

**CITY OF AUGUSTA, MAINE**

**Financial Report**

**For the Year Ended June 30, 2009**

**CITY OF AUGUSTA, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2009**

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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, 2009, 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, 2009, 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 a report dated October 30, 2009, 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.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements of the City of Augusta, Maine. The combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.



October 30, 2009  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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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, 2009. 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 2009 Financial Highlights**

Financial highlights of the year include the following:

**City-wide:**

- The City's total net assets were \$35.4 million at June 30, 2009. Of this total, \$32.1 million were governmental assets and \$3.3 million were business-type assets.
- The City's net assets grew by \$0.3 million. Of this amount, the governmental activities had an increase in net assets of \$0.5 million. The business-type activities decreased by \$0.2 million. Governmental net assets invested in capital asset net of debt increased by \$1.1 million and unrestricted net assets decreased by \$0.5 million. Business-type unrestricted net assets did not change at \$0.9 million.
- City-wide governmental revenues include program revenues of \$27.5 million, an increase of \$2.5 million, and general revenues of \$35.5 million, a decrease of \$0.6 million. Business-type income was \$5.7 million, a decrease of \$1.2 million.
- Total City-wide governmental expenses were \$62.4 million, an increase of \$5.8 million and business-type activities were \$5.9 million, a decrease of \$2.0 million, for total expenditures of \$68 million, an increase of \$3.5 million or 5.4 %.

**Fund Level:**

- Governmental fund balance increased by \$0.4 million in Fiscal 2009 to \$18.6 million due to an increase in special revenue funds. Governmental fund revenues totaled \$62.3 million, with total expenditures of \$62.7 million. Other financing sources and uses added \$0.8 million. General fund revenues totaled \$53.3 million, with total expenditures of \$52.8 million, for an excess of revenues over expenditures of \$0.5 million. Total other financial sources and uses was (\$0.6) million. The General Fund balance decreased \$92,244 for fiscal 2009.

**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 four enterprise activities, Augusta Civic Center, Hatch Hill Landfill, Airport, and Ambulance, 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>2009</u>	<u>2008</u>	<u>Variance</u>
Current and other assets	\$ 24,936,669	24,715,902	220,767
Capital assets	59,223,794	59,620,723	(396,929)
<b>Total assets</b>	<b>84,160,463</b>	<b>84,336,625</b>	<b>(176,162)</b>
Long-term liabilities	41,921,115	44,014,700	(2,093,585)
Other liabilities	10,162,299	8,800,698	1,361,601
<b>Total liabilities</b>	<b>52,083,414</b>	<b>52,815,398</b>	<b>(731,984)</b>
Net assets:			
Invested in capital assets (net of debt)	29,170,201	28,082,113	1,088,088
Restricted	607,643	607,643	-
Unrestricted	2,299,205	2,831,471	(532,266)
<b>Total net assets</b>	<b>\$ 32,077,049</b>	<b>31,521,227</b>	<b>555,822</b>

Capital assets net of related debt increased by 3.9% or \$1.1 million due to a decrease in long term debt. The City's long-term liabilities (primarily debt) decreased by \$2.1 million. The City's other liabilities increased by \$ 1.4 million due to the recording of other post retirement benefit liabilities of \$2.1 million and a decrease of accounts payable and other current liabilities of \$0.6 million. The City's investment in Capital assets net of related debt represents 91% 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. 1.7% of net assets are represented by resources that are subject to external restrictions in their uses. The remaining balance of \$2.3 million is unrestricted net assets.

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

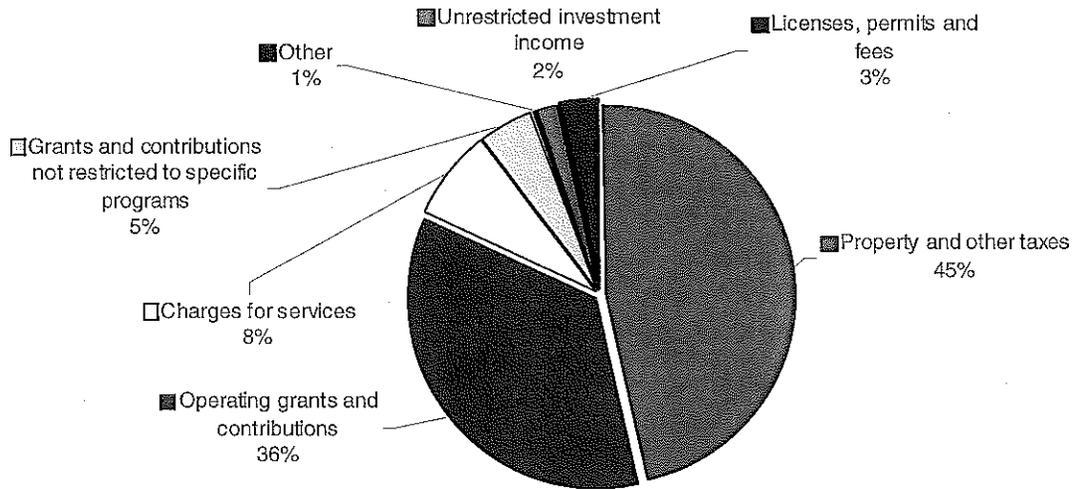
**Changes in Net Assets:**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 4,826,744	3,195,865	1,630,879
Operating grants and contributions	22,669,672	21,802,350	867,322
Capital grants and contributions	-	-	-
<b>Total program revenues</b>	<b>27,496,416</b>	<b>24,998,215</b>	<b>2,498,201</b>
<b>General Revenues:</b>			
Property and other taxes	29,106,968	28,354,126	752,842
Grants and contributions not restricted to specific programs	2,952,851	3,034,885	(82,034)
Licenses, permits and fees	158,400	385,535	(227,135)
Unrestricted investment income	942,066	932,983	9,083
Other	2,353,410	3,387,519	(1,034,109)
<b>Total general revenues</b>	<b>35,513,695</b>	<b>36,095,048</b>	<b>(581,353)</b>
<b>Total revenues</b>	<b>63,010,111</b>	<b>61,093,263</b>	<b>1,916,848</b>
<b>Functional Expenses:</b>			
Legislative and executive	566,468	584,648	(18,180)
Finance and administration	2,847,425	2,609,272	238,153
City services	2,901,162	2,652,472	248,690
Community services	2,569,838	2,533,233	36,605
Public safety	8,419,526	6,017,489	2,402,037
Public works	2,936,322	3,296,167	(359,845)
Education	33,027,066	32,098,339	928,727
Insurance and retiree benefits	3,639,953	1,478,380	2,161,573
Utilities	2,058,362	2,103,034	(44,672)
Unclassified	1,574,821	1,575,514	(693)
Interest on debt	175,543	191,356	(15,813)
Central garage	1,719,573	1,460,457	259,116
Capital maintenance expenses	18,230	19,341	(1,111)
<b>Total expenses</b>	<b>62,454,289</b>	<b>56,619,702</b>	<b>5,834,587</b>
Increase (decrease) in net assets	555,822	4,473,561	(3,917,739)
Net assets – beginning of year	31,521,227	27,047,666	4,473,561
<b>Net assets – end of year</b>	<b>\$ 32,077,049</b>	<b>31,521,227</b>	<b>555,822</b>

Governmental activities resulted in a positive change in net assets of \$0.6 million. Program revenues increased \$2.5 million, with operating grants and contributions increasing 4% or \$0.87 million. Charges for services increased \$1.6 million as a result of the Ambulance fund being moved to the General fund. The State and Federal government increased intergovernmental transfers to the school department by \$0.5 million. General revenues decreased \$0.6 million. Property and other taxes increased \$0.8 million, licenses, permits and fees decreased \$0.2 due to the economy and other revenues decreased \$1.5 million. Functional expenses increased \$ 5.5 million. Public safety expenses increased \$2.4 million partially due to Ambulance fund being accounted for in the Governmental activities and insurance and retiree benefits reflects the recording of other post retirement benefits.

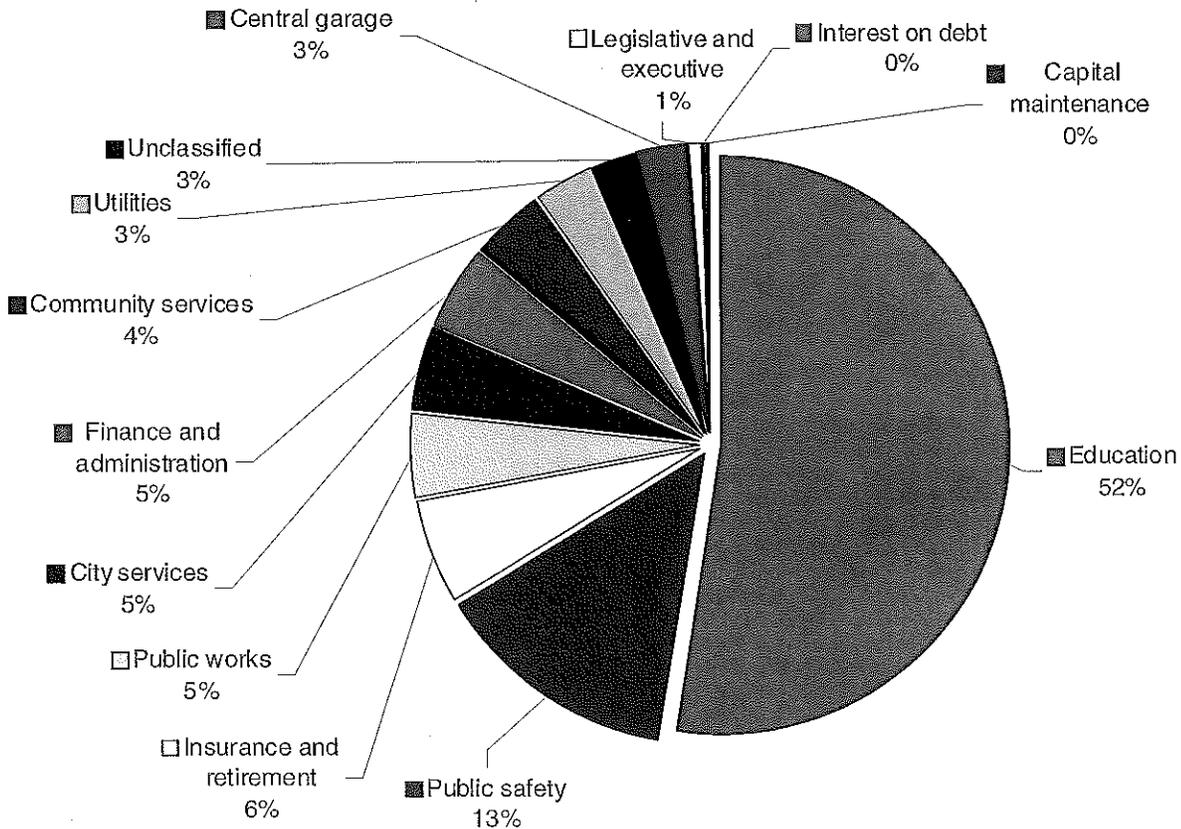
**CITY OF AUGUSTA, MAINE**  
**Management's Discussion and Analysis, Continued**

**Source of Revenues**



As the source of revenues chart above shows, 45% of the City's fiscal 2009 governmental activities revenues came from property and other taxes, and 36% from operating grants and contributions. The remaining 19% came from charges for services (8%), grants and contributions not restricted to specific programs (5%), licenses and permits (3%), and unrestricted investment income (2%).

**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 52.63% and Municipal Services 47.37% of expenses. Public safety accounted for 13.55% of total expenses. Public works 4.73% Finance and administration accounted for 4.58%, Community Services 4.14%, and Utilities 3.31% of total expenses. City services accounted for 4.67%, Insurance and retiree benefits 5.86%, and central garage 2.77% and capital maintenance 0.03% of total expenses. Legislative and executive, and interest on non-educational debt, combined totaled 1.19% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2009, Governmental capital assets decreased \$400,000. Capital assets not being depreciated increased \$224,000, capital assets being depreciated increased \$2.4 million and accumulated depreciation increased \$3.0 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 \$35.0 million as the City is dependent on general revenues for 57.2% of expenses. Overall, program revenues reduced program expenses by an average of 44.7% of total expenses the same as in FY 2008. The range of reduction was 0% to 71.8% for education. Over all, governmental activities net expenses increased \$3.3 million or 10%. The City's program revenues include charges for services, State subsidies, and operating grants and contributions.

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

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Legislative and executive	\$ (0.57)	(0.58)	0.01
Finance and administration	(2.73)	(2.49)	(0.24)
City services	(2.49)	(1.87)	(0.62)
Community services	(2.39)	(2.43)	0.04
Public safety	(6.17)	(5.26)	(0.91)
Public works	(2.58)	(2.93)	0.35
Education	(9.21)	(9.46)	0.25
Retirement and insurance	(3.64)	(1.48)	(2.16)
Utilities	(2.06)	(2.10)	0.04
Unclassified	(1.57)	(1.58)	0.01
Debt service	(0.18)	(0.19)	0.01
Central garage	(1.35)	(1.23)	(0.12)
Capital maintenance expenses	(0.02)	(0.02)	-
Total	\$ (34.96)	(31.62)	(3.34)

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

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

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Current and other assets	\$ 6.70	6.58	0.12
Capital assets	10.49	11.38	(0.89)
<b>Total assets</b>	<b>17.19</b>	<b>17.96</b>	<b>(0.77)</b>
Long-term liabilities	13.60	14.03	(0.43)
Other liabilities	0.28	0.41	(0.13)
<b>Total liabilities</b>	<b>13.88</b>	<b>14.44</b>	<b>(0.56)</b>
Net assets:			
Invested in capital assets (net of debt)	2.43	2.62	(0.19)
Unrestricted	0.87	0.90	(0.03)
<b>Total net assets</b>	<b>\$ 3.30</b>	<b>3.52</b>	<b>(0.22)</b>

Business-type activities net assets decreased by \$0.22 million in fiscal year 2009. The decrease in net assets is attributable to an operating income of \$5.70 million, being offset by operating expenses of \$5.36 million, nonoperating expense (primarily interest expense) of \$0.42 million and a transfer of \$0.14 million.

**The City's Fund Financial Statements**

Governmental Funds

At June 30, 2009, the City's governmental funds reported a combined fund balance of \$18.6 million. The governmental fund balance is comprised of the following; General Fund \$11.2 million, and Other Funds \$7.4 million.

Government funds revenues totaled \$62.3 million with expenditures totaling \$62.7 million, a deficit of revenues under expenditures of \$0.4 million. Other financing sources and uses netted \$0.8 million, resulting in a net increase of fund balance by \$0.4 million. The increase is entirely attributable to Other Governmental Funds.

Proprietary Funds

Proprietary Funds net assets decreased by \$0.22 million for FY 2009. Proprietary Funds operating revenues were \$5.7 million, with operating expenses of \$5.4 million producing net operating income of \$0.34 million. Nonoperating expenses were \$0.42 million and operating transfers out of \$0.14 million.

**Analysis of Major Governmental Funds**

General Fund

General fund revenues ran a very slight positive variance. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 90% of revenues, were 99.6 % of estimates. Tax and intergovernmental revenues ran a slight negative variance of \$177,000. Investment earning ran a positive variance of \$215,000 or 31.6 %. This was due to an unusual spread differential between LIBOR rate and other short term market rates.

General fund expenditures had a budgetary surplus of 3.7 % or \$1.97 million. Educational expenditures were 95.7% or \$1.23 million under budget. Municipal operating expenditures were 97% expended or \$.74 million under budget. The positive variance was due primarily to a mid-term reduction in force in response to adverse economic conditions.

**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 decreased \$149,000 for FY 2009. Net assets totaled \$2.3 of which \$2.2 million represents investment in capital assets, net of related debt, and unrestricted net assets totaled \$138,000. The Civic Center had net operating income of \$81,000, with a nonoperating expense of \$164,000 and a transfer out of \$66,000.

Hatch Hill Landfill

Net assets of the regional Hatch Hill Landfill decreased \$173,000 in fiscal 2009. Net assets totaled \$1 million of which \$280,000 represents investments in capital assets net of related debt, and \$729,000 in unrestricted net assets. Net operating income totaled \$196,000, nonoperating expense totaled \$244,000 and a transfer out of \$125,000.

Airport

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

Ambulance

The Ambulance fund was transferred to the General fund.

Central Garage (Internal Service Fund)

Net assets of the Central Garage fund increased by \$283,000. \$1.7 million of net assets was invested in capital assets net of debt and unrestricted net assets totaled \$384,000. The Central garage fund had net operating income of \$247,000. Non-operating expense and transfers in totaled \$36,000.

**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 2009, the cost of infrastructure and other capital assets of Government Funds recorded on the City's financial statements net of depreciation was \$59.22 million, a decrease of \$0.4 million or 0.67%. The City's investment in infrastructure assets decreased \$0.2 million and investment in machinery and equipment increased \$0.71 million. The City's investment in buildings decreased by \$1.14 million. Construction in progress increased \$0.2 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, 2009, by Governmental activities and Business-type activities.

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

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated			
Land	\$ 1,471,759	1,375,713	96,046
Construction in progress	128,274	-	128,274
Capital assets being depreciated			
Buildings and improvements	61,373,731	60,923,704	450,027
Machinery, vehicles, and equipment	7,580,699	6,614,949	965,750
Infrastructure	30,172,422	29,668,131	504,291
Internal service fund equipment	4,557,966	4,122,782	435,184
Less: Accumulated depreciation	(46,061,057)	(43,084,556)	(2,976,501)
	59,223,794	59,620,723	(396,929)
<b>Business-type activities:</b>			
Capital assets, not being depreciated	428,950	428,950	-
Capital assets, being depreciated			
Buildings and improvements	8,689,994	8,593,702	96,292
Machinery and equipment	1,306,394	1,850,839	(544,445)
Landfill	14,685,287	14,685,287	-
Less: Accumulated depreciation	(14,625,284)	(14,179,456)	(445,828)
	\$ 10,485,341	11,379,322	(893,981)

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, 2009 was \$41.85 million, a decrease of \$2.07 million. The City issued \$1.04 million in new debt during FY 2009 and retired \$3.11 million principal amount of bonds and made all scheduled repayments of existing bonded indebtedness for fiscal year 2009.

**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, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,076,036	10,512	17,086,548
Investments	11,254,918	-	11,254,918
Receivables:			
Taxes	1,059,518	-	1,059,518
Tax liens	601,871	-	601,871
Intergovernmental	302,998	-	302,998
Accounts, (net of allowance for uncollectibles)	356,791	421,529	778,320
Notes	155,403	-	155,403
Internal balances	(6,196,831)	6,196,831	-
Inventories	167,498	24,530	192,028
Prepaid expenses	158,467	48,319	206,786
Capital assets, not being depreciated	1,600,033	428,950	2,028,983
Capital assets, net of accumulated depreciation	57,623,761	10,056,391	67,680,152
Total assets	84,160,463	17,187,062	101,347,525
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,382,275	27,722	1,409,997
Accrued payroll and benefits	2,965,313	37,404	3,002,717
Compensated absences payable	3,333,247	187,518	3,520,765
Escrow payable	23,674	35,516	59,190
Taxes paid in advance	97,178	-	97,178
Accrued interest	263,002	-	263,002
Other postemployment benefits	2,097,610	-	2,097,610
Noncurrent liabilities:			
Due within one year	2,914,089	711,315	3,625,404
Due in more than one year	39,007,026	12,885,337	51,892,363
Total liabilities	52,083,414	13,884,812	65,968,226
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	29,170,201	2,434,546	31,604,747
Restricted for:			
Nonexpendable principal	607,643	-	607,643
Unrestricted	2,299,205	867,704	3,166,909
Total net assets	\$ 32,077,049	3,302,250	35,379,299

*See accompanying notes to financial statements.*

CITY OF AUGUSTA, MAINE  
Statement of Activities  
For the Year Ended June 30, 2009

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
Primary government:						
Governmental activities:						
Legislative and executive	\$ 566,468	-	-	-	(566,468)	-
Finance and administration	2,847,425	116,818	-	-	(2,730,607)	-
City services	2,901,162	-	411,318	-	(2,489,844)	-
Community services	2,569,838	37,826	146,493	-	(2,385,519)	-
Public safety	8,419,526	1,539,381	712,798	-	(6,167,347)	-
Public works	2,936,322	25,730	327,604	-	(2,582,988)	-
Education	33,027,066	2,742,400	21,071,459	-	(9,213,207)	-
Retirement and insurance	3,639,953	-	-	-	(3,639,953)	-
Utilities	2,058,362	-	-	-	(2,058,362)	-
Unclassified	1,574,821	-	-	-	(1,574,821)	-
Interest on debt	175,543	-	-	-	(175,543)	-
Central garage	1,719,573	364,589	-	-	(1,354,984)	-
Capital maintenance	18,230	-	-	-	(18,230)	-
Total governmental activities	62,454,289	4,826,744	22,669,672	-	(34,957,873)	-
Business-type activities:						
Augusta Civic Center	2,780,635	2,677,160	-	-	-	(103,475)
Hatch Hill Landfill	2,537,369	2,398,360	-	-	-	(139,009)
Airport	573,028	186,173	440,435	-	-	53,580
Total business-type activities	5,891,032	5,261,693	440,435	-	(188,904)	(188,904)
Total primary government	\$ 68,345,321	10,088,437	23,110,107	-	(34,957,873)	(188,904)
General revenues:						
Property taxes, levied for general purposes				\$	26,188,730	26,188,730
Motor vehicle excise taxes					2,918,238	2,918,238
Licenses and permits					158,400	158,400
Cable TV franchise fee					226,126	226,126
Grants and contributions not restricted to specific programs					470,679	470,679
Homestead exemption					179,268	179,268
Business equipment tax reimbursement					2,297,698	2,297,698
State Revenue Sharing					5,206	5,206
Other					942,066	942,066
Unrestricted investment earnings					2,078,294	2,078,294
Miscellaneous revenues					(93,479)	(93,479)
Gain (loss) on disposal of assets					142,469	142,469
Transfers					35,513,695	35,513,695
Total general revenues and transfers					(30,382)	35,483,313
Change in net assets					555,822	336,536
Net assets - beginning					31,521,227	35,042,763
Net assets - ending				\$	32,077,049	35,379,299

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 16,997,414	78,622	17,076,036
Investments	10,551,507	703,411	11,254,918
Receivables:			
Taxes	1,059,518	-	1,059,518
Tax liens	601,871	-	601,871
Due from other governments	8,430	294,568	302,998
Accounts receivable, net of allowance for uncollectibles	350,713	5,882	356,595
Notes receivable	-	155,403	155,403
Interfund loans receivable	-	6,583,639	6,583,639
Inventory	7,515	36,518	44,033
Prepaid items	149,908	3,587	153,495
<b>Total assets</b>	<b>\$ 29,726,876</b>	<b>7,861,630</b>	<b>37,588,506</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other accrued liabilities	1,271,524	107,765	1,379,289
Accrued payroll and benefits	2,606,909	350,917	2,957,826
Escrow payable	23,674	-	23,674
Deferred revenue	1,414,176	-	1,414,176
Taxes received in advance	97,178	-	97,178
Interfund loans payable	13,079,102	13	13,079,115
<b>Total liabilities</b>	<b>18,492,563</b>	<b>458,695</b>	<b>18,951,258</b>
Fund balances:			
Reserved for:			
Encumbrances	983,205	362,412	1,345,617
Noncurrent receivables	-	155,403	155,403
Inventory	7,515	36,518	44,033
Nonexpendable trust principal	-	607,643	607,643
Unreserved, reported in:			
General fund:			
City designated	2,157,739	-	2,157,739
School designated	200,989	-	200,989
City undesignated	5,231,983	-	5,231,983
School undesignated	2,652,882	-	2,652,882
Special revenue funds	-	3,595,551	3,595,551
Capital projects funds	-	2,137,375	2,137,375
Permanent funds	-	508,033	508,033
<b>Total fund balances</b>	<b>11,234,313</b>	<b>7,402,935</b>	<b>18,637,248</b>
<b>Total liabilities and fund balances</b>	<b>\$ 29,726,876</b>	<b>7,861,630</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.			57,552,886
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			1,414,176
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.			2,054,488
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Accrued compensated absences			(3,300,022)
Accrued interest			(263,002)
Other postemployment benefits			(2,097,610)
Capital leases			(73,115)
Bonds payable			(41,848,000)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>32,077,049</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, 2009**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 27,124,031	1,728,191	28,852,222
Licenses and permits	158,400	-	158,400
Intergovernmental	20,896,589	4,725,934	25,622,523
Tuition and other charges - education	1,981,091	-	1,981,091
Charges for services	1,665,669	761,309	2,426,978
Fees and fines	54,086	-	54,086
Unclassified	570,057	1,734,346	2,304,403
Investment earnings	897,139	44,927	942,066
Total revenues	53,347,062	8,994,707	62,341,769
<b>Expenditures:</b>			
Current:			
Legislative and executive	573,174	195	573,369
Finance and administration	1,659,408	1,197,963	2,857,371
City services	1,617,455	637,306	2,254,761
Community services	2,022,650	694,249	2,716,899
Public safety	7,385,085	997,445	8,382,530
Public works	3,181,318	103,292	3,284,610
Education	29,643,971	4,129,853	33,773,824
Retirement and insurance	2,109,741	-	2,109,741
Utilities	2,058,362	-	2,058,362
Unclassified	1,518,638	56,183	1,574,821
Debt service (excluding education)	1,023,587	-	1,023,587
Capital outlay	27,976	2,070,767	2,098,743
Total expenditures	52,821,365	9,887,253	62,708,618
Excess (deficiency) of revenues over (under) expenditures	525,697	(892,546)	(366,849)
<b>Other financing sources (uses):</b>			
Bond proceeds	-	1,040,000	1,040,000
Transfers from other funds	906,548	862,454	1,769,002
Transfers to other funds	(1,524,489)	(480,556)	(2,005,045)
Total other financing sources (uses)	(617,941)	1,421,898	803,957
Net change in fund balances	(92,244)	529,352	437,108
Fund balances, beginning of year	11,326,557	6,873,583	18,200,140
<b>Fund balances, end of year</b>	<b>\$ 11,234,313</b>	<b>7,402,935</b>	<b>18,637,248</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, 2009**

