

**CITY OF BATH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2008**



**CITY OF BATH, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2008**

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**Table of Contents**

	<u>Statement</u>	<u>Page(s)</u>
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-9
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Budgetary Basis – All Budgeted Governmental Funds	6	18
Statement of Fiduciary Net Assets – Fiduciary Funds	7	19
Notes to Basic Financial Statements		20-35
	<u>Exhibit</u>	<u>Page(s)</u>
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheet	A-1	39
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-2	40-42
Capital Project Funds:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B	45
Other Governmental Funds:		
Combining Balance Sheet	C-1	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	50
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	D-1	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Individual Funds	D-3	55-56
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	60
Long-term Debt:		
Statement of Changes in Long-term Debt	F	63

CITY OF BATH, MAINE  
Annual Financial Report  
For the Year Ended June 30, 2008

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Table of Contents, Continued

FINANCIAL SECTION, CONTINUED

	<u>Schedule</u>	<u>Page(s)</u>
Schedules:		
School Department Schedule of Revenues, Expenditures and Changes in Fund Balances		
Budget and Actual - Budgetary Basis	1	67-68
High School Activity Funds:		
Statement of Cash Receipts, Disbursements and Changes in Fund Balances	2	69-70
Junior High School Activity Funds:		
Statement of Cash Receipts, Disbursements and Changes in Fund Balances	3	71
Vocational School Activity Funds:		
Statement of Cash Receipts, Disbursements and Changes in Fund Balances	4	72
Dike Newell School Activity Funds:		
Statement of Cash Receipts, Disbursements and Changes in Fund Balances	5	73
Fisher Mitchell School Activity Funds:		
Statement of Cash Receipts, Disbursements and Changes in Fund Balances	6	74

STATISTICAL SECTION

	<u>Tables</u>	<u>Page</u>
Statistical Information:		
Revenues and Expenditures - General Fund	A	77
Property Tax Levies and Collections	B	78
Assessed and State Value of Taxable Property	C	79
Property Tax Rates - Segments	D	80
Ratio of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita	E	81
Ratio of Annual Debt Service Expenditures to Total General Fund Expenditures	F	82
Ten Largest Taxpayers	G	83

## Independent Auditor's Report

City Council  
City of Bath, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the City of Bath, Maine as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bath, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the City of Bath, Maine as of June 30, 2008 and the respective changes in financial position and the budgetary comparisons for the General Fund and Sewer Utility Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2008, on our consideration of the City of Bath, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bath, Maine's basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Raymond Kersten Ouellette".

December 12, 2008  
South Portland, Maine

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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The objective of Management's Discussion and Analysis (MD&A) is to help readers of the City of Bath's financial statements better understand the financial position and operating activities for the year ended June 30, 2008, with selected comparative information for the year ended June 30, 2008. Unless otherwise indicated, all fiscal years referred to in this document end June 30th.

This discussion has been prepared by the City of Bath Finance Department and should be read in conjunction with the financial statements and the notes to the financial statements.

#### **THE CITY OF BATH**

The City of Bath, Maine is located 39 miles northeast of Maine's largest city, Portland, and 8 miles east of Maine's largest town, Brunswick. Bath is an urban and coastal community with a maritime and ship building heritage. The City is home to Bath Iron Works, a General Dynamics Corp. company, and has a population of 9,266 (2000 census).

In addition to standard municipal departments, such as School Department, Police, Fire, Cemeteries/Parks, and Public Works, the City acts as fiscal agent for the Bath Youth Meeting House/Skate Park and the Midcoast Center for Higher Education (MCHE). Each of these separate, non-profit entities are operated by their own Board of Directors, and are beginning to operate as self-sustaining entities without the City of Bath assistance.

#### **USING THIS ANNUAL REPORT**

The City of Bath's financial statements in this audit are actually a series of separate statements. The *Statement of Net Assets* and the *Statement of Activities* provide an overview of the government as a whole and its activities. The *Fund Financial Statements* immediately follow. These fund statements provide a more detailed look at the governmental funds (General Fund, Landfill, Sewer Utility, etc). The remaining statements are fiduciary funds, which the City manages as special purpose funds, or acts as an agent for the benefit of an entity outside of the municipal government.

#### **The Statement of Net Assets and the Statement of Activities**

These statements attempt to provide a financial picture of the City of Bath as a whole. All of the revenues for the audited year are included, regardless of when the money is actually received. These government-wide financial statements are prepared using an accounting method called economic resources measurement focus and accrual basis.

The Statement of Net Assets provides a picture of the difference between assets and liabilities (including infrastructure), representing a measure of the current financial condition of the City. Increases or decreases in net assets from year to year can suggest whether the City's financial condition is improving or deteriorating. However, other non-quantitative factors need to be considered when analyzing overall financial well-being, such as changes in the City's property tax base, quality of education, infrastructure condition, and negative or positive impacts of legislative decisions.

The Statement of Activities provides a look at how net assets have changed from the prior fiscal year to the current fiscal year.

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

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The Statement of Net Assets and the Statement of Activities includes:

- Governmental Activities – Most of the City's basic services, such as General Government, Public Works, Public Safety, Education and Capital Outlay are included here. Property taxes, excise taxes, intergovernmental revenue (primarily from the State of Maine), various City fees, and interest on investments are reported as well.

### Reporting the City's Most Significant Funds

#### Fund Financial Statements

The fund financial statements provide details of the City's significant funds. These statements begin with the *Balance Sheet – Governmental Funds*. Some funds are required to be established by state law (Sewer Utility Fund, TIF Funds) and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and fiduciary - use different accounting methods:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called 'current financial resources measurement focus and modified accrual basis. Modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Governmental funds are broken into 'major' and 'non-major' funds. Major governmental funds are listed on Statements 3 and 4 on pages 15 and 16 of the financial statements and include the City's primary operating fund, the General Fund, as well as the Sewer Utility Fund, the TIF Fund, and the Capital Projects Fund. Non-major governmental fund statements begin with Exhibit C-1 of the financial statements (page 49), and include Special Purpose Funds, Community Development Funds, Transportation Programs, Bath Local Development Corporation, Midcoast Center for Higher Education, and School Special Purpose Funds. Permanent Funds begin with Exhibit E-1 of the financial statements (page 59) and include the Bailey Evening School, Beneficiary Trust, Cemetery Trusts, Old Folks Home, and School Trusts.
- Fiduciary Funds – These are assets held by the City as an agent or on behalf of others, and are accounted for on the accrual basis. Fiduciary Funds can be found on Statement 7 and Schedules 2 through 6. These assets, because of a trust arrangement, can be used only for the trust beneficiaries. The City excludes these activities from its other financial statements because it cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

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THE CITY AS A WHOLE

The analysis below focuses on the net assets of the City's governmental activities. The information is a condensed version of the Statement of Net Assets contained in Statement 1 of the financial statements.

	FY 2008 Governmental Activities	FY 2007 Governmental Activities
<b>ASSETS</b>		
Current & Other Assets	\$ 15,548,251	9,397,298
Depreciable capital assets, net	30,497,091	31,379,621
Non-depreciable capital assets, net	<u>6,756,406</u>	<u>2,589,296</u>
<b>Total Assets</b>	<b><u>52,801,748</u></b>	<b><u>43,366,215</u></b>
<b>LIABILITIES</b>		
Non-current Liabilities:		
Due within 1 year	\$ 3,737,424	2,845,707
Due in more than 1 year	34,082,604	26,673,424
Other Liabilities	<u>4,269,083</u>	<u>3,775,610</u>
<b>Total Liabilities</b>	<b><u>42,089,111</u></b>	<b><u>33,294,741</u></b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	8,858,469	8,074,786
Restricted for:		
Permanent funds:		
Expendable	18,191	7,391
Nonexpendable	1,745,624	1,816,062
Unrestricted	<u>90,353</u>	<u>173,235</u>
<b>Total Net Assets</b>	<b><u>\$ 10,712,637</u></b>	<b><u>10,071,474</u></b>

The increase pertaining to the City's net assets of \$10,712,637 is due to the governmental activities of the City. Key components of this are shown below, and in Statement 2 of the financial statements.

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

City of Bath's Changes in Net Assets  
Governmental Activities

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
Program Revenues:		
Charge for services	\$ 7,230,247	7,230,375
Operating grants and contributions	10,431,989	10,528,496
Capital grants and contributions	321,395	1,149,323
General Revenues:		
Property and excise taxes, levied for general purposes	20,353,627	19,571,338
Grants and contributions not restricted to specific programs	1,362,430	1,144,535
Unrestricted investment earnings	406,052	515,210
Loss on disposal of assets	(20,207)	(32,696)
Other	465,061	771,780
<i>Total Program and general revenues and transfers</i>	<u>40,550,594</u>	<u>40,878,361</u>
<b>EXPENSES:</b>		
General government	2,342,465	2,579,914
Public works and wastewater	7,001,888	4,282,964
Public Safety	3,179,266	3,213,181
Parks and recreation	769,417	621,272
Health, welfare, and transportation	201,968	208,983
Education	18,985,057	20,451,476
Intergovernmental	1,626,955	1,931,215
Unclassified	4,960,113	4,551,121
Interest on debt	828,620	651,919
Capital outlay	13,682	695,599
<i>Total Expenses</i>	<u>39,909,431</u>	<u>39,187,644</u>
Increase in net assets	641,163	1,690,717
Net Assets Beginning	<u>10,071,474</u>	<u>8,380,757</u>
Net Assets Ending	<u><u>\$ 10,712,637</u></u>	<u><u>10,071,474</u></u>

**BUDGETARY HIGHLIGHTS**

As is any budget document, the City's budget is a planning tool and the budget-to-actual analysis is not always perfect at the end of the fiscal year. Some examples of different budgets to actual differences are ambulance service revenue, insurance expenditures, and property tax and interest revenues in the capital fund. The ambulance revenue budget was \$70,000 higher than the actual collections, due to the MaineCare reimbursement rate decreasing. The City's insurance expense was lower than budgeted, due to a lower-than-anticipated increase in health insurance. The property and casualty insurance was lower than budgeted because the City bid out its insurance contract. Maine Municipal Association's property and casualty pool won the bid and saved the City \$70,000 in premiums. In the Capital Projects Fund, the City budgeted \$175,000 less in property tax revenue than during FY 2007. This was because of the nature of the projects to be completed in FY 2008. The City used other revenue sources, such as grants and contributions, previously appropriated fund balance, and bond proceeds instead of levying new property taxes in the fund. The interest income line item in the Capital Projects Fund was higher than the previous year as well, due to accrued interest on \$2 million street bond proceeds.

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

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**FINANCIAL HIGHLIGHTS AND LOOKING FORWARD**

- Each year, it is a primary goal of the City Manager and Council to keep the mil rate as low as possible and still be able to deliver a full spectrum of community services, at a quality level deserving of the citizens of Bath.
- Operating under the citizen approved expenditure limitation creates a budgetary constraint each year, but to date, has not significantly affected the City's ability to deliver services. Budgeting under the expenditure limitation forces the City to be creative in its delivery of services, but does delay needed capital improvements.
- The State of Maine legislature is very focused on school regionalization during the 2009 and 2010 school years. The City of Bath and surrounding Union 47 have been sharing a superintendent since the beginning of FY 2008, and a majority of the voters in Bath and Union 47 approved the new LD 910 to merge the two districts. The consolidation became effective on July 1, 2008. The FY 2009 financial statements will be the first to exclude the School Department, as it is part of Regional School Unit #1 and will be included on their financial statements.
- One notable item seen in this audit for the second year is the accrued salaries for the teachers in the School Department. Generally accepted accounting principles (GAAP) require the City to recognize the teachers' salaries to be paid during July and August during the fiscal year in which the teachers performed the work. For example, a teacher that worked during the 2007-2008 school year (which ends prior to June 30) would be paid through July and August of 2008. These salaries need to be expensed in the year they are earned, which would be fiscal year ending June 30, 2008. This liability to the School Department is approximately \$1.04 million at the end of FY 2008. Due to this liability, the School Department is still reporting a negative \$490,837 General Fund fund balance. This has improved from (\$544,219) reported as of June 30, 2007 due to a surplus of nearly \$60,000 in the School Department's budget. Originally, the School Department intended to regain a positive fund balance in five years; management believes this time will be shorter due to frugal budgeting and budget oversight. However, the State legislature may change the school funding formula and has made cuts each year. If these cuts continue, the time frame for repayment of the negative fund balance will increase.
- The City receives a significant portion of its tax base from Bath Iron Works (BIW). For the 2007-2008 tax year (taxes were due October 15, 2007), BIW represented about 38% of total property taxes assessed (see Table G for more information). While the City collected a little over \$7.26 million in real estate and personal property tax revenue from BIW, roughly \$4 million were funds collected as part of a Tax Increment Financing (TIF) District. Because of the TIF, only about \$3.2 million was retained by the City for the purposes of financing the City and School's operational and capital budgets. The City government maintains a positive relationship with BIW, and since BIW continues to be awarded long term shipbuilding contracts from the U.S. Government, the City looks forward to many prosperous years ahead, with BIW being one of the largest employers in the State.

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

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- The City conducted a revaluation on all property during 2005; the reason for this was to restore equity to the values of all properties in the City. Residents saw the results of the revaluation on their property tax bills payable on October 15, 2005. When the City conducted the revaluation, there were some notable results. As expected, the mil rate dropped from 25.75 to 14.5. This was due to the increases in property values. The City's mil rate (or property tax rate) is based upon assessed value of a property. If the assessment increases, the mil rate can decrease in order to levy the proper amount of tax revenue. In this year's revaluation, some residents' property tax bills actually decreased due to a small increase in valuation; offset by a large decrease in the mil rate.
- During FY 2005, the State legislature passed Law LD1, which was implemented in FY 2006. This legislation imposed local spending limitations and is based upon the core municipal expenditure commitment. The City has been LD1-compliant for two years. LD1 incorporates the City's growth and new property and a State-calculated income factor, and uses these figures plus the City's taxable value and other inputs to calculate a local property tax cap. During FY 2008, the City council passed an LD1 override, and allowed the LD1 limit to be permanently increased by approximately \$900,000. The City is a full-service community with almost no growth due to its age. When municipal expenses increase, the City exceeds the LD1 limitation because growth is not increasing at the same rate as those expenses.
- The City continues to explore economic development opportunities throughout the City and welcomes developers and business owners to include the City in their discussions of business startups, expansions, or relocations. The community response to economic development is very mixed. Large development projects cause much public debate over retaining Bath's small-town charm and shipbuilding heritage, or expanding the taxable economic base in order to hold property taxes down.
- The City continues to identify and explore regional solutions to local problems, and look for mutually beneficial opportunities to cooperate with municipal neighbors in the Midcoast area. The goal is to reduce the financial burden of service delivery to taxpayers in Bath, while maintaining an acceptable level of service delivery. One area that has been explored is a regional ambulance service.
- The City of Bath landfill continues to operate at a brisk pace, filling up available space more quickly than anticipated. In June 2007, the City Council voted to close the landfill in December 2008. However, when the bond issue to fund closure was presented to voters in November 2007, the referendum was defeated. Management is operating under the assumption that the landfill will stay open for the foreseeable future, as the cost of closure is estimated at \$3.5 million and the closure fund contains only \$305,000. The 2008 budget and these financial statements are the first to separate the operations and capital expenses of the landfill. Management made this change in order to more accurately monitor the financial activities associated with the landfill.
- Due to the locally imposed expenditure limitation, the City is often unable to finance its capital needs with cash on hand. This creates a greater reliance on financing capital projects through the issuance of general obligation bonds or lease-purchase agreements. Bonds must be voter approved in order for the annual debt service payments to be exempt from the expenditure limitation. Management has noted the importance of a formal five-year capital improvement plan in order to budget and smooth cash needs, and has implemented such a plan for the FY 2008 budget, which can be seen in the FY 2008 financial statements.
- The City issued \$10.7 million of new debt and made repayments of about \$2.56 million during fiscal year 2008. Overall outstanding debt is nearly \$34 million. Statement 1 of the financial statements shows the City's debt liabilities due within one year and the amount due in more than one year. Exhibit F contains a listing of the City's bond issuances.

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

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- The City's support of the Midcoast Center for Higher Education (MCHE) continues to be strong; the MCHE is currently receiving approximately \$450,000 in rental income from its numerous tenants. Approximately half of the space in this 60,000 square foot building is rented. The City and MCHE are working together to evaluate all space and market it to appropriate tenants. The MCHE's fund balance has declined \$83,000 to (\$338,883) at the end of FY 2008. The City is in the process of working with the MCHE board in order to institute a five-year capital improvement plan, more accurate expense budgeting, and closer discussions of rental rates in hopes of improving this declining fund balance.
- The Bath Youth Meeting House/Skate Park continues to improve its operations and be a vital resource for recreation and growth for the youth of Bath. The facility is working towards sustaining itself financially, but increased its negative fund balance in fiscal year 2008. On July 1, 2008, the City assumed operations of the Skate Park; the goal is to operate at a break-even under the recreation department. The June 30, 2008 fund balance was (\$239,886). For more information, see Exhibit D-3, City Special Purpose Funds.
- The City is continually looking for new revenue streams in order to reduce the burden on property taxes. There is an ongoing review of fee structures for revenue generating entities such as the Waste Water Treatment Plant, Planning and Codes, Ambulance Services, and the Landfill. Excise taxes on motor vehicle registrations had been showing moderate gains each year, but due to the slowing economy, the FY 2007 and FY 2008 figures were approximately the same at just over \$1 million. State municipal revenue sharing is expected to decrease \$75,000 in subsequent FY 2009. The City expected this and budgeted accordingly.
- The City will begin a greater emphasis on information reporting in the coming years. Information reporting improvements include the following:
  - The School Department switched to a zero-based budgeting process for the fiscal year 2007 budget. A zero-based budget is more time consuming to produce, but is an attempt to better analyze budget requests without an implicit commitment to sustaining past levels of funding.
  - The City began producing an Annual Report after a seven-year absence of such a report. The Report is both a Charter and State statutory requirement. It should report on each department of the City, contain budget summaries, and show operational outputs, such as the number of violations, permits or licenses issued in certain departments.
  - Tracking such operational outputs is a step towards developing a performance-based budget as part of a strategic planning initiative. While performance based budgeting and strategic planning is a popular trend among municipalities across the country, there are no plans at this time to adopt a formal strategic planning process in Bath. Strategic planning and performance based budgeting is an attempt to link budget dollars to goals/objectives, operational outputs, and measures of performance. The Finance Department will continue to monitor developments nationally to see if a program would be beneficial to the City of Bath in delivering services during lean budget years.
  - The municipal side created a five-year Capital Improvement Plan (CIP) for the FY 2008 budget, which reports current and future proposed capital projects and purchases. The CIP will help better track capital funding sources, improve capital asset tracking, and be a much-needed budgetary planning tool.

**Cautionary Note Regarding Forward-Looking Statements**

Certain information provided by the City of Bath, including written as outlined above, or oral statements made by its representatives, may contain forward-looking statements. All statements, other than statements of historical facts, that address activities, events, or developments that the City expects or anticipates, will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The City does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, 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 financial information, contact:

**CITY OF BATH FINANCE DEPARTMENT**

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## **BASIC FINANCIAL STATEMENTS**



**CITY OF BATH, MAINE**  
**Statement of Net Assets**  
**June 30, 2008**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,053,412
Cash held in escrow-Maine Municipal Bond Bank	1,400,000
Investments	2,628,279
Receivables:	
Taxes receivable	795,304
Tax liens	280,865
Accounts receivable	723,780
Notes receivable	522,379
Due from other governments	96,352
Inventory	47,880
Capital assets, not being depreciated	6,756,406
Capital assets, net of depreciation	30,497,091
<b>Total assets</b>	<b>52,801,748</b>
<b>LIABILITIES</b>	
Accounts payable	1,334,320
Accrued expenses	350,639
Accrued teacher summer salaries	1,044,750
Accrued compensated absences	1,148,325
Accrued interest	391,049
Noncurrent liabilities:	
Due within one year	3,737,424
Due in more than one year	34,082,604
<b>Total liabilities</b>	<b>42,089,111</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,858,469
Restricted for:	
Permanent funds:	
Expendable	18,191
Nonexpendable	1,745,624
Unrestricted	90,353
<b>Total net assets</b>	<b>\$ 10,712,637</b>

*See accompanying notes to financial statements.*

CITY OF BATH, MAINE  
Statement of Activities  
For the year ended June 30, 2008

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 2,342,465	101,463	656,498	-	(1,584,504)
Public works and wastewater treatment	7,001,888	2,453,465	-	225,000	(4,323,423)
Public safety	3,179,266	560,732	28,943	-	(2,589,591)
Parks and recreation	769,417	328,993	-	-	(440,424)
Health, welfare, and transportation	201,968	24,575	46,490	-	(130,903)
Education	18,985,057	3,307,092	9,694,338	-	(5,983,627)
Intergovernmental	1,626,955	-	-	-	(1,626,955)
Unclassified	4,960,113	453,927	5,720	-	(4,500,466)
Interest on debt	828,620	-	-	-	(828,620)
Capital outlay	13,682	-	-	96,395	82,713
<b>Total governmental activities</b>	<b>39,909,431</b>	<b>7,230,247</b>	<b>10,431,989</b>	<b>321,395</b>	<b>(21,925,800)</b>
<b>Total primary government</b>	<b>\$ 39,909,431</b>	<b>7,230,247</b>	<b>10,431,989</b>	<b>321,395</b>	<b>(21,925,800)</b>

## General revenues:

Property taxes, levied for general purposes	19,108,767
Contributions in lieu of taxes	67,694
Motor vehicle excise taxes	1,026,244
Licenses and permits	150,922
Grants and contributions not restricted to specific programs:	
Homestead exemption	212,473
Other State/federal aid	17,301
State Revenue Sharing	1,132,656
Unrestricted investment earnings	406,052
Other	465,061
Loss on disposal of assets	(20,207)
<b>Total general revenues</b>	<b>22,566,963</b>

Change in net assets 641,163

Net assets - beginning 10,071,474

**Net assets - ending \$ 10,712,637**

*See accompanying notes to financial statements.*

**CITY OF BATH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,645,978	-	-	-	-	407,434	9,053,412
Investments	936,130	-	-	-	104,202	1,587,947	2,628,279
Receivables:							
Taxes receivable	795,304	-	-	-	-	-	795,304
Tax liens	273,610	7,255	-	-	-	-	280,865
Accounts receivable	178,696	418,092	-	100,948	5,575	20,469	723,780
Notes receivable	-	-	-	-	-	522,379	522,379
Due from other governments	-	-	-	-	-	96,352	96,352
Interfund loans receivable	-	291,112	410,966	2,023,599	4,852,950	2,269,314	9,847,941
Inventory	17,354	-	-	-	-	30,526	47,880
<b>Total assets</b>	<b>\$ 10,847,072</b>	<b>716,459</b>	<b>410,966</b>	<b>2,124,547</b>	<b>4,962,727</b>	<b>4,934,421</b>	<b>23,996,192</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	350,969	23,419	600	671,507	173,340	114,485	1,334,320
Accrued expenditures	165,135	10,910	-	649	-	97,636	274,330
Accrued teacher summer salaries	1,044,750	-	-	-	-	-	1,044,750
Escrow	-	-	-	-	-	76,309	76,309
Interfund loans payable	7,337,696	-	-	-	-	2,510,245	9,847,941
Deferred tax revenue	808,000	-	-	-	-	-	808,000
<b>Total liabilities</b>	<b>9,706,550</b>	<b>34,329</b>	<b>600</b>	<b>672,156</b>	<b>173,340</b>	<b>2,798,675</b>	<b>13,385,650</b>
<b>Fund balances:</b>							
Reserved for noncurrent receivables	-	-	-	-	-	522,379	522,379
Reserve for encumbrances	14,739	-	-	-	-	-	14,739
Reserved for inventory	17,354	-	-	-	-	30,526	47,880
Reserved for non-expendable principal	-	-	-	-	-	1,745,624	1,745,624
Unreserved, reported in:							
General fund - designated	107,201	-	-	-	-	-	107,201
General fund - undesignated - School	(490,837)	-	-	-	-	-	(490,837)
General fund - undesignated - City	1,492,065	-	-	-	-	-	1,492,065
Special revenues - designated	-	446,644	-	-	-	14,098	460,742
Special revenues - undesignated	-	235,486	410,366	1,452,391	-	(195,072)	1,903,171
Capital projects	-	-	-	-	4,789,387	-	4,789,387
Permanent funds	-	-	-	-	-	18,191	18,191
<b>Total fund balances</b>	<b>1,140,522</b>	<b>682,130</b>	<b>410,366</b>	<b>1,452,391</b>	<b>4,789,387</b>	<b>2,135,746</b>	<b>10,610,542</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,847,072</b>	<b>716,459</b>	<b>410,966</b>	<b>2,124,547</b>	<b>4,962,727</b>	<b>4,934,421</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

More specifically, non-depreciable and depreciable capital assets as reported on Statement 1

37,253,497

Cash held in escrow - Maine Municipal Bond Bank

1,400,000

Other long-term assets are not available to pay for current period expenditures  
and, therefore, are deferred in the funds.

808,000

Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences

(1,148,325)

Accrued interest

(391,049)

Landfill closure

(3,900,000)

Capital leases

(315,694)

Bonds payable

(33,604,334)

**Net assets of governmental activities**

**\$ 10,712,637**

See accompanying notes to financial statements.

**CITY OF BATH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2008**

	Sewer			TIF Funds	Landfill	Capital Projects	Other	
	General	Utility Fund	Funds				Governmental Funds	Total
<b>Revenues:</b>								
Taxes	\$ 15,130,542	-	4,048,489	688,103	126,571	-	-	19,993,705
Licenses and permits	150,922	-	-	-	-	-	-	150,922
Intergovernmental	9,611,090	-	-	-	96,395	-	2,183,329	11,890,814
Charges for services	3,594,745	1,740,302	-	674,128	-	-	1,221,072	7,230,247
Investment income	278,480	7,218	-	53,040	59,493	-	7,821	406,052
Other revenues	152,557	-	-	-	25,771	-	256,102	434,430
<b>Total revenues</b>	<b>28,918,336</b>	<b>1,747,520</b>	<b>4,048,489</b>	<b>1,415,271</b>	<b>308,230</b>	<b>-</b>	<b>3,668,324</b>	<b>40,106,170</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	1,178,350	-	-	-	-	-	933,578	2,111,928
Public works and wastewater treatment	1,320,757	1,062,465	-	3,464,365	-	-	-	5,847,587
Public safety	3,106,076	-	-	-	-	-	27,530	3,133,606
Parks and recreation	-	-	-	-	-	-	689,920	689,920
Health, welfare and transportation	29,238	-	-	-	-	-	171,697	200,935
Education	18,877,071	-	-	-	-	-	1,961,774	20,838,845
Intergovernmental	1,626,955	-	-	-	-	-	-	1,626,955
Unclassified	1,348,745	-	3,216,966	-	-	-	659,328	5,225,039
Debt service	666,004	576,762	794,708	546,350	-	-	-	2,583,824
Capital outlays	154,433	216,665	935	-	2,740,855	-	13,142	3,126,030
<b>Total expenditures</b>	<b>28,307,629</b>	<b>1,855,892</b>	<b>4,012,609</b>	<b>4,010,715</b>	<b>2,740,855</b>	<b>-</b>	<b>4,456,969</b>	<b>45,384,669</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>610,707</b>	<b>(108,372)</b>	<b>35,880</b>	<b>(2,595,444)</b>	<b>(2,432,625)</b>	<b>(788,645)</b>	<b>(5,278,499)</b>	
<b>Other financing sources (uses):</b>								
Transfers in	169,018	-	-	-	208,482	-	251,472	628,972
Transfers out	(349,954)	(40,000)	(200,000)	-	-	-	(39,018)	(628,972)
Proceeds from capital lease	154,433	-	-	-	-	-	-	154,433
Premium on issuance of debt	-	-	-	30,631	-	-	-	30,631
Proceeds from bonds/notes	-	-	-	4,017,204	5,282,796	-	-	9,300,000
<b>Total other financing sources (uses)</b>	<b>(26,503)</b>	<b>(40,000)</b>	<b>(200,000)</b>	<b>4,047,835</b>	<b>5,491,278</b>	<b>212,454</b>	<b>(576,191)</b>	<b>9,485,064</b>
<b>Net change in fund balances</b>	<b>584,204</b>	<b>(148,372)</b>	<b>(164,120)</b>	<b>1,452,391</b>	<b>3,058,653</b>	<b>(576,191)</b>	<b>(576,191)</b>	<b>4,206,565</b>
Fund balances, beginning of year	556,318	830,502	574,486	-	1,730,734	2,711,937	6,403,977	6,403,977
<b>Fund balances, end of year</b>	<b>\$ 1,140,522</b>	<b>682,130</b>	<b>410,366</b>	<b>1,452,391</b>	<b>4,789,387</b>	<b>2,135,746</b>	<b>10,610,542</b>	

See accompanying notes to financial statements.

**CITY OF BATH, 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, 2008**

Net change in fund balances - total governmental funds (from Statement 4)	\$	4,206,565
<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 outlays (\$4,928,743) exceeded depreciation expense (\$1,623,956) and the loss on disposal of assets (\$20,207).</p>		3,284,580
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		209,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		(158,085)
<p>Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$262,115) exceeded proceeds (\$154,433).</p>		107,682
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$10,700,000) exceeded change in cash held in escrow at financial institutions (\$1,400,000) and repayments (\$2,566,421).</p>		(6,733,579)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This represents the change in landfill liability.</p>		(275,000)
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>641,163</b>

*See accompanying notes to financial statements.*

**CITY OF BATH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2008**

	General Fund						Sewer Utility Fund			
	Budget		Actual	Variance with final budget		Actual	Budget		Actual	Variance with final budget
	Original	Final		positive (negative)	Final		Original	Final		
<b>Revenues:</b>										
Taxes	\$ 15,319,065	15,319,065	15,130,542	(188,523)	-	-	-	-	-	-
Licenses and permits	135,280	135,280	150,922	15,642	-	-	-	-	-	-
Intergovernmental	7,495,309	7,495,309	7,707,834	212,525	-	-	-	-	-	-
Charges for services	4,189,817	4,189,817	3,594,745	(595,072)	1,875,477	1,875,477	1,740,302	(135,175)		
Investment income	250,000	250,000	278,480	28,480	7,000	7,000	7,218	218		
Other revenues	149,900	149,900	152,557	2,657	5,000	5,000	-	(5,000)		
<b>Total revenues</b>	<b>27,539,371</b>	<b>27,539,371</b>	<b>27,015,080</b>	<b>(524,291)</b>	<b>1,887,477</b>	<b>1,887,477</b>	<b>1,747,520</b>	<b>(139,957)</b>		
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,257,664	1,257,664	1,178,350	79,314	-	-	-	-	-	-
Public works	1,175,582	1,175,582	1,320,757	(145,175)	-	-	-	-	-	-
Public safety	3,178,274	3,178,274	3,106,076	72,198	-	-	-	-	-	-
Health and welfare	63,575	63,575	29,238	34,337	-	-	-	-	-	-
Education	17,510,303	17,510,303	16,973,815	536,488	-	-	-	-	-	-
Intergovernmental	1,626,955	1,626,955	1,626,955	-	-	-	-	-	-	-
Administration	-	-	-	-	105,450	105,450	73,737	31,713		
Treatment plant	-	-	-	-	804,860	804,860	742,963	61,897		
Maintenance	-	-	-	-	258,147	258,147	245,765	12,382		
Unclassified	-	-	-	-	-	-	-	-		
Debt service	1,854,567	1,854,567	1,348,745	505,822	573,359	573,359	576,762	(3,403)		
Capital	650,941	650,941	666,004	(15,063)	105,661	105,661	216,665	(111,004)		
<b>Total expenditures</b>	<b>27,317,861</b>	<b>27,317,861</b>	<b>26,249,940</b>	<b>1,067,921</b>	<b>1,847,477</b>	<b>1,847,477</b>	<b>1,855,892</b>	<b>(8,415)</b>		
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>221,510</b>	<b>221,510</b>	<b>765,140</b>	<b>543,630</b>	<b>40,000</b>	<b>40,000</b>	<b>(108,372)</b>	<b>(148,372)</b>		
<b>Other financing sources (uses):</b>										
Transfers in	130,000	130,000	169,018	39,018	-	-	-	-		
Transfers out	(351,510)	(351,510)	(349,954)	1,556	(40,000)	(40,000)	(40,000)	(40,000)		
<b>Total other financing sources (uses)</b>	<b>(221,510)</b>	<b>(221,510)</b>	<b>(180,936)</b>	<b>40,574</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>		
<b>Net change in fund balance - GAAP basis</b>			<b>584,204</b>				<b>(148,372)</b>			
<b>Fund balance, beginning of year</b>			<b>556,318</b>				<b>830,502</b>			
<b>Fund balance, end of year</b>	<b>\$</b>		<b>1,140,522</b>				<b>682,130</b>			

See accompanying notes to financial statements.

CITY OF BATH, MAINE  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 183,509
<b>Total assets</b>	<b>183,509</b>
<b>LIABILITIES</b>	
Due to student groups	183,509
<b>Total liabilities</b>	<b>183,509</b>
<b>NET ASSETS</b>	
Held in trust	\$ -

*See accompanying notes to financial statements.*

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

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**THE REPORTING ENTITY**

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The City of Bath was incorporated in 1847 under the laws of the State of Maine. The City operates under a Council-Manager form of government with an elected nine-member City Council. The City provides the following services as authorized by its charter: public safety, public works, recreation, education and community development.

This report includes all funds of the City. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used 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 to impose will by the primary government, 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 City and/or its members, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its members.

**Bath Local Development Corporation (Bath LDC)**

The City has elected to report the Bath Local Development Corporation as a blended Component Unit in the special revenue funds. The Bath LDC was established by the City Council to assist and promote economic development for companies located or attempting to locate in the City of Bath. The Board of the Directors for the Bath LDC includes the City Manager, Planning Director, two members of the City Council, one member of the Bath Planning Board and at least two but not more than ten representatives of the Bath business community.

**Midcoast Center for Higher Education (MCHE)**

The City has elected to report the Midcoast Center for Higher Education as a blended Component Unit in the special revenue funds. MCHE was established by the City Council to convert the former Midcoast Hospital into a Community College and space for related businesses. The board of directors for the MCHE includes the City Manager, two members of the City Council, and up to six other members.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no other entities that would be considered potential component units within the City that should be included as part of these financial statements. The City has, however, identified the following related organizations:

**Related Organizations** - The City of Bath appoints a voting majority of the following governing boards of each of the entities described below. However, The City is not financially accountable for these organizations and therefore, they are not component units.

The Bath Water District was established by the State of Maine in 1915 as a quasi-municipal water district to provide safe and affordable water to the citizens of the City of Bath. The District is managed by a five-member board of trustees, four chosen by the Bath City Council.

The Bath Housing Authority was established in 1970 pursuant to Maine Law. It is governed by a seven-member board of commissioners appointed by the Bath City Council.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Bath conform to accounting principles generally accepted in the United States of America as applicable to governmental units, except as otherwise noted. The following is a summary of the more significant policies:

**A. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the non-fiduciary 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.

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

**B. 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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

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

The Sewer Utility Fund accounts for the revenues generated from sewer billings and the costs of operating and maintaining the sewer treatment plant and related equipment.

The TIF Fund accounts for development programs in the City of Bath. Taxes are remitted to the TIF districts over the lives of the districts to assist in financing the development projects.

The Landfill Fund accounts for the fees charged to use the landfill and the operating and maintenance costs of the landfill.

Capital Projects account for financial resources to be used for the acquisition or construction of major capital assets.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturity date within three months of the date acquired by the City.

Investments are stated at fair value, which approximates market value.

**D. Inventories**

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories consist of School Lunch Program food and supplies and vehicle fuel for consumption by City, School and other regional governmental organizations.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and the following minimum capitalization thresholds for capitalizing capital assets:

	<u>Threshold</u>	<u>Useful Life</u>
Land and improvements	\$ 25,000	N/A
Building improvements	50,000	15-40
Machinery, equipment, vehicles	5,000	3-20
Infrastructure	150,000	30-100

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives, which are determined by the Finance Director. Assets' lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the assets are expected to meet current service demands.

**F. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation and sick leave are accrued when incurred in the government-wide 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.

**G. Long-term Obligations**

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**H. Fund Equity**

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

**I. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations. All encumbrances, if any, are reserved at year end.

**J. 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.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2008:

Capital assets	\$ 63,968,038
Accumulated depreciation	(26,714,541)
Bonds payable	(33,604,334)
Unspent bond proceeds	5,525,000
Capital leases payable	(315,694)

**Total invested in capital assets net of related debt**      **\$ 8,858,469**

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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The revenues and expenditures of the General Fund and the Sewer Utility Fund (a Special Revenue Fund) are controlled by a formal integrated budgetary accounting system. Historically, the budget has been prepared on a modified accrual basis of accounting.

**Budgetary vs. GAAP Basis of Accounting**

The City's General Fund budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for on-behalf payments which are only accounted for under GAAP accounting purposes.

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

As required by accounting principles generally accepted in the United States of America (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System contributions made by the State of Maine on behalf of the City. 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 \$1,903,256. These amounts have been included as an intergovernmental revenue and an education expenditure on Statements 2 and 4 (GAAP basis). There is no effect on the fund balance at the end of the year.

**PROPERTY TAX**

Property taxes for the current year were committed on August 31, 2007, 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 \$ 344,212 for the year ended June 30, 2008.

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 in the fund and entity-wide financial statements. The remaining receivables have been recorded as deferred revenues in the fund financial statements.

The following summarizes the levy:

	<u>2008</u>	<u>2007</u>
Assessed value (excluding Homestead exemption)	\$ 1,139,019,600	1,126,383,500
Tax rate (per \$1,000)	16.70	16.20
Commitment	19,021,627	18,247,413
Supplemental taxes assessed	-	-
	19,021,627	18,247,413
Less:		
Abatements	27,089	63,584
Collections	18,318,598	17,674,363
<b>Current year taxes and liens receivable at end of year</b>	<b>\$ 675,940</b>	<b>509,466</b>
Due date - current year	October 15, 2007	October 16, 2006
Interest rate on delinquent taxes	12.00%	11.00%
Collection rate	96.45%	97.21%

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

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**PROPERTY TAX, CONTINUED**

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Taxes and liens receivable - current year	\$ 675,940	509,466
Taxes and liens receivable - prior years	392,973	314,815
<b>Total taxes and liens receivables</b>	<b>\$ 1,068,913</b>	<b>824,281</b>

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**DEPOSITS AND INVESTMENTS**

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As of June 30, 2008, the City had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
U.S. Treasury Notes	\$ 25,971	1.126
Federal Home Loan Banks	159,646	3.311
Federal Farm Credit Bank	25,000	4.877
Corporate bonds	349,555	1.311
General Electric Credit Corp	24,825	1.630

*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. The City currently does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$773,764 of the City’s bank balance of \$9,333,587 was exposed to custodial credit risk because it was uninsured and uncollateralized and \$2,485,271 was collateralized by underlying securities held by the related bank in the City’s name.

*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. The City currently does not have an investment policy for custodial credit risk.

*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. U.S. Treasury Notes, common stock, and corporate bonds with a maturity date of less than six months are not rated. As of June 30, 2008, the City’s investments were rated by Standard & Poor’s as follows:

	<u>Credit Rating</u>
Federal Home Loan Banks	AAA
Federal Farm Credit Bank	AAA
Corporate bonds:	
General Electric	AAA
Citigroup	AA3
Associates Corp of North America	AA3
Morgan Stanley Dean Witter	A1
International Lease Finance	BAA1

*Interest rate risk* – The City does not have a deposit policy for interest rate risk.

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,158,348	-	-	2,158,348
<u>Construction in progress</u>	<u>430,948</u>	<u>4,167,110</u>	-	<u>4,598,058</u>
Total capital assets not being depreciated	2,589,296	4,167,110	-	6,756,406
Capital assets, being depreciated:				
Buildings and building improvements	28,661,558	81,090	-	28,742,648
Machinery, furniture and equipment	2,579,361	249,825	-	2,829,186
Infrastructure	22,163,549	225,000	-	22,388,549
<u>Vehicles</u>	<u>3,174,396</u>	<u>205,718</u>	<u>128,865</u>	<u>3,251,249</u>
Total capital assets being depreciated	56,578,864	761,633	128,865	57,211,632
Less accumulated depreciation for:				
Buildings and building improvements	9,779,826	845,179	-	10,625,005
Machinery, furniture and equipment	1,807,301	141,519	-	1,948,820
Infrastructure	11,288,441	476,074	-	11,764,515
<u>Vehicles</u>	<u>2,323,675</u>	<u>161,184</u>	<u>108,658</u>	<u>2,376,201</u>
Total accumulated depreciation	25,199,243	1,623,956	108,658	26,714,541
<u>Total capital assets being depreciated, net</u>	<u>31,379,621</u>	<u>(862,323)</u>	<u>20,207</u>	<u>30,497,091</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 33,968,917</u></b>	<b><u>3,304,787</u></b>	<b><u>20,207</u></b>	<b><u>37,253,497</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 220,364
Public works and wastewater treatment	879,301
Parks and Recreation	83,624
Public safety	46,558
Education	394,109
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 1,623,956</u></b>

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

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**INTERFUND BALANCES AND TRANSFERS**

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Individual interfund loans receivable and payable and interfund transfers at June 30, 2008 were as follows:

	<u>Interfund loan receivable</u>	<u>Interfund loan payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	7,337,696	(180,936)
Sewer Utility Fund	291,112	-	(40,000)
TIF Fund	410,966	-	(200,000)
Capital Projects	4,852,950	-	208,482
Landfill Fund	2,023,599	-	-
Nonmajor governmental funds:			
City Special Purpose	-	213,576	257,830
Community Development	-	268,635	-
Transportation Programs	14,267	-	35,524
Bath Local Development Corp.	92,112	-	(526)
Midcoast Center for Higher Education	-	346,459	-
School Special Purpose	2,093,536	1,678,423	(41,356)
Nonmajor permanent funds	69,399	3,152	(39,018)
<b>Total interfund balances and transfers</b>	<b>\$ 9,847,941</b>	<b>9,847,941</b>	<b>-</b>

With the exception of certain special revenue and permanent funds, all cash of the City is co-mingled in centralized cash accounts maintained within the General Fund, the practice of which results in the interfund balances listed above.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 25,470,755	10,700,000	2,566,421	33,604,334	3,572,123
Capital leases	423,376	154,433	262,115	315,694	165,301
Accrued compensated absences	1,101,447	1,148,325	1,101,447	1,148,325	-
Landfill closure and postclosure care costs	3,625,000	275,000	-	3,900,000	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 30,620,578</b>	<b>12,277,758</b>	<b>3,929,983</b>	<b>38,968,353</b>	<b>3,737,424</b>

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

**SHORT-TERM DEBT**

The City issues tax anticipation notes to cover cash short falls during the year. Tax anticipation note activity for the year ended June 30, 2008, was as follows:

	Beginning balance	Additions	Reductions	Ending balance
<b>Tax anticipation notes</b>	\$ -	5,300,000	5,300,000	-

**LONG-TERM DEBT**

Long-term debt payable at June 30, 2008 is comprised of the following:

	Date of issue	Original amount issued	Date of maturity	Interest rate	June 30, 2008
Governmental activities:					
Sewer separation bonds	12/01/88	\$ 2,000,000	12/1/08	varies	100,000
Sewer separation bonds	12/01/89	780,000	12/1/09	varies	60,000
Sewer improvement bonds	10/01/92	3,311,000	10/1/12	4.12%	827,750
Wastewater upgrade bonds	10/01/97	6,300,000	10/1/17	varies	3,150,000
Library bonds	5/28/98	500,000	11/1/12	varies	178,700
Sewer and street improvement TIF bonds	11/01/99	4,500,000	11/1/19	varies	2,700,000
Middle school renovation	8/01/01	5,600,000	8/1/21	varies	3,920,000
Middle school renovation SSRRF	10/01/02	1,000,000	10/1/11	0.00%	220,040
City capital improvement bonds	8/01/01	1,020,000	8/1/21	varies	700,000
Landfill and pumping station bonds	10/01/03	1,950,000	10/1/22	varies	1,412,500
General obligation bonds	9/01/02	4,000,000	9/1/22	varies	2,900,000
General obligation bonds	6/01/04	1,840,000	9/1/19	varies	1,465,000
2004 Note – Bath Savings Institute	12/03/04	550,000	12/3/24	5.50%	491,670
Building renovation note	3/13/06	1,000,000	11/30/11	5.125%	428,674 (1)
Wastewater revolving loan fund	6/30/06	350,000	6/30/26	1.78%	315,000
2006 general obligation refunding	7/18/06	5,280,000	10/1/16	4.375%	4,035,000
2008 SRF sewer bond	5/01/08	1,400,000	4/1/2023	1%	1,400,000 (2)
2008 general obligation bond	1/30/08	6,800,000	1/15/18	varies	6,800,000
2008 general obligation bond	1/30/08	2,500,000	1/15/23	varies	2,500,000
<b>Total governmental activities</b>					<b>\$ 33,604,334</b>

(1) This note is on a draw-down basis. As of June 30, 2008, the City has drawn down \$500,000. The remaining \$500,000 has yet to be drawn down.

(2) This note is on a draw-down basis. As of June 30, 2008, the City had drawn down \$0.

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

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**LONG-TERM DEBT, CONTINUED**

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The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2008 are as follows:

Year(s) ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,582,123	1,150,350	4,732,473
2010	3,457,476	1,027,289	4,484,765
2011	3,013,108	929,598	3,942,706
2012	3,086,256	826,266	3,912,522
2013	2,863,231	722,094	3,585,325
2014-2018	12,875,312	2,183,843	15,059,155
2019-2023	4,609,109	424,476	5,033,585
2024-2026	117,719	4,748	122,467
<b>Totals</b>	<b>\$ 33,604,334</b>	<b>7,268,664</b>	<b>40,872,998</b>

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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The City of Bath is currently operating a landfill for residential and commercial sanitary waste, demolition debris, and other materials. In 1991, the City entered into a consent decree with the State of Maine for the development and implementation of a corrective action plan and application to re-license with a proposed vertical expansion. The City met all terms of the consent decree and received approval from the State on the new license and vertical expansion. As part of the corrective action plan, the City closed certain sections of the landfill and prepared to make improvements that would extend the useful life of the facility. On November 6, 2001, voters approved the City Council's authorization of \$8,140,000 in general obligation bonds. Of this bond issuance, \$3,000,000 was to provide funds for landfill improvements, otherwise referred to as the Landfill Project. In September 2002 (the "2002 Bonds"), \$1,200,000 was issued to finance the Landfill Project. An additional amount of \$600,000 was financed through the State Revolving Loan Program (SRF) jointly through the Maine Municipal Bond Bank and the Maine Department of Environmental Protection. Another bond issuance in June 2004 (the "2004 Bonds") provided the remaining \$1,200,000 previously authorized for the Landfill Project. On January 30, 2008, the City issued \$4.5 million in voter-approved debt for construction of a new cell and gas mitigation system. At June 30, 2008, the City had unspent capital project funds of \$305,000 set aside for closure. At June 30, 2008, the landfill had reached approximately 66.99% capacity of the current configuration (post Landfill project expansion). The estimated cost for closure after it reaches existing capacity is approximately \$3,500,000. Post closure costs, such as monitoring and maintenance for 30 years is estimated to be \$2,300,000. As such, the City has recognized a liability based on the percentage used as of June 30, 2008, of \$2,400,000 for closure, and an estimate for post closure costs of \$1,500,000. This results in a total of \$3,900,000 estimated liability of closure and post closure costs in the government-wide financial statements. The actual closure and post closure costs may vary from this estimate due to inflation, changes in technology, recycling, engineering estimates, expansion of the existing landfill, or changes in landfill laws and regulations.

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

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**CAPITAL LEASES**

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The City of Bath has entered into various lease agreements as lessee for various equipment. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2008 was \$879,774.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2008:

<u>Fiscal year ending</u>	<u>Capital leases</u>
2009	\$ 176,807
2010	112,762
2011	31,744
2012	12,716
Total minimum lease payments	334,029
<u>Less: amount representing interest</u>	<u>(18,335)</u>
<u>Present value of future minimum lease payments</u>	<u>\$ 315,694</u>

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**STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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The State of Maine currently reimburses the City for a portion of financing costs of school buildings and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

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**OVERLAPPING DEBT**

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The City of Bath is situated in Sagadahoc County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Sagadahoc County, for which the City of Bath would be proportionally responsible in the event the county defaulted, amounted to \$ 2,589,926 at June 30, 2008, which is 22.58 % of the County's total debt of \$ 11,470,000.

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**LIMITATION ON MUNICIPAL SPENDING**

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The City's charter provides for a limitation on expenditures each year based upon the annual increase in the National Consumer Price Index ("CPI") as determined by the United States Department of Labor. Exceptions to the limitations are made for proceeds of new bond issues approved by public referendum, debt service required to support new bonded indebtedness, expenditures of Federal and State grants, expenditures for programs mandated and funded by the Federal and State governments, expenditures of insurance proceeds for replacement of covered assets, and emergency appropriations by the City Council in accordance with the City's charter.

The expenditures of the City of Bath for the year ended June 30, 2008 were made in accordance with the above charter limitations.

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

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2008, the City of Bath received \$7,263,102 in real estate and personal property tax revenue from Bath Iron Works. This amount represents 38.18% of total property taxes assessed. Of the taxes received from Bath Iron Works for the year ended June 30, 2008, a significant portion (\$3,127,079) were funds collected as part of a Tax Increment Financing (TIF) District. As such, only \$4,136,023 were taxes collected for the purposes of financing the City's and School's operational and capital budgets.

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**RESERVED AND DESIGNATED FUND BALANCES**

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At June 30, 2008, various funds reported reserved fund balances as follows:

General Fund:	
Reserved for encumbrances	\$ 14,739
Reserved for inventory	17,354
<u>Total General Fund</u>	<u>32,093</u>
Special Revenue Funds:	
Reserved for noncurrent receivables	522,379
Reserved for inventory	30,526
<u>Total Special Revenue Funds</u>	<u>552,905</u>
Permanent Funds - Trust principal	1,745,624
<u>Total reserved fund balances</u>	<u>\$ 2,330,622</u>

At June 30, 2008, various funds reported designated fund balances as follows:

General Fund:	
Public works fuel tanks	\$ 107,201
<u>Total General Fund designated</u>	<u>107,201</u>
Special Revenue Funds:	
Sewer capital	446,644
Transportation programs	14,098
<u>Total Special Revenue designated</u>	<u>460,742</u>
<u>Total designated fund balances</u>	<u>\$ 567,943</u>

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**DEFICIT FUND BALANCES**

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Several City and School Special Revenue Funds had deficit fund balances at June 30, 2008. The City's deficit fund balances are as follows: Homeland Security Grant, Lambert Park Community Center, Recreation, Skate Park Committee, Skateboard Park, Other Community Development Grants, Other City Special Revenue Programs, Bath City Bus, and the Trolley. The School's Special Revenue Funds also had deficits in the Strategic Planning Grant and Regionalization Funds. All of these deficits will be funded by future operations and future grants. Also, Midcoast Center for Higher Education, which is reported as a blended component unit, had a deficit fund balance, which will be funded with future bond proceeds and TIF appropriations.

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

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

**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 authority to establish and amend benefit provisions rests with the State Legislature. 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, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute a percentage of their annual covered salary. The City is required to contribute an actuarially determined rate. Employer and member rates for the year ended June 30, 2008 were as follows:

	<u>Special #2C</u>	<u>Special #3C</u>
Employer payroll rate(s):		
Normal cost	9.60%	12.60%
Pooled UAL	-5.60%	-7.30%
<u>Total payroll rate</u>	<u>4.00%</u>	<u>5.30%</u>
Monthly IUUAL available:		
<u>Payment/(Credit)</u>	<u>\$ (59,193)</u>	<u>(51,847)</u>
<u>Member contribution rate(s)</u>	<u>6.5%</u>	<u>8.0%</u>

Prior to the Consolidated Plan, the City had a separate District plan. Effective July 1, 1996, the City elected to join the Consolidated Plan. Under the terms of joining the consolidated plan, the City has an Initial Unpooled Unfunded Actuarial Liability Credit (IUUAL). The credit is being amortized over 20 years. For the years ended June 30, 2008 and 2007, the credit offset current employer contributions by \$ 174,863 and \$182,554 respectively, resulting in no City contributions being required for the 2008 and 2007 fiscal years. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. For the years ended June 30, 2008 and 2007, employee contributions to the plan totaled \$ 276,181 and \$187,192, respectively.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT - TEACHERS PLAN**

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**Description of Plan** - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System Teachers Group. The Teachers 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 authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers Group. That report may be obtained by writing to Maine Public Employees Retirement, 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 same statute requires the State of Maine Department of Education to contribute the employer contribution, which amounts to \$1,903,256 (18.71%) and \$1,793,419 (19.14%) for the fiscal years 2008 and 2007, respectively. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.71% (fiscal year 2008) and 19.14% (fiscal year 2007) of their compensation. This cost is charged to the applicable grant. For the years ended June 30, 2008 and 2007, employee contributions to the teachers plan totaled \$773,696 and \$743,435, respectively.

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**DEFERRED COMPENSATION PLAN**

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

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

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**RISK MANAGEMENT**

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The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association for Workers' Compensation coverage.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the City is not aware of any material actual or potential claims which should be recorded at June 30, 2008.

**SCHOOL ADMINISTRATIVE REORGANIZATION**

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All school units and municipal school units (collectively School Administrative Units or "SAU") are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law required existing SAUs to file a "Notice of Intent" with the Commissioner by August 31, 2007. The Notice of Intent was required to elect either to engage in planning and negotiating with other SAUs for the purpose of developing a reorganization plan to form a regional school unit ("RSU"), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent was subject to approval by the Commissioner of Education (the "Commissioner"), including approval of the election to file an alternative plan. SAUs were then required to submit a reorganization plan, or, if a SAU is exempted by the members of the general public, develop the reorganization plans. Reorganization plans approved by the Department of Education ("DOE") were submitted to the voters in the proposed RSU. The City of Bath and surrounding Union 47 towns of Woolwich, West Bath, Phippsburg, Arrowsic, and Georgetown held elections in November, 2007 for consolidation on July 1, 2008 under special legislation LD 910. The legislation passed all towns except Georgetown. The new school unit is called Regional School Unit #1, or RSU #1.



## **GENERAL FUND**

The General Fund is the general operating fund of the City. All general assessments and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvements that are not paid through other funds.



**CITY OF BATH, MAINE**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,645,978	4,614,230
Investments	936,130	2,694
Receivables:		
Taxes receivable	795,304	622,236
Tax liens	273,610	202,046
Accounts receivable	178,696	212,016
Due from other governments	-	31,113
Inventory	17,354	25,513
<b>Total assets</b>	<b>\$ 10,847,072</b>	<b>5,709,848</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	350,969	158,525
Accrued expenditures	165,135	285,013
Accrued teacher summer salaries	1,044,750	1,453,399
Interfund loans payable	7,337,696	2,657,444
Taxes collected in advance	-	149
Deferred tax revenue	808,000	599,000
<b>Total liabilities</b>	<b>9,706,550</b>	<b>5,153,530</b>
Fund balance:		
Reserved for encumbrances	14,739	-
Reserved for inventory	17,354	25,513
Unreserved:		
Designated - City	107,201	107,201
Undesignated - School	(490,837)	(544,219)
Undesignated - City	1,492,065	967,823
<b>Total fund balance</b>	<b>1,140,522</b>	<b>556,318</b>
<b>Total liabilities and fund balance</b>	<b>\$ 10,847,072</b>	<b>5,709,848</b>

CITY OF BATH, MAINE  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual--Budgetary Basis  
For the year ended June 30, 2008  
(with comparative actual amounts for the year ended June 30, 2007)

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 14,158,465	13,959,228	(199,237)	14,140,688
Excise taxes	1,030,600	1,026,244	(4,356)	1,024,657
Interest and costs on taxes	60,000	77,376	17,376	93,520
Contributions in lieu of taxes	70,000	67,694	(2,306)	48,923
Total taxes	15,319,065	15,130,542	(188,523)	15,307,788
Licenses, permits and fees:				
Non-business licenses	7,450	8,418	968	8,365
Health, building, plumbing and electrical permits	63,780	68,971	5,191	96,088
Vehicle, boat and recreation vehicle registrations	45,000	48,915	3,915	25,005
Other	19,050	24,618	5,568	21,485
Total licenses, permits and fees	135,280	150,922	15,642	150,943
Intergovernmental:				
State revenue sharing	938,367	1,132,656	194,289	939,023
State homestead exemption	212,215	212,473	258	200,175
State and Federal education subsidies	6,307,227	6,331,521	24,294	5,898,627
Other state revenue	37,500	17,301	(20,199)	64,506
Other federal revenue	-	13,883	13,883	19,800
Total intergovernmental	7,495,309	7,707,834	212,525	7,122,131
Investment income	250,000	278,480	28,480	331,063
Charges for services:				
Ambulance service	570,000	496,082	(73,918)	542,370
Landfill scales	-	-	-	521,155
School Department tuitions	3,500,600	2,994,978	(505,622)	3,473,427
Cemetery sales	57,967	39,035	(18,932)	48,638
Parking City lots	35,000	36,162	1,162	34,950
Police duty and fees	26,250	28,488	2,238	5,644
Total charges for services	4,189,817	3,594,745	(595,072)	4,626,184
Other revenues:				
Parking and traffic violations	24,000	20,455	(3,545)	22,760
Cable television franchise	75,000	80,224	5,224	77,290
School Department	15,000	13,222	(1,778)	23,561
Recycled materials	-	-	-	65,768
Rents and leases	25,000	22,954	(2,046)	20,578
Sale of property	10,000	14,000	4,000	-
Miscellaneous	900	1,702	802	41,446
Total other revenues	149,900	152,557	2,657	251,403
Total revenues	27,539,371	27,015,080	(524,291)	27,789,512

CITY OF BATH, MAINE  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual--Budgetary Basis, Continued  
(with comparative actual amounts for the year ended June 30, 2007)

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 170,078	166,525	3,553	164,727
Professional services	157,000	109,217	47,783	111,434
City council	80,907	61,822	19,085	64,529
City clerk	96,483	94,086	2,397	94,038
Elections	17,900	19,012	(1,112)	15,472
Central services	160,500	156,852	3,648	151,720
City Hall management and utilities	128,364	121,511	6,853	121,455
Finance	199,610	213,645	(14,035)	197,732
Assessor	106,304	104,727	1,577	121,627
Public education government cable	48,686	43,027	5,659	45,474
Planning and community development	91,832	87,926	3,906	109,558
Total general government	1,257,664	1,178,350	79,314	1,197,766
Public works:				
General	812,739	942,614	(129,875)	776,840
Solid waste	-	1,571	(1,571)	596,717
Recycling	-	-	-	88,377
Forestry	44,526	44,400	126	41,040
Cemetery and parks	318,317	332,172	(13,855)	353,306
Total public works	1,175,582	1,320,757	(145,175)	1,856,280
Public safety:				
Fire and ambulance	1,252,050	1,248,871	3,179	1,259,962
Police	1,266,336	1,227,625	38,711	1,178,772
Other public safety	78,895	74,168	4,727	79,470
Codes enforcement	86,193	78,568	7,625	79,722
Street lights	130,000	111,974	18,026	109,273
Fire hydrant rental	364,800	364,870	(70)	339,230
Total public safety	3,178,274	3,106,076	72,198	3,046,429
Health and welfare:				
General assistance	63,575	29,238	34,337	101,382
Total health and welfare	63,575	29,238	34,337	101,382

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

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	\$ 17,510,303	16,973,815	536,488	16,804,196
Intergovernmental--county tax	1,626,955	1,626,955	-	1,931,215
Unclassified:				
Employee benefits	948,606	862,840	85,766	852,768
Insurances	373,232	279,952	93,280	306,918
Special events and support	188,517	178,864	9,653	198,194
Overlay/abatements and write-offs	344,212	27,089	317,123	63,584
Total unclassified	1,854,567	1,348,745	505,822	1,421,464
Debt service:				
Principal	542,118	542,118	-	915,700
Interest and fees	108,823	123,886	(15,063)	295,259
Total debt service	650,941	666,004	(15,063)	1,210,959
Total expenditures	27,317,861	26,249,940	1,067,921	27,569,691
Excess (deficiency) of revenues over (under) expenditures	221,510	765,140	543,630	219,821
Other financing sources (uses):				
Transfers in	130,000	169,018	39,018	296,000
Transfers out	(351,510)	(349,954)	1,556	(400,353)
Total other financing sources (uses)	(221,510)	(180,936)	40,574	(104,353)
Net change in fund balance - budgetary basis	-	584,204	584,204	115,468
Reconciliation to GAAP basis:				
Fuel revenues for fuel tank reserve				42,209
Net change in fund balance - GAAP basis		584,204		157,677
Fund balance, beginning of year		556,318		398,641
<b>Fund balance, end of year</b>	<b>\$</b>	<b>1,140,522</b>		<b>556,318</b>

## **CAPITAL PROJECT FUNDS**

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those that would be employed in the delivery of services accounted for in enterprise funds.



**CITY OF BATH, MAINE**  
**Capital Projects**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Fund balance beginning of year	Revenues				Capital outlay	Bond Proceeds	Transfers in (out)	Fund balance end of year
		Property taxes	Intergovern- mental	Investment earnings	Other				
City capital projects:									
Capital fund - City	\$ 130,311	5,000	-	-	18,396	-	-	116,915	
Capital improvement projects	419,891	-	-	-	57,165	-	150,526	513,252	
Streets and sidewalks phase II	31,278	-	-	-	-	-	-	31,278	
Cemetery and parks capital	113,575	15,000	-	6,300	49,316	-	50,000	135,559	
Commercial/Front pump station	31,599	-	-	-	-	-	-	31,599	
Fire and ambulance capital projects	75,417	35,000	5,000	-	221,217	-	-	(105,800)	
Landfill equipment	68,634	-	-	-	-	-	-	68,634	
Landfill improvements	(238,974)	-	-	-	-	2,471,829	-	2,232,855	
Landfill vertical height	(219,172)	-	-	-	-	-	-	(219,172)	
Police capital improvements	15,397	37,000	-	-	42,692	-	-	9,705	
Public works capital improvements	1,262,354	(23,100)	91,395	32,973	438,014	-	-	926,249	
Recreation capital improvements	27,678	57,671	-	-	76,825	-	-	8,524	
<b>Total City capital projects</b>	<b>1,717,988</b>	<b>126,571</b>	<b>96,395</b>	<b>32,973</b>	<b>903,625</b>	<b>2,471,829</b>	<b>200,526</b>	<b>3,749,598</b>	
School capital projects:									
Capital improvements	12,746	-	-	26,520	1,837,230	2,810,967	7,956	1,039,789	
<b>Total School capital projects</b>	<b>12,746</b>	<b>-</b>	<b>-</b>	<b>26,520</b>	<b>1,837,230</b>	<b>2,810,967</b>	<b>7,956</b>	<b>1,039,789</b>	
<b>Total capital projects</b>	<b>\$ 1,730,734</b>	<b>126,571</b>	<b>96,395</b>	<b>59,493</b>	<b>2,740,855</b>	<b>5,282,796</b>	<b>208,482</b>	<b>4,789,387</b>	



**ALL OTHER GOVERNMENTAL FUNDS**



CITY OF BATH, MAINE  
Other Governmental Funds  
Combining Balance Sheet  
June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 297,813	109,621	407,434
Investments	-	1,587,947	1,587,947
Accounts receivable	20,469	-	20,469
Due from other governments	96,352	-	96,352
Notes receivable	522,379	-	522,379
Inventory	30,526	-	30,526
Interfund loans receivable	2,199,915	69,399	2,269,314
<b>Total assets</b>	<b>\$ 3,167,454</b>	<b>1,766,967</b>	<b>4,934,421</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	114,485	-	114,485
Accrued expenditures	97,636	-	97,636
Escrow	76,309	-	76,309
Interfund loans payable	2,507,093	3,152	2,510,245
<b>Total liabilities</b>	<b>2,795,523</b>	<b>3,152</b>	<b>2,798,675</b>
Fund balances:			
Reserved for inventory	30,526	-	30,526
Reserved for noncurrent receivables	522,379	-	522,379
Reserved for unexpendable principal	-	1,745,624	1,745,624
Unreserved, reported in:			
Special revenues - designated	14,098	-	14,098
Special revenues - undesignated	(195,072)	-	(195,072)
Permanent funds	-	18,191	18,191
<b>Total fund balances</b>	<b>371,931</b>	<b>1,763,815</b>	<b>2,135,746</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,167,454</b>	<b>1,766,967</b>	<b>4,934,421</b>

**CITY OF BATH, MAINE**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
<b>Revenues:</b>			
Intergovernmental	\$ 2,183,329	-	2,183,329
Charges for services	1,221,072	-	1,221,072
Investment income	25,472	57,747	83,219
Realized/unrealized gain (loss) on investments	-	(75,398)	(75,398)
Other revenue	247,856	8,246	256,102
<b>Total revenues</b>	<b>3,677,729</b>	<b>(9,405)</b>	<b>3,668,324</b>
<b>Expenditures:</b>			
General government	933,578	-	933,578
Public safety	27,530	-	27,530
Parks and recreation	689,920	-	689,920
Health, welfare and transportation	171,697	-	171,697
Education	1,961,774	-	1,961,774
Unclassified	648,113	11,215	659,328
Capital outlay	13,142	-	13,142
<b>Total expenditures</b>	<b>4,445,754</b>	<b>11,215</b>	<b>4,456,969</b>
Excess (deficiency) of revenues over (under) expenditures	(768,025)	(20,620)	(788,645)
<b>Other financing sources (uses):</b>			
Transfers in	251,472	-	251,472
Transfers out	-	(39,018)	(39,018)
<b>Total other financing sources (uses)</b>	<b>251,472</b>	<b>(39,018)</b>	<b>212,454</b>
Net change in fund balances	(516,553)	(59,638)	(576,191)
Fund balances, beginning	888,484	1,823,453	2,711,937
<b>Fund balances, ending</b>	<b>\$ 371,931</b>	<b>1,763,815</b>	<b>2,135,746</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific resources obtained and expended for specified purposes that are restricted by law or administration action.



**CITY OF BATH, MAINE**  
**Nonmajor Special Revenues Funds**  
**Combining Balance Sheet**  
**June 30, 2008**

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Midcoast Center For Higher Education	School Special Purpose	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 26,214	-	6,214	50,483	-	214,902	297,813
Accounts receivable	-	-	-	-	20,469	-	20,469
Due from other governments	-	-	-	-	-	96,352	96,352
Notes receivable	-	522,379	-	-	-	-	522,379
Inventory	-	-	-	-	-	30,526	30,526
Interfund loans receivable	-	-	14,267	92,112	-	2,093,536	2,199,915
<b>Total assets</b>	<b>\$ 26,214</b>	<b>522,379</b>	<b>20,481</b>	<b>142,595</b>	<b>20,469</b>	<b>2,435,316</b>	<b>3,167,454</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	15,575	62,538	4,588	-	7,549	24,235	114,485
Accrued expenditures	18,068	334	1,795	1,800	5,344	70,295	97,636
Escrow	76,309	-	-	-	-	-	76,309
Interfund loans payable	213,576	268,635	-	-	346,459	1,678,423	2,507,093
<b>Total liabilities</b>	<b>323,528</b>	<b>331,507</b>	<b>6,383</b>	<b>1,800</b>	<b>359,352</b>	<b>1,772,953</b>	<b>2,795,523</b>
Fund balances (deficit):							
Reserved for noncurrent receivables	-	522,379	-	-	-	-	522,379
Reserved for inventory	-	-	-	-	-	30,526	30,526
Unreserved:							
Designated	-	-	14,098	-	-	-	14,098
Undesignated	(297,314)	(331,507)	-	140,795	(338,883)	631,837	(195,072)
<b>Total fund balances (deficit)</b>	<b>(297,314)</b>	<b>190,872</b>	<b>14,098</b>	<b>140,795</b>	<b>(338,883)</b>	<b>662,363</b>	<b>371,931</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,214</b>	<b>522,379</b>	<b>20,481</b>	<b>142,595</b>	<b>20,469</b>	<b>2,435,316</b>	<b>3,167,454</b>

CITY OF BATH, MAINE  
 Nonmajor Special Revenues Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2008

	City	Community	Bath Local	Midcoast Center	School	
	Special	Development	Development	For Higher	Special	
	Purpose	Funds	Corporation	Education	Purpose	Total
<b>Revenues:</b>						
Intergovernmental	\$ 20,780	656,498	-	-	1,459,561	2,183,329
Investment income	9,233	-	3,095	-	11,130	25,472
Charges for services	328,993	101,463	-	453,927	312,114	1,221,072
Other revenue	81,848	-	-	-	162,314	247,856
<b>Total revenues</b>	<b>440,854</b>	<b>757,961</b>	<b>3,095</b>	<b>453,927</b>	<b>1,945,119</b>	<b>3,677,729</b>
<b>Expenditures:</b>						
General government	-	933,578	-	-	-	933,578
Public safety	27,530	-	-	-	-	27,530
Parks and recreation	689,920	-	-	-	-	689,920
Health, welfare and transportation	345	-	-	-	-	345
Education	-	-	171,352	-	-	171,697
Unclassified	36,071	-	-	-	1,961,774	1,961,774
Capital outlay	13,142	-	74,864	537,178	-	648,113
<b>Total expenditures</b>	<b>767,008</b>	<b>933,578</b>	<b>74,864</b>	<b>537,178</b>	<b>1,961,774</b>	<b>4,445,754</b>
Deficiency of revenues under expenditures	(326,154)	(175,617)	(71,769)	(83,251)	(16,655)	(768,025)
<b>Other financing sources (uses):</b>						
Transfers in (out)	257,830	-	(526)	-	(41,356)	251,472
Total other financing sources (uses)	257,830	-	(526)	-	(41,356)	251,472
Net change in fund balances	(68,324)	(175,617)	(72,295)	(83,251)	(58,011)	(516,553)
Fund balances (deficit), beginning	(228,990)	366,489	213,090	(255,632)	720,374	888,484
<b>Fund balances (deficit), ending</b>	<b>\$ (297,314)</b>	<b>190,872</b>	<b>140,795</b>	<b>(338,883)</b>	<b>662,363</b>	<b>371,931</b>

CITY OF BATH, MAINE  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Fund:  
 For the year ended June 30, 2008

	Fund balances		Revenues			Fund balances	
	June 30, 2007	(deficit)	Revenues	Expenditures	over (under) expenditures	Transfers in (out)	June 30, 2008
City Special Purpose Funds:							
Almoner Fund	\$ 4,101		8,733	345	8,388	-	12,489
Cable TV Capital Fund	25,059		-	4,167	(4,167)	-	20,892
Chesebrough Fund	7,748		29,605	36,071	(6,466)	-	1,282
Comprehensive Planning	12,017		81	-	81	-	12,098
DARE	26,471		6,266	6,393	(127)	-	26,344
Druid Park	-		7,164	3,586	3,578	-	3,578
Fire Department training	(5,969)		20,275	4,661	15,614	-	9,645
Forestry Trust	21,987		2,765	2,178	587	-	22,574
Forestry Recovery Grant	11,915		-	-	-	-	11,915
Homeland Security Grant	(4,800)		-	-	-	-	(4,800)
Police Grants	65,591		15,060	16,476	(1,416)	-	64,175
Lambert Park Community Center	(33,319)		17,020	8,975	8,045	-	(25,274)
McMann Field Renovation	635		178	-	178	-	813
Mens Softball League	3,495		4,600	5,926	(1,326)	-	2,169
Other City programs	(4,123)		81,214	89,220	(8,006)	-	(12,129)
Recreation (Fund 12)	(154,130)		162,400	430,160	(267,760)	232,830	(189,060)
Recreation - Lacrosse	2,037		2,390	3,332	(942)	-	1,095
Recreation - Soccer	23,039		8,503	9,356	(853)	-	22,186
Skate park committee	(58,366)		-	-	-	-	(58,366)
Skateboard Park Fund (Fund 13)	(192,720)		73,996	146,162	(72,166)	25,000	(239,886)
Swimming Pool Fund	20,342		604	-	604	-	20,946
<b>Total City Special Purpose</b>	<b>(228,990)</b>		<b>440,854</b>	<b>767,008</b>	<b>(326,154)</b>	<b>257,830</b>	<b>(297,314)</b>
Transportation Programs:							
Bath City Bus	(15,132)		56,950	109,192	(52,242)	35,524	(31,850)
Park and Ride Vehicle Reserve	90,992		-	-	-	-	90,992
Trolley	(2,707)		19,823	62,160	(42,337)	-	(45,044)
<b>Total Transportation Programs</b>	<b>73,153</b>		<b>76,773</b>	<b>171,352</b>	<b>(94,579)</b>	<b>35,524</b>	<b>14,098</b>

**CITY OF BATH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds, Continued**  
**For the year ended June 30, 2008**

	Fund balances		Revenues		Revenues		Fund balances	
	June 30, 2007	(deficit)	Revenues	Expenditures	over (under) Expenditures	in (out)	June 30, 2008	(deficit)
School Special Purpose Funds:								
School Lunch Program	\$ 266,739		594,153	590,587	3,566	-	-	270,305
Adult Basic Education	1,260		-	-	-	-	-	1,260
Bailey Evening School	101,207		67,420	114,477	(47,057)	56,600	110,750	
CMTC-Bailey	1,733		-	-	-	-	-	1,733
Advanced Placement Incentive	406		-	406	(406)	-	-	-
Auditorium Fund	7,956		-	-	-	(7,956)	-	-
Cable TV Fund	1,322		4,167	918	3,249	-	-	4,571
Carl Perkins - Vocational	637		69,196	60,711	8,485	-	-	9,122
Computer purchase	29,167		-	-	-	-	-	29,167
Curriculum	34,581		-	-	-	-	-	34,581
Driver Education	15,789		32,640	33,677	(1,037)	-	-	14,752
E-Rate Reimbursement	-		75,283	51,008	24,275	-	-	24,275
Katrina Funds	12,502		-	-	-	-	-	12,502
Local Entitlement	18,561		327,272	330,469	(3,197)	-	-	15,364
Maine Youth Suicide Prevention	1,405		-	213	(213)	-	-	1,192
McKinney Grant	24,383		50,000	53,109	(3,109)	-	-	21,274
MaineCare	45,528		111,951	9,823	102,128	(90,000)	-	57,656
Melmac Foundation	11,018		8,500	10,958	(2,458)	-	-	8,560
Preschool Grant	1,464		7,624	9,088	(1,464)	-	-	-
Recertification	(4,523)		4,523	-	4,523	-	-	-
Regionalization	(13,490)		25,650	27,912	(2,262)	-	-	(15,752)
Staff-in-service	32,953		440	30,451	(30,011)	-	-	2,942
Strategic Planning Grant	-		-	9,605	(9,605)	-	-	(9,605)
Title IA	31,019		368,304	391,604	(23,300)	25,000	32,719	
Title IIA - Teacher Quality	48,143		117,670	124,218	(6,548)	(30,000)	11,595	
Title IID - Technology	3,992		5,280	3,991	1,289	(2,640)	2,641	
Title IVA - Drug Free	-		10,751	3,841	6,910	(5,375)	1,535	
Title V - Innovative	94		4,012	15,805	(11,793)	13,015	1,316	
Title VI - Rural Low Income	-		50,824	50,824	-	-	-	
Other	46,528		9,459	38,079	(28,620)	-	-	17,908
<b>Total School Special Purpose Funds</b>	<b>720,374</b>		<b>1,945,119</b>	<b>1,961,774</b>	<b>(16,655)</b>	<b>(41,356)</b>	<b>662,363</b>	

## **NONMAJOR GOVERNMENTAL 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 BATH, MAINE  
 Nonmajor Permanent Funds  
 Combining Balance Sheet  
 June 30, 2008

	Bailey	Evening	School	Beneficiary	Cemetery	Old Folks	School	Total
		School	Trust	Trusts	Home	Trusts	Trusts	
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	108,428	1,193	-	-	-	-	109,621
Investments	177,162	238,152	1,119,557	34,896	18,180	1,587,947		
Interfund loans receivable	-	-	69,399	-	-	-	-	69,399
<b>Total assets</b>	<b>\$ 177,162</b>	<b>346,580</b>	<b>1,190,149</b>	<b>34,896</b>	<b>18,180</b>	<b>1,766,967</b>		
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Interfund loans payable	-	3,152	-	-	-	-	-	3,152
<b>Total liabilities</b>	<b>-</b>	<b>3,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,152</b>
<b>Fund balances:</b>								
Reserved for nonexpendable principal	177,162	343,428	1,171,958	34,896	18,180	1,745,624		
Unreserved, reported in:								
Permanent funds	-	-	18,191	-	-	-	-	18,191
<b>Total fund balances</b>	<b>177,162</b>	<b>343,428</b>	<b>1,190,149</b>	<b>34,896</b>	<b>18,180</b>	<b>1,763,815</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 177,162</b>	<b>346,580</b>	<b>1,190,149</b>	<b>34,896</b>	<b>18,180</b>	<b>1,766,967</b>		

CITY OF BATH, MAINE  
 Nonmajor Permanent Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2008

	Bailey					Total
	Evening School	Beneficiary Trust	Cemetery Trusts	Old Folks Home	School Trusts	
Revenues:						
Investment income	\$ 5,941	12,565	37,461	1,170	610	57,747
Realized gain (loss) on investments	3,305	4,426	22,021	651	339	30,742
Unrealized gain (loss) on investments	(11,862)	(15,949)	(74,776)	(2,336)	(1,217)	(106,140)
Perpetual care contributions	-	-	8,246	-	-	8,246
Total revenues	(2,616)	1,042	(7,048)	(515)	(268)	(9,405)
Expenditures:						
Current:						
Distribution of income	-	-	-	944	-	944
Other	1,148	1,543	7,236	226	118	10,271
Total expenditures	1,148	1,543	7,236	1,170	118	11,215
Deficiency of revenues under expenditures	(3,764)	(501)	(14,284)	(1,685)	(386)	(20,620)
Other financing uses:						
Transfers out	(4,793)	(8,733)	(25,000)	-	(492)	(39,018)
Total other financing uses	(4,793)	(8,733)	(25,000)	-	(492)	(39,018)
Net change in fund balances	(8,557)	(9,234)	(39,284)	(1,685)	(878)	(59,638)
Fund balances, beginning of year	185,719	352,662	1,229,433	36,581	19,058	1,823,453
Fund balances, end of year	\$ 177,162	343,428	1,190,149	34,896	18,180	1,763,815

**LONG-TERM DEBT**



**CITY OF BATH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the year ended June 30, 2008**

	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments	Balance beginning of year	Current Period		Balance end of year
						Issued	Retired	
<u>General Obligation Bonds</u>								
City issues:								
1988 Sewer Separation Bonds	Var.	1988	2008	\$ 100,000	200,000	-	100,000	100,000
1989 Sewer Separation Bonds	Var.	1989	2009	40,000	100,000	-	40,000	60,000
1992 Sewer Improvement Bonds	4.1%	1992	2012	165,550	993,300	-	165,550	827,750
1997 Wastewater Treatment Upgrade Bonds	Var.	1997	2017	315,000	3,465,000	-	315,000	3,150,000
1998 Library Bonds	Var.	1998	2012	35,700	214,400	-	35,700	178,700
1999 Sewer and Street Improvement TIF Bonds	Var.	1999	2020	225,000	2,925,000	-	225,000	2,700,000
2001 Capital Improvement Bonds	Var.	2001	2021	55,000	750,000	-	50,000	700,000
2002 SRF Landfill/Pumping Station Bonds	Var.	2002	2022	107,500	1,520,000	-	107,500	1,412,500
2002 General Obligation Bonds	Var.	2002	2021	Var.	3,120,000	-	220,000	2,900,000
2004 General Obligation Bonds	Var.	2004	2020	Var.	1,590,000	-	125,000	1,465,000
2004 Note Payable-MCHE	5.500%	2004	2024	Var.	509,428	-	17,758	491,670
Building Renovation Note	5.125%	2006	2011	Var.	441,077	-	12,403	428,674 (1)
Wastewater Revolving Loan Fund	1.780%	2006	2026	17,500	332,500	-	17,500	315,000
2006 General Obligation Refunding Bond	4.375%	2006	2009	Var.	1,285,000	-	435,000	850,000
2008 General Obligation bond	Var.	2008	2018	400,000	-	4,000,000	-	4,000,000
2008 General Obligation bond	Var.	2008	2023	Var.	-	2,500,000	-	2,500,000
2008 SRF Sewer Bond	1.000%	2008	2023	93,333	-	1,400,000	-	1,400,000 (2)
<b>Total City issues</b>					<b>17,445,705</b>	<b>7,900,000</b>	<b>1,866,411</b>	<b>23,479,294</b>
School issues:								
2001 Middle School Improvement Bonds	Var.	2001	2021	280,000	4,200,000	-	280,000	3,920,000
2001 Middle School Improvement SRRF Bonds	0.0%	2002	2012	55,010	275,050	-	55,010	220,040
2006 General Obligation Refunding Bond	4.375%	2006	2016	Var.	3,550,000	-	365,000	3,185,000
2008 General Obligation Bond	Var.	2008	2018	280,000	-	2,800,000	-	2,800,000
<b>Total School issues</b>					<b>8,025,050</b>	<b>2,800,000</b>	<b>700,010</b>	<b>10,125,040</b>
<b>Total long-term debt</b>				<b>\$</b>	<b>25,470,755</b>	<b>10,700,000</b>	<b>2,566,421</b>	<b>33,604,334</b>

(1) This note is on a draw down basis. As of June 30, 2008, the City has drawn down \$500,000.  
(2) This note is on a draw down basis. As of June 30, 2008, the City has drawn down \$0.



## **SCHEDULES**



CITