for uncollectibles)	466,849	228,140	694,989
Notes	146,000	-	146,000
Internal balances	(6,467,208)	6,467,208	-
Inventories	142,982	24,769	167,751
Prepaid expenses	125,279	7,097	132,376
Capital assets, not being depreciated	2,435,351	502,229	2,937,580
Capital assets, net of accumulated depreciation	56,362,471	6,914,300	63,276,771
Total assets	102,108,633	14,211,216	116,319,849
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	770,000	-	770,000
Deferred outflows of resources related to pensions	2,057,448	-	2,057,448
Total deferred outflows of resources	2,827,448	-	2,827,448
LIABILITIES			
Accounts payable and other current liabilities	1,541,227	92,973	1,634,200
Accrued payroll and benefits	2,499,952	27,243	2,527,195
Accrued compensated absences	3,766,071	125,321	3,891,392
Escrow payable	6,624	30,285	36,909
Taxes paid in advance	89,713	-	89,713
Accrued interest	220,277	-	220,277
Noncurrent liabilities:			
Due within one year	3,576,666	845,427	4,422,093
Due in more than one year	53,977,311	9,365,895	63,343,206
Total liabilities	65,677,841	10,487,144	76,164,985
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	1,170,000	-	1,170,000
Deferred inflows of resources related to pensions	3,930,350	-	3,930,350
Total deferred inflows of resources	5,100,350	-	5,100,350
NET POSITION			
Net investment in capital assets	33,454,185	3,112,461	36,566,646
Restricted for:			
Permanent Funds - Nonexpendable principal	506,141	-	506,141
Permanent Funds - Expendable	101,701	-	101,701
Education	5,742,799	-	5,742,799
Grants and restricted programs	1,233,296	-	1,233,296
Tax Increment Financing	1,943,019	-	1,943,019
Unrestricted	(8,823,251)	611,611	(8,211,640)
Total net position	\$ 34,157,890	3,724,072	37,881,962

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Activities
For the Year Ended June 30, 2015

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Legislative and executive	\$ 576,556	-	113	-	(576,443)	-	(576,443)
Finance and administration	3,171,224	41,500	533,910	-	(2,595,814)	-	(2,595,814)
Development services	2,669,293	128,664	875,842	-	(1,664,787)	-	(1,664,787)
Community services	2,995,671	44,658	1,056,869	2,272,950	378,806	-	378,806
Public safety	8,817,839	1,929,678	517,266	-	(6,370,895)	-	(6,370,895)
Public works	3,542,468	2,828	683,750	-	(2,855,890)	-	(2,855,890)
Education	30,430,740	1,293,120	18,865,515	-	(10,272,105)	-	(10,272,105)
Retirement and insurance	1,803,541	-	-	-	(1,803,541)	-	(1,803,541)
Utilities	2,464,731	-	-	-	(2,464,731)	-	(2,464,731)
Unclassified	1,588,673	-	4,213	-	(1,584,460)	-	(1,584,460)
Interest on debt	228,732	-	-	-	(228,732)	-	(228,732)
Central garage	1,893,276	428,193	-	867,659	(597,424)	-	(597,424)
Capital maintenance	520,857	-	-	7,437	(513,420)	-	(513,420)
Total governmental activities	60,703,601	3,868,641	22,537,478	3,148,046	(31,149,436)	-	(31,149,436)
Business-type activities:							
Augusta Civic Center	2,650,799	2,592,338	-	-	-	(58,461)	(58,461)
Hatch Hill Landfill	1,848,165	2,642,267	-	-	-	794,102	794,102
Total business-type activities	4,498,964	5,234,605	-	-	-	735,641	735,641
Total primary government	\$ 65,202,565	9,103,246	22,537,478	3,148,046	(31,149,436)	735,641	(30,413,795)
General revenues:							
Property taxes, levied for general purposes					\$ 31,454,337	-	31,454,337
Motor vehicle excise taxes					3,213,279	-	3,213,279
Licenses and permits					198,356	-	198,356
Cable TV franchise fee					112,348	-	112,348
Grants and contributions not restricted to specific programs:							
Homestead exemption					366,206	-	366,206
Business equipment tax reimbursement					239,903	-	239,903
State Revenue Sharing					1,088,323	-	1,088,323
Other					24,699	-	24,699
Unrestricted investment earnings					160,390	173	160,563
Miscellaneous revenues					313,531	-	313,531
Gain (loss) on disposal of assets					(109,814)	(88,825)	(198,639)
Transfers					104,477	(104,477)	-
Total general revenues and transfers					37,166,035	(193,129)	36,972,906
Change in net position					6,016,599	542,512	6,559,111
Net position - beginning, as restated					28,141,291	3,181,560	31,322,851
Net position - ending	\$				34,157,890	3,724,072	37,881,962

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Library Expansion	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 30,374,383	-	4,468,846	34,843,229
Investments	10,928,699	-	488,954	11,417,653
Receivables:				
Taxes	1,068,311	-	-	1,068,311
Tax liens	461,224	-	-	461,224
Due from other governments	404,846	-	701,646	1,106,492
Accounts receivable (net of allowance for uncollectibles)	422,177	297	44,375	466,849
Notes receivable	-	-	146,000	146,000
Interfund loans receivable	-	10,443,374	5,424,259	15,867,633
Inventory	109	-	22,472	22,581
Prepaid items	116,693	-	3,895	120,588
Total assets	\$ 43,776,442	10,443,671	11,300,447	65,520,560
LIABILITIES				
Accounts payable and other accrued liabilities	1,140,225	210,703	136,659	1,487,587
Accrued payroll and benefits	2,303,732	137	207,516	2,511,385
Escrow payable	6,624	-	-	6,624
Taxes paid in advance	89,713	-	-	89,713
Interfund loans payable	23,040,069	-	228,073	23,268,142
Total liabilities	26,580,363	210,840	572,248	27,363,451
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,021,650	-	-	1,021,650
Total deferred inflows of resources	1,021,650	-	-	1,021,650
FUND BALANCES				
Nonspendable	116,802	-	674,613	791,415
Restricted	5,742,799	10,232,831	3,109,544	19,085,174
Committed	-	-	7,104,196	7,104,196
Assigned	3,890,718	-	-	3,890,718
Unassigned - budget stabilization	1,200,000	-	-	1,200,000
Unassigned	5,224,110	-	(160,154)	5,063,956
Total fund balances	16,174,429	10,232,831	10,728,199	37,135,459
Total liabilities, deferred inflows of resources, and fund balances	\$ 43,776,442	10,443,671	11,300,447	
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.				56,046,479
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				1,021,650
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.				3,683,562
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(3,682,104)
Accrued interest				(220,277)
Other postemployment benefits				(9,269,154)
Net pension liability with related deferred outflows and inflows of resources				(7,100,741)
Capital leases				(3,200,717)
Bonds payable, including deferred charges and unamortized premiums				(40,256,267)
Net position of governmental activities			\$ 34,157,890	

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, 2015

	General	Library Expansion	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 30,944,004	-	3,860,093	34,804,097
Licenses and permits	198,356	-	-	198,356
Intergovernmental	17,666,951	-	4,511,902	22,178,853
Tuition and other charges - education	823,964	-	-	823,964
Charges for services	1,968,509	-	597,820	2,566,329
Fees and fines	50,155	-	-	50,155
Unclassified	672,841	2,222,950	1,888,231	4,784,022
Investment earnings	155,269	34	5,087	160,390
Total revenues	52,480,049	2,222,984	10,863,133	65,566,166
Expenditures:				
Current:				
Legislative and executive	575,171	-	-	575,171
Finance and administration	1,593,453	-	1,675,923	3,269,376
Development services	1,478,250	-	944,975	2,423,225
Community services	2,264,006	-	862,812	3,126,818
Public safety	8,381,626	-	279,692	8,661,318
Public works	3,791,819	-	175,969	3,967,788
Education	27,164,722	-	4,011,191	31,175,913
Retirement and insurance	1,638,345	-	-	1,638,345
Utilities	2,464,731	-	-	2,464,731
Unclassified	1,429,518	-	1,950	1,431,468
Debt service (excluding education)	943,301	-	490,219	1,433,520
Capital outlay	405,845	935,713	2,849,253	4,190,811
Total expenditures	52,130,787	935,713	11,291,984	64,358,484
Excess (deficiency) of revenues over (under) expenditures	349,262	1,287,271	(428,851)	1,207,682
Other financing sources (uses):				
Issuance of debt	-	8,000,000	3,090,000	11,090,000
Refunding bonds issued	24,470,000	-	-	24,470,000
Payment to refunded bonds escrow agent	(26,853,996)	-	-	(26,853,996)
Premium on issuance of debt, net of discounts	2,383,996	-	382,046	2,766,042
Lease proceeds	367,396	-	1,366,010	1,733,406
Transfers from other funds	1,575,944	945,560	435,041	2,956,545
Transfers to other funds	(1,289,285)	-	(1,534,485)	(2,823,770)
Total other financing sources (uses)	654,055	8,945,560	3,738,612	13,338,227
Net change in fund balances	1,003,317	10,232,831	3,309,761	14,545,909
Fund balances, beginning of year	15,171,112	-	7,418,438	22,589,550
Fund balances, end of year	\$ 16,174,429	10,232,831	10,728,199	37,135,459

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, 2015

Net change in fund balances - total governmental funds (from Statement 4)	\$	14,545,909
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,599,155) exceeded depreciation expense (\$2,632,122) and loss on disposal (\$99,495).</p>		
		867,538
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(136,481)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds (\$1,733,406) exceeded repayments (\$706,727).</p>		
		(1,026,679)
<p>Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences (\$133,776), other post-employment benefits (\$1,406,147), and accrued interest (\$9,136), and the decrease in net pension liabilities with related deferred outflows and inflows of resources (\$1,499,778).</p>		
		(49,281)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. During the year, the City issued bonds in the amount of \$35,560,000 and premiums to be amortized totaling \$382,046. The City also had deferred charges on refunding debt of \$770,000 and \$1,170,000, which net to total deferred charges (inflows) of \$400,000. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal repayments totaled \$27,140,604.</p>		
		(9,201,442)
<p>Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		1,017,035
Change in net position of governmental activities (see Statement 2)		\$ 6,016,599

