CITY OF AUGUSTA, MAINE

Annual Financial Report

For the Year Ended June 30, 2018

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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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described on page 43 in the notes to basic financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the City of Augusta, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Augusta, Maine's internal control over financial reporting and compliance.

November 16, 2018
South Portland, Maine

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, 2018. 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 2018 Financial Highlights

Financial highlights of the year include the following:

City-wide:

- The City's total net position was $14.8 million at June 30, 2018. Of this total, $8.8 million is governmental net position and $6 million is business-type net position.
- The City's net position increased by $1.6 million. Of this amount, the governmental activities had an increase in net position of $1.2 million. The business-type activities net position increased by $0.4 million. Governmental net position invested in capital assets net of debt increased by $1.9 million, restricted net position increased by $0.2 million and unrestricted net position decreased by $0.9 million.
- City-wide governmental revenues include program revenues of $27.4 million, an increase of $0.7 million, and general revenues of $41.2 million, an increase of $2.2 million. The increase in program revenues of $0.7 million is primarily due to Education's State Subsidy and Public Safety charges for services. Business-type income was $5.8 million, an increase of $0.3 million.
- Total City-wide governmental expenses were $67.3 million, a decrease of $1.9 million and business-type activities expenses were $5.5 million, an increase of $0.7 million, for total expenditures of $72.9 million, a decrease of $1.1 million or 1.5%.

Fund Level:

- Governmental fund balance decreased by $0.9 million in Fiscal 2018 to $31.2 million of which $20 million is non-spendable, restricted, or committed. $4.2 million is assigned for specific purposes and $7 million is unassigned. Governmental fund revenues totaled $68.3 million, with total expenditures of $73.3 million. Other financing sources and uses added $4 million. General fund revenues totaled $56.1 million, with total expenditures of $59.4 million, for a deficiency of revenues under expenditures $3.4 million. The total of other financial sources and uses was $2.9 million. The General Fund fund balance decreased $0.4 million for fiscal 2018.

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.

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

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

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

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

The Government-wide Financial Statements

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

Governmental Activities:

- All of the City's basic services are considered to be governmental activities including General Government, Community 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 Government-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.

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

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

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

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

Financial Activities of the City as a Whole:

This analysis focuses on the net position and changes in net position of the City's Governmental activities (Table 1) and Business-type activities (Table 4) presented in the citywide statement of net position and statement of activities.

Table 1
Governmental Activities Net Position

	2018	Restated 2017
Current and other assets	$ 38,003,576	39,087,560
Capital assets	74,944,250	72,430,151
Total assets	112,947,826	111,517,711
Deferred outflows of resources	4,869,158	7,181,694
Long-term liabilities	97,666,596	100,055,780
Other liabilities	9,664,975	9,430,612
Total liabilities	107,331,571	109,486,392
Deferred inflows of resources	1,719,510	1,694,763
Net investment in capital assets	38,168,793	36,248,237
Restricted	9,295,028	9,113,704
Unrestricted	(38,697,918)	(37,843,691)
Total net position	**$ 8,765,903**	**7,518,250**

Capital assets increased by 3.5% or $2.5 million. The City's long-term liabilities (which includes the net pension and OPEB liabilities) decreased by $2.4 million. The City's other liabilities increased by $0.2 million. The City's net investment in capital assets represents the largest portion 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 106% of net position. The remaining balance is a deficit in unrestricted net position of $38.7 million.

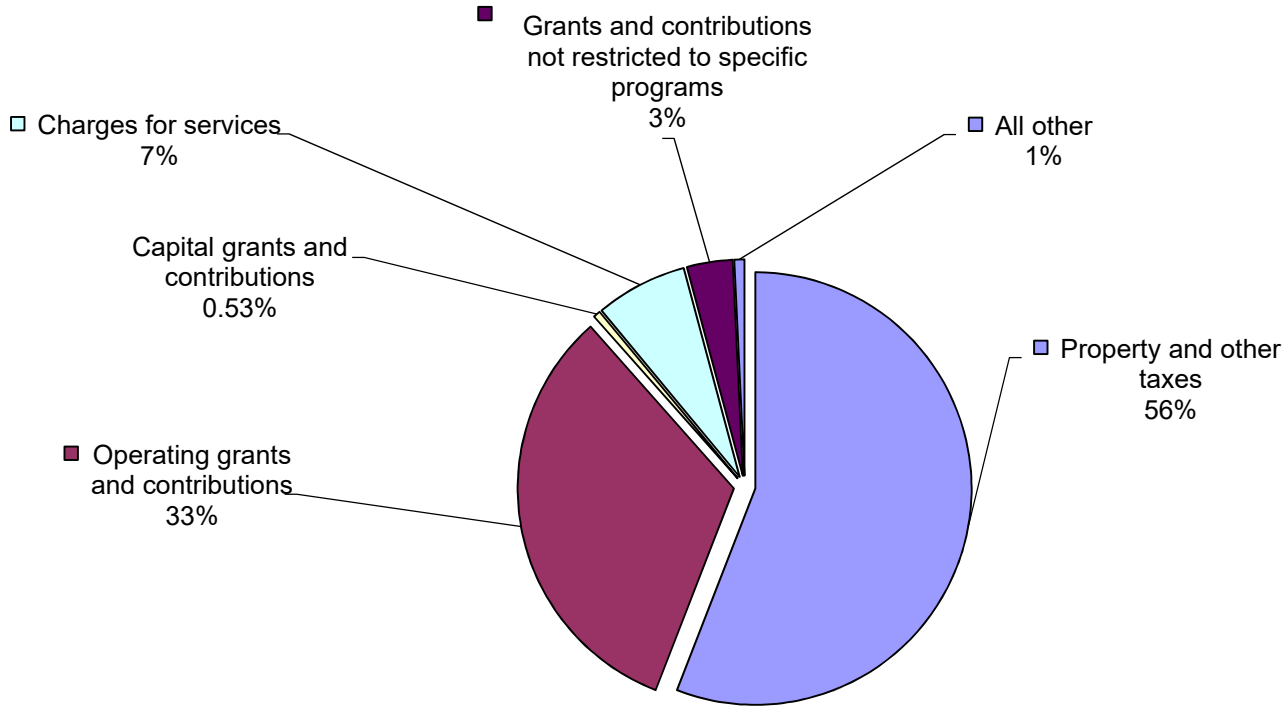
Table 2
Governmental Activities Changes in Net Position

		2018	2017*	Change
Sources of Revenues				
Program Revenues:				
Charges for services	$	4,697,779	3,573,452	1,124,327
Operating grants and contributions		22,325,683	22,235,557	90,126
Capital grants and contributions		361,152	897,804	(536,652)
Total program revenues		27,384,614	26,706,813	677,801
General Revenues:				
Property and other taxes		38,330,877	36,854,733	1,476,144
Grants and contributions not restricted to specific programs		2,339,671	1,961,176	378,495
Licenses, permits and fees		296,856	316,817	(19,961)
Unrestricted investment income		129,847	32,392	97,455
Other		92,137	(213,889)	306,026
Total general revenues		41,189,388	38,951,229	2,238,159
Total revenues		68,574,002	65,658,042	2,915,960
Functional Expenses:				
Legislative and executive		538,965	595,730	(56,765)
Finance and administration		3,374,470	3,231,743	142,727
Development services		2,871,149	2,959,058	(87,909)
Community services		3,554,495	3,430,938	123,557
Public safety		10,117,451	9,986,398	131,053
Public works		4,008,239	3,494,790	513,449
Education		33,797,350	33,978,049	(180,699)
Retirement and insurance		2,566,453	4,283,436	(1,716,983)
Utilities		2,617,504	2,468,640	148,864
Unclassified		1,859,716	1,741,613	118,103
Interest on debt		118,732	80,035	38,697
Central garage		1,814,373	1,823,599	(9,226)
Capital maintenance		87,452	1,125,080	(1,037,628)
Total expenses		67,326,349	69,199,109	(1,872,760)
Increase (decrease) in net position		1,247,653	(3,541,067)	4,788,720
Net position – beginning of year, restated		7,518,250	33,403,154	(25,884,904)
Net position – end of year	**$**	**8,765,903**	**29,862,087**	**(21,096,184)**

*This table has not been restated for the effects of Governmental Accounting Standards Board (GASB) 75 going into effect. GASB 75 requires that the total Other Postemployment Benefits (OPEB) liabilities be recognize in the financial statements. The effects of GASB 75 implementation on individual revenues and expenses during 2017 could not be determined.

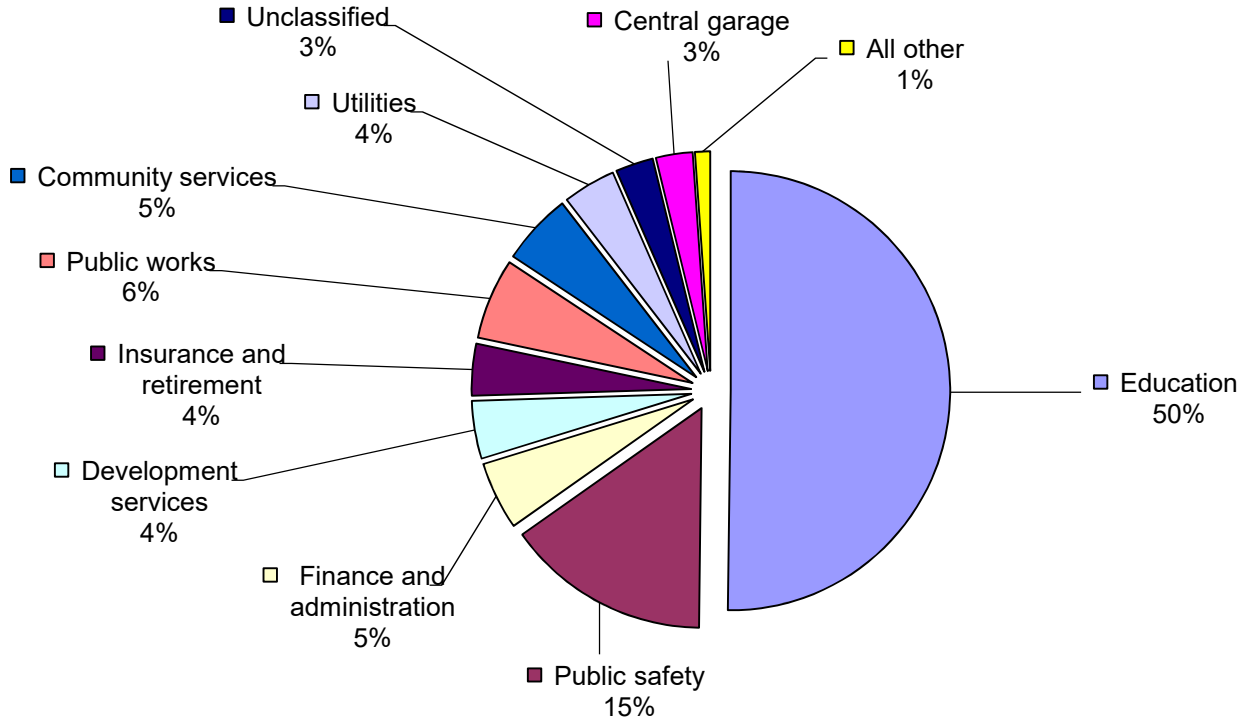
Governmental activities resulted in an increase in net position of $1.2 million. Program revenues increased $0.7 million, with capital grants and contributions decreasing by $0.5 million. Charges for services increased by $1.1 million. The State and Federal government increased operating grants and contributions by $0.1 million as compared to FY 2017. General revenues increased $2.2 million. Property and other taxes increased $1.5 million and unrestricted investment income increased $0.1 million. Other revenues increased by $0.3 million and grants and contributions not restricted to specific programs increased $0.4 million.

Source of Revenues



As the source of revenues chart above shows, 56% of the City's fiscal 2018 governmental activities revenues came from property and other taxes, and 33% from operating grants and contributions. The remaining 11% came from charges for services (7%), grants and contributions not restricted to specific programs (3%) and other (1%).

Functional Expenses



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 9% 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 1% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2018, governmental capital assets, net of depreciation, increased $2.5 million. Capital assets not being depreciated increased $3.6 million. Capital assets being depreciated increased $2.2 million and accumulated depreciation increased $3.4 million.

Governmental Activities:

Table 3 presents the net expenses of each of the City's largest programs. Net expense is defined as total program cost less the revenue generated by those specific activities. Net expenses totaled $39.9 million, as the City is dependent on general revenues for 59.3% of expenses. Overall, program revenues reduced program expenses by an average of 40.7% of total expenses. Additionally, governmental activities net expenses decreased $2.6 million or 6%. The City's program revenues include charges for services, State subsidies, and operating and capital grants and contributions.

Table 3
Governmental Activities – Net (Expense) Revenue
(In Millions)

		2018	2017	Variance
Legislative and executive	$	(0.52)	(0.60)	0.08
Finance and administration		(2.63)	(2.54)	(0.09)
Development services		(2.11)	(1.57)	(0.54)
Community services		(2.35)	(2.15)	(0.20)
Public safety		(7.56)	(7.60)	0.04
Public works		(3.39)	(3.00)	(0.39)
Education		(13.09)	(14.20)	1.11
Retirement and insurance		(2.57)	(4.29)	1.72
Utilities		(2.62)	(2.47)	(0.15)
Unclassified		(1.84)	(1.74)	(0.10)
Interest on debt		(0.12)	(0.08)	(0.04)
Central garage		(1.41)	(1.47)	0.06
Capital maintenance expenses		0.27	(0.78)	1.05
Total	**$**	**(39.94)**	**(42.49)**	**2.55**

Table 4
Business-type Net Position
(In Millions)

		2018	2017	Variance
Current and other assets	$	8.54	8.30	0.24
Capital assets		8.16	7.75	0.41
Total assets		16.70	16.05	0.65
Long-term liabilities		10.08	10.07	0.01
Other liabilities		0.59	0.33	0.26
Total liabilities		10.67	10.40	0.27
Net investment in capital assets		5.54	4.25	1.29
Unrestricted		0.49	1.40	(0.91)
Total net position	**$**	**6.03**	**5.65**	**0.38**

Business-type activities net position increased by $0.4 million in fiscal year 2018. The increase in net position is attributable to operating revenues of $5.8 million, being offset by operating expenses of $5.4 million, nonoperating expense (primarily interest expense) of $0.1 million and a transfer in of $0.1 million.

The City's Fund Financial Statements

Governmental Funds

At June 30, 2018, the City's governmental funds reported a combined fund balance of $31.2 million. The governmental fund balance is comprised of the following; General Fund $15 million and Other Funds $16.2 million.

Government funds revenues totaled $68.3 million with expenditures totaling $73.3 million, a deficiency of revenues under expenditures of $5 million. Other financing sources and uses netted $4 million, resulting in a net decrease of fund balance by $0.9 million. The General Fund had a decrease in fund balance of $0.4 million and Other Governmental Funds had a decrease of $0.5 million.

Proprietary Funds

Proprietary Funds net position increased by $0.4 million for FY 2018. Proprietary Funds operating revenues were $5.8 million, with operating expenses of $5.4 million producing an operating income of $0.4 million. Nonoperating expenses were $0.1 million and transfers in, including capital contributions, were $0.1 million.