Net change in fund balances - total governmental funds (from Statement 4)	\$	437,108
<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 (\$3,085,802) and loss on disposal (\$93,479) exceeded capital expenditures (\$2,322,385).</p>		(856,896)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		254,746
<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 of repayments.</p>		18,835
<p>Change in accruals are recorded on the statement of net assets, but not on the governmental fund balance sheet - accrued compensated absences (\$81,677), accrued interest (\$31,294) and other post employment benefits (\$2,097,610).</p>		(1,984,639)
<p>During the year, the City moved the Ambulance Fund from a separate proprietary fund into the General Fund. This represents the amount of capital assets, net of depreciation (\$355,243) and accrued compensated absences (\$26,458) that were transferred into the the government-wide activities.</p>		328,785
<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 by which repayments (\$3,114,750) exceeded bond proceeds (\$1,040,000).</p>		2,074,750
<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>		283,133
<hr/>		
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>555,822</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, 2009**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 27,245,939	27,245,939	27,124,031	(121,908)
Licenses and permits	121,820	155,525	158,400	2,875
Intergovernmental	18,420,618	18,400,618	18,345,040	(55,578)
Tuition and other charges - education	1,984,500	2,004,500	1,981,091	(23,409)
Charges for services	258,697	1,674,249	1,665,669	(8,580)
Fees and fines	50,800	50,800	54,086	3,286
Unclassified	503,841	503,841	569,613	65,772
Investment earnings	681,680	681,680	897,139	215,459
<b>Total revenues</b>	<b>49,267,895</b>	<b>50,717,152</b>	<b>50,795,069</b>	<b>77,917</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative and executive	639,651	642,216	697,527	(55,311)
Finance and administration	1,569,715	1,661,459	1,571,797	89,662
City services	1,758,732	1,783,677	1,640,397	143,280
Community services	2,264,048	2,271,240	2,063,501	207,739
Public safety	6,147,230	7,577,736	7,478,538	99,198
Public works	3,455,613	3,684,779	3,623,683	61,096
Education	28,433,153	28,562,887	27,332,285	1,230,602
Retirement and insurance	2,113,110	2,161,739	2,109,741	51,998
Utilities	2,125,432	2,125,432	2,058,362	67,070
Unclassified	1,433,735	1,433,735	1,518,638	(84,903)
Debt service (excluding education)	1,186,885	1,186,885	1,023,587	163,298
<b>Total expenditures</b>	<b>51,127,304</b>	<b>53,091,785</b>	<b>51,118,056</b>	<b>1,973,729</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,859,409)</b>	<b>(2,374,633)</b>	<b>(322,987)</b>	<b>2,051,646</b>
<b>Other financing sources (uses):</b>				
Budgeted utilization of surplus - City	921,414	1,191,794	-	(1,191,794)
Budgeted utilization of surplus - School	924,363	924,363	-	(924,363)
Use of carryforwards - City	-	385,490	-	(385,490)
Use of carryforwards - School	-	129,734	-	(129,734)
Transfers to other funds - City	(672,500)	(942,880)	(1,143,833)	(200,953)
Transfers from other funds	686,132	686,132	646,316	(39,816)
<b>Total other financing sources (uses)</b>	<b>1,859,409</b>	<b>2,374,633</b>	<b>(497,517)</b>	<b>(2,872,150)</b>
<b>Net change in fund balance - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>(820,504)</b>	<b>(820,504)</b>
<b>Reconciliation to GAAP basis:</b>				
Add back: encumbrances expended in budgetary - City			743,342	
Add back: encumbrances expended in budgetary - School			239,863	
Transfers from reserves to undesignated fund balance			260,266	
Transfer of ambulance fund to General Fund			(380,656)	
Change in reserves			(134,555)	
<b>Net change in fund balance - GAAP basis</b>			<b>(92,244)</b>	
<b>Fund balance, beginning of year</b>			<b>11,326,557</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>11,234,313</b>	

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 10,512	-	-	-	10,512	-
Accounts receivable, net	75,752	93,745	252,032	-	421,529	196
Interfund loans receivable	198,341	6,216,809	-	-	6,415,150	298,645
Prepaid expenses	8,735	37,380	2,204	-	48,319	4,972
Inventory	24,530	-	-	-	24,530	123,465
<b>Total current assets</b>	<b>317,870</b>	<b>6,347,934</b>	<b>254,236</b>	<b>-</b>	<b>6,920,040</b>	<b>427,278</b>
Noncurrent assets:						
Property, plant, and equipment:						
Land	390,000	38,950	-	-	428,950	-
Buildings and improvements	8,648,053	23,372	-	-	8,671,425	55,078
Equipment and vehicles	424,057	900,907	-	-	1,324,964	4,533,585
Hatch Hill landfill system	-	14,685,286	-	-	14,685,286	-
Less accumulated depreciation	(4,591,563)	(10,033,721)	-	-	(14,625,284)	(2,917,755)
<b>Total noncurrent assets</b>	<b>4,870,547</b>	<b>5,614,794</b>	<b>-</b>	<b>-</b>	<b>10,485,341</b>	<b>1,670,908</b>
<b>Total assets</b>	<b>5,188,417</b>	<b>11,962,728</b>	<b>254,236</b>	<b>-</b>	<b>17,405,381</b>	<b>2,098,186</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	20,931	2,370	4,421	-	27,722	2,986
Accrued wages and benefits payable	21,759	8,746	6,899	-	37,404	7,487
Accrued compensated absences	101,351	61,570	24,597	-	187,518	33,225
Refundable deposits	35,516	-	-	-	35,516	-
Current portion of bonds payable	226,315	485,000	-	-	711,315	-
Interfund loans payable	-	-	218,319	-	218,319	-
<b>Total current liabilities</b>	<b>405,872</b>	<b>557,686</b>	<b>254,236</b>	<b>-</b>	<b>1,217,794</b>	<b>43,698</b>
Noncurrent liabilities:						
Bonds payable	2,489,480	4,850,000	-	-	7,339,480	-
Accrued landfill closure and postclosure costs	-	5,545,857	-	-	5,545,857	-
<b>Total noncurrent liabilities</b>	<b>2,489,480</b>	<b>10,395,857</b>	<b>-</b>	<b>-</b>	<b>12,885,337</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,895,352</b>	<b>10,953,543</b>	<b>254,236</b>	<b>-</b>	<b>14,103,131</b>	<b>43,698</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	2,154,752	279,794	-	-	2,434,546	1,670,908
Unrestricted	138,313	729,391	-	-	867,704	383,580
<b>Total net assets</b>	<b>\$ 2,293,065</b>	<b>1,009,185</b>	<b>-</b>	<b>-</b>	<b>3,302,250</b>	<b>2,054,488</b>

*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, 2009**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	
Operating revenues:						
Rental income	\$ 1,223,756	-	50,303	-	1,274,059	-
Fees	-	2,398,360	135,870	-	2,534,230	1,952,962
Food and beverage sales	1,453,404	-	-	-	1,453,404	-
State of Maine	-	-	440,435	-	440,435	-
Miscellaneous	-	-	-	-	-	17
<b>Total operating revenues</b>	<b>2,677,160</b>	<b>2,398,360</b>	<b>626,608</b>	<b>-</b>	<b>5,702,128</b>	<b>1,952,979</b>
Operating expenses:						
Personnel services	1,375,717	474,876	309,009	-	2,159,602	385,981
Contractual services	338,177	448,368	160,406	-	946,951	65,724
Supplies and materials	559,548	216,058	88,958	-	864,564	938,955
Fixed charges	16,520	314,287	7,415	-	338,222	405
Capital outlay	5,130	1,830	-	-	6,960	1,937
Depreciation	301,066	746,884	-	-	1,047,950	313,297
<b>Total operating expenses</b>	<b>2,596,158</b>	<b>2,202,303</b>	<b>565,788</b>	<b>-</b>	<b>5,364,249</b>	<b>1,706,299</b>
<b>Operating income (loss)</b>	<b>81,002</b>	<b>196,057</b>	<b>60,820</b>	<b>-</b>	<b>337,879</b>	<b>246,680</b>
Nonoperating revenue (expense):						
Interest income	37,109	(6,514)	-	-	30,595	-
Interest expense	(184,477)	(335,066)	(7,240)	-	(526,783)	(13,274)
Gain (loss) on disposal of equipment	(16,508)	98,000	-	-	81,492	-
<b>Total nonoperating revenue (expense)</b>	<b>(163,876)</b>	<b>(243,580)</b>	<b>(7,240)</b>	<b>-</b>	<b>(414,696)</b>	<b>(13,274)</b>
<b>Net income (loss) before transfers</b>	<b>(82,874)</b>	<b>(47,523)</b>	<b>53,580</b>	<b>-</b>	<b>(76,817)</b>	<b>233,406</b>
Transfers:						
Transfer from (to) other funds	(65,961)	(125,021)	-	48,513	(142,469)	49,727
<b>Total transfers</b>	<b>(65,961)</b>	<b>(125,021)</b>	<b>-</b>	<b>48,513</b>	<b>(142,469)</b>	<b>49,727</b>
<b>Change in net assets</b>	<b>(148,835)</b>	<b>(172,544)</b>	<b>53,580</b>	<b>48,513</b>	<b>(219,286)</b>	<b>283,133</b>
<b>Total net assets (deficits), beginning of year</b>	<b>2,441,900</b>	<b>1,181,729</b>	<b>(53,580)</b>	<b>(48,513)</b>	<b>3,521,536</b>	<b>1,771,355</b>
<b>Total net assets, end of year</b>	<b>\$ 2,293,065</b>	<b>1,009,185</b>	<b>-</b>	<b>-</b>	<b>3,302,250</b>	<b>2,054,488</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2009**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance	Totals	
Cash flows from operating activities:						
Receipts from customers and users	\$ 2,782,551	2,393,129	479,348	-	5,655,028	1,952,984
Payments to suppliers	(930,691)	(432,793)	(253,435)	-	(1,616,919)	(1,139,071)
Payments to employees	(1,393,797)	(464,859)	(304,250)	-	(2,162,906)	(380,823)
Payments for interfund services used	(5,688)	(288,286)	(11,520)	-	(305,494)	-
Net cash provided by (used in) operating activities	452,375	1,207,191	(89,857)	-	1,569,709	433,090
Cash flows from non-capital financing activities:						
Transfers to other funds	(61,013)	(54,364)	-	-	(115,377)	(29,237)
(Increase) decrease in interfund loans	(626,989)	32,408	97,097	-	(497,484)	(51,522)
Net cash provided by (used in) non-capital financing activities	(688,002)	(21,956)	97,097	-	(612,861)	(80,759)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(148,028)	(456,655)	-	-	(604,683)	(339,057)
Sale of capital assets	-	98,000	-	-	98,000	-
Bond, note and lease principal payments	(226,315)	(485,000)	-	-	(711,315)	-
Interest paid	(184,477)	(335,066)	(7,240)	-	(526,783)	(13,274)
Net cash provided by (used in) financing activities	(558,820)	(1,178,721)	(7,240)	-	(1,744,781)	(352,331)
Cash flows from investing activities:						
Sale of investments	758,348	-	-	-	758,348	-
Investment income	37,109	(6,514)	-	-	30,595	-
Net cash provided by (used in) investing activities	795,457	(6,514)	-	-	788,943	-
Increase in cash	1,010	-	-	-	1,010	-
Cash, beginning of year	9,502	-	-	-	9,502	-
<b>Cash, end of year</b>	<b>\$ 10,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,512</b>	<b>-</b>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 81,002	196,057	60,820	-	337,879	246,680
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation	301,066	746,884	-	-	1,047,950	313,297
(Increase) decrease in operating assets:						
Accounts receivable	105,391	(5,231)	(147,260)	-	(47,100)	5
Prepaid expenses	(3,150)	(831)	(686)	-	(4,667)	(2,297)
Inventory	1,407	-	-	-	1,407	2,847
Increase (decrease) in operating liabilities:						
Accounts payable	(18,347)	(19,812)	(7,490)	-	(45,649)	(132,600)
Accrued wages and benefits	2,319	597	1,857	-	4,773	1,483
Accrued compensated absences	(20,399)	9,420	2,902	-	(8,077)	3,675
Refundable deposit	3,086	-	-	-	3,086	-
Accrued landfill closure and postclosure costs	-	280,107	-	-	280,107	-
Net cash provided by (used in) operating activities	452,375	1,207,191	(89,857)	-	1,569,709	433,090
<b>Transfer of capital assets</b>	<b>(4,948)</b>	<b>(70,657)</b>	<b>-</b>	<b>(358,602)</b>	<b>(434,207)</b>	<b>78,964</b>

*See accompanying notes to financial statements.*

**CITY OF AUGUSTA, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

	Agency Funds	
	SIB Loans	Student Activities
<b>ASSETS</b>		
Cash	\$ -	290,099
Investments	551,926	-
<b>Total assets</b>	<b>551,926</b>	<b>290,099</b>
<b>LIABILITIES</b>		
Due to others	551,926	290,099
<b>Total liabilities</b>	<b>\$ 551,926</b>	<b>290,099</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, 2009 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, 2009, the City budgeted to utilize \$1,191,794 and the Department of Public Schools budgeted to utilize \$924,363 of prior year undesignated fund balance as a budgeted use of surplus.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2009, expenditures exceeded appropriations in the following areas:

Legislative and executive	\$ 55,311
Unclassified – sick and vacation payout	84,903

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**C. Deficit Fund Balances**

At June 30, 2009, the following funds had deficit fund balances:

Special Revenue Funds:

Fire Alarm Maintenance	\$ 426
Reading First – Farrington	28,206
FEMA Generator Hook up	2,234
Healthy Community Maine Grant	1,487
Perkins Title II C	222

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

**DEPOSITS AND INVESTMENTS**

As of June 30, 2009, 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	\$ 336,933	N/A
Government mutual fund	18,653	N/A
U.S. Treasury Notes	7,704,627	2.365
Federal Home Loan Banks	811,430	0.946
Federal Home Loan Management	609,825	2.413
Federal National Mortgage Association	2,662,309	2.914

*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, 2009, none of the City’s bank balance of \$17,657,268 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 \$336,933 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, 2009, 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, 2009, 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	\$ 1,079,367	3,159	79,018	94,809
Allowance for uncollectible accounts	(720,224)	(270)	(3,266)	(1,064)
<b>Accounts receivable, net</b>	<b>\$ 359,143</b>	<b>2,889</b>	<b>75,752</b>	<b>93,745</b>

**PROPERTY TAX**

Property taxes for the current year were committed on July 23, 2008, 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 \$134,101 for the year ended June 30, 2009.

