

**CITY OF AUGUSTA, MAINE**  
**Financial Report**  
**For the Year Ended June 30, 2010**

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2010**

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Certified Public Accountants and Business Consultants

## Independent Auditor's Report

City Council  
City of Augusta, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Augusta, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010, on our consideration of the City of Augusta, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



November 10, 2010  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

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As management of the City of Augusta, we offer readers of the City of Augusta's financial statements this narrative overview and analysis of the financial activities of the City of Augusta for the fiscal year ended June 30, 2010. 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 2010 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net assets were \$34.6 million at June 30, 2010. Of this total, \$31.8 million were governmental assets and \$2.8 million were business-type assets.
- The City's net assets decreased by \$ 0.75 million. Of this amount, the governmental activities had a decrease in net assets of \$0.28 million. The business-type activities decreased by \$0.47 million. Governmental net assets invested in capital asset net of debt increased by \$0.58 million and unrestricted net assets decreased by \$0.9 million. Business-type unrestricted net assets decreased by \$0.58 million.
- City-wide governmental revenues include program revenues of \$27.3 million, a decrease of \$0.2 million, and general revenues of \$34.4 million, a decrease of \$0.7 million. Business-type income was \$5.7 million, an increase of \$0.2 million.
- Total City-wide governmental expenses were \$62 million, a decrease of \$0.5 million and business-type activities were \$6.1 million, an increase of \$0.2 million, for total expenditures of \$68.1 million, a decrease of \$0.2 million or 0.3%.

**Fund Level:**

- Governmental fund balance increased by \$0.5 million in Fiscal 2010 to \$19.1 million due to an increase in other financing sources for other governmental funds. Governmental fund revenues totaled \$61.3 million, with total expenditures of \$61.8 million. Other financing sources and uses added \$1 million. General fund revenues totaled \$50 million, with total expenditures of \$51.1 million, for a deficiency of revenues under expenditures of \$1.0 million. Total other financial sources and uses was \$1.5 million. The General Fund balance increased \$0.5 million for fiscal 2010.

**Overview of the Financial Statements:**

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

**The Basic Financial Statements**

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

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

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

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

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

Major Funds, 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 Assets and the Statement of Activities present information about the following:

**Governmental Activities:**

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

**Business-type Activities:**

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

**Fund Financial Statements:**

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

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

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

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

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

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

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

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

**Table 1**  
**Governmental Activities Net Assets**

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 25,076,365	24,936,669
Capital assets	58,069,948	59,223,794
<b>Total assets</b>	<b>83,146,313</b>	<b>84,160,463</b>
Long-term liabilities	39,525,009	41,921,115
Other liabilities	11,821,703	10,162,299
<b>Total liabilities</b>	<b>51,346,712</b>	<b>52,083,414</b>
Net assets:		
Invested in capital assets (net of debt)	29,747,461	29,170,201
Restricted	607,643	557,645
Unrestricted	1,444,497	2,349,203
<b>Total net assets</b>	<b>\$ 31,799,601</b>	<b>32,077,049</b>

Capital assets net of related debt increased by 1.68% or \$0.58 million due to a decrease in long-term liabilities. The City's long-term liabilities (primarily debt) decreased by \$2.4 million. The City's other liabilities increased by \$1.7 million due to an increase in other post retirement benefit liabilities of \$2.1 million and a decrease of accounts payable and other current liabilities of \$0.4 million. The City's investment in capital assets net of related debt represents 94% of the total net assets. 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. 1.9% of net assets are represented by resources that are subject to external restrictions in their uses. The remaining balance of \$1.4 million (4.5%) is unrestricted net assets.

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

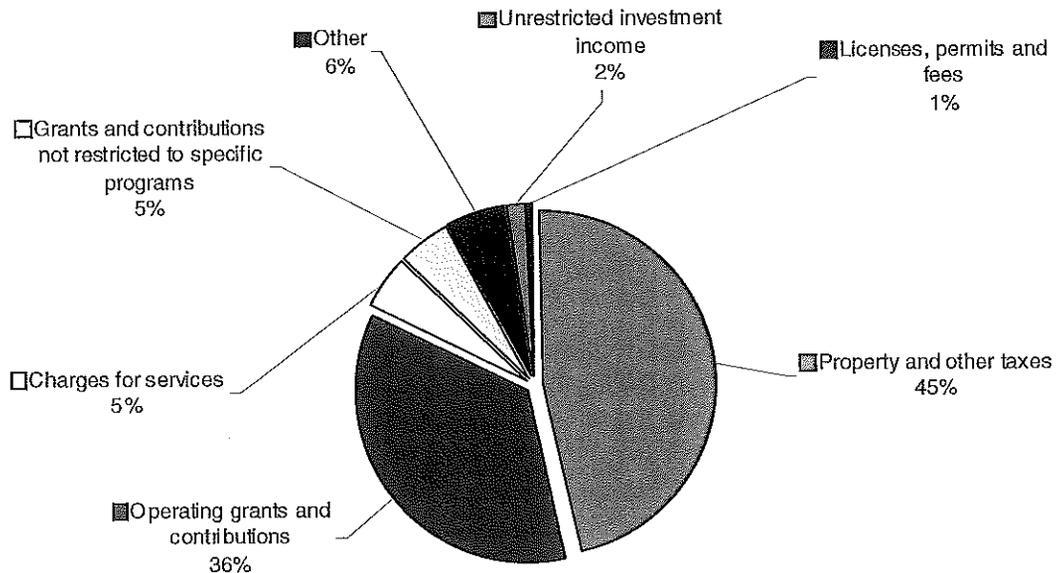
**Changes in Net Assets:**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 4,011,988	4,826,744	(814,756)
Operating grants and contributions	23,292,537	22,669,672	622,865
Capital grants and contributions	-	-	-
Total program revenues	27,304,525	27,496,416	(191,891)
<b>General Revenues:</b>			
Property and other taxes	28,647,649	29,106,968	(459,319)
Grants and contributions not restricted to specific programs	2,576,597	2,952,851	(376,254)
Licenses, permits and fees	110,211	158,400	(48,189)
Unrestricted investment income	449,386	942,066	(492,680)
Other	2,601,479	2,353,410	248,069
Total general revenues	34,385,322	35,513,695	(1,128,373)
Total revenues	61,689,847	63,010,111	(1,320,264)
<b>Functional Expenses:</b>			
Legislative and executive	620,474	566,468	54,006
Finance and administration	2,934,491	2,847,425	87,066
City services	2,786,360	2,901,162	(114,802)
Community services	2,443,777	2,569,838	(126,061)
Public safety	8,169,237	8,419,526	(250,289)
Public works	3,229,530	2,936,322	293,208
Education	33,150,558	33,027,066	123,492
Insurance and retiree benefits	3,668,658	3,639,953	28,705
Utilities	1,843,957	2,058,362	(214,405)
Unclassified	1,634,375	1,574,821	59,554
Interest on debt	150,443	175,543	(25,100)
Central garage	1,325,849	1,719,573	(393,724)
Capital maintenance expenses	9,586	18,230	(8,644)
Total expenses	61,967,295	62,454,289	(486,994)
Increase (decrease) in net assets	(277,448)	555,822	(833,270)
Net assets – beginning of year	32,077,049	31,521,227	555,822
<b>Net assets – end of year</b>	<b>\$ 31,799,601</b>	<b>32,077,049</b>	<b>(277,448)</b>

Governmental activities resulted in a decrease in net assets of \$0.28 million. Program revenues decreased \$0.2 million, with operating grants and contributions increasing 2.6% or \$0.6 million. Charges for services decreased \$0.8 million as a result of lower emergency medical services revenues and educational charges. The State and Federal government increased intergovernmental transfers by \$0.62 million. General revenues decreased \$1.1 million. Property and other taxes decreased \$0.46 million, licenses, permits and fees decreased slightly due to the economy and other revenues increased \$0.25 million. Functional expenses decreased \$0.5 million. City services expenditures were down due staff reductions and lower energy cost. Public safety expenditures were down due to lower energy and overtime expenditures. Staff reductions and lower energy cost accounted for lower community services cost. Use of tax increment financing funds for storm water fees reduced utilities expenses. Central garage expenditures were down due to lower fuel cost. Public works expenses increased due to use of tax increment financing funds for street improvements. Education expenditures increase as a result of additional federal funding.

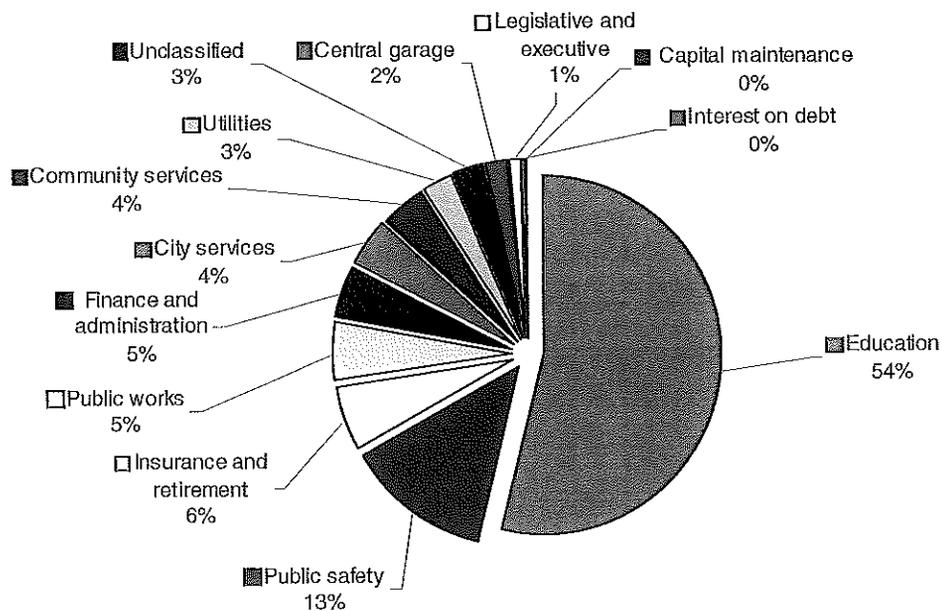
**CITY OF AUGUSTA, MAINE  
Management's Discussion and Analysis, Continued**

**Source of Revenues**



As the source of revenues chart above shows, 46% of the City's fiscal 2010 governmental activities revenues came from property and other taxes, and 36% from operating grants and contributions. The remaining 18% came from charges for services (5%), grants and contributions not restricted to specific programs (5%), other revenues (6%), and unrestricted investment income (1%).

**Functional Expense**



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

The Functional expenses chart above reflects only current year expenses, which are discussed below. Education accounted for 53.5% and Municipal Services 46.5% of expenses. Public safety accounted for 13.2% of total expenses. Public works 5.2% Finance and administration accounted for 4.7%, Community Services 3.9%, and Utilities 3% of total expenses. City services accounted for 4.5%, Insurance and retiree benefits 5.9%, and central garage 2.1% and capital maintenance 0.02% of total expenses. Legislative and executive, and interest on non-educational debt, combined totaled 1.24% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2010, Governmental capital assets decreased \$1.15 million. Capital assets not being depreciated decreased \$128,000, capital assets being depreciated increased \$1.56 million and accumulated depreciation increased \$2.58 million.

**Governmental Activities:**

Table 2 presents the net expenses of each of the City's largest programs. Net expense is defined as total program cost less the revenue generated by those specific activities. Net expenses totaled \$34.66 million as the City is dependent on general revenues for 55.3% of expenses. Overall, program revenues reduced program expenses by an average of 44.7% of total expenses slightly higher than in FY 2009. The range of reduction was 0% to 71% for education. Over all, governmental activities net expenses decreased \$0.3 million or 1%. The City's program revenues include charges for services, State subsidies, and operating grants and contributions.

**Table 2**  
**Governmental Activities**  
**(In Millions)**

		<u>2010</u>	<u>2009</u>	<u>Variance</u>
Legislative and executive	\$	(0.62)	(0.57)	(0.05)
Finance and administration		(2.73)	(2.73)	-
City services		(1.67)	(2.49)	0.82
Community services		(2.32)	(2.39)	0.07
Public safety		(6.45)	(6.17)	(0.28)
Public works		(2.91)	(2.58)	(0.33)
Education		(9.63)	(9.21)	(0.42)
Retirement and insurance		(3.67)	(3.64)	(0.03)
Utilities		(1.84)	(2.06)	0.22
Unclassified		(1.63)	(1.57)	(0.06)
Debt service		(0.15)	(0.18)	0.03
Central garage		(1.03)	(1.35)	0.32
Capital maintenance expenses		(0.01)	(0.02)	0.01
<b>Total</b>	<b>\$</b>	<b>(34.66)</b>	<b>(34.96)</b>	<b>0.30</b>

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

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

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Current and other assets	\$ 7.03	6.70	0.33
Capital assets	9.75	10.49	(0.74)
<b>Total assets</b>	<b>16.78</b>	<b>17.19</b>	<b>(0.41)</b>
Long-term liabilities	13.61	13.60	0.01
Other liabilities	0.35	0.28	0.07
<b>Total liabilities</b>	<b>13.96</b>	<b>13.88</b>	<b>0.08</b>
Net assets:			
Invested in capital assets (net of debt)	2.41	2.43	(0.02)
Unrestricted	0.42	0.87	(0.45)
<b>Total net assets</b>	<b>\$ 2.83</b>	<b>3.30</b>	<b>(0.47)</b>

Business-type activities net assets decreased by \$0.47 million in fiscal year 2010. The decrease in net assets is attributable to an operating income of \$5.75 million, being offset by operating expenses of \$5.62 million, nonoperating expense (primarily interest expense) of \$0.49 million and a transfer of \$0.11 million.

**The City's Fund Financial Statements**

Governmental Funds

At June 30, 2010, the City's governmental funds reported a combined fund balance of \$19.1 million. The governmental fund balance is comprised of the following; General Fund \$11.72 million, and Other Funds \$7.38 million.

Government funds revenues totaled \$61.31 million with expenditures totaling \$61.84 million, a deficit of revenues under expenditures of \$0.53 million. Other financing sources and uses netted \$1 million, resulting in a net increase of fund balance by \$0.46 million. The increase is entirely attributable to the General Fund.

Proprietary Funds

Proprietary Funds net assets decreased by \$0.47 million for FY 2010. Proprietary Funds operating revenues were \$5.75 million, with operating expenses of \$5.62 million producing net operating income of \$0.13 million. Non operating expenses were \$0.49 million and operating transfers out of \$0.11 million.

**Analysis of Major Governmental Funds**

General Fund

General fund revenues were down \$1.32 million or 2.7%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 91% of revenues, were 97.64% of estimates. Tax and intergovernmental revenues ran a negative variance of \$1.05 million. Tuition and other educational charges were off \$193,000. Municipal charge for services had a negative variance of \$190,000. Unclassified revenues had a positive variance of \$185,000 due to property rents, workers' compensation, general assistance reimbursement and cable franchise fees.

General fund expenditures had a budgetary surplus of 3.8% or \$1.9 million. Educational expenditures were 3.9% or \$1.05 million under budget. Municipal operating expenditures were 3.7% or \$0.85 million under budget. The positive variance was due primarily to lower energy and snow removal cost due to a mild winter.

