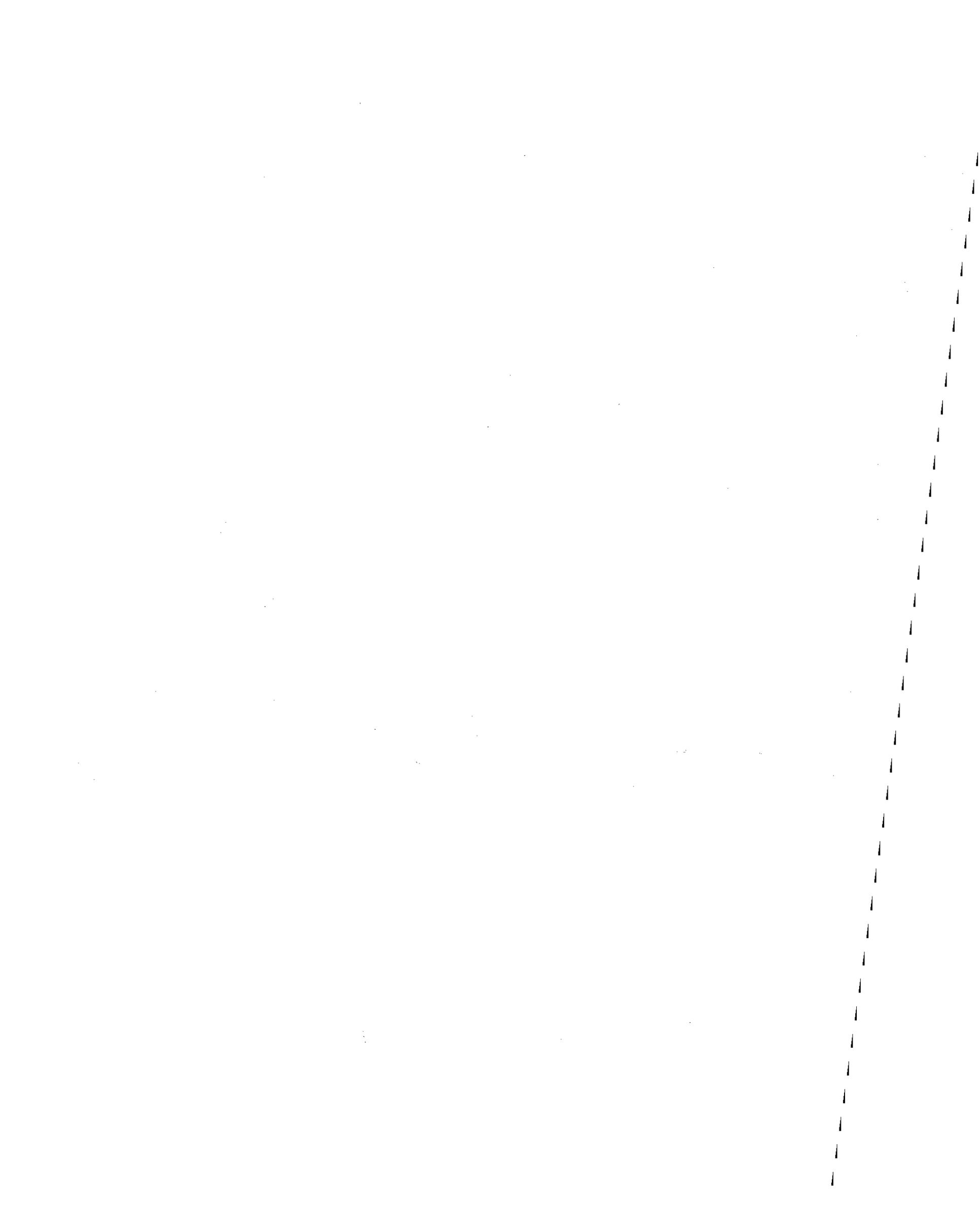


CITY OF AUGUSTA, MAINE

Financial Report

For the Year Ended June 30, 2013



CITY OF AUGUSTA, MAINE
Annual Financial Report
For the Year Ended June 30, 2013

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CITY OF AUGUSTA, MAINE
Annual Financial Report
June 30, 2013

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Independent Auditor's Report

City Council
City of Augusta, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Augusta, Maine's basic financial statements. The combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

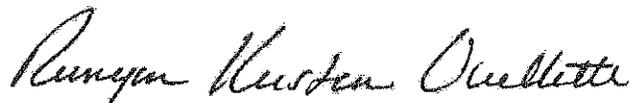
The combining and individual fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been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

In our opinion, the combining and individual fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the City of Augusta, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Augusta, Maine's internal control over financial reporting and compliance.



December 18, 2013
South Portland, Maine

CITY OF AUGUSTA, MAINE
Management's Discussion and Analysis
June 30, 2013

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, 2013. 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 2013 Financial Highlights

Financial highlights of the year include the following:

City-wide:

- The City's total net position was \$38.2 million at June 30, 2013. Of this total, \$35.7 million is governmental net position and \$2.5 million is business-type net position.
- The City's net position increased by \$315,851. Of this amount, the governmental activities had an increase in net position of \$94,670. The business-type activities net position increased by \$221,181. Governmental net position invested in capital assets net of debt decreased by \$361,984, restricted net position decreased by \$277,514 and unrestricted net position increased by \$734,168.
- City-wide governmental revenues include program revenues of \$24.7 million, a decrease of \$1.6 million, and general revenues of \$34.2 million, an increase of \$193,000. The decrease in program revenues of \$1.6 million is primarily due to a decrease in state and federal intergovernmental revenues for education and a \$500,000 grant from Community Development Block Grant the City received fiscal year 2012. Business-type income was \$5.5 million, an increase of \$283,049.
- Total City-wide governmental expenses were \$58.8 million, a decrease of \$1.39 million and business-type activities expenses were \$5.1 million, an increase of \$273,615, for total expenditures of \$63.9 million, a decrease of \$1.12 million or 1.72%.

Fund Level:

- Governmental fund balance increased by \$2.2 million in Fiscal 2013 to \$23.5 million of which \$12.9 million was nonspendable, restricted or committed. \$4.1 million was assigned and \$6.5 million was unrestricted. Governmental fund revenues totaled \$58.7 million, with total expenditures of \$61.5 million. Other financing sources and uses added \$5 million. General fund revenues totaled \$49.9 million, with total expenditures of \$50.7 million, for an excess of expenditures over revenues \$802,653. Total other financial sources and uses were \$983,355. The General Fund balance increased \$180,702 for fiscal 2013.

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

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

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

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

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

The Government-wide Financial Statements

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

Governmental Activities:

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

Fund Financial Statements:

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

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

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

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

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

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

Financial Activities of the City as a Whole:

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

Table 1
Governmental Activities Net Position

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 28,375,390	26,190,717
Capital assets	57,252,028	56,647,048
Total assets	85,627,418	82,837,765
Long-term liabilities	36,913,770	35,602,146
Other liabilities	13,023,222	11,639,863
Total liabilities	49,936,992	47,242,009
Net position:		
Net investment in capital assets	31,043,100	31,405,084
Restricted	5,732,419	6,009,933
Unrestricted	(1,085,093)	(1,819,261)
Total net position	\$ 35,690,426	35,595,756

Capital assets net of related debt decreased by 1.15% or \$361,984. The City's long-term liabilities (primarily debt) increased by \$1.3 million. The City's other liabilities increased by \$1.4 million due to an increase in other post retirement benefit liabilities of \$1.5 million and a decrease of \$80,000 in compensated absences. The City's net investment in capital assets represents 87% of the total net position. The City uses these capital assets to provide services and transportation infrastructure to citizens, businesses, and visitors. These assets are not available to finance future operations nor are they available to repay outstanding debt. 16% of net position is represented by resources that are subject to external restrictions in their uses. The remaining balance is a deficit in unrestricted net position of \$1.1 million.

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

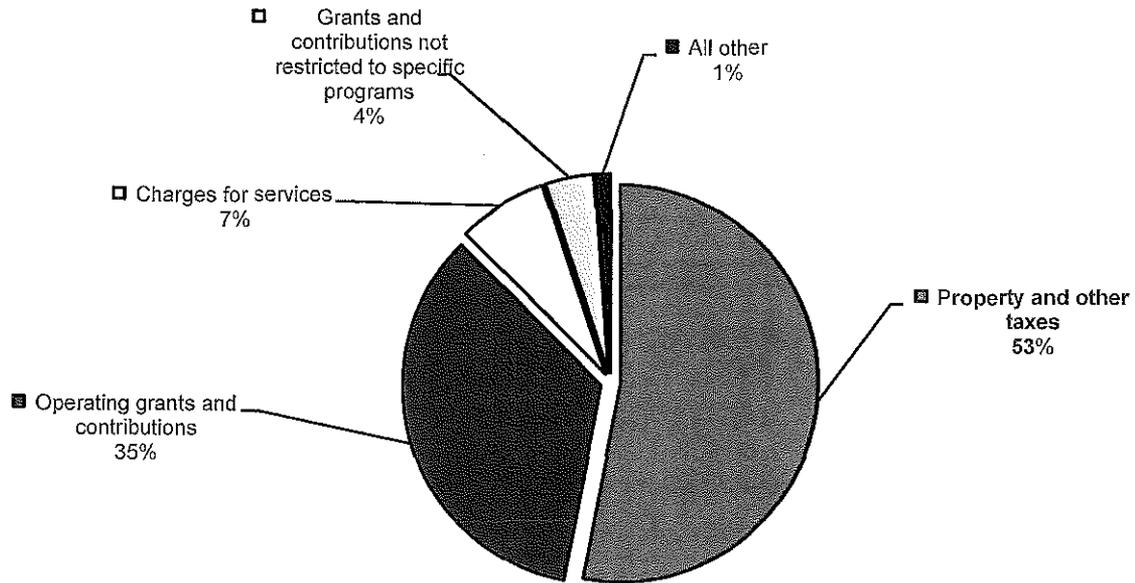
Governmental Activities Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Sources of Revenues			
Program Revenues:			
Charges for services	\$ 4,302,417	4,388,388	(85,971)
Operating grants and contributions	20,302,592	21,731,296	(1,428,704)
Capital grants and contributions	87,089	214,107	(127,018)
Total program revenues	24,692,098	26,333,791	(1,641,693)
General Revenues:			
Property and other taxes	31,221,902	30,604,923	616,979
Grants and contributions not restricted to specific programs	2,340,921	2,340,970	(49)
Licenses, permits and fees	324,055	503,826	(179,771)
Unrestricted investment income	25,131	257,303	(232,172)
Other	267,026	278,788	(11,762)
Total general revenues	34,179,035	33,985,810	193,225
Total revenues	58,871,133	60,319,601	(1,448,468)
Functional Expenses:			
Legislative and executive	451,287	503,962	(52,675)
Finance and administration	3,098,179	3,739,345	(641,166)
City services	2,342,676	2,911,274	(568,598)
Community services	2,508,477	2,629,189	(120,712)
Public safety	8,067,039	8,024,923	42,116
Public works	2,872,808	2,764,119	108,689
Education	30,516,363	31,653,870	(1,137,507)
Retirement and insurance	3,166,570	2,887,343	279,227
Utilities	2,263,375	1,686,770	576,605
Unclassified	1,563,403	1,633,097	(69,694)
Interest on debt	180,084	155,541	24,543
Central garage	1,746,202	1,578,780	167,422
Total expenses	58,776,463	60,168,213	(1,391,750)
Increase (decrease) in net position	94,670	151,388	(56,718)
Net position – beginning of year	35,595,756	35,444,368	151,388
Net position – end of year	\$ 35,690,426	35,595,756	94,670

Governmental activities resulted in an increase in net position of \$94,670. Program revenues decreased \$1.64 million, with operating grants and contributions decreasing by \$1.43 million. Charge for services decreased by \$85,971 as compared to FY 2012. The State and Federal government decreased capital grants and contributions by \$127,018. General revenues increased \$193,225. Property and other taxes increased \$616,979 and other revenues decreased \$423,754. Functional expenses decreased \$1.4 million. Education expenses decreased \$1.14 million as a result of reduced federal funding. Retirement and insurance expenses increased \$279,227 due to an increase in other post retirement benefits cost.

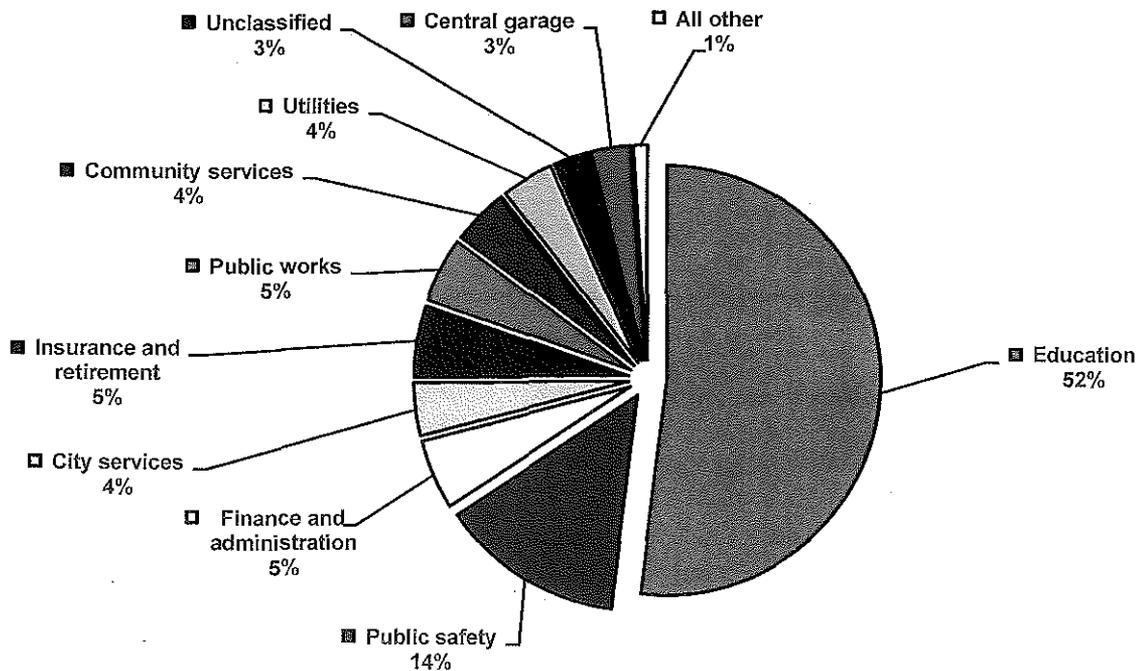
CITY OF AUGUSTA, MAINE
Management's Discussion and Analysis, Continued

Source of Revenues



As the source of revenues chart above shows, 53% of the City's fiscal 2013 governmental activities revenues came from property and other taxes, and 35% from operating grants and contributions. The remaining 12% came from charges for services 7%, grants and contributions not restricted to specific programs 4%, and all other revenue sources totaling 1%.

Functional Expenses



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

The Functional expenses chart reflects only current year expenses, which are discussed below. Education accounted for 52% and municipal services 48% of expenses. Public safety accounted for 14% of total expenses. Finance and administration along with insurance and retirement were 5% each of expense and City services accounted for 4%, community services and public works accounted for 9% of total expenses. Utilities, unclassified and central garage accounted for 10%. Legislative and executive, and interest on non-educational debt combined totaled 1% of expenses.

Expenses do not include capital outlays, which are capitalized to the City's capital assets. In 2013, governmental capital assets increased \$604,980. Capital assets not being depreciated increased \$1.72 million. Capital assets being depreciated increased \$1.16 million and accumulated depreciation increased \$2.28 million.

Governmental Activities:

Table 2 presents the net expenses of each of the City's largest programs. Net expense is defined as total program cost less the revenue generated by those specific activities. Net expenses totaled \$34.1 million as the City is dependent on general revenues for 58% of expenses. Overall, program revenues reduced program expenses by an average of 42% of total expenses. The range of reduction was 0% to 64.42% for education. Overall, governmental activities net expenses increase \$249,943 or 0.71%. The City's program revenues include charges for services, State subsidies, and operating grants and contributions.