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, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 30,750,500	30,750,500	30,944,004	193,504
Licenses and permits	164,127	164,127	198,356	34,229
Intergovernmental	15,555,849	15,555,849	15,653,123	97,274
Tuition and other charges - education	790,000	790,000	823,964	33,964
Charges for services	1,615,289	1,615,289	1,968,509	353,220
Fees and fines	51,550	52,230	50,155	(2,075)
Unclassified	573,575	573,575	666,269	92,694
Investment earnings	102,975	102,975	155,269	52,294
Total revenues	49,603,865	49,604,545	50,459,649	855,104
Expenditures:				
Current:				
Legislative and executive	541,430	561,930	590,171	(28,241)
Finance and administration	1,654,988	1,674,661	1,608,701	65,960
Development services	1,516,211	1,530,318	1,486,659	43,659
Community services	2,305,036	2,327,267	2,277,315	49,952
Public safety	8,365,125	8,413,278	8,453,214	(39,936)
Public works	3,552,830	4,116,633	3,928,512	188,121
Education	27,129,659	27,212,602	25,206,685	2,005,917
Retirement and insurance	2,858,750	2,038,750	1,638,345	400,405
Utilities	2,401,491	2,401,491	2,464,731	(63,240)
Unclassified	1,429,518	1,429,518	1,429,518	-
Debt service (excluding education)	979,198	979,198	943,301	35,897
Total expenditures	52,734,236	52,685,646	50,027,152	2,658,494
Excess (deficiency) of revenues over (under) expenditures	(3,130,371)	(3,081,101)	432,497	3,513,598
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,096,683	1,940,408	-	(1,940,408)
Budgeted utilization of surplus - Education	850,351	850,351	-	(850,351)
Use of prior year encumbrances - City	-	237,787	-	(237,787)
Use of prior year encumbrances - Education	-	82,943	-	(82,943)
Transfers to other funds	-	(1,213,725)	(1,213,725)	-
Transfers from other funds	1,575,635	1,575,635	1,575,944	309
Total other financing sources (uses)	3,522,669	3,473,399	362,219	(3,111,180)
Net change in fund balance - budgetary basis	392,298	392,298	794,716	402,418
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City			262,382	
Add back: encumbrances expended in budgetary - Education			55,791	
Change in reserves			(109,572)	
Net change in fund balance - GAAP basis			1,003,317	
Fund balance, beginning of year			15,171,112	
Fund balance, end of year	\$		16,174,429	

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 67,473	-	67,473	-
Accounts receivable, net	79,798	148,342	228,140	-
Interfund loans receivable	316,459	6,150,749	6,467,208	933,301
Prepaid expenses	2,820	4,277	7,097	4,691
Inventory	24,769	-	24,769	120,401
Total current assets	491,319	6,303,368	6,794,687	1,058,393
Noncurrent assets:				
Property, plant, and equipment:				
Land	390,000	62,034	452,034	-
Construction in progress	50,195	-	50,195	-
Buildings and improvements	9,318,988	23,372	9,342,360	961,348
Equipment and vehicles	424,557	923,321	1,347,878	5,488,427
Hatch Hill landfill system	-	4,295,122	4,295,122	-
Less accumulated depreciation	(6,180,989)	(1,890,071)	(8,071,060)	(3,698,432)
Total noncurrent assets	4,002,751	3,413,778	7,416,529	2,751,343
Total assets	4,494,070	9,717,146	14,211,216	3,809,736
LIABILITIES				
Current liabilities:				
Accounts payable	39,101	53,872	92,973	53,640
Accrued wages and benefits payable	18,563	8,680	27,243	10,687
Accrued compensated absences	103,064	22,257	125,321	61,847
Refundable deposits	30,285	-	30,285	-
Current portion of bonds payable	332,565	485,000	817,565	-
Current portion of capital leases payable	27,862	-	27,862	-
Total current liabilities	551,440	569,809	1,121,249	126,174
Noncurrent liabilities:				
Bonds payable	1,875,340	1,940,000	3,815,340	-
Capital leases	365,096	-	365,096	-
Interim landfill closure accrual	-	245,310	245,310	-
Accrued landfill closure and postclosure costs	-	4,940,149	4,940,149	-
Total noncurrent liabilities	2,240,436	7,125,459	9,365,895	-
Total liabilities	2,791,876	7,695,268	10,487,144	126,174
NET POSITION				
Net investment in capital assets	2,123,683	988,778	3,112,461	2,751,343
Unrestricted	(421,489)	1,033,100	611,611	932,219
Total net position	\$ 1,702,194	2,021,878	3,724,072	3,683,562

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, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
Operating revenues:				
Rental income	\$ 1,183,101	-	1,183,101	-
Fees	-	2,633,014	2,633,014	2,073,699
Food and beverage sales	1,409,237	-	1,409,237	-
Miscellaneous	-	9,253	9,253	7,570
Total operating revenues	2,592,338	2,642,267	5,234,605	2,081,269
Operating expenses:				
Personnel services	1,283,797	444,232	1,728,029	474,562
Contractual services	388,185	551,197	939,382	46,006
Supplies and materials	548,925	85,163	634,088	961,010
Fixed charges	29,731	380,158	409,889	3,197
Capital outlay	6,578	875	7,453	3,904
Depreciation	309,047	233,097	542,144	402,969
Total operating expenses	2,566,263	1,694,722	4,260,985	1,891,648
Operating income	26,075	947,545	973,620	189,621
Nonoperating revenue (expense):				
Interest income	-	173	173	-
Interest expense	(84,536)	(153,443)	(237,979)	(1,628)
Gain (loss) on disposal of equipment	(88,825)	-	(88,825)	(10,319)
Total nonoperating revenue (expense)	(173,361)	(153,270)	(326,631)	(11,947)
Net income (loss) before transfers	(147,286)	794,275	646,989	177,674
Transfers and contributions:				
Transfer to other funds	(56,000)	(48,477)	(104,477)	(28,298)
Capital contributions	-	-	-	867,659
Total transfers and contributions	(56,000)	(48,477)	(104,477)	839,361
Change in net position	(203,286)	745,798	542,512	1,017,035
Total net position, beginning of year	1,905,480	1,276,080	3,181,560	2,666,527
Total net position, end of year	\$ 1,702,194	2,021,878	3,724,072	3,683,562

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,646,306	2,625,289	5,271,595	2,081,269
Payments to suppliers	(953,550)	(837,659)	(1,791,209)	(1,012,492)
Payments to employees	(1,253,070)	(447,646)	(1,700,716)	(463,624)
Payments for internal services used	(9,817)	(215,269)	(225,086)	-
Net cash provided by (used in) operating activities	429,869	1,124,715	1,554,584	605,153
Cash flows from non-capital financing activities:				
Transfers to other funds	(56,000)	(48,477)	(104,477)	(28,298)
(Increase) decrease in interfund loans	(715,957)	(437,968)	(1,153,925)	(182,785)
Net cash provided by (used in) non-capital financing activities	(771,957)	(486,445)	(1,258,402)	(211,083)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(152,374)	-	(152,374)	(392,442)
Proceeds from issuance of debt	850,000	-	850,000	-
Bond, note and lease principal payments	(252,582)	(485,000)	(737,582)	-
Interest paid	(84,536)	(153,443)	(237,979)	(1,628)
Net cash provided by (used in) capital financing activities	360,508	(638,443)	(277,935)	(394,070)
Cash flows from investing activities:				
Investment income	-	173	173	-
Net cash provided by (used in) investing activities	-	173	173	-
Increase in cash and cash equivalents	18,420	-	18,420	-
Cash and cash equivalents, beginning of year	49,053	-	49,053	-
Cash and cash equivalents, end of year	\$ 67,473	-	67,473	-
Reconciliation of operating income to net cash provided by (used in) by operating activities:				
Operating income	\$ 26,075	947,545	973,620	189,621
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	309,047	233,097	542,144	402,969
(Increase) decrease in operating assets:				
Accounts receivable, net	53,968	(16,978)	36,990	-
Prepaid expenses	577	30,957	31,534	(430)
Inventory	(1,656)	-	(1,656)	(1,635)
Increase (decrease) in operating liabilities:				
Accounts payable	7,186	(3,430)	3,756	3,690
Accrued wages and benefits	15,865	7,353	23,218	9,274
Accrued compensated absences	14,862	(10,767)	4,095	1,664
Refundable deposit	3,945	-	3,945	-
Interim landfill closure accrual	-	(268,745)	(268,745)	-
Accrued landfill closure and postclosure costs	-	205,683	205,683	-
Net cash provided by (used in) operating activities	429,869	1,124,715	1,554,584	605,153

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

		Private- purpose Trust Funds	Agency Funds	
			SIB Loans	Student Activities
ASSETS				
Cash and cash equivalents	\$	33,731	-	278,895
Investments		479,122	751,318	-
Accounts receivable		680	-	-
Total assets		513,533	751,318	278,895
LIABILITIES				
Due to others		-	751,318	278,895
Total liabilities		-	751,318	278,895
NET POSITION				
Held in trust	\$	513,533	-	-

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, 2015

	Private- purpose Trust Funds
<hr/>	
Additions:	
Donations	\$ 264,216
Investment income (loss)	(271)
Total additions	263,945
<hr/>	
Deductions:	
Scholarships and other	48,440
Total deductions	48,440
<hr/>	
Change in net position	215,505
Net position, beginning of year	298,028
<hr/>	
Net position, end of year	\$ 513,533

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's general and enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, 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. 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items.

5. Capital Assets

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

The threshold for capitalizing assets for governmental activities is \$10,000 and \$5,000 for business type activities. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

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

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

6. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Deferred outflows of resources also include a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In addition to liabilities, the statement of net position and 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 governmental funds have one type of item 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. The governmental activities have deferred inflows that relate to the net pension liability, which include the differences between expected and actual experience and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. Deferred inflows of resources also include the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated Absences

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

8. Long-term Obligations

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

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

9. Pensions

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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, 2015, the City budgeted to utilize \$1,940,408 and the Department of Public Schools budgeted to utilize \$850,351 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, 2015, expenditures exceeded appropriations in the following areas:

Legislative and executive	\$ 28,241	Public Safety	39,936
Utilities	63,240		

C. Deficit Fund Balances

At June 30, 2015, the following funds had deficit fund balances:

Heating system control upgrade	\$ 22,040	Civic Center Drive sidewalks	14,002
KRRT Park connection	909	Accidents	29,307
School miscellaneous work	75,994	Cable TV franchise	1,886
Fort Western trustees	1,054	Justice assistance grant	695
DHS law enforcement reimb	117	Regional response team	4,994
Downtown patrol	108	Title IA – Chapter 1 – Disadvantaged	2,858
Local Entitlement	4,693	Title III – ESL	720
ABE federal program	777		

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

DEPOSITS AND INVESTMENTS

As of June 30, 2015, 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	\$ 5,330,829	N/A
Government mutual fund	21,816	N/A
U.S. Treasury Notes	8,724,714	2.752
Federal Home Loan Management	950,950	2.053
Federal National Mortgage Association	2,950,613	2.255

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, 2015, 100% of the City’s bank balance of \$30,244,256 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

DEPOSITS AND INVESTMENTS, CONTINUED

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, 2015, 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.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

As of June 30, 2015, the City had the following accounts receivable with allowance for uncollectible account balances:

	General Fund	Augusta Civic Center
Accounts receivable	\$ 468,243	79,798
<u>Allowance for uncollectible accounts</u>	<u>(46,066)</u>	<u>-</u>
<u>Accounts receivable, net</u>	<u>\$ 422,177</u>	<u>79,798</u>

PROPERTY TAX

Property taxes for the current year were committed on August 8, 2014, 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 \$392,298 for the year ended June 30, 2015.