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>2009</u>	<u>2008</u>
Assessed value	\$ 1,556,585,600	1,506,062,300
Tax rate (per \$1,000)	16.70	16.70
Commitment	25,994,980	25,151,240
Supplemental taxes assessed	3,681	9,509
	25,998,661	25,160,749
Less:		
Abatements	16,434	18,851
Collections	25,164,056	24,524,593
<b>Current year taxes receivable at end of year</b>	<b>\$ 818,171</b>	<b>617,305</b>

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

**PROPERTY TAX, CONTINUED**

	<u>2009</u>	<u>2008</u>
Due date(s) - current year	½ Sept. 11, 2008 ½ March 12, 2009	½ Sept. 13, 2007 ½ March 13, 2008
Interest rate on delinquent taxes	11.00%	12.00%
Collection rate	96.85%	97.54%
Taxes receivable - current year	\$ 818,171	617,305
Taxes receivable - prior years	241,347	244,410
Tax liens - prior year	601,871	545,255
<b>Total taxes receivables</b>	<b>\$ 1,661,389</b>	<b>1,406,970</b>

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, <u>2008</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2009</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,375,713	96,046	-	-	1,471,759
Construction in progress	-	128,274	-	-	128,274
Total capital assets not being depreciated	1,375,713	224,320	-	-	1,600,033
Capital assets, being depreciated:					
Buildings and building improvements	60,923,704	687,091	-	(237,064)	61,373,731
Machinery, vehicles and equipment	6,614,949	906,683	548,159	(489,092)	7,580,699
Infrastructure	29,668,131	504,291	-	-	30,172,422
Internal service fund equipment	4,122,782	339,057	195,462	(99,335)	4,557,966
Total capital assets being depreciated	101,329,566	2,437,122	743,621	(825,491)	103,684,818
Less accumulated depreciation for:					
Buildings and building improvements	21,460,305	1,797,854	-	(212,239)	23,045,920
Machinery, vehicles and equipment	4,337,552	603,672	192,916	(420,438)	4,713,702
Infrastructure	14,700,769	685,580	-	-	15,386,349
Internal service fund equipment	2,585,930	311,993	116,498	(99,335)	2,915,086
Total accumulated depreciation	43,084,556	3,399,099	309,414	(732,012)	46,061,057
Total capital assets being depreciated, net	58,245,010	(961,977)	434,207	(93,479)	57,623,761
<b>Governmental activities capital assets, net</b>	<b>\$ 59,620,723</b>	<b>(737,657)</b>	<b>434,207</b>	<b>(93,479)</b>	<b>59,223,794</b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2008</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2009</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	8,593,702	105,792	(9,500)	-	8,689,994
Machinery and equipment	1,850,839	498,892	(734,121)	(309,216)	1,306,394
Landfill	14,685,287	-	-	-	14,685,287
Total capital assets being depreciated	25,129,828	604,684	(743,621)	(309,216)	24,681,675
Less accumulated depreciation for:					
Buildings and building improvements	4,130,326	268,114	(4,552)	-	4,393,888
Machinery and equipment	981,395	161,390	(304,862)	(292,708)	545,215
Landfill	9,067,735	618,446	-	-	9,686,181
Total accumulated depreciation	14,179,456	1,047,950	(309,414)	(292,708)	14,625,284
Total capital assets being depreciated, net	10,950,372	(443,266)	(434,207)	(16,508)	10,056,391
<b>Business-type activities capital assets, net</b>	<b>\$ 11,379,322</b>	<b>(443,266)</b>	<b>(434,207)</b>	<b>(16,508)</b>	<b>10,485,341</b>

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

Governmental activities:

Legislative and executive	\$ 3,120
Finance and administration	9,224
City services	653,360
Community services	26,665
Public safety	274,600
Public works	692,777
Education	1,426,056
Central garage	313,297

**Total depreciation expense – governmental activities** \$ 3,399,099

Business-type activities:

Augusta Civic Center	\$ 301,066
Hatch Hill Landfill	746,884

**Total depreciation expense – business-type activities** \$ 1,047,950

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

**LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2009, 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	\$ 43,922,750	1,040,000	3,114,750	41,848,000	2,896,750
Capital leases	91,950	-	18,835	73,115	17,339
Compensated absences	3,384,791	-	51,544	3,333,247	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 47,399,491</b>	<b>1,040,000</b>	<b>3,185,129</b>	<b>45,254,362</b>	<b>2,914,089</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 8,762,110	-	711,315	8,050,795	711,315
Landfill closure	5,265,750	280,107	-	5,545,857	-
Compensated absences	222,053	-	34,535	187,518	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 14,249,913</b>	<b>280,107</b>	<b>745,850</b>	<b>13,784,170</b>	<b>711,315</b>

**BONDS AND NOTES PAYABLE**

Bonds and notes payable at June 30, 2009 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, 2009</u>
<b>Governmental activities:</b>					
Public improvements Lot B	08/15/89	\$ 4,395,000	2010	6.500-6.700%	210,000
Public improvements	5/31/00	922,500	2010	5.281-5.406%	184,500
Public improvements	5/25/01	495,000	2011	4.149-4.574%	148,500
General obligation bonds #2 2002	10/30/02	500,000	2012	2.500-3.450%	200,000
Pension obligation bonds 2003	2/13/03	13,150,000	2013	4.000-5.250%	11,565,000
General obligation bonds 2004	12/9/04	3,495,000	2024	2.750-4.250%	2,600,000
General obligation bonds 2005	5/18/06	28,450,000	2026	4.125-5.000%	25,500,000
General obligation bonds 2007	4/25/07	500,000	2017	1.100-6.000%	400,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.000-3.375%	1,040,000
<b>Total governmental activities</b>					<b>41,848,000</b>
<b>Business-type activities:</b>					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	5,335,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	2,715,795
<b>Total business-type activities</b>					<b>8,050,795</b>
<b>Total bonds and notes payable</b>					<b>\$ 49,898,795</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, 2009 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>
2010	\$ 2,896,750	1,820,947	4,717,697	711,315	433,305	1,144,620
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
2015-2019	15,310,000	4,308,756	19,618,756	3,556,580	781,940	4,338,520
2020-2024	7,625,000	1,872,656	9,497,656	937,640	39,387	977,027
2025-2028	4,275,000	307,906	4,582,906	-	-	-
<b>Total</b>	<b>\$ 41,848,000</b>	<b>14,339,869</b>	<b>56,187,869</b>	<b>8,050,795</b>	<b>2,606,595</b>	<b>10,657,390</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, 2009.

	<u>Governmental Funds</u>
2010	\$ 19,920
2011	19,920
2012	19,920
<u>2013</u>	<u>19,920</u>
Total minimum lease payments	79,680
<u>Less: amount representing interest</u>	<u>6,565</u>
<b>Present value of future minimum lease payments</b>	<b>\$ 73,115</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 \$49,898,795 at June 30, 2009 was within the statutory limit.

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

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**OVERLAPPING DEBT**

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In addition to the bonds and notes payable, the City is contingently responsible for the following debt as of June 30, 2009:

<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	\$ 850,790	15.31%	130,221

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$7,465,000 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.

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**ARBITRAGE REFUND**

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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.

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**INTERFUND BALANCES**

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As of June 30, 2009, 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	\$ -	13,079,102	(617,941)
Special Revenue Funds:			
CDBG Loan Fund	-	13	-
Other City Special Revenues	2,545,426	-	(418,512)
Other School Special Revenues	801,927	-	(12,044)
School Lunch	362,318	-	(50,000)
Internal Service Fund	298,645	-	49,727
Proprietary Funds:			
Hatch Hill Fund	6,216,809	-	(125,021)
Augusta Civic Center	198,341	-	(65,961)
Airport	-	218,319	-
Ambulance	-	-	48,513
Capital Projects Fund	2,496,637	-	862,454
Permanent Fund	377,331	-	-
Governmental Activities (capital assets)	-	-	328,785
<b>Totals</b>	<b>\$ 13,297,434</b>	<b>13,297,434</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 \$2,551,549.

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, 2009, 2008, and 2007 were \$370,758, \$359,508, and \$339,253, 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 \$2,551,549 (18.76%) for the fiscal year 2009. 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 18.76% of their compensation. This cost is charged to the applicable grant.

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

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**DEFERRED COMPENSATION PLAN**

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

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

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**DESIGNATED FUND BALANCE**

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At June 30, 2009 designated fund balances consisted of the following:

General Fund - City:	
2010 use of fund balance	\$ 78,778
Other reserves (see exhibit A-3)	361,336
Accrued benefit reserve	1,717,625

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**Total General Fund designated City fund balance** **\$ 2,157,739**

General Fund - School:	
2010 use of fund balance	64,212
Accrued benefit reserve	136,777

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**Total General Fund designated School fund balance** **\$ 200,989**

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**NET ASSETS**

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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, 2009:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 105,284,851	25,110,625
Accumulated depreciation	(46,061,057)	(14,625,284)
Bonds payable	(41,848,000)	(8,050,795)
Add back unspent bond proceeds	302,522	-
- Add back pension obligation bonds	11,565,000	-
Capital leases payable	(73,115)	-
<b>Total invested in capital assets net of related debt</b>	<b>\$ 29,170,201</b>	<b>2,434,546</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.

	<u>Original value</u>	<u>Increase in value</u>	<u>TIF cap</u>	<u>Captured value</u>	<u>Captured tax</u>
Marketplace Phase I	\$ 1,663,100	54,616,400	(A)	54,616,400	535,000
Marketplace Phase II	6,346,100	67,890,300	(B)	67,890,300	776,466
McCarthy Phase I	2,949,700	1,411,100	100%	1,411,100	23,565
McCarthy Phase II	2,032,200	1,281,000	50%	640,500	10,696
Pomerleau	262,600	4,709,900	40%	1,883,960	31,462
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	18,263,200	100%	18,263,200	304,995
Cony Village	170,200	477,500	100%	477,500	5,981

(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 \$446,466 to Downtown TIF to be transferred out for debt service for the parking garage.

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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 and III have capacity for approximately 300,000 tons and 586,000 tons, respectively, of municipal solid waste. As of June 30, 2009, a total of approximately 280,400 tons and 189,000 tons, respectively, have been placed in the expansion II and III sites.

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 \$5,545,857 as follows:

Closure:	
Expansion II (95%)	\$ 2,230,670
Interim site	399,000
Expansion III (32%)	2,019,433
Postclosure monitoring, maintenance and leachate removal	<u>896,755</u>
<b>Total accrued liability for land- fill closure and postclosure costs</b>	<b><u>\$ 5,545,857</u></b>

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

**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, 2009.

**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:

2010	\$ 385,000
2011	<u>385,000</u>
<b>Total</b>	<b><u>\$ 770,000</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

**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, 2009 was as follows:

Annual required contribution	\$ 2,942,486
Actual contribution	844,876
Percent contributed	28.71%
Actuarial accrued liability	36,744,054
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 36,744,054
Covered payroll	\$ 25,813,004
Unfunded actuarial accrued liability as a percentage of covered payroll	142.35%

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.