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

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**Other Governmental Funds**

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

**Proprietary Funds**

Augusta Civic Center

Net assets of the Civic Center increased \$46,000 for FY 2010. Net assets totaled \$2.34 million of which \$2.1 million represents investment in capital assets, net of related debt, and unrestricted net assets totaled \$0.24 million. The Civic Center had net operating income of \$280,000, with a nonoperating expense of \$174,000 and a transfer out of \$60,000.

Hatch Hill Landfill

Net assets of the regional Hatch Hill Landfill decreased \$520,000 in fiscal 2010. Net assets totaled \$490,000 of which \$310,000 represents investments in capital assets net of related debt, and \$180,000 in unrestricted net assets. Net operating loss totaled \$161,000, non operating expense totaled \$310,000 and a transfer out of \$48,000.

Airport

The City manages the Augusta State Airport through a contract with the State of Maine.

Central Garage (Internal Service Fund)

Net assets of the Central Garage fund increased by \$122,000. \$1.67 million of net assets was invested in capital assets net of debt and unrestricted net assets totaled \$500,000. The Central garage fund had net operating income of \$171,000. Non-operating expense and transfers out totaled \$50,000.

**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 2010, the cost of infrastructure and other capital assets of Government Funds recorded on the City's financial statements net of depreciation was \$58.1 million, a decrease of \$1.15 million or 1.9%. The City's investment in infrastructure assets increased \$0.35 million and investment in machinery and equipment decreased \$0.26 million. The City's investment in buildings decreased by \$1.1 million. Construction in progress decreased \$0.13 million.

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

The capital assets of the business-type activities continued to decrease as the capacity of Hatch Hill landfill is utilized. Table 4 reflects Capital assets at June 30, 2010, by Governmental activities and Business-type activities.

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

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated			
Land	\$ 1,471,759	1,471,759	-
Construction in progress	-	128,274	(128,274)
Capital assets being depreciated			
Buildings and improvements	61,719,110	61,373,731	345,379
Machinery, vehicles, and equipment	7,605,252	7,580,699	24,553
Infrastructure	31,239,757	30,172,422	1,067,335
Internal service fund equipment	4,678,791	4,557,966	120,825
Less: Accumulated depreciation	(48,644,721)	(46,061,057)	(2,583,664)
	<u>58,069,948</u>	<u>59,223,794</u>	<u>(1,153,846)</u>
<b>Business-type activities:</b>			
Capital assets, not being depreciated	428,950	428,950	-
Capital assets, being depreciated			
Buildings and improvements	8,707,048	8,689,994	17,054
Machinery and equipment	1,306,394	1,306,394	-
Landfill	10,421,075	14,685,287	(4,264,212)
Less: Accumulated depreciation	(11,112,259)	(14,625,284)	3,513,025
	<u>\$ 9,751,208</u>	<u>10,485,341</u>	<u>(734,133)</u>

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of capital assets over the years of its useful life so that an allocable portion of the cost of the asset is born by all users.

**Debt Administration**

The City's total bonded indebtedness at June 30, 2010 was \$46.29 million, a decrease of \$3.61 million. The City did not issue new debt during FY 2010 and retired \$3.61 million principal amount of bonds and made all scheduled repayments of existing bonded indebtedness for fiscal year 2010.

**Contacting the City's Financial Management**

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



## **BASIC FINANCIAL STATEMENTS**

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**June 30, 2010**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,217,498	34,918	17,252,416
Investments	11,473,430	-	11,473,430
Receivables:			
Taxes	1,184,680	-	1,184,680
Tax liens	431,073	-	431,073
Intergovernmental	551,010	-	551,010
Accounts, (net of allowance for uncollectibles)	407,481	277,039	684,520
Notes	183,765	-	183,765
Internal balances	(6,681,449)	6,681,449	-
Inventories	172,086	23,924	196,010
Prepaid expenses	136,791	15,750	152,541
Capital assets, not being depreciated	1,471,759	428,950	1,900,709
Capital assets, net of accumulated depreciation	56,598,189	9,322,258	65,920,447
Total assets	83,146,313	16,784,288	99,930,601
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,041,733	35,805	1,077,538
Accrued payroll and benefits	2,895,196	61,993	2,957,189
Compensated absences payable	3,378,083	203,081	3,581,164
Escrow payable	7,926	40,260	48,186
Taxes paid in advance	81,017	-	81,017
Accrued interest	242,348	-	242,348
Other postemployment benefits	4,175,400	-	4,175,400
Noncurrent liabilities:			
Due within one year	3,090,332	711,315	3,801,647
Due in more than one year	36,434,677	12,903,016	49,337,693
Total liabilities	51,346,712	13,955,470	65,302,182
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	29,747,461	2,411,728	32,159,189
Restricted for:			
Nonexpendable principal	607,643	-	607,643
Unrestricted	1,444,497	417,090	1,861,587
Total net assets	\$ 31,799,601	2,828,818	34,628,419

*See accompanying notes to financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/programs	Net (expense) revenue and changes in net assets						
	Program Revenues			Primary Government			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
Legislative and executive	\$ 620,474	-	-	-	(620,474)	-	(620,474)
Finance and administration	2,934,491	173,137	30,000	-	(2,731,354)	-	(2,731,354)
City services	2,786,360	-	1,117,403	-	(1,668,957)	-	(1,668,957)
Community services	2,443,777	38,616	86,889	-	(2,318,272)	-	(2,318,272)
Public safety	8,169,237	1,118,589	603,525	-	(6,447,123)	-	(6,447,123)
Public works	3,229,530	26,123	291,288	-	(2,912,119)	-	(2,912,119)
Education	33,150,558	2,359,522	21,163,432	-	(9,627,604)	-	(9,627,604)
Retirement and insurance	3,668,658	-	-	-	(3,668,658)	-	(3,668,658)
Utilities	1,843,957	-	-	-	(1,843,957)	-	(1,843,957)
Unclassified	1,634,375	-	-	-	(1,634,375)	-	(1,634,375)
Interest on debt	150,443	-	-	-	(150,443)	-	(150,443)
Central garage	1,325,849	296,001	-	-	(1,029,848)	-	(1,029,848)
Capital maintenance	9,586	-	-	-	(9,586)	-	(9,586)
<b>Total governmental activities</b>	<b>61,967,295</b>	<b>4,011,988</b>	<b>23,292,537</b>	<b>-</b>	<b>(34,662,770)</b>	<b>-</b>	<b>(34,662,770)</b>
<b>Business-type activities:</b>							
Augusta Civic Center	2,689,638	2,795,681	-	-	-	106,043	106,043
Hatch Hill Landfill	2,917,070	2,445,652	-	-	-	(471,418)	(471,418)
Airport	505,709	113,002	392,707	-	-	-	-
<b>Total business-type activities</b>	<b>6,112,417</b>	<b>5,354,335</b>	<b>392,707</b>	<b>-</b>	<b>-</b>	<b>(365,375)</b>	<b>(365,375)</b>
<b>Total primary government</b>	<b>\$ 68,079,712</b>	<b>9,366,323</b>	<b>23,685,244</b>	<b>-</b>	<b>(34,662,770)</b>	<b>(365,375)</b>	<b>(35,028,145)</b>
<b>General revenues:</b>							
Property taxes, levied for general purposes		\$			25,892,407	-	25,892,407
Motor vehicle excise taxes					2,755,242	-	2,755,242
Licenses and permits					110,211	-	110,211
Cable TV franchise fee					235,860	-	235,860
Grants and contributions not restricted to specific programs:							
Homestead exemption					461,004	-	461,004
Business equipment tax reimbursement					232,452	-	232,452
State Revenue Sharing					1,858,096	-	1,858,096
Other					25,045	-	25,045
Unrestricted investment earnings					449,386	380	449,766
Miscellaneous revenues					2,292,508	-	2,292,508
Gain (loss) on disposal of assets					(35,326)	-	(35,326)
Transfers					108,437	(108,437)	-
<b>Total general revenues and transfers</b>					<b>34,385,322</b>	<b>(108,057)</b>	<b>34,277,265</b>
<b>Change in net assets</b>							
Net assets - beginning					(277,448)	(473,432)	(750,880)
<b>Net assets - ending</b>					<b>32,077,049</b>	<b>3,302,250</b>	<b>35,379,299</b>
<b>Net assets - ending</b>		<b>\$</b>			<b>31,799,601</b>	<b>2,828,818</b>	<b>34,628,419</b>

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 17,186,170	31,328	17,217,498
Investments	10,756,884	716,546	11,473,430
Receivables:			
Taxes	1,184,680	-	1,184,680
Tax liens	431,073	-	431,073
Due from other governments	39,198	511,812	551,010
Accounts receivable, net of allowance for uncollectibles	327,626	79,786	407,412
Notes receivable	-	183,765	183,765
Interfund loans receivable	-	6,262,280	6,262,280
Inventory	4,211	49,589	53,800
Prepaid items	123,936	7,666	131,602
<b>Total assets</b>	<b>\$ 30,053,778</b>	<b>7,842,772</b>	<b>37,896,550</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other accrued liabilities	965,971	72,868	1,038,839
Accrued payroll and benefits	2,495,475	391,889	2,887,364
Escrow payable	7,926	-	7,926
Deferred revenue	1,411,870	-	1,411,870
Taxes received in advance	81,017	-	81,017
Interfund loans payable	13,369,351	-	13,369,351
<b>Total liabilities</b>	<b>18,331,610</b>	<b>464,757</b>	<b>18,796,367</b>
Fund balances:			
Reserved for:			
Encumbrances	840,773	224,590	1,065,363
Noncurrent receivables	-	183,765	183,765
Inventory	4,211	49,589	53,800
Nonexpendable trust principal	-	607,643	607,643
Unreserved, reported in:			
General fund:			
City designated	2,160,917	-	2,160,917
School designated	401,609	-	401,609
City undesignated	5,483,797	-	5,483,797
School undesignated	2,830,861	-	2,830,861
Special revenue funds	-	3,944,640	3,944,640
Capital projects funds	-	1,902,298	1,902,298
Permanent funds	-	465,490	465,490
<b>Total fund balances</b>	<b>11,722,168</b>	<b>7,378,015</b>	<b>19,100,183</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,053,778</b>	<b>7,842,772</b>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			56,397,333
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			1,411,870
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			2,176,170
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Accrued compensated absences			(3,343,198)
Accrued interest			(242,348)
Other postemployment benefits			(4,175,400)
Capital leases			(573,759)
Bonds payable			(38,951,250)
<b>Net assets of governmental activities</b>			<b>\$ 31,799,601</b>

See accompanying notes to financial statements.

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2010**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 26,549,455	2,100,500	28,649,955
Licenses and permits	110,211	-	110,211
Intergovernmental	19,187,038	6,682,096	25,869,134
Tuition and other charges - education	1,774,915	-	1,774,915
Charges for services	1,305,818	584,607	1,890,425
Fees and fines	50,647	-	50,647
Unclassified	709,784	1,801,664	2,511,448
Investment earnings	408,934	40,452	449,386
Total revenues	50,096,802	11,209,319	61,306,121
<b>Expenditures:</b>			
<b>Current:</b>			
Legislative and executive	624,074	71	624,145
Finance and administration	1,474,278	1,467,353	2,941,631
City services	1,332,994	1,182,586	2,515,580
Community services	1,849,843	704,684	2,554,527
Public safety	7,129,861	882,278	8,012,139
Public works	2,855,153	451,424	3,306,577
Education	28,268,514	5,253,658	33,522,172
Retirement and insurance	2,294,064	-	2,294,064
Utilities	1,843,957	-	1,843,957
Unclassified	1,580,376	100,494	1,680,870
Debt service (excluding education)	1,002,847	-	1,002,847
Capital outlay	870,520	666,456	1,536,976
Total expenditures	51,126,481	10,709,004	61,835,485
Excess (deficiency) of revenues over (under) expenditures	(1,029,679)	500,315	(529,364)
<b>Other financing sources (uses):</b>			
Lease proceeds	855,564	-	855,564
Transfers from other funds	729,419	257,141	986,560
Transfers to other funds	(67,449)	(782,376)	(849,825)
Total other financing sources (uses)	1,517,534	(525,235)	992,299
Net change in fund balances	487,855	(24,920)	462,935
Fund balances, beginning of year	11,234,313	7,402,935	18,637,248
<b>Fund balances, end of year</b>	<b>\$ 11,722,168</b>	<b>7,378,015</b>	<b>19,100,183</b>

*See accompanying notes to 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, 2010**

Net change in fund balances - total governmental funds (from Statement 4)	\$	462,935
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,730,395) and loss on disposal (\$28,327) exceeded capital expenditures (\$1,603,169).</p>		
		(1,155,553)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(2,306)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$855,564) exceeded the amount of repayments (\$354,920).</p>		
		(500,644)
<p>Change in accruals are recorded on the statement of net assets, but not on the governmental fund balance sheet - accrued compensated absences (\$43,176), accrued interest (\$20,654) and other post employment benefits (\$2,077,790).</p>		
		(2,100,312)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments.</p>		
		2,896,750
<p>Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		121,682
<b>Change in net assets of governmental activities (see Statement 2)</b>		<b>\$ (277,448)</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2010**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 26,946,016	26,946,016	26,549,455	(396,561)
Licenses and permits	167,265	167,265	110,211	(57,054)
Intergovernmental	17,506,721	17,506,721	16,854,140	(652,581)
Tuition and other charges - education	1,968,000	1,968,000	1,774,915	(193,085)
Charges for services	1,495,625	1,495,625	1,305,818	(189,807)
Fees and fines	51,700	51,700	50,647	(1,053)
Unclassified	520,966	520,966	706,056	185,090
Investment earnings	426,680	426,680	408,934	(17,746)
Total revenues	49,082,973	49,082,973	47,760,176	(1,322,797)
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative and executive	600,922	727,665	628,168	99,497
Finance and administration	1,544,992	1,560,338	1,462,186	98,152
City services	1,444,292	1,467,234	1,362,929	104,305
Community services	1,976,205	2,015,128	1,892,153	122,975
Public safety	7,254,162	7,344,684	7,263,830	80,854
Public works	3,177,585	3,618,212	3,274,008	344,204
Education	27,039,714	27,194,091	26,145,023	1,049,068
Retirement and insurance	2,284,186	2,284,186	2,294,064	(9,878)
Utilities	1,893,472	1,893,472	1,843,957	49,515
Unclassified	1,450,280	1,450,280	1,580,376	(130,096)
Debt service (excluding education)	1,098,246	1,098,246	1,002,847	95,399
Total expenditures	49,764,056	50,653,536	48,749,541	1,903,995
Excess (deficiency) of revenues over (under) expenditures	(681,083)	(1,570,563)	(989,365)	581,198
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	-	25,000	-	(25,000)
Budgeted utilization of surplus - School	64,212	64,212	-	(64,212)
Use of carryforwards - City	-	735,103	-	(735,103)
Use of carryforwards - School	-	154,377	-	(154,377)
Transfers to other funds - City	-	(25,000)	(67,449)	(42,449)
Transfers from other funds	797,971	797,971	700,718	(97,253)
Total other financing sources (uses)	862,183	1,751,663	633,269	(1,118,394)
Net change in fund balance - budgetary basis	181,100	181,100	(356,096)	(537,196)
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			631,366	
Add back: encumbrances expended in budgetary - School			209,407	
Change in reserves			3,178	
Net change in fund balance - GAAP basis			487,855	
Fund balance, beginning of year			11,234,313	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>11,722,168</b>	