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

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

PROPERTY TAX, CONTINUED

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>2015</u>	<u>2014</u>
Assessed value	\$ 1,677,742,000	1,626,342,700
<u>Tax rate (per \$1,000)</u>	<u>18.67</u>	<u>18.15</u>
Commitment	31,323,443	29,518,120
Special assessment	-	23,365
<u>Supplemental taxes assessed</u>	<u>18,435</u>	<u>2,178</u>
	31,341,878	29,543,663
Less:		
Abatements	41,981	17,604
<u>Collections</u>	<u>30,280,492</u>	<u>28,560,954</u>
<u>Current year taxes receivable at end of year</u>	<u>\$ 1,019,405</u>	<u>965,105</u>
Due date(s) - current year	½ Sept. 11, 2014 ½ March 12, 2015	½ Sept. 12, 2013 ½ March 13, 2014
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	96.74%	96.73%
	<u>2015</u>	<u>2014</u>
Taxes receivable - current year	\$ 1,019,405	965,105
Taxes receivable - prior years	48,906	44,253
<u>Tax liens - prior year</u>	<u>461,224</u>	<u>557,923</u>
<u>Total taxes receivables</u>	<u>\$ 1,529,535</u>	<u>1,567,281</u>

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,490,002	-	-	-	1,490,002
Construction in progress	378,742	945,350	-	378,743	945,349
Total capital assets not being depreciated	1,868,744	945,350	-	378,743	2,435,351
Capital assets, being depreciated:					
Buildings and building improvements	64,910,050	2,229,639	-	72,598	67,067,091
Machinery, vehicles and equipment	7,392,074	776,526	(12,000)	1,093,105	7,063,495
Infrastructure	34,164,057	826,370	-	-	34,990,427
Internal service fund equipment	5,290,888	456,847	12,000	271,309	5,488,426
Total capital assets being depreciated	111,757,069	4,289,382	-	1,437,012	114,609,439
Less accumulated depreciation for:					
Buildings and building improvements	29,328,293	1,531,883	-	18,198	30,841,978
Machinery, vehicles and equipment	4,961,851	436,925	(8,733)	1,051,276	4,338,767
Infrastructure	18,778,552	690,600	-	-	19,469,152
Internal service fund equipment	3,473,646	375,682	8,733	260,990	3,597,071
Total accumulated depreciation	56,542,342	3,035,090	-	1,330,464	58,246,968
Total capital assets being depreciated, net	55,214,727	1,254,292	-	106,548	56,362,471
Governmental activities capital assets, net	\$ 57,083,471	2,199,642	-	485,291	58,797,822

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 452,034	-	-	-	452,034
Construction in progress	-	50,195	-	-	50,195
Total capital assets not being depreciated	452,034	50,195	-	-	502,229
Capital assets, being depreciated:					
Buildings and building improvements	9,490,660	85,733	-	234,033	9,342,360
Machinery and equipment	1,344,191	16,447	-	12,760	1,347,878
Landfill	4,538,758	-	-	243,636	4,295,122
Total capital assets being depreciated	15,373,609	102,180	-	490,429	14,985,360
Less accumulated depreciation for:					
Buildings and building improvements	5,767,149	287,472	-	146,271	5,908,350
Machinery and equipment	1,332,574	35,940	-	11,696	1,356,818
Landfill	830,796	218,732	-	243,636	805,892
Total accumulated depreciation	7,930,519	542,144	-	401,603	8,071,060
Total capital assets being depreciated, net	7,443,090	(439,964)	-	88,826	6,914,300
Business-type activities capital assets, net	\$ 7,895,124	(389,769)	-	88,826	7,416,529

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:

Governmental activities:

Legislative and executive	\$ 3,039
Finance and administration	11,640
Development services	338,618
Community services	89,628
Public safety	316,137
Public works	699,599
Education	1,173,460
Central garage	402,969

Total depreciation expense – governmental activities \$ 3,035,090

Business-type activities:

Augusta Civic Center	\$ 309,047
Hatch Hill Landfill	233,097

Total depreciation expense – business-type activities \$ 542,144

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 31,054,825	35,560,000	27,140,604	39,474,221	3,174,354
Premiums	-	382,046	-	382,046	26,320
Capital leases	2,174,038	1,733,406	706,727	3,200,717	375,992
Compensated absences	3,626,766	139,305	-	3,766,071	-
Net pension liability	9,862,532	-	4,634,693	5,227,839	-
Other post-employment	7,863,007	2,382,510	976,363	9,269,154	-
Governmental activities					
long-term liabilities	\$ 54,581,168	40,197,267	33,458,387	61,320,048	3,576,666
Business-type activities:					
General obligation bonds	\$ 4,494,220	850,000	711,315	4,632,905	817,565
Capital leases	419,225	-	26,267	392,958	27,862
Interim landfill closure	514,055	-	268,745	245,310	-
Landfill closure	4,734,466	205,683	-	4,940,149	-
Compensated absences	121,226	4,095	-	125,321	-
Business-type activities					
long-term liabilities	\$ 10,283,192	1,059,778	1,006,327	10,336,643	845,427

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

BONDS AND NOTES PAYABLE

Bonds and notes payable at June 30, 2015 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>2015</u>
Governmental activities:					
General obligation bonds 2007	4/25/07	\$ 500,000	2017	1.10-6.00%	100,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.00-3.375%	410,000
General obligation bonds 2011	5/26/11	1,250,000	2031	2.12-3.375%	980,000
School revolving loan fund	3/17/11	889,810 (a)	2024	0.00%	240,035
Qualified school construction	12/30/11	355,980	2022	4.81%	249,186
General obligation bonds 2012	12/28/12	2,610,000	2027	2.00%	2,010,000
Pension refunding bonds	8/14/14	7,590,000	2030	3.53-4.09%	7,590,000
General obligation bonds 2014	8/14/14	750,000	2024	3.53-4.09%	675,000
Refunding bonds 2015	1/28/15	16,880,000	2027	3.00-5.00%	16,880,000
General obligation bonds 2015	5/27/15	10,340,000	2035	2.00-3.50%	10,340,000
Total governmental activities					39,474,221
Business-type activities:					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	2,425,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	1,357,905
General obligation bonds 2015	5/27/15	850,000	2023	2.000-3.500%	850,000
Total business-type activities					4,632,905
Total bonds and notes payable					\$ 44,107,126

(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, 2015 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>
2016	\$ 3,174,354	1,345,326	4,519,680	817,565	219,183	1,036,748
2017	3,119,354	1,278,543	4,397,897	817,565	177,864	995,429
2018	3,079,354	1,175,304	4,254,658	817,565	134,574	952,139
2019	3,094,354	1,067,422	4,161,776	817,570	90,222	907,792
2020	2,994,354	957,228	3,951,582	817,570	45,869	863,439
2021-2025	14,037,451	3,280,008	17,317,459	545,070	25,393	570,463
2026-2030	7,905,000	994,576	8,899,576	-	-	-
2031-2035	2,070,000	208,490	2,278,490	-	-	-
Total	\$ 39,471,221	10,306,897	49,781,118	4,632,905	693,105	5,326,010

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

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

ADVANCE REFUNDINGS

The City issued \$7,590,000 in general obligation bonds with interest rates ranging from 3.53% to 4.09%. The proceeds were used to advance refund \$6,820,000 of outstanding 2003 general obligation bonds. The difference of \$770,000 between the refunding and refunded debt has been recorded as a deferred charge on refunding in the statement of net position. The net proceeds of \$7,490,510 (including a net discount of \$40,781 and after payment of \$56,424 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2003 general obligation bonds are considered defeased and the liability for the bond has been removed from the statement of net position. The City advance refunded the 2003 general obligation bonds to extend the life of the bond by 12 years, which increased the total payments by \$2,311,848 resulting in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$397,635.

The City issued \$16,880,000 in general obligation bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used to advance refund \$18,050,000 of outstanding 2003 and 2005 general obligation bonds. The difference of \$1,170,000 between the refunding and refunded debt has been recorded as a deferred charge on refunding in the statement of net position. The net proceeds of \$19,363,486 (including a net premium of \$2,584,812 and after payment of \$100,000 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2004 and 2005 general obligation bonds are considered defeased and the liability for the bond has been removed from the statement of net position. The City advance refunded the 2004 and 2005 general obligation bonds to reduce its total debt service payments over 13 years by \$1,624,096, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,459,968.

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the date of its inception.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2015.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 505,869	39,218
2017	443,935	39,218
2018	447,156	39,218
2019	450,469	39,218
2020	406,653	39,218
2021-2025	1,693,478	196,093
<u>2026-2027</u>	<u>328,155</u>	<u>78,438</u>
Total minimum lease payments	4,275,715	470,621
Less: amount representing interest	(1,074,998)	(77,663)
Present value of future minimum lease payments	<u>\$ 3,200,717</u>	<u>392,958</u>

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

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 \$44,107,126 at June 30, 2015 was within the statutory limit.

ARBITRAGE REFUND

Pursuant to the Tax Reform Act of 1986, governments issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. Since August 15, 1986, the effective date of these rules, the City has not been subject to any arbitrage refunds as they have met the exceptions to the arbitrage regulations.

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2015, 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	\$ -	23,040,069	286,659
Library Expansion	10,443,374	-	945,560
Special Revenue Funds:			
CDBG Loan Fund	38,721	-	-
Airport	-	7,305	-
Other City Special Revenues	3,581,556	-	(1,534,485)
Adult Education	143,641	-	-
Adult Education Enrichment	192,919	-	-
School Lunch	175,877	-	-
School Special Revenues	-	220,768	-
Internal Service Fund	933,301	-	(28,298)
Proprietary Funds:			
Hatch Hill Fund	6,150,749	-	(48,477)
Augusta Civic Center	316,459	-	(56,000)
Capital Projects Fund	1,133,695	-	435,041
Permanent Fund	157,850	-	-
Totals	\$ 23,268,142	23,268,142	-

BUDGETARY VS. GAAP BASIS OF ACCOUNTING - GENERAL FUND

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 \$2,013,828.

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.