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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**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**

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

**GENERAL FUND**

**CITY OF AUGUSTA, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,997,414	16,715,807
Investments	10,551,507	9,615,117
Receivables:		
Taxes	1,059,518	861,715
Tax liens	601,871	545,255
Due from other governments	8,430	220,453
Accounts receivable, (net of allowance for uncollectibles)	350,713	32,314
Inventory	7,515	4,010
Prepaid items	149,908	430,953
<b>Total assets</b>	<b>\$ 29,726,876</b>	<b>28,425,624</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	1,271,524	1,715,698
Accrued payroll and benefits	2,606,909	2,678,182
Escrow payable	23,674	9,100
Deferred revenue	1,414,176	1,159,430
Taxes received in advance	97,178	84,652
Interfund loans payable	13,079,102	11,452,005
<b>Total liabilities</b>	<b>18,492,563</b>	<b>17,099,067</b>
Fund balances:		
Reserved for:		
Encumbrances - City	743,342	399,955
Encumbrances - School	239,863	207,382
Inventory	7,515	4,010
Unreserved:		
Designated - City	2,157,739	3,134,930
Designated - School	200,989	1,061,140
Undesignated - City	5,231,983	5,251,560
Undesignated - School	2,652,882	1,267,580
<b>Total fund balances</b>	<b>11,234,313</b>	<b>11,326,557</b>
<b>Total liabilities and fund balances</b>	<b>\$ 29,726,876</b>	<b>28,425,624</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, 2009  
 (with comparative actual amounts for the year ended June 30, 2008)

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real and personal property	\$ 24,212,687	24,035,753	(176,934)	23,900,060
Tax interest, lien penalties, payments in lieu	116,182	170,040	53,858	135,377
Excise taxes	2,917,070	2,918,238	1,168	3,040,116
Total taxes	27,245,939	27,124,031	(121,908)	27,075,553
Licenses and permits	155,525	158,400	2,875	175,598
Intergovernmental:				
Education	14,900,637	15,053,266	152,629	14,685,559
Tree growth reimbursement	11,071	5,206	(5,865)	12,850
Veterans exemption reimbursement	10,600	-	(10,600)	20,006
Homestead exemption	445,367	470,679	25,312	445,367
Business equipment tax reimbursement	160,000	179,268	19,268	-
State revenue sharing	2,546,475	2,297,698	(248,777)	2,556,662
General assistance DHS/SSI	3,500	11,319	7,819	17,833
Urban Rural Initiative Payment	322,968	327,604	4,636	332,967
Total intergovernmental	18,400,618	18,345,040	(55,578)	18,071,244
Tuition and other charges for services - education	2,004,500	1,981,091	(23,409)	1,899,526
Charges for services:				
Police	105,543	108,594	3,051	104,783
Fire and ambulance	1,415,552	1,398,799	(16,753)	1,348
Community services	19,010	15,728	(3,282)	21,925
Public works	26,500	25,730	(770)	29,945
Finance and admin	107,644	116,818	9,174	119,520
Total charges for services	1,674,249	1,665,669	(8,580)	277,521
Fees and fines:				
Traffic tickets	7,400	6,650	(750)	5,330
Court fees	17,000	20,263	3,263	22,300
Lithgow Library	21,400	22,098	698	21,878
False alarm calls	5,000	5,075	75	6,275
Total fees and fines	50,800	54,086	3,286	55,783
Unclassified:				
Rents - City property	86,706	92,416	5,710	58,100
Cemeteries	26,000	24,335	(1,665)	27,710
Contributions	70,000	70,000	-	70,000
Animal control program	8,700	19,894	11,194	12,560
General assistance reimbursement	42,825	37,951	(4,874)	32,752
Cable TV franchise	211,885	226,126	14,241	209,937
Public safety miscellaneous revenue	-	1,354	1,354	5,009
Public works miscellaneous	25,000	41,562	16,562	35,960
Workers compensation	7,500	23,016	15,516	31,154
Unclassified	25,225	32,959	7,734	3,543
Total unclassified	503,841	569,613	65,772	486,725
Investment earnings	681,680	897,139	215,459	897,340
Total revenues	50,717,152	50,795,069	77,917	48,939,290

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

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 41,801	26,206	15,595	39,563
City management	265,957	246,803	19,154	257,562
Corporation counsel	117,180	140,413	(23,233)	116,188
Central services	6,060	1,891	4,169	6,951
Unclassified	181,218	255,961	(74,743)	152,919
Contingency	30,000	26,253	3,747	26,042
Total legislative and executive	642,216	697,527	(55,311)	599,225
Finance and administration:				
City clerk/treasurer/collection	472,477	450,336	22,141	442,664
Registrations and elections	31,332	37,686	(6,354)	25,523
City auditor	152,177	140,316	11,861	143,143
Information systems	456,329	414,271	42,058	373,324
Assessor	203,418	195,417	8,001	196,753
Finance and administration	111,687	109,923	1,764	106,210
Human resources	234,039	223,848	10,191	221,516
Total finance and administration	1,661,459	1,571,797	89,662	1,509,133
City services:				
Economic development	257,712	229,181	28,531	234,315
Planning	156,278	148,749	7,529	117,567
Historic preservation	5,825	253	5,572	4,089
Code enforcement	266,245	204,390	61,855	270,262
City services administration	62,434	55,706	6,728	55,407
Engineering	178,590	176,622	1,968	162,484
City facilities	856,593	825,496	31,097	687,405
Total City services	1,783,677	1,640,397	143,280	1,531,529
Community services:				
Conservation Commission	2,686	1,988	698	1,443
Community services administration	206,076	195,941	10,135	197,554
Public library	613,423	558,078	55,345	575,491
Recreation	185,924	186,143	(219)	179,680
Parks and cemeteries	805,193	707,018	98,175	726,102
Fort Western	121,372	121,835	(463)	115,059
Bicentennial Nature Park	64,969	52,098	12,871	67,289
Health and welfare	185,947	160,261	25,686	174,167
General assistance	85,650	80,139	5,511	63,107
Total community services	2,271,240	2,063,501	207,739	2,099,892

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

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 3,960,946	3,797,043	163,903	3,631,244
Fire and ambulance	3,609,285	3,675,705	(66,420)	2,089,514
Civil Emergency Preparedness	7,505	5,790	1,715	7,367
Total public safety	7,577,736	7,478,538	99,198	5,728,125
Public works:				
Public works administration	122,144	118,993	3,151	116,740
Highway	1,756,467	1,543,329	213,138	1,604,816
Snow removal	1,025,646	1,185,578	(159,932)	1,210,087
Waste removal	780,522	775,783	4,739	717,525
Total public works	3,684,779	3,623,683	61,096	3,649,168
Education:				
Current:				
Elementary	10,356,767	9,754,693	602,074	10,125,798
Secondary	9,928,655	9,585,094	343,561	9,263,537
Adult education	575,447	561,447	14,000	538,668
District-wide	2,979,581	2,947,230	32,351	2,844,246
Grade span costs	1,703,979	1,457,170	246,809	1,696,459
Debt service	3,018,458	3,026,651	(8,193)	3,103,219
Total education	28,562,887	27,332,285	1,230,602	27,571,927
Retirement and insurance:				
Retirement and insurance	2,161,739	2,109,741	51,998	1,848,206
Total retirement and insurance	2,161,739	2,109,741	51,998	1,848,206
Utilities:				
Sanitary sewer and drains	828,283	803,936	24,347	808,159
Lighting and electricity	574,113	528,912	45,201	574,558
Water	723,036	725,514	(2,478)	720,317
Total utilities	2,125,432	2,058,362	67,070	2,103,034

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

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Bad debts	\$ 7,500	-	7,500	9,996
County tax	1,426,235	1,406,380	19,855	1,395,237
Sick/vacation payout	-	112,258	(112,258)	116,417
Total unclassified	1,433,735	1,518,638	(84,903)	1,521,650
Debt service (excluding education)	1,186,885	1,023,587	163,298	1,118,484
Total expenditures	53,091,785	51,118,056	1,973,729	49,280,373
Excess (deficiency) of revenues over (under) expenditures	(2,374,633)	(322,987)	2,051,646	(341,083)
Other financing sources (uses):				
Budgeted utilization of surplus - City	1,191,794	-	(1,191,794)	-
Budgeted utilization of surplus - School	924,363	-	(924,363)	-
Use of carryforwards - City	385,490	-	(385,490)	-
Use of carryforwards - School	129,734	-	(129,734)	-
Transfers to other funds - City	(942,880)	(1,143,833)	(200,953)	(829,414)
Transfers from other funds	686,132	646,316	(39,816)	641,106
Total other financing sources (uses)	2,374,633	(497,517)	(2,872,150)	(188,308)
Net change in fund balance - budgetary basis	-	(820,504)	(820,504)	(529,391)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		743,342		399,955
Add back: encumbrances expended in budgetary - School		239,863		207,382
Transfers from reserves to undesignated fund balance		260,266		-
Transfer of ambulance fund to General Fund		(380,656)		-
Change in reserves		(134,555)		(134,428)
Net change in fund balance - GAAP basis		(92,244)		(56,482)
Fund balance, beginning of year		11,326,557		11,383,039
<b>Fund balance, end of year</b>	<b>\$</b>	<b>11,234,313</b>		<b>11,326,557</b>

**CITY OF AUGUSTA, MAINE**  
**Reserves - General Fund**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the year ended June 30, 2009**

	Fund balances beginning of year	Revenues		Expenditures		Transfers	Fund balances end of year
		Unclassified	Capital outlay	Finance and administration			
City reserves:							
1820 City Carryforward	\$ 961	-	-	-	-	-	961
1901 Central service reserve	21,693	444	3,877	-	6,330	-	24,590
1902 Equipment maintenance self reserve	39,899	-	-	-	40,000	-	79,899
1903 Sick and vacation reserve	1,977,891	-	-	-	(260,266)	-	1,717,625
1905 Historic preservation reserve	14,276	-	4,125	-	5,402	-	15,553
1906 Police local match reserve	48,983	-	-	-	-	-	48,983
1907 Fire local match reserve	24,976	-	9,974	-	-	-	15,002
1908 Quimby lot infrastructure reserve	59,837	-	-	-	-	-	59,837
1909 Actuarial study	25,000	-	10,000	-	-	-	15,000
1910 Unemployment severance	-	-	-	195	105,500	105,500	105,305
1911 Severance payout	-	-	-	106,794	103,000	103,000	(3,794)
Total City reserves	2,213,516	444	27,976	106,989	(34)	-	2,078,961
School reserves:							
1952 Sick and vacation reserve	136,777	-	-	-	-	-	136,777
Total School reserves	136,777	-	-	-	-	-	136,777
<b>Total reserves</b>	<b>\$ 2,350,293</b>	<b>444</b>	<b>27,976</b>	<b>106,989</b>	<b>(34)</b>	<b>-</b>	<b>2,215,738</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, 2009**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,688	-	34,934	78,622
Investments	-	-	703,411	703,411
Due from other governments	294,568	-	-	294,568
Inventory	36,518	-	-	36,518
Interfund loans receivable	3,709,671	2,496,637	377,331	6,583,639
Prepaid items	3,587	-	-	3,587
Notes receivable	155,403	-	-	155,403
<b>Total assets</b>	<b>\$ 4,243,435</b>	<b>2,502,519</b>	<b>1,115,676</b>	<b>7,861,630</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	105,033	2,732	-	107,765
Accrued payroll and benefits	350,917	-	-	350,917
Interfund loans payable	13	-	-	13
<b>Total liabilities</b>	<b>455,963</b>	<b>2,732</b>	<b>-</b>	<b>458,695</b>
Fund balances:				
Reserved for:				
Encumbrances	-	362,412	-	362,412
Inventory	36,518	-	-	36,518
Noncurrent receivables	155,403	-	-	155,403
Principal	-	-	607,643	607,643
Unreserved, undesignated	3,595,551	2,137,375	508,033	6,240,959
<b>Total fund balances</b>	<b>3,787,472</b>	<b>2,499,787</b>	<b>1,115,676</b>	<b>7,402,935</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,243,435</b>	<b>2,502,519</b>	<b>1,115,676</b>	<b>7,861,630</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 1,728,191	-	-	1,728,191
Intergovernmental	4,725,934	-	-	4,725,934
Unclassified	1,577,106	94,322	-	1,671,428
Charges for services	761,309	-	-	761,309
Investment income	-	-	44,927	44,927
Donations	-	-	62,918	62,918
Total revenues	8,792,540	94,322	107,845	8,994,707
Expenditures:				
Finance and administration	1,197,963	-	-	1,197,963
City services	637,306	-	-	637,306
Community services	694,249	-	-	694,249
Public safety	997,445	-	-	997,445
Public works	103,292	-	-	103,292
Education	2,985,464	-	-	2,985,464
Food services	1,144,389	-	-	1,144,389
Capital outlay	-	2,070,767	-	2,070,767
Other miscellaneous	-	-	56,183	56,183
Total expenditures	7,760,303	2,070,767	56,183	9,887,253
Excess (deficiency) of revenues over (under) expenditures	1,032,237	(1,976,445)	51,662	(892,546)
Other financing sources (uses):				
Bond proceeds	-	1,040,000	-	1,040,000
Transfer to other funds	(480,556)	-	-	(480,556)
Transfer from other funds	-	862,454	-	862,454
Total other financing sources (uses)	(480,556)	1,902,454	-	1,421,898
Net change in fund balance	551,681	(73,991)	51,662	529,352
Fund balances, beginning of year	3,235,791	2,573,778	1,064,014	6,873,583
Fund balances, end of year	\$ 3,787,472	2,499,787	1,115,676	7,402,935

CITY OF AUGUSTA, MAINE  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009  
(with comparative totals for June 30, 2008)

	CDBG Loan Fund	Other City Special Revenue Funds	Other School Special Revenue Funds	School Lunch	Totals	
					2009	2008
<b>ASSETS</b>						
Cash and cash equivalents	\$ 43,688	-	-	-	43,688	69,871
Due from other governments	-	243,626	6,526	44,416	294,568	358,683
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	36,518	36,518	35,839
Interfund loans receivable	-	2,545,426	801,927	362,318	3,709,671	3,065,908
Prepaid items	-	3,587	-	-	3,587	2,342
Notes receivable	155,403	-	-	-	155,403	172,134
<b>Total assets</b>	<b>\$ 199,091</b>	<b>2,792,639</b>	<b>808,453</b>	<b>443,252</b>	<b>4,243,435</b>	<b>3,704,777</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other accrued liabilities	11	31,362	60,105	13,555	105,033	129,878
Accrued payroll and benefits payable	-	21,663	256,908	72,346	350,917	318,304
Interfund loans payable	13	-	-	-	13	20,804
<b>Total liabilities</b>	<b>24</b>	<b>53,025</b>	<b>317,013</b>	<b>85,901</b>	<b>455,963</b>	<b>468,986</b>
Fund balances:						
Reserved for inventory	-	-	-	36,518	36,518	35,839
Reserved for noncurrent loans receivable	155,403	-	-	-	155,403	172,134
Unreserved, undesignated	43,664	2,739,614	491,440	320,833	3,595,551	3,027,818
<b>Total fund balances</b>	<b>199,067</b>	<b>2,739,614</b>	<b>491,440</b>	<b>357,351</b>	<b>3,787,472</b>	<b>3,235,791</b>
<b>Total liabilities and fund balances</b>	<b>\$ 199,091</b>	<b>2,792,639</b>	<b>808,453</b>	<b>443,252</b>	<b>4,243,435</b>	<b>3,704,777</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, 2009**  
**(with comparative totals for the year ended June 30, 2008)**