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Totals	
<b>ASSETS</b>					
Current assets:					
Cash	\$ 34,918	-	-	34,918	-
Accounts receivable, net	102,202	95,928	78,909	277,039	69
Interfund loans receivable	284,775	6,442,570	-	6,727,345	425,622
Prepaid expenses	8,104	5,509	2,137	15,750	5,189
Inventory	23,924	-	-	23,924	118,286
Total current assets	453,923	6,544,007	81,046	7,078,976	549,166
Noncurrent assets:					
Property, plant, and equipment:					
Land	390,000	38,950	-	428,950	-
Buildings and improvements	8,665,107	23,372	-	8,688,479	66,240
Equipment and vehicles	424,057	900,907	-	1,324,964	4,678,791
Hatch Hill landfill system	-	10,421,074	-	10,421,074	-
Less accumulated depreciation	(4,887,973)	(6,224,286)	-	(11,112,259)	(3,072,416)
Total noncurrent assets	4,591,191	5,160,017	-	9,751,208	1,672,615
Total assets	5,045,114	11,704,024	81,046	16,830,184	2,221,781
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	23,977	7,489	4,339	35,805	2,894
Accrued wages and benefits payable	28,084	27,130	6,779	61,993	7,832
Accrued compensated absences	124,165	54,884	24,032	203,081	34,885
Refundable deposits	40,260	-	-	40,260	-
Current portion of bonds payable	226,315	485,000	-	711,315	-
Interfund loans payable	-	-	45,896	45,896	-
Total current liabilities	442,801	574,503	81,046	1,098,350	45,611
Noncurrent liabilities:					
Bonds payable	2,263,165	4,365,000	-	6,628,165	-
Accrued landfill closure and postclosure costs	-	6,274,851	-	6,274,851	-
Total noncurrent liabilities	2,263,165	10,639,851	-	12,903,016	-
Total liabilities	2,705,966	11,214,354	81,046	14,001,366	45,611
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,101,711	310,017	-	2,411,728	1,672,615
Unrestricted	237,437	179,653	-	417,090	503,555
Total net assets	\$ 2,339,148	489,670	-	2,828,818	2,176,170

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Totals	
<b>Operating revenues:</b>					
Rental income	\$ 1,312,750	-	49,982	1,362,732	-
Fees	-	2,445,652	63,020	2,508,672	1,465,908
Food and beverage sales	1,482,931	-	-	1,482,931	-
State of Maine	-	-	392,707	392,707	-
Miscellaneous	-	-	-	-	16,920
<b>Total operating revenues</b>	<b>2,795,681</b>	<b>2,445,652</b>	<b>505,709</b>	<b>5,747,042</b>	<b>1,482,828</b>
<b>Operating expenses:</b>					
Personnel services	1,364,775	457,458	308,582	2,130,815	392,247
Contractual services	340,334	696,825	145,944	1,183,103	59,767
Supplies and materials	492,462	86,329	35,959	614,750	559,307
Fixed charges	17,476	908,854	7,392	933,722	2,441
Capital outlay	4,350	2,059	-	6,409	350
Depreciation	296,410	454,777	-	751,187	297,378
<b>Total operating expenses</b>	<b>2,515,807</b>	<b>2,606,302</b>	<b>497,877</b>	<b>5,619,986</b>	<b>1,311,490</b>
<b>Operating income (loss)</b>	<b>279,874</b>	<b>(160,650)</b>	<b>7,832</b>	<b>127,056</b>	<b>171,338</b>
<b>Nonoperating revenue (expense):</b>					
Interest income	-	380	-	380	-
Interest expense	(173,831)	(310,768)	(7,832)	(492,431)	(14,359)
Gain (loss) on disposal of equipment	-	-	-	-	(6,999)
<b>Total nonoperating revenue (expense)</b>	<b>(173,831)</b>	<b>(310,388)</b>	<b>(7,832)</b>	<b>(492,051)</b>	<b>(21,358)</b>
<b>Net income (loss) before transfers</b>	<b>106,043</b>	<b>(471,038)</b>	<b>-</b>	<b>(364,995)</b>	<b>149,980</b>
<b>Transfers:</b>					
Transfer from (to) other funds	(59,960)	(48,477)	-	(108,437)	(28,298)
<b>Total transfers</b>	<b>(59,960)</b>	<b>(48,477)</b>	<b>-</b>	<b>(108,437)</b>	<b>(28,298)</b>
<b>Change in net assets</b>	<b>46,083</b>	<b>(519,515)</b>	<b>-</b>	<b>(473,432)</b>	<b>121,682</b>
<b>Total net assets, beginning of year</b>	<b>2,293,065</b>	<b>1,009,185</b>	<b>-</b>	<b>3,302,250</b>	<b>2,054,488</b>
<b>Total net assets, end of year</b>	<b>\$ 2,339,148</b>	<b>489,670</b>	<b>-</b>	<b>2,828,818</b>	<b>2,176,170</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2010**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Augusta Civic Center</b>	<b>Hatch Hill Landfill</b>	<b>Airport</b>	<b>Totals</b>	<b>Governmental Activities Internal Service</b>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 2,769,231	2,443,469	678,832	5,891,532	1,482,955
Payments to suppliers	(836,271)	(699,094)	(182,716)	(1,718,081)	(616,995)
Payments to employees	(1,335,636)	(445,760)	(309,267)	(2,090,663)	(390,242)
Payments for interfund services used	(9,324)	(228,989)	(6,594)	(244,907)	-
Net cash provided by (used in) operating activities	588,000	1,069,626	180,255	1,837,881	475,718
<b>Cash flows from non-capital financing activities:</b>					
Transfers to other funds	(59,960)	(48,477)	-	(108,437)	(28,298)
(Increase) decrease in interfund loans	(86,434)	(225,761)	(172,423)	(484,618)	(126,977)
Net cash provided by (used in) non-capital financing activities	(146,394)	(274,238)	(172,423)	(593,055)	(155,275)
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	(17,054)	-	-	(17,054)	(306,084)
Bond, note and lease principal payments	(226,315)	(485,000)	-	(711,315)	-
Interest paid	(173,831)	(310,768)	(7,832)	(492,431)	(14,359)
Net cash provided by (used in) capital financing activities	(417,200)	(795,768)	(7,832)	(1,220,800)	(320,443)
<b>Cash flows from investing activities:</b>					
Investment income	-	380	-	380	-
Net cash provided by (used in) investing activities	-	380	-	380	-
Increase in cash	24,406	-	-	24,406	-
Cash, beginning of year	10,512	-	-	10,512	-
<b>Cash, end of year</b>	<b>\$ 34,918</b>	<b>-</b>	<b>-</b>	<b>34,918</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 279,874	(160,650)	7,832	127,056	171,338
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>					
Depreciation	296,410	454,777	-	751,187	297,378
<b>(Increase) decrease in operating assets:</b>					
Accounts receivable	(26,450)	(2,183)	173,123	144,490	127
Prepaid expenses	631	31,871	67	32,569	(217)
Inventory	606	-	-	606	5,179
<b>Increase (decrease) in operating liabilities:</b>					
Accounts payable	3,046	5,119	(82)	8,083	(92)
Accrued wages and benefits	6,325	18,384	(120)	24,589	345
Accrued compensated absences	22,814	(6,686)	(565)	15,563	1,660
Refundable deposit	4,744	-	-	4,744	-
Accrued landfill closure and postclosure costs	-	728,994	-	728,994	-
Net cash provided by (used in) operating activities	588,000	1,069,626	180,255	1,837,881	475,718

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	Agency Funds	
	SIB Loans	Student Activities
<b>ASSETS</b>		
Cash	\$ -	279,751
Investments	622,762	-
<b>Total assets</b>	<b>622,762</b>	<b>279,751</b>
<b>LIABILITIES</b>		
Due to others	622,762	279,751
<b>Total liabilities</b>	<b>\$ 622,762</b>	<b>279,751</b>

*See accompanying notes to financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting methods and procedures of the City of Augusta conform to generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Reporting Entity**

The City of Augusta was incorporated under the laws of the State of Maine in 1797 and operates under a council/manager form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Augusta (the primary government) and its component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

Related Organizations:

There are certain organizations whose governing boards are appointed by the Augusta City Council. The City is not financially accountable for these organizations and therefore they are not component units of the City, but rather are considered "related organizations". They are as follows:

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Airport Fund accounts for the management of the airport owned by the State of Maine.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

**D. Assets, Liabilities, and Equity**

**1. Cash and Investments**

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

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

**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."

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**3. Community Development Loans Receivable**

The Community Development office maintains a revolving loan fund. The loans are made from program income derived from community development grants. There are two types of loans, direct and deferred.

Deferred loans are awarded to owner tenants, and are non-interest bearing. The outstanding loan balance is reduced by 10% each year the owner lives on the premises. Direct loans are interest bearing and monthly payments are due the City.

**4. Inventories**

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

**5. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items.

**6. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

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

Buildings	40 years
Equipment and vehicles	5-25 years
Infrastructure	20-70 years

**7. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation and sick leave are 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**8. Long-term Obligations**

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

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

**9. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**10. Interfund Transactions**

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

**11. Use of Estimates**

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**12. Comparative Data**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgets**

The City utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. These budgets are established in accordance with the various laws which govern the City's operations. Historically, the budget has been prepared on a modified accrual basis of accounting.

The City charter requires that new budgets be submitted to the City Council not later than 90 days prior to the beginning of the new fiscal year, and the City Council shall make a reasonable effort to pass an annual appropriation resolve not later than 30 days prior to the beginning of that fiscal year.

Hearings are held to obtain public comments. The budget is legally enacted at the bureau level through the passage of an appropriation resolve. Any revisions to the budget that alter total expenditures must be approved by the Council.

All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts. 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 reservations of fund balances 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, 2010, the City budgeted to utilize \$25,000 and the Department of Public Schools budgeted to utilize \$64,212 of prior year undesignated fund balance as a budgeted use of surplus.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2010, expenditures exceeded appropriations in the following areas:

Registrations and elections	\$ 1,394	Civil emergency preparedness	698
Recreation	5,824	Public works - highway	44,486
General assistance	28,044	Retirement and insurance	9,878
Fire and ambulance	22,767	Water	143

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**C. Deficit Fund Balances**

At June 30, 2010, the following funds had deficit fund balances:

Preschool - ARRA	\$ 4,119	Health Clinic	28
Title VIIB Homeless - ARRA	5,149	Healthy Community Maine	1,487
Reading First – Farrington	57,170	MELMAC College Access	20
Region 2 Administrative	214	Fiscal 2010 (Capital Projects)	39,044

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

**DEPOSITS AND INVESTMENTS**

As of June 30, 2010, the City had the following investments, some of which are classified as cash and cash equivalents:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
Money market	\$ 466,306	N/A
Government mutual fund	20,373	N/A
U.S. Treasury Notes	10,036,975	2.440
Federal Home Loan Management	882,438	1.959
Federal National Mortgage Association	1,139,204	3.327

*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, 2010, none of the City’s bank balance of \$17,864,269 was exposed to custodial credit risk. 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.

*Custodial credit risk- investments* – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the City’s \$466,306 investment in money market, 100% was collateralized by underlying securities. In accordance with its investment policy, the City minimizes custodial credit risk by only doing business with authorized institutions, depositories, and broker/dealers, and that funds must be fully covered under FDIC, fully insured or fully collateralized, with pledged collateral being at least 110% of market value of the net amount of public funds secured when marked to market monthly at least 102% of market value of the net amount of public funds secured when marked to market daily.

*Credit risk* – Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. As of June 30, 2010, all of the City’s investment in were rated AAA 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.

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

**DEPOSITS AND INVESTMENTS, CONTINUED**

*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, 2010, the City had the following accounts receivable with allowance for uncollectible account balances:

	General Fund	After School Daycare	Augusta Civic Center	Hatch Hill Landfill
Accounts receivable	\$ 1,110,368	6,578	105,817	96,326
Allowance for uncollectible accounts	(743,544)	(1,990)	(3,615)	(398)
<b>Accounts receivable, net</b>	<b>\$ 366,824</b>	<b>4,588</b>	<b>102,202</b>	<b>95,928</b>

**PROPERTY TAX**

Property taxes for the current year were committed on July 21, 2009, 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. Prior to the commitment the City performed a revaluation.

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 \$181,100 for the year ended June 30, 2010.

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

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

The following summarizes the levy:

	<u>2010</u>	<u>2009</u>
Assessed value	\$ 1,569,894,000	1,556,585,600
Tax rate (per \$1,000)	16.70	16.70
Commitment	26,217,230	25,994,980
Supplemental taxes assessed	645	3,681
	26,217,875	25,998,661
Less:		
Abatements	20,474	16,434
Collections	25,038,525	25,164,056
<b>Current year taxes receivable at end of year</b>	<b>\$ 1,158,876</b>	<b>818,171</b>

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

**PROPERTY TAX, CONTINUED**

	<u>2010</u>	<u>2009</u>
Due date(s) - current year	½ Sept. 10, 2009 ½ March 11, 2010	½ Sept. 11, 2008 ½ March 12, 2009
Interest rate on delinquent taxes	9.00%	11.00%
Collection rate	95.58%	96.85%
Taxes receivable - current year	\$ 1,158,876	818,171
Taxes receivable - prior years	25,804	241,347
Tax liens - prior year	431,073	601,871
<b>Total taxes receivables</b>	<b>\$ 1,615,753</b>	<b>1,661,389</b>

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,471,759	-	-	-	1,471,759
Construction in progress	128,274	-	-	128,274	-
Total capital assets not being depreciated	1,600,033	-	-	128,274	1,471,759
Capital assets, being depreciated:					
Buildings and building improvements	61,398,112	320,998	-	-	61,719,110
Machinery, vehicles and equipment	7,580,699	354,273	(83,551)	246,169	7,605,252
Infrastructure	30,172,422	1,067,335	-	-	31,239,757
Internal service fund equipment	4,533,585	293,528	83,551	231,873	4,678,791
Total capital assets being depreciated	103,684,818	2,036,134	-	478,042	105,242,910
Less accumulated depreciation for:					
Buildings and building improvements	23,045,920	1,407,207	-	-	24,453,127
Machinery, vehicles and equipment	4,713,702	609,941	(83,551)	217,842	5,022,250
Infrastructure	15,386,349	714,657	-	-	16,101,006
Internal service fund equipment	2,915,086	295,968	83,551	226,267	3,068,338
Total accumulated depreciation	46,061,057	3,027,773	-	444,109	48,644,721
Total capital assets being depreciated, net	57,623,761	(991,639)	-	33,933	56,598,189
<b>Governmental activities capital assets, net</b>	<b>\$ 59,223,794</b>	<b>(991,639)</b>	<b>-</b>	<b>162,207</b>	<b>58,069,948</b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 428,950	-	-	-	428,950
Total capital assets not being depreciated	428,950	-	-	-	428,950
Capital assets, being depreciated:					
Buildings and building improvements	8,689,994	17,054	-	-	8,707,048
Machinery and equipment	1,306,394	-	-	-	1,306,394
Landfill	14,685,287	-	-	4,264,212	10,421,075
Total capital assets being depreciated	24,681,675	17,054	-	4,264,212	20,434,517
Less accumulated depreciation for:					
Buildings and building improvements	4,393,888	269,424	-	-	4,663,312
Machinery and equipment	545,215	147,598	-	-	692,813
Landfill	9,686,181	334,165	-	4,264,212	5,756,134
Total accumulated depreciation	14,625,284	751,187	-	4,264,212	11,112,259
Total capital assets being depreciated, net	10,056,391	(734,133)	-	-	9,322,258
<b>Business-type activities capital assets, net</b>	<b>\$ 10,485,341</b>	<b>(734,133)</b>	<b>-</b>	<b>-</b>	<b>9,751,208</b>

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

Governmental activities:

Legislative and executive	\$ 3,120
Finance and administration	13,124
City services	277,924
Community services	37,649
Public safety	280,794
Public works	723,656
Education	1,394,128
Central garage	297,378

**Total depreciation expense – governmental activities**      **\$ 3,027,773**

Business-type activities:

Augusta Civic Center	\$ 296,410
Hatch Hill Landfill	454,777

**Total depreciation expense – business-type activities**      **\$ 751,187**

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

**LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 41,848,000	-	2,896,750	38,951,250	2,821,750
Capital leases	73,115	855,564	354,920	573,759	268,582
Compensated absences	3,333,247	44,836	-	3,378,083	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 45,254,362</b>	<b>900,400</b>	<b>3,251,670</b>	<b>42,903,092</b>	<b>3,090,332</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 8,050,795	-	711,315	7,339,480	711,315
Landfill closure	5,545,857	857,469	128,475	6,274,851	-
Compensated absences	187,518	15,563	-	203,081	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 13,784,170</b>	<b>873,032</b>	<b>839,790</b>	<b>13,817,412</b>	<b>711,315</b>

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2010 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2010</u>
<b>Governmental activities:</b>					
Public improvements	5/31/00	\$ 922,500	2010	5.281-5.406%	92,250
Public improvements	5/25/01	495,000	2011	4.149-4.574%	99,000
General obligation bonds #2 2002	10/30/02	500,000	2012	2.500-3.450%	150,000
Pension obligation bonds 2003	2/13/03	13,150,000	2013	4.000-5.250%	10,900,000
General obligation bonds 2004	12/9/04	3,495,000	2024	2.750-4.250%	2,375,000
General obligation bonds 2005	5/18/06	28,450,000	2026	4.125-5.000%	24,050,000
General obligation bonds 2007	4/25/07	500,000	2017	1.100-6.000%	350,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.000-3.375%	935,000
<b>Total governmental activities</b>					<b>38,951,250</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	4,850,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	2,489,480
<b>Total business-type activities</b>					<b>7,339,480</b>
<b>Total bonds and notes payable</b>					<b>\$ 46,290,730</b>

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

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**BONDS AND NOTES PAYABLE, CONTINUED**

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The annual requirements to amortize all long-term debt outstanding as of June 30, 2010 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,821,750	1,699,059	4,520,809	711,315	396,569	1,107,884
2012	2,869,500	1,575,313	4,444,813	711,315	357,970	1,069,285
2013	2,970,000	1,445,413	4,415,413	711,315	318,729	1,030,044
2014	3,080,000	1,309,819	4,389,819	711,315	278,695	990,010
2015	3,250,000	1,166,562	4,416,562	711,315	238,096	949,411
2016-2020	13,585,000	3,649,381	17,234,381	3,556,585	576,963	4,133,548
2021-2025	7,625,000	1,537,125	9,162,125	226,320	6,268	232,588
2026-2027	2,750,000	136,250	2,886,250	-	-	-
<b>Total</b>	<b>\$ 38,951,250</b>	<b>12,518,922</b>	<b>51,470,172</b>	<b>7,339,480</b>	<b>2,173,290</b>	<b>9,512,770</b>

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**CAPITAL LEASES**

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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, 2010.

	<u>Governmental Funds</u>
2011	\$ 277,724
2012	77,724
2013	77,724
2014	77,724
2015	77,724
2016	28,237
Total minimum lease payments	616,857
Less: amount representing interest	43,098
<b>Present value of future minimum lease payments</b>	<b>\$ 573,759</b>

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**STATUTORY DEBT LIMIT**

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The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City. The City's outstanding long-term debt of \$46,290,730 at June 30, 2010 was within the statutory limit.

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

**OVERLAPPING DEBT**

In addition to the bonds and notes payable, the City is contingently responsible for the following debt as of June 30, 2010:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Augusta</u>	<u>City of Augusta's share of debt</u>
Kennebec County	\$ 381,842	15.13%	57,773

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$6,106,887 of the Greater Augusta Utilities District's debt if the District was to default payment.

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

**ARBITRAGE REFUND**

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

**INTERFUND BALANCES**

As of June 30, 2010, the balances of interfund loans receivable/payable were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	13,369,351	661,970
Special Revenue Funds:			
CDBG Loan Fund	417	-	-
Other City Special Revenues	2,605,225	-	(750,393)
Other School Special Revenues	789,095	-	(1,983)
School Lunch	439,965	-	(30,000)
Internal Service Fund	425,622	-	(28,298)
Proprietary Funds:			
Hatch Hill Fund	6,442,570	-	(48,477)
Augusta Civic Center	284,775	-	(59,960)
Airport	-	45,896	-
Capital Projects Fund	2,098,117	-	257,141
Permanent Fund	329,461	-	-
<b>Totals</b>	<b>\$ 13,415,247</b>	<b>13,415,247</b>	<b>-</b>

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

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

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As required by accounting principles generally accepted in the United States of America, the School Department has recorded a revenue and an expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,332,898.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN**

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

**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at actuarially determined rates. The current rates range from 2.8 - 6.5% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine State Legislature. The City and School Department's contributions to the Retirement Participating Local District for the year ended June 30, 2010, 2009, and 2008 were \$355,407, \$370,758, and \$359,508, respectively.

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

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

**Funding Policy** - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$2,332,898 (17.78%) for the fiscal year 2010. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.78% of their compensation. This cost is charged to the applicable grant.

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

**DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, were removed from the City's financial statements.

**DESIGNATED FUND BALANCE**

At June 30, 2010 designated fund balances consisted of the following:

General Fund - City:	
2010 use of fund balance	\$ 78,778
Other reserves (see exhibit A-3)	364,514
Accrued benefit reserve	1,717,625
<b>Total General Fund designated City fund balance</b>	<b>\$ 2,160,917</b>

General Fund - School:	
2010 use of fund balance	264,832
Accrued benefit reserve	136,777
<b>Total General Fund designated School fund balance</b>	<b>\$ 401,609</b>

**NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

	Governmental activities	Business-type activities
Capital assets	\$ 106,714,669	20,863,467
Accumulated depreciation	(48,644,721)	(11,112,259)
Bonds payable	(38,951,250)	(7,339,480)
Add back unspent bond proceeds	302,522	-
Add back pension obligation bonds	10,900,000	-
Capital leases payable	(573,759)	-
<b>Total invested in capital assets net of related debt</b>	<b>\$ 29,747,461</b>	<b>2,411,728</b>

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

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**TAX INCREMENT FINANCING DISTRICTS**

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

	Original <u>value</u>	Increase in <u>value</u>	TIF <u>cap</u>	Captured <u>value</u>	Captured <u>tax</u>
Marketplace Phase I	\$ 1,663,100	53,101,500	(A)	53,101,500	535,000
Marketplace Phase II	6,346,100	72,884,400	(B)	72,884,400	1,102,116
McCarthy Phase I	2,949,700	386,400	100%	386,400	6,446
McCarthy Phase II	2,032,200	1,282,200	50%	641,100	10,706
Pomerleau	262,600	4,570,100	40%	1,828,040	30,528
Water Street Apartments	336,800	1,596,500	50%	798,250	13,331
Kennebec Arsenal	-	1,598,500	100%	1,598,500	26,695
Downtown	30,377,100	16,867,400	100%	16,867,400	281,686
Cony Village	170,200	852,900	75%	639,675	10,683
Cony Circle	12,481,400	4,988,600	100%	4,988,600	83,310
Commerce Center	1,550,000	587,600	100%	587,600	9,813 (C)

(A) \$285,000 to be captured for credit enhancement agreement with developers and \$250,000 to be captured for economic development.

(B) \$330,000 to be captured for credit enhancement agreement with developers and moved \$772,116 to Downtown TIF to be transferred out for debt service for the parking garage.

(C) The City has not received the tax payment for this TIF District as of June 30, 2010.

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**LANDFILL LIABILITIES**

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The City currently has a landfill which is accounted for in the Hatch Hill Enterprise Fund. The landfill is comprised of several sites: an old site, expansion I, an interim site, expansion II, and expansion III. The old site and the expansion I site are currently at capacity and have been closed in accordance with Department of Environmental Protection Standards (DEP). The interim site has been temporarily closed in accordance with a DEP operating license. Expansion II and III are the current operating landfills. Expansion II is essentially ready for closure and expansion III has capacity for approximately 586,000 tons of municipal solid waste. As of June 30, 2010, a total of approximately 166,700 tons has been placed in the expansion III site. The City has recognized a liability for landfill closure and postclosure costs in the Hatch Hill Enterprise Fund. This liability was calculated based on current cost estimates for closure of each site, estimates for leachate transportation, postclosure monitoring and maintenance. The total liability on current capacity is estimated at \$6,274,851 as follows:

Closure:	
Expansion II	\$ 3,180,513
Interim site	419,375
Expansion III (28%)	1,979,153
Closure costs incurred	(128,475)
Postclosure monitoring, maintenance and leachate removal	824,285
<b>Total accrued liability for land- fill closure and postclosure costs</b>	<b>\$ 6,274,851</b>

The actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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

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**RISK MANAGEMENT - CITY**

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The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the City either carries commercial insurance, or participates in public entity risk pools or is effectively self-insured. Currently, the City participates in two public entity risk pool sponsored by the Maine Municipal Association. These pools and the risks of loss to which the City is exposed are as follows:

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, 2010.

**CONTINGENT LIABILITIES**

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

**Other Contingent Liabilities** - The City is a defendant in various law suits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**CONTRACT COMMITMENTS**

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The Augusta School Department has entered into a contract for school transportation services with First Students, Inc. The contract expires in June of 2011. Future payments under this contract are as follows:

<u>2011</u>	<u>\$ 385,000</u>
<b><u>Total</u></b>	<b><u>\$ 385,000</u></b>

**OTHER POST EMPLOYMENT BENEFITS**

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

The City is a member of the Maine Municipal Employee Health Trust, Northern New England Employee Benefit Trust and Maine Education Association. The Health Trust and the City contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultant in May of 2009.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

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

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

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

The following table represents the OPEB costs for the year and the annual required contribution:

Normal Cost	\$ 841,606
Amortization of Unfunded	2,043,184
<u>Interest</u>	<u>57,696</u>
Annual Required Contribution	\$ 2,942,486

**Net OPEB Obligation** – The City’s net OPEB obligation was calculated as follows:

OPEB liability, July 1, 2009	\$ 2,097,610
Annual required contribution	2,942,486
<u>Less: Actual contributions</u>	<u>(864,696)</u>
OPEB liability, June 30, 2010	\$ 4,175,400

**Funding Status and Funding Progress** – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2010 was as follows:

Annual required contribution	\$ 2,942,486
Actual contribution	864,696
Percent contributed	29.39%
Actuarial accrued liability	36,744,054
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 36,744,054
Covered payroll	\$ 25,426,737
Unfunded actuarial accrued liability as a percentage of covered payroll	144.51%

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

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

Actuarial valuation date	1/1/09
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**

**Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2009	1/1/2009	\$ -	36,744,054	36,744,054	0.00%	25,813,004	142.35%
2010	1/1/2009	-	36,744,054	36,744,054	0.00%	25,426,737	144.51%

## **GENERAL FUND**

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,186,170	16,997,414
Investments	10,756,884	10,551,507
Receivables:		
Taxes	1,184,680	1,059,518
Tax liens	431,073	601,871
Due from other governments	39,198	8,430
Accounts receivable, (net of allowance for uncollectibles)	327,626	350,713
Inventory	4,211	7,515
Prepaid items	123,936	149,908
<b>Total assets</b>	<b>\$ 30,053,778</b>	<b>29,726,876</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	965,971	1,271,524
Accrued payroll and benefits	2,495,475	2,606,909
Escrow payable	7,926	23,674
Deferred revenue	1,411,870	1,414,176
Taxes received in advance	81,017	97,178
Interfund loans payable	13,369,351	13,079,102
<b>Total liabilities</b>	<b>18,331,610</b>	<b>18,492,563</b>
Fund balances:		
Reserved for:		
Encumbrances - City	631,366	743,342
Encumbrances - School	209,407	239,863
Inventory	4,211	7,515
Unreserved:		
Designated - City	2,160,917	2,157,739
Designated - School	401,609	200,989
Undesignated - City	5,483,797	5,231,983
Undesignated - School	2,784,952	2,652,882
Undesignated - Adult Education	45,909	-
<b>Total fund balances</b>	<b>11,722,168</b>	<b>11,234,313</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,053,778</b>	<b>29,726,876</b>

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2010**  
**(with comparative actual amounts for the year ended June 30, 2009)**

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real and personal property	\$ 24,106,917	23,628,610	(478,307)	24,035,753
Tax interest, lien penalties, payments in lieu	106,851	165,603	58,752	170,040
Excise taxes	2,732,248	2,755,242	22,994	2,918,238
Total taxes	26,946,016	26,549,455	(396,561)	27,124,031
Licenses and permits	167,265	110,211	(57,054)	158,400
Intergovernmental:				
Education	14,494,849	13,976,174	(518,675)	15,053,266
Tree growth reimbursement	5,205	9,431	4,226	5,206
Veterans exemption reimbursement	10,600	15,614	5,014	-
Homestead exemption	474,145	461,004	(13,141)	470,679
Business equipment tax reimbursement	194,090	232,452	38,362	179,268
State revenue sharing	2,071,361	1,858,096	(213,265)	2,297,698
General assistance DHS/SSI	3,500	10,081	6,581	11,319
Urban Rural Initiative Payment	252,971	291,288	38,317	327,604
Total intergovernmental	17,506,721	16,854,140	(652,581)	18,345,040
Tuition and other charges for services - education	1,968,000	1,774,915	(193,085)	1,981,091
Charges for services:				
Police	105,743	124,609	18,866	108,594
Fire and ambulance	1,190,469	965,612	(224,857)	1,398,799
Community services	15,550	16,337	787	15,728
Public works	26,500	26,123	(377)	25,730
Finance and admin	157,363	173,137	15,774	116,818
Total charges for services	1,495,625	1,305,818	(189,807)	1,665,669
Fees and fines:				
Traffic tickets	7,400	3,594	(3,806)	6,650
Court fees	17,000	19,224	2,224	20,263
Lithgow Library	22,300	22,279	(21)	22,098
False alarm calls	5,000	5,550	550	5,075
Total fees and fines	51,700	50,647	(1,053)	54,086
Unclassified:				
Rents - City property	79,006	160,545	81,539	92,416
Cemeteries	26,000	18,175	(7,825)	24,335
Contributions	70,000	70,000	-	70,000
Animal control program	9,700	10,797	1,097	19,894
General assistance reimbursement	37,650	53,750	16,100	37,951
Cable TV franchise	211,885	235,860	23,975	226,126
Public safety miscellaneous revenue	-	1,429	1,429	1,354
Public works miscellaneous	30,000	45,896	15,896	41,562
Workers compensation	7,500	43,245	35,745	23,016
Unclassified	49,225	66,359	17,134	32,959
Total unclassified	520,966	706,056	185,090	569,613
Investment earnings	426,680	408,934	(17,746)	897,139
Total revenues	49,082,973	47,760,176	(1,322,797)	50,795,069

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

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 36,876	31,862	5,014	26,206
City management	235,101	233,354	1,747	246,803
Corporation counsel	117,180	91,617	25,563	140,413
Central services	10,755	1,641	9,114	1,891
Unclassified	297,753	258,447	39,306	255,961
Contingency	30,000	11,247	18,753	26,253
Total legislative and executive	727,665	628,168	99,497	697,527
Finance and administration:				
City clerk/treasurer/collection	470,601	433,547	37,054	450,336
Registrations and elections	25,764	27,158	(1,394)	37,686
City auditor	145,009	137,120	7,889	140,316
Information systems	379,674	337,085	42,589	414,271
Assessor	199,220	198,605	615	195,417
Finance and administration	110,193	110,123	70	109,923
Human resources	229,877	218,548	11,329	223,848
Total finance and administration	1,560,338	1,462,186	98,152	1,571,797
City services:				
Economic development	232,806	213,236	19,570	229,181
Planning	160,249	151,988	8,261	148,749
Historic preservation	5,825	1,597	4,228	253
Code enforcement	144,130	128,597	15,533	204,390
City services administration	62,660	56,036	6,624	55,706
Engineering	144,968	130,377	14,591	176,622
City facilities	716,596	681,098	35,498	825,496
Total City services	1,467,234	1,362,929	104,305	1,640,397
Community services:				
Conservation Commission	-	-	-	1,988
Community services administration	155,246	154,527	719	195,941
Public library	578,556	557,967	20,589	558,078
Recreation	168,838	174,662	(5,824)	186,143
Parks and cemeteries	731,773	646,151	85,622	707,018
Fort Western	125,670	105,173	20,497	121,835
Bicentennial Nature Park	48,175	31,967	16,208	52,098
Health and welfare	131,570	118,362	13,208	160,261
General assistance	75,300	103,344	(28,044)	80,139
Total community services	2,015,128	1,892,153	122,975	2,063,501

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

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 3,932,176	3,827,857	104,319	3,797,043
Fire and ambulance	3,400,531	3,423,298	(22,767)	3,675,705
Civil Emergency Preparedness	11,977	12,675	(698)	5,790
Total public safety	7,344,684	7,263,830	80,854	7,478,538
Public works:				
Public works administration	112,500	111,343	1,157	118,993
Highway	1,710,885	1,755,371	(44,486)	1,543,329
Snow removal	1,042,582	657,610	384,972	1,185,578
Waste removal	752,245	749,684	2,561	775,783
Total public works	3,618,212	3,274,008	344,204	3,623,683
Education:				
Current:				
Elementary	9,618,902	9,182,806	436,096	9,754,693
Secondary	10,016,781	9,217,214	799,567	9,585,094
Adult education	584,185	575,999	8,186	561,447
District-wide	2,914,123	3,169,509	(255,386)	2,947,230
Grade span costs	1,451,183	1,390,578	60,605	1,457,170
Debt service	2,608,917	2,608,917	-	3,026,651
Total education	27,194,091	26,145,023	1,049,068	27,332,285
Retirement and insurance:				
Retirement and insurance	2,284,186	2,294,064	(9,878)	2,109,741
Total retirement and insurance	2,284,186	2,294,064	(9,878)	2,109,741
Utilities:				
Sanitary sewer and drains	596,323	578,184	18,139	803,936
Lighting and electricity	574,113	542,594	31,519	528,912
Water	723,036	723,179	(143)	725,514
Total utilities	1,893,472	1,843,957	49,515	2,058,362

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

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Bad debts	\$ 7,500	1,379	6,121	-
County tax	1,442,780	1,358,766	84,014	1,406,380
Sick/vacation payout	-	220,231	(220,231)	112,258
Total unclassified	1,450,280	1,580,376	(130,096)	1,518,638
Debt service (excluding education)	1,098,246	1,002,847	95,399	1,023,587
Total expenditures	50,653,536	48,749,541	1,903,995	51,118,056
Excess (deficiency) of revenues over (under) expenditures	(1,570,563)	(989,365)	581,198	(322,987)
Other financing sources (uses):				
Budgeted utilization of surplus - City	25,000	-	(25,000)	-
Budgeted utilization of surplus - School	64,212	-	(64,212)	-
Use of carryforwards - City	735,103	-	(735,103)	-
Use of carryforwards - School	154,377	-	(154,377)	-
Transfers to other funds - City	(25,000)	(67,449)	(42,449)	(1,143,833)
Transfers from other funds	797,971	700,718	(97,253)	646,316
Total other financing sources (uses)	1,751,663	633,269	(1,118,394)	(497,517)
Net change in fund balance - budgetary basis	181,100	(356,096)	(537,196)	(820,504)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		631,366		743,342
Add back: encumbrances expended in budgetary - School		209,407		239,863
Transfers from reserves to undesignated fund balance		-		260,266
Transfer of ambulance fund to General Fund		-		(380,656)
Change in reserves		3,178		(134,555)
Net change in fund balance - GAAP basis		487,855		(92,244)
Fund balance, beginning of year		11,234,313		11,326,557
Fund balance, end of year	\$	11,722,168		11,234,313

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the year ended June 30, 2010**

		Fund balances beginning of year	Revenues Unclassified	Expenditures			Fund balances end of year
				Capital outlay	Finance and administration	Transfers	
City reserves:							
1820	City Carryforward	\$ 961	-	-	-	-	961
1901	Central service reserve	24,590	3,533	3,533	-	5,972	30,562
1902	Equipment maintenance self reserve	79,899	-	-	-	32,000	111,899
1903	Sick and vacation reserve	1,717,625	-	-	-	-	1,717,625
1905	Historic preservation reserve	15,553	-	-	3,403	4,228	16,378
1906	Police local match reserve	48,983	-	11,423	-	1,503	39,063
1907	Fire local match reserve	15,002	-	-	-	(15,002)	-
1908	Quimby lot infrastructure reserve	59,837	-	-	-	-	59,837
1909	Actuarial study	15,000	-	-	-	-	15,000
1910	Unemployment severance	105,305	195	-	-	(105,500)	-
1911	Severance payout	(3,794)	-	-	10,892	105,500	90,814
Total City reserves		2,078,961	3,728	14,956	14,295	28,701	2,082,139
School reserves:							
1952	Sick and vacation reserve	136,777	-	-	-	-	136,777
Total School reserves		136,777	-	-	-	-	136,777
<b>Total reserves</b>		<b>\$ 2,215,738</b>	<b>3,728</b>	<b>14,956</b>	<b>14,295</b>	<b>28,701</b>	<b>2,218,916</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the purchase or construction of capital assets other than those accounted for in other funds.

### **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,889	-	27,439	31,328
Investments	-	-	716,546	716,546
Due from other governments	511,812	-	-	511,812
Accounts receivable	49,786	30,000	-	79,786
Inventory	49,589	-	-	49,589
Interfund loans receivable	3,834,702	2,098,117	329,461	6,262,280
Prepaid items	7,666	-	-	7,666
Notes receivable	183,765	-	-	183,765
<b>Total assets</b>	<b>\$ 4,641,209</b>	<b>2,128,117</b>	<b>1,073,446</b>	<b>7,842,772</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	71,326	1,229	313	72,868
Accrued payroll and benefits	391,889	-	-	391,889
<b>Total liabilities</b>	<b>463,215</b>	<b>1,229</b>	<b>313</b>	<b>464,757</b>
Fund balances:				
Reserved for:				
Encumbrances	-	224,590	-	224,590
Inventory	49,589	-	-	49,589
Noncurrent receivables	183,765	-	-	183,765
Principal	-	-	607,643	607,643
Unreserved, undesignated	3,944,640	1,902,298	465,490	6,312,428
<b>Total fund balances</b>	<b>4,177,994</b>	<b>2,126,888</b>	<b>1,073,133</b>	<b>7,378,015</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,641,209</b>	<b>2,128,117</b>	<b>1,073,446</b>	<b>7,842,772</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 2,100,500	-	-	2,100,500
Intergovernmental	6,682,096	-	-	6,682,096
Unclassified	1,747,749	36,416	-	1,784,165
Charges for services	584,607	-	-	584,607
Investment income	-	-	40,452	40,452
Donations	-	-	17,499	17,499
<b>Total revenues</b>	<b>11,114,952</b>	<b>36,416</b>	<b>57,951</b>	<b>11,209,319</b>
<b>Expenditures:</b>				
Finance and administration	1,467,353	-	-	1,467,353
City services	1,182,586	-	-	1,182,586
Community services	704,684	-	-	704,684
Public safety	882,278	-	-	882,278
Public works	451,424	-	-	451,424
Education	4,207,690	-	-	4,207,690
Food services	1,045,968	-	-	1,045,968
Capital outlay	-	666,456	-	666,456
Other miscellaneous	-	-	100,494	100,494
<b>Total expenditures</b>	<b>9,942,054</b>	<b>666,456</b>	<b>100,494</b>	<b>10,709,004</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,172,898</b>	<b>(630,040)</b>	<b>(42,543)</b>	<b>500,315</b>
<b>Other financing sources (uses):</b>				
Transfer to other funds	(782,376)	-	-	(782,376)
Transfer from other funds	-	257,141	-	257,141
<b>Total other financing sources (uses)</b>	<b>(782,376)</b>	<b>257,141</b>	<b>-</b>	<b>(525,235)</b>
<b>Net change in fund balance</b>	<b>390,522</b>	<b>(372,899)</b>	<b>(42,543)</b>	<b>(24,920)</b>
<b>Fund balances, beginning of year</b>	<b>3,787,472</b>	<b>2,499,787</b>	<b>1,115,676</b>	<b>7,402,935</b>
<b>Fund balances, end of year</b>	<b>\$ 4,177,994</b>	<b>2,126,888</b>	<b>1,073,133</b>	<b>7,378,015</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**  
**(with comparative totals for June 30, 2009)**

	CDBG Loan Fund	Other City Special Revenue Funds	Other School Special Revenue Funds	School Lunch	Totals	
					2010	2009
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,889	-	-	-	3,889	43,688
Due from other governments	-	233,982	245,448	32,382	511,812	294,568
Accounts receivable	-	49,786	-	-	49,786	-
Inventory	-	-	-	49,589	49,589	36,518
Interfund loans receivable	417	2,605,225	789,095	439,965	3,834,702	3,709,671
Prepaid items	-	5,425	2,241	-	7,666	3,587
Notes receivable	183,765	-	-	-	183,765	155,403
<b>Total assets</b>	<b>\$ 188,071</b>	<b>2,894,418</b>	<b>1,036,784</b>	<b>521,936</b>	<b>4,641,209</b>	<b>4,243,435</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other accrued liabilities	16	8,115	62,434	761	71,326	105,033
Accrued payroll and benefits payable	-	36,722	288,407	66,760	391,889	350,917
Interfund loans payable	-	-	-	-	-	13
<b>Total liabilities</b>	<b>16</b>	<b>44,837</b>	<b>350,841</b>	<b>67,521</b>	<b>463,215</b>	<b>455,963</b>
Fund balances:						
Reserved for inventory	-	-	-	49,589	49,589	36,518
Reserved for noncurrent loans receivable	183,765	-	-	-	183,765	155,403
Unreserved, undesignated	4,290	2,849,581	685,943	404,826	3,944,640	3,595,551
<b>Total fund balances</b>	<b>188,055</b>	<b>2,849,581</b>	<b>685,943</b>	<b>454,415</b>	<b>4,177,994</b>	<b>3,787,472</b>
<b>Total liabilities and fund balances</b>	<b>\$ 188,071</b>	<b>2,894,418</b>	<b>1,036,784</b>	<b>521,936</b>	<b>4,641,209</b>	<b>4,243,435</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2010**  
**(with comparative totals for the year ended June 30, 2009)**

	CDBG Loan Fund	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	School Lunch	Totals	
					2010	2009
Revenues:						
Property taxes	\$ -	2,100,500	-	-	2,100,500	1,728,191
Intergovernmental	-	1,827,736	4,206,669	647,691	6,682,096	4,725,934
Charges for services	-	-	75,232	509,375	584,607	761,309
Unclassified	200	1,609,308	122,275	15,966	1,747,749	1,577,106
<b>Total revenues</b>	<b>200</b>	<b>5,537,544</b>	<b>4,404,176</b>	<b>1,173,032</b>	<b>11,114,952</b>	<b>8,792,540</b>
Expenditures:						
Legislative and executive	-	71	-	-	71	195
Finance and administration	-	1,467,353	-	-	1,467,353	1,197,963
City services	11,212	1,171,374	-	-	1,182,586	637,306
Community services	-	704,684	-	-	704,684	694,249
Public safety	-	882,278	-	-	882,278	997,445
Public works	-	451,424	-	-	451,424	103,292
Education	-	-	4,207,690	-	4,207,690	2,985,464
Food services	-	-	-	1,045,968	1,045,968	1,144,389
<b>Total expenditures</b>	<b>11,212</b>	<b>4,677,184</b>	<b>4,207,690</b>	<b>1,045,968</b>	<b>9,942,054</b>	<b>7,760,303</b>
Excess (deficiency) of revenues over (under) expenditures	(11,012)	860,360	196,486	127,064	1,172,898	1,032,237
Other financing uses:						
Transfer to other funds	-	(750,393)	(1,983)	(30,000)	(782,376)	(480,556)
<b>Total other financing uses</b>	<b>-</b>	<b>(750,393)</b>	<b>(1,983)</b>	<b>(30,000)</b>	<b>(782,376)</b>	<b>(480,556)</b>
<b>Net change in fund balances</b>	<b>(11,012)</b>	<b>109,967</b>	<b>194,503</b>	<b>97,064</b>	<b>390,522</b>	<b>551,681</b>
Fund balances, beginning of year	199,067	2,739,614	491,440	357,351	3,787,472	3,235,791
<b>Fund balances, end of year</b>	<b>\$ 188,055</b>	<b>2,849,581</b>	<b>685,943</b>	<b>454,415</b>	<b>4,177,994</b>	<b>3,787,472</b>

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**June 30, 2010**  
**(with comparative totals for June 30, 2009)**

	Totals	
	2010	2009
<b>ASSETS</b>		
Accounts receivable	\$ 30,000	5,882
Interfund loans receivable	2,098,117	2,496,637
<b>Total assets</b>	<b>\$ 2,128,117</b>	<b>2,502,519</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	1,229	2,732
<b>Total liabilities</b>	<b>1,229</b>	<b>2,732</b>
Fund balances:		
Reserved for encumbrances	224,590	362,412
Unreserved, undesignated	1,902,298	2,137,375
<b>Total fund balances</b>	<b>2,126,888</b>	<b>2,499,787</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,128,117</b>	<b>2,502,519</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**For the year ended June 30, 2010**  
**(with comparative totals for the year ended June 30, 2009)**

	Totals	
	2010 (Schedule 3)	2009
Revenues:		
Unclassified	\$ 36,416	94,322
Total revenues	36,416	94,322
Expenditures:		
Capital outlay	666,456	2,070,767
Total expenditures	666,456	2,070,767
Deficiency of revenues under expenditures	(630,040)	(1,976,445)
Other financing sources:		
Bond proceeds	-	1,040,000
Transfer from other funds	257,141	862,454
Total other financing sources	257,141	1,902,454
Net change in fund balances	(372,899)	(73,991)
Fund balances, beginning of year	2,499,787	2,573,778
<b>Fund balances, end of year</b>	<b>\$ 2,126,888</b>	<b>2,499,787</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2010**