Analysis of Major Governmental Funds

General Fund

General fund revenues increased $2.7 million or 5.3%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 92.7% of revenues, had a 1.7% positive variance or $0.9 million. Taxes had a 1.8% positive variance or $0.6 million and intergovernmental revenues ran a positive variance of 1.6% or $0.3 million. Tuition and other educational charges had a positive variance of 6.7% or $0.05 million. Municipal charges for services had a positive variance of $0.07 million. Unclassified revenues had a positive variance of $0.1 million due to property rents, miscellaneous education revenues, miscellaneous public works revenue and miscellaneous public safety revenues. Investment earnings had a positive variance of $0.03 million.

General fund expenditures had a budgetary surplus of 3.5% or $2.1 million. Educational expenditures had a budgetary surplus of 4.8% or $1.4 million.

Other Governmental Funds

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

Proprietary Funds

Augusta Civic Center

Net position of the Civic Center increased $0.02 million for FY 2018. Net position totaled $2.6 million of which $2.7 million represents net investment in capital assets, and $(0.1) million in unrestricted net position. The Civic Center had net operating income of $0.09 million, with a nonoperating expense of $(.09) million and a transfer in, which includes capital contributions, of $0.2 million.

Hatch Hill Landfill

Net position of the regional Hatch Hill Landfill increased $0.2 million in fiscal 2018. Net position totaled $3.4 million of which $2.8 million represents net investment in capital assets, and $0.6 million in unrestricted net position. Net operating income totaled $0.3 million, non-operating expense totaled $(5,700) and a transfer out of $0.05 million.

Central Garage (Internal Service Fund)

Net position of the Central Garage Fund increased by $0.04 million in FY 2018. $3 million of net position represented net investment in capital assets and unrestricted net position totaled $0.7 million. The Central Garage Fund had net operating loss of $0.008 million, non-operating revenue of $0.08 million, and net transfers out/capital contributions totaling $0.03 million.

Capital Assets

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

In fiscal 2003, the City recorded the cost of all its infrastructure assets based upon their original acquisition dates and computed the accumulated depreciation for these assets. At the end of fiscal 2018, the cost of infrastructure and other capital assets of Governmental activities recorded on the City's financial statements net of depreciation was $74.9 million, an increase of $2.5 million or 3.5%. The City's investment in capital assets increased by $5.9 million and accumulated depreciation increased by $3.4 million.

The capital assets of the business-type activities increased due to projects at Hatch Hill Landfill. Table 4 reflects capital assets at June 30, 2018, by Governmental activities and Business-type activities.

Table 5
Capital Assets at Year End

		2018	2017	Change
Governmental activities:				
Land	$	1,500,302	1,490,002	10,300
Construction in progress		4,969,840	1,337,164	3,632,676
Buildings and improvements		81,860,460	81,726,168	134,292
Machinery, vehicles, and equipment		7,996,465	7,446,563	549,902
Infrastructure		38,675,007	37,454,242	1,220,765
Internal service fund equipment		6,217,533	5,882,503	335,030
Less: Accumulated depreciation		(66,275,357)	(62,906,491)	(3,368,866)
		74,944,250	72,430,151	2,514,099
Business-type activities:				
Land		488,211	452,034	36,177
Construction in progress		730,766	136,836	593,930
Buildings and improvements		10,342,593	10,045,363	297,230
Machinery and equipment		1,426,015	1,416,865	9,150
Landfill		4,295,122	4,295,122	-
Less: Accumulated depreciation		(9,121,836)	(8,592,219)	(529,617)
	$	8,160,871	7,754,001	406,870

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, 2018 was $46.8 million, an increase of $0.08 million. Business-type activities total bonded indebtedness totaled $2.3 million a decrease of $0.9 million. The combined indebtedness totals $49.1 million at June 30, 2018, a decrease of $0.8 million.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF AUGUSTA, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 25,856,419	128,635	25,985,054
Investments	16,497,514	-	16,497,514
Receivables:			
Taxes	852,465	-	852,465
Tax liens	379,750	-	379,750
Due from other governments	1,468,908	-	1,468,908
Accounts (net of allowance for uncollectibles)	347,607	393,924	741,531
Notes	145,000	-	145,000
Internal balances	(7,945,451)	7,945,451	-
Inventories	173,290	48,640	221,930
Prepaid expenses	228,074	23,781	251,855
Capital assets, not being depreciated	6,470,142	1,218,977	7,689,119
Capital assets, net of accumulated depreciation	68,474,108	6,941,894	75,416,002
Total assets	112,947,826	16,701,302	129,649,128
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	3,125,163	-	3,125,163
Deferred outflows of resources related to OPEB	1,743,995	-	1,743,995
Total deferred outflows of resources	4,869,158	-	4,869,158
LIABILITIES			
Accounts payable and other current liabilities	2,489,691	317,755	2,807,446
Accrued payroll and benefits	2,558,557	27,365	2,585,922
Accrued compensated absences	4,294,065	128,847	4,422,912
Escrow payable and refundable deposits	68,080	121,991	190,071
Taxes paid in advance	619	-	619
Accrued interest	253,963	-	253,963
Noncurrent liabilities:			
Due within one year	4,740,269	882,918	5,623,187
Due in more than one year	92,926,327	9,193,752	102,120,079
Total liabilities	107,331,571	10,672,628	118,004,199
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	685,000	-	685,000
Deferred inflows of resources related to pensions	815,716	-	815,716
Deferred inflows of resources related to OPEB	218,794	-	218,794
Total deferred inflows of resources	1,719,510	-	1,719,510
NET POSITION			
Net investment in capital assets	38,168,793	5,539,735	43,708,528
Restricted for:			
Permanent Funds - Nonexpendable principal	502,721	-	502,721
Permanent Funds - Expendable	130,439	-	130,439
Education	3,448,198	-	3,448,198
Grants and restricted programs	1,385,245	-	1,385,245
Tax Increment Financing	3,828,425	-	3,828,425
Unrestricted	(38,697,918)	488,939	(38,208,979)
Total net position	**$ 8,765,903**	**6,028,674**	**14,794,577**

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Activities
For the Year Ended June 30, 2018

Functions/programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (expense) revenue and changes in net position – Primary Government: Governmental activities	Net (expense) revenue and changes in net position – Primary Government: Business-type activities	Net (expense) revenue and changes in net position – Primary Government: Total
Primary government:							
Governmental activities:							
Legislative and executive	$ 538,965	-	-	-	(538,965)	-	(538,965)
Finance and administration	3,374,470	199,042	541,974	-	(2,633,454)	-	(2,633,454)
Development services	2,871,149	217,095	545,170	-	(2,108,884)	-	(2,108,884)
Community services	3,554,495	605,713	599,963	-	(2,348,819)	-	(2,348,819)
Public safety	10,117,451	2,097,048	463,854	-	(7,556,549)	-	(7,556,549)
Public works	4,008,239	8,055	611,510	-	(3,388,674)	-	(3,388,674)
Education	33,797,350	1,163,724	19,546,962	-	(13,086,664)	-	(13,086,664)
Retirement and insurance	2,566,453	-	-	-	(2,566,453)	-	(2,566,453)
Utilities	2,617,504	-	-	-	(2,617,504)	-	(2,617,504)
Unclassified	1,859,716	-	16,250	-	(1,843,466)	-	(1,843,466)
Interest on debt	118,732	-	-	-	(118,732)	-	(118,732)
Central garage	1,814,373	407,102	-	-	(1,407,271)	-	(1,407,271)
Capital maintenance	87,452	-	-	361,152	273,700	-	273,700
Total governmental activities	67,326,349	4,697,779	22,325,683	361,152	(39,941,735)	-	(39,941,735)
Business-type activities:							
Augusta Civic Center	2,671,401	2,672,921	-	68,245	-	69,765	69,765
Hatch Hill Landfill	2,858,583	3,113,962	-	-	-	255,379	255,379
Total business-type activities	5,529,984	5,786,883	-	68,245	-	325,144	325,144
Total primary government	**$ 72,856,333**	**10,484,662**	**22,325,683**	**429,397**	**(39,941,735)**	**325,144**	**(39,616,591)**
General revenues:							
Property taxes, levied for general purposes					$ 34,976,245	-	34,976,245
Motor vehicle excise taxes					3,354,632	-	3,354,632
Licenses and permits					199,695	-	199,695
Cable TV franchise fee					97,161	-	97,161
Grants and contributions not restricted to specific programs:							
Homestead exemption					810,782	-	810,782
Business equipment tax reimbursement					317,413	-	317,413
State Revenue Sharing					1,186,930	-	1,186,930
Other					24,546	-	24,546
Unrestricted investment earnings					129,847	736	130,583
Miscellaneous revenues					63,904	-	63,904
Gain on disposal of assets					83,989	-	83,989
Transfers					(55,756)	55,756	-
Total general revenues, gain on disposal, and transfers					41,189,388	56,492	41,245,880
Change in net position					1,247,653	381,636	1,629,289
Net position - beginning, as restated					7,518,250	5,647,038	13,165,288
Net position - ending					**$ 8,765,903**	**6,028,674**	**14,794,577**

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

		General	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$	25,835,669	20,750	25,856,419
Investments		11,916,968	4,580,546	16,497,514
Receivables:				
Taxes		852,465	-	852,465
Tax liens		379,750	-	379,750
Due from other governments		472,140	996,768	1,468,908
Accounts (net of allowance for uncollectibles)		283,218	64,389	347,607
Notes		-	145,000	145,000
Interfund loans receivable		-	12,320,727	12,320,727
Inventory		336	45,492	45,828
Prepaid items		215,012	4,592	219,604
Total assets	**$**	**39,955,558**	**18,178,264**	**58,133,822**
LIABILITIES				
Accounts payable and other accrued liabilities		1,055,993	1,405,027	2,461,020
Accrued payroll and benefits		2,452,197	148,157	2,600,354
Escrow payable		68,080	-	68,080
Taxes paid in advance		619	-	619
Interfund loans payable		20,510,029	410,743	20,920,772
Total liabilities		24,086,918	1,963,927	26,050,845
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes		891,745	-	891,745
Total deferred inflows of resources		891,745	-	891,745
FUND BALANCES				
Nonspendable		215,348	696,023	911,371
Restricted		3,448,198	5,150,807	8,599,005
Committed		-	10,458,173	10,458,173
Assigned		4,240,496	-	4,240,496
Unassigned - budget stabilization		1,200,000	-	1,200,000
Unassigned		5,872,853	(90,666)	5,782,187
Total fund balances		14,976,895	16,214,337	31,191,232
Total liabilities, deferred inflows of resources, and fund balances	**$**	**39,955,558**	**18,178,264**	

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.		71,962,270
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		891,745
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.		3,693,332
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Accrued compensated absences		(4,201,765)
Accrued interest		(253,963)
Net pension liability with related deferred outflows and inflows of resources		(10,414,594)
Capital leases		(2,456,823)
OPEB liability with related deferred outflows and inflows of resources		(33,601,133)
Bonds payable, including deferred charges and unamortized premiums		(48,044,398)
Net position of governmental activities	**$**	**8,765,903**

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, 2018

		General	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$	33,508,590	4,995,234	38,503,824
Licenses and permits		199,695	-	199,695
Intergovernmental		18,584,081	4,924,948	23,509,029
Tuition and other charges - education		757,771	-	757,771
Charges for services		2,206,267	622,827	2,829,094
Fees and fines		51,997	-	51,997
Unclassified		615,441	1,671,071	2,286,512
Investment earnings (loss)		131,156	(1,309)	129,847
Total revenues		56,054,998	12,212,771	68,267,769
Expenditures:				
Current:				
Legislative and executive		544,868	-	544,868
Finance and administration		1,775,921	1,655,153	3,431,074
Development services		1,679,743	857,064	2,536,807
Community services		2,473,128	846,786	3,319,914
Public safety		9,523,605	393,779	9,917,384
Public works		3,999,134	202,722	4,201,856
Education		30,003,378	4,303,917	34,307,295
Retirement and insurance		2,383,059	-	2,383,059
Utilities		2,617,504	-	2,617,504
Unclassified		1,732,692	900	1,733,592
Debt service (excluding education)		2,643,846	115,661	2,759,507
Capital outlay		41,904	5,461,776	5,503,680
Total expenditures		59,418,782	13,837,758	73,256,540
Excess (deficiency) of revenues over (under) expenditures		(3,363,784)	(1,624,987)	(4,988,771)
Other financing sources (uses):				
Issuance of debt		-	4,010,000	4,010,000
Premium on issuance of debt, net of discounts		-	61,609	61,609
Transfers from other funds		2,925,423	-	2,925,423
Transfers to other funds		-	(2,951,942)	(2,951,942)
Total other financing sources (uses)		2,925,423	1,119,667	4,045,090
Net change in fund balances		(438,361)	(505,320)	(943,681)
Fund balances, beginning of year		15,415,256	16,719,657	32,134,913
Fund balances, end of year	**$**	**14,976,895**	**16,214,337**	**31,191,232**

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, 2018

Net change in fund balances - total governmental funds (from Statement 4)	$	(943,681)
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($5,706,479) exceeded depreciation expense ($3,315,175) and loss on disposal ($1,732).		2,389,572
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(172,947)
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 of principle repayments.		434,853
Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences ($126,124), net pension liability with related deferred outflows and inflows of resources ($383,791) and the decrease in accrued interest ($7,395) and other post-employment benefits liability with related deferred outflows and inflows of resources ($200,397).		(302,123)
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 $4,010,000 and premiums to be amortized totaling $61,609. The City had amortization on deferred charges on refunding debt of $95,000 and bond premiums of $35,264. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal repayments totaled $3,931,787.		(199,558)
Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		41,537
Change in net position of governmental activities (see Statement 2)	**$**	**1,247,653**

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, 2018

		Budgeted amounts			Variance with final budget positive
		Original	Final	Actual	(negative)
Revenues:					
Taxes	$	32,924,603	32,924,603	33,508,590	583,987
Licenses and permits		129,230	129,230	199,695	70,465
Intergovernmental		16,362,384	16,362,384	16,628,662	266,278
Tuition and other charges - education		710,000	710,000	757,771	47,771
Charges for services		2,135,583	2,135,583	2,206,267	70,684
Fees and fines		47,940	47,940	51,997	4,057
Unclassified		468,846	468,846	609,262	140,416
Investment earnings		102,975	102,975	131,156	28,181
Total revenues		52,881,561	52,881,561	54,093,400	1,211,839
Expenditures:					
Current:					
Legislative and executive		582,790	610,423	567,753	42,670
Finance and administration		1,813,077	1,855,118	1,797,648	57,470
Development services		1,774,084	1,864,335	1,742,332	122,003
Community services		2,557,253	2,582,638	2,486,765	95,873
Public safety		9,513,069	9,624,818	9,569,753	55,065
Public works		3,862,062	3,988,749	4,147,734	(158,985)
Education		29,138,565	29,665,518	28,232,199	1,433,319
Retirement and insurance		2,683,502	2,596,199	2,390,559	205,640
Utilities		2,643,355	2,680,279	2,617,504	62,775
Unclassified		1,523,777	1,523,777	1,732,692	(208,915)
Debt service (excluding education)		3,047,802	3,047,802	2,643,846	403,956
Total expenditures		59,139,336	60,039,656	57,928,785	2,110,871
Excess (deficiency) of revenues over (under) expenditures		(6,257,775)	(7,158,095)	(3,835,385)	3,322,710
Other financing sources (uses):					
Budgeted utilization of surplus - City		1,436,683	1,466,683	-	(1,466,683)
Budgeted utilization of surplus - Education		2,103,822	2,103,822	-	(2,103,822)
Use of prior year encumbrances - City		-	343,367	-	(343,367)
Use of prior year encumbrances - Education		-	526,953	-	(526,953)
Transfers from other funds		2,981,849	2,981,849	2,915,923	(65,926)
Total other financing sources (uses)		6,522,354	7,422,674	2,915,923	(4,506,751)
Net change in fund balance - budgetary basis		264,579	264,579	(919,462)	(1,184,041)
Reconciliation to GAAP basis:					
Add back: encumbrances expended in budgetary - City				330,652	
Add back: encumbrances expended in budgetary - Education				184,240	
Change in reserves				(33,791)	
Net change in fund balance - GAAP basis				(438,361)	
Fund balance, beginning of year				15,415,256	
Fund balance, end of year	**$**			**14,976,895**	