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

		<u>2013</u>	<u>2012</u>	<u>Variance</u>
Legislative and executive	\$	(0.45)	(0.50)	0.05
Finance and administration		(2.36)	(3.06)	0.70
City services		(1.72)	(1.49)	(0.23)
Community services		(1.56)	(1.68)	0.12
Public safety		(6.33)	(6.29)	(0.04)
Public works		(2.15)	(2.27)	0.12
Education		(10.86)	(11.02)	0.16
Retirement and insurance		(3.17)	(2.89)	(0.28)
Utilities		(2.26)	(1.69)	(0.57)
Unclassified		(1.56)	(1.63)	0.07
Debt service		(0.18)	(0.16)	(0.02)
Central garage		(1.53)	(1.28)	(0.25)
Capital maintenance expenses		0.05	0.12	(0.07)
Total	\$	(34.08)	(33.84)	(0.24)

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

Table 3
Business-type Net Position
(In Millions)

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Current and other assets	\$ 5.35	4.37	0.98
Capital assets	8.07	8.52	(0.45)
Total assets	13.42	12.89	0.53
Long-term liabilities	10.71	10.37	0.34
Other liabilities	0.22	0.25	(0.03)
Total liabilities	10.93	10.62	0.31
Net position:			
Net investment in capital assets	2.66	2.61	0.05
Unassigned	(0.17)	(0.34)	0.17
Total net position	\$ 2.49	2.27	0.22

Business-type activities net position increased by \$0.22 million in fiscal year 2013. The increase in net position is attributable to operating revenues of \$5.46 million, being offset by operating expenses of \$4.74 million, nonoperating expense (primarily interest expense) of \$.39 million and a transfer out of \$.11 million.

The City's Fund Financial Statements

Governmental Funds

At June 30, 2013, the City's governmental funds reported a combined fund balance of \$23.5 million. The governmental fund balance is comprised of the following; General Fund \$14.5 million, and Other Funds \$9 million.

Government funds revenues totaled \$58.68 million with expenditures totaling \$61.48 million, a deficit of revenues under expenditures of \$2.8 million. Other financing sources and uses netted \$5.02 million, resulting in a net increase of fund balance by \$2.22 million. The General Fund had an increase in fund balance of \$.18 million and Other Governmental Funds increase in fund balance of \$2.04 million.

Proprietary Funds

Proprietary Funds net position increased by \$.22 million for FY 2013. Proprietary Funds operating revenues were \$5.46 million, with operating expenses of \$4.74 million producing an operating income of \$.72 million. Non-operating expenses were \$.39 million and operating transfers out of \$.11 million.

Analysis of Major Governmental Funds

General Fund

General fund revenues decreased \$1.73 million or 3.5%. The City's two primary revenue sources, taxes and intergovernmental revenues, which account for 91% of revenues, had a 0.14% positive variance or \$62,247. Taxes had a 0.2% positive variance (\$57,417) and intergovernmental revenues ran a positive variance of 0.03% or \$4,830. Tuition and other educational charges had a positive variance of 2.7% (\$46,620) Municipal charges for services had a positive variance of \$170,105. Unclassified revenues had a positive variance of \$112,999 due to property rents, public works miscellaneous, general assistance reimbursement and cable franchise fees. Investment earnings had a negative variance of \$222,726.

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

General fund expenditures had a budgetary surplus of 3.91% or \$1.94 million. Educational expenditures were 4.78% or \$1.21 million under budget. Municipal operating expenditures were under budget by 3% or \$0.73 million.

Other Governmental Funds

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

Proprietary Funds

Augusta Civic Center

Net position of the Civic Center decreased \$67,397 for FY 2013. Net position totaled \$2.07 million of which \$2.2 million represents net investment in capital assets, and unrestricted net position totaled (\$147,131). The Civic Center had net operating income of \$148,590, with a nonoperating expense of \$156,027 and a transfer out of \$59,960.

Hatch Hill Landfill

Net position of the regional Hatch Hill Landfill increased \$288,578 in fiscal 2013. Net position totaled \$421,533 of which \$445,591 represents net investment in capital assets, and (\$24,058) in unrestricted net position. Net operating income totaled \$566,883, nonoperating expense totaled \$229,828 and a transfer out of \$48,477.

Central Garage (Internal Service Fund)

Net position of the Central Garage Fund decreased by \$21,332 in FY 2013. \$1.9 million of net position represented net investment in capital assets and unrestricted net position totaled \$0.64 million. The Central Garage Fund had net operating income of \$44,558. Non-operating expense of \$37,592 and transfers out totaled \$28,298.

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 2013, the cost of infrastructure and other capital assets of Governmental activities recorded on the City's financial statements net of depreciation was \$57.3 million, an increase of \$0.6 million or 1.07%. The City's investment in capital assets increased by \$2.89 million and accumulated depreciation increased by \$2.28 million.

The capital assets of the business-type activities continued to decrease as the capacity of Hatch Hill landfill is utilized. Table 4 reflects capital assets at June 30, 2013, by governmental activities and business-type activities.

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

Table 4
Capital Assets at Year End

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Governmental activities:			
Capital assets, not being depreciated			
Land	\$ 1,490,002	1,490,002	-
Construction in progress	1,722,109	-	1,722,109
Capital assets being depreciated	3,212,111	1,490,002	1,722,109
Buildings and improvements	63,088,362	62,768,560	319,802
Machinery, vehicles, and equipment	8,274,220	8,292,550	(18,330)
Infrastructure	33,485,508	32,884,284	601,224
Internal service fund equipment	5,136,809	4,872,784	264,025
Less: Accumulated depreciation	(55,944,982)	(53,661,132)	(2,283,850)
Total	57,252,028	56,647,048	604,980
Business-type activities:			
Capital assets, not being depreciated	695,337	428,950	266,387
Capital assets, being depreciated			
Buildings and improvements	8,978,025	8,953,555	24,470
Machinery and equipment	1,295,160	1,299,619	(4,459)
Landfill	5,801,086	5,801,086	-
Less: Accumulated depreciation	(8,702,150)	(7,958,813)	(743,337)
Total	\$ 8,067,458	8,524,397	(456,939)

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

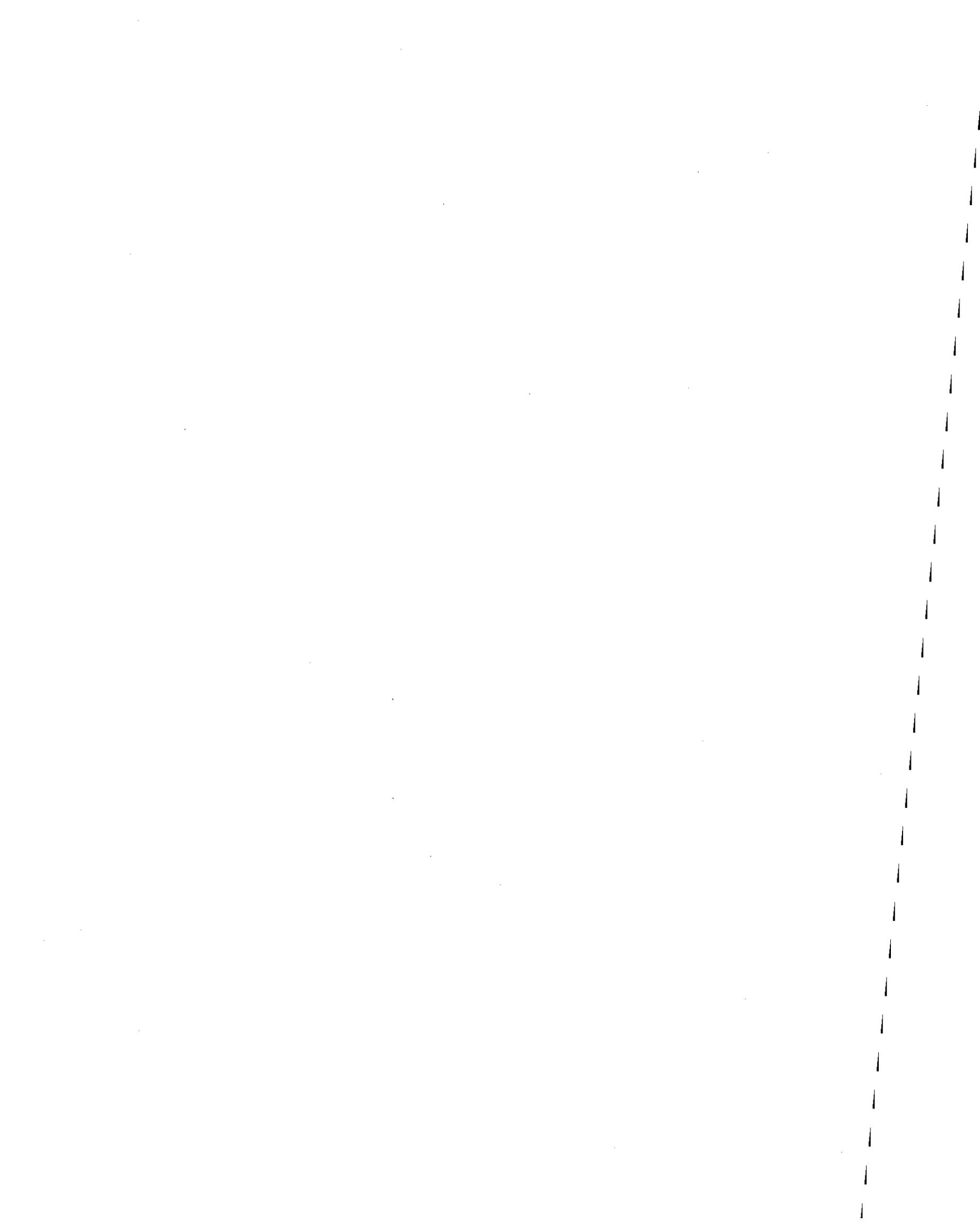
Debt Administration

The City's governmental activities total bonded indebtedness at June 30, 2013 was \$34.5 million, a decrease of \$0.73 million. The City issued \$2.61 million of new debt and made all scheduled repayments of existing bonded indebtedness for fiscal year 2013.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS



CITY OF AUGUSTA, MAINE
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,362,435	44,373	18,406,808
Investments	11,612,218	-	11,612,218
Receivables:			
Taxes	990,420	-	990,420
Tax liens	491,628	-	491,628
Intergovernmental	813,498	-	813,498
Accounts, (net of allowance for uncollectibles)	598,906	231,459	830,365
Notes	160,266	-	160,266
Internal balances	(5,012,490)	5,012,490	-
Inventories	179,208	22,174	201,382
Prepaid expenses	179,301	39,825	219,126
Capital assets, not being depreciated	3,212,111	695,337	3,907,448
Capital assets, net of accumulated depreciation	54,039,917	7,372,121	61,412,038
Total assets	85,627,418	13,417,779	99,045,197
LIABILITIES			
Accounts payable and other current liabilities	679,141	36,040	715,181
Accrued payroll and benefits	2,187,536	20,427	2,207,963
Compensated absences payable	3,447,148	135,212	3,582,360
Escrow payable	34,201	26,804	61,005
Taxes paid in advance	96,210	-	96,210
Accrued interest	237,915	-	237,915
Other postemployment benefits	6,341,071	-	6,341,071
Noncurrent liabilities:			
Due within one year	3,684,907	737,583	4,422,490
Due in more than one year	33,228,863	9,971,697	43,200,560
Total liabilities	49,936,992	10,927,763	60,864,755
NET POSITION			
Net investment in capital assets	31,043,100	2,661,205	33,704,305
Restricted for:			
Permanent Funds - Nonexpendable principal	535,987	-	535,987
Permanent Funds - Expendable	55,948	-	55,948
Education	3,400,282	-	3,400,282
Other grants	829,152	-	829,152
Tax Increment Financing	911,050	-	911,050
Unrestricted	(1,085,093)	(171,189)	(1,256,282)
Total net position	\$ 35,690,426	2,490,016	38,180,442

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Statement of Activities
For the Year Ended June 30, 2013

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Legislative and executive	\$ 451,287	-	30	-	(451,257)	-	(451,257)
Finance and administration	3,098,179	147,509	586,012	-	(2,364,658)	-	(2,364,658)
City services	2,342,676	112,137	504,900	1,960	(1,723,679)	-	(1,723,679)
Community services	2,508,477	30,604	921,077	-	(1,556,796)	-	(1,556,796)
Public safety	8,067,039	1,519,755	184,726	36,875	(6,325,683)	-	(6,325,683)
Public works	2,872,808	34,968	685,018	-	(2,152,822)	-	(2,152,822)
Education	30,516,363	2,243,976	17,413,329	-	(10,859,058)	-	(10,859,058)
Retirement and insurance	3,166,570	-	-	-	(3,166,570)	-	(3,166,570)
Utilities	2,263,375	-	-	-	(2,263,375)	-	(2,263,375)
Unclassified	1,563,403	-	7,500	-	(1,555,903)	-	(1,555,903)
Interest on debt	180,084	-	-	-	(180,084)	-	(180,084)
Central garage	1,746,202	213,468	-	-	(1,532,734)	-	(1,532,734)
Capital maintenance	-	-	-	48,254	48,254	-	48,254
Total governmental activities	58,776,463	4,302,417	20,302,592	87,089	(34,084,365)	-	(34,084,365)
Business-type activities:							
Augusta Civic Center	2,708,495	2,701,058	-	-	-	(7,437)	(7,437)
Hatch Hill Landfill	2,421,337	2,758,249	-	-	-	336,912	336,912
Total business-type activities	5,129,832	5,459,307	-	-	-	329,475	329,475
Total primary government	\$ 63,906,295	9,761,724	20,302,592	87,089	(34,084,365)	329,475	(33,754,890)
General revenues:							
Property taxes, levied for general purposes					\$ 28,241,114	-	28,241,114
Motor vehicle excise taxes					2,980,788	-	2,980,788
Licenses and permits					193,724	-	193,724
Cable TV franchise fee					130,331	-	130,331
Grants and contributions not restricted to specific programs:							
Homestead exemption					357,140	-	357,140
Business equipment tax reimbursement					240,442	-	240,442
State Revenue Sharing					1,718,085	-	1,718,085
Other					25,254	-	25,254
Unrestricted investment earnings					25,131	143	25,274
Miscellaneous revenues					334,952	-	334,952
Gain (loss) on disposal of assets					(176,363)	-	(176,363)
Transfers					108,437	(108,437)	-
Total general revenues and transfers					34,179,035	(108,294)	34,070,741
Change in net position					94,670	221,181	315,851
Net position - beginning					35,595,756	2,268,835	37,864,591
Net position - ending					\$ 35,690,426	2,490,016	38,180,442

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 16,397,597	1,964,838	18,362,435
Investments	11,158,210	454,008	11,612,218
Receivables:			
Taxes	990,420	-	990,420
Tax liens	491,628	-	491,628
Due from other governments	400,153	413,345	813,498
Accounts receivable, net of allowance for uncollectibles	508,288	90,618	598,906
Notes receivable	-	160,266	160,266
Interfund loans receivable	-	6,565,150	6,565,150
Inventory	209	30,078	30,287
Prepaid items	171,980	2,975	174,955
Total assets	\$ 30,118,485	9,681,278	39,799,763
LIABILITIES			
Accounts payable and other accrued liabilities	490,205	165,644	655,849
Accrued payroll and benefits	1,931,527	269,527	2,201,054
Escrow payable	34,201	-	34,201
Taxes received in advance	96,210	-	96,210
Interfund loans payable	11,899,117	252,698	12,151,815
Total liabilities	14,451,260	687,869	15,139,129
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,141,262	-	1,141,262
Total deferred inflows of resources	1,141,262	-	1,141,262
FUND BALANCES			
Nonspendable	172,189	726,331	898,520
Restricted	3,400,282	3,770,675	7,170,957
Committed	-	4,848,383	4,848,383
Assigned	4,057,550	-	4,057,550
Unassigned	6,895,942	(351,980)	6,543,962
Total fund balances	14,525,963	8,993,409	23,519,372
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,118,485	9,681,278	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			55,396,236
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			1,141,262
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			2,498,212
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Accrued compensated absences			(3,371,900)
Accrued interest			(237,915)
Other postemployment benefits			(6,341,071)
Capital leases			(2,413,341)
Bonds payable			(34,500,429)
Net position of governmental activities		\$	35,690,426