	City	School	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,795	13,644	27,439
Investments	475,200	241,346	716,546
Interfund loans receivable	329,461	-	329,461
<b>Total assets</b>	<b>\$ 818,456</b>	<b>254,990</b>	<b>1,073,446</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	313	-	313
<b>Total liabilities</b>	<b>313</b>	<b>-</b>	<b>313</b>
Fund balances:			
Principal	535,987	71,656	607,643
Unexpended income	282,156	183,334	465,490
<b>Total fund balances</b>	<b>818,143</b>	<b>254,990</b>	<b>1,073,133</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 818,456</b>	<b>254,990</b>	<b>1,073,446</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2010**

	City (Schedule 4)	School (Schedule 5)	Totals
<b>Revenues:</b>			
Investment income	\$ 34,394	6,058	40,452
Donations	3,571	13,928	17,499
Total revenues	37,965	19,986	57,951
<b>Expenditures:</b>			
Current:			
Other miscellaneous	82,249	18,245	100,494
Total expenditures	82,249	18,245	100,494
Net change in fund balance	(44,284)	1,741	(42,543)
Fund balances, beginning of year	862,427	253,249	1,115,676
<b>Fund balances, end of year</b>	<b>\$ 818,143</b>	<b>254,990</b>	<b>1,073,133</b>

## **SCHEDULES**



CITY OF AUGUSTA, MAINE  
City Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2010

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs:						
2019 Commemorative Quilts	\$ 4,694	-	283	-	-	4,977
2135 Meetings	-	-	71	71	-	-
2194 Promotional service	420	-	175	-	-	595
Total legislative and executive	5,114	-	529	71	-	5,572
Finance and administration:						
Federal/State programs:						
2016 MMEHT Wellness Grant 2002	2,553	-	-	2,553	-	-
2017 MMEHT Employee Assistant Grant	3,602	-	2,470	1,437	-	4,635
2210 CRID	-	30,000	-	30,000	-	-
Other programs:						
2009 TIF	575,684	-	2,100,500	1,035,324	(1,179,070)	461,790
2010 Cable TV Franchise	-	-	-	419	419	-
2013 Fort Western Trustees	-	-	38,244	38,244	-	-
2014 Augusta Housing Authority	-	-	335,512	335,512	-	-
2015 Augusta Parking District	-	-	23,864	23,864	-	-
Total finance and administration	581,839	30,000	2,500,590	1,467,353	(1,178,651)	466,425
City services:						
Federal/State programs:						
2108 FEMA - Spring flooding	27,510	-	-	27,510	-	-
2122 Canal Street	5,052	-	-	-	-	5,052
2142 Regional efficiency grant	753	-	-	-	-	753
2159 Safe Routes to School	-	44,899	-	44,899	-	-
2169 CIP part 139 upgrades	-	26,391	-	26,391	-	-
2184 Spill prevention	-	41,996	-	41,996	-	-
2191 Historical collections grant	1,020	-	680	680	(170)	850
2193 Design runway safety	-	295,530	-	295,530	-	-
2195 Augusta Tissue Remediate	-	60,951	-	59,649	-	1,302
2212 Airport asbestos removal	-	219,833	-	219,833	-	-
2215 Energy efficiency grant	-	99,400	-	99,400	-	-
2216 Kennebec River Rail Trail paving	-	-	6,400	910	-	5,490
2217 Blair Road Bridge replacement	-	-	-	2,094	150,000	147,906
2219 Kenway Corporation grant	-	300,000	-	300,000	-	-
2221 Efficiency Maine	-	20,967	-	-	-	20,967
2222 EMAS/snow removal equipment	-	7,436	-	7,436	-	-
Other programs:						
2012 Sale of Cony HS	1,526,426	-	3,971	-	(41,612)	1,488,785
2021 APD/CRID parking solution	4,981	-	-	-	-	4,981
2024 Job retention program	50,000	-	-	-	-	50,000
2028 Greenway bike path	1,222	-	-	-	-	1,222
2075 Signalized intersections	23,176	-	60	-	-	23,236
2124 First time home buyers program	7,009	-	-	-	-	7,009
2133 Museum in the streets	15,000	-	-	11,399	-	3,601
2134 Flat Iron reuse	4,071	-	-	207	-	3,864
2137 Fairfield Inn - Anthony Ave.	22,672	-	59	-	-	22,731
2147 Impact fee Packard Development	18,241	-	48	-	-	18,289
2148 Capitol Street extension	31,270	-	82	-	-	31,352
2171 Maine Community Foundation	16,717	-	-	9,867	-	6,850
2172 Greeley Associates	12,592	-	33	-	-	12,625
2174 Texas Roadhouse LLC	25,003	-	31	22,279	-	2,755
2176 Luke Bolduc	875	-	-	-	-	875
2180 Snow Cone Properties	3,879	-	10	-	-	3,889
2199 KVCC floors	-	-	1,294	1,294	-	-
Total City services	1,797,469	1,117,403	12,668	1,171,374	108,218	1,864,384
Public works:						
Other programs:						
2035 ADP misc. work highway	10	-	34,420	34,430	-	-
2036 Accidents	756	-	66,385	67,141	-	-
2038 School miscellaneous work	153	-	30,577	30,730	-	-
2117 Public works special revenues	15	-	145	106	-	54
2154 Cony Village LLC	27,748	-	72	-	-	27,820
2197 Cony Street culvert replacement	30,000	-	-	30,000	-	-
2200 Winthrop Street phase 2	-	-	-	288,500	322,100	33,600
2225 MMA Safety grant	-	-	517	517	-	-
Total public works	58,682	-	132,116	451,424	322,100	61,474

CITY OF AUGUSTA, MAINE  
City Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2010

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Community services:						
Federal/State programs:						
2065 After School Daycare	\$ 134,207	-	356,678	340,184	-	150,701
2094 Greenway Trail Enhancement	3,309	-	-	-	-	3,309
2095 Blaine Memorial Trees	1,678	-	-	-	-	1,678
2163 Snowmobile grant	-	8,210	-	-	-	8,210
2167 Bond Brook Trail Projects	-	18,723	-	18,723	-	-
2168 Togus watershed	-	47,375	5,202	52,577	-	-
2211 Eastside Roundabout	-	2,500	-	2,500	-	-
Other programs:						
2055 Tree board	1,461	-	-	433	-	1,028
2060 Stain Glass Lithgow Library	1,758	-	5	-	-	1,763
2061 Lost library books	-	-	28,776	28,776	-	-
2071 Skateboard park	1,314	-	-	82	-	1,232
2079 Recreation - adult	22,549	-	31,088	39,719	(3,000)	10,918
2080 Recreation - youth	1,531	-	83,476	67,274	-	17,733
2081 Recreation - special events	957	-	5,176	3,731	-	2,402
2085 School mowing contract	46,186	-	108,748	104,413	-	50,521
2086 Bicentennial park	702	-	90	-	-	792
2087 Trolley Cars	3,443	-	1,275	852	-	3,866
2088 4th of July	3,251	-	6,485	4,716	-	5,020
2096 Pleasant Hill Saw timber	270	-	12,813	2,332	-	10,751
2110 Bukee School donations	71	-	-	-	-	71
2111 Spring running	-	-	2,880	800	-	2,080
2138 Farmer's market	2,020	-	7,931	5,180	-	4,771
2145 Viles Park Memorial	12,640	-	-	5,985	-	6,655
2164 Graffiti removal	3,652	-	-	88	-	3,564
2165 Forest mgmt plan - Bond Brook	6,000	-	-	-	-	6,000
2170 Kids club house	7	-	-	-	-	7
2178 Kennebec Rail Trail	9,197	-	10,500	11,000	-	8,697
2192 Maine reads	201	-	6,800	3,374	-	3,627
2196 MMA storage cabinet grant	-	-	624	624	-	-
2207 Ball field improvements	-	-	-	-	940	940
2208 Storage shed tennis court	-	-	2,000	1,321	-	679
2214 Augusta Trails Bond Brook	-	-	10,000	10,000	-	-
<b>Total community services</b>	<b>256,404</b>	<b>76,808</b>	<b>680,547</b>	<b>704,684</b>	<b>(2,060)</b>	<b>307,015</b>
Public safety:						
Federal/State programs:						
2046 Cop Fast program	-	13,922	-	13,922	-	-
2047 Bulletproof vest	-	4,344	-	4,344	-	-
2048 Seatbelt grant	-	2,000	-	2,000	-	-
2049 OUI grant	-	3,423	-	3,423	-	-
2062 Fire prevention	595	-	-	595	-	-
2072 Safe Ways to School	-	3,001	-	3,001	-	-
2125 Speed enforcement	-	4,395	-	4,395	-	-
2152 DHS law enforcement reimb	-	15,189	-	15,189	-	-
2183 Holiday grant	-	5,953	-	5,953	-	-
2185 Rescue/fire fighting equipment	-	869	-	869	-	-
2201 Justice Assistance Grant	-	68,815	20	67,930	-	905
2202 Justice Assistance Grant - ARRA	-	332,086	148	330,818	-	1,416
2203 ATV Grant	-	2,500	625	3,125	-	-
2204 2009 Homeland Security Grant	-	107,000	-	107,000	-	-
2218 Rescue/firefighter building	-	39,794	-	39,794	-	-
2220 Combined enforcement	-	234	-	234	-	-
Other programs:						
2040 Forfeiture fund	1,254	-	-	1,249	-	5
2042 Police outside work	1,793	-	20,633	22,426	-	-
2044 Juvenile program	2,340	-	1,000	1,500	-	1,840
2050 Fire prevention education	524	-	100	-	-	624
2051 Fire alarm maintenance	(426)	-	426	-	-	-
2175 Fire airport service	34,026	-	351,284	250,867	-	134,443
2189 Southern Kennebec underage drinking	-	-	1,041	1,041	-	-
2209 City auction	-	-	8,081	2,603	-	5,478
<b>Total public safety</b>	<b>40,106</b>	<b>603,525</b>	<b>383,358</b>	<b>882,278</b>	<b>-</b>	<b>144,711</b>
<b>Total City special revenue funds</b>	<b>\$ 2,739,614</b>	<b>1,827,736</b>	<b>3,709,808</b>	<b>4,677,184</b>	<b>(750,393)</b>	<b>2,849,581</b>

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
1720	ARRA Stabilization	\$ -	532,224	528,489	-	3,735
1730	Title IA - ARRA	-	426,681	365,069	-	61,612
1750	Local Entitlement - ARRA	-	348,074	335,666	-	12,408
1761	Pre-School - ARRA	-	9,617	13,736	-	(4,119)
1766	Title VIIIB Homeless - ARRA	-	7,020	12,169	-	(5,149)
1765	Title IID - ARRA	-	30,814	26,942	-	3,872
2550	Title IID CSIC - ARRA	-	125,000	25,528	-	99,472
2508	Title IIA - Improving Teacher Quality	24,484	260,565	193,750	-	91,299
2509	Title IA - Chapter I - Disadvantaged	30,430	928,045	921,792	-	36,683
2511	Title V	8,288	-	8,288	-	-
2515	Local Entitlement	124,188	716,187	797,291	-	43,084
2520	Perkins Learning Center	15,648	146,908	146,373	-	16,183
2524	Technology Literacy	20,978	12,537	12,859	-	20,656
2526	National Science Foundation	35	-	-	-	35
2527	PreSchool	2,686	33,428	1,568	-	34,546
2534	Rural Low Income	26,886	64,622	90,078	-	1,430
2538	Reading First - Gilbert	28,095	96,249	79,087	-	45,257
2539	Title III - ESL	18,995	18,590	20,143	-	17,442
2541	Title IVA - Drug Free Schools	21,145	17,645	10,131	-	28,659
2542	Reading First - Farrington	(28,206)	69,999	98,963	-	(57,170)
2547	FEMA generator hook up	(2,234)	4,217	-	(1,983)	-
2603	Cony Maine Youth Voices	1,898	-	-	-	1,898
2704	21st Century	-	300,000	284,071	-	15,929
	<b>Total federal programs</b>	<b>293,316</b>	<b>4,148,422</b>	<b>3,971,993</b>	<b>(1,983)</b>	<b>467,762</b>
State programs:						
2505	Region 2 Administrative	1	-	215	-	(214)
2518	PPPD Professional Development	3,949	-	-	-	3,949
2525	Health Clinic	35	1,988	2,051	-	(28)
2544	Healthy Community Maine Grant	(1,487)	-	-	-	(1,487)
2545	Maine Math science Alliance	2,184	2,625	1,288	-	3,521
2546	Barbara Bush Project Life	412	-	393	-	19
	<b>Total state programs</b>	<b>5,094</b>	<b>4,613</b>	<b>3,947</b>	<b>-</b>	<b>5,760</b>
Other programs:						
2535	Teamwork for Kids	1,000	-	-	-	1,000
2540	MELMAC College Access	1,454	-	1,474	-	(20)
2549	School Based Health	3,160	93,367	88,411	-	8,116
2604	Sports Done Right	69	-	-	-	69
2607	Chizzle Whizzle	-	17,835	17,835	-	-
2628	Greenhouse	-	4,950	1,265	-	3,685
	<b>Total other programs</b>	<b>5,683</b>	<b>116,152</b>	<b>108,985</b>	<b>-</b>	<b>12,850</b>
Special projects:						
2625	CTV 7	48,438	6,123	6,845	-	47,716
	<b>Total special projects</b>	<b>48,438</b>	<b>6,123</b>	<b>6,845</b>	<b>-</b>	<b>47,716</b>
	<b>Subtotal</b>	<b>\$ 352,531</b>	<b>4,275,310</b>	<b>4,091,770</b>	<b>(1,983)</b>	<b>534,088</b>

**CITY OF AUGUSTA, MAINE**  
**Federal, State and Local Programs and Adult Education - School**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

		Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:						
2512	ABE Federal Program	\$ -	12,120	12,120	-	-
2529	Perkins Title II C	(222)	222	-	-	-
Total federal programs		(222)	12,342	12,120	-	-
State programs:						
2532	Jail Education Program	24,957	32,119	34,738	-	22,338
2548	College Transition Initiative	108	9,173	9,281	-	-
Total state programs		25,065	41,292	44,019	-	22,338
Other programs:						
2613	Self-supporting General Teaching	46,136	21,267	18,018	-	49,385
2614	Health Occupation Education	46,633	49,163	30,657	-	65,139
2622	KLC Computer Lab	21,297	4,802	11,106	-	14,993
Total other programs		114,066	75,232	59,781	-	129,517
<b>Total School Special Revenues</b>		<b>\$ 491,440</b>	<b>4,404,176</b>	<b>4,207,690</b>	<b>(1,983)</b>	<b>685,943</b>

**CITY OF AUGUSTA, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	Balances beginning of year	Revenues	Expenditures	Transfers in (out)	Balances end of year
<b>City Funds:</b>					
3000 Fiscal 2000	\$ 24,334	-	1,600	-	22,734
3001 Fiscal 2001	47,329	124	-	-	47,453
3003 Fiscal 2003	288,181	-	-	(8,939)	279,242
3004 Fiscal 2004	78,875	174	17,582	2,060	63,527
3005 Fiscal 2005	128,510	323	6,875	(40,280)	81,678
3006 Fiscal 2006	170,730	372	4,075	(36,678)	130,349
3007 Fiscal 2007	297,526	20,727	58,836	-	259,417
3008 Fiscal 2008	134,014	-	190,048	250,372	194,338
3009 Fiscal 2009	771,859	11,337	334,668	10,606	459,134
3010 Fiscal 2010	-	2,728	51,772	10,000	(39,044)
3011 Fiscal 2011	-	-	-	70,000	70,000
3085 New Cony High School	302,522	-	-	-	302,522
3086 Dickman Parking Garage	241,583	631	-	-	242,214
3097 Fiscal 1997	2,571	-	-	-	2,571
3098 Carryforward	11,753	-	1,000	-	10,753
<b>Total nonmajor capital projects</b>	<b>\$ 2,499,787</b>	<b>36,416</b>	<b>666,456</b>	<b>257,141</b>	<b>2,126,888</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - City**  
**For the year ended June 30, 2010**