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds			
	Augusta Civic Center	Hatch Hill Landfill	Totals	Governmental Activities - Internal Service
ASSETS				
Current assets:				
Cash and cash equivalents	$ 128,635	-	128,635	-
Accounts receivable	169,165	224,759	393,924	-
Interfund loans receivable	-	8,091,936	8,091,936	653,464
Prepaid expenses	14,730	9,051	23,781	8,470
Inventories	48,640	-	48,640	127,462
Total current assets	361,170	8,325,746	8,686,916	789,396
Noncurrent assets:				
Property, plant, and equipment:				
Land	390,000	98,211	488,211	-
Construction in progress	2,901	727,865	730,766	-
Buildings and improvements	10,319,221	23,372	10,342,593	1,012,502
Equipment and vehicles	464,556	961,459	1,426,015	6,217,533
Hatch Hill landfill system	-	4,295,122	4,295,122	-
Less accumulated depreciation	(6,825,804)	(2,296,032)	(9,121,836)	(4,248,055)
Total noncurrent assets	4,350,874	3,809,997	8,160,871	2,981,980
Total assets	4,712,044	12,135,743	16,847,787	3,771,376
LIABILITIES				
Current liabilities:				
Accounts payable	55,364	262,391	317,755	27,541
Accrued payroll and benefits	19,601	7,764	27,365	7,722
Accrued compensated absences	107,939	20,908	128,847	42,781
Refundable deposits	121,653	338	121,991	-
Interfund loans payable	146,485	-	146,485	-
Current portion of bonds payable	367,570	485,000	852,570	-
Current portion of capital leases payable	30,348	-	30,348	-
Total current liabilities	848,960	776,401	1,625,361	78,044
Noncurrent liabilities:				
Bonds payable	972,640	485,000	1,457,640	-
Capital leases	280,578	-	280,578	-
Interim landfill closure accrual	-	999,461	999,461	-
Accrued landfill closure and postclosure costs	-	6,456,073	6,456,073	-
Total noncurrent liabilities	1,253,218	7,940,534	9,193,752	-
Total liabilities	2,102,178	8,716,935	10,819,113	78,044
NET POSITION				
Net investment in capital assets	2,699,738	2,839,997	5,539,735	2,981,980
Unrestricted	(89,872)	578,811	488,939	711,352
Total net position	**$ 2,609,866**	**3,418,808**	**6,028,674**	**3,693,332**

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, 2018

	Business-type Activities - Enterprise Funds			
	Augusta Civic Center	Hatch Hill Landfill	Totals	Governmental Activities Internal Service
Operating revenues:				
Rental income	$ 1,137,868	-	1,137,868	-
Fees	6,752	3,104,527	3,111,279	1,797,115
Advertising	100,275	-	100,275	-
Food and beverage sales	1,419,669	-	1,419,669	-
Miscellaneous	8,357	9,435	17,792	2,311
Total operating revenues	2,672,921	3,113,962	5,786,883	1,799,426
Operating expenses:				
Personnel services	1,405,047	502,128	1,907,175	524,401
Contractual services	411,533	904,542	1,316,075	65,722
Supplies and materials	507,024	164,199	671,223	731,482
Fixed charges	32,739	944,707	977,446	17,344
Capital outlay	5,161	30,040	35,201	10,421
Depreciation	223,086	306,531	529,617	457,592
Total operating expenses	2,584,590	2,852,147	5,436,737	1,806,962
Operating income (loss)	88,331	261,815	350,146	(7,536)
Nonoperating revenue (expense):				
Interest income	-	736	736	-
Interest expense	(86,811)	(6,436)	(93,247)	(7,411)
Gain (loss) on disposal of equipment	-	-	-	85,721
Total nonoperating revenue (expense)	(86,811)	(5,700)	(92,511)	78,310
Net income (loss) before transfers	1,520	256,115	257,635	70,774
Transfers and contributions:				
Transfer from (to) other funds	110,458	(54,702)	55,756	(29,237)
Capital contributions	68,245	-	68,245	-
Total transfers and contributions	178,703	(54,702)	124,001	(29,237)
Change in net position	180,223	201,413	381,636	41,537
Total net position, beginning of year	2,429,643	3,217,395	5,647,038	3,651,795
Total net position, end of year	**$ 2,609,866**	**3,418,808**	**6,028,674**	**3,693,332**

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2018

		Business-type Activities - Enterprise Funds			
		Augusta Civic Center	Hatch Hill Landfill	Totals	Governmental Activities Internal Service
Cash flows from operating activities:					
Receipts from customers and users	$	2,752,318	3,071,413	5,823,731	1,799,426
Payments to suppliers		(1,074,525)	(883,035)	(1,957,560)	(826,888)
Payments to employees		(1,363,447)	(490,348)	(1,853,795)	(535,976)
Payments for internal services used		(119)	(30,721)	(30,840)	-
Net cash provided by operating activities		314,227	1,667,309	1,981,536	436,562
Cash flows from non-capital financing activities:					
Transfers from (to) other funds		110,458	(54,702)	55,756	(29,237)
(Increase) decrease in interfund loans		189,063	(374,958)	(185,895)	96,484
Net cash provided by (used in) non-capital financing activities		299,521	(429,660)	(130,139)	67,247
Cash flows from capital and related financing activities:					
Purchase of capital assets		(121,293)	(746,949)	(868,242)	(582,119)
Proceeds from sale of assets		-	-	-	85,721
Bond and lease principal payments		(397,061)	(485,000)	(882,061)	-
Interest paid		(86,811)	(6,436)	(93,247)	(7,411)
Net cash used in capital financing activities		(605,165)	(1,238,385)	(1,843,550)	(503,809)
Cash flows from investing activities:					
Investment income		-	736	736	-
Net cash provided by investing activities		-	736	736	-
Increase in cash and cash equivalents		8,583	-	8,583	-
Cash and cash equivalents, beginning of year		120,052	-	120,052	-
Cash and cash equivalents, end of year	**$**	**128,635**	**-**	**128,635**	**-**
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$	88,331	261,815	350,146	(7,536)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation		223,086	306,531	529,617	457,592
(Increase) decrease in operating assets:					
Accounts receivable		(15,726)	(42,887)	(58,613)	-
Prepaid expenses		(2,309)	26,528	24,219	(2,628)
Inventories		(14,040)	-	(14,040)	(2,375)
Increase (decrease) in operating liabilities:					
Accounts payable		(101,838)	215,129	113,291	3,084
Accrued payroll and benefits		6,163	3,248	9,411	1,086
Accrued compensated absences		35,437	8,532	43,969	(12,661)
Refundable deposit		95,123	338	95,461	-
Interim landfill closure accrual		-	508,121	508,121	-
Accrued landfill closure and postclosure costs		-	379,954	379,954	-
Net cash provided by operating activities		314,227	1,667,309	1,981,536	436,562
Schedule of non-cash capital and related financing activities:					
Contributions of capital assets	$	68,245	-	68,245	-

See accompanying notes to basic financial statements.

CITY OF AUGUSTA, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private-purpose Trust Funds	Agency Funds	
			SIB Loans	Student Activities
ASSETS				
Cash and cash equivalents	$	14,224	-	251,324
Investments		700,878	223,349	-
Interfund loans payable		1,130	-	-
Total assets		**716,232**	**223,349**	**251,324**
LIABILITIES				
Accounts payable		115	-	-
Due to others		-	223,349	251,324
Total liabilities		**115**	**223,349**	**251,324**
NET POSITION				
Held in trust	**$**	**716,117**	**-**	**-**

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, 2018

		Private-purpose Trust Funds
Additions:		
Donations	$	35,820
Investment income (loss)		(4,689)
Total additions		31,131
Deductions:		
Scholarships and other		29,867
Total deductions		29,867
Change in net position		1,264
Net position, beginning of year		714,853
Net position, end of year	**$**	**716,117**

See accompanying 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 it 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.

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 fund:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

Hatch Hill Landfill Fund accounts for the operation of a regional solid waste disposal and recycling facility.

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

1. Cash and Investments

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

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

2. Interfund Receivables/Payables

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

3. Inventories

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 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 acquisition cost 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.

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

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

6. Deferred Outflows and Inflows of Resources

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

7. Compensated Absences

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

8. Long-term Obligations

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

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

9. Interfund Transactions

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

10. Pensions

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

11. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

12. 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. 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.

13. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

14. 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, 2018, the City budgeted to utilize $1,466,683 and the Department of Public Schools budgeted to utilize $2,103,822 of prior year fund balance as a budgeted use of surplus.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the following areas:

Public works	$ 158,985
Unclassified	208,915

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

C. Deficit Fund Balances

At June 30, 2018, the following funds had deficit fund balances:

Efficiency Maine	$ 3,229	Augusta Parking District	77
KRRT Park connection	45,268	DHS law enforcement reimb	157
Accidents	26,673	Regional response team	4,994
Recreation – adult	5,688	Maine Drug Enforcement Agency	1,597
Pleasant Hill Saw timber	799	Title III – ESL	1,440
Fort Western Trustees	316	Title VII – McKinney Homeless	428

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

DEPOSITS AND INVESTMENTS

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

As of June 30, 2018, the City had the following investments, some of which are classified as cash and cash equivalents:

	Fair value	Weighted average maturity (years)	Level 1 input
Money market	$ 617,732	N/A	N/A
Government mutual fund	4,095,387	N/A	yes
U.S. Treasury Notes	11,087,257	2.416	yes
Federal Home Loan Management	190,948	1.808	yes
Federal National Mortgage Association	1,360,191	2.913	yes

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2018, 100% of the City's bank balance of $26,858,422 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.

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, 2018, 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, 2018, the City had the following accounts receivable with allowance for uncollectible account balances:

	General Fund
Accounts receivable – ambulance service	$ 396,958
Allowance for uncollectible accounts	(161,181)
Accounts receivable, net	**$ 235,777**

PROPERTY TAX

Property taxes for the current year were committed on July 27, 2017, 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 $264,579 for the year ended June 30, 2018.

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

PROPERTY 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:

	2018	2017
Assessed value	$ 1,706,322,200	1,694,244,800
Tax rate (per $1,000)	20.380	19.79
Commitment	34,774,846	33,529,104
Special assessment	12,351	-
Supplemental taxes assessed	1,986	5,205
	34,789,183	33,534,309
Less:		
Abatements	20,440	24,631
Collections	34,026,827	32,603,955
Current year taxes receivable at end of year	**$ 741,916**	**905,723**
Due date(s) - current year	½ Sept. 14, 2017 ½ March 15, 2018	½ Sept. 15, 2016 ½ March 16, 2017
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	97.87%	97.30%

	2018	2017
Taxes receivable - current year	$ 741,916	905,723
Taxes receivable - prior years	110,549	102,367
Tax liens - prior years	379,750	452,022
Total taxes receivables	**$ 1,232,215**	**1,460,112**

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,490,002	10,300	-	1,500,302
Construction in progress	1,337,164	3,832,950	200,274	4,969,840
Total capital assets not being depreciated	2,827,166	3,843,250	200,274	6,470,142
Capital assets, being depreciated:				
Buildings and building improvements	81,726,168	134,292	-	81,860,460
Machinery, vehicles and equipment	7,446,563	716,292	166,390	7,996,465
Infrastructure	37,454,242	1,220,765	-	38,675,007
Internal service fund equipment	5,882,503	574,273	239,243	6,217,533
Total capital assets being depreciated	132,509,476	2,645,622	405,633	134,749,465
Less accumulated depreciation for:				
Buildings and building improvements	34,167,954	1,925,854	-	36,093,808
Machinery, vehicles and equipment	3,904,558	586,574	164,659	4,326,473
Infrastructure	20,985,736	846,239	-	21,831,975
Internal service fund equipment	3,848,243	414,100	239,242	4,023,101
Total accumulated depreciation	62,906,491	3,772,767	403,901	66,275,357
Total capital assets being depreciated, net	69,602,985	(1,127,145)	1,732	68,474,108
Governmental activities capital assets, net	**$ 72,430,151**	**2,716,105**	**202,006**	**74,944,250**

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 452,034	36,177	-	488,211
Construction in progress	136,836	705,814	111,884	730,766
Total capital assets not being depreciated	588,870	741,991	111,884	1,218,977
Capital assets, being depreciated:				
Buildings and building improvements	10,045,363	297,230	-	10,342,593
Machinery and equipment	1,416,865	9,150	-	1,426,015
Landfill	4,295,122	-	-	4,295,122
Total capital assets being depreciated	15,757,350	306,380	-	16,063,730
Less accumulated depreciation for:				
Buildings and building improvements	6,289,749	203,709	-	6,493,458
Machinery and equipment	1,059,114	107,176	-	1,166,290
Landfill	1,243,356	218,732	-	1,462,088
Total accumulated depreciation	8,592,219	529,617	-	9,121,836
Total capital assets being depreciated, net	7,165,131	(223,237)	-	6,941,894
Business-type activities capital assets, net	**$ 7,754,001**	**518,754**	**111,884**	**8,160,871**

CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
Finance and administration	$ 75,049
Development services	341,861
Community services	366,173
Public safety	507,378
Public works	855,238
Education	1,169,476
Central garage	457,592
Total depreciation expense – governmental activities	**$ 3,772,767**
Business-type activities:	
Augusta Civic Center	$ 223,086
Hatch Hill Landfill	306,531
Total depreciation expense – business-type activities	**$ 529,617**

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Restated Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	$ 46,760,246	4,010,000	3,931,787	46,838,459	4,256,787
Premiums	494,594	61,609	35,264	520,939	38,687
Capital leases	2,891,676	-	434,853	2,456,823	444,795
Accrued compensated absences	4,172,893	121,172	-	4,294,065	-
Net pension liability	16,107,734	-	3,383,693	12,724,041	-
Total OPEB liability	33,801,530	1,324,804	-	35,126,334	-
Governmental activities long-term liabilities	**$ 104,228,673**	**5,517,585**	**7,785,597**	**101,960,661**	**4,740,269**
Business-type activities:					
General obligation bonds	$ 3,162,775	-	852,565	2,310,210	852,570
Capital leases	340,422	-	29,496	310,926	30,348
Interim landfill closure	491,340	508,121	-	999,461	-
Landfill closure	6,076,119	379,954	-	6,456,073	-
Accrued compensated absences	84,878	43,969	-	128,847	-
Business-type activities long-term liabilities	**$ 10,155,534**	**932,044**	**882,061**	**10,205,517**	**882,918**

BONDS AND NOTES PAYABLE

Bonds and notes payable at June 30, 2018 are comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	Balance June 30, 2018
Governmental activities:					
General obligation bonds 2009	6/17/09	$ 1,040,000	2019	2.00-3.375%	100,000
General obligation bonds 2011	5/26/11	1,250,000	2031	2.12-3.375%	710,000
School revolving loan fund	3/17/11	889,810 (a)	2024	0.00%	120,017
Qualified school construction	12/30/11	355,980	2022	4.81%	142,392
General obligation bonds 2012	12/28/12	2,610,000	2027	2.00%	1,410,000
Pension refunding bonds	8/14/14	7,590,000	2030	3.53-4.09%	6,300,000
General obligation bonds 2014	8/14/14	750,000	2024	3.53-4.09%	450,000
Refunding bonds 2015	1/28/15	16,880,000	2027	3.00-5.00%	8,348,750
General obligation bonds 2015	5/27/15	10,340,000	2035	2.00-3.50%	12,520,000
General obligation bonds 2016	3/29/16	6,815,000	2036	2.00-3.00%	5,995,000
General obligation bonds 2017	5/11/17	7,045,000	2037	2.00-3.25%	6,635,000
General obligation bonds 2018	6/28/18	4,010,000	2036	3.00-3.75%	4,010,000
School revolving loan fund 2016	8/31/16	329,425 (b)	2021	2.00-3.00%	97,300
Total governmental activities					46,838,459
Business-type activities:					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	970,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	678,960
General obligation bonds 2015	5/27/15	850,000	2023	2.000-3.500%	531,250
General obligation bonds 2017	5/11/17	165,000	2023	2.000-3.250%	130,000
Total business-type activities					2,310,210
Total bonds and notes payable					**$ 49,148,669**

(a) $489,751 of this bond was forgiven by the State.
(b) $166,228 of this bond was forgiven by the State.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018 are as follows:

	Governmental activities			Business-type activities		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2019	$ 4,256,787	1,465,799	5,722,586	852,570	48,582	901,152
2020	4,151,787	1,339,000	5,490,787	852,570	32,118	884,688
2021	4,151,787	1,213,144	5,364,931	362,570	15,626	378,196
2022	4,069,348	1,087,784	5,157,132	136,250	6,675	142,925
2023	3,893,750	962,667	4,856,417	106,250	3,188	109,438
2024-2028	16,195,000	2,936,478	19,131,478	-	-	-
2029-2033	7,190,000	1,013,645	8,203,645	-	-	-
2034-2037	2,930,000	175,238	3,105,238	-	-	-
Total	**$ 46,838,459**	**10,193,755**	**57,032,214**	**2,310,210**	**106,189**	**2,416,399**

BONDS AND NOTES PAYABLE, CONTINUED

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.

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, 2018.

	Governmental Activities	Business-type Activities
2019	$ 519,054	39,219
2020	471,830	39,219
2021	309,157	39,219
2022	309,157	39,219
2023	277,518	39,219
2024-2027	883,190	160,866
Total minimum lease payments	2,769,906	356,961
Less: amount representing interest	(313,083)	(46,035)
Present value of future minimum lease payments	**$ 2,456,823**	**310,926**

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 $49,148,669 at June 30, 2018 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, 2018, the balances of interfund loans receivable/payable and transfers were as follows:

Fund	Interfund loans receivable	Interfund loans payable	Transfers in (out)
General Fund	$ -	20,510,029	2,925,423
Special Revenue Funds:			
CDBG Loan Fund	40,455	-	-
Airport	12,922	-	-
City Special Revenue Funds	4,857,662	-	(2,842,380)
Adult Education	86,178	-	-
Adult Education Enrichment	175,231	-	-
School Lunch	418,700	-	-
School Special Revenue Funds	-	410,743	(17,687)
Internal Service Fund	653,464	-	(29,237)
Proprietary Funds:			
Hatch Hill Landfill	8,091,936	-	(54,702)
Augusta Civic Center	-	146,485	110,458
Capital Projects Funds	6,563,979	-	(91,875)
Private-purpose Trust	1,130	-	-
Permanent Funds	165,600	-	-
Totals	**$ 21,067,257**	**21,067,257**	**-**

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 $1,955,419.

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2018:

	Governmental activities	Business-type activities
Capital assets	$ 141,219,607	17,282,707
Accumulated depreciation	(66,275,357)	(9,121,836)
Bonds payable	(46,838,459)	(2,310,210)
Add back pension obligation bonds (non-capital)	6,300,000	-
Add back unspent proceeds	6,219,825	-
Capital leases payable	(2,456,823)	(310,926)
Total net investment in capital assets	**$ 38,168,793**	**5,539,735**

CONTRACT COMMITMENTS

The City has entered into a contract for school transportation services with First Students, Inc. The contract expires in June of 2020. Future payments under this contract are as follows:

2019	$ 892,500
2020	892,500
Total	**$ 1,785,000**

CONSTRUCTION COMMITMENTS

The City has entered into a contract in connection with the expansion and renovation of a fire station. The following is a summary of the commitments at June 30, 2018:

	Contract Total	Percentage Complete	Billed to Date	Balance Remaining
Construction contracts	$ 5,969,196	53.63%	3,201,237	2,767,959

FUND BALANCE

As of June 30, 2018, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory and prepaid items	$ 215,348	48,302	263,650
Notes receivable	-	145,000	145,000
Principal for permanent funds	-	502,721	502,721
Total nonspendable	215,348	696,023	911,371
Restricted:			
Finance and administration	-	3,828,425	3,828,425
Development services	-	333,823	333,823
Community services	-	106,724	106,724
Public safety	-	23,854	23,854
Education	3,448,198	727,542	4,175,740
Permanent funds	-	130,439	130,439
Total restricted	3,448,198	5,150,807	8,599,005
Committed:			
Legislative and executive	-	7,035	7,035
Finance and administration	-	271,955	271,955
Development services	-	164,341	164,341
Community services	-	371,187	371,187
Public safety	-	161,615	161,615
Public works	-	86,505	86,505
Capital projects	-	9,395,535	9,395,535
Total committed	-	10,458,173	10,458,173
Assigned:			
Subsequent budget	1,436,683	-	1,436,683
Reserves	2,473,161	-	2,473,161
Encumbrances	330,652	-	330,652
Total assigned	4,240,496	-	4,240,496
Unassigned	7,072,853*	(90,666)	6,982,187
Total fund balance	**$ 14,976,895**	**16,214,337**	**31,191,232**

* 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, 2018 is $1,200,000 and it is categorized as unassigned fund balance.

NEW PRONOUNCEMENT AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the City has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in the government-wide financial statements to account for the addition of the City's proportionate share of the net OPEB liability and related deferred outflows of resources, which effectively decreased the City's net position as of July 1, 2017 by $22,343,837.

TAX INCREMENT FINANCING DISTRICTS

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

	Original value	Increase in value	TIF cap	Captured value	Captured tax
Marketplace Phase I	$ 1,663,100	54,068,800	(A)	54,068,800	465,000
Marketplace Phase II	6,346,100	74,343,700	(B)	74,343,700	1,342,259
McCarthy Phase I	2,949,700	366,900	100%	366,900	7,477
McCarthy Phase II	37,600	1,282,200	50%	641,100	13,066
McCarthy Phase III	3,349,900	709,300	100%	709,300	14,456
McCarthy Phase IV	58,400	699,500	100%	699,500	14,256
NRF Distributors	262,600	4,348,827	40%	1,739,531	35,452
NRF Distributors Phase II	164,000	1,821,600	100%	1,821,600	37,124
Water Street Apartments	336,800	1,596,500	50%	798,250	16,268
Kennebec Arsenal	-	1,576,600	75%	1,182,450	24,099
Downtown	30,228,100	15,582,700	100%	15,582,700	317,576
Cony Village	170,200	2,030,600	75%	1,522,950	31,038
Cony Circle	12,481,400	8,101,500	100%	8,101,500	165,109
Commerce Center	1,550,000	22,120,700	100%	22,120,700	445,514(C)
Old Belgrade Exit	7,552,200	-	100%	-	-
222-232 Water Street	244,000	435,000	100%	435,000	8,865
Augusta East Phase I	80,300	412,300	100%	412,300	8,403
Augusta East Phase II	-	9,117,200	100%	9,117,200	185,808
Cony Flatiron	-	2,752,200	100%	2,752,200	56,090
Community Natural Gas	201,700	45,334,100	100%	45,334,100	923,909
Maine Instrument Flight	-	525,600	100%	525,600	10,712
Performance Food Group	5,598,700	9,709,200	100%	9,709,200	197,874(D)
275-287 Water Street	176,500	1,270,800	100%	1,270,800	25,898
Hodgkins School Affordable	-	2,516,100	100%	2,516,100	51,278
Western Avenue	155,500	9,796,300	100%	9,796,300	199,649

(A) $250,000 to be captured for economic development
(B) $400,000 to be captured for credit enhancement agreement with developers and moved $942,259 to Downtown TIF
(C) The City has not received a portion of the tax payment for this TIF District as of June 30, 2018
(D) This TIF has not yet been approved by DECD

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

The City may provide financial assistance to local economic development projects by using the new property taxes that result from the commercial investment and corresponding increase in taxable property valuation. This is accomplished by utilizing municipal tax increment financing district (TIF) in accordance with Chapter 260 of MRSA Title 30-A. The City Council is authorized by statue to establish a Municipal Tax Increment Financing District and establish the Development Plan subject to the approval by the Commissioner of the Maine Department of Economic and Community Development.

Tax increment Financing Districts allow the City to "shelter" the increased property valuation from the computation of its State subsidies (General Purpose Aid to Education and Municipal Revenue Sharing) and Kennebec County tax assessments. The City would lose 50%-55% of all new property taxes due to reductions in State subsidies and increase in the City's share of County taxes.

The Development Plan may authorize the City to enter into a Credit Enhancement Agreement (C.E.A.). The C.E.A. is a mechanism to assist the development project by using all or a portion of the incremental property tax revenues generated by the new investment to pay certain authorized project cost directly to the developer.

The City had twenty-four (24) approved Tax Increment Financing Districts as of June 30, 2018. For FY 2018 the City captured $4,597,180 in TIF tax revenues and disbursed $1,034,080 in C.E.A. payments to sixteen (16) developers. The remaining $3,563,100 was applied toward eligible local expenditures. The following are the C.E.A. payments that each exceed ten (10) percent of the total amount of C.E.A. payments:

$400,000 (38.7%) was disbursed to the developer of the Market Place at Augusta retail complex. The Market Place contains 39 retail outlets, 9 restaurants, and one cinema complex. The C.E.A became effective for FY 2001 when the development of Phase II exceeded one million dollars in new property valuation.

The City disbursed $212,747 (20.6%) in C.E.A. payment to reimburse the eligible infrastructure investment for the Central Maine Commerce Center development complex.

$171,429 (16.6%) was disbursed for the redevelopment of a seven-story 317,000 square foot former hospital complex. The C.E.A. payment is on a sliding scale from 100% of incremental tax revenues down to 50% depending on the total percent of square footage under lease agreements. For FY 2018 the C.E.A. payment was at 90%.

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.

LANDFILL LIABILITIES

The City owns and operates a regional solid waste and recycling facility, 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, 2018, a total of approximately 408,924 tons has been placed in the expansion III site leaving capacity of 303,332 tons. 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	$ 335,900
Expansion III (57%)	4,828,392
Postclosure monitoring, maintenance and leachate removal	1,291,781
Total accrued liability for landfill closure and postclosure costs	**$ 6,456,073**

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. Additionally the City has accrued $999,461 for the cost of the intermediate cover that will be completed in the next fiscal period.

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, 2018.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plans

Plan Description - The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the City participates in Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial reports that are available at www.mainepers.org.

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Additionally, the City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Benefits Provided - Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or $2,500.

Under the Health Plan, MMEHT provides healthcare 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 up to $3,234 level dollar annual reimbursement 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	156
Inactive employee entitled to but not yet receiving benefits	-
Active employees	561
Total	717

Contributions - Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

Health OPEB Plan - The City is required to remit premiums for monthly health coverage during the post-employment retirement period for eligible employees based on years of service and date of hire. Contributions to the Health plan from the City were $1,460,405 for the year ended June 30, 2018. Employees are not required to contribute to the Health Plan during years of service.

PLD OPEB Plan - Contributions to the PLD OPEB plan from the City were $0 for the year ended June 30, 2018. Employees are required to contribute to the PLD OPEB plan for all life insurance coverage.

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were $43,844 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2018, the City reported a liability of $644,049 for its proportionate share of the net OPEB liability. At June 30, 2017, the City's proportion was 3.8516%.

SET OPEB Plan - At June 30, 2018, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was $483,780 as of June 30, 2018. At June 30, 2017, the City's proportion was 0.00%.

The City's total Health Plan OPEB liability of $34,482,285 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at June 30, 2017	$	32,920,327
Changes for the year:		
Service Cost		239,984
Interest		1,226,114
Changes of benefit terms		-
Differences between expected and actual experience		705,742
Changes in assumptions or other inputs		850,523
Benefit payments		(1,460,405)
Net changes		1,561,958
Balance at June 30, 2018	$	34,482,285

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

For the year ended June 30, 2018, the City recognized OPEB gain of $18,360 for the PLD OPEB Plan. For the year ended June 30, 2018, the City recognized OPEB expense of $43,844 and also revenues of $43,844 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$	-	179,461
Net difference between projected and actual earnings on OPEB plan investments		-	30,833
Changes in proportion and differences between City contributions and proportionate share of contributions		-	8,500
Total	$	-	218,794

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	$	(45,301)
2020		(45,301)
2021		(45,301)
2022		(45,301)
2023		(37,590)

For the year ended June 30, 2018, the City recognized OPEB gain of $182,037 related to the Health Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	564,594	-
Changes of assumption or other inputs		680,418	-
City contributions subsequent to the measurement date		498,983	-
Total	$	1,743,995	-

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

$498,983 is reported as deferred outflows of resources related to the Health Plan OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	$	311,253
2020		311,253
2021		311,253
2022		311,253

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	**SET OPEB Plan**
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.44%
Healthcare cost trend rates	8.27% for 2018, decreasing 0.28% per year
Retirees' share of the benefit related costs	5%-100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The long-term expected rate of return on both PLD and SET OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the City's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

		1% Decrease (4.41%)	**Discount Rate (5.41%)**	**1% Increase (6.41%)**
Net OPEB liability	$	864,356	644,049	470,128

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Sensitivity of the City's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the City does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

		1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	$	39,419,016	34,482,285	30,503,166

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27% decreasing 0.28% per year, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27% decreasing 0.28% per year) or 1 percentage-point higher (9.27% decreasing 0.28% per year) than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$	30,965,656	34,482,285	38,787,684

OPEB Plan Fiduciary Net Position - Detailed information about both the PLD and SET OPEB plan's fiduciary net positions are available in a separately issued MPERS financial report.

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.mainepers.org.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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) except for special plan members, primarily uniformed public safety employees, who can retire after twenty-five years of creditable service at any age. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age 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 8.0% to 9.5% of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2018 were 9.6% to 12.2% of annual payroll. Contributions to the pension plan from the City were $1,463,344 for the year ended June 30, 2018.