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, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 28,531,192	2,649,448	31,180,640
Licenses and permits	193,724	-	193,724
Intergovernmental	16,948,140	3,760,906	20,709,046
Tuition and other charges - education	1,719,120	-	1,719,120
Charges for services	1,680,341	636,993	2,317,334
Fees and fines	52,495	-	52,495
Unclassified	732,094	1,754,745	2,486,839
Investment earnings	22,635	2,496	25,131
Total revenues	49,879,741	8,804,588	58,684,329
Expenditures:			
Current:			
Legislative and executive	454,187	-	454,187
Finance and administration	1,541,149	1,626,208	3,167,357
City services	1,364,140	717,405	2,081,545
Community services	2,138,987	952,396	3,091,383
Public safety	7,740,528	358,883	8,099,411
Public works	3,165,607	112,798	3,278,405
Education	26,920,195	4,072,899	30,993,094
Retirement and insurance	2,615,587	-	2,615,587
Utilities	2,263,375	-	2,263,375
Unclassified	1,546,076	-	1,546,076
Debt service (excluding education)	852,070	81,578	933,648
Capital outlay	80,493	2,879,303	2,959,796
Total expenditures	50,682,394	10,801,470	61,483,864
Excess (deficiency) of revenues over (under) expenditures	(802,653)	(1,996,882)	(2,799,535)
Other financing sources (uses):			
Issuance of debt	-	2,610,000	2,610,000
Lease proceeds	-	2,272,277	2,272,277
Transfers from other funds	1,595,555	1,088,612	2,684,167
Transfers to other funds	(612,200)	(1,935,232)	(2,547,432)
Total other financing sources (uses)	983,355	4,035,657	5,019,012
Net change in fund balances	180,702	2,038,775	2,219,477
Fund balances, beginning of year	14,345,261	6,954,634	21,299,895
Fund balances, end of year	\$ 14,525,963	8,993,409	23,519,372

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, 2013

Net change in fund balances - total governmental funds (from Statement 4)	\$	2,219,477
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,377,108) exceeded loss on disposal (\$156,429) and depreciation expense (\$2,574,242).</p>		
		646,437
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		41,262
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which lease proceeds (\$2,272,277) exceeded lease repayments (\$235,049).</p>		
		(2,037,228)
<p>Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - accrued compensated absences (\$77,328), accrued interest (\$16,436) and other post employment benefits (\$1,540,442).</p>		
		(1,479,550)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$3,335,604) exceeded the amount of bond proceeds (\$2,610,000).</p>		
		725,604
<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>		
		(21,332)
<hr/> Change in net position of governmental activities (see Statement 2)		\$ 94,670

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, 2013

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,473,775	28,473,775	28,531,192	57,417
Licenses and permits	110,945	110,945	193,724	82,779
Intergovernmental	15,052,901	15,052,901	15,057,731	4,830
Tuition and other charges - education	1,672,500	1,672,500	1,719,120	46,620
Charges for services	1,510,236	1,510,236	1,680,341	170,105
Fees and fines	49,050	49,050	52,495	3,445
Unclassified	570,841	570,841	683,840	112,999
Investment earnings	245,361	245,361	22,635	(222,726)
Total revenues	47,685,609	47,685,609	47,941,078	255,469
Expenditures:				
Current:				
Legislative and executive	533,828	567,450	483,077	84,373
Finance and administration	1,633,564	1,618,216	1,574,172	44,044
City services	1,457,888	1,502,424	1,406,113	96,311
Community services	2,200,036	2,254,830	2,179,071	75,759
Public safety	7,952,621	8,090,051	7,864,817	225,234
Public works	3,340,334	3,524,860	3,311,930	212,930
Education	26,318,198	26,604,594	25,391,160	1,213,434
Retirement and insurance	2,724,853	2,724,853	2,615,587	109,266
Utilities	2,468,623	2,468,623	2,419,965	48,658
Unclassified	1,394,891	1,394,891	1,546,076	(151,185)
Debt service (excluding education)	834,638	834,638	852,070	(17,432)
Total expenditures	50,859,474	51,585,430	49,644,038	1,941,392
Excess (deficiency) of revenues over (under) expenditures	(3,173,865)	(3,899,821)	(1,702,960)	2,196,861
Other financing sources (uses):				
Budgeted utilization of surplus - City	496,683	541,593	-	(541,593)
Budgeted utilization of surplus - Education	1,253,915	1,253,915	-	(1,253,915)
Use of prior year encumbrances - City	-	462,650	-	(462,650)
Use of prior year encumbrances - Education	-	311,396	-	(311,396)
Transfers to other funds	-	(609,200)	(612,200)	(3,000)
Transfers from other funds	1,515,221	2,031,421	1,570,221	(461,200)
Total other financing sources (uses)	3,265,819	3,991,775	958,021	(3,033,754)
Net change in fund balance - budgetary basis	91,954	91,954	(744,939)	(836,893)
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City			574,168	
Add back: encumbrances expended in budgetary - Education			361,374	
Change in reserves			(9,901)	
Net change in fund balance - GAAP basis			180,702	
Fund balance, beginning of year			14,345,261	
Fund balance, end of year	\$		14,525,963	

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
ASSETS				
Current assets:				
Cash	\$ 44,373	-	44,373	-
Accounts receivable, net	74,433	157,026	231,459	-
Interfund loans receivable	131,656	4,880,834	5,012,490	574,175
Prepaid expenses	3,902	35,923	39,825	4,346
Inventory	22,174	-	22,174	148,921
Total current assets	276,538	5,073,783	5,350,321	727,442
Noncurrent assets:				
Property, plant, and equipment:				
Land	390,000	62,034	452,034	-
Construction in progress	243,303	-	243,303	-
Buildings and improvements	8,936,083	23,372	8,959,455	161,362
Equipment and vehicles	390,409	923,321	1,313,730	5,136,809
Hatch Hill landfill system	-	5,801,086	5,801,086	-
Less accumulated depreciation	(5,732,928)	(2,969,222)	(8,702,150)	(3,442,379)
Total noncurrent assets	4,226,867	3,840,591	8,067,458	1,855,792
Total assets	4,503,405	8,914,374	13,417,779	2,583,234
LIABILITIES				
Current liabilities:				
Accounts payable	26,325	9,715	36,040	23,292
Accrued wages and benefits payable	14,318	6,109	20,427	7,228
Accrued compensated absences	111,447	23,765	135,212	54,502
Refundable deposits	26,804	-	26,804	-
Current portion of bonds payable	226,315	485,000	711,315	-
Current portion of capital leases payable	26,268	-	26,268	-
Total current liabilities	431,477	524,589	956,066	85,022
Noncurrent liabilities:				
Bonds payable	1,584,220	2,910,000	4,494,220	-
Capital leases	419,225	-	419,225	-
Interim landfill closure accrual	-	378,055	378,055	-
Accrued landfill closure and postclosure costs	-	4,680,197	4,680,197	-
Total noncurrent liabilities	2,003,445	7,968,252	9,971,697	-
Total liabilities	2,434,922	8,492,841	10,927,763	85,022
NET POSITION				
Net investment in capital assets	2,215,614	445,591	2,661,205	1,855,792
Unrestricted	(147,131)	(24,058)	(171,189)	642,420
Total net position	\$ 2,068,483	421,533	2,490,016	2,498,212

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
Operating revenues:				
Rental income	\$ 1,282,991	-	1,282,991	-
Fees	-	2,748,368	2,748,368	1,769,126
Food and beverage sales	1,418,067	-	1,418,067	-
Miscellaneous	-	9,881	9,881	3,976
Total operating revenues	2,701,058	2,758,249	5,459,307	1,773,102
Operating expenses:				
Personnel services	1,279,108	435,536	1,714,644	447,807
Contractual services	389,270	573,251	962,521	56,818
Supplies and materials	542,360	82,179	624,539	827,994
Fixed charges	20,968	656,662	677,630	2,827
Capital outlay	20,845	318	21,163	35,263
Depreciation	299,917	443,420	743,337	357,835
Total operating expenses	2,552,468	2,191,366	4,743,834	1,728,544
Operating income	148,590	566,883	715,473	44,558
Nonoperating revenue (expense):				
Interest income	-	143	143	-
Interest expense	(156,027)	(229,971)	(385,998)	(17,658)
Gain (loss) on disposal of equipment	-	-	-	(19,934)
Total nonoperating revenue (expense)	(156,027)	(229,828)	(385,855)	(37,592)
Net income (loss) before transfers	(7,437)	337,055	329,618	6,966
Transfers:				
Transfer from (to) other funds	(59,960)	(48,477)	(108,437)	(28,298)
Total transfers	(59,960)	(48,477)	(108,437)	(28,298)
Change in net position	(67,397)	288,578	221,181	(21,332)
Total net position, beginning of year	2,135,880	132,955	2,268,835	2,519,544
Total net position, end of year	\$ 2,068,483	421,533	2,490,016	2,498,212

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service
	Augusta Civic Center	Hatch Hill Landfill	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,733,939	2,707,000	5,440,939	1,777,457
Payments to suppliers	(967,590)	(530,485)	(1,498,075)	(934,458)
Payments to employees	(1,294,710)	(434,085)	(1,728,795)	(445,817)
Payments for internal services used	(11,804)	(186,723)	(198,527)	-
Net cash provided by (used in) operating activities	459,835	1,555,707	2,015,542	397,182
Cash flows from non-capital financing activities:				
Transfers to other funds	(59,960)	(48,477)	(108,437)	(28,298)
(Increase) decrease in interfund loans	(195,850)	(769,318)	(965,168)	(14,914)
Net cash provided by (used in) non-capital financing activities	(255,810)	(817,795)	(1,073,605)	(43,212)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(263,314)	(23,084)	(286,398)	(336,312)
Proceeds from capital leases	488,078	-	488,078	-
Bond, note and lease principal payments	(268,900)	(485,000)	(753,900)	-
Interest paid	(156,027)	(229,971)	(385,998)	(17,658)
Net cash provided by (used in) capital financing activities	(200,163)	(738,055)	(938,218)	(353,970)
Cash flows from investing activities:				
Investment income	-	143	143	-
Net cash provided by (used in) investing activities	-	143	143	-
Increase in cash	3,862	-	3,862	-
Cash, beginning of year	40,511	-	40,511	-
Cash, end of year	\$ 44,373	-	44,373	-
Reconciliation of operating income to net cash provided by (used in) by operating activities:				
Operating income	\$ 148,590	566,883	715,473	44,558
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	299,917	443,420	743,337	357,835
(Increase) decrease in operating assets:				
Accounts receivable	32,881	(51,249)	(18,368)	4,355
Prepaid expenses	2,188	(2,333)	(145)	(1,111)
Inventory	474	-	474	(31,112)
Increase (decrease) in operating liabilities:				
Accounts payable	2,231	(6,705)	(4,474)	20,667
Accrued wages and benefits	(2,679)	(371)	(3,050)	578
Accrued compensated absences	(12,923)	1,822	(11,101)	1,412
Refundable deposit	(10,844)	-	(10,844)	-
Interim landfill closure	-	378,055	378,055	-
Accrued landfill closure and postclosure costs	-	226,185	226,185	-
Net cash provided by (used in) operating activities	459,835	1,555,707	2,015,542	397,182

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

		Private- purpose Trust Funds	Agency Funds	
			SIB Loans	Student Activities
ASSETS				
Cash and cash equivalents	\$	16,456	-	271,296
Investments		230,594	720,631	-
Accounts receivable		4,869	-	-
Total assets		251,919	720,631	271,296
LIABILITIES				
Due to others		-	720,631	271,296
Total liabilities		-	720,631	271,296
NET POSITION				
Held in trust	\$	251,919	-	-

See accompanying notes to financial statements.

Statement 11

CITY OF AUGUSTA, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2013

		Private- purpose Trust Funds
Additions:		
Donations	\$	14,998
Investment income		(435)
Total additions		14,563
Deductions:		
Scholarships and other		12,452
Total deductions		12,452
Change in net position		2,111
Net position, beginning of year		249,808
Net position, end of year	\$	251,919

See accompanying notes to financial statements.

CITY OF AUGUSTA, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Related Organizations:

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

- Greater Augusta Utilities District
- Augusta Parking District
- Augusta Housing Authority
- Old Fort Western
- Trustees of the Lithgow Library and Reading Room

B. Government-wide and Fund Financial Statements

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

2. Interfund Receivables/Payables

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

3. Community Development Loans Receivable

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2013 are recorded as prepaid items.

6. Capital Assets

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

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

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

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

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

7. Deferred Inflows of Resources

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

8. Compensated Absences

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. Long-term Obligations

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

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

10. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the City imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council, Board of Education, or a body or official delegated by the City Council or Board of Education may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

11. Interfund Transactions

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

12. Use of Estimates

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

13. Comparative Data

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Hearings are held to obtain public comments. The budget is legally enacted at the 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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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, 2013, the City budgeted to utilize \$541,593 and the Department of Public Schools budgeted to utilize \$1,253,915 of prior year fund balance as a budgeted use of surplus.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following areas:

Information systems	\$ 16,048	Bicentennial Nature Park	5,190
Community services admin	3,537	Water	1,124
Fort Western	2,078	County tax	3,757

C. Deficit Fund Balances

At June 30, 2013, the following funds had deficit fund balances:

Fort Western Trustees	\$ 4	2010 homeland security grant	24,807
Augusta Housing Authority	151	2011 homeland security grant	100,657
Augusta Parking District	53	2012 homeland security grant	21,955
Augusta Tissue remediation	4,155	Title IA	70,693
Civic Center Drive sidewalks	3,665	CIPS	7,059
KRRT Park connection	18,009	Title IA - CIPS	524
ATV Grant	838	Local entitlement	49,829
Pleasant Hill Saw timber	99	21 st century	977
Bulletproof vest	250	Rural low income	19,311
Seatbelt grant	2,035	Title III - ESL	721
Speed enforcement	2	Title IIA	24,334
DHS law enforcement reimb	892	Chizzle Whizzle	720
Southern Kennebec underage	240		

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

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

DEPOSITS AND INVESTMENTS

As of June 30, 2013, 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	\$ 2,016,550	N/A
Government mutual fund	21,365	N/A
U.S. Treasury Notes	8,796,509	2.800
Federal Home Loan Management	1,000,517	2.384
Federal National Mortgage Association	2,745,051	2.781

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, 2013, 100% of the City's bank balance of \$17,397,507 was covered by FDIC insurance or fully insured or collateralized. In accordance with its investment policy, the City's funds must be fully covered under FDIC, fully insured or fully collateralized, with pledged collateral being at least 110% of market value of the net amount of public funds secured when marked to market monthly at least 102% of market value of the net amount of public funds secured when marked to market daily.

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 \$2,016,550 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, 2013, all of the City's investments in were rated, at a minimum, AA+ by Standard & Poor's. In accordance with its investment policy, the City minimizes credit risk by limiting the types of investments to be purchased, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses will be minimized.

Interest rate risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates have subsequently increased. Accordingly, holders of debt securities in the situation just described face the prospect of a loss should those securities be sold prior to maturity, even though cash flows under the debt contract remain unaffected by changes in interest rates. In accordance with its investment policy, the City structures its investment portfolio so securities mature to meet cash requirements for ongoing operations. It invests funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of the portfolio.

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

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

As of June 30, 2013, the City had the following accounts receivable with allowance for uncollectible account balances:

	<u>General Fund</u>	<u>Augusta Civic Center</u>
Accounts receivable	\$ 544,061	\$ 76,933
Allowance for uncollectible accounts	(35,773)	(2,500)
Accounts receivable, net	\$ 508,288	\$ 74,433

PROPERTY TAX

Property taxes for the current year were committed on August 3, 2012, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$91,954 for the year ended June 30, 2013.