	CDBG Loan Fund	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	School Lunch	Totals	
					2009	2008
<b>Revenues:</b>						
Property taxes	\$ -	1,728,191	-	-	1,728,191	1,187,271
Intergovernmental	-	1,259,290	2,877,117	589,527	4,725,934	4,225,202
Charges for services	-	-	96,514	664,795	761,309	729,312
Unclassified	3,152	1,517,189	50,832	5,933	1,577,106	3,085,552
<b>Total revenues</b>	<b>3,152</b>	<b>4,504,670</b>	<b>3,024,463</b>	<b>1,260,255</b>	<b>8,792,540</b>	<b>9,227,337</b>
<b>Expenditures:</b>						
Legislative and executive	-	195	-	-	195	279
Finance and administration	-	1,197,963	-	-	1,197,963	1,127,274
City services	25,274	612,032	-	-	637,306	1,164,196
Community services	-	694,249	-	-	694,249	623,582
Public safety	-	997,445	-	-	997,445	643,681
Public works	-	103,292	-	-	103,292	102,998
Education	-	-	2,985,464	-	2,985,464	2,454,957
Food services	-	-	-	1,144,389	1,144,389	1,127,460
<b>Total expenditures</b>	<b>25,274</b>	<b>3,605,176</b>	<b>2,985,464</b>	<b>1,144,389</b>	<b>7,760,303</b>	<b>7,244,427</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(22,122)</b>	<b>899,494</b>	<b>38,999</b>	<b>115,866</b>	<b>1,032,237</b>	<b>1,982,910</b>
<b>Other financing uses:</b>						
Transfer to other funds	-	(418,512)	(12,044)	(50,000)	(480,556)	(375,801)
<b>Total other financing uses</b>	<b>-</b>	<b>(418,512)</b>	<b>(12,044)</b>	<b>(50,000)</b>	<b>(480,556)</b>	<b>(375,801)</b>
<b>Net change in fund balances</b>	<b>(22,122)</b>	<b>480,982</b>	<b>26,955</b>	<b>65,866</b>	<b>551,681</b>	<b>1,607,109</b>
<b>Fund balances, beginning of year</b>	<b>221,189</b>	<b>2,258,632</b>	<b>464,485</b>	<b>291,485</b>	<b>3,235,791</b>	<b>1,628,682</b>
<b>Fund balances, end of year</b>	<b>\$ 199,067</b>	<b>2,739,614</b>	<b>491,440</b>	<b>357,351</b>	<b>3,787,472</b>	<b>3,235,791</b>

**CITY OF AUGUSTA, MAINE**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**June 30, 2009**  
**(with comparative totals for June 30, 2008)**

	Totals	
	2009	2008
<b>ASSETS</b>		
Accounts receivable	\$ 5,882	-
Interfund loans receivable	2,496,637	2,612,466
<b>Total assets</b>	<b>\$ 2,502,519</b>	<b>2,612,466</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities	2,732	38,688
<b>Total liabilities</b>	<b>2,732</b>	<b>38,688</b>
Fund balances:		
Reserved for encumbrances	362,412	389,306
Unreserved, undesignated	2,137,375	2,184,472
<b>Total fund balances</b>	<b>2,499,787</b>	<b>2,573,778</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,502,519</b>	<b>2,612,466</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**For the year ended June 30, 2009**  
**(with comparative totals for the year ended June 30, 2008)**

	Totals	
	2009 (Schedule 3)	2008
Revenues:		
Intergovernmental	\$ -	-
Unclassified	94,322	109,398
Total revenues	94,322	109,398
Expenditures:		
Debt service	-	-
Capital outlay	2,070,767	1,505,644
Total expenditures	2,070,767	1,505,644
Deficiency of revenues under expenditures	(1,976,445)	(1,396,249)
Other financing sources:		
Bond proceeds	1,040,000	-
Transfer from other funds	862,454	993,499
Total other financing sources	1,902,454	993,499
Net change in fund balances	(73,991)	(402,750)
Fund balances, beginning of year	2,573,778	2,976,528
<b>Fund balances, end of year</b>	<b>\$ 2,499,787</b>	<b>2,573,778</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2009**

	City	School	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,179	15,755	34,934
Investments	465,917	237,494	703,411
Interfund loans receivable	377,331	-	377,331
<b>Total assets</b>	<b>\$ 862,427</b>	<b>253,249</b>	<b>1,115,676</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Principal	535,987	71,656	607,643
Unexpended income	326,440	181,593	508,033
<b>Total fund balances</b>	<b>862,427</b>	<b>253,249</b>	<b>1,115,676</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 862,427</b>	<b>253,249</b>	<b>1,115,676</b>

**CITY OF AUGUSTA, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2009**

	City (Schedule 4)	School (Schedule 5)	Totals
<b>Revenues:</b>			
Investment income	\$ 32,985	11,942	44,927
Donations	39,751	23,167	62,918
Total revenues	72,736	35,109	107,845
<b>Expenditures:</b>			
Current:			
Other miscellaneous	26,558	29,625	56,183
Total expenditures	26,558	29,625	56,183
Excess of revenues over expenditures	46,178	5,484	51,662
<b>Other financing uses:</b>			
Transfer to other funds	-	-	-
Total other financing uses	-	-	-
Net change in fund balance	46,178	5,484	51,662
Fund balances, beginning of year	816,249	247,765	1,064,014
Fund balances, end of year	\$ 862,427	253,249	1,115,676

## **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, 2009

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs:						
2019 Commemorative Quilts	\$ 4,270	-	424	-	-	4,694
2135 Meetings	-	-	115	115	-	-
2190 Regional conference	-	-	80	80	-	-
2194 Promotional service	-	-	420	-	-	420
Total legislative and executive	4,270	-	1,039	195	-	5,114
Finance and administration:						
Federal/State programs:						
2016 MMEHT Wellness Grant 2002	1,041	-	8,169	6,657	-	2,553
2017 MMEHT Employee Assistant Grant	3,602	-	2,490	2,490	-	3,602
Other programs:						
2009 TIF	67,370	-	1,728,191	791,346	(428,531)	575,684
2013 Fort Western Trustees	-	-	48,982	48,982	-	-
2014 Augusta Housing Authority	-	-	324,398	324,398	-	-
2015 Augusta Parking District	-	-	24,090	24,090	-	-
Total finance and administration	72,013	-	2,136,320	1,197,963	(428,531)	581,839
City services:						
Federal/State programs:						
2003 Maine State Housing Authority	1,306	-	-	-	(1,306)	-
2108 FEMA - Spring flooding	28,889	-	-	1,379	-	27,510
2115 Storm water pollution	-	1,130	-	1,130	-	-
2122 Canal Street	(2,777)	13,262	-	5,433	-	5,052
2142 Regional efficiency grant	2,823	13,400	-	15,470	-	753
2144 Kenway Corporation	-	155,569	-	155,569	-	-
2146 Wildlife management plan	-	12,428	-	12,428	-	-
2159 Safe Routes to School	-	142,601	-	142,601	-	-
2169 CIP part 139 upgrades	-	49,661	-	49,661	-	-
2184 Spill prevention	-	6,244	-	6,244	-	-
2191 Historical collections grant	-	850	680	680	170	1,020
2192 Design runway safety	-	16,173	-	16,173	-	-
Other programs:						
2012 Sale of Cony HS	1,503,095	-	23,331	-	-	1,526,426
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	22,822	-	354	-	-	23,176
2124 First time home buyers program	7,009	-	-	-	-	7,009
2133 Museum in the streets	9,000	-	6,000	-	-	15,000
2134 Flat Iron reuse	5,203	-	-	1,132	-	4,071
2137 Fairfield Inn - Anthony Ave.	22,325	-	347	-	-	22,672
2147 Impact fee Packard Development	17,962	-	279	-	-	18,241
2148 Capitol Street extension	30,792	-	478	-	-	31,270
2157 Augusta charter commission	486	-	-	486	-	-
2160 CVS	195,000	-	-	195,000	-	-
2171 Maine Community Foundation	-	-	25,000	8,283	-	16,717
2172 Greeley Associates	-	-	12,592	-	-	12,592
2174 Texas Roadhouse LLC	-	-	25,003	-	-	25,003
2176 Luke Bolduc	-	-	875	-	-	875
2180 Snow Cone Properties	-	-	3,879	-	-	3,879
2181 MMA safety grant airport	-	-	363	363	-	-
Total City services	1,900,138	411,318	99,181	612,032	(1,136)	1,797,469
Public works:						
Other programs:						
2035 ADP misc. work highway	-	-	41,295	41,285	-	10
2036 Accidents	3,494	-	21,243	23,981	-	756
2038 School miscellaneous work	-	-	34,317	34,164	-	153
2117 Public works special revenues	71	-	219	275	-	15
2154 Cony Village LLC	27,324	-	424	-	-	27,748
2162 Sidewalks Cony Circle	8,640	-	-	3,587	(5,053)	-
2197 Cony Street culvert replacement	-	-	-	-	30,000	30,000
Total public works	39,529	-	97,498	103,292	24,947	58,682

**CITY OF AUGUSTA, MAINE**  
**City Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2009**

	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	\$ 79,688	30,026	334,359	309,866	-	134,207	
2094 Greenway Trail Enhancement	3,309	-	-	-	-	3,309	
2095 Blaine Memorial Trees	1,678	-	-	-	-	1,678	
2139 Project Canopy	-	1,470	-	1,470	-	-	
2163 Snowmobile grant	-	9,435	-	9,435	-	-	
2167 Bond Brook Trail Projects	-	4,536	3,000	7,536	-	-	
2168 Togus watershed	-	29,707	-	29,707	-	-	
2177 Pavilion construction	-	60,000	-	60,000	-	-	
Other programs:							
2055 Tree board	5,127	-	-	3,666	-	1,461	
2056 Edward Mill Site	6,176	-	-	-	(6,176)	-	
2060 Stain Glass Lithgow Library	1,731	-	27	-	-	1,758	
2061 Lost library books	3,991	-	28,072	32,063	-	-	
2071 Skateboard park	1,314	-	-	-	-	1,314	
2079 Recreation - adult	23,853	-	26,266	23,208	(4,362)	22,549	
2080 Recreation - youth	2,399	-	82,048	82,916	-	1,531	
2081 Recreation - special events	-	-	7,686	6,729	-	957	
2085 School mowing contract	27,852	-	108,588	90,254	-	46,186	
2086 Bicentennial park	599	-	103	-	-	702	
2087 Trolley Cars	2,879	-	925	361	-	3,443	
2088 4th of July	11,310	-	7,056	15,115	-	3,251	
2096 Pleasant Hill Saw timber	270	-	-	-	-	270	
2110 Bukee School donations	71	-	-	-	-	71	
2111 Spring running	344	-	3,928	4,272	-	-	
2138 Farmer's market	4,702	-	2,190	4,872	-	2,020	
2145 Viles Park Memorial	12,640	-	-	-	-	12,640	
2164 Graffiti removal	4,384	-	-	732	-	3,652	
2165 Forest mgmt plan - Bond Brook	6,000	-	-	-	-	6,000	
2170 Kids club house	-	-	1,000	993	-	7	
2173 Blaine House 175th anniversary	-	-	2,012	2,012	-	-	
2178 Kennebec Rail Trail	-	-	18,190	8,993	-	9,197	
2192 Maine reads	-	-	250	49	-	201	
<b>Total community services</b>	<b>200,317</b>	<b>135,174</b>	<b>625,700</b>	<b>694,249</b>	<b>(10,538)</b>	<b>256,404</b>	
Public safety:							
Federal/State programs:							
2046 Cop Fast program	-	11,134	-	11,134	-	-	
2048 Seatbelt Grant	-	2,400	-	2,400	-	-	
2049 OUI Grant	-	4,999	-	4,999	-	-	
2062 Fire prevention	7,602	-	-	7,007	-	595	
2072 Safe Ways to School	-	6,850	-	13,417	6,567	-	
2125 Speed enforcement	573	3,607	-	4,180	-	-	
2136 Homeland Security Grant 06	-	206,749	-	206,749	-	-	
2152 DHS law enforcement reimb	-	34,631	-	34,631	-	-	
2153 Homeland Security Grant 07	-	194,763	-	194,763	-	-	
2166 Justice assistance grant	19,107	-	-	19,107	-	-	
2182 Communications program	-	29,820	-	29,820	-	-	
2183 Holiday grant	-	4,080	-	4,080	-	-	
2185 Rescue/fire fighting equipment	-	15,543	-	15,543	-	-	
2187 Homeland Security Grant	-	198,222	-	198,222	-	-	
Other programs:							
2040 Forfeiture fund	4,506	-	3,415	6,667	-	1,254	
2042 Police outside work	1,793	-	46,656	37,790	(8,866)	1,793	
2044 Juvenile program	2,340	-	-	-	-	2,340	
2050 Fire prevention education	394	-	130	-	-	524	
2051 Fire alarm maintenance	5,095	-	4,400	9,921	-	(426)	
2132 Safety grant	955	-	-	-	(955)	-	
2175 Fire airport service	-	-	227,900	193,874	-	34,026	
2179 MMA safety enhancement	-	-	2,000	2,000	-	-	
2186 MMA scholarship grant	-	-	500	500	-	-	
2189 Southern Kennebec underage drinking	-	-	641	641	-	-	
<b>Total public safety</b>	<b>42,365</b>	<b>712,798</b>	<b>285,642</b>	<b>997,445</b>	<b>(3,254)</b>	<b>40,106</b>	
<b>Total City special revenue funds</b>	<b>\$ 2,258,632</b>	<b>1,259,290</b>	<b>3,245,380</b>	<b>3,605,176</b>	<b>(418,512)</b>	<b>2,739,614</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, 2009**