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, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were $567,057 for the year ended June 30, 2018.

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, 2017, 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, 2018, the City reported a liability of $11,310,273 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion of the PLD Plan was 2.7624%.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

SET Plan - At June 30, 2018, 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	$ 1,413,768
State's proportionate share of the net pension liability associated with the City	15,323,897
Total	**$ 16,737,665**

At June 30, 2017, the City's proportion of the SET Plan was 0.0973%.

For the year ended June 30, 2018, the City recognized pension expense of $2,009,821 for the PLD Plan and $1,986,988 for the SET Plan with revenue of $1,582,618 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	483,918
Changes of assumptions	940,353	-
Net difference between projected and actual earnings on pension plan investments	-	331,798
Changes in proportion and differences between City contributions and proportionate share of contributions	154,409	-
City contributions subsequent to the measurement date	2,030,401	-
Total	**$ 3,125,163**	**815,716**

$2,030,401 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ (172,869)
2020	1,212,312
2021	85,331
2022	(845,728)

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PLD Plan	SET Plan
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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, 2017 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and 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.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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 6.875% for the PLD Plan and 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 (5.875% for PLD Plan and for SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and for SET Plan) than the current rate:

PLD Plan	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
City's proportionate share of the net pension liability	$ 22,691,884	11,310,273	2,741,684

SET Plan	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
City's proportionate share of the net pension liability	$ 2,480,744	1,413,768	532,828

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, 2018.

Schedule of Changes in the City's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		2018
Total OPEB Liability		
Service Cost	$	239,984
Interest		1,226,114
Changes of benefit terms		-
Differences between expected and actual experience		705,742
Changes of assumptions or other inputs		850,523
Benefit payments		(1,460,405)
Net change in total OPEB Liability		1,561,958
Total OPEB liability - beginning		32,920,327
Total OPEB liability - ending	$	34,482,285
Covered-employee payroll	$	9,307,630
Total OPEB liability as a percentage of covered-employee payroll		370.47%

* *Only one year of information available.*

Schedule of City's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

		2018
PLD OPEB Plan		
City's proportion of the net OPEB liability		3.8156%
City's proportionate share of the net OPEB liability	$	644,049
City's covered-employee payroll		14,531,169
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll		4.43%
Plan fiduciary net position as a percentage of the total OPEB liability		47.42%
SET OPEB Plan		
City's proportion of the net OPEB liability		0.00%
City's proportionate share of the net OPEB liability	$	-
State's proportionate share of the net OPEB liability associated with the City		483,780
Total		483,780
Plan fiduciary net position as a percentage of the total OPEB liability		47.29%

** Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.*

Schedule of City OPEB Contributions
Last 10 Fiscal Years*

		2018
PLD OPEB Plan		
Contractually required contribution	$	-
Contributions in relation to the contractually required contribution		-
Contribution deficiency (excess)	$	-
City's covered-employee payroll	$	14,465,832
Contributions as a percentage of covered-employee payroll		0.00%

* *Only one year of information available.*

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*

	2018**	2017**	2016**	2015**
PLD Plan				
City's proportion of the net pension liability	2.7624%	2.6915%	2.6631%	2.6391%
City's proportionate share of the net pension liability	$ 11,310,273	14,300,793	8,496,421	4,061,126
City's covered payroll	14,531,169	13,545,518	13,115,762	13,109,489
City's proportion share of the net pension liability as a percentage of its covered payroll	77.83%	105.58%	64.78%	30.98%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%
SET Plan				
City's proportion of the net pension liability	0.0973%	0.1023%	0.1107%	0.1080%
City's proportionate share of the net pension liability	1,413,768	1,806,941	1,494,270	1,166,713
State's proportionate share of the net pension liability associated with the City	15,323,897	18,506,075	14,298,777	11,437,550
Total	**$ 16,737,665**	**20,313,016**	**15,793,047**	**12,604,263**
City's covered payroll	13,939,693	13,501,297	13,257,588	13,098,829
City's proportion share of the net pension liability as a percentage of its covered payroll	10.14%	13.38%	11.27%	9.26%
Plan fiduciary net position as a percentage of of the total pension liability	80.78%	76.21%	81.18%	83.91%

** Only four years of information available*
*** The amounts presented for each fiscal year were determined as of the prior fiscal year.*

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

	2018	2017	2016	2015	2014
PLD Plan					
Contractually required contribution	$ 1,463,344	1,415,851	1,262,918	1,076,272	914,894
Contributions in relation to the contractually required contribution	(1,463,344)	(1,415,851)	(1,262,918)	(1,076,272)	(914,894)
Contribution deficiency (excess)	**$ -**	-	-	-	-
City's covered payroll	14,465,832	14,531,169	13,545,518	13,115,762	13,109,488
Contributions as a percentage of covered payroll	10.12%	9.74%	9.32%	8.21%	6.98%
SET Plan					
Contractually required contribution	567,057	468,374	453,644	351,326	347,119
Contributions in relation to the contractually required contribution	(567,057)	(468,374)	(453,644)	(351,326)	(347,119)
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	14,283,554	13,939,693	13,501,297	13,257,588	13,098,829
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%	2.65%

* *Only five years of information available*

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None related to the PLD and SET OPEB plans. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions:

The PLD and SET Plans changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 9.0% in the 2016 valuation. The SET Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 14.5% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

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

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

GENERAL FUND

Exhibit A-1

CITY OF AUGUSTA, MAINE
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

		2018	2017
ASSETS			
Cash and cash equivalents	$	25,835,669	26,877,983
Investments		11,916,968	11,563,236
Receivables:			
Taxes		852,465	1,008,090
Tax liens		379,750	452,022
Due from other governments		472,140	641,127
Accounts (net of allowance for uncollectibles)		283,218	275,209
Inventory		336	473
Prepaid items		215,012	139,714
Total assets	**$**	**39,955,558**	**40,957,854**
LIABILITIES			
Accounts payable and other accrued liabilities		1,055,993	1,927,831
Accrued payroll and benefits		2,452,197	2,419,988
Escrow payable		68,080	33,200
Taxes paid in advance		619	2,208
Interfund loans payable		20,510,029	20,094,679
Total liabilities		24,086,918	24,477,906
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes		891,745	1,064,692
Total deferred inflows of resources		891,745	1,064,692
FUND BALANCES			
Nonspendable - inventory and prepaids		215,348	140,187
Restricted for education		3,448,198	4,090,852
Assigned for subsequent budget		1,436,683	1,436,683
Assigned for reserves		2,473,161	2,506,952
Assigned for encumbrances		330,652	456,144
Unassigned - budget stabilization		1,200,000	1,200,000
Unassigned		5,872,853	5,584,438
Total fund balances		14,976,895	15,415,256
Total liabilities, deferred inflows of resources, and fund balances	**$**	**39,955,558**	**40,957,854**

Exhibit A-2

CITY OF AUGUSTA, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018			
	Budget	Actual	Variance positive (negative)	2017 Actual
Revenues:				
Taxes:				
Real and personal property	$ 29,799,336	29,939,410	140,074	29,138,793
Tax interest, lien penalties, payments in lieu	213,354	214,548	1,194	181,034
Excise taxes	2,911,913	3,354,632	442,719	3,155,918
Total taxes	32,924,603	33,508,590	583,987	32,475,745
Licenses and permits	129,230	199,695	70,465	208,511
Intergovernmental:				
Education	13,689,528	13,932,675	243,147	13,073,299
Tree growth reimbursement	9,575	8,967	(608)	9,575
Veterans exemption reimbursement	15,586	15,579	(7)	16,181
Homestead exemption	810,782	810,782	-	572,573
Business equipment tax reimbursement	317,091	317,413	322	285,274
State revenue sharing	1,173,910	1,186,930	13,020	1,077,573
General assistance DHS/SSI	10,000	13,282	3,282	17,411
Police reimbursement	-	1,942	1,942	10,360
Urban Rural Initiative Payment	335,912	341,092	5,180	335,912
Total intergovernmental	16,362,384	16,628,662	266,278	15,398,158
Tuition and other charges for services - education	710,000	757,771	47,771	637,679
Charges for services:				
Police	128,530	130,425	1,895	131,601
Fire and ambulance	1,885,657	1,945,622	59,965	1,596,463
Community services	4,000	4,628	628	29,821
Public works	500	8,055	7,555	2,414
Finance and admin	116,896	117,537	641	76,085
Total charges for services	2,135,583	2,206,267	70,684	1,836,384
Fees and fines:				
Traffic tickets	1,690	3,760	2,070	2,365
Court fees	19,000	12,691	(6,309)	13,222
Lithgow Library	22,250	30,775	8,525	26,067
Code enforcement	-	221	221	12,500
False alarm calls	5,000	4,550	(450)	5,070
Total fees and fines	47,940	51,997	4,057	59,224
Unclassified:				
Rents - City property	88,945	102,878	13,933	79,141
Cemeteries	29,100	21,065	(8,035)	21,655
Planning	-	9,000	9,000	-
Animal control program	9,240	10,684	1,444	12,030
General assistance reimbursement	163,800	163,994	194	160,578
Cable TV franchise	97,161	97,161	-	108,306
Public safety miscellaneous revenue	7,145	21,409	14,264	15,156
Public works miscellaneous	11,575	46,209	34,634	21,855
Workers compensation	3,500	11,650	8,150	26,054
Unclassified - City	38,380	43,254	4,874	7,415
Unclassified - Education	20,000	81,958	61,958	287,928
Total unclassified	468,846	609,262	140,416	740,118
Investment earnings	102,975	131,156	28,181	32,881
Total revenues	52,881,561	54,093,400	1,211,839	51,388,700

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

	2018			
	Budget	Actual	Variance positive (negative)	2017 Actual
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	$ 30,589	30,586	3	28,681
City management	233,114	232,664	450	230,294
Corporation counsel	128,004	103,133	24,871	157,205
Unclassified	181,716	169,964	11,752	182,538
Contingency	37,000	31,406	5,594	28,474
Total legislative and executive	610,423	567,753	42,670	627,192
Finance and administration:				
City clerk/treasurer/collection	491,143	475,751	15,392	488,523
Registrations and elections	43,187	34,647	8,540	51,162
City auditor	183,040	177,484	5,556	175,422
Information systems	491,610	485,259	6,351	426,023
Assessor	190,711	177,909	12,802	187,170
Finance and administration	159,408	157,680	1,728	155,818
Human resources	296,019	288,918	7,101	283,566
Total finance and administration	1,855,118	1,797,648	57,470	1,767,684
Development services:				
Economic development	314,809	274,161	40,648	267,386
Planning	273,218	273,442	(224)	243,372
Historic preservation	5,825	2,294	3,531	2,377
Code enforcement	203,408	174,092	29,316	187,078
Engineering	91,561	90,467	1,094	80,124
City facilities	975,514	927,876	47,638	854,615
Total development services	1,864,335	1,742,332	122,003	1,634,952
Community services:				
Community services administration	211,827	213,121	(1,294)	195,588
Public library	792,291	745,461	46,830	710,196
Recreation	172,060	172,003	57	171,885
Parks and cemeteries	872,225	821,613	50,612	802,599
Fort Western	108,471	108,271	200	104,690
Bicentennial Nature Park	28,218	28,216	2	21,672
Health and welfare	163,546	162,537	1,009	159,363
General assistance	234,000	235,543	(1,543)	229,397
Total community services	2,582,638	2,486,765	95,873	2,395,390

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

	2018			
	Budget	Actual	Variance positive (negative)	2017 Actual
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	$ 5,106,251	5,081,217	25,034	4,822,979
Fire and ambulance	4,518,567	4,488,536	30,031	4,344,893
Total public safety	9,624,818	9,569,753	55,065	9,167,872
Public works:				
Public works administration	71,090	68,491	2,599	66,716
Highway	2,064,707	1,826,259	238,448	1,605,099
Snow removal	1,021,412	1,505,545	(484,133)	1,179,626
Waste removal	831,540	747,439	84,101	778,723
Total public works	3,988,749	4,147,734	(158,985)	3,630,164
Education:				
Current:				
Regular instruction	9,581,421	9,335,494	245,927	9,106,047
Special education	4,759,667	4,416,553	343,114	4,392,973
Career and technical education	2,368,360	2,168,543	199,817	2,450,375
Other instruction	576,283	527,914	48,369	561,979
Student and staff support	2,211,948	2,002,701	209,247	2,401,618
System administration	1,287,877	854,207	433,670	992,258
School administration	1,595,126	1,606,549	(11,423)	1,596,435
Transportation and buses	1,691,120	1,671,413	19,707	1,569,860
Facilities maintenance	3,510,058	3,577,111	(67,053)	3,712,946
All other	4,916	2,000	2,916	1,999
Debt service	2,078,742	2,069,714	9,028	2,132,019
Total education	29,665,518	28,232,199	1,433,319	28,918,509
Retirement and insurance:				
Retirement and insurance	2,596,199	2,390,559	205,640	2,294,133
Total retirement and insurance	2,596,199	2,390,559	205,640	2,294,133
Utilities:				
Sanitary sewer and drains	1,360,817	1,311,438	49,379	1,197,049
Lighting and electricity	561,086	537,830	23,256	549,178
Water	758,376	768,236	(9,860)	759,336
Total utilities	2,680,279	2,617,504	62,775	2,505,563

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

		2018			
		Budget	Actual	Variance positive (negative)	2017 Actual
Expenditures, continued:					
Current, continued:					
Unclassified:					
County tax	$	1,523,777	1,523,777	-	1,533,098
Sick/vacation payout		-	208,915	(208,915)	-
Total unclassified		1,523,777	1,732,692	(208,915)	1,533,098
Debt service (excluding education)		3,047,802	2,643,846	403,956	2,281,830
Total expenditures		60,039,656	57,928,785	2,110,871	56,756,387
Excess (deficiency) of revenues over (under) expenditures		(7,158,095)	(3,835,385)	3,322,710	(5,367,687)
Other financing sources (uses):					
Budgeted utilization of surplus - City		1,466,683	-	(1,466,683)	-
Budgeted utilization of surplus - Education		2,103,822	-	(2,103,822)	-
Use of prior year encumbrances - City		343,367	-	(343,367)	-
Use of prior year encumbrances - Education		526,953	-	(526,953)	-
Lease proceeds		-	-	-	149,000
Transfers to other funds - City		-	-	-	(137,985)
Transfers from other funds		2,981,849	2,915,923	(65,926)	2,353,142
Total other financing sources (uses)		7,422,674	2,915,923	(4,506,751)	2,364,157
Net change in fund balance - budgetary basis		264,579	(919,462)	(1,184,041)	(3,003,530)
Reconciliation to GAAP basis:					
Add back: encumbrances expended in budgetary - City			330,652		456,144
Add back: encumbrances expended in budgetary - Education			184,240		526,953
Change in reserves			(33,791)		312,397
Net change in fund balance - GAAP basis			(438,361)		(1,708,036)
Fund balance, beginning of year			15,415,256		17,123,292
Fund balance, end of year	**$**		**14,976,895**		**15,415,256**

Exhibit A-3

CITY OF AUGUSTA, MAINE
Reserves - General Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balances beginning of year	Revenues	Expenditures				Fund balances end of year
			Unclassified	Capital outlay	Development Services	Public Safety	Transfers	
City reserves - assigned:								
1901	Central service reserve	$ 36,348	579	-	-	-	-	36,927
1902	Equipment maintenance self reserve	52,553	500	41,904	-	-	6,000	17,149
1903	Sick and vacation reserve	1,838,283	-	-	-	5,727	-	1,832,556
1905	Historic preservation reserve	17,118	-	-	-	-	3,500	20,618
1906	Police local match reserve	74,740	-	-	-	-	-	74,740
1907	Fire local match reserve	1,755	-	-	-	-	-	1,755
1908	Quimby lot infrastructure reserve	10,310	-	-	-	-	-	10,310
1911	Severance payout	33,353	-	-	-	-	-	33,353
1912	Lithgow Library	2,162	-	-	-	-	-	2,162
1915	Forest mgmt plan - Bond Brook	6,000	-	-	-	-	-	6,000
1916	Mill Park easement	40,000	-	-	-	-	-	40,000
1917	Fuel assistance	330	-	-	-	-	-	330
1918	Fire equipment reserve	-	5,100	-	-	-	-	5,100
1921	Colonial Theater	300,000	-	-	-	-	-	300,000
1922	Downtown incentive	44,000	-	-	1,839	-	-	42,161
1923	Bond Brook recreation	50,000	-	-	-	-	-	50,000
City reserves - unassigned:								
1919	Tax relief fund (budget stabilization)	1,200,000	-	-	-	-	-	1,200,000
	Total City reserves	3,706,952	6,179	41,904	1,839	5,727	9,500	3,673,161
School reserves:								
1952	Sick and vacation reserve	136,777	-	-	-	-	-	136,777
	Total School reserves	136,777	-	-	-	-	-	136,777
Total reserves		**$ 3,843,729**	**6,179**	**41,904**	**1,839**	**5,727**	**9,500**	**3,809,938**

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.