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

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

The following summarizes the levy:

	<u>2013</u>	<u>2012</u>
Assessed value	\$ 1,604,345,700	1,594,105,400
Tax rate (per \$1,000)	17.55	17.30
Commitment	28,156,267	27,578,023
Supplemental taxes assessed	3,982	8,615
	28,160,249	27,586,638
Less:		
Abatements	38,496	19,914
Collections	27,184,423	26,662,434
Current year taxes receivable at end of year	\$ 937,330	904,290
Due date(s) - current year	½ Sept. 13, 2012 ½ March 14, 2013	½ Sept. 15, 2011 ½ March 15, 2012
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	96.67%	96.72%

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

PROPERTY TAX, CONTINUED

	<u>2013</u>	<u>2012</u>
Taxes receivable - current year	\$937,330	904,290
Taxes receivable - prior years	53,090	48,596
Tax liens - prior year	491,628	530,892
Total taxes receivables	\$ 1,482,048	1,483,778

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,490,002	-	-	-	1,490,002
Construction in progress	-	1,722,109	-	-	1,722,109
Total capital assets not being depreciated	1,490,002	1,722,109	-	-	3,212,111
Capital assets, being depreciated:					
Buildings and building improvements	62,768,560	319,802	-	-	63,088,362
Machinery, vehicles and equipment	8,292,550	733,973	-	752,303	8,274,220
Infrastructure	32,884,284	601,224	-	-	33,485,508
Internal service fund equipment	4,872,784	336,312	-	72,286	5,136,810
Total capital assets being depreciated	108,818,178	1,991,311	-	824,589	109,984,900
Less accumulated depreciation for:					
Buildings and building improvements	27,197,904	1,375,570	-	-	28,573,474
Machinery, vehicles and equipment	5,888,230	578,850	-	595,874	5,871,206
Infrastructure	17,491,757	630,031	-	-	18,121,788
Internal service fund equipment	3,083,241	347,626	-	52,352	3,378,515
Total accumulated depreciation	53,661,132	2,932,077	-	648,226	55,944,983
Total capital assets being depreciated, net	55,157,046	(940,766)	-	176,363	54,039,917
Governmental activities capital assets, net	\$ 56,647,048	781,343	-	176,363	57,252,028

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 428,950	23,084	-	-	452,034
Construction in progress	-	243,303	-	-	243,303
Total capital assets not being depreciated	428,950	266,387	-	-	695,337
Capital assets, being depreciated:					
Buildings and building improvements	8,953,555	5,900	-	-	8,959,455
Machinery and equipment	1,299,619	14,111	-	-	1,313,730
Landfill	5,801,086	-	-	-	5,801,086
Total capital assets being depreciated	16,054,260	20,011	-	-	16,074,271
Less accumulated depreciation for:					
Buildings and building improvements	5,212,180	275,343	-	-	5,487,523
Machinery and equipment	932,329	135,762	-	-	1,068,091
Landfill	1,814,304	332,232	-	-	2,146,536
Total accumulated depreciation	7,958,813	743,337	-	-	8,702,150
Total capital assets being depreciated, net	8,095,447	(723,326)	-	-	7,372,121
Business-type activities capital assets, net	\$ 8,524,397	(456,939)	-	-	8,067,458

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

Governmental activities:

Legislative and executive	\$ 4,506
Finance and administration	13,372
City services	273,578
Community services	53,171
Public safety	336,903
Public works	639,029
Education	1,253,683
Central garage	357,835

Total depreciation expense – governmental activities \$ 2,932,077

Business-type activities:

Augusta Civic Center	\$ 299,917
Hatch Hill Landfill	443,420

Total depreciation expense – business-type activities \$ 743,337

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

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 35,226,033	2,610,000	3,335,604	34,500,429	3,445,604
Capital leases	376,113	2,272,277	235,049	2,413,341	239,303
Compensated absences	3,527,575	-	80,427	3,447,148	-
Other post-employment	4,800,629	2,568,335	1,027,893	6,341,071	-
Governmental activities long-term liabilities	\$ 43,930,350	7,450,612	4,678,973	46,701,989	3,684,907
Business-type activities:					
General obligation bonds	\$ 5,916,850	-	711,315	5,205,535	711,315
Capital leases	-	488,078	42,585	445,493	26,268
Landfill closure	4,454,012	226,185	-	4,680,197	-
Compensated absences	146,313	-	11,101	135,212	-
Business-type activities long-term liabilities	\$ 10,517,175	714,263	765,001	10,466,437	737,583

BONDS AND NOTES PAYABLE

Bonds and notes payable at June 30, 2013 are comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	Balance June 30, 2013
Governmental activities:					
Pension obligation bonds 2003	2/13/03	\$ 13,150,000	2013	4.000-5.250%	8,070,000
General obligation bonds 2004	12/9/04	3,495,000	2024	2.750-4.250%	1,700,000
General obligation bonds 2005	5/18/06	28,450,000	2026	4.125-5.000%	19,700,000
General obligation bonds 2007	4/25/07	500,000	2017	1.100-6.000%	200,000
General obligation bonds 2009	6/17/09	1,040,000	2019	2.000-3.375%	620,000
General obligation bonds 2011	5/26/11	1,250,000	2031	2.120-3.375%	1,160,000
School revolving loan fund	3/17/11	889,810 (a)	2024	0.000%	320,047
Qualified school construction	12/30/11	355,980	2022	4.810%	320,382
General obligation bonds 2012	12/28/12	2,610,000	2027	2.00%	2,410,000
Total governmental activities					34,500,429
Business-type activities:					
Hatch Hill Expansion Bond	5/31/00	9,700,000	2019	4.528-5.903%	3,395,000
Civic Center Expansion	5/25/01	4,300,000	2020	4.039-5.539%	1,810,535
Total business-type activities					5,205,535
Total bonds and notes payable					\$ 39,705,964

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

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

BONDS AND NOTES PAYABLE, CONTINUED

The annual requirements to amortize all long-term debt outstanding as of June 30, 2013 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>
2014	\$ 3,445,604	1,412,943	4,858,547	711,315	278,695	990,010
2015	3,615,604	1,259,733	4,875,337	711,315	238,096	949,411
2016	3,695,604	1,100,356	4,795,960	711,315	197,497	908,812
2017	3,840,604	935,848	4,776,452	711,315	156,614	867,929
2018	3,995,603	761,678	4,757,281	711,315	115,449	826,764
2019-2023	9,292,410	2,414,583	11,706,993	1,648,960	113,670	1,762,630
2024-2028	6,475,000	614,813	7,089,813	-	-	-
2029-2032	140,000	8,672	148,672	-	-	-
Total	\$ 34,500,429	8,508,626	43,009,055	5,205,535	1,100,021	6,305,556

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the date of its inception. Amounts capitalized under capital leases are \$1,621,039 and \$243,303 for governmental activities and business-type activities, respectively. Accumulated depreciation for capital leases that have been capitalized is \$258,283 for governmental activities.

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, 2013.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 342,118	39,143
2015	345,080	39,143
2016	298,638	39,143
2017	236,704	39,143
2018	239,925	39,143
2019-2023	1,251,251	195,713
2024-2027	773,570	156,571
Total minimum lease payments	3,487,286	547,999
Less: amount representing interest	1,073,945	102,506
Present value of future minimum lease payments	\$ 2,413,341	445,493

STATUTORY DEBT LIMIT

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City. The City's outstanding long-term debt of \$39,705,964 at June 30, 2013 was within the statutory limit.

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

OVERLAPPING DEBT

In addition to the bonds and notes payable, the City is contingently responsible for the following debt as of June 30, 2013:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to Augusta</u>	<u>City of Augusta's share of debt</u>
Kennebec County	\$ 15,000	14.96%	2,244

The debt of Kennebec County is paid through annual county tax assessments to the City. Additionally, the City would be responsible for \$3,420,102 of the Greater Augusta Utilities District's debt if the District was to default payment.

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

ARBITRAGE REFUND

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

INTERFUND BALANCES

As of June 30, 2013, 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	\$ -	11,899,117	983,355
Special Revenue Funds:			
CDBG Loan Fund	23,554	-	-
Airport	-	33,406	-
Other City Special Revenues	2,858,940	-	(1,362,862)
Adult Education	129,694	-	-
Adult Education Enrichment	188,111	-	-
School Lunch	74,120	-	(80,000)
School Special Revenues	-	219,292	-
Internal Service Fund	574,175	-	(28,298)
Proprietary Funds:			
Hatch Hill Fund	4,880,834	-	(48,477)
Augusta Civic Center	131,656	-	(59,960)
Capital Projects Fund	3,138,886	-	596,242
Permanent Fund	151,845	-	-
Totals	\$ 12,151,815	12,151,815	-

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

BUDGETARY VS. GAAP BASIS OF ACCOUNTING - GENERAL FUND

As required by accounting principles generally accepted in the United States of America, the School Department has recorded a revenue and an expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,890,409.

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)

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

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at actuarially determined rates. The current rates range from 6.5% - 10.0% 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, 2013, 2012, and 2011 were \$678,662, \$569,325, and \$433,784, 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 \$1,890,409 (15.86%) for the fiscal year 2013. 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 16.33% of their compensation. This cost is charged to the applicable grant.

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

DEFERRED COMPENSATION PLAN

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

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

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2013:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 113,197,011	16,769,608
Accumulated depreciation	(55,944,983)	(8,702,150)
Bonds payable	(34,500,429)	(5,205,535)
Add back unspent bond proceeds	660,317	-
Add back unspent lease proceeds	1,974,525	244,775
Add back pension obligation bonds	8,070,000	-
Capital leases payable	(2,413,341)	(445,493)
<u>Total net investment in capital assets</u>	<u>\$ 31,043,100</u>	<u>2,661,205</u>

CONTRACT COMMITMENTS

The Augusta School Department has entered into a contract for school transportation services with First Students, Inc. The contract expires in June of 2017. Future payments under this contract are as follows:

2014	\$ 717,000
2015	717,000
2016	717,000
2017	717,000
<u>Total</u>	<u>\$ 2,868,000</u>

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

FUND BALANCE

As of June 30, 2013, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory and prepaid items	\$ 172,189	30,078	202,267
Notes receivable	-	160,266	160,266
Principal for permanent funds	-	535,987	535,987
Total nonspendable	172,189	726,331	898,520
Restricted:			
Finance and administration	-	912,435	912,435
City services	-	326,992	326,992
Community services	-	58,850	58,850
Public safety	-	25,106	25,106
Public works	-	28,005	28,005
Education	3,400,282	388,814	3,789,096
Capital projects	-	1,974,525	1,974,525
Permanent funds	-	55,948	55,948
Total restricted	3,400,282	3,770,675	7,170,957
Committed:			
Legislative and executive	-	6,506	6,506
Finance and administration	-	79,688	79,688
City services	-	997,396	997,396
Community services	-	368,624	368,624
Public safety	-	150,921	150,921
Public works	-	183,652	183,652
Capital projects	-	3,061,596	3,061,596
Total committed	-	4,848,383	4,848,383
Assigned:			
Subsequent budget	496,683	-	496,683
Reserves	2,315,510	-	2,315,510
Encumbrances	574,168	-	574,168
Landfill	24,058	-	24,058
Civic Center	147,131	-	147,131
Library renovation and expansion	500,000	-	500,000
Total assigned	4,057,550	-	4,057,550
Unassigned	6,895,942	(351,980)	6,543,962
Total fund balance	\$ 14,525,963	8,993,409	23,519,372

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

TAX INCREMENT FINANCING DISTRICTS

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

	Original value	Increase in value	TIF cap	Captured value	Captured tax
Marketplace Phase I	\$ 1,663,100	52,827,600	(A)	30,484,330	535,000
Marketplace Phase II	6,346,100	73,670,600	(B)	65,037,892	1,141,415
McCarthy Phase I	2,949,700	366,900	100%	366,900	6,439
McCarthy Phase II	2,032,200	1,282,200	50%	641,100	11,251
McCarthy Phase III	3,349,900	706,800	50%	353,400	6,202
Pomerleau	262,600	4,430,400	40%	1,772,160	31,101
Water Street Apartments	336,800	1,596,500	50%	798,250	14,009
Kennebec Arsenal	-	1,598,500	100%	1,598,500	28,054 (C)
Downtown	30,377,100	15,746,100	100%	15,746,100	276,344
Cony Village	170,200	1,396,000	75%	1,047,000	18,375
Cony Circle	12,481,400	9,670,800	100%	9,670,800	169,723
Commerce Center	1,550,000	8,830,490	100%	8,830,490	154,975 (C)
Old Belgrade Exit	7,552,200	-	100%	-	-
222-232 Water Street	244,000	283,300	100%	283,300	4,972

- (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 \$811,415 to Downtown TIF to be transferred out for debt service for the parking garage.
- (C) The City has not received the full tax payment for this TIF District as of June 30, 2013.

LANDFILL LIABILITIES

The City currently has a landfill which is accounted for in the Hatch Hill Enterprise Fund. The landfill is comprised of several sites: an old site, expansion I, an interim site, expansion II, and expansion III. The old site and the expansion I site are currently at capacity and have been closed in accordance with Department of Environmental Protection Standards (DEP). The interim site has been temporarily closed in accordance with a DEP operating license and expansion II has been permanently closed. Expansion III is the current operating landfill and has capacity for approximately 586,000 tons of municipal solid waste. As of June 30, 2013, a total of approximately 245,489 tons has been placed in the expansion III site. The City has recognized a liability for landfill closure and postclosure costs in the Hatch Hill Enterprise Fund. This liability was calculated based on current cost estimates for closure of each site, estimates for leachate transportation, postclosure monitoring and maintenance. The total liability on current capacity is estimated as follows:

Closure:	
Interim site	\$ 281,750
Expansion III (42%)	3,026,704
Postclosure monitoring, maintenance and	
leachate removal	1,371,743
<hr/>	
Total accrued liability for land-	
fill closure and postclosure costs	\$ 4,680,197

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

LANDFILL LIABILITIES, CONTINUED

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

RISK MANAGEMENT - CITY

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the City either carries commercial insurance, or participates in public entity risk pools or is effectively self-insured. Currently, the City participates in two public entity risk pool sponsored by the Maine Municipal Association. Based on the coverage provided by these pools, as well as certain coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2013.

CONTINGENT LIABILITIES

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

Other Contingent Liabilities - The City is a defendant in various 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.

NEW PRONOUNCEMENTS AND ACCOUNTING CHANGES

For the fiscal year ended June 30, 2013, the City has elected to implement the following Statements of the Governmental Accounting Standards Board:

- Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
 - Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
 - Statement No. 65 – *Items Previously Reported as Assets and Liabilities*
-

OTHER POST EMPLOYMENT BENEFITS

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

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The City is a member of the Maine Municipal Employee Health Trust, Northern New England Employee Benefit Trust and Maine Education Association. The Health Trust and the City contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultant in December of 2013.

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

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

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

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal cost	\$ 517,691	387,120	387,120
Amortization of unfunded	2,084,702	1,774,143	1,774,143
Adjustment to ARC	(277,620)	(216,151)	(154,656)
Interest	243,562	192,309	149,774
Annual required contribution	\$ 2,568,335	2,137,421	2,156,381

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPEB liability, July 1	\$ 4,800,629	3,737,693	2,674,322
Annual required contribution	2,568,335	2,137,421	2,156,381
Less: Actual contributions	(1,027,893)	(1,074,485)	(1,093,010)
OPEB Liability, June 30	\$ 6,341,071	4,800,629	3,737,693

Information provided by the actuary included corrections for the participation assumptions. This change affected prior year calculations which were all corrected in the current year as a change in estimate.