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

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, 2015:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 117,044,790	15,487,589
Accumulated depreciation	(58,246,968)	(8,071,060)
Bonds payable	(39,474,221)	(4,632,905)
Add back pension obligation bonds (non-capital)	7,590,000	-
Add back unspent proceeds	9,741,301	721,795
Capital leases payable	(3,200,717)	(392,958)
<u>Total net investment in capital assets</u>	<u>\$ 33,454,185</u>	<u>3,112,461</u>

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:

2016	\$ 717,000
<u>2017</u>	<u>717,000</u>
<u>Total</u>	<u>\$ 1,434,000</u>

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

FUND BALANCE

As of June 30, 2015, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory and prepaid items	\$ 116,802	22,472	139,274
Notes receivable	-	146,000	146,000
Principal for permanent funds	-	506,141	506,141
Total nonspendable	116,802	674,613	791,415
Restricted:			
Finance and administration	-	1,977,498	1,977,498
Development services	-	354,772	354,772
Community services	-	34,402	34,402
Public safety	-	22,891	22,891
Public works	-	28,005	28,005
Education	5,742,799	590,275	6,333,074
Library expansion	-	10,232,831	10,232,831
Permanent funds	-	101,701	101,701
Total restricted	5,742,799	13,342,375	19,085,174
Committed:			
Legislative and executive	-	7,007	7,007
Finance and administration	-	159,996	159,996
Development services	-	664,174	664,174
Community services	-	460,702	460,702
Public safety	-	163,577	163,577
Public works	-	96,771	96,771
Capital projects	-	5,551,969	5,551,969
Total committed	-	7,104,196	7,104,196
Assigned:			
Subsequent budget	1,156,683	-	1,156,683
Reserves	2,050,164	-	2,050,164
Encumbrances	262,382	-	262,382
Civic Center	421,489	-	421,489
Total assigned	3,890,718	-	3,890,718
Unassigned	6,424,110*	(160,154)	6,263,956
Total fund balance	\$ 16,174,429	20,961,030	37,135,459

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

The City has created the tax relief fund (budget stabilization) to draw down the City's unassigned fund balance in a fiscally prudent manner in order to avoid service reductions and to minimize the increase in the property tax rate. The balance at June 30, 2015 is \$1,200,000 and it is categorized as unassigned fund balance.

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

TAX INCREMENT FINANCING DISTRICTS

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

	<u>Original</u> <u>value</u>	<u>Increase in</u> <u>value</u>	<u>TIF</u> <u>cap</u>	<u>Captured</u> <u>value</u>	<u>Captured</u> <u>tax</u>
Marketplace Phase I	\$ 1,663,100	52,827,600	(A)	24,906,267	465,000
Marketplace Phase II	6,346,100	72,749,700	(B)	67,659,239	1,263,198
McCarthy Phase I	2,949,700	366,900	100%	366,900	6,850
McCarthy Phase II	37,600	1,282,200	50%	641,100	11,969
McCarthy Phase III	3,349,900	706,800	100%	706,800	13,196
Pomerleau	262,600	4,431,400	40%	1,772,560	33,094
Water Street Apartments	336,800	1,596,500	50%	798,250	14,903
Kennebec Arsenal	-	1,598,500	75%	1,198,875	22,383
Downtown	30,228,100	15,481,000	100%	15,481,000	289,030
Cony Village	170,200	1,846,800	75%	1,385,100	25,860
Cony Circle	12,481,400	8,845,000	100%	9,325,700	165,136
Commerce Center	1,550,000	22,120,700	100%	22,120,700	412,993
Old Belgrade Exit	7,552,200	-	100%	-	-
222-232 Water Street	244,000	400,900	100%	400,900	7,485
Augusta East Phase I	80,300	412,300	100%	412,300	7,698
Augusta East Phase II	-	2,139,700	100%	2,139,700	39,948
Community Natural Gas	201,700	33,419,200	100%	33,419,200	623,936

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

(B) \$400,000 to be captured for credit enhancement agreement with developers and moved \$863,198 to Downtown TIF

CONTINGENT LIABILITIES

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

Other Contingent Liabilities - The City is a defendant in various 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

LANDFILL LIABILITIES

The City currently has a landfill which is accounted for in the Hatch Hill Enterprise Fund. The landfill is comprised of several sites: an old site, expansion I, an interim site, expansion II, and expansion III. The old site and the expansion I site are currently at capacity and have been closed in accordance with Department of Environmental Protection Standards (DEP). The interim site has been temporarily closed in accordance with a DEP operating license and expansion II has been permanently closed. Expansion III is the current operating landfill and has capacity for approximately 712,256 tons of municipal solid waste. As of June 30, 2015, a total of approximately 302,856 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	\$ 303,300
Expansion III (41%)	3,231,504
Postclosure monitoring, maintenance and leachate removal	<u>1,405,345</u>
Total accrued liability for land- fill closure and postclosure costs	<u>\$ 4,940,149</u>

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.

RISK MANAGEMENT - CITY

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, 2015.

OTHER POST EMPLOYMENT BENEFITS

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

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

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

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

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal cost	\$ 399,216	517,691	517,691
Amortization of unfunded	2,074,503	2,084,702	2,084,702
Adjustment to ARC	(454,718)	(366,705)	(277,620)
<u>Interest</u>	<u>363,509</u>	<u>305,180</u>	<u>243,562</u>
Annual required contribution	\$ 2,382,510	2,540,868	2,568,335

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPEB liability, July 1	\$ 7,863,007	6,341,071	4,800,629
Annual required contribution	2,382,510	2,540,868	2,568,335
<u>Less: Actual contributions</u>	<u>(976,363)</u>	<u>(1,018,932)</u>	<u>(1,027,893)</u>
OPEB Liability, June 30	\$ 9,269,154	7,863,007	6,341,071

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>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 2,382,510	2,540,868	2,568,335
Actual contribution	976,363	1,018,932	1,027,893
Percent contributed	40.98%	40.10%	40.02%
<hr/>			
Actuarial accrued liability	\$ 37,307,255	37,490,702	37,490,702
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 37,307,255	37,490,702	37,490,702
Covered payroll	24,006,195	25,081,752	26,166,079
Unfunded actuarial accrued liability as a percentage of covered payroll	155.41%	149.47%	143.28%

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

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

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

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

PLD Plan - Employees are required to contribute 7.0% of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2015 were 7.8% to 11.0% of annual payroll. Contributions to the pension plan from the City were \$1,076,272 for the year ended June 30, 2015.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015, was 15.68% of annual payroll of which 2.65% of payroll was required from the City and 13.03% was required from the State. Contributions to the pension plan from the City were \$351,326 for the year ended June 30, 2015.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2015, the City reported a liability of \$4,061,126 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion of the PLD Plan was 2.6391%.

SET Plan - At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 1,166,713
State's proportionate share of the net pension liability associated with the City	11,437,550
Total	\$ 12,604,263

At June 30, 2014, the City's proportion of the SETP Plan was 0.1080%.

For the year ended June 30, 2015, the City recognized pension expense (gain) of (\$150,773) for the PLD Plan and \$1,806,057 for the SET Plan with revenue of \$1,727,464 for support provided by the State. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 382,467	3,889
Changes of assumptions	53,567	-
Net difference between projected and actual earnings on pension plan investments	-	3,849,962
Changes in proportion and differences between City contributions and proportionate share of contributions	193,816	76,499
City contributions subsequent to the measurement date	1,427,598	-
Total	\$ 2,057,448	3,930,350

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

\$1,427,598 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (738,754)
2017	(738,754)
2018	(860,501)
2019	(962,491)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
Total	100%	

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.25% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 12,669,514	\$ 4,061,126	(\$3,314,418)
<u>SET Plan</u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 2,234,738	\$ 1,166,713	\$ 273,020

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

Payables to the Pension Plan - None as of June 30, 2015.

NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the City has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the City has restated beginning net position in the government-wide statement of net position to account for the addition of the City's proportionate share of the net pension liability of \$9,862,532 and deferred outflows for the City's contributions subsequent to the measurement date of \$1,262,013, which effectively decreased the City's net position as of July 1, 2014 by \$8,600,519.

CITY OF AUGUSTA, MAINE
Required Supplementary Information

Schedule of Funding Progress - Retiree Healthcare Plan

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

CITY OF AUGUSTA, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years*

	<u>2015**</u>
<u>PLD Plan</u>	
City's proportion of the net pension liability	2.6391%
City's proportionate share of the net pension liability	\$ 4,061,126
City's covered-employee payroll	13,115,762
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	30.96%
Plan fiduciary net position as a percentage of the total pension liability	94.10%
<u>SET Plan</u>	
City's proportion of the net pension liability	0.1080%
City's proportionate share of the net pension liability	1,166,713
State's proportionate share of the net pension liability associated with the City	11,437,550
<u>Total</u>	<u>\$ 12,604,263</u>
City's covered-employee payroll	13,257,588
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	8.80%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

* Only one year of information available

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

CITY OF AUGUSTA, MAINE
Required Supplementary Information, Continued

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

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

* Only two years of information available

CITY OF AUGUSTA, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - The SETP changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

GENERAL FUND

CITY OF AUGUSTA, MAINE
General Fund
Comparative Balance Sheets
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 30,374,383	18,546,419
Investments	10,928,699	11,027,739
Receivables:		
Taxes	1,068,311	1,009,358
Tax liens	461,224	557,923
Due from other governments	404,846	405,094
Accounts receivable, (net of allowance for uncollectibles)	422,177	366,952
Inventory	109	165
Prepaid items	116,693	100,968
Total assets	\$ 43,776,442	32,014,618
LIABILITIES		
Accounts payable and other accrued liabilities	1,140,225	1,004,830
Accrued payroll and benefits	2,303,732	2,084,774
Escrow payable	6,624	9,200
Taxes paid in advance	89,713	120,359
Interfund loans payable	23,040,069	12,466,212
Total liabilities	26,580,363	15,685,375
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,021,650	1,158,131
Total deferred inflows of resources	1,021,650	1,158,131
FUND BALANCES		
Nonspendable - inventory and prepaids	116,802	101,133
Restricted for education	5,742,799	4,499,432
Assigned for subsequent budget	1,156,683	1,096,683
Assigned for reserves	2,050,164	2,159,736
Assigned for encumbrances	262,382	285,897
Assigned for Civic Center	421,489	339,324
Assigned for library renovation and expansion	-	500,000
Unassigned - budget stabilization	1,200,000	1,200,000
Unassigned	5,224,110	4,988,907
Total fund balances	16,174,429	15,171,112
Total liabilities, deferred inflows of resources, and fund balances	\$ 43,776,442	32,014,618

CITY OF AUGUSTA, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2015
(with comparative actual amounts for the year ended June 30, 2014)