Exhibit B-1

CITY OF AUGUSTA, MAINE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

		Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$	3,916	45	16,789	20,750
Investments		56,419	4,073,356	450,771	4,580,546
Receivables:					
Due from other governments		996,768	-	-	996,768
Accounts		64,389	-	-	64,389
Notes		145,000	-	-	145,000
Interfund loans receivable		5,591,148	6,563,979	165,600	12,320,727
Inventory		45,492	-	-	45,492
Prepaid items		4,592	-	-	4,592
Total assets	**$**	**6,907,724**	**10,637,380**	**633,160**	**18,178,264**
LIABILITIES					
Accounts payable and other accrued liabilities		163,182	1,241,845	-	1,405,027
Accrued payroll and benefits		148,157	-	-	148,157
Interfund loans payable		410,743	-	-	410,743
Total liabilities		722,082	1,241,845	-	1,963,927
FUND BALANCES					
Nonspendable		193,302	-	502,721	696,023
Restricted		5,020,368	-	130,439	5,150,807
Committed		1,062,638	9,395,535	-	10,458,173
Unassigned		(90,666)	-	-	(90,666)
Total fund balances		6,185,642	9,395,535	633,160	16,214,337
Total liabilities and fund balances	**$**	**6,907,724**	**10,637,380**	**633,160**	**18,178,264**

Exhibit B-2

CITY OF AUGUSTA, MAINE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Special Revenue Funds	Capital Projects Funds (Schedule 3)	Permanent Funds (Schedule 4)	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	$	4,995,234	-	-	4,995,234
Intergovernmental		4,607,832	317,116	-	4,924,948
Unclassified		1,616,964	37,857	-	1,654,821
Charges for services		622,827	-	-	622,827
Investment income (loss)		-	1,276	(2,585)	(1,309)
Donations		-	-	16,250	16,250
Total revenues		11,842,857	356,249	13,665	12,212,771
Expenditures:					
Current:					
Finance and administration		1,655,153	-	-	1,655,153
Development services		857,064	-	-	857,064
Community services		846,786	-	-	846,786
Public safety		393,779	-	-	393,779
Public works		202,722	-	-	202,722
Education		3,005,612	-	-	3,005,612
Food services		1,298,305	-	-	1,298,305
Unclassified		-	-	900	900
Debt service		-	115,661	-	115,661
Capital outlay		-	5,461,776	-	5,461,776
Total expenditures		8,259,421	5,577,437	900	13,837,758
Excess (deficiency) of revenues over (under) expenditures		3,583,436	(5,221,188)	12,765	(1,624,987)
Other financing sources (uses):					
Issuance of debt		-	4,010,000	-	4,010,000
Premium on issuance of debt, net of discounts		-	61,609	-	61,609
Transfer to other funds		(2,860,067)	(91,875)	-	(2,951,942)
Total other financing sources (uses)		(2,860,067)	3,979,734	-	1,119,667
Net change in fund balance		723,369	(1,241,454)	12,765	(505,320)
Fund balances, beginning of year		5,462,273	10,636,989	620,395	16,719,657
Fund balances, end of year	**$**	**6,185,642**	**9,395,535**	**633,160**	**16,214,337**

Exhibit C-1

CITY OF AUGUSTA, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

		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	$	3,916	-	-	-	-	-	-	3,916
Investments		-	-	56,419	-	-	-	-	56,419
Receivables:									
Due from other governments		-	104,531	351,032	499,642	-	-	41,563	996,768
Accounts		-	4,467	57,142	2,780	-	-	-	64,389
Notes		145,000	-	-	-	-	-	-	145,000
Interfund loans receivable		40,455	12,922	4,857,662	-	86,178	175,231	418,700	5,591,148
Inventory		-	-	-	-	-	-	45,492	45,492
Prepaid items		-	2,810	1,782	-	-	-	-	4,592
Total assets	**$**	**189,371**	**124,730**	**5,324,037**	**502,422**	**86,178**	**175,231**	**505,755**	**6,907,724**
LIABILITIES									
Accounts payable and other accrued liabilities		-	13,550	141,665	5,128	1,678	180	981	163,182
Accrued payroll and benefits		-	49,519	18,928	-	6,124	1,831	71,755	148,157
Interfund loans payable		-	-	-	410,743	-	-	-	410,743
Total liabilities		-	63,069	160,593	415,871	7,802	2,011	72,736	722,082
FUND BALANCES									
Nonspendable		145,000	2,810	-	-	-	-	45,492	193,302
Restricted		44,371	58,851	4,189,604	88,419	78,376	173,220	387,527	5,020,368
Committed		-	-	1,062,638	-	-	-	-	1,062,638
Unassigned		-	-	(88,798)	(1,868)	-	-	-	(90,666)
Total fund balances		189,371	61,661	5,163,444	86,551	78,376	173,220	433,019	6,185,642
Total liabilities and fund balances	**$**	**189,371**	**124,730**	**5,324,037**	**502,422**	**86,178**	**175,231**	**505,755**	**6,907,724**

Exhibit C-2

CITY OF AUGUSTA, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		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	$	-	-	4,597,180	-	398,054	-	-	4,995,234
Intergovernmental		-	335,924	808,760	2,195,393	185,387	91,645	990,723	4,607,832
Charges for services		-	216,874	-	-	16,192	-	389,761	622,827
Unclassified		(1)	-	1,547,048	69,917	-	-	-	1,616,964
Total revenues		(1)	552,798	6,952,988	2,265,310	599,633	91,645	1,380,484	11,842,857
Expenditures:									
Current:									
Finance and administration		-	-	1,655,153	-	-	-	-	1,655,153
Development services		-	583,960	273,104	-	-	-	-	857,064
Community services		-	-	846,786	-	-	-	-	846,786
Public safety		-	-	393,779	-	-	-	-	393,779
Public works		-	-	202,722	-	-	-	-	202,722
Education		-	-	-	2,288,309	615,791	101,512	-	3,005,612
Food services		-	-	-	-	-	-	1,298,305	1,298,305
Total expenditures		-	583,960	3,371,544	2,288,309	615,791	101,512	1,298,305	8,259,421
Excess (deficiency) of revenues over (under) expenditures		(1)	(31,162)	3,581,444	(22,999)	(16,158)	(9,867)	82,179	3,583,436
Other financing uses:									
Transfer to other funds		-	-	(2,842,380)	(17,687)	-	-	-	(2,860,067)
Total other financing uses		-	-	(2,842,380)	(17,687)	-	-	-	(2,860,067)
Net change in fund balances		(1)	(31,162)	739,064	(40,686)	(16,158)	(9,867)	82,179	723,369
Fund balances, beginning of year		189,372	92,823	4,424,380	127,237	94,534	183,087	350,840	5,462,273
Fund balances, end of year	**$**	**189,371**	**61,661**	**5,163,444**	**86,551**	**78,376**	**173,220**	**433,019**	**6,185,642**

SCHEDULES

Schedule 1

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances (deficits) beginning of year	Revenues: Inter-governmental	Revenues: Other	Expenditures	Transfers in (out)	Balances (deficits) end of year
Legislative and executive:							
Other programs - Committed:							
2019	Commemorative Quilts	$ 6,335	-	-	-	-	6,335
2135	Meetings	105	-	-	-	-	105
2194	Promotional service	595	-	-	-	-	595
	Total legislative and executive	7,035	-	-	-	-	7,035
Development services:							
Federal/State programs:							
2122	Canal Street	5,052	-	-	-	-	5,052
2142	Regional efficiency grant	753	-	-	-	-	753
2217	Blair Road Bridge replacement	57,783	-	-	-	-	57,783
2221	Efficiency Maine	1,771	-	-	5,000	-	(3,229)
2227	Airport marketing grant	180	-	-	-	-	180
2249	Heating system control upgrade	-	-	-	-	-	-
2257	Civic Center Drive sidewalks	76,761	-	-	-	-	76,761
2258	Cony Farrington Trail connection	421	176	-	305	-	292
2278	CDBG market place	52,061	-	-	-	-	52,061
2283	CDBG workforce development	-	4,674	-	4,674	-	-
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.	9,169	-	-	-	-	9,169
2147	Impact fee Packard Development	18,410	-	-	-	-	18,410
2148	Capitol Street extension	2,094	-	-	-	-	2,094
2174	Texas Roadhouse LLC	2,773	-	-	-	-	2,773
2256	KRRT Park connection	52,214	165,372	-	262,854	-	(45,268)
2267	Skowhegan Savings Bank	6,600	-	-	-	-	6,600
2273	Elm Street Corp impact fee	6,600	-	-	-	-	6,600
2286	AARP - Age friendly community	1,560	-	-	271	-	1,289
2290	Stonewater impact fee	-	-	39,025	-	-	39,025
Other programs - Committed:							
2012	Sale of Cony HS	330,952	-	-	-	(166,611)	164,341
	Total development services	635,764	170,222	39,025	273,104	(166,611)	405,296
Public works:							
Other programs - Committed:							
2035	ADP misc. work highway	290	-	106,055	106,193	-	152
2036	Accidents	(48,921)	-	110,397	88,149	-	(26,673)
2038	School miscellaneous work	58	-	7,757	7,815	-	-
2117	Public works special revenues	445	-	-	-	-	445
2248	Failed septic	7,145	-	-	-	-	7,145
2271	Natural gas street opening permits	79,328	-	-	565	-	78,763
	Total public works	38,345	-	224,209	202,722	-	59,832

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
			Inter-governmental	Other			
Community services:							
Federal/State programs:							
2095	Blaine Memorial Trees	$ 347	-	-	-	-	347
2163	Snowmobile grant	3,670	6,830	-	9,440	-	1,060
Other programs - Restricted:							
2060	Stain Glass Lithgow Library	1,774	-	-	-	-	1,774
2061	Lost library books	8,301	-	16,980	17,641	-	7,640
2138	Farmer's market	500	-	-	62	-	438
2145	Viles Park Memorial	6,655	-	-	-	-	6,655
2164	Graffiti removal	2,853	-	-	54	-	2,799
2178	Kennebec Rail Trail	9,340	-	29,139	18,177	-	20,302
2208	Storage shed tennis court	626	-	-	-	-	626
2216	Kennebec River Rail Trail paving	269	-	-	-	-	269
2230	Food for thought	172	-	-	-	-	172
2260	Lets go gardening grant	18	-	-	-	-	18
2270	Petanque Court	1,419	-	-	-	-	1,419
Other programs - Committed:							
2055	Tree board	480	-	-	-	-	480
2065	After School Daycare	171,799	232,779	366,487	506,105	(20,956)	244,004
2079	Recreation - adult	(6,829)	-	29,150	28,009	-	(5,688)
2080	Recreation - youth	2,565	-	153,300	150,846	-	5,019
2081	Recreation - special events	2,656	-	-	-	-	2,656
2085	School mowing contract	54,076	-	103,700	113,347	-	44,429
2086	Bicentennial park	1,074	-	-	-	-	1,074
2088	4th of July	3,328	-	194	-	-	3,522
2096	Pleasant Hill Saw timber	(467)	-	-	332	-	(799)
2111	Spring running	214	-	-	-	-	214
2207	Ball field improvements	940	-	-	-	-	940
2226	Dog park	216	-	-	-	-	216
2231	Cable TV equipment	5,278	-	12,000	2,721	-	14,557
2243	Tree Board investment fund	22,111	-	-	52	-	22,059
2244	Bicentennial park investment	32,017	-	-	-	-	32,017
	Total community services	325,402	239,609	710,950	846,786	(20,956)	408,219