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30 were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 2,568,335	2,137,421	2,156,381
Actual contribution	1,027,893	1,074,485	1,093,010
Percent contributed	40.02%	49.01%	50.68%
<hr/>			
Actuarial accrued liability	\$ 37,490,702	31,905,691	31,905,691
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 37,490,702	31,905,691	31,905,691
<hr/>			
Covered payroll	26,166,079	26,871,404	26,438,697
Unfunded actuarial accrued liability as a percentage of covered payroll	143.28%	118.73%	120.68%

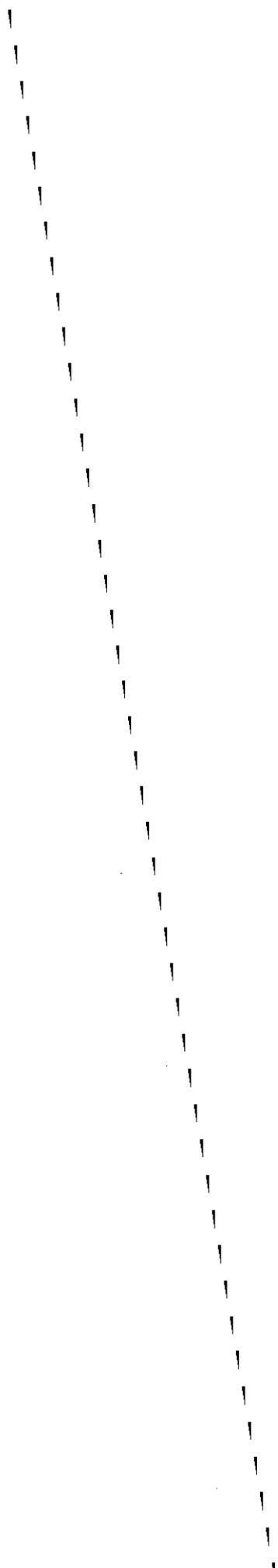
Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are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

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

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

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

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



GENERAL FUND

CITY OF AUGUSTA, MAINE
General Fund
Comparative Balance Sheets
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 16,397,597	15,066,135
Investments	11,158,210	10,580,726
Receivables:		
Taxes	990,420	952,886
Tax liens	491,628	530,892
Due from other governments	400,153	391,389
Accounts receivable, (net of allowance for uncollectibles)	508,288	235,710
Inventory	209	296
Prepaid items	171,980	65,441
Total assets	\$ 30,118,485	27,823,475
LIABILITIES		
Accounts payable and other accrued liabilities	490,205	700,830
Accrued payroll and benefits	1,931,527	1,970,744
Escrow payable	34,201	20,860
Taxes received in advance	96,210	85,489
Interfund loans payable	11,899,117	9,455,308
Total liabilities	14,451,260	12,233,231
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,141,262	1,100,000
Total deferred inflows of resources	1,141,262	1,100,000
FUND BALANCES		
Nonspendable - inventory and prepaids	172,189	65,737
Restricted for education	3,400,282	3,612,781
Assigned for subsequent budget	496,683	496,683
Assigned for reserves	2,315,510	2,325,411
Assigned for encumbrances	574,168	485,993
Assigned for landfill	24,058	247,972
Assigned for Civic Center	147,131	90,740
Assigned for library renovation and expansion	500,000	500,000
Assigned for capital improvements	-	516,200
Unassigned	6,895,942	6,148,727
Total fund balances	14,525,963	14,490,244
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,118,485	27,823,475

CITY OF AUGUSTA, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real and personal property	\$ 25,455,806	25,414,302	(41,504)	26,027,609
Tax interest, lien penalties, payments in lieu	147,614	136,102	(11,512)	171,392
Excise taxes	2,870,355	2,980,788	110,433	2,843,177
Total taxes	28,473,775	28,531,192	57,417	29,042,178
Licenses and permits	110,945	193,724	82,779	372,244
Intergovernmental:				
Education	12,434,292	12,343,879	(90,413)	13,207,549
Tree growth reimbursement	10,000	9,903	(97)	12,085
Veterans exemption reimbursement	15,300	15,351	51	15,383
Homestead exemption	357,140	357,140	-	357,952
Business equipment tax reimbursement	239,618	240,442	824	232,667
State revenue sharing	1,684,107	1,718,085	33,978	1,722,883
General assistance DHS/SSI	5,000	27,619	22,619	15,281
Urban Rural Initiative Payment	307,444	345,312	37,868	318,772
Total intergovernmental	15,052,901	15,057,731	4,830	15,882,572
Tuition and other charges for services - education	1,672,500	1,719,120	46,620	1,758,891
Charges for services:				
Police	126,070	124,450	(1,620)	128,203
Fire and ambulance	1,200,642	1,363,152	162,510	1,377,860
Community services	16,150	10,262	(5,888)	25,635
Public works	14,500	34,968	20,468	16,157
Finance and admin	152,874	147,509	(5,365)	146,632
Total charges for services	1,510,236	1,680,341	170,105	1,694,487
Fees and fines:				
Traffic tickets	3,250	5,540	2,290	3,540
Court fees	19,000	21,888	2,888	16,501
Lithgow Library	21,800	20,342	(1,458)	21,467
False alarm calls	5,000	4,725	(275)	4,925
Total fees and fines	49,050	52,495	3,445	46,433
Unclassified:				
Rents - City property	112,005	137,646	25,641	133,388
Cemeteries	23,740	22,152	(1,588)	35,442
Contributions	70,000	70,000	-	70,000
Animal control program	10,285	6,221	(4,064)	9,323
General assistance reimbursement	142,026	130,560	(11,466)	109,322
Cable TV franchise	135,060	130,331	(4,729)	131,582
Public safety miscellaneous revenue	-	8,977	8,977	22,435
Public works miscellaneous	35,150	50,647	15,497	37,166
Workers compensation	7,500	30,240	22,740	14,238
Unclassified - City	10,075	30,552	20,477	7,903
Unclassified - Education	25,000	66,514	41,514	74,165
Total unclassified	570,841	683,840	112,999	644,964
Investment earnings	245,361	22,635	(222,726)	231,746
Total revenues	47,685,609	47,941,078	255,469	49,673,515

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

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Expenditures:				
Current:				
Legislative and executive:				
Mayor and council	\$ 30,235	29,619	616	27,300
City management	195,142	190,564	4,578	201,103
Corporation counsel	128,754	86,162	42,592	118,705
Central services	9,787	7,809	1,978	7,448
Unclassified	173,532	154,967	18,565	154,209
Contingency	30,000	13,956	16,044	32,517
Total legislative and executive	567,450	483,077	84,373	541,282
Finance and administration:				
City clerk/treasurer/collection	520,311	498,493	21,818	485,273
Registrations and elections	47,994	37,853	10,141	35,199
City auditor	156,247	148,347	7,900	147,232
Information systems	349,203	365,251	(16,048)	341,465
Assessor	153,331	146,779	6,552	142,555
Finance and administration	142,503	139,799	2,704	136,663
Human resources	248,627	237,650	10,977	236,801
Total finance and administration	1,618,216	1,574,172	44,044	1,525,188
City services:				
Economic development	227,584	227,231	353	180,102
Planning	165,778	135,814	29,964	156,994
Historic preservation	6,625	1,333	5,292	1,063
Code enforcement	146,616	137,451	9,165	130,815
City services administration	59,792	53,450	6,342	51,821
Engineering	78,786	78,001	785	98,128
City facilities	817,243	772,833	44,410	767,756
Total City services	1,502,424	1,406,113	96,311	1,386,679
Community services:				
Community services administration	161,760	165,297	(3,537)	159,054
Public library	623,787	609,200	14,587	606,760
Recreation	156,911	147,081	9,830	172,326
Parks and cemeteries	790,169	747,593	42,576	736,056
Fort Western	85,046	87,124	(2,078)	81,509
Bicentennial Nature Park	10,160	15,350	(5,190)	28,528
Health and welfare	142,944	138,093	4,851	105,588
General assistance	284,053	269,333	14,720	208,153
Total community services	2,254,830	2,179,071	75,759	2,097,974

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

	2013			2012 Actual
	Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Public safety:				
Police	\$ 4,168,744	4,047,018	121,726	3,985,015
Fire and ambulance	3,908,499	3,812,070	96,429	3,873,831
Civil Emergency Preparedness	12,808	5,729	7,079	11,173
Total public safety	8,090,051	7,864,817	225,234	7,870,019
Public works:				
Public works administration	60,192	57,831	2,361	55,508
Highway	1,737,752	1,731,328	6,424	1,571,007
Snow removal	978,654	789,335	189,319	786,891
Waste removal	748,262	733,436	14,826	744,720
Total public works	3,524,860	3,311,930	212,930	3,158,126
Education:				
Current:				
Regular instruction	8,708,751	8,185,973	522,778	-
Special education	3,848,301	3,707,470	140,831	-
Career and technical education	2,424,295	2,332,059	92,236	-
Other instruction	536,547	502,378	34,169	-
Student and staff support	2,174,016	2,008,603	165,413	-
System administration	654,235	745,812	(91,577)	-
School administration	1,464,421	1,336,811	127,610	-
Transportation and buses	1,677,106	1,597,146	79,960	-
Facilities maintenance	2,498,985	2,377,466	121,519	-
All other	72,200	62,222	9,978	-
Education - prior year	-	-	-	23,431,338
Adult education	-	-	-	532,360
Debt service	2,545,737	2,535,220	10,517	2,556,493
Total education	26,604,594	25,391,160	1,213,434	26,520,191
Retirement and insurance:				
Retirement and insurance	2,724,853	2,615,587	109,266	2,578,557
Total retirement and insurance	2,724,853	2,615,587	109,266	2,578,557
Utilities:				
Sanitary sewer and drains	1,182,124	1,164,770	17,354	579,205
Lighting and electricity	536,996	504,568	32,428	509,020
Water	749,503	750,627	(1,124)	598,545
Total utilities	2,468,623	2,419,965	48,658	1,686,770

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

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Bad debts	\$ -	-	-	802
County tax	1,394,891	1,398,648	(3,757)	1,350,807
Sick/vacation payout	-	147,428	(147,428)	55,433
Total unclassified	1,394,891	1,546,076	(151,185)	1,407,042
Debt service (excluding education)	834,638	852,070	(17,432)	694,840
Total expenditures	51,585,430	49,644,038	1,941,392	49,466,668
Excess (deficiency) of revenues over (under) expenditures	(3,899,821)	(1,702,960)	2,196,861	206,847
Other financing sources (uses):				
Budgeted utilization of surplus - City	541,593	-	(541,593)	-
Budgeted utilization of surplus - Education	1,253,915	-	(1,253,915)	-
Use of prior year encumbrances - City	462,650	-	(462,650)	-
Use of prior year encumbrances - Education	311,396	-	(311,396)	-
Transfers to other funds - City	(609,200)	(612,200)	(3,000)	(217,213)
Transfers from other funds	2,031,421	1,570,221	(461,200)	864,142
Total other financing sources (uses)	3,991,775	958,021	(3,033,754)	646,929
Net change in fund balance - budgetary basis	91,954	(744,939)	(836,893)	853,776
Reconciliation to GAAP basis:				
Add back: encumbrances expended in budgetary - City		574,168		485,993
Add back: encumbrances expended in budgetary - Education		361,374		379,382
Change in reserves		(9,901)		9,659
Net change in fund balance - GAAP basis		180,702		1,728,810
Fund balance, beginning of year		14,345,261		12,761,434
Fund balance, end of year	\$	14,525,963		14,490,244

CITY OF AUGUSTA, MAINE
Reserves - General Fund
Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended June 30, 2013

	Fund balances beginning of year	Revenues	Expenditures			Fund balances end of year
		Unclassified	Capital outlay	Finance and administration	Transfers	
City reserves:						
1901 Central service reserve	\$ 36,349	2,640	-	2,996	-	35,993
1902 Equipment maintenance self reserve	144,795	-	30,966	-	33,000	146,829
1903 Sick and vacation reserve	1,717,625	-	-	-	-	1,717,625
1905 Historic preservation reserve	26,478	-	-	-	-	26,478
1906 Police local match reserve	36,959	18,000	-	-	(7,666)	47,293
1908 Quimby lot infrastructure reserve	59,837	-	49,527	-	-	10,310
1909 Actuarial study	5,000	-	-	-	-	5,000
1911 Severance payout	33,353	-	-	-	-	33,353
1912 Lithgow Library construction	90,151	27,614	-	-	-	117,765
1913 Job retention program	50,000	-	-	-	-	50,000
1914 Flat Iron reuse	3,864	-	-	-	-	3,864
1915 Forest mgmt plan - Bond Brook	6,000	-	-	-	-	6,000
1916 Mill Park easement	115,000	-	-	-	-	115,000
Total City reserves	2,325,411	48,254	80,493	2,996	25,334	2,315,510
School reserves:						
1952 Sick and vacation reserve	136,777	-	-	-	-	136,777
Total School reserves	136,777	-	-	-	-	136,777
Total reserves	\$ 2,462,188	48,254	80,493	2,996	25,334	2,452,287

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, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,936	1,920,675	40,227	1,964,838
Investments	54,545	-	399,463	454,008
Due from other governments	413,345	-	-	413,345
Accounts receivable	90,218	-	400	90,618
Inventory	30,078	-	-	30,078
Interfund loans receivable	3,274,419	3,138,886	151,845	6,565,150
Prepaid items	2,975	-	-	2,975
Notes receivable	160,266	-	-	160,266
Total assets	\$ 4,029,782	5,059,561	591,935	9,681,278
LIABILITIES				
Accounts payable and other accrued liabilities	142,506	23,138	-	165,644
Accrued payroll and benefits	269,225	302	-	269,527
Interfund loans payable	252,698	-	-	252,698
Total liabilities	664,429	23,440	-	687,869
FUND BALANCES				
Nonspendable	190,344	-	535,987	726,331
Restricted	1,740,202	1,974,525	55,948	3,770,675
Committed	1,786,787	3,061,596	-	4,848,383
Unassigned	(351,980)	-	-	(351,980)
Total fund balances	3,365,353	5,036,121	591,935	8,993,409
Total liabilities and fund balances	\$ 4,029,782	5,059,561	591,935	9,681,278

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 2,649,448	-	-	2,649,448
Intergovernmental	3,760,906	-	-	3,760,906
Unclassified	1,747,245	-	-	1,747,245
Charges for services	636,993	-	-	636,993
Investment income	-	3,024	(528)	2,496
Donations	-	-	7,500	7,500
Total revenues	8,794,592	3,024	6,972	8,804,588
Expenditures:				
Current:				
Finance and administration	1,626,208	-	-	1,626,208
City services	717,405	-	-	717,405
Community services	952,396	-	-	952,396
Public safety	358,883	-	-	358,883
Public works	112,798	-	-	112,798
Education	2,801,903	-	-	2,801,903
Food services	1,270,996	-	-	1,270,996
Capital outlay	-	2,879,303	-	2,879,303
Debt service	81,578	-	-	81,578
Total expenditures	7,922,167	2,879,303	-	10,801,470
Excess (deficiency) of revenues over (under) expenditures	872,425	(2,876,279)	6,972	(1,996,882)
Other financing sources (uses):				
Bond proceeds	-	2,610,000	-	2,610,000
Lease proceeds	-	2,272,277	-	2,272,277
Transfer from other funds	-	1,088,612	-	1,088,612
Transfer to other funds	(1,442,862)	(492,370)	-	(1,935,232)
Total other financing sources (uses)	(1,442,862)	5,478,519	-	4,035,657
Net change in fund balance	(570,437)	2,602,240	6,972	2,038,775
Fund balances, beginning of year	3,935,790	2,433,881	584,963	6,954,634
Fund balances, end of year	\$ 3,365,353	5,036,121	591,935	8,993,409

CITY OF AUGUSTA, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	CDBG Loan Fund	Airport	City Special Revenue Funds	School Special Revenue Funds	Adult Education	Adult Education Enrichment	School Lunch	Totals
ASSETS								
Cash and cash equivalents	\$ 3,909	-	27	-	-	-	-	3,936
Investments	-	-	54,545	-	-	-	-	54,545
Due from other governments	-	96,942	48,337	268,066	-	-	-	413,345
Accounts receivable	-	4,105	59,594	-	-	-	26,519	90,218
Inventory	-	-	-	-	-	-	30,078	30,078
Interfund loans receivable	23,554	-	2,858,940	-	129,694	188,111	74,120	3,274,419
Prepaid items	-	1,747	1,228	-	-	-	-	2,975
Notes receivable	160,266	-	-	-	-	-	-	160,266
Total assets	\$ 187,729	102,794	3,022,671	268,066	129,694	188,111	130,717	4,029,782
LIABILITIES								
Accounts payable and other accrued liabilities	-	2,917	106,718	12,976	112	151	19,632	142,506
Accrued payroll and benefits payable	-	24,405	25,119	150,344	5,071	6,313	57,973	269,225
Interfund loans payable	-	33,406	-	219,292	-	-	-	252,698
Total liabilities	-	60,728	131,837	382,612	5,183	6,464	77,605	664,429
FUND BALANCES								
Nonspendable	160,266	-	-	-	-	-	30,078	190,344
Restricted	27,463	42,066	1,281,859	59,622	124,511	181,647	23,034	1,740,202
Committed	-	-	1,786,787	-	-	-	-	1,786,787
Unassigned	-	-	(177,812)	(174,168)	-	-	-	(351,980)
Total fund balances	187,729	42,066	2,890,834	(114,546)	124,511	181,647	53,112	3,365,353
Total liabilities and fund balances	\$ 187,729	102,794	3,022,671	268,066	129,694	188,111	130,717	4,029,782

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2013

	CDBG Loan Fund	Airport	City Special Revenue (Schedule 1)	School Special Revenue (Schedule 2)	Adult Education	Adult Education Enrichment	School Lunch	Totals
Revenues:								
Property taxes	\$ -	-	2,355,297	-	294,151	-	-	2,649,448
Intergovernmental	-	387,211	231,799	2,172,450	166,990	-	802,456	3,760,906
Charges for services	-	112,137	-	-	22,124	131,594	371,138	636,993
Unclassified	4	-	1,710,096	36,929	-	-	216	1,747,245
Total revenues	4	499,348	4,297,192	2,209,379	483,265	131,594	1,173,810	8,794,592
Expenditures:								
Current:								
Finance and administration	-	-	1,626,208	-	-	-	-	1,626,208
City services	-	513,786	203,619	-	-	-	-	717,405
Community services	-	-	952,396	-	-	-	-	952,396
Public safety	-	-	358,883	-	-	-	-	358,883
Public works	-	-	112,798	-	-	-	-	112,798
Education	-	-	-	2,171,236	503,737	126,930	-	2,801,903
Food services	-	-	-	-	-	-	1,270,996	1,270,996
Debt service	-	-	81,578	-	-	-	-	81,578
Total expenditures	-	513,786	3,335,482	2,171,236	503,737	126,930	1,270,996	7,922,167
Excess (deficiency) of revenues over (under) expenditures	4	(14,438)	961,710	38,143	(20,472)	4,664	(97,186)	872,425
Other financing uses:								
Transfer to other funds	-	-	(1,362,862)	-	-	-	(80,000)	(1,442,862)
Total other financing uses	-	-	(1,362,862)	-	-	-	(80,000)	(1,442,862)
Net change in fund balances	4	(14,438)	(401,152)	38,143	(20,472)	4,664	(177,186)	(570,437)
Fund balances, beginning of year	187,725	56,504	3,291,986	(152,689)	144,983	176,983	230,298	3,935,790
Fund balances, end of year	\$ 187,729	42,066	2,890,834	(114,546)	124,511	181,647	53,112	3,365,353

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, 2013

	Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
Legislative and executive:						
Other programs - Committed:						
2019 Commemorative Quilts	\$ 5,881	-	30	-	-	5,911
2194 Promotional service	595	-	-	-	-	595
Total legislative and executive	6,476	-	30	-	-	6,506
Finance and administration:						
Federal/State programs:						
2017 MMEHT Employee Assistant Grant	1,385	-	-	-	-	1,385
Other programs - Restricted:						
2009 TIF	865,533	-	2,355,297	1,122,905	(1,186,875)	911,050
Other programs - Committed:						
2010 Cable TV Franchise	-	-	114,889	113,659	-	1,230
2013 Fort Western Trustees	-	-	75,725	75,729	-	(4)
2014 Augusta Housing Authority	-	-	337,421	337,572	-	(151)
2015 Augusta Parking District	-	-	11,098	11,151	-	(53)
2205 GAUD	-	-	46,879	43,388	-	3,491
2228 Wellness loss prevention	45,033	-	-	3,346	-	41,687
2245 Cony High School investment	33,316	-	-	36	-	33,280
Total finance and administration	945,267	-	2,941,309	1,707,786	(1,186,875)	991,915
City services:						
Federal/State programs:						
2122 Canal Street	5,052	-	-	-	-	5,052
2142 Regional efficiency grant	753	-	-	-	-	753
2195 Augusta Tissue Remediate	-	1,960	-	6,115	-	(4,155)
2216 Kennebec River Rail Trail paving	269	-	-	-	-	269
2217 Blair Road Bridge replacement	72,516	-	-	-	(14,733)	57,783
2221 Efficiency Maine	11,500	4,546	-	4,602	-	11,444
2227 Airport marketing grant	-	48,386	16,452	64,299	-	539
2235 Public service Bread of Life 2010	-	10,000	-	10,000	-	-
2242 EPA Augusta Tissue cleanup	80,000	8,723	-	33,986	-	54,737
2253 CDBG community planning grant	-	1,468	-	1,468	-	-
2257 Civic Center Drive sidewalks	3,427	-	-	7,092	-	(3,665)
2258 Cony Farrington Trail connection	887	2,521	-	1,803	-	1,605
Other programs - Restricted:						
2075 Signalized intersections	23,353	-	5	23,358	-	-
2124 First time home buyers program	7,009	-	-	-	-	7,009
2133 Museum in the streets	3,601	-	-	-	-	3,601
2137 Fairfield Inn - Anthony Ave.	18,140	-	29	-	-	18,169
2147 Impact fee Packard Development	18,380	-	30	-	-	18,410
2148 Capitol Street extension	31,509	-	24	29,439	-	2,094
2171 Maine Community Foundation	6,850	-	-	-	-	6,850
2172 Greeley Associates	12,688	-	20	-	-	12,708
2174 Texas Roadhouse LLC	2,769	-	4	-	-	2,773
2176 Luke Bolduc	875	-	-	-	-	875
2180 Snow Cone Properties	3,909	-	6	-	-	3,915
2198 Bonenfat construction	5,268	-	9	-	-	5,277
2256 KRRT Park connection	3,448	-	-	21,457	-	(18,009)
2259 SS Realty LLC	20,000	-	-	-	-	20,000
2267 Skowhegan Savings Bank	-	-	6,600	-	-	6,600
2272 Kennebec Savings impact fee	-	-	10,400	-	-	10,400
2273 Elm Street Corp impact fee	-	-	6,600	-	-	6,600
Other programs - Committed:						
2012 Sale of Cony HS	1,162,145	-	1,862	-	(166,611)	997,396
Total City services	1,494,348	77,604	42,041	203,619	(181,344)	1,229,030
Public works:						
Other programs - Restricted:						
2154 Cony Village LLC	27,960	-	45	-	-	28,005
2268 Traffic safety equipment	-	-	1,267	1,267	-	-
Other programs - Committed:						
2035 ADP misc. work highway	-	-	21,188	21,188	-	-
2036 Accidents	7,321	-	57,010	48,861	-	15,470
2038 School miscellaneous work	-	-	34,146	34,146	-	-
2117 Public works special revenues	115	-	162	-	-	277
2271 Natural gas street opening permits	-	-	175,241	7,336	-	167,905
Total public works	35,396	-	289,059	112,798	-	211,657

CITY OF AUGUSTA, MAINE
City Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

	Balances beginning of year	Revenues			Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other				
Community services:							
Federal/State programs:							
2094 Greenway Trail Enhancement	\$ 3,284	-	-	-	-	-	3,284
2095 Blaine Memorial Trees	1,678	-	-	-	-	-	1,678
2163 Snowmobile grant	750	10,000	-	750	-	-	10,000
2261 Pruning/maintenance city forest	-	8,000	8,000	16,000	-	-	-
2263 Project Canopy	-	3,430	1,715	-	-	-	5,145
Other programs - Restricted:							
2060 Stain Glass Lithgow Library	1,771	-	3	-	-	-	1,774
2061 Lost library books	2,899	-	18,292	14,925	-	-	6,266
2138 Farmer's market	6,885	-	5,300	8,758	-	-	3,427
2145 Viles Park Memorial	6,655	-	-	-	-	-	6,655
2164 Graffiti removal	3,353	-	-	-	-	-	3,353
2178 Kennebec Rail Trail	9,051	-	19,000	18,767	-	-	9,284
2208 Storage shed tennis court	679	-	-	-	-	-	679
2230 Food for thought	736	-	-	-	-	-	736
2260 Lets go gardening grant	269	-	-	-	-	-	269
2270 Petanque Court	-	-	6,300	-	-	-	6,300
Other programs - Committed:							
2055 Tree board	480	-	-	-	-	-	480
2065 After School Daycare	175,094	-	403,922	384,249	-	-	194,767
2079 Recreation - adult	11,798	-	34,230	31,217	-	-	14,811
2080 Recreation - youth	28,706	-	110,850	103,650	-	-	35,906
2081 Recreation - special events	2,533	-	1,896	1,621	-	-	2,808
2085 School mowing contract	46,321	-	108,758	94,147	(9,525)	-	51,407
2086 Bicentennial park	925	-	-	-	-	-	925
2087 Trolley Cars	5,177	-	800	280	-	-	5,697
2088 4th of July	-	-	100	-	-	-	100
2096 Pleasant Hill Saw timber	11,321	-	-	11,420	-	-	(99)
2111 Spring running	2,214	-	-	417	-	-	1,797
2207 Ball field improvements	940	-	-	-	-	-	940
2231 Cable TV equipment	8,406	-	13	2,843	-	-	5,576
2243 Tree Board investment fund	21,308	-	85	-	-	-	21,393
2244 Bicentennial park investment	31,965	-	52	-	-	-	32,017
2262 Alumni Field complex	256,136	-	-	263,352	7,216	-	-
Total community services	641,334	21,430	719,316	952,396	(2,309)	-	427,375
Public safety:							
Federal/State programs:							
2040 Forfeiture fund	5	2,700	-	2,670	-	-	35
2047 Bulletproof vest	-	1,067	-	1,317	-	-	(250)
2048 Seatbelt grant	-	-	-	2,035	-	-	(2,035)
2049 OUI grant	-	10,307	-	9,707	-	-	600
2125 Speed enforcement	603	4,689	-	5,294	-	-	(2)
2129 Firefighter assistance grant	-	-	-	-	6,791	-	6,791
2152 DHS law enforcement reimb	269	10,847	-	12,008	-	-	(892)
2183 Holiday grant	324	-	-	-	-	-	324
2189 Southern Kennebec underage drinking	-	-	-	240	-	-	(240)
2203 ATV Grant	-	6,770	-	7,608	-	-	(838)
2229 Underage drinking	169	7,109	-	7,236	-	-	42
2232 2010 Homeland security grant	5,225	36,875	-	66,907	-	-	(24,807)
2233 2009 HSG - Airport police	154	-	-	-	-	-	154
2246 Justice assistance grant - 2011	23,194	-	-	23,194	-	-	-
2251 2011 Homeland security grant	-	18,199	-	118,856	-	-	(100,657)
2264 Togus disaster drill	-	734	-	734	-	-	-
2266 Justice assistance grant - 2012	-	33,468	14	18,407	-	-	15,075
2269 2012 Homeland security grant	-	-	-	21,955	-	-	(21,955)
Other programs - Restricted:							
2044 Juvenile program	1,090	-	520	448	-	-	1,162
2050 Fire prevention education	433	-	20	405	-	-	48
2063 MMA safety enhancement grant	-	-	-	-	875	-	875
2265 RIT pack III	-	-	1,467	1,467	-	-	-
Other programs - Committed:							
2042 Police outside work	-	-	71,617	58,395	-	-	13,222
2175 Fire airport service	137,699	-	-	-	-	-	137,699
Total public safety	169,165	132,765	73,638	358,883	7,666	-	24,351
Total City special revenue funds	\$ 3,291,986	231,799	4,065,393	3,335,482	(1,362,862)	-	2,890,834

CITY OF AUGUSTA, MAINE
School Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

		Balances (Deficit) beginning of year	Revenues	Expenditures	Balances (Deficit) end of year
Federal programs:					
0201	Cony Maine Youth Voices	\$ (1,898)	-	(1,898)	-
0230	Title IA - Chapter I - Disadvantaged	(22,083)	801,502	850,112	(70,693)
0231	CIPS	(62,266)	119,499	64,292	(7,059)
0241	Reading First Grant	(3,026)	-	(3,026)	-
0242	Title IA - CIPS	(13,964)	52,571	39,131	(524)
0247	Local Entitlement	(42,968)	640,324	647,185	(49,829)
0251	PreSchool	9,565	23,153	32,718	-
0263	21st Century	(18,083)	118,226	101,120	(977)
0267	Rural Low Income	(19,311)	38,052	38,052	(19,311)
0268	Title III - ESL	(459)	5,798	6,060	(721)
0270	Title IIA - Improving Teacher Quality	(28,310)	187,977	184,001	(24,334)
0286	Perkins Learning Center	15,250	117,644	116,938	15,956
0295	ABE Federal Program	16,972	29,510	29,510	16,972
0299	Education Jobs Bill	(18,651)	28,663	10,012	-
0660	Title IID CSIC - ARRA	(165)	-	(165)	-
Total federal programs		(189,397)	2,162,919	2,114,042	(140,520)
State programs:					
0211	Maine Math science Alliance	3,934	-	-	3,934
0225	College Transition Initiative	46	9,531	9,520	57
Total state programs		3,980	9,531	9,520	3,991
Other programs:					
0203	MELMAC College Access	1,896	-	983	913
0208	Computer Repairs	7,759	8,738	2,694	13,803
0601	School catering	13,949	-	8,337	5,612
0618	Chizzle Whizzle	-	21,453	22,173	(720)
0700	Greenhouse	(1,121)	2,438	1,317	-
0900	Scholarship	10,245	4,300	12,170	2,375
Total other programs		32,728	36,929	47,674	21,983
Totals		\$ (152,689)	2,209,379	2,171,236	(114,546)

CITY OF AUGUSTA, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

	Balances beginning of year	Revenues	Expenditures	Bond/ Lease Proceeds	Transfers in (out)	Balances end of year
City Funds:						
3003 Fiscal 2003	\$ 284,222	-	-	-	-	284,222
3006 Fiscal 2006	338	-	-	-	-	338
3007 Fiscal 2007	148,243	-	-	-	(119,922)	28,321
3008 Fiscal 2008	38,970	-	6,027	-	(5,000)	27,943
3009 Fiscal 2009	121,631	-	29,299	-	-	92,332
3010 Fiscal 2010	192,491	290	32,362	-	-	160,419
3011 Fiscal 2011	503,771	474	333,417	-	(2,747)	168,081
3012 Fiscal 2012	439,973	395	255,706	685,000	(364,701)	504,961
3013 Fiscal 2013	-	1,591	1,899,205	3,465,577	1,088,612	2,656,575
3085 New Cony High School	182,522	-	27,645	-	-	154,877
3086 Dickman Parking Garage	200,322	-	-	-	-	200,322
School Funds:						
0400 Gilbert Renovation	321,398	263	203,118	-	-	118,543
0401 Energy Savings Project	-	11	92,524	731,700	-	639,187
Total nonmajor capital projects	\$ 2,433,881	3,024	2,879,303	4,882,277	596,242	5,036,121

CITY OF AUGUSTA, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds - City
For the year ended June 30, 2013

City Funds	Fund balance, principal, beginning of year	Fund balance unexpended income, beginning of year	Investment			Fund balance principal, end of year	Fund balance unexpended income, end of year
			Donations	income	Expenditures		
6501 L. W. Titcomb Playground	\$ 6,281	(308)	-	(11)	-	6,281	(319)
6502 Lithgow Library	24,933	1,068	-	(48)	-	24,933	1,020
6503 St. Mark's Church	11,968	291	-	(23)	-	11,968	268
6507 Cemetery Trust Fund	150,105	7,638	-	(364)	-	150,105	7,274
6516 Forest Grove Cemetery	75,538	2,624	-	(86)	-	75,538	2,538
6529 Kling Trust	9,974	346	-	(11)	-	9,974	335
6543 Alice Reynolds Trust	11,565	1	-	(22)	-	11,565	(21)
6544 Ed E. Gage Family Trust	49,566	365	-	(89)	-	49,566	276
6545 Edwards Dam Scholarship	27,899	(2,614)	-	(45)	-	27,899	(2,659)
6546 Eliza Church Fund	3,376	84	-	(7)	-	3,376	77
6547 Ira Bunker	499	17	-	(1)	-	499	16
6548 Lipman Memorial Trust	4,057	1,389	-	(2)	-	4,057	1,387
6549 Miriam Titcomb Trust	22,660	1,537	-	(43)	-	22,660	1,494
6550 Peavy Scholarship Fund	4,211	14	-	(8)	-	4,211	6
6551 Sanford Legacy	1,496	36	-	(2)	-	1,496	34
6552 Cony Family Fund	12,497	(1,353)	-	(19)	-	12,497	(1,372)
6555 Cemetery Perpetual Care	104,362	38,959	7,500	238	-	104,362	46,697
6556 Mall Mitigation Land Trust	15,000	(1,118)	-	15	-	15,000	(1,103)
Total City Funds	\$ 535,987	48,976	7,500	(528)	-	535,987	55,948