City Funds	Fund balance							Fund balance unexpended income, end of year
	Fund balance, principal, beginning of year	Fund balance, unexpended income, beginning of year	Investment income	Donations	Expenditures	Fund balance principal, end of year	Fund balance unexpended income, end of year	
6001 New Cony High School	\$ -	246,585	21,454	1,371	75,651	-	193,759	
6501 L. W. Titcomb Playground	6,281	(376)	150	-	46	6,281	(272)	
6502 Lithgow Library	24,933	773	654	-	201	24,933	1,226	
6503 St. Mark's Church	11,968	152	309	-	95	11,968	366	
6507 Cemetery Trust Fund	150,105	395	3,673	-	1,038	150,105	3,030	
6516 Forest Grove Cemetery	75,538	1,728	2,108	-	728	75,538	3,108	
6529 Kling Trust	9,974	228	278	-	96	9,974	410	
6543 Alice Reynolds Trust	11,565	520	304	-	700	11,565	124	
6544 Ed E. Gage Family Trust	49,566	2,031	1,299	-	2,800	49,566	530	
6545 Edwards Dam Scholarship	27,899	(3,178)	634	-	500	27,899	(3,044)	
6546 Eliza Church Fund	3,376	44	87	-	27	3,376	104	
6547 Ira Bunker	499	5	13	-	-	499	18	
6548 Lipman Memorial Trust	4,057	1,283	154	-	60	4,057	1,377	
6549 Miriam Titcomb Trust	22,660	1,274	584	-	180	22,660	1,678	
6550 Peavy Scholarship Fund	4,211	(38)	106	-	30	4,211	38	
6551 Sanford Legacy	1,496	19	39	-	12	1,496	46	
6552 Cony Family Fund	12,497	(1,560)	281	-	85	12,497	(1,364)	
6553 Tree Board Trust	-	18,681	1,719	-	-	-	20,400	
6554 Bicentennial Nature Park	-	31,723	83	-	-	-	31,806	
6555 Cemetery Perpetual Care	104,362	27,472	348	2,200	-	104,362	30,020	
6556 Mall Mitigation Land Trust	15,000	(1,321)	117	-	-	15,000	(1,204)	
<b>Total City Funds</b>	<b>\$ 535,987</b>	<b>326,440</b>	<b>34,394</b>	<b>3,571</b>	<b>82,249</b>	<b>535,987</b>	<b>282,156</b>	

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds - School**  
**For the year ended June 30, 2010**

School Funds	Fund balance						Fund balance unexpended income, end of year
	Fund balance, principal, beginning of year	unexpended income, beginning of year	Investment income	Other revenues	Expenditures	Fund balance principal, end of year	
6251 Auto Mechanic Scholarship	\$ -	4,111	103	-	-	-	4,214
6252 Childcare Scholarship	290	276	14	-	-	290	290
6253 CATC Multi-media Scholarship	595	138	19	-	-	595	157
6254 CATC Plumbing And Heating	-	589	14	-	-	-	603
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	307	-	-	-	-	307
6256 CHS Class of 1938 Scholarship Fund	-	2,095	50	-	250	-	1,895
6257 CHS Special Music Concert (held at CHS)	-	738	1	-	120	-	619
6258 Cony Restoration Fund	-	1,709	43	-	-	-	1,752
6259 Devina Mudge Scholarship	-	129	3	-	-	-	132
6260 Ebbie Brooks Math and Science Fund	-	519	13	-	50	-	482
6261 Edgar A. Hussey Memorial	-	5,534	139	-	-	-	5,673
6262 Eliza Church Fund	-	894	23	-	-	-	917
6263 Frank Hewins Music	-	764	19	-	-	-	783
6264 Friedlander Memorial Award	-	53	1	-	-	-	54
6265 Georgianna Hayes English	-	1,220	30	-	-	-	1,250
6266 Jon Crockett Memorial Fund	-	2,500	62	-	-	-	2,562
6267 Lanny Cooper Memorial	-	1,160	29	-	-	-	1,189
6268 Lee and Larry Leighton Scholars	-	4,323	107	-	100	-	4,330
6269 Mable Thompson	-	626	16	-	35	-	607
6270 Theresa Brannigan Memorial	-	863	22	-	-	-	885
6271 Titcomb Fund	-	37,397	935	-	-	-	38,332
6272 Florence Tanner McIntire Memorial	-	947	22	-	300	-	669
6274 Mallory Dulac Scholarship	-	4,624	116	-	-	-	4,740
6275 Cony High Scholarship (held at CHS)	-	3,067	7	-	750	-	2,324
6701 Ann Williams Funds	2,000	10,709	318	-	-	2,000	11,027
6702 Alumni Hall restoration	400	21,112	538	-	-	400	21,650
6703 Arthur E. Shea Memorial	1,161	(215)	24	-	-	1,161	(191)
6704 CATC School Wide Scholarship	10,000	2,554	303	-	1,000	10,000	1,857
6705 CHS Class of 1943 Scholarship Fund	7,212	3,047	256	-	-	7,212	3,303
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	2,490	-	6,950	8,200	-	1,240
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
Subtotal School Funds	\$ 21,658	123,433	3,227	6,950	10,805	21,658	122,805

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**Nonmajor Permanent Funds - School**  
**For the year ended June 30, 2010**

School Funds	Fund balance					Expenditures	Other revenues	Investment income	Fund balance principal, beginning of year	Fund balance unexpended income, beginning of year	Fund balance principal, end of year	Fund balance unexpended income, end of year
	Fund balance principal, beginning of year	Fund balance unexpended income, beginning of year	Investment income	Other revenues	Expenditures							
6708	Carpentry Scholarship	75	89	4	-	-	-	75	93			
6709	Charles McGrail Scholarship	3,257	1,192	135	2,566	150	-	3,257	3,743			
6710	Dorothy Giddings Fund	1,000	2,795	95	-	100	-	1,000	2,790			
6711	Edward Albing Math Fund	500	185	17	-	50	-	500	152			
6713	Food Service Scholarship	15	89	3	-	-	-	15	92			
6714	Garside English Fund	600	38	15	-	40	-	600	13			
6715	Helen Dyer Scholarship	1,717	12	44	-	-	-	1,717	56			
6716	H. Graham Nye CATC Scholarship	2,500	(77)	60	-	-	-	2,500	(17)			
6717	Jim Marchildon Scholarship	1,705	4,192	152	1,100	2,000	-	1,705	3,444			
6718	Karen Carey Scholarship	2,577	718	82	-	-	-	2,577	800			
6719	Louis Ochmanski Scholarship	2,500	1,030	88	-	100	-	2,500	1,018			
6720	Louise Webber Fund	10,000	6,488	407	-	500	-	10,000	6,395			
6722	Mable I. Morton	1,970	1,161	78	-	-	-	1,970	1,239			
6723	Mable Richmond Fund	200	183	10	-	50	-	200	143			
6724	Machine Tool Scholarship	15	2,047	56	902	-	-	15	3,005			
6725	Melanie Ann Cote Scholarship	1,800	2,386	105	-	-	-	1,800	2,491			
6726	Nora Jackson Scholarship	3,000	5,296	207	-	250	-	3,000	5,253			
6727	Raymond Falconia Fund	5,000	991	150	-	200	-	5,000	941			
6728	Richard Ayotte Scholarship	2,050	155	56	-	100	-	2,050	111			
6729	Sandra Lipman Arts Fund	2,220	(943)	32	-	-	-	2,220	(911)			
6730	Theodore Rhoades Memorial	5,000	1,569	165	-	-	-	5,000	1,734			
6731	Thomas Bishop Memorial Scholarship	2,297	1,134	136	-	-	-	2,297	1,270			
6732	Maine Veterans Home	-	46	1	-	-	-	-	47			
6733	Child Care Options	-	28	1	-	-	-	-	29			
6734	G & E Roofing	-	1,055	24	500	500	-	-	1,079			
6735	Maine Science Corp Director	-	1,307	29	-	400	-	-	936			
6736	Mary O'Connell	-	9,528	238	-	-	-	-	9,766			
6737	Scott Laliberte	-	6,084	154	150	-	-	-	6,388			
6738	Chrissanne Burns Memorial	-	9,382	287	1,760	3,000	-	-	8,429			
<b>Total School Funds</b>		<b>71,656</b>	<b>181,593</b>	<b>6,058</b>	<b>13,928</b>	<b>18,245</b>	<b>13,928</b>	<b>71,656</b>	<b>183,354</b>			

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year Ended June 30, 2010**

	Beginning of year	Additions	Deletions	End of year
<b>ASSETS</b>				
Cash	\$ 290,099	530,057	540,405	279,751
<b>Total assets</b>	<b>\$ 290,099</b>	<b>530,057</b>	<b>540,405</b>	<b>279,751</b>
<b>LIABILITIES</b>				
Due to student groups	290,099	530,057	540,405	279,751
<b>Total liabilities</b>	<b>\$ 290,099</b>	<b>530,057</b>	<b>540,405</b>	<b>279,751</b>

**STATISTICAL SECTION**

Table 1

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

Fiscal year	City services									
	Legislative and executive	Finance and administration	and public works	Community services	Public safety (1)	Education	Retirement and insurance	Utilities		
2003	\$ 1,649,442	759,861	3,365,923	2,222,759	4,990,504	28,609,739	1,444,711	2,107,913		
2004	1,525,583	799,314	3,560,352	2,340,370	5,017,437	28,167,122	1,579,957	2,110,899		
2005	593,157	2,574,468	3,238,089	2,465,706	5,459,336	28,860,857	1,458,605	1,891,239		
2006	577,232	2,616,040	4,559,929	2,432,732	5,164,109	29,396,723	1,541,180	1,953,588		
2007	590,439	2,804,888	5,428,832	2,435,759	5,868,011	31,804,424	1,433,560	2,043,033		
2008	590,439	2,636,407	6,447,891	2,723,474	6,371,806	33,695,133	1,848,206	2,103,034		
2009	566,468	2,847,425	5,837,484	2,569,838	8,419,526	33,027,066	3,639,953	2,058,362		
2010	620,474	2,934,491	6,015,890	2,443,777	8,169,237	33,150,558	3,668,658	1,843,957		

Unclassified	Capital						Total
	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport	
\$ 3,375,553	217,015	1,093,333	989,578	2,740,829	1,882,110	383,866	56,687,566
5,404,041	240,820	1,030,789	320,249	2,804,081	2,423,384	375,821	58,838,803
1,245,371	154,231	1,129,094	101,826	2,756,456	2,212,682	411,678	55,541,477
1,336,969	181,357	1,348,833	1,461,956	2,828,352	3,018,672	432,140	60,079,110
1,440,886	1,442,027	1,353,725	127,814	2,837,679	1,954,597	489,185	63,260,879
1,575,514	1,118,484	1,460,457	1,606,400	2,913,963	3,066,414	520,177	70,040,468
1,574,821	175,543	1,719,573	18,230	2,780,635	2,537,369	573,028	68,345,321
1,634,375	150,443	1,325,849	9,586	2,689,638	2,917,070	505,709	68,079,712

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

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

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2003	\$ 10,591,058	16,828,960	249,349	25,698,103	2,773,577	572,677	455,410	57,169,134	
2004	10,669,424	18,176,812	591,418	25,977,414	2,969,273	230,190	795,914	59,410,445	
2005	10,126,546	15,852,689	336,377	27,648,715	2,932,607	913,190	2,533,438	60,343,562	
2006	10,571,366	17,097,427	120,274	27,479,074	3,010,331	1,686,457	2,146,525	62,111,454	
2007	10,366,856	20,385,932	-	27,681,053	3,014,023	1,195,325	2,207,466	64,850,655	
2008	10,973,123	22,129,940	-	28,648,359	3,034,885	968,205	3,567,874	69,322,386	
2009	10,088,437	23,110,107	-	29,491,494	2,952,851	972,661	2,066,307	68,681,857	
2010	9,366,323	23,685,244	-	28,993,720	2,576,597	449,766	2,257,182	67,328,832	

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

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

Year	Legislative and executive	Finance and administration	City services and public works	Community services	Public safety (1)	Insurances and utilities	Unclassified	County	Education	Debt service	Capital	Total
2001 \$	1,479,817	732,150	3,069,726	1,758,860	4,333,753	3,369,256	361,650	967,133	21,189,136	1,053,031	1,235,604	39,550,116
2002	1,393,480	734,239	3,001,316	2,058,400	4,771,026	3,679,068	55,902	1,032,866	22,232,493	1,210,712	301,359	40,470,861
2003	1,333,025	750,628	2,966,127	2,219,539	4,845,665	3,552,624	158,188	1,092,007	22,710,095	1,052,479	-	40,680,377
2004	1,357,108	770,768	2,981,857	2,335,567	4,876,575	3,690,856	41,498	1,175,364	22,422,435	1,052,084	-	40,704,112
2005	610,324	1,374,810	3,953,540	2,003,704	4,903,819	3,349,844	(14,454)	1,234,872	23,037,625	1,065,492	-	41,519,576
2006	589,899	1,464,086	4,101,693	2,020,853	5,232,339	3,516,706	50,774	1,271,219	23,893,952	1,305,832	-	43,447,353
2007	607,318	1,462,484	4,455,145	2,115,058	5,462,470	3,747,259	50,298	1,349,609	25,334,169	1,224,430	-	45,808,240
2008	599,225	1,509,133	5,180,697	2,099,892	5,728,125	3,951,240	126,413	1,395,237	27,571,927	1,118,484	-	49,280,373
2009	697,527	1,571,797	5,264,080	2,063,501	7,478,538	4,168,103	112,258	1,406,380	27,332,285	1,023,587	-	51,118,056
2010	628,168	1,462,186	4,636,937	1,892,153	7,263,830	4,138,021	221,610	1,358,766	26,145,023	1,002,847	-	48,749,541

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

Table 4

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

Fiscal year	Taxes	Licenses and permits			Charges for services		Fines and fees		Investment earnings	Unclassified	Total
		Inter-governmental	and	permits	Inter-governmental	for services	Fines and fees	and fees			
2000	\$ 23,392,171	199,655	11,280,800	2,300,802	24,078	665,626	627,739	38,490,871			
2001	24,233,540	180,316	12,410,358	1,779,140	37,325	976,638	472,931	40,090,248			
2002	24,638,041	178,492	12,697,557	2,008,673	44,301	608,637	757,532	40,933,233			
2003	25,251,253	204,666	12,739,376	2,099,126	24,527	475,208	673,116	41,467,272			
2004	25,514,600	180,976	13,222,437	2,233,881	42,945	219,288	492,791	41,906,918			
2005	26,166,249	228,753	13,521,824	2,320,924	63,645	453,846	520,503	43,275,744			
2006	25,861,766	219,924	13,817,461	2,357,632	53,462	844,846	494,799	43,649,890			
2007	26,040,229	293,264	15,710,155	2,313,794	51,459	990,043	597,353	45,996,297			
2008	27,075,553	175,598	18,071,244	2,177,047	55,783	897,340	486,725	48,939,290			
2009	27,124,031	158,400	18,345,040	3,646,760	54,086	897,139	569,613	50,795,069			
2010	26,549,455	110,211	16,854,140	3,080,733	50,647	408,934	706,056	47,760,176			

Table 5

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

<b>Fiscal year</b>		<b>Total tax levy</b>	<b>Current tax collections</b>	<b>% of levy collected</b>	<b>Prior year tax collections</b>	<b>Total tax collections</b>	<b>% of total tax collection to levy</b>
2001	\$	22,010,273	21,111,582	95.92%	1,075,709	22,187,291	100.80%
2002		22,629,151	21,816,956	96.41%	755,714	22,572,670	99.75%
2003		23,263,776	22,364,810	96.14%	683,187	23,047,997	99.07%
2004		23,700,680	22,990,568	97.00%	704,836	23,695,404	99.98%
2005		24,254,710	23,661,231	97.55%	827,605	24,488,836	100.97%
2006		24,105,601	23,312,969	96.71%	520,677	23,833,646	98.87%
2007		24,118,683	23,493,905	97.41%	681,130	24,175,035	100.23%
2008		25,141,898	24,524,593	97.54%	533,982	25,058,575	99.67%
2009		25,982,227	25,164,056	96.85%	563,750	25,727,806	99.02%
2010		26,196,756	25,037,880	95.58%	676,697	25,714,577	98.16%

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	
2001	\$ 788,781,700	108,786,200	897,567,900	869,500,000	103.23%
2002	801,226,100	118,658,100	919,884,200	912,200,000	100.84%
2003	815,134,900	120,636,100	935,771,000	928,000,000	100.84%
2004	822,193,800	113,263,200	935,457,000	990,400,000	94.45%
2005	836,811,900	96,499,400	933,311,300	1,064,250,000	87.70%
2006	834,194,300	93,978,600	928,172,900	1,202,450,000	77.19%
2007	1,364,574,200	97,315,600	1,461,889,800	1,380,800,000	105.87%
2008	1,402,015,000	104,047,300	1,506,062,300	1,478,400,000	101.87%
2009	1,452,883,500	103,702,100	1,556,585,600	1,550,100,000	100.42%
2010	1,469,535,400	100,358,600	1,569,894,000	1,552,500,000	101.12%

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 per capita
						net debt to value	net debt to value	
2001	18,560	\$ 897,567,900	22,843,473	13,515,000	9,328,473	1.04%	503	
2002	18,560	919,884,200	21,128,600	13,030,000	8,098,600	0.88%	436	
2003	18,560	935,771,000	32,863,829	12,318,685	20,545,144	2.20%	1,107	
2004	18,560	935,457,000	30,872,107	11,607,370	19,264,737	2.06%	1,038	
2005	18,560	933,311,300	32,295,385	10,896,055	21,399,330	2.29%	1,153	
2006	18,560	928,172,900	58,383,662	10,184,740	48,198,922	5.19%	2,597	
2007 (a)	18,560	1,461,889,800	56,474,725	9,473,425	47,001,300	3.22%	2,532	
2008	18,560	1,506,062,300	52,684,860	8,762,110	43,922,750	2.92%	2,367	
2009	18,560	1,556,585,600	49,898,795	8,050,795	41,848,000	2.69%	2,255	
2010	18,560	1,569,894,000	46,290,730	7,339,480	38,951,250	2.48%	2,099	

Sources for population information:

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

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

**CITY OF AUGUSTA, MAINE**  
**Principal Taxpayers**  
**June 30, 2010**

Taxpayer	Business	Assessed value	% of total value
Central Maine Power	Public Utility	\$ 43,970,400	2.80%
Wal-Mart Stores, Inc.	Retail	33,976,700	2.16%
Capital Augusta Properties	Retail	32,276,800	2.06%
PDNED Augusta Crossing Inc	Developer	29,952,300	1.91%
Central Maine Commerce Center	Office Building	24,826,300	1.58%
Interstate Augusta Properties LLC	Retail	22,829,600	1.45%
Taurus Business Center Lmtl	Retail	20,802,500	1.33%
Townsend Road Assoc.	Developer	19,246,700	1.23%
J & R Associates LLC	Developer	16,100,800	1.06%
CAP Center Associates LP	Developer	15,684,500	1.00%

**SINGLE AUDIT SECTION**



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

City Council and Board of Education  
City of Augusta, Maine:

We have audited the 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, 2010, which collectively comprise the City of Augusta, Maine's basic financial statements and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Augusta, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Augusta, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Augusta, Maine's internal control over financial reporting.

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 financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

We also noted certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated November 10, 2010.

This report is intended solely for the information and use of the City Council, Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 10, 2010  
South Portland, Maine



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

City Council and Board of Education  
City of Augusta, Maine:

Compliance

We have audited the compliance of the City of Augusta, Maine, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Augusta, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Augusta, Maine's management. Our responsibility is to express an opinion on the City of Augusta, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Augusta, Maine's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Augusta's compliance with those requirements.

As described in item #2010-1 in the accompanying schedule of findings and questioned costs, City of Augusta, Maine, did not comply with requirements regarding cash management that are applicable to its Special Education Cluster and Title I – Part A Cluster. Compliance with such requirements is necessary, in our opinion, for City of Augusta, Maine, to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Augusta, Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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

Internal Control Over Compliance

Management of City of Augusta, Maine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Augusta, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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.

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 the internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

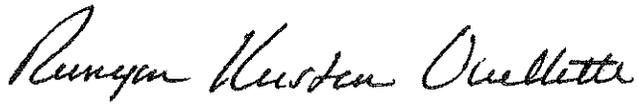
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Augusta, Maine, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

The City of Augusta, Maine's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Augusta, Maine's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the City Council, Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Remya Hudson Ouellette".

November 10, 2010  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2010**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass-through number	Program or award amount	Balance at June 30, 2009	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2010
						Federal	Other			
U.S. Department of Education,										
Passed through Maine Department of Education:										
2512 Adult Basic Education	84.002		6296	\$ 57,121	-	57,121	-	57,121	-	-
2509 Title IA	84.010		3057	928,045	30,430	928,045	-	921,792	-	36,683
2515 Special Education State Grants Individuals with Disabilities Act	84.027		3046	716,187	124,188	716,187	-	797,291	-	43,084
2520 Carl Perkins - Basic Grant (learning center)	84.048		3030	146,908	15,648	146,908	-	146,373	-	16,183
2527 Preschool	84.173		6241	33,428	2,686	33,428	-	1,568	-	34,546
2511 Title V - Innovative	84.298		1072	-	8,288	-	-	8,288	-	-
2524 Technology Literacy	84.318		3003	12,537	20,978	12,537	-	12,859	-	20,656
2538 Reading First - Gilbert	84.357		3052	96,249	28,095	96,249	-	79,087	-	45,257
2542 Reading First - Farrington	84.357		3052	69,999	(28,206)	69,999	-	98,963	-	(57,170)
2534 Rural Low Income	84.358		3005	64,622	26,886	64,622	-	90,078	-	1,430
2539 Title III - ESL	84.365		3090	18,590	18,995	18,590	-	20,143	-	17,442
2508 Teacher Quality Grant	84.367		3042	260,565	24,484	260,565	-	193,750	-	91,299
2519 21st Century Grant	84.287		3054	300,000	-	300,000	-	284,071	-	15,929
1720 GPA Stabilization	84.394A	Y	2077	532,224	-	532,224	-	528,489	-	3,735
1730 Title IA - ARRA	84.389A	Y	3057	426,681	-	426,681	-	365,069	-	61,612
1750 Local Entitlement - ARRA	84.391A	Y	3046	348,074	-	348,074	-	335,666	-	12,408
1761 Pre-School - ARRA	84.392A	Y	6241	9,617	-	9,617	-	13,736	-	(4,119)
1766 Title VII/B Homeless - ARRA	84.387A	Y	3002	7,020	-	7,020	-	12,169	-	(5,149)
1765 Title IID - ARRA	84.386X	Y	3003	30,814	-	30,814	-	26,942	-	3,872
2550 Title IID CSIC - ARRA	84.386X	Y	3003	125,000	-	125,000	-	25,528	-	99,472
Passed through Maine Office of Substance Abuse:										
2507 Drug Free Schools and Communities	84.186		N/A	17,645	21,145	17,645	-	10,131	-	28,659
Total U.S. Department of Education					293,617	4,201,326	-	4,029,114	-	485,829
U.S. Department of Agriculture, passed through the Maine Dept. of Ed:										
2617 National School Lunch Program	10.555		3022/3024	N/A	345,162	386,072	522,459	386,072	440,538	427,093
School Breakfast Program	10.553		3014	N/A	-	112,488	-	112,488	-	-
Summer Food Service Program	10.559		3016	N/A	-	37,816	-	37,816	-	-
Food Donation Program	10.555		N/A	N/A	12,189	62,303	-	47,170	-	27,322
Fresh Fruit and Vegetable Program	10.582		3028	N/A	-	51,884	-	51,884	-	-
Total U.S. Department of Agriculture					357,351	650,563	522,469	635,430	440,538	454,415
U.S. Department of Justice, passed through the Maine Department of Justice:										
2201 Justice Assistance Grant	16.738	Y	N/A	68,815	-	68,815	20	67,930	-	905
2202 Justice Assistance Grant - ARRA	16.804		N/A	332,086	-	332,086	148	330,818	-	1,416
2046 COPS Fast	16.710		N/A	13,922	-	13,922	-	13,922	-	-
2047 Bulletproof Vest	16.607		N/A	4,344	-	4,344	-	4,344	-	-
Passed through the Maine Department of Education:										
2603 Youth Voices	16.727		N/A	N/A	1,898	-	-	-	-	1,898
Total U.S. Department of Justice					1,898	419,167	168	417,014	-	4,219

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2010**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass-through number	Program or award amount	Balance at June 30, 2009	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2010
						Federal	Other			
U.S. Department of Transportation:										
Direct programs:										
2049 OUI Grant	20.600		N/A	\$ 5,000	-	3,423	-	3,423	-	-
2125 Speed Enforcement	20.600		N/A	5,000	-	4,395	-	4,395	-	-
2183 Holiday Grant	20.600		N/A	6,120	-	5,953	-	5,953	-	-
2220 Combined Enforcement	20.600		N/A	3,000	-	234	-	234	-	-
2048 Seatbelt Grant	20.600		N/A	2,000	-	2,000	-	2,000	-	-
Passed through Maine Department of Conservation:										
2167 Recreation Trails Program	20.219		N/A	29,000	-	18,723	-	15,723	3,000	-
Passed through the Maine Department of Transportation:										
2184 Spill prevention	20.106		N/A	50,000	-	41,996	-	41,996	-	-
2185 Rescue/Fire Fighting Equipment	20.106		N/A	500,000	-	869	-	869	-	-
2192 Airport Improvement Program	20.106		N/A	456,000	-	295,530	-	295,530	-	-
2222 EMAS/Snow Removal Equipment	20.106		N/A	2,699,000	-	7,436	-	7,436	-	-
2159 Safe Routes to School	20.205		N/A	187,500	-	44,899	-	44,899	-	-
Total U.S. Department of Transportation					-	425,458	-	422,458	3,000	-
U.S. Department of Housing and Urban Development, passed through Department of Economic and Community Development:										
2219 Business Assistance Grant	14.228		N/A	300,000	-	300,000	-	300,000	-	-
Total U.S. Department of Housing and Urban Development					-	300,000	-	300,000	-	-
U.S. Department of Energy:										
Direct Program:										
2215 EECBG Formula Grant	81.128		N/A	99,400	-	99,400	-	99,400	-	-
Total U.S. Department of Energy					-	99,400	-	99,400	-	-
Environmental Protection Agency:										
Direct Program:										
2195 Brownfields	66.818		N/A	350,000	-	60,951	-	59,649	-	1,302
Total Environmental Protection Agency					-	60,951	-	59,649	-	1,302
U.S. Department of Homeland Security:										
Direct program:										
2062 Fire Prevention Safety Grant	97.044		N/A	25,665	595	-	-	595	-	-
2108 FEMA Disaster Assistance	97.036		N/A	91,842	27,510	-	-	27,510	-	-
Passed through Maine Emergency Management Agency:										
2204 Homeland Security Grant	97.067		N/A	206,954	-	107,000	-	107,000	-	-
2152 TSA - Officer Reimbursement	97.090		N/A	N/A	-	15,189	-	15,189	-	-
Total U.S. Department of Homeland Security					28,105	122,189	-	150,294	-	-
<b>Totals</b>					\$ 680,971	6,279,054	522,637	6,113,359	443,538	925,765

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

**CITY OF AUGUSTA, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2010**

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**PURPOSE OF THE SCHEDULE**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Augusta, Maine for the fiscal year ended June 30, 2010. The reporting entity is defined in notes to basic financial statements of the City of Augusta, Maine.
  
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  
  - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Augusta, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
  
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City of Augusta, Maine's fund financial statements.

**CITY OF AUGUSTA, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2010**

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

**Basic financial statements**

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

**Federal Awards**

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.391A, 84.392A	Special Education Cluster
84.010, 84.389A	Title I – Part A Cluster
84.394	GPA Stabilization
14.228	Community Development Block Grant
16.783, 16.804	Justice Assistance Grant
20.106	Airport Improvement Program

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

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

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

NONE

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

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

**#2010-1 - U.S. Department of Education, for the Period July 1, 2009 through June 30, 2010, CFDA #84.027; #84.173; #84.391; #84.392 Special Education Cluster (IDEA) and CFDA #84.010; 84.389 Title I – Part A Cluster**

Statement of Condition: The Special Education Cluster (IDEA) and Title I – Part A Cluster had excess cash balances on hand for excessive periods of time.

Criteria: Draw downs of federal funds must be made as close as possible to the time of making distributions. Time should be minimized between the transfer from the U. S. Treasury and the disbursement of funds by the recipient.

Effect: Excess cash on hand could result in the payment of federal funds being delayed or denied.

Cause: Allowable cost expenditures under the Special Education Cluster and Title I – Part A Cluster from July 1, 2009 through June 30, 2010 were not sufficient to prevent a month-end cash overflow, as defined by the State of Maine, for certain months.

Recommendation: Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs: None

*Management's Response: The School Department has striven to accurately estimate how much cash should be received on a monthly basis from the Department of Education. The School Department has often had more cash on hand due to premature draw down of grant funds. In the future the grant writer will meet with the Business Manager to review the Disbursement of Federal Funds to ensure that they are received on a schedule of when they are needed in the future, not necessarily on a monthly basis.*

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

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

**Findings Required to be Reported Under *Government Auditing Standards***

NONE

**Findings and Questioned Costs for Federal Awards**

**#2009-1 Semi-annual Certification of Federally Funded Employees (Local Entitlement and Title IA)**

Our test work revealed that some employees being paid through federally funded grant programs were not signing semi-annual certifications. Federal Circular OMB A-87 states that *"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."* These certifications replace the need for weekly or bi-weekly timesheets and the intent is to ensure that the employees whose salaries are being charged to certain federal programs are actually working in those programs. We recommend that certificates be distributed to federally funded staff twice a year and be signed by the employee and the grant director.

*No finding in the current year.*