	Balances beginning of year	Revenues	Expenditures	Transfers	Balances end of year
Federal programs:					
ARRA Stabilization	\$ -	331,392	331,392	-	-
2507/41 Title IVA - Drug Free Schools	27,678	12,455	9,988	(9,000)	21,145
2508 Title IIA - Improving Teacher Quality	159,818	135,526	270,860	-	24,484
2509 Title IA - Chapter I - Disadvantaged	(22,128)	893,017	840,459	-	30,430
2511 Title V	12,619	-	13,331	9,000	8,288
2515 Local Entitlement	78,578	681,625	636,015	-	124,188
2520 Perkins Learning Center	16,257	148,667	149,276	-	15,648
2524 Technology Literacy	20,619	11,474	11,115	-	20,978
2526 National Science Foundation	35	-	-	-	35
2527 PreSchool	2,776	24,849	24,939	-	2,686
2534 Rural Low Income	2,768	62,536	38,418	-	26,886
2538 Reading First - Gilbert	15,167	109,413	96,485	-	28,095
2539 Title III - ESL	18,564	23,220	22,789	-	18,995
2542 Reading First - Farrington	(31,561)	131,321	127,966	-	(28,206)
2547 FEMA generator hook up	3,484	-	5,718	-	(2,234)
2603 Cony Maine Youth Voices	2,609	900	1,611	-	1,898
2704 21st Century	-	240,720	240,720	-	-
<b>Total federal programs</b>	<b>307,283</b>	<b>2,807,115</b>	<b>2,821,082</b>	<b>-</b>	<b>293,316</b>
State programs:					
2503 Work Study Project	1,193	-	1,193	-	-
2505 Region 2 Administrative	(9,272)	13,039	3,766	-	1
2518 PPPD Professional Development	3,949	-	-	-	3,949
2525 Health Clinic	307	3,362	3,634	-	35
2536 State Agency Grant	12,044	-	-	(12,044)	-
2544 Healthy Community Maine Grant	(1,487)	-	-	-	(1,487)
2545 Maine Math science Alliance	2,184	-	-	-	2,184
2546 Barbara Bush Project Life	1,752	2,500	3,840	-	412
<b>Total state programs</b>	<b>10,670</b>	<b>18,901</b>	<b>12,433</b>	<b>(12,044)</b>	<b>5,094</b>
Other programs:					
2535 Teamwork for Kids	1,000	-	-	-	1,000
2540 MELMAC College Access	(20)	10,000	8,526	-	1,454
2549 School Based Health	6,251	-	3,091	-	3,160
2604 Sports Done Right	69	-	-	-	69
2605-06 Summer School	5,448	-	5,448	-	-
2607 Chizzle Whizzle	(16,998)	34,498	17,500	-	-
2616 Stagehand, student stipends	222	-	222	-	-
<b>Total other programs</b>	<b>(4,028)</b>	<b>44,498</b>	<b>34,787</b>	<b>-</b>	<b>5,683</b>
Special projects:					
2625 CTV 7	42,104	6,334	-	-	48,438
<b>Total special projects</b>	<b>42,104</b>	<b>6,334</b>	<b>-</b>	<b>-</b>	<b>48,438</b>
<b>Subtotal</b>	<b>\$ 356,029</b>	<b>2,876,848</b>	<b>2,868,302</b>	<b>(12,044)</b>	<b>352,531</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, 2009**

		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)	12,120	12,120	-	(222)
State programs:						
2532	Jail Education Program	25,180	30,871	31,094	-	24,957
2548	College Transition Initiative	(57)	8,110	7,945	-	108
Total state programs		25,123	38,981	39,039	-	25,065
Other programs:						
2613	Self-supporting General Teaching	31,660	50,478	36,002	-	46,136
2614	Health Occupation Education	34,141	41,200	28,708	-	46,633
2622	KLC Computer Lab	17,754	4,836	1,293	-	21,297
Total other programs		83,555	96,514	66,003	-	114,066
<b>Total School Special Revenues</b>		<b>\$ 464,485</b>	<b>3,024,463</b>	<b>2,985,464</b>	<b>(12,044)</b>	<b>491,440</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, 2009**

	Balances beginning of year	Revenues	Expenditures	Bond Proceeds	Transfers in (out)	Balances end of year
<b>City Funds:</b>						
3000 Fiscal 2000	\$ 25,934	-	1,600	-	-	24,334
3001 Fiscal 2001	46,606	723	-	-	-	47,329
3002 Fiscal 2002	21	-	21	-	-	-
3003 Fiscal 2003	288,966	-	785	-	-	288,181
3004 Fiscal 2004	96,053	1,523	23,063	-	4,362	78,875
3005 Fiscal 2005	130,479	2,015	2,470	-	(1,514)	128,510
3006 Fiscal 2006	256,599	3,849	20,524	-	(69,194)	170,730
3007 Fiscal 2007	402,917	5,725	79,987	-	(31,129)	297,526
3008 Fiscal 2008	641,486	18,210	1,150,310	540,000	84,628	134,014
3009 Fiscal 2009	-	56,803	660,245	500,000	875,301	771,859
3085 New Cony High School	371,090	1,407	69,975	-	-	302,522
3086 Dickman Parking Garage	291,536	4,067	54,020	-	-	241,583
3097 Fiscal 1997	5,258	-	2,687	-	-	2,571
3098 Carryforward	16,833	-	5,080	-	-	11,753
<b>Total nonmajor capital projects</b>	<b>\$ 2,573,778</b>	<b>94,322</b>	<b>2,070,767</b>	<b>1,040,000</b>	<b>862,454</b>	<b>2,499,787</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, 2009**

City Funds	Fund balance, principal, beginning of year	Fund balance, unexpended income, beginning of year	Donations	Investment income	Expenditures	Transfers in (out)	Fund balance principal, end of year	Fund balance unexpended income, end of year
6001 New Cony High School	\$ -	203,153	39,051	4,437	56	-	-	246,585
6501 L. W. Titcomb Playground	6,281	(356)	-	321	341	-	6,281	(376)
6502 Lithgow Library	24,933	861	-	1,398	1,486	-	24,933	773
6503 St. Mark's Church	11,968	194	-	659	701	-	11,968	152
6507 Cemetery Trust Fund	150,105	213	700	8,160	8,678	-	150,105	395
6516 Forest Grove Cemetery	75,538	1,994	-	4,201	4,467	-	75,538	1,728
6529 Kling Trust	9,974	263	-	555	590	-	9,974	228
6543 Alice Reynolds Trust	11,565	(105)	-	1,275	650	-	11,565	520
6544 Ed E. Gage Family Trust	49,566	(14)	-	5,245	3,200	-	49,566	2,031
6545 Edwards Dam Scholarship	27,899	31	-	-	3,209	-	27,899	(3,178)
6546 Eliza Church Fund	3,376	56	-	186	198	-	3,376	44
6547 Ira Bunker	499	4	-	26	25	-	499	5
6548 Lipman Memorial Trust	4,057	1,104	-	279	100	-	4,057	1,283
6549 Miriam Titcomb Trust	22,660	1,353	-	1,248	1,327	-	22,660	1,274
6550 Peavy Scholarship Fund	4,211	(41)	-	228	225	-	4,211	(38)
6551 Sanford Legacy	1,496	24	-	82	87	-	1,496	19
6552 Cony Family Fund	12,497	(1,650)	-	590	500	-	12,497	(1,560)
6553 Tree Board Trust	-	19,399	-	-	718	-	-	18,681
6554 Bicentennial Nature Park	-	31,239	-	484	-	-	-	31,723
6555 Cemetery Perpetual Care	104,362	24,076	-	3,396	-	-	104,362	27,472
6556 Mall Mitigation Land Trust	15,000	(1,536)	-	215	-	-	15,000	(1,321)
<b>Total City Funds</b>	<b>\$ 535,987</b>	<b>280,262</b>	<b>39,751</b>	<b>32,985</b>	<b>26,558</b>	<b>-</b>	<b>535,987</b>	<b>326,440</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, 2009**

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	Fund balance unexpended income, end of year	
6251 Auto Mechanic Scholarship	\$ -	4,865	246	-	1,000	-	4,111	
6252 Childcare Scholarship	290	247	29	-	-	290	276	
6253 CATC Multi-media Scholarship	595	101	37	-	-	595	138	
6254 CATC Plumbing And Heating	-	559	30	-	-	-	589	
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	306	1	-	-	-	307	
6256 CHS Class of 1938 Scholarship Fund	-	2,230	115	-	250	-	2,095	
6257 CHS Special Music Concert (held at CHS)	-	235	3	500	-	-	738	
6258 Cony Restoration Fund	-	1,622	87	-	-	-	1,709	
6259 Devina Mudge Scholarship	-	123	6	-	-	-	129	
6260 Ebbie Brooks Math and Science Fund	-	540	29	-	50	-	519	
6261 Edgar A. Hussey Memorial	-	5,443	291	-	200	-	5,534	
6262 Eliza Church Fund	-	849	45	-	-	-	894	
6263 Frank Hewins Music	-	725	39	-	-	-	764	
6264 Friedlander Memorial Award	-	50	3	-	-	-	53	
6265 Georgianna Hayes English	-	1,158	62	-	-	-	1,220	
6266 Jon Crockett Memorial Fund	-	2,372	128	-	-	-	2,500	
6267 Lanny Cooper Memorial	-	1,101	59	-	-	-	1,160	
6268 Lee and Larry Leighton Scholars	-	4,295	228	-	200	-	4,323	
6269 Mable Thompson	-	618	33	-	25	-	626	
6270 Theresa Brannigan Memorial	-	819	44	-	-	-	863	
6271 Titcomb Fund	-	35,492	1,905	-	-	-	37,397	
6272 Florence Tanner McIntire Memorial	-	1,184	63	-	300	-	947	
6274 Mallory Dulac Scholarship	-	4,865	259	-	500	-	4,624	
6275 Cony High Scholarship (held at CHS)	-	3,298	19	300	550	-	3,067	
6701 Ann Williams Funds	2,000	10,062	647	-	-	2,000	10,709	
6702 Alumni Hall restoration	400	20,017	1,095	-	-	400	21,112	
6703 Arthur E. Shea Memorial	1,161	(263)	48	-	-	1,161	(215)	
6704 CATC School Wide Scholarship	10,000	1,440	614	500	-	10,000	2,554	
6705 CHS Class of 1943 Scholarship Fund	7,212	2,341	516	190	-	7,212	3,047	
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	13,812	-	8,285	19,607	-	2,490	
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153	
<b>Subtotal School Funds</b>	<b>\$ 21,658</b>	<b>129,659</b>	<b>6,681</b>	<b>9,775</b>	<b>22,682</b>	<b>21,658</b>	<b>123,433</b>	

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, 2009

School 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	Other revenues	Expenditures	
6708 Carpentry Scholarship	75	80	9	-	-	89
6709 Charles McGrail Scholarship	3,257	1,111	231	-	150	1,192
6710 Dorothy Giddings Fund	1,000	2,697	198	-	100	2,795
6711 Edward Albing Math Fund	500	197	38	-	50	185
6713 Food Service Scholarship	15	84	5	-	-	89
6714 Garside English Fund	600	43	35	-	40	38
6715 Helen Dyer Scholarship	1,717	380	110	-	478	12
6716 H. Graham Nye CATC Scholarship	2,500	(201)	124	-	-	(77)
6717 Jim Marchidon Scholarship	1,705	4,703	314	1,175	2,000	4,192
6718 Karen Carey Scholarship	2,577	550	168	-	-	718
6719 Louis Ochmanski Scholarship	2,500	850	180	-	-	1,030
6720 Louise Webber Fund	10,000	5,649	839	-	-	6,488
6722 Mable I. Morton	1,970	1,002	159	-	-	1,161
6723 Mable Richmond Fund	200	188	20	-	25	183
6724 Machine Tool Scholarship	15	1,942	105	-	-	2,047
6725 Melanie Ann Cote Scholarship	1,800	2,173	213	-	-	2,386
6726 Nora Jackson Scholarship	3,000	5,115	431	-	250	5,296
6727 Raymond Falconia Fund	5,000	877	314	-	200	991
6728 Richard Ayotte Scholarship	2,050	138	117	-	100	155
6729 Sandra Lipman Arts Fund	2,220	(721)	78	-	300	(943)
6730 Theodore Rhoades Memorial	5,000	1,235	334	-	-	1,569
6731 Thomas Bishop Memorial Scholarship	2,297	911	173	50	-	1,134
6732 Maine Veterans Home	-	43	3	-	-	46
6733 Child Care Options	-	268	10	-	250	28
6734 G & E Roofing	-	51	4	1,000	-	1,055
6735 Maine Science Corp Director	-	1,006	51	500	250	1,307
6736 Mary O'Connell	-	9,776	502	-	750	9,528
6737 Scott Laliberte	-	6,303	331	450	1,000	6,084
6738 Chrissanne Burns Memorial	-	-	165	10,217	1,000	9,382
<b>Total School Funds</b>	<b>71,656</b>	<b>176,109</b>	<b>11,942</b>	<b>23,167</b>	<b>29,625</b>	<b>181,593</b>

**CITY OF AUGUSTA, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year Ended June 30, 2009**

	Beginning of year	Additions	Deletions	End of year
<b>ASSETS</b>				
Cash	\$ 322,018	659,094	691,013	290,099
<b>Total assets</b>	<b>\$ 322,018</b>	<b>659,094</b>	<b>691,013</b>	<b>290,099</b>
<b>LIABILITIES</b>				
Due to student groups	322,018	659,094	691,013	290,099
<b>Total liabilities</b>	<b>\$ 322,018</b>	<b>659,094</b>	<b>691,013</b>	<b>290,099</b>

## **STATISTICAL SECTION**

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

Fiscal year	City services							Retirement and insurance	Utilities
	Legislative and executive	Finance and administration	and public works	Community services	Public safety (1)	Education			
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	

Unclassified	Interest on debt	Capital maintenance expenses							Total
		Central garage	Augusta Civic Center	Hatch Hill Landfill	Airport	Ambulance			
\$ 3,375,553	217,015	1,093,333	2,740,829	1,882,110	383,866	854,430	56,687,566		
5,404,041	240,820	1,030,789	2,804,081	2,423,384	375,821	1,138,584	58,838,803		
1,245,371	154,231	1,129,094	2,756,456	2,212,682	411,678	988,682	55,541,477		
1,336,969	181,357	1,348,833	2,828,352	3,018,672	432,140	1,229,298	60,079,110		
1,440,886	1,442,027	1,353,725	2,837,679	1,954,597	489,185	1,206,020	63,260,879		
1,575,514	1,118,484	1,460,457	2,913,963	3,066,414	520,177	1,362,669	70,040,468		
1,574,821	175,543	1,719,573	2,780,635	2,537,369	573,028	-	68,345,321		

Only seven 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.