CITY OF AUGUSTA, MAINE
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds - School
For the year ended June 30, 2013

School Funds	Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions			Net position principal, end of year	Net position unexpended income, end of year
			Investment income	Donations	Deductions		
6251 Auto Mechanic Scholarship	\$ -	4,267	1	-	1,350	-	2,918
6252 Childcare Scholarship	290	312	(1)	-	-	290	311
6253 CATC Multi-media Scholarship	595	184	(1)	-	-	595	183
6254 CATC Plumbing And Heating	-	625	(1)	-	-	-	624
6255 CHS Class of 1926 Perkins Award (held at CHS)	-	308	-	-	-	-	308
6256 CHS Class of 1938 Scholarship Fund	-	1,204	(1)	-	-	-	1,203
6257 CHS Special Music Concert (held at CHS)	-	621	-	-	-	-	621
6258 Cony Restoration Fund	-	1,817	(4)	-	-	-	1,813
6259 Devina Mudge Scholarship	-	35	-	-	-	-	35
6260 Ebbie Brooks Math and Science Fund	-	500	(1)	-	100	-	399
6261 Edgar A. Hussey Memorial	-	5,576	(11)	-	-	-	5,565
6262 Eliza Church Fund	-	951	(2)	-	-	-	949
6263 Frank Hewins Music	-	812	(2)	-	-	-	810
6264 Friedlander Memorial Award	-	56	-	-	-	-	56
6265 Georgianna Hayes English	-	1,296	(2)	-	-	-	1,294
6266 Jon Crockett Memorial Fund	-	2,352	(4)	-	-	-	2,348
6267 Lanny Cooper Memorial	-	1,234	(3)	-	-	-	1,231
6268 Lee and Larry Leighton Scholars	-	4,287	(8)	-	-	-	4,279
6269 Mable Thompson	-	579	(2)	-	-	-	577
6270 Theresa Brannigan Memorial	-	1,591	(4)	-	-	-	1,587
6271 Titcomb Fund	-	39,748	(78)	-	-	-	39,670
6272 Florence Tanner McIntire Memorial	-	86	-	-	-	-	86
6274 Mallory Dulac Scholarship	-	3,381	(5)	-	-	-	3,376
6275 Cony High Scholarship (held at CHS)	-	1,829	-	-	-	-	1,829
6701 Ann Williams Funds	2,000	11,508	(26)	-	-	2,000	11,482
6702 Alumni Hall restoration	400	22,465	(45)	-	-	400	22,420
6703 Arthur E. Shea Memorial	1,161	(155)	(2)	500	500	1,161	(157)
6704 CATC School Wide Scholarship	10,000	1,865	(18)	-	500	10,000	1,347
6705 CHS Class of 1943 Scholarship Fund	7,212	2,881	(19)	-	-	7,212	2,862
6706 CHS Scholarship and Student Aid (held at CHS in checking)	-	6,145	-	6,052	7,652	-	4,545
6707 CHS Scholarship and Student Aid (held at CHS in CD)	-	9,153	-	-	-	-	9,153
Subtotal School Funds	\$ 21,658	127,513	(239)	6,552	10,102	21,658	123,724

CITY OF AUGUSTA, MAINE
Combining Statement of Changes in Fiduciary Net Position, Continued
Private-purpose Trust Funds - School
For the year ended June 30, 2013

School Funds	Net position principal, beginning of year	Net position unexpended income, beginning of year	Additions			Net position principal, end of year	Net position unexpended income, end of year
			Investment income	Donations	Deductions		
6708 Carpentry Scholarship	75	99	-	-	-	75	99
6709 Charles McGrail Scholarship	3,257	3,545	(14)	-	-	3,257	3,531
6710 Dorothy Giddings Fund	1,000	2,727	(8)	-	-	1,000	2,719
6711 Edward Albing Math Fund	500	124	(1)	-	-	500	123
6713 Food Service Scholarship	15	96	-	-	-	15	96
6714 Garside English Fund	600	(5)	(2)	-	-	600	(7)
6715 Helen Dyer Scholarship	1,717	121	(3)	-	-	1,717	118
6716 H. Graham Nye CATC Scholarship	2,500	75	(5)	-	-	2,500	70
6717 Jim Marchildon Scholarship	1,705	363	(1)	-	-	1,705	362
6718 Karen Carey Scholarship	2,577	317	(5)	-	-	2,577	312
6719 Louis Ochmanski Scholarship	2,500	1,048	(7)	-	-	2,500	1,041
6720 Louise Webber Fund	10,000	6,494	(31)	-	-	10,000	6,463
6722 Mable I. Morton	1,970	1,358	(7)	-	-	1,970	1,351
6723 Mable Richmond Fund	200	104	(1)	-	-	200	103
6724 Machine Tool Scholarship	15	1,590	2	-	750	15	842
6725 Melanie Ann Cote Scholarship	1,800	2,649	(9)	-	-	1,800	2,640
6726 Nora Jackson Scholarship	3,000	5,050	(15)	-	-	3,000	5,035
6727 Raymond Falconia Fund	5,000	754	(11)	-	-	5,000	743
6728 Richard Ayotte Scholarship	2,050	(12)	(4)	-	-	2,050	(16)
6729 Sandra Lipman Arts Fund	2,220	(1,166)	(1)	-	-	2,220	(1,167)
6730 Theodore Rhoades Memorial	5,000	1,982	(8)	-	700	5,000	1,274
6731 Thomas Bishop Memorial Scholarship	2,297	546	(7)	1,040	-	2,297	1,579
6734 G & E Roofing	-	1,115	-	500	500	-	1,115
6736 Mary O'Connell	-	9,618	(18)	-	-	-	9,600
6737 Scott Laliberte	-	3,578	(58)	552	-	-	4,072
6738 Chrissanne Burns Memorial	-	5,082	26	1,985	-	-	7,093
6739 Michaud Family Scholarship	-	1,336	(2)	-	400	-	934
6740 A Joan Bridge	-	2,051	(6)	-	-	-	2,045
6741 Richard Shaw Jackson Scholarship	-	-	-	4,369	-	-	4,369
Total School Funds	71,656	178,152	(435)	14,998	12,452	71,656	180,263

CITY OF AUGUSTA, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year Ended June 30, 2013

	Beginning of year	Additions	Deletions	End of year
ASSETS				
Cash	\$ 310,618	470,355	509,677	271,296
Total assets	\$ 310,618	470,355	509,677	271,296
LIABILITIES				
Due to student groups	310,618	470,355	509,677	271,296
Total liabilities	\$ 310,618	470,355	509,677	271,296

STATISTICAL SECTION

Table 1

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

Fiscal year	City services							
	Legislative and executive	Finance and administration	and public works	Community services	Public safety (1)	Education	Retirement and insurance	Utilities
2004	\$ 1,525,583	799,314	3,560,352	2,340,370	5,017,437	28,167,122	1,579,957	2,110,899
2005	593,157	2,574,468	3,238,089	2,465,706	5,459,336	28,860,857	1,458,605	1,891,239
2006	577,232	2,616,040	4,559,929	2,432,732	5,164,109	29,396,723	1,541,180	1,953,588
2007	590,439	2,804,888	5,428,832	2,435,759	5,868,011	31,804,424	1,433,560	2,043,033
2008	590,439	2,636,407	6,447,891	2,723,474	6,371,806	33,695,133	1,848,206	2,103,034
2009	566,468	2,847,425	5,837,484	2,569,838	8,419,526	33,027,066	3,639,953	2,058,362
2010	620,474	2,934,491	6,015,890	2,443,777	8,169,237	33,150,558	3,668,658	1,843,957
2011	530,991	3,128,512	5,186,770	2,540,309	8,414,744	31,882,197	1,372,067	1,849,879
2012	503,962	3,739,345	5,675,393	2,629,189	8,024,923	31,653,870	2,887,343	1,686,770
2013	451,287	3,098,179	5,215,484	2,508,477	8,067,039	30,516,363	3,166,570	2,263,375

Unclassified	Interest on debt	Central garage	Capital maintenance expenses	Augusta Civic Center	Hatch Hill Landfill	Airport (2)	Ambulance (1)	Total
\$ 5,404,041	240,820	1,030,789	320,249	2,804,081	2,423,384	375,821	1,138,584	58,838,803
1,245,371	154,231	1,129,094	101,826	2,756,456	2,212,682	411,678	988,682	55,541,477
1,336,969	181,357	1,348,833	1,461,956	2,828,352	3,018,672	432,140	1,229,298	60,079,110
1,440,886	1,442,027	1,353,725	127,814	2,837,679	1,954,597	489,185	1,206,020	63,260,879
1,575,514	1,118,484	1,460,457	1,606,400	2,913,963	3,066,414	520,177	1,362,669	70,040,468
1,574,821	175,543	1,719,573	18,230	2,780,635	2,537,369	573,028	-	68,345,321
1,634,375	150,443	1,325,849	9,586	2,689,638	2,917,070	505,709	-	68,079,712
1,545,250	132,514	1,391,499	-	2,757,129	2,842,985	-	-	63,574,846
1,633,097	155,541	1,578,780	-	2,658,420	2,197,797	-	-	65,024,430
1,563,403	180,084	1,746,202	-	2,708,495	2,421,337	-	-	63,906,295

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

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

Table 2

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2004	\$ 10,669,424	18,176,812	591,418	25,977,414	2,969,273	230,190	795,914	59,410,445	
2005	10,126,546	15,852,689	336,377	27,648,715	2,932,607	913,190	2,533,438	60,343,562	
2006	10,571,366	17,097,427	120,274	27,479,074	3,010,331	1,686,457	2,146,525	62,111,454	
2007	10,366,856	20,385,932	-	27,681,053	3,014,023	1,195,325	2,207,466	64,850,655	
2008	10,973,123	22,129,940	-	28,648,359	3,034,885	968,205	3,567,874	69,322,386	
2009	10,088,437	23,110,107	-	29,491,494	2,952,851	972,661	2,066,307	68,681,857	
2010	9,366,323	23,685,244	-	28,993,720	2,576,597	449,766	2,257,182	67,328,832	
2011	9,392,481	22,707,795	904,457	30,378,865	2,350,821	308,636	660,968	66,704,023	
2012	9,564,646	21,731,296	214,107	31,108,749	2,340,970	257,353	169,294	65,386,415	
2013	9,761,724	20,302,592	87,089	31,545,957	2,340,921	25,274	158,589	64,222,146	

Table 3

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

Year	Legislative and executive	Finance and administration	City services and public works	Community services	Public safety (1)	Insurances and utilities	Unclassified	County	Education	Debt service	Total
2004	\$ 1,357,108	770,768	2,981,857	2,335,567	4,876,575	3,690,856	41,498	1,175,364	22,422,435	1,052,084	40,704,112
2005	610,324	1,374,810	3,953,540	2,003,704	4,903,819	3,349,844	(14,454)	1,234,872	23,037,625	1,065,492	41,519,576
2006	589,899	1,464,086	4,101,693	2,020,853	5,232,339	3,516,706	50,774	1,271,219	23,893,952	1,305,832	43,447,353
2007	607,318	1,462,484	4,455,145	2,115,058	5,462,470	3,747,259	50,298	1,349,609	25,334,169	1,224,430	45,808,240
2008	599,225	1,509,133	5,180,697	2,099,892	5,728,125	3,951,240	126,413	1,395,237	27,571,927	1,118,484	49,280,373
2009	697,527	1,571,797	5,264,080	2,063,501	7,478,538	4,168,103	112,258	1,406,380	27,332,285	1,023,587	51,118,056
2010	628,168	1,462,186	4,636,937	1,892,153	7,263,830	4,138,021	221,610	1,358,766	26,145,023	1,002,847	48,749,541
2011	555,129	1,377,274	4,821,949	1,959,452	7,671,112	4,387,729	237,003	1,396,619	24,921,342	765,334	48,092,943
2012	541,282	1,525,188	4,544,805	2,097,974	7,870,019	4,265,327	56,235	1,350,807	26,520,191	694,840	49,466,668
2013	483,077	1,574,172	4,718,043	2,179,071	7,864,817	5,035,552	147,428	1,398,648	25,391,160	852,070	49,644,038

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

Table 4

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

Fiscal year	Taxes	Licenses and permits	Inter-governmental	Charges for services	Fines and fees	Investment earnings	Unclassified	Total
2004	\$ 25,514,600	180,976	13,222,437	2,233,881	42,945	219,288	492,791	41,906,918
2005	26,166,249	228,753	13,521,824	2,320,924	63,645	453,846	520,503	43,275,744
2006	25,861,766	219,924	13,817,461	2,357,632	53,462	844,846	494,799	43,649,890
2007	26,040,229	293,264	15,710,155	2,313,794	51,459	990,043	597,353	45,996,297
2008	27,075,553	175,598	18,071,244	2,177,047	55,783	897,340	486,725	48,939,290
2009	27,124,031	158,400	18,345,040	3,646,760	54,086	897,139	569,613	50,795,069
2010	26,549,455	110,211	16,854,140	3,080,733	50,647	408,934	706,056	47,760,176
2011	27,423,576	205,010	15,360,985	3,420,571	52,650	295,917	576,129	47,334,838
2012	29,042,178	372,244	15,882,572	3,453,378	46,433	231,746	644,964	49,673,515
2013	28,531,192	193,724	15,057,731	3,399,461	52,495	22,635	683,840	47,941,078

Table 5

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

Fiscal year	Total tax levy	Current tax collections	% of levy collected	Prior year tax collections	Total tax collections	% of total tax collection to levy
2004	\$ 23,700,680	22,990,568	97.00%	704,737	23,695,305	99.98%
2005	24,254,710	23,661,231	97.55%	587,531	24,248,762	99.98%
2006	24,105,601	23,312,969	96.71%	786,280	24,099,249	99.97%
2007	24,118,683	23,493,905	97.41%	616,748	24,110,653	99.97%
2008	25,141,898	24,524,593	97.54%	603,881	25,128,474	99.95%
2009	25,982,227	25,164,056	96.85%	794,785	25,958,841	99.91%
2010	26,196,756	25,037,880	95.58%	1,104,647	26,142,527	99.79%
2011	27,016,108	25,845,259	95.67%	1,102,869	26,948,128	99.75%
2012	27,566,724	26,662,434	96.72%	554,558	27,216,992	98.73%
2013	28,121,753	27,184,423	96.67%	-	27,184,423	96.67%

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	
2004	\$ 822,193,800	113,263,200	935,457,000	990,400,000	94.45%
2005	836,811,900	96,499,400	933,311,300	1,064,250,000	87.70%
2006	834,194,300	93,978,600	928,172,900	1,202,450,000	77.19%
2007	1,364,574,200	97,315,600	1,461,889,800	1,380,800,000	105.87%
2008	1,402,015,000	104,047,300	1,506,062,300	1,478,400,000	101.87%
2009	1,452,883,500	103,702,100	1,556,585,600	1,550,100,000	100.42%
2010	1,469,535,400	100,358,600	1,569,894,000	1,552,500,000	101.12%
2011	1,490,271,100	95,551,900	1,585,823,000	1,526,350,000	103.90%
2012	1,496,559,400	97,546,000	1,594,105,400	1,518,850,000	104.95%
2013	1,509,575,600	94,770,100	1,604,345,700	1,490,000,000	107.67%

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
2004	18,560	\$ 935,457,000	30,872,107	11,607,370	19,264,737	2.06%	1,038
2005	18,560	933,311,300	32,295,385	10,896,055	21,399,330	2.29%	1,153
2006	18,560	928,172,900	58,383,662	10,184,740	48,198,922	5.19%	2,597
2007 (a)	18,560	1,461,889,800	56,474,725	9,473,425	47,001,300	3.22%	2,532
2008	18,560	1,506,062,300	52,684,860	8,762,110	43,922,750	2.92%	2,367
2009	18,560	1,556,585,600	49,898,795	8,050,795	41,848,000	2.69%	2,255
2010	18,560	1,569,894,000	46,290,730	7,339,480	38,951,250	2.48%	2,099
2011	19,136	1,585,823,000	44,407,724	6,628,165	37,779,559	2.38%	1,974
2012	19,136	1,594,105,400	41,142,883	5,916,850	35,226,033	2.21%	1,841
2013	19,136	1,604,345,700	39,705,964	5,205,535	34,500,429	2.15%	1,803

Sources for population information: U.S. Census Bureau

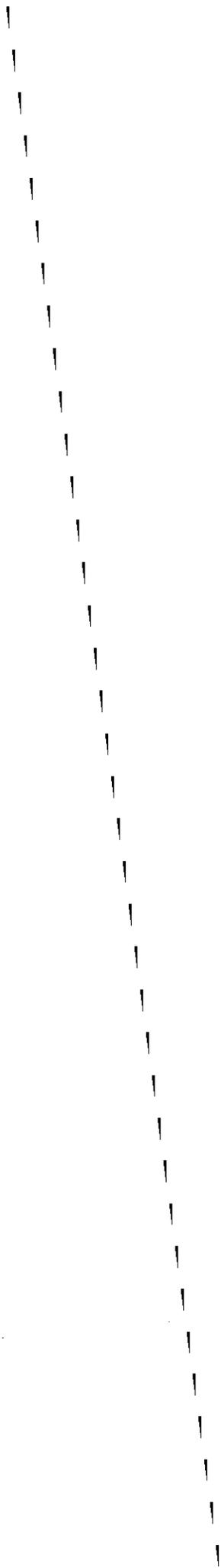
(a) The City performed a revaluation prior to the commitment.