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real and personal property	\$ 27,575,324	27,581,412	6,088	26,546,383
Tax interest, lien penalties, payments in lieu	150,854	149,313	(1,541)	124,370
Excise taxes	3,024,322	3,213,279	188,957	3,125,253
Total taxes	30,750,500	30,944,004	193,504	29,796,006
Licenses and permits	164,127	198,356	34,229	190,959
Intergovernmental:				
Education	13,533,853	13,590,208	56,355	13,778,595
Tree growth reimbursement	9,378	9,532	154	9,378
Veterans exemption reimbursement	15,172	15,167	(5)	15,172
Homestead exemption	358,048	366,206	8,158	365,713
Business equipment tax reimbursement	232,000	239,903	7,903	237,809
State revenue sharing	1,057,770	1,088,323	30,553	1,177,978
General assistance DHS/SSI	5,000	10,336	5,336	13,403
Urban Rural Initiative Payment	344,628	333,448	(11,180)	344,628
Total intergovernmental	15,555,849	15,653,123	97,274	15,942,676
Tuition and other charges for services - education	790,000	823,964	33,964	806,501
Charges for services:				
Police	126,170	133,823	7,653	131,371
Fire and ambulance	1,368,875	1,765,856	396,981	1,479,493
Community services	31,350	24,502	(6,848)	18,809
Public works	14,550	2,828	(11,722)	3,380
Finance and admin	74,344	41,500	(32,844)	150,280
Total charges for services	1,615,289	1,968,509	353,220	1,783,333
Fees and fines:				
Traffic tickets	3,250	1,690	(1,560)	2,225
Court fees	19,000	22,559	3,559	20,800
Lithgow Library	24,980	20,156	(4,824)	19,579
False alarm calls	5,000	5,750	750	5,850
Total fees and fines	52,230	50,155	(2,075)	48,454
Unclassified:				
Rents - City property	90,427	96,233	5,806	102,397
Cemeteries	23,740	23,432	(308)	28,590
Contributions	70,000	70,000	-	70,000
Animal control program	10,285	9,193	(1,092)	8,204
General assistance reimbursement	144,525	124,806	(19,719)	156,347
Cable TV franchise	121,373	112,348	(9,025)	113,900
Public safety miscellaneous revenue	500	10,861	10,361	4,714
Public works miscellaneous	40,150	72,098	31,948	103,822
Workers compensation	7,500	12,452	4,952	2,622
Unclassified - City	10,075	55,212	45,137	51,249
Unclassified - Education	55,000	79,634	24,634	85,359
Total unclassified	573,575	666,269	92,694	727,204
Investment earnings	102,975	155,269	52,294	136,379
Total revenues	49,604,545	50,459,649	855,104	49,431,512

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

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 29,944	28,436	1,508	30,957
City management	206,907	210,570	(3,663)	211,313
Corporation counsel	125,004	168,715	(43,711)	157,271
Central services	9,787	6,646	3,141	7,834
Unclassified	160,288	155,961	4,327	194,733
Contingency	30,000	19,843	10,157	28,109
Total legislative and executive	561,930	590,171	(28,241)	630,217
Finance and administration:				
City clerk/treasurer/collection	495,076	447,598	47,478	474,248
Registrations and elections	34,979	41,916	(6,937)	34,500
City auditor	165,549	161,487	4,062	156,233
Information systems	415,652	392,437	23,215	373,555
Assessor	158,125	156,656	1,469	152,180
Finance and administration	146,395	150,549	(4,154)	143,038
Human resources	258,885	258,058	827	242,050
Total finance and administration	1,674,661	1,608,701	65,960	1,575,804
Development services:				
Economic development	237,763	228,756	9,007	206,229
Planning	166,695	163,242	3,453	154,942
Historic preservation	5,825	3,646	2,179	665
Code enforcement	147,368	145,017	2,351	140,332
Development services administration	57,739	54,781	2,958	53,941
Engineering	82,852	78,712	4,140	76,164
City facilities	832,076	812,505	19,571	839,955
Total development services	1,530,318	1,486,659	43,659	1,472,228
Community services:				
Community services administration	175,193	173,408	1,785	170,286
Public library	668,049	647,595	20,454	643,354
Recreation	160,077	160,009	68	144,224
Parks and cemeteries	773,058	773,039	19	767,565
Fort Western	90,961	94,072	(3,111)	87,846
Bicentennial Nature Park	30,139	26,413	3,726	28,154
Health and welfare	140,740	149,847	(9,107)	139,329
General assistance	289,050	252,932	36,118	304,867
Total community services	2,327,267	2,277,315	49,952	2,285,625

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

	2015			2014 Actual
	Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 4,344,156	4,364,875	(20,719)	4,171,580
Fire and ambulance	4,058,027	4,082,822	(24,795)	3,975,100
Civil Emergency Preparedness	11,095	5,517	5,578	10,042
Total public safety	8,413,278	8,453,214	(39,936)	8,156,722
Public works:				
Public works administration	63,628	62,269	1,359	60,768
Highway	1,918,782	1,719,484	199,298	1,634,148
Snow removal	1,377,849	1,413,646	(35,797)	973,226
Waste removal	756,374	733,113	23,261	708,293
Total public works	4,116,633	3,928,512	188,121	3,376,435
Education:				
Current:				
Regular instruction	8,982,646	8,574,394	408,252	8,301,252
Special education	4,087,506	3,941,732	145,774	3,783,563
Career and technical education	2,183,090	1,950,426	232,664	1,975,000
Other instruction	557,874	511,546	46,328	536,796
Student and staff support	2,131,035	1,820,127	310,908	1,790,041
System administration	895,164	762,356	132,808	824,182
School administration	1,626,593	1,478,924	147,669	1,467,152
Transportation and buses	1,671,309	1,463,302	208,007	1,524,517
Facilities maintenance	2,545,177	2,410,359	134,818	2,432,976
All other	54,928	2,169	52,759	52,630
Debt service	2,477,280	2,291,350	185,930	2,557,642
Total education	27,212,602	25,206,685	2,005,917	25,245,751
Retirement and insurance:				
Retirement and insurance	2,038,750	1,638,345	400,405	2,723,701
Total retirement and insurance	2,038,750	1,638,345	400,405	2,723,701
Utilities:				
Sanitary sewer and drains	1,174,936	1,184,685	(9,749)	1,257,534
Lighting and electricity	473,357	522,849	(49,492)	500,904
Water	753,198	757,197	(3,999)	811,861
Total utilities	2,401,491	2,464,731	(63,240)	2,570,299

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

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
County tax	\$ 1,429,518	1,429,518	-	1,404,986
Total unclassified	1,429,518	1,429,518	-	1,404,986
Debt service (excluding education)	979,198	943,301	35,897	898,014
Total expenditures	52,685,646	50,027,152	2,658,494	50,339,782
Excess (deficiency) of revenues over (under) expenditures	(3,081,101)	432,497	3,513,598	(908,270)
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,940,408	-	(1,940,408)	-
Budgeted utilization of surplus - Education	850,351	-	(850,351)	-
Use of prior year encumbrances - City	237,787	-	(237,787)	-
Use of prior year encumbrances - Education	82,943	-	(82,943)	-
Transfers to other funds - City	(1,213,725)	(1,213,725)	-	(1,431,670)
Transfers from other funds	1,575,635	1,575,944	309	1,566,891
Total other financing sources (uses)	3,473,399	362,219	(3,111,180)	135,221
Net change in fund balance - budgetary basis	392,298	794,716	402,418	(773,049)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		262,382		285,897
Add back: encumbrances expended in budgetary - Education		55,791		88,075
Change in reserves		(109,572)		1,044,226
Net change in fund balance - GAAP basis		1,003,317		645,149
Fund balance, beginning of year		15,171,112		14,525,963
Fund balance, end of year	\$	16,174,429		15,171,112

CITY OF AUGUSTA, MAINE
Reserves - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

		Fund balances beginning of year	Revenues Unclassified	Expenditures Capital outlay		Parks and cemeteries	Transfers	Fund balances end of year
City reserves - assigned:								
1901	Central service reserve	\$ 36,348	1,990	1,990	-	-	-	36,348
1902	Equipment maintenance self reserve	137,900	-	34,571	-	-	-	103,329
1903	Sick and vacation reserve	1,717,625	-	-	-	-	-	1,717,625
1905	Historic preservation reserve	26,478	-	-	-	-	-	26,478
1906	Police local match reserve	59,293	447	-	-	-	-	59,740
1908	Quimby lot infrastructure reserve	10,310	-	-	-	-	-	10,310
1909	Actuarial study	3,000	-	-	-	-	-	3,000
1911	Severance payout	33,353	-	-	-	-	-	33,353
1912	Lithgow Library construction	75,560	-	-	-	(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
1917	Fuel assistance	5	-	-	-	-	-	5
1918	Fire equipment reserve	-	2,000	1,888	-	-	-	112
1920	Donations for parks	-	2,135	-	2,135	-	-	-
City reserves - unassigned:								
1919	Tax relief fund (budget stabilization)	1,200,000	-	-	-	-	-	1,200,000
Total City reserves		3,359,736	6,572	38,449	2,135	(75,560)	-	3,250,164
School reserves:								
1952	Sick and vacation reserve	136,777	-	-	-	-	-	136,777
Total School reserves		136,777	-	-	-	-	-	136,777
Total reserves		\$ 3,496,513	6,572	38,449	2,135	(75,560)	-	3,386,941

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, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,940	4,448,134	16,772	4,468,846
Investments	55,734	-	433,220	488,954
Receivables:				
Due from other governments	701,646	-	-	701,646
Accounts receivable	44,375	-	-	44,375
Notes receivable	146,000	-	-	146,000
Interfund loans receivable	4,132,714	1,133,695	157,850	5,424,259
Inventory	22,472	-	-	22,472
Prepaid items	3,895	-	-	3,895
Total assets	\$ 5,110,776	5,581,829	607,842	11,300,447
LIABILITIES				
Accounts payable and other accrued liabilities	107,427	29,232	-	136,659
Accrued payroll and benefits	206,888	628	-	207,516
Interfund loans payable	228,073	-	-	228,073
Total liabilities	542,388	29,860	-	572,248
FUND BALANCES				
Nonspendable	168,472	-	506,141	674,613
Restricted	3,007,843	-	101,701	3,109,544
Committed	1,552,227	5,551,969	-	7,104,196
Unassigned	(160,154)	-	-	(160,154)
Total fund balances	4,568,388	5,551,969	607,842	10,728,199
Total liabilities and fund balances	\$ 5,110,776	5,581,829	607,842	11,300,447

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 3,860,093	-	-	3,860,093
Intergovernmental	4,511,902	-	-	4,511,902
Unclassified	1,831,018	3,000	-	1,834,018
Charges for services	597,820	-	-	597,820
Investment income	-	89	4,998	5,087
Donations	-	50,000	4,213	54,213
Total revenues	10,800,833	53,089	9,211	10,863,133
Expenditures:				
Current:				
Finance and administration	1,675,923	-	-	1,675,923
Development services	944,975	-	-	944,975
Community services	862,812	-	-	862,812
Public safety	279,692	-	-	279,692
Public works	175,969	-	-	175,969
Education	2,855,271	-	-	2,855,271
Food services	1,155,920	-	-	1,155,920
Unclassified	-	-	1,950	1,950
Debt service	50,470	439,749	-	490,219
Capital outlay	-	2,849,253	-	2,849,253
Total expenditures	8,001,032	3,289,002	1,950	11,291,984
Excess (deficiency) of revenues over (under) expenditures	2,799,801	(3,235,913)	7,261	(428,851)
Other financing sources (uses):				
Bond proceeds	-	3,090,000	-	3,090,000
Premium on issuance of debt	-	382,046	-	382,046
Lease proceeds	-	1,366,010	-	1,366,010
Transfer from other funds	-	435,041	-	435,041
Transfer to other funds	(1,534,485)	-	-	(1,534,485)
Total other financing sources (uses)	(1,534,485)	5,273,097	-	3,738,612
Net change in fund balance	1,265,316	2,037,184	7,261	3,309,761
Fund balances, beginning of year	3,303,072	3,514,785	600,581	7,418,438
Fund balances, end of year	\$ 4,568,388	5,551,969	607,842	10,728,199

CITY OF AUGUSTA, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	CDBG Loan Fund	Airport	City Special Revenue Funds	School Special Revenue Funds	Adult Education	Adult Education Enrichment	School Lunch	Totals
ASSETS								
Cash and cash equivalents	\$ 3,913	-	27	-	-	-	-	3,940
Investments	-	-	55,734	-	-	-	-	55,734
Receivables:								
Due from other governments	-	108,788	148,556	396,017	-	-	48,285	701,646
Accounts receivable	-	897	43,478	-	-	-	-	44,375
Notes receivable	146,000	-	-	-	-	-	-	146,000
Interfund loans receivable	38,721	-	3,581,556	-	143,641	192,919	175,877	4,132,714
Inventory	-	-	-	-	-	-	22,472	22,472
Prepaid items	-	1,621	2,274	-	-	-	-	3,895
Total assets	\$ 188,634	111,306	3,831,625	396,017	143,641	192,919	246,634	5,110,776
LIABILITIES								
Accounts payable and other accrued liabilities	-	13,030	87,605	6,062	655	75	-	107,427
Accrued payroll and benefits payable	-	28,596	30,340	66,988	6,584	1,373	73,007	206,888
Interfund loans payable	-	7,305	-	220,768	-	-	-	228,073
Total liabilities	-	48,931	117,945	293,818	7,239	1,448	73,007	542,388
FUND BALANCES								
Nonspendable	146,000	-	-	-	-	-	22,472	168,472
Restricted	42,634	62,375	2,312,559	111,247	136,402	191,471	151,155	3,007,843
Committed	-	-	1,552,227	-	-	-	-	1,552,227
Unassigned	-	-	(151,106)	(9,048)	-	-	-	(160,154)
Total fund balances	188,634	62,375	3,713,680	102,199	136,402	191,471	173,627	4,568,388
Total liabilities and fund balances	\$ 188,634	111,306	3,831,625	396,017	143,641	192,919	246,634	5,110,776

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2015

	CDBG Loan Fund	Airport	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	Adult Education	Adult Education Enrichment	School Lunch	Totals
Revenues:								
Property taxes	\$ -	-	3,514,654	-	345,439	-	-	3,860,093
Intergovernmental	-	420,858	920,762	2,181,130	158,274	-	830,878	4,511,902
Charges for services	-	128,664	-	-	17,486	97,850	353,820	597,820
Unclassified	1,002	-	1,738,819	91,197	-	-	-	1,831,018
Total revenues	1,002	549,522	6,174,235	2,272,327	521,199	97,850	1,184,698	10,800,833
Expenditures:								
Current:								
Finance and administration	-	-	1,675,923	-	-	-	-	1,675,923
Development services	-	520,457	424,518	-	-	-	-	944,975
Community services	-	-	862,812	-	-	-	-	862,812
Public safety	-	-	279,692	-	-	-	-	279,692
Public works	-	-	175,969	-	-	-	-	175,969
Education	-	-	-	2,237,251	517,143	100,877	-	2,855,271
Food services	-	-	-	-	-	-	1,155,920	1,155,920
Debt service	-	-	50,470	-	-	-	-	50,470
Total expenditures	-	520,457	3,469,384	2,237,251	517,143	100,877	1,155,920	8,001,032
Excess (deficiency) of revenues over (under) expenditures	1,002	29,065	2,704,851	35,076	4,056	(3,027)	28,778	2,799,801
Other financing uses:								
Transfer to other funds	-	-	(1,534,485)	-	-	-	-	(1,534,485)
Total other financing uses	-	-	(1,534,485)	-	-	-	-	(1,534,485)
Net change in fund balances	1,002	29,065	1,170,366	35,076	4,056	(3,027)	28,778	1,265,316
Fund balances, beginning of year	187,632	33,310	2,543,314	67,123	132,346	194,498	144,849	3,303,072
Fund balances, end of year	\$ 188,634	62,375	3,713,680	102,199	136,402	191,471	173,627	4,568,388

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, 2015

	Balances (deficits) beginning of year	Revenues			Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other				
Legislative and executive:							
Other programs - Committed:							
2019 Commemorative Quilts	\$ 6,194	-	113	-	-	-	6,307
2135 Meetings	105	-	-	-	-	-	105
2194 Promotional service	595	-	-	-	-	-	595
Total legislative and executive	6,894	-	113	-	-	-	7,007
Development services:							
Federal/State programs:							
2122 Canal Street	5,052	-	-	-	-	-	5,052
2142 Regional efficiency grant	753	-	-	-	-	-	753
2195 Augusta Tissue Remediate	(31,155)	-	-	1,960	33,115	-	-
2216 Kennebec River Rail Trail paving	269	-	-	-	-	-	269
2217 Blair Road Bridge replacement	57,783	-	-	-	-	-	57,783
2221 Efficiency Maine	16,999	23,300	-	13,983	-	-	26,316
2227 Airport marketing grant	180	-	-	-	-	-	180
2242 EPA Augusta Tissue cleanup	41,706	-	-	4,322	(37,384)	-	-
2249 Heating system control upgrade	(19,841)	184,641	-	186,840	-	-	(22,040)
2257 Civic Center Drive sidewalks	(5,423)	-	-	8,579	-	-	(14,002)
2258 Cony Farrington Trail connection	1,078	-	-	143	-	-	935
2277 CDBG housing assistance grant	(1)	36,299	-	36,298	-	-	-
2278 CDBG market place	15,755	130,737	3,050	96,348	-	-	53,194
2283 CDBG workforce development	-	75,955	-	75,955	-	-	-
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	(819)	-	-	90	-	-	(909)
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	830,785	-	-	-	(166,611)	-	664,174
Total development services	1,018,402	450,932	3,050	424,518	(170,880)	-	876,986
Public works:							
Other programs - Restricted:							
2154 Cony Village LLC	28,005	-	-	-	-	-	28,005
Other programs - Committed:							
2035 ADP misc. work highway	290	-	35,379	35,379	-	-	290
2036 Accidents	(32,777)	-	69,595	66,125	-	-	(29,307)
2038 School miscellaneous work	(31,637)	-	6,319	50,676	-	-	(75,994)
2117 Public works special revenues	477	-	141	-	-	-	618
2248 Failed septic	-	-	-	7,145	7,145	-	-
2271 Natural gas street opening permits	(54,263)	-	166,770	16,644	-	-	95,863
Total public works	(89,905)	-	278,204	175,969	7,145	-	19,475

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	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	-	-	1,331	-	347
2163 Snowmobile grant	-	10,000	-	10,000	-	-
2263 Project Canopy	5,145	-	-	5,145	-	-
2276 Forest management plans	(1,800)	-	8,000	6,200	-	-
Other programs - Restricted:						
2060 Stain Glass Lithgow Library	1,774	-	-	-	-	1,774
2061 Lost library books	9,232	-	19,183	16,056	-	12,359
2138 Farmer's market	3,521	-	5,000	2,532	-	5,989
2145 Viles Park Memorial	6,655	-	-	-	-	6,655
2164 Graffiti removal	3,353	-	-	357	-	2,996
2178 Kennebec Rail Trail	19,272	-	46,000	64,058	-	1,214
2208 Storage shed tennis court	679	-	-	-	-	679
2230 Food for thought	736	-	-	-	-	736
2260 Lets go gardening grant	269	-	215	250	-	234
2270 Petanque Court	1,841	-	-	422	-	1,419
Other programs - Committed:						
2055 Tree board	480	-	-	-	-	480
2065 After School Daycare	258,023	-	497,628	450,732	(50,000)	254,919
2079 Recreation - adult	11,719	-	31,410	38,087	-	5,042
2080 Recreation - youth	53,928	-	157,055	145,047	-	65,936
2081 Recreation - special events	2,727	-	-	71	-	2,656
2085 School mowing contract	69,345	-	100,959	110,173	(6,000)	54,131
2086 Bicentennial park	1,041	-	47	-	-	1,088
2087 Trolley Cars	5,697	-	-	2,181	-	3,516
2088 4th of July	195	-	398	-	-	593
2096 Pleasant Hill Saw timber	(1,033)	-	1,033	-	-	-
2111 Spring running	214	-	-	-	-	214
2207 Ball field improvements	940	-	-	-	-	940
2226 Dog park	318	-	-	-	-	318
2231 Cable TV equipment	9,471	6,000	-	4,463	6,000	17,008
2243 Tree Board investment fund	21,682	-	162	-	-	21,844
2244 Bicentennial park investment	32,017	-	-	-	-	32,017
2274 Outside general assistance	(3,226)	-	3,226	-	-	-
2279 Togus Pond	(7,421)	9,844	-	2,423	-	-
Total community services	511,756	25,844	870,316	862,812	(50,000)	495,104

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Finance and administration:						
Federal/State programs:						
2017 MMEHT Employee Assistant Grant	\$ 1,385	-	-	-	-	1,385
Other programs - Restricted:						
2009 TIF	230,352	-	289,030	261,328	(194,770)	63,284
2300 TIF - all purpose	-	-	194,575	194,575	-	-
2301 TIF - Cony Circle	189,082	-	165,136	-	(53,799)	300,419
2302 TIF - Old Belgrade Road	83	-	-	-	-	83
2303 TIF - Central Maine Commerce	312,461	-	412,993	208,018	-	517,436
2304 TIF - Market Place Phase 1	282,547	-	465,000	-	(250,000)	497,547
2305 TIF - Market Place Phase 2	-	-	1,263,198	400,000	(863,198)	-
2306 TIF - JS McCarthy (2011)	12,616	-	13,196	6,598	-	19,214
2307 TIF - Gas	-	-	623,936	-	(100,000)	523,936
2308 TIF - JS McCarthy (2001)	6,659	-	6,850	-	-	13,509
2309 TIF Augusta East	3,742	-	47,646	43,797	-	7,591
2310 TIF - NRF 1	-	-	33,094	-	-	33,094
Other programs - Committed:						
2010 Cable TV Franchise	1,232	-	122,614	125,732	-	(1,886)
2013 Fort Western Trustees	108	-	87,310	88,472	-	(1,054)
2014 Augusta Housing Authority	5,712	-	190,574	190,821	-	5,465
2015 Augusta Parking District	38	-	1,110	1,110	-	38
2205 GAUD	3,491	-	74,393	74,393	-	3,491
2228 Wellness loss prevention	32,923	-	2,072	7,488	-	27,507
2245 Cony High School investment	33,601	-	416	-	-	34,017
2281 Tax acquired property	17,101	-	55,421	124,061	141,017	89,478
Total finance and administration	1,133,133	-	4,048,564	1,726,393	(1,320,750)	2,134,554
Public safety:						
Federal/State programs:						
2040 Forfeiture fund	2,185	3,616	-	1,668	-	4,133
2047 Bulletproof vest	-	863	-	863	-	-
2048 Seatbelt grant	-	3,040	-	3,040	-	-
2049 OUI grant	(2,260)	8,864	-	6,604	-	-
2076 Justice Assistance Grant	-	15,351	-	16,046	-	(695)
2113 Hazmat sustainment	-	4,994	-	-	-	4,994
2125 Speed enforcement	(1,277)	17,692	-	16,415	-	-
2129 Firefighter assistance grant	(129,029)	240,552	-	111,523	-	-
2152 DHS law enforcement reimb	394	11,233	254	11,998	-	(117)
2189 Southern Kennebec underage drinking	5,852	12,000	-	13,043	-	4,809
2203 ATV Grant	(1,795)	3,786	-	1,904	-	87
2232 2010 Homeland security grant	5,053	-	-	-	-	5,053
2233 2009 HSG - Airport police	154	-	-	-	-	154
2251 2011 Homeland security grant	-	1,832	-	1,832	-	-
2266 Justice assistance grant - 2012	14	-	-	-	-	14
2269 2012 Homeland security grant	(70,684)	116,988	-	46,304	-	-
2275 Regional response team	(5,253)	-	259	-	-	(4,994)
2284 Downtown patrol	-	-	-	108	-	(108)
2553 Teen driver safety grant	-	3,175	-	2,998	-	177
Other programs - Restricted:						
2044 Juvenile program	1,162	-	-	-	-	1,162
2050 Fire prevention education	808	-	1,500	-	-	2,308
2052 MMA safety enhancement grant	-	-	549	549	-	-
2119 MMA safety grant	(1,000)	-	4,633	3,633	-	-
Other programs - Committed:						
2042 Police outside work	38,700	-	46,031	37,865	-	46,866
2175 Fire airport service	120,010	-	-	3,299	-	116,711
Total public safety	(36,966)	443,986	53,226	279,692	-	180,554
Total City special revenue funds	\$ 2,543,314	920,762	5,253,473	3,469,384	(1,534,485)	3,713,680

CITY OF AUGUSTA, MAINE
School Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

		Balances (deficits) beginning of year	Revenues	Expenditures	Balances (deficits) end of year
Federal programs:					
0230	Title IA - Chapter I - Disadvantaged	\$ -	977,847	980,705	(2,858)
0231	CIPS	(34)	-	(34)	-
0242	Title IA - CIPS	(2,710)	-	(2,710)	-
0247	Local Entitlement	(1,700)	731,448	734,441	(4,693)
0251	PreSchool	-	17,621	17,621	-
0267	Rural Low Income	(19,311)	27,389	8,078	-
0268	Title III - ESL	(1,928)	4,547	3,339	(720)
0270	Title IIA - Improving Teacher Quality	15,721	182,127	180,160	17,688
0286	Perkins Learning Center	15,956	116,644	116,644	15,956
0289	Perkins Administration	-	10,479	10,479	-
0295	ABE Federal Program	16,972	59,031	76,780	(777)
Total federal programs		22,966	2,127,133	2,125,503	24,596
State programs:					
0211	Maine Math Science Alliance	3,934	-	3,934	-
0223	Proficiency Education	19,979	25,585	12,008	33,556
0225	College Transition Initiative	46	24,768	23,119	1,695
0226	CTE Early College Grant	-	2,500	-	2,500
0298	Adult Ed State Leadership	-	1,144	1,144	-
Total state programs		23,959	53,997	40,205	37,751
Other programs:					
0203	MELMAC College Access	913	-	-	913
0208	Computer Repairs	15,718	6,359	4,336	17,741
0209	Donations	911	250	308	853
0601	School catering	5,612	-	-	5,612
0618	Chizzle Whizzle	(137)	20,903	20,766	-
0900	Scholarship	(2,050)	38,950	35,967	933
0915	Fiscal Agent	(769)	4,735	3,966	-
0916	Adult Education pass through	-	20,000	6,200	13,800
Total other programs		20,198	91,197	71,543	39,852
Totals		\$ 67,123	2,272,327	2,237,251	102,199

CITY OF AUGUSTA, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	Balances beginning of year	Revenues	Expenditures	Bond/ Lease Proceeds	Transfers in (out)	Balances end of year
City Funds:						
3003 Fiscal 2003	\$ 280,482	-	95,636	-	-	184,846
3006 Fiscal 2006	338	-	-	-	(338)	-
3007 Fiscal 2007	28,321	-	-	-	5,655	33,976
3008 Fiscal 2008	27,943	-	-	-	(671)	27,272
3009 Fiscal 2009	83,649	-	4,161	-	(13,566)	65,922
3010 Fiscal 2010	134,281	-	-	-	(5,674)	128,607
3011 Fiscal 2011	125,107	-	7,462	-	(911)	116,734
3012 Fiscal 2012	321,711	-	11,678	-	(3)	310,030
3013 Fiscal 2013	1,817,274	-	1,027,523	-	(37,454)	752,297
3014 Fiscal 2014	495,310	51,572	1,570,829	1,778,849	3	754,905
3015 Fiscal 2015	-	17	170,213	2,659,207	488,000	2,977,011
3086 Dickman Parking Garage	200,322	-	-	-	-	200,322
School Funds:						
0401 Energy Savings Project	47	-	-	-	-	47
0402 Energy Efficiency - Boilers	-	1,500	401,500	400,000	-	-
Total nonmajor capital projects	\$ 3,514,785	53,089	3,289,002	4,838,056	435,041	5,551,969

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds - City
For the year ended June 30, 2015

City Funds		Fund balance, principal, beginning of year	Fund balance unexpended income, beginning of year	Donations	Investment income	Expenditures	Fund balance principal, end of year	Fund balance unexpended income, end of year
6501	L. W. Titcomb Playground	\$ 6,281	(262)	-	69	-	6,281	(193)
6502	Lithgow Library	24,933	1,269	-	303	-	24,933	1,572
6503	St. Mark's Church	11,968	386	-	143	-	11,968	529
6507	Cemetery Trust Fund	150,105	8,778	-	1,754	-	150,105	10,532
6516	Forest Grove Cemetery	75,538	3,294	-	979	-	75,538	4,273
6529	Kling Trust	9,974	434	-	129	-	9,974	563
6543	Alice Reynolds Trust	11,596	(41)	-	134	-	11,596	93
6544	Ed E. Gage Family Trust	49,700	617	-	584	200	49,700	1,001
6545	Edwards Dam Scholarship	-	25,483	-	297	500	-	25,280
6546	Eliza Church Fund	3,385	101	-	40	-	3,385	141
6547	Ira Bunker	500	20	-	6	-	500	26
6548	Lipman Memorial Trust	4,169	1,229	-	71	-	4,169	1,300
6549	Miriam Titcomb Trust	22,660	1,716	-	270	-	22,660	1,986
6550	Peavy Scholarship Fund	4,225	33	-	49	-	4,225	82
6551	Sanford Legacy	1,496	48	-	18	-	1,496	66
6552	Cony Family Fund	10,249	981	-	144	1,250	10,249	(125)
6555	Cemetery Perpetual Care	104,362	51,447	4,213	-	-	104,362	55,660
6556	Mall Mitigation Land Trust	15,000	(1,093)	-	8	-	15,000	(1,085)
Total City Funds		\$ 506,141	94,440	4,213	4,998	1,950	506,141	101,701

CITY OF AUGUSTA, MAINE
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds - School
For the year ended June 30, 2015

School Funds	Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions			Net position principal, end of year	Net position unexpended income, end of year
			Investment income	Donations	Deductions		
6002 Refurbish Alumni Field at Cony	\$ -	-	(3,914)	250,000	-	-	246,086
6251 Auto Mechanic Scholarship	-	2,454	31	-	-	-	2,485
6252 Childcare Scholarship	-	606	7	-	-	-	613
6253 CATC Multi-media Scholarship	595	190	9	-	-	595	199
6254 CATC Plumbing And Heating	-	433	5	-	-	-	438
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	308	-	-	-	-	308
6256 CHS Class of 1938 Scholarship Fund	-	1,214	17	-	150	-	1,081
6257 CHS Special Music Concert (held at CHS)	-	621	-	-	-	-	621
6258 Cony Restoration Fund	-	1,830	21	-	-	-	1,851
6259 Devina Mudge Scholarship	-	35	-	-	-	-	35
6260 Ebbie Brooks Math and Science Fund	-	303	5	-	100	-	208
6261 Edgar A. Hussey Memorial	-	5,419	67	-	400	-	5,086
6262 Eliza Church Fund	-	958	11	-	-	-	969
6263 Frank Hewins Music	-	818	9	-	-	-	827
6264 Friedlander Memorial Award	-	56	1	-	-	-	57
6265 Georgianna Hayes English	-	1,306	15	-	-	-	1,321
6266 Jon Crockett Memorial Fund	-	2,370	27	-	-	-	2,397
6267 Lanny Cooper Memorial	-	1,243	14	-	-	-	1,257
6268 Lee and Larry Leighton Scholars	-	4,320	51	-	100	-	4,271
6269 Mable Thompson	-	607	8	-	50	-	565
6270 Theresa Brannigan Memorial	-	1,602	18	-	-	-	1,620
6271 Titcomb Fund	22,720	17,331	458	-	-	22,720	17,789
6272 Florence Tanner McIntire Memorial	-	87	2	-	-	-	89
6274 Mallory Dulac Scholarship	-	3,160	48	-	750	-	2,458
6275 Cony High Scholarship (held at CHS)	-	1,829	-	-	-	-	1,829
6701 Ann Williams Funds	2,000	11,612	155	-	-	2,000	11,767
6702 Alumni Hall restoration	50	22,989	627	300	23,500	50	416
6703 Arthur E. Shea Memorial	1,161	(147)	11	-	-	1,161	(136)
6704 CATC School Wide Scholarship	10,000	1,160	139	-	600	10,000	699
6705 CHS Class of 1943 Scholarship Fund	7,199	3,383	135	-	1,000	7,199	2,518
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	6,095	-	9,990	10,940	-	5,145
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
Subtotal School Funds	\$ 43,725	103,345	(2,023)	260,290	37,590	43,725	324,022

CITY OF AUGUSTA, MAINE
Combining Statement of Changes in Fiduciary Net Position, Continued
Private-purpose Trust Funds - School
For the year ended June 30, 2015

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	\$ -	175	2	-	-	-	177
6709 Charles McGrail Scholarship	3,257	3,743	79	-	-	3,257	3,822
6710 Dorothy Giddings Fund	1,000	2,655	42	-	100	1,000	2,597
6711 Edward Albing Math Fund	500	78	6	-	-	500	84
6713 Food Service Scholarship	-	112	1	-	-	-	113
6714 Garside English Fund	1,000	(401)	7	-	-	1,000	(394)
6715 Helen Dyer Scholarship	1,717	136	21	-	-	1,717	157
6716 H. Graham Nye CATC Scholarship	2,500	95	30	-	-	2,500	125
6718 Karen Carey Scholarship	2,577	339	34	-	-	2,577	373
6719 Louis Ochmanski Scholarship	2,500	1,173	42	-	-	2,500	1,215
6720 Louise Webber Fund	10,000	6,128	195	-	500	10,000	5,823
6722 Mable I. Morton	1,970	1,383	39	-	-	1,970	1,422
6723 Mable Richmond Fund	200	56	3	-	-	200	59
6724 Machine Tool Scholarship	15	850	12	-	-	15	862
6725 Melanie Ann Cote Scholarship	1,800	2,683	51	-	-	1,800	2,734
6726 Nora Jackson Scholarship	3,000	5,112	98	-	250	3,000	4,960
6727 Raymond Falconia Fund	5,000	601	68	-	200	5,000	469
6728 Richard Ayotte Scholarship	2,050	4	21	321	150	2,050	196
6729 Sandra Lipman Arts Fund	-	1,063	14	-	150	-	927
6730 Theodore Rhoades Memorial	5,000	1,335	73	-	-	5,000	1,408
6731 Thomas Bishop Memorial Scholarship	1,730	1,754	44	65	500	1,730	1,363
6734 G & E Roofing	-	623	7	-	-	-	630
6736 Mary O'Connell	9,930	8	114	-	-	9,930	122
6737 Scott Laliberte	-	3,149	49	500	1,000	-	2,698
6738 Chrissanne Burns Memorial	-	6,540	108	3,040	6,100	-	3,588
6739 Michaud Family Scholarship	-	938	14	-	400	-	552
6740 A Joan Bridge	-	1,567	30	-	1,000	-	597
6741 Richard Shaw Jackson Scholarship	-	3,839	47	-	500	-	3,386
6742 E Jean Andrews Scholarship	50,000	(526)	501	-	-	50,000	(25)
Total School Funds	149,471	148,557	(271)	264,216	48,440	149,471	364,062

CITY OF AUGUSTA, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds - Activity Funds
For the year Ended June 30, 2015

	Beginning of year	Additions	Deletions	End of year
ASSETS				
Cash	\$ 282,526	487,318	490,949	278,895
Total assets	\$ 282,526	487,318	490,949	278,895
LIABILITIES				
Due to student groups	282,526	487,318	490,949	278,895
Total liabilities	\$ 282,526	487,318	490,949	278,895

STATISTICAL SECTION

Table 1

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

Fiscal year	Legislative and executive	Finance and administration	Development services and public works	Community services	Public safety (1)	Education	Retirement and insurance	Utilities
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
2015	576,556	3,171,224	6,211,761	2,995,671	8,817,839	30,430,740	1,803,541	2,464,731

Unclassified	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport (2)	Ambulance (1)	Total
\$ 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
1,588,673	228,732	1,893,276	520,857	2,650,799	1,848,165	-	-	65,202,565

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

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

Table 2

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
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	
2015	9,103,246	22,537,478	3,148,046	34,978,320	1,719,131	160,563	114,892	71,761,676	

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
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
2015	590,171	1,608,701	5,415,171	2,277,315	8,453,214	4,103,076	-	1,429,518	25,206,685	943,301	50,027,152

(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
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
2015	30,944,004	198,356	15,653,123	2,792,473	50,155	155,269	666,269	50,459,649

Table 5

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

Fiscal year		Total tax levy	Current tax collections	% of levy collected	Prior year tax collections	Total tax collections	% of total tax collection to levy
2006	\$	24,105,601	23,312,969	96.71%	787,715	24,100,684	99.98%
2007		24,118,683	23,493,905	97.41%	619,977	24,113,882	99.98%
2008		25,141,898	24,524,593	97.54%	611,684	25,136,277	99.98%
2009		25,982,227	25,164,056	96.85%	810,060	25,974,116	99.97%
2010		26,196,756	25,037,880	95.58%	1,114,497	26,152,377	99.83%
2011		27,016,108	25,845,259	95.67%	1,154,411	26,999,670	99.94%
2012		27,566,724	26,662,434	96.72%	882,256	27,544,690	99.92%
2013		28,120,753	27,183,423	96.67%	899,784	28,083,207	99.87%
2014		29,526,059	28,560,954	96.73%	614,159	29,175,113	98.81%
2015		31,299,897	30,280,492	96.74%	-	30,280,492	96.74%

Table 6

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

Fiscal year	Assessed Value		Total		Ratio assessed to state
	Real property	Personal property	Assessed value	State value	
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%
2015	1,576,565,600	101,176,400	1,677,742,000	1,503,750,000	111.57%

Table 7

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

Fiscal year	Population	Assessed value	Gross debt	Enterprise debt	Net bonded debt	Ratio net debt to value	Net debt per capita
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
2015	19,136	1,677,742,000	44,107,126	4,632,905	39,474,221	2.35%	2,063

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, 2015

Taxpayer	Business	Assessed value	% of total value
W/S Development	Retail	\$ 83,547,400	4.98%
Central Maine Power	Public Utility	69,356,100	4.13%
Wal-Mart Stores, Inc.	Retail	34,140,000	2.03%
PDNED Augusta Crossing Inc	Developer	29,521,800	1.76%
Central Maine Commerce Center	Office Building	24,692,100	1.47%
Taurus Business Center Lmtd	Retail	20,802,500	1.24%
Summit Natural Gas	Gas Pipelines	18,113,300	1.08%
J & R Associates LLC	Developer	16,892,100	1.01%
Maine Natural Gas	Gas Pipelines	16,409,400	0.98%
CAP Center Associates LP	Developer	15,644,100	0.93%

SINGLE AUDIT SECTION

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

City Council and Board of Education
City of Augusta, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Augusta, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated October 28, 2015.

Purpose of this Report

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



October 28, 2015
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, 2015. 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, the City of Augusta, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**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.

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements. We issued our report thereon dated October 28, 2015, 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.



October 28, 2015
South Portland, Maine

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2014	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2015
					Federal	Other			
U.S. Department of Education, Passed through Maine Department of Education:									
0295 Adult Basic Education	84.002	6296	\$ 59,031	16,972	59,031	-	76,780	-	(777)
0230 Title IA	84.010	3107	878,443	-	977,847	-	980,705	-	(2,858)
0247 Special Education State Grants Individuals with Disabilities Act	84.027	3046	738,825	(1,700)	731,448	-	734,441	-	(4,693)
0286 Carl Perkins - Basic Grant (Learning Center)	84.048	3030	116,644	15,956	116,644	-	116,644	-	15,956
0289 Perkins Administration	84.048	3034	10,479	-	10,479	-	10,479	-	-
0251 Preschool	84.173	6247	17,621	-	17,621	-	17,621	-	-
0267 Rural Low Income	84.358	3005	27,389	(19,311)	27,389	-	8,078	-	-
0268 Title III - ESL	84.365	3115	4,547	(1,928)	4,547	-	3,339	-	(720)
0270 Teacher Quality Grant	84.367	3042	172,303	15,721	182,127	-	180,160	-	17,688
Total U.S. Department of Education				25,710	2,127,133	-	2,128,247	-	24,596
U.S. Department of Agriculture, passed through the Maine Dept. of Education:									
0600 National School Lunch Program	10.555	3022/3024	N/A	118,213	560,298	326,492	560,298	284,847	159,858
School Breakfast Program	10.553	3014	N/A	-	167,568	-	167,568	-	-
Summer Food Service Program	10.559	3016/3018	N/A	-	41,159	-	41,159	-	-
Food Donation Program	10.555	N/A	N/A	26,636	46,031	-	58,898	-	13,769
Fresh Fruit and Vegetable Program	10.582	3028	N/A	-	43,150	-	43,150	-	-
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				149,994	858,206	326,492	876,218	284,847	173,627
U.S. Department of Justice, passed through the Maine Department of Justice:									
2076 Justice Assistance Grant	16.738	N/A	18,269	-	15,351	-	16,046	-	(695)
2047 Bulletproof Vest	16.607	N/A	2,350	-	863	-	863	-	-
Total U.S. Department of Justice				-	16,214	-	16,909	-	(695)
U.S. Department of Health and Human Services, passed through Kennebec County:									
2189 Southern Kennebec Underage Drinking Task Force	93.243	N/A	18,500	5,852	12,000	-	13,043	-	4,809
Total U.S. Department of Health and Human Services				5,852	12,000	-	13,043	-	4,809

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2014	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2015	
					Federal	Other				
U.S. Department of Transportation:										
Direct programs:										
2049	OUI Grant	20.600	N/A	\$ 10,000	(2,260)	8,864	-	6,604	-	-
2125	Speed Enforcement	20.600	N/A	20,000	(1,277)	17,692	-	16,415	-	-
2048	Seatbelt Grant	20.600	N/A	3,040	-	3,040	-	3,040	-	-
Passed through the Maine Department of Public Safety:										
2553	Teen Driver Safety Grant	20.616	N/A	5,000	-	3,175	-	2,998	-	177
Total U.S. Department of Transportation					(3,537)	32,771	-	29,057	-	177
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	(1)	36,299	-	36,298	-	-
2278	CDBG Market Place	14.228	N/A	200,000	15,755	130,737	3,050	96,348	-	53,194
2283	CDBG Workforce Development	14.228	N/A	98,000	-	75,955	-	75,955	-	-
Total U.S. Department of Housing and Urban Development					15,754	242,991	3,050	208,601	-	53,194
Environmental Protection Agency:										
Direct program:										
2242	Brownfields	66.818	N/A	400,000	41,706	-	-	4,322	37,384	-
Total Environmental Protection Agency					41,706	-	-	4,322	37,384	-
U.S. Department of Homeland Security:										
Direct program:										
2129	2012 Assistance to Firefighters	97.044	N/A	502,928	(129,029)	240,552	-	111,523	-	-
Passed through Maine Emergency Management Agency:										
2251	2011 Homeland Security Grant	97.067	N/A	151,471	-	1,832	-	1,832	-	-
2269	2012 Homeland Security Grant	97.067	N/A	71,725	(70,684)	116,988	-	46,304	-	-
2152	TSA - Officer Reimbursement	97.090	N/A	N/A	394	11,233	254	11,998	-	(117)
Total U.S. Department of Homeland Security					(199,319)	370,605	254	171,657	-	(117)
Totals				\$	36,160	3,659,920	329,796	3,448,054	322,231	255,591

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AUGUSTA, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

PURPOSE OF THE SCHEDULE

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).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Augusta, Maine for the fiscal year ended June 30, 2015. 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, 2015

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>
84.027, 84.173	Special Education Cluster
84.010	Title I – Part A
10.553, 10.555, 10.559	Child Nutrition Cluster

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

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

None

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

Section III - Findings and Questioned Costs for Federal Awards

None

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

Section IV - Status of Prior Year Findings and Questioned Costs

None