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances (deficits) beginning of year	Revenues: Inter-governmental	Revenues: Other	Expenditures	Transfers in (out)	Balances (deficits) end of year
Finance and administration:							
Other programs - Restricted:							
2009 TIF - Downtown	$	135,058	-	317,576	76,582	57,200	433,252
2300 TIF - all purpose		-	-	110,369	110,369	-	-
2301 TIF - Cony Circle		453,662	-	165,109	-	(89,149)	529,622
2302 TIF - Old Belgrade Road		83	-	-	-	-	83
2303 TIF - Central Maine Commerce		155,119	-	445,514	212,747	(269,028)	118,858
2304 TIF - Market Place Phase 1		326,519	-	465,000	-	(582,583)	208,936
2305 TIF - Market Place Phase 2		-	-	1,342,259	400,000	(942,259)	-
2306 TIF - JS McCarthy (2011)		26,233	-	14,456	7,228	(7,228)	26,233
2307 TIF - Gas		1,760,608	-	923,909	-	(659,976)	2,024,541
2308 TIF - JS McCarthy (2001)		13,967	-	7,477	-	(21,444)	-
2309 TIF - Augusta East		32,007	-	194,211	171,429	-	54,789
2310 TIF - NRF 1		66,830	-	35,452	-	(35,452)	66,830
2311 TIF - NRF 2014		21,203	-	37,124	14,850	(22,274)	21,203
2312 TIF - Cony Flat Iron		-	-	56,090	51,790	(4,300)	-
2313 TIF - 222-232 Water Street		-	-	8,865	6,206	(2,659)	-
2314 TIF - Maine Instrument Flight		5,201	-	10,712	5,356	(10,557)	-
2315 TIF - Western Avenue		231	-	199,649	-	(57,976)	141,904
2316 TIF - Hodgkins School		-	-	51,278	46,978	-	4,300
2317 TIF - McCarthy IV		-	-	14,256	7,128	(7,128)	-
2318 TIF - PFG Northcenter		-	-	197,874	-	-	197,874
2016 MMEHT wellness grant		5,703	-	7,526	8,875	-	4,354
Other programs - Committed:							
2010 Cable TV Franchise		-	-	140,818	132,500	-	8,318
2013 Fort Western Trustees		-	-	80,444	80,760	-	(316)
2014 Augusta Housing Authority		-	-	190,762	190,762	-	-
2015 Augusta Parking District		-	-	1,694	1,771	-	(77)
2205 GAUD		3,491	-	43,155	43,155	-	3,491
2228 Wellness loss prevention		25,490	-	-	-	-	25,490
2245 Cony High School investment		34,610	-	(150)	-	-	34,460
2281 Tax acquired property		209,138	-	77,725	86,667	-	200,196
Total finance and administration		3,275,153	-	5,139,154	1,655,153	(2,654,813)	4,104,341
Public safety:							
Federal/State programs:							
2040 Forfeiture fund		4,504	16,412	-	9,856	-	11,060
2047 Bulletproof vest		15	1,448	-	1,463	-	-
2048 Seatbelt grant		-	10,026	-	10,026	-	-
2049 OUI grant		-	13,977	-	13,977	-	-
2074 Homeland security - PD		-	969	-	969	-	-
2113 Hazmat sustainment		4,994	-	-	-	-	4,994
2125 Speed enforcement		-	5,979	-	5,979	-	-
2129 Firefighter assistance grant		(35,185)	27,172	-	-	8,013	-
2152 DHS law enforcement reimb		(116)	9,525	6,082	15,648	-	(157)
2189 Southern Kennebec underage drinking		(1,938)	15,546	-	13,608	-	-
2203 ATV Grant		48	2,476	-	2,450	-	74
2232 2010 Homeland security grant		5,053	-	-	-	-	5,053
2269 2012 Homeland security grant		-	129,423	-	129,423	-	-
2275 Regional response team		(4,994)	-	-	-	-	(4,994)
2284 Private grants		-	-	1,500	1,500	-	-
2285 Maine Drug Enforcement Agency		(2,427)	91,822	-	90,992	-	(1,597)
2287 CDBG - Safe neighborhood program		(199)	10,951	-	10,752	-	-
2289 COPS hiring program		(77)	38,914	-	38,642	-	195
2291 Targeted pedestrian enforcement		-	1,034	-	1,034	-	-
2553 Teen driver safety grant		-	23,255	-	23,085	-	170
Other programs - Restricted:							
2050 Fire prevention education		2,308	-	-	-	-	2,308
2119 MMA safety grant		2,000	-	1,478	3,478	-	-
2225 MMA safety grant		-	-	1,283	1,283	-	-
Other programs - Committed:							
2042 Police outside work		51,984	-	20,547	14,614	-	57,917
2175 Fire airport service		116,711	-	-	5,000	(8,013)	103,698
Total public safety		142,681	398,929	30,890	393,779	-	178,721
Total City special revenue funds	**$**	**4,424,380**	**808,760**	**6,144,228**	**3,371,544**	**(2,842,380)**	**5,163,444**

Schedule 2

CITY OF AUGUSTA, MAINE
School Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

			Balances (deficits) beginning of year	Revenues	Expenditures	Transfers	Balances (deficits) end of year
Federal programs:							
0205	CC of ME Adult Education	$	-	6,000	2,939		3,061
0230	Title IA - Chapter I - Disadvantaged		-	880,667	880,667	-	-
0247	Local Entitlement		-	762,160	762,160	-	-
0251	Preschool		-	14,604	14,604	-	-
0261	Title VII - McKinney Homeless		-	30,075	30,503	-	(428)
0267	Rural Low Income		-	37,549	37,549	-	-
0268	Title III - ESL		(720)	13,948	14,668	-	(1,440)
0270	Title IIA - Improving Teacher Quality		17,687	165,112	165,112	(17,687)	-
0272	ESL Refugee		-	6,426	6,426	-	-
0286	Perkins Learning Center		-	136,923	136,923	-	-
0295	ABE Federal Program		-	65,182	65,182	-	-
	Total federal programs		16,967	2,118,646	2,116,733	(17,687)	1,193
State programs:							
0220	State Mini Grant		-	49,087	49,087	-	-
0223	Proficiency Education		55,561	-	27,096	-	28,465
0225	College Transition Initiative		46	27,660	27,706	-	-
0226	CTE Early College Grant		12,844	-	-	-	12,844
0233	PEPG Development Grant		2,816	-	2,255	-	561
	Total state programs		71,267	76,747	106,144	-	41,870
Other programs:							
0203	MELMAC College Access		11,614	22,000	18,705	-	14,909
0208	Computer Repairs		19,049	6,557	5,132	-	20,474
0209	Donations		3,536	2,258	3,538	-	2,256
0215	Healthy Communities		-	1,500	1,500	-	-
0216	Full Plates		-	4,300	4,300	-	-
0218	Donation OG		1,205	-	1,205	-	-
0601	School catering		681	-	-	-	681
0618	Chizzle Whizzle		-	18,222	18,222	-	-
0900	Scholarship		(1,742)	12,040	9,790	-	508
0915	Fiscal Agent		-	3,040	3,040	-	-
0916	Adult Education pass through		4,660	-	-	-	4,660
	Total other programs		39,003	69,917	65,432	-	43,488
	Totals	**$**	**127,237**	**2,265,310**	**2,288,309**	**(17,687)**	**86,551**

Schedule 3

CITY OF AUGUSTA, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

			Balances beginning of year	Revenues	Expenditures	Bond/ Lease Proceeds	Transfers in (out)	Balances end of year
City Funds:								
3003	Fiscal 2003	$	28,346	-	-	-	-	28,346
3009	Fiscal 2009		56,300	-	-	-	-	56,300
3010	Fiscal 2010		33,040	-	4,450	-	-	28,590
3011	Fiscal 2011		111,859	-	-	-	(2,716)	109,143
3012	Fiscal 2012		215,762	-	5,716	-	(91,875)	118,171
3013	Fiscal 2013		546,888	-	411,879	-	2,716	137,725
3014	Fiscal 2014		292,518	-	1,247	-	-	291,271
3015	Fiscal 2015		461,928	322,393	271,327	-	(20,000)	492,994
3016	Fiscal 2016		1,388,311	32,580	868,724	-	(15,500)	536,667
3017	Fiscal 2017		6,742,331	-	3,576,699	-	-	3,165,632
3018	Fiscal 2018		376,870	-	395,892	4,071,609	35,500	4,088,087
3086	Dickman Parking Garage		200,322	-	-	-	-	200,322
3099	Library Expansion		179,467	1,276	41,503	-	-	139,240
School Funds:								
0401	Energy Savings Project		47	-	-	-	-	47
0403	Hussey Roof Project		3,000	-	-	-	-	3,000
	Total nonmajor capital projects	**$**	**10,636,989**	**356,249**	**5,577,437**	**4,071,609**	**(91,875)**	**9,395,535**

Schedule 4

CITY OF AUGUSTA, MAINE
Nonmajor Permanent Funds - City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	City Funds		Fund balance, principal, beginning of year	Fund balance unexpended income, beginning of year	Donations	Investment income (loss)	Expenditures	Fund balance principal, end of year	Fund balance unexpended income, end of year
6501	L. W. Titcomb Playground	$	6,281	(103)	-	(32)	-	6,281	(135)
6502	Lithgow Library		24,933	1,963	-	(140)	-	24,933	1,823
6503	St. Mark's Church		11,968	713	-	(66)	-	11,968	647
6507	Cemetery Trust Fund		150,105	12,643	-	(924)	-	150,105	11,719
6516	Forest Grove Cemetery		75,538	5,666	15,000	(686)	-	75,538	19,980
6529	Kling Trust		9,974	747	-	(47)	-	9,974	700
6543	Alice Reynolds Trust		11,600	260	-	(60)	100	11,600	100
6544	Ed E. Gage Family Trust		49,700	1,557	-	(257)	200	49,700	1,100
6545	Edwards Dam Scholarship		-	25,171	-	(130)	500	-	24,541
6546	Eliza Church Fund		3,385	193	-	(19)	-	3,385	174
6547	Ira Bunker		500	34	-	(2)	-	500	32
6548	Lipman Memorial Trust		4,169	1,209	-	(16)	100	4,169	1,093
6549	Miriam Titcomb Trust		22,660	2,336	-	(125)	-	22,660	2,211
6550	Peavy Scholarship Fund		1,000	3,371	-	(23)	-	1,000	3,348
6551	Sanford Legacy		1,496	89	-	(9)	-	1,496	80
6552	Cony Family Fund		10,050	233	-	(50)	-	10,050	183
6555	Cemetery Perpetual Care		104,362	62,660	1,250	-	-	104,362	63,910
6556	Mall Mitigation Land Trust		15,000	(1,068)	-	1	-	15,000	(1,067)
	Total City Funds	**$**	**502,721**	**117,674**	**16,250**	**(2,585)**	**900**	**502,721**	**130,439**

Schedule 5

CITY OF AUGUSTA, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2018

		Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions		Deductions	Net position principal, end of year	Net position unexpended income, end of year
				Investment income	Donations			
6002	Refurbish Alumni Field at Cony	$ -	248,641	(1,684)	-	-	-	246,957
6003	Howard Hill Trust	-	91,761	(647)	1,589	-	-	92,703
6251	Auto Mechanic Scholarship	-	2,529	(11)	-	-	-	2,518
6252	Childcare Scholarship	-	622	(3)	-	-	-	619
6253	CATC Multi-media Scholarship	595	211	(4)	-	-	595	207
6254	CATC Plumbing And Heating	-	445	(2)	-	-	-	443
6255	CHS Class of 1926 Perkins Award (held at CHS)	-	122	-	-	-	-	122
6256	CHS Class of 1938 Scholarship Fund	-	701	2	-	200	-	503
6257	CHS Special Music Concert (held at CHS)	-	119	-	-	-	-	119
6258	Cony Restoration Fund	-	1,878	(10)	-	-	-	1,868
6259	Devina Mudge Scholarship	-	36	-	-	-	-	36
6260	Ebbie Brooks Math and Science Fund	-	212	1	-	100	-	113
6261	Edgar A. Hussey Memorial	-	5,060	(24)	-	100	-	4,936
6262	Eliza Church Fund	-	983	(5)	-	-	-	978
6263	Frank Hewins Music	-	840	(4)	-	-	-	836
6264	Friedlander Memorial Award	-	58	-	-	-	-	58
6265	Georgianna Hayes English	-	1,340	(7)	-	-	-	1,333
6266	Jon Crockett Memorial Fund	-	3,635	(25)	200	-	-	3,810
6267	Lanny Cooper Memorial	-	1,275	(7)	-	-	-	1,268
6268	Lee and Larry Leighton Scholars	-	4,235	(19)	-	100	-	4,116
6269	Mable Thompson	-	523	(1)	-	100	-	422
6270	Theresa Brannigan Memorial	-	1,641	(9)	-	-	-	1,632
6271	Titcomb Fund	22,720	18,373	(217)	-	-	22,720	18,156
6272	Florence Tanner McIntire Memorial	-	93	-	-	-	-	93
6274	Mallory Dulac Scholarship	-	1,755	3	-	500	-	1,258
6275	Cony High Scholarship (held at CHS)	-	307	-	-	-	-	307
6276	Hawes/Jones Family Scholarship	-	19,945	(223)	5,000	1,000	-	23,722
6277	Maynard Bob Young Memorial Scholarship	-	19,309	(135)	645	-	-	19,819
6701	Ann Williams Funds	2,000	11,966	(73)	-	-	2,000	11,893
6702	Alumni Hall restoration	50	873	(5)	-	-	50	868
6703	Arthur E. Shea Memorial	1,161	(121)	(6)	-	-	1,161	(127)
6704	CATC School Wide Scholarship	10,000	961	(55)	-	-	10,000	906
6705	CHS Class of 1943 Scholarship Fund	7,199	2,166	(37)	-	500	7,199	1,629
6706	CHS Scholarship and Student Aid (held at CHS in checking)	-	9,037	-	13,600	18,112	-	4,525
6707	CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
6708	Carpentry Scholarship	-	180	(1)	-	-	-	179
6709	Charles McGrail Scholarship	3,257	3,523	(32)	-	200	3,257	3,291
6710	Dorothy Giddings Fund	1,000	2,448	(17)	-	100	1,000	2,331
6711	Edward Albing Math Fund	500	91	(3)	-	50	500	38
	Subtotal	$ 48,482	466,926	(3,260)	21,034	21,062	48,482	463,638

CITY OF AUGUSTA, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position, Continued
For the year ended June 30, 2018

			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		
6713	Food Service Scholarship	$	-	115	(1)	-	-	-	114
6714	Garside English Fund		1,000	(387)	(4)	-	-	1,000	(391)
6715	Helen Dyer Scholarship		1,717	184	(10)	-	-	1,717	174
6716	H. Graham Nye CATC Scholarship		2,500	163	(14)	-	-	2,500	149
6718	Karen Carey Scholarship		2,608	(12)	(13)	-	-	2,608	(25)
6719	Louis Ochmanski Scholarship		2,500	1,169	(19)	-	-	2,500	1,150
6720	Louise Webber Fund		10,000	6,058	(75)	-	500	10,000	5,483
6722	Mable I. Morton		1,933	1,508	(18)	-	-	1,933	1,490
6723	Mable Richmond Fund		200	62	(1)	-	50	200	11
6724	Machine Tool Scholarship		15	880	(3)	-	-	15	877
6725	Melanie Ann Cote Scholarship		1,800	2,800	(20)	-	200	1,800	2,580
6726	Nora Jackson Scholarship		3,000	4,828	(46)	250	-	3,000	5,032
6727	Raymond Falconia Fund		5,000	353	(22)	-	200	5,000	131
6728	Richard Ayotte Scholarship		2,030	98	(11)	-	-	2,030	87
6729	Sandra Lipman Arts Fund		-	642	3	-	300	-	345
6730	Theodore Rhoades Memorial		5,000	1,503	(34)	-	-	5,000	1,469
6731	Thomas Bishop Memorial Scholarship		1,730	742	7	25	1,000	1,730	(226)
6734	G & E Roofing		-	141	-	-	-	-	141
6736	Mary O'Connell		9,930	266	(54)	-	-	9,930	212
6737	Scott Laliberte		-	2,547	(14)	1,775	1,500	-	2,808
6738	Chrissanne Burns Memorial		-	5,329	(56)	4,010	3,500	-	5,783
6739	Michaud Family Scholarship		-	164	2	-	100	-	66
6740	A Joan Bridge		-	607	6	-	615	-	(2)
6741	Richard Shaw Jackson Scholarship		-	2,923	(19)	-	-	-	2,904
6742	E Jean Andrews Scholarship		50,000	50,017	(688)	280	-	50,000	49,609
6743	Evelyn and Pricilla Wilkins		-	15,782	(100)	-	500	-	15,182
6744	Richard McGuire School		-	-	(51)	350	-	-	299
6745	Cony High School Scholarship		-	-	(23)	1,100	-	-	1,077
6746	Geoffery Brown Scholarship		-	-	(6)	333	-	-	327
6747	Jean Radsky Scholarship		-	-	(6)	590	340	-	244
6748	Josh Wilson Memorial Scholarship		-	-	(11)	500	-	-	489
6749	Muriel McMallister Memorial		-	-	(1)	40	-	-	39
6750	Barbara Hughes Hanson		-	-	(2)	75	-	-	73
6751	Soule Scholarship		-	-	(45)	2,068	-	-	2,023
6752	Wayne Harris Scholarship		-	-	(2)	100	-	-	98
6753	Tardiff-Fine Scholarship		-	-	(16)	660	-	-	644
6754	Curtis O'Brien Scholarship		-	-	(18)	750	-	-	732
6755	Bethlehem Lodge Scholarship		-	-	(12)	500	-	-	488
6756	General Scholarship		-	-	(32)	1,380	-	-	1,348
	Total	$	**149,445**	**565,408**	**(4,689)**	**35,820**	**29,867**	**149,445**	**566,672**

Schedule 6

CITY OF AUGUSTA, MAINE
Agency Funds - Activity Funds
Statement of Changes in Assets and Liabilities
For the year Ended June 30, 2018

		Beginning of year	Additions	Deletions	End of year
ASSETS					
Cash	$	272,661	255,727	277,064	251,324
Total assets	**$**	**272,661**	**255,727**	**277,064**	**251,324**
LIABILITIES					
Due to student groups		272,661	255,727	277,064	251,324
Total liabilities	**$**	**272,661**	**255,727**	**277,064**	**251,324**

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 (1) and public works	Community services	Public safety	Education	Retirement and insurance	Utilities
2009	$ 566,468	2,847,425	5,837,484	2,569,838	8,419,526	33,027,066	3,639,953	2,058,362
2010	620,474	2,934,491	6,015,890	2,443,777	8,169,237	33,150,558	3,668,658	1,843,957
2011	530,991	3,128,512	5,186,770	2,540,309	8,414,744	31,882,197	1,372,067	1,849,879
2012	503,962	3,739,345	5,675,393	2,629,189	8,024,923	31,653,870	2,887,343	1,686,770
2013	451,287	3,098,179	5,215,484	2,508,477	8,067,039	30,516,363	3,166,570	2,263,375
2014	599,307	3,042,873	6,214,489	2,883,609	8,700,558	30,804,216	3,108,473	2,570,299
2015	576,556	3,171,224	6,211,761	2,995,671	8,817,839	30,430,740	1,803,541	2,464,731
2016	530,504	3,024,307	5,707,536	3,075,618	9,418,051	31,424,245	5,001,945	2,480,937
2017	595,730	3,231,743	6,453,848	3,430,938	9,986,398	33,978,049	4,283,436	2,468,640
2018	538,965	3,374,470	6,879,388	3,554,495	10,117,451	33,797,350	2,566,453	2,617,504

Unclassified	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport (1)	Total
$ 1,574,821	175,543	1,719,573	18,230	2,780,635	2,537,369	573,028	68,345,321
1,634,375	150,443	1,325,849	9,586	2,689,638	2,917,070	505,709	68,079,712
1,545,250	132,514	1,391,499	-	2,757,129	2,842,985	-	63,574,846
1,633,097	155,541	1,578,780	-	2,658,420	2,197,797	-	65,024,430
1,563,403	180,084	1,746,202	-	2,708,495	2,421,337	-	63,906,295
1,434,554	151,240	1,854,746	13,964	2,610,474	1,767,362	-	65,756,164
1,588,673	228,732	1,893,276	520,857	2,650,799	1,848,165	-	65,202,565
1,639,085	240,336	1,742,689	944,470	2,438,453	2,177,496	-	69,845,672
1,741,613	80,035	1,823,599	1,125,080	2,556,550	2,286,252	-	74,041,911
1,859,716	118,732	1,814,373	87,452	2,671,401	2,858,583	-	72,856,333

(1) 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

	Program Revenues			General Revenues				
Fiscal year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
2009	$ 10,088,437	23,110,107	-	29,491,494	2,952,851	972,661	2,066,307	68,681,857
2010	9,366,323	23,685,244	-	28,993,720	2,576,597	449,766	2,257,182	67,328,832
2011	9,392,481	22,707,795	904,457	30,378,865	2,350,821	308,636	660,968	66,704,023
2012	9,564,646	21,731,296	214,107	31,108,749	2,340,970	257,353	169,294	65,386,415
2013	9,761,724	20,302,592	87,089	31,545,957	2,340,921	25,274	158,589	64,222,146
2014	8,758,034	23,286,886	166,182	33,104,730	1,806,050	140,720	236,490	67,499,092
2015	9,103,246	22,537,478	3,148,046	34,978,320	1,719,131	160,563	114,892	71,761,676
2016	9,255,592	21,375,896	117,139	36,903,317	1,813,228	315,466	266,838	70,047,476
2017	9,121,808	22,235,557	897,804	37,171,550	1,961,176	32,490	46,885	71,467,270
2018	10,484,662	22,325,683	429,397	38,627,733	2,339,671	130,583	147,893	74,485,622

Table 3

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	Insurances and utilities	Unclassified	County	Education	Debt service	Total
2009	$ 697,527	1,571,797	5,264,080	2,063,501	7,478,538	4,168,103	112,258	1,406,380	27,332,285	1,023,587	51,118,056
2010	628,168	1,462,186	4,636,937	1,892,153	7,263,830	4,138,021	221,610	1,358,766	26,145,023	1,002,847	48,749,541
2011	555,129	1,377,274	4,821,949	1,959,452	7,671,112	4,387,729	237,003	1,396,619	24,921,342	765,334	48,092,943
2012	541,282	1,525,188	4,544,805	2,097,974	7,870,019	4,265,327	56,235	1,350,807	26,520,191	694,840	49,466,668
2013	483,077	1,574,172	4,718,043	2,179,071	7,864,817	5,035,552	147,428	1,398,648	25,391,160	852,070	49,644,038
2014	630,217	1,575,804	4,848,663	2,285,625	8,156,722	5,294,000	-	1,404,986	25,245,751	898,014	50,339,782
2015	590,171	1,608,701	5,415,171	2,277,315	8,453,214	4,103,076	-	1,429,518	25,206,685	943,301	50,027,152
2016	556,714	1,684,792	5,007,266	2,247,263	8,802,013	4,633,616	(2,597)	1,475,821	26,376,189	1,414,737	52,195,814
2017	627,192	1,767,684	5,265,116	2,395,390	9,167,872	4,799,696	-	1,533,098	28,918,509	2,281,830	56,756,387
2018	567,753	1,797,648	5,890,066	2,486,765	9,569,753	5,008,063	208,915	1,523,777	28,232,199	2,643,846	57,928,785

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
2009	$	27,124,031	158,400	18,345,040	3,646,760	54,086	897,139	569,613	50,795,069
2010		26,549,455	110,211	16,854,140	3,080,733	50,647	408,934	706,056	47,760,176
2011		27,423,576	205,010	15,360,985	3,420,571	52,650	295,917	576,129	47,334,838
2012		29,042,178	372,244	15,882,572	3,453,378	46,433	231,746	644,964	49,673,515
2013		28,531,192	193,724	15,057,731	3,399,461	52,495	22,635	683,840	47,941,078
2014		29,796,006	190,959	15,942,676	2,589,834	48,454	136,379	727,204	49,431,512
2015		30,944,004	198,356	15,653,123	2,792,473	50,155	155,269	666,269	50,459,649
2016		32,255,122	294,213	15,036,116	2,734,692	46,925	280,559	601,038	51,248,665
2017		32,475,745	208,511	15,398,158	2,474,063	59,224	32,881	740,118	51,388,700
2018		33,508,590	199,695	16,628,662	2,964,038	51,997	131,156	609,262	54,093,400

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
2009	$	25,982,227	25,164,056	96.85%	811,037	25,975,093	99.97%
2010		26,196,756	25,037,880	95.58%	1,121,998	26,159,878	99.86%
2011		27,016,108	25,845,259	95.67%	1,161,574	27,006,833	99.97%
2012		27,566,724	26,662,434	96.72%	892,425	27,554,859	99.96%
2013		28,120,753	27,183,423	96.67%	918,534	28,101,957	99.93%
2014		29,526,059	28,560,954	96.73%	936,236	29,497,190	99.90%
2015		31,299,897	30,280,492	96.74%	978,781	31,259,273	99.87%
2016		32,959,415	32,145,826	97.53%	763,694	32,909,520	99.85%
2017		33,509,678	32,603,955	97.30%	646,164	33,250,119	99.23%
2018		34,768,743	34,026,827	97.87%	-	34,026,827	97.87%

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	
2009	$	1,452,883,500	103,702,100	1,556,585,600	1,550,100,000	100.42%
2010		1,469,535,400	100,358,600	1,569,894,000	1,552,500,000	101.12%
2011		1,490,271,100	95,551,900	1,585,823,000	1,526,350,000	103.90%
2012		1,496,559,400	97,546,000	1,594,105,400	1,518,850,000	104.95%
2013		1,509,575,600	94,770,100	1,604,345,700	1,490,000,000	107.67%
2014		1,529,301,900	97,040,800	1,626,342,700	1,490,850,000	109.09%
2015		1,576,565,600	101,176,400	1,677,742,000	1,503,750,000	111.57%
2016		1,609,474,900	94,021,700	1,703,496,600	1,540,250,000	110.60%
2017		1,587,323,300	106,921,500	1,694,244,800	1,524,500,000	111.13%
2018		1,589,040,000	117,282,200	1,706,322,200	1,540,450,000	110.77%

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
2009	18,560	$ 1,556,585,600	49,898,795	8,050,795	41,848,000	2.69%	2,255
2010	18,560	1,569,894,000	46,290,730	7,339,480	38,951,250	2.48%	2,099
2011	19,136	1,585,823,000	44,407,724	6,628,165	37,779,559	2.38%	1,974
2012	19,136	1,594,105,400	41,142,883	5,916,850	35,226,033	2.21%	1,841
2013	19,136	1,604,345,700	39,705,964	5,205,535	34,500,429	2.15%	1,803
2014	19,136	1,626,342,700	35,549,045	4,494,220	31,054,825	1.91%	1,623
2015	19,136	1,677,742,000	44,107,126	4,632,905	39,474,221	2.35%	2,063
2016	19,136	1,703,496,600	46,930,207	3,815,340	43,114,867	2.53%	2,253
2017	19,136	1,694,244,800	49,923,021	3,162,775	46,760,246	2.76%	2,444
2018	19,136	1,706,322,200	49,148,669	2,310,210	46,838,459	2.74%	2,448

Sources for population information: U.S. Census Bureau

Table 8

CITY OF AUGUSTA, MAINE
Principal Taxpayers
June 30, 2018

Taxpayer	Business		Assessed value	% of total value
Central Maine Power	Public Utility	$	94,117,300	5.52%
W/S Development	Retail		84,677,700	4.96%
Wal-Mart Stores, Inc.	Retail		33,250,300	1.95%
Central Maine Commerce Center	Office Building		32,806,200	1.92%
PDNED Augusta Crossing Inc	Developer		29,233,400	1.71%
Maine Natural Gas	Gas Pipelines		24,552,100	1.44%
Summit Natural Gas	Gas Pipelines		21,922,200	1.28%
Taurus Business Center Lmtd	Retail		19,521,500	1.14%
J & R Associates LLC	Developer		17,525,000	1.03%
CAP Center Associates LP	Developer		15,643,600	0.92%

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, 2018, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements, and have issued our report thereon dated November 16, 2018.

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 November 16, 2018.

Purpose of this Report

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

November 16, 2018
South Portland, Maine

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

City Council and Board of Education
City of Augusta, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Augusta, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Augusta, Maine's major federal programs for the year ended June 30, 2018. The City of Augusta, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Augusta, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Augusta, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Augusta, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements. We issued our report thereon dated November 16, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

November 16, 2018
South Portland, Maine

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

	Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
	U.S. Department of Education,					
	Passed through Maine Department of Education:					
0295	Adult Basic Education	84.002	6296	$ 65,182		-
0230	Title IA	84.010	3107	880,667		-
	Special Education Cluster:					
0247	Special Education State Grants Individuals with Disabilities Act	84.027	3046	762,160		-
0251	Preschool	84.173	6247	14,604		-
	Total Special Education Cluster				776,764	
0286	Carl Perkins - Basic Grant (Learning Center)	84.048	3030	136,923		-
0261	McKinney Homeless	84.196	3104	30,503		-
0267	Rural Low Income	84.358	3305	37,549		-
0268	Title III - ESL	84.365	3115	17,708		3,040
0270	Teacher Quality Grant	84.367	3042	165,112		-
	Total U.S. Department of Education			2,110,408		3,040
	U.S. Department of Agriculture, passed through the Maine Dept. of Education:					
	Child Nutrition Cluster:					
0600	National School Lunch Program	10.555	3022/3024	558,300		-
	School Breakfast Program	10.553	3014	221,155		-
	Summer Food Service Program	10.559	3016/3018	53,817		-
	Food Donation Program	10.555	N/A	78,316		-
	Total Child Nutrition Cluster				911,588	
	Fresh Fruit and Vegetable Program	10.582	3028	60,958		-
	Total U.S. Department of Agriculture			972,546		-
	U.S. Department of Justice, passed through the Maine Department of Justice:					
2047	Bulletproof Vest	16.607	N/A	1,463		-
2289	COPS Hiring Program	16.710	N/A	38,642		-
	Total U.S. Department of Justice			40,105		-

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2018

	Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Transportation:						
	Highway Safety Cluster:					
	Direct programs:					
2049	OUI Grant	20.600	N/A	$ 13,977		-
2125	Speed Enforcement	20.600	N/A	5,979		-
2048	Seatbelt Grant	20.600	N/A	10,026		-
2291	Targeted Pedestrian/Motor Vehicle Enforcement	20.600	E016000019K	1,034	31,016	-
	Passed through the Maine Department of Public Safety:					
2553	Teen Driver Safety Grant	20.616	N/A	23,085		-
	Total Highway Safety Cluster				54,101	
	Total U.S. Department of Transportation			54,101		-
U.S. Department of Housing and Urban Development, passed through the						
	Maine Department of Economic and Community Development:					
2287	CDBG Safe Neighborhood Program	14.228	N/A	10,752		-
2283	CDBG Workforce Development	14.228	N/A	4,674	15,426	-
	Total U.S. Department of Housing and Urban Development			15,426		-
U.S. Department of Health and Human Services, passed through						
	Kennebec County:					
2189	Southern Kennebec Underage Drinking Task Force	93.243	N/A	13,608		-
	Catholic Charities of Maine:					
0205	Refugee and Entrant Assistance - Social Services	93.566	N/A	2,939		-
0272	Refugee and Entrant Assistance - School Impact	93.566	N/A	6,426	9,365	-
	Total U.S. Department of Health and Human Services			22,973		-
U.S. Department of Homeland Security:						
	Passed through Maine Emergency Management Agency:					
2074	Homeland Security	97.067	N/A	969		-
2269	2012 Homeland Security Grant	97.067	N/A	129,423	130,392	-
2152	TSA - Officer Reimbursement	97.090	N/A	15,648		-
	Total U.S. Department of Homeland Security			146,040		-
	Totals			**$ 3,361,599**		**3,040**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AUGUSTA, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

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, 2018. The reporting entity is defined in the notes to basic financial statements of the City of Augusta, Maine.

B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.

   1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

   2. Major Programs - The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Augusta, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.

C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City of Augusta, Maine's fund financial statements.

D. The City of Augusta, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I-Summary of Auditor's Results

Basic financial statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	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 federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)

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

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

None

Section III - Findings and Questioned Costs for Federal Awards

None

Section IV - Status of Prior Year Findings and Questioned Costs

None