Table 2

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Contributions 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	

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

Table 3

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

Year	City services and public works										Debt service	Total
	Legislative and executive administration	Finance and administration	and public works	Community services	Public safety (1)	Insurances and utilities	Unclassified	County	Education	Capital		
2000 \$	1,348,789	687,942	2,810,895	1,696,616	4,668,417	2,563,493	46,271	923,910	20,292,065	500,573	1,295,121	36,834,092
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	1,235,604	1,053,031	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	301,359	1,210,712	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

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

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

Fiscal year	Taxes	Licenses and permits	Inter-governmental	Charges for services	Fines and fees	Investment earnings	Unclassified	Total
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

**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>
2000	\$	20,789,821	19,886,796	95.66%	825,434	20,712,230	99.63%
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%

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	
2000	\$ 762,747,900	101,983,200	864,731,100	861,850,000	100.33%
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%

Table 7

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

Fiscal year	Population	Assessed value	Gross debt	Enterprise debt	Net bonded debt	Ratio net debt to value	Net debt per capita
2000	21,325	\$ 864,731,100	19,446,093	9,700,000	9,746,093	1.13%	457
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	18,650	1,556,585,600	49,898,795	8,050,795	41,848,000	2.69%	2,244

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.

Table 8

**CITY OF AUGUSTA, MAINE**  
**Principal Taxpayers**  
**June 30, 2009**

Taxpayer	Business	Assessed value	% of total value
Capital Augusta Properties	Retail	\$ 82,804,500	5.50%
Central Maine Power	Public Utility	62,063,300	4.12%
Wal-Mart Stores, Inc.	Rental/retail	34,023,200	2.26%
Gall, Edward	Retail	33,560,000	2.23%
PDNED Augusta Crossing Inc	Office Building	30,148,500	2.00%
Harpers/Central Maine Commerce	Retail	27,958,500	1.86%
Taurus Business Center Lmted	Developer	20,802,500	1.38%
Townsend Road Assoc.	Apts/Offices	19,246,700	1.28%
Meadowpark Development Corp	Developer	18,112,500	1.20%
CAP Center Associates LP	Retail	15,284,100	1.01%

**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, 2009, which collectively comprise the City of Augusta, Maine's basic financial statements and have issued our report thereon dated October 30, 2009. 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 the 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 the City of Augusta, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Maine's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Augusta, Maine's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Augusta, Maine's financial statements that is more than inconsequential will not be prevented or detected by the City of Augusta, Maine's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Augusta, Maine's internal control.

**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**

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

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*.

We also noted certain additional matters that we reported to management of the City of Augusta, Maine in a separate letter dated October 30, 2009.

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.



October 30, 2009  
South Portland, Maine



Certified Public Accountants and Business Consultants

**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, 2009. 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.

In our opinion, the 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, 2009.

Internal Control Over Compliance

The management of the 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 the City of Augusta, Maine's internal control over compliance with 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Maine's internal control over compliance.

Internal Control Over Compliance

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Augusta, Maine's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Augusta, Maine's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2009-1 to be a significant deficiency.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Augusta, Maine's internal control. However, we believe the significant deficiency described above is not a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.



October 30, 2009  
South Portland, Maine

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2008	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2009	
					Federal	Other				
U.S. Department of Education,										
Passed through Maine Department of Education:										
2512 Adult Basic Education	84.002	6296/6297	\$ 54,944	-	54,944	-	54,944	-	-	
2509 Title IA	84.010	6334	893,017	(22,128)	893,017	-	840,459	-	30,430	
2515 Special Education State Grants Individuals with Disabilities Act	84.027	6317	681,625	78,578	681,625	-	636,015	-	124,188	
2520 Carl Perkins - Basic Grant (learning center)	84.048	5159	148,667	16,257	148,667	-	149,276	-	15,648	
2527 Preschool	84.173	6241	24,849	2,776	24,849	-	24,939	-	2,686	
2511 Title V - Innovative	84.298	1072	-	12,619	-	9,000	13,331	-	8,288	
2524 Technology Literacy	84.318	1006	11,474	20,619	11,474	-	11,115	-	20,978	
2538 Reading First - Gilbert	84.357	1101	109,413	15,167	109,413	-	96,485	-	28,095	
2542 Reading First - Farrington	84.357	1101	131,321	(31,561)	131,321	-	127,966	-	(28,206)	
2534 Rural Low Income	84.358	1078	62,536	2,768	62,536	-	38,418	-	26,886	
2539 Title III - ESL	84.365	1004	23,220	18,564	23,220	-	22,789	-	18,995	
2508 Teacher Quality Grant	84.367	1138	135,526	159,818	135,526	-	270,860	-	24,484	
2519 21st Century Grant	84.287	1103	240,720	-	240,720	-	240,720	-	-	
GPA Stabilization	84.394	2077	331,392	-	331,392	-	331,392	-	-	
Passed through Maine Office of Substance Abuse:										
2507 Drug Free Schools and Communities	84.186	N/A	12,455	27,678	12,455	-	9,988	9,000	21,145	
Total U.S. Department of Education					301,155	2,861,159	9,000	2,868,697	9,000	293,617
U.S. Department of Housing and Urban Development, passed through Department of Economic and Community Development:										
2144 2007 Business Assistance Grant	14.228	N/A	400,000	-	155,569	-	155,569	-	-	
Total U.S. Department of Housing and Urban Development					-	155,569	-	155,569	-	-
U.S. Department of Agriculture, passed through the Maine Dept. of Ed:										
2617 National School Lunch Program	10.555	7128	N/A	277,841	454,092	564,213	454,092	496,892	345,162	
School Breakfast Program	10.553	7127	N/A	-	117,325	-	117,325	-	-	
Summer Food Service Program	10.559	7130	N/A	-	5,486	-	5,486	-	-	
Food Donation Program	10.550	6134	N/A	13,644	59,139	-	60,594	-	12,189	
Passed through Rural Development:										
2177 Rural Business Enterprise Grant	10.769	N/A	60,000	-	60,000	-	60,000	-	-	
Total U.S. Department of Agriculture					291,485	696,042	564,213	697,497	496,892	357,351
U.S. Department of Justice, passed through the Maine Department of Justice:										
2166 Justice Assistance Grant	16.738	N/A	157,965	19,107	-	-	19,107	-	-	
Passed through the Maine Department of Education:										
2603 Youth Voices	16.727	N/A	N/A	2,609	900	-	1,611	-	1,898	
Total U.S. Department of Justice					21,716	900	-	20,718	-	1,898

**CITY OF AUGUSTA, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2008	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2009
					Federal	Other			
U.S. Department of Transportation:									
Direct programs:									
2049 OUI Grant	20.600	N/A	\$ N/A	-	4,999	-	4,999	-	-
2125 Speed Enforcement	20.600	N/A	N/A	573	3,607	-	4,180	-	-
2183 Holiday Grant	20.600	N/A	4,080	-	4,080	-	4,080	-	-
2048 Seatbelt Grant	20.604	N/A	N/A	-	2,400	-	2,400	-	-
Passed through Maine Department of Conservation:									
2167 Recreation Trails Program	20.219	N/A	29,000	-	4,536	3,000	4,536	3,000	-
Passed through the Maine Department of Transportation:									
2146 Airport Improvement Program	20.106	N/A	77,900	-	12,428	-	12,428	-	-
2184 Spill prevention	20.106	N/A	50,000	-	6,244	-	6,244	-	-
2185 Rescue/Fire Fighting Equipment	20.106	N/A	50,000	-	15,543	-	15,543	-	-
2192 Airport Improvement Program	20.106	N/A	456,000	-	16,173	-	16,173	-	-
2159 Safe Routes to School	20.205	N/A	187,500	-	142,601	-	142,601	-	-
Total U.S. Department of Transportation				573	212,611	3,000	213,184	3,000	-
U.S. Department of Commerce, passed through the Maine Emergency Management Agency:									
2182 Public Safety Interloper Grant	11.555	N/A	29,820	-	29,820	-	29,820	-	-
Total U.S. Department of Commerce				-	29,820	-	29,820	-	-
U.S. Department of Human Services, passed through the Maine Department of Human Services:									
2065 Child Care Development Fund	93.575	N/A	21,046	79,688	30,026	334,359	30,026	279,840	134,207
Total U.S. Department of Human Services				79,688	30,026	334,359	30,026	279,840	134,207
U.S. Department of Homeland Security:									
Direct program:									
2062 Fire Prevention Safety Grant	97.044	N/A	25,665	7,602	-	-	7,007	-	595
2108 FEMA Disaster Assistance	97.036	N/A	91,842	28,889	-	-	1,379	-	27,510
Passed through Maine Emergency Management Agency:									
2136 Homeland Security Grant	97.067	N/A	229,000	-	206,749	-	206,749	-	-
2153 Homeland Security Grant	97.067	N/A	194,763	-	194,763	-	194,763	-	-
2187 Homeland Security Grant	97.067	N/A	198,229	-	198,222	-	198,222	-	-
2152 TSA - Officer Reimbursement	97.090	N/A	N/A	-	34,631	-	34,631	-	-
Total U.S. Department of Homeland Security				36,491	634,365	-	642,751	-	28,105
<b>Totals</b>				<b>\$ 731,108</b>	<b>4,620,492</b>	<b>910,572</b>	<b>4,658,262</b>	<b>788,732</b>	<b>815,178</b>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF AUGUSTA, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2009**

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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, 2009. 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, 2009**

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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 not considered to be material weaknesses? no

Noncompliance material to financial statements noted? no

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified? no

Significant deficiencies identified not considered to be material weaknesses? yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.010	Title 1A
84.394	GPA Stabilization
10.553-10.559	School Nutrition Cluster
97.066	Homeland Security

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

SIGNIFICANT DEFICIENCIES

**#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.

*Management Response: The school department has revised its procedure for notifying employees, if their position is funded through a Federal Grant. This notification will be done at least twice during each school year. All Administrators and support Staff who work with Federal grants will be notified at the beginning of each school year of this requirement. Central Office’s Staff will verify that every employee so funded acknowledges receipt of the notification. Exceptions will be followed up immediately and resolved.*

**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***

SIGNIFICANT DEFICIENCIES

**#2008-1 - School Department Accounting System**

In the past, the School Department accounting system only accounted for expenditures within the School Department's general and special funds. We recommended that the system be expanded such that proper accounting practices could be followed. The system should represent a complete, self-balancing group of accounts organized by funds as required by the State Department of Education mandated chart of accounts. This required that the School Department maintain balance sheet accounts to represent their assets and liabilities, as well as accounts in which revenues could be posted and tracked. All accounts should be reconciled to the City on a regular basis.

During the fiscal year ended June 30, 2007 the School Department began recording revenues within the general fund and all special funds with the exception of the school lunch program. In February of the current fiscal year, the School Department entered in beginning balances for all balance sheet accounts. At June 30, 2008, most revenues and all expenditures accounts reconciled with the City; however, there were material differences between the balance sheet account balances on the School Department's accounting system and the balance sheet account balances recorded on the City's accounting system. In addition, revenues were not recorded for the school lunch program. Although there have been improvements over the past two fiscal years, reconciliations with the City for balance sheet accounts were not performed and material audit adjustments were needed to correct those balances. Additionally, we recommend that the School Department begin to record school lunch revenues and incorporate reconciling balance sheet accounts in conjunction with reconciling the revenues and expenditures.

*Status: No significant deficiency in the current year*

**Findings and Questioned Costs for Federal Awards**

**#2008-2 - U.S. Department of Education, for the Period July 1, 2007 through June 30, 2008, CFDA #84.367 Title IIA – Improving Teacher Quality**

Statement of Condition: The Title IIA – Improving Teacher Quality program had excess cash balances on hand for excessive periods of time.

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.

*Status: No finding in the current year*