Table 8

CITY OF AUGUSTA, MAINE
Principal Taxpayers
June 30, 2013

Taxpayer	Business	Assessed value	% of total value
W/S Development	Retail	\$ 82,804,500	5.16%
Central Maine Power	Public Utility	53,995,500	3.37%
Wal-Mart Stores, Inc.	Retail	33,989,500	2.12%
Central Maine Commerce Center	Office Building	32,049,800	2.00%
PDNED Augusta Crossing Inc	Developer	29,521,800	1.84%
Taurus Business Center Lmtd	Retail	20,802,500	1.30%
J & R Associates LLC	Developer	16,529,600	1.03%
CAP Center Associates LP	Developer	15,644,100	0.98%
Target Corp	Retail	14,781,800	0.92%
MPDC I-IV	Apartment Complexes	14,760,600	0.92%

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs in item 2013-001 that we consider to be a significant deficiency.

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

We noted other certain matters that we reported to management of the City of Augusta, Maine in a separate letter dated December 18, 2013.

Compliance and Other Matters

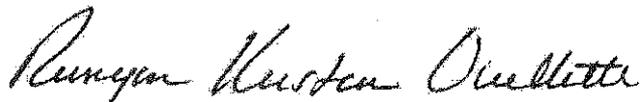
As part of obtaining reasonable assurance about whether the City of Augusta, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

City of Augusta, Maine's Response to Finding

The City of Augusta, Maine's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Augusta, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the it.

Purpose of this Report

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



December 18, 2013
South Portland, Maine

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

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

Report on Compliance for Each Major Program

We have audited the City of Augusta, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Augusta, Maine's major federal programs for the year ended June 30, 2013. The City of Augusta, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Augusta, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Augusta, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Title 1 – Part A, Special Education Cluster, and the Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the City of Augusta, Maine did not comply with requirements regarding the following:

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

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-002	84.010	Title 1 – Part A	Reporting
2013-003	84.027, 84.173	Special Education Cluster	Reporting
2013-004	10.553-10.555	Child Nutrition Cluster	Allowable Costs/Reporting
2013-005	84.010	Title 1 – Part A	Reporting

Compliance with such requirements is necessary, in our opinion, for the City of Augusta, Maine to comply with the requirements applicable to those programs.

Qualified Opinion on Title 1 – Part A, Special Education Cluster, and the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Augusta, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The City of Augusta, Maine's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Augusta, Maine's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

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

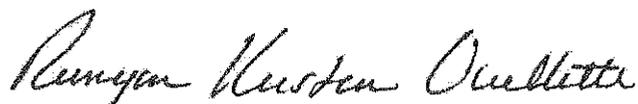
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Augusta, Maine's basic financial statements. We have issued our report thereon dated December 18, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 18, 2013
South Portland, Maine

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass- through number	Program or award amount	Balance at June 30, 2012	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2013
						Federal	Other			
U.S. Department of Education, Passed through Maine Department of Education:										
0295	Adult Basic Education	84.002	6296	\$ 29,510	16,972	29,510	-	29,510	-	16,972
0230	Title IA	84.010	3107	902,556	(22,083)	801,502	-	850,112	-	(70,693)
0231	CIPS	84.010	3106	-	(62,266)	119,499	-	64,292	-	(7,059)
0242	CIPS	84.010	3106	-	(13,964)	52,571	-	39,131	-	(524)
0247	Special Education State Grants Individuals with Disabilities Act	84.027	3046	692,851	(42,968)	640,324	-	647,185	-	(49,829)
0286	Carl Perkins - Basic Grant (learning center)	84.048	3030	117,644	15,250	117,644	-	116,938	-	15,956
0251	Preschool	84.173	6241	23,153	9,565	23,153	-	32,718	-	-
0267	Rural Low Income	84.358	3005	38,052	(19,311)	38,052	-	38,052	-	(19,311)
0268	Title III - ESL	84.365	3115	5,798	(459)	5,798	-	6,060	-	(721)
0270	Teacher Quality Grant	84.367	3042	181,415	(28,310)	187,977	-	184,001	-	(24,334)
0263	21st Century Grant	84.287	3054	118,226	(18,083)	118,226	-	101,120	-	(977)
0299	Education Jobs Bill	84.410	Y 3099	28,663	(18,651)	28,663	-	10,012	-	-
0660	Title IID CSIC - ARRA	84.386X	Y 3003	-	(165)	-	-	(165)	-	-
Total U.S. Department of Education					(184,473)	2,162,919	-	2,118,966	-	(140,520)
U.S. Department of Agriculture, passed through the Maine Dept. of Ed:										
0600	National School Lunch Program	10.555	3022/3024	N/A	205,061	535,706	323,289	535,706	487,786	40,564
	School Breakfast Program	10.553	3014	N/A	-	171,848	-	171,848	-	-
	Summer Food Service Program	10.559	3016	N/A	-	28,009	-	28,009	-	-
	Food Donation Program	10.555	N/A	N/A	25,237	62,104	-	74,793	-	12,548
	Fresh Fruit and Vegetable Program	10.582	3028	N/A	-	52,854	-	52,854	-	-
Passed through the Maine Department of Conservation:										
2263	Project Canopy	10.675	N/A	3,430	-	3,430	1,715	-	-	5,145
Total U.S. Department of Agriculture					230,298	853,951	325,004	863,210	487,786	58,257
U.S. Department of Justice, passed through the Maine Department of Justice:										
2246	Justice Assistance Grant	16.738	N/A	23,194	23,194	-	-	23,194	-	-
2266	Justice Assistance Grant	16.738	N/A	33,648	-	33,468	14	18,407	-	15,075
2047	Bulletproof Vest	16.607	N/A	1,150	-	1,067	-	1,317	-	(250)
Passed through the Maine Department of Health and Human Services:										
2229	Underage Drinking Grant	16.727	N/A	6,845	169	7,109	-	7,236	-	42
Passed through the Maine Department of Education:										
2603	Youth Voices	16.727	N/A	N/A	(1,898)	-	-	(1,898)	-	-
Total U.S. Department of Justice					21,465	41,644	14	48,256	-	14,867

CITY OF AUGUSTA, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass-through number	Program or award amount	Balance at June 30, 2012	Revenue Recognized		Federal Expenditures	All other Expenditures	Balance at June 30, 2013
						Federal	Other			
U.S. Department of Transportation:										
Direct programs:										
2049 OUI Grant	20.600		N/A	\$ 10,000	-	10,307	-	9,707	-	600
2125 Speed Enforcement	20.600		N/A	5,000	603	4,689	-	5,294	-	(2)
2183 Holiday Grant	20.600		N/A	6,120	324	-	-	-	-	324
2048 Seatbelt Grant	20.600		N/A	2,000	-	-	-	2,035	-	(2,035)
Passed through the Maine Department of Transportation:										
2227 Small Community Air Service Development	20.903		N/A	100,000	-	48,386	16,452	64,299	-	539
Total U.S. Department of Transportation					927	63,382	16,452	81,335	-	(574)
U.S. Department of Housing and Urban Development, passed through Department of Economic and Community Development:										
2235 CDBG - Public Service Grant	14.228		N/A	40,000	-	10,000	-	10,000	-	-
2253 CDBG - Community Planning Grant	14.228		N/A	10,000	-	1,468	-	1,468	-	-
Total U.S. Department of Housing and Urban Development					-	11,468	-	11,468	-	-
Environmental Protection Agency:										
Direct Program:										
2195 Brownfields	66.818		N/A	350,000	-	1,960	-	6,115	-	(4,155)
2242 Brownfields	66.818		N/A	400,000	80,000	8,723	-	33,986	-	54,737
Total Environmental Protection Agency					80,000	10,683	-	40,101	-	50,582
U.S. Department of Homeland Security:										
Passed through Maine Emergency Management Agency:										
2232 2010 Homeland Security Grant	97.067		N/A	218,457	5,225	36,875	-	66,907	-	(24,807)
2251 2011 Homeland Security Grant	97.067		N/A	151,471	-	18,199	-	118,856	-	(100,657)
2269 2012 Homeland Security Grant	97.067		N/A	71,725	-	-	-	21,955	-	(21,955)
2152 TSA - Officer Reimbursement	97.090		N/A	N/A	269	10,847	-	12,008	-	(892)
Total U.S. Department of Homeland Security					5,494	65,921	-	219,726	-	(148,311)
Totals					\$ 153,711	3,209,968	341,470	3,383,062	487,786	(165,699)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AUGUSTA, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

PURPOSE OF THE SCHEDULE

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

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Augusta, Maine for the fiscal year ended June 30, 2013. 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, 2013

Section I-Summary of Auditor's Results

Basic financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified? yes

Noncompliance material to financial statements noted? no

Federal Awards

Internal Control over major programs:

Material weaknesses identified? no

Significant deficiencies identified? none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

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

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

SIGNIFICANT DEFICIENCY

2013-001 – Material Bank Account and Activity Unrecorded in Accounting Software

During our review of cash and investments, it was noted that a bank account that was opened to hold capital lease proceeds was not recorded in the accounting software. The School Energy Savings Project received \$731,700 of capital lease proceeds, which were deposited into a money market account with Deutsche Bank. During the year, this account earned \$11 of interest and \$92,524 of expenditures was paid from this account, all of which was unrecorded in the accounting software. We recommend that when a new cash or investment account is opened that an account number be set up within the accounting system to properly track the activity in that cash or investment account.

Management's Response/Corrective Action Plan: For any additional projects, the appropriate accounts will be opened and maintained within the accounting software. Each month, any earned interest will post to the interest account for this project. In addition, as invoices are paid, the expense will post to the appropriate line(s) in the budget and the City will be notified so that capital assets and/or construction databases may also be increased.

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

Section III - Findings and Questioned Costs for Federal Awards

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

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

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

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

Cause: The School Department made infrequent requests for reimbursement of Title I – Part A expenditures during the fiscal year. The Federal Grant Reimbursement Invoices lacked supporting documentation for the amounts requested and the School Department appeared to have requested less funds than what was actually expended during those time periods.

Recommendation: We recommend that the Federal Grant Reimbursement Invoice be submitted on a monthly basis and thoroughly reviewed before being submitted to the State of Maine Department of Education.

Questioned Costs: None

Management Response/Corrective Action Plan: *As soon as is possible, we will submit an invoice on a monthly basis to the State of Maine Department of Education. We found that the invoicing system at the State of Maine Department of Education is frequently not working or is inaccurate which delays our ability to invoice during the initial summer months. Preferably, each invoice will represent the expenses for one calendar month and will have supporting papers in a binder within the financial offices.*

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

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

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

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

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

Section III - Findings and Questioned Costs for Federal Awards, continued

Cause: The School Department made infrequent requests for reimbursement of Special Education Cluster expenditures during the fiscal year. The Federal Grant Reimbursement Invoices lacked supporting documentation for the amounts requested and the School Department appeared to have requested less funds than what was actually expended during those time periods.

Recommendation: We recommend that the Federal Grant Reimbursement Invoice be submitted on a monthly basis and thoroughly reviewed before being submitted to the State of Maine Department of Education.

Questioned Costs: None

Management Response/Corrective Action Plan: *As soon as is possible, we will submit an invoice on a monthly basis to the State of Maine Department of Education. We found that the invoicing system at the State of Maine Department of Education is frequently not working or is inaccurate which delays our ability to invoice during the initial summer months. Preferably, each invoice will represent the expenses for one calendar month and will have supporting papers in a binder within the financial offices.*

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

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

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

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

Cause: The amount of meals served was inflated in the point of sales system to include absent students who would normally receive free lunches. These inflated amounts were then reported on the School Food Service Reimbursement Claim Form.

Recommendation: We recommend that the School Department review the compliance requirements with all kitchen managers pertaining to meal counts that are to be reported to the State. The School Department should periodically review absentee records with school lunch counts to ensure absent students aren't counted as receiving free lunches. We also recommend that the Augusta School Department repay those Federal and State funds that were received due to the overstatement of meals reported.

Questioned Costs: \$5,317

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

Section III - Findings and Questioned Costs for Federal Awards, continued

Management Response/Corrective Action Plan: The funds questioned have been repaid to the State. The Director of School Nutrition will, on a random basis, compare the absentee lists for free/reduced students with the list of students who received free/reduced lunch to ensure that absent students are not counted as receiving free lunches. The Director will meet with kitchen managers to reinforce the compliance requirements with respect to meal counts that are reported to the state.

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

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

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

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

Cause: Amounts reported on the NCLB Performance Report did not reflect the actual activity of the Title IA program as reported in the School Department's accounting system.

Recommendation: Careful review of all financial data pertaining to the Title IA program should be done prior to filling out the NCLB Performance Report. Once the Title IA's activity has been entered into NCLB Performance Report, those amounts should be reviewed and compared to the actual activity reported on the School Department's accounting system. Any variances should be addressed and corrected before submission of the NCLB Performance Report.

Questioned Costs: None

Management Response/Corrective Action Plan: The Title I Director has participated in three State of Maine Department of Education NCLB trainings since the completion of the Performance Report. The Director will work more closely with the District's Business Manager in July 2014 to ensure accurate reporting.

Anticipated completion date for corrective action of all comments:
We anticipate corrective action to be taken within the next 12 months.

Contact person responsible for corrective action:
Kathy Casparius, Director of Business, 207-626-2468

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

Section IV - Status of Prior Year Findings and Questioned Costs

#2012-2 - U.S. Department of Education, for the Period July 1, 2011 through June 30, 2012, CFDA #84.027, #84.173, #84.391A, Special Education Cluster - Semi-annual Certification of Federally Funded Employees

Statement of Condition: The School Department did not require semi-annual certifications of employees paid 100% through the Special Education Cluster.

Criteria: The A-133 Compliance Supplement states that "An employee whose compensation is funded solely from a Single Cost Objective must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B paragraph 11.h.3".

Effect: If semi-annual certifications are not completed, the Department is not fulfilling the requirements set forth by OMB Circular A-87, Attachment B paragraph 11.h.3.

Status: *No finding in the current year.*

#2012-3 - U.S. Department of Education, for the Period July 1, 2011 through June 30, 2012, CFDA #84.010, #84.389A, Title I – Part A Cluster

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

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

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

Status: *See current year finding #2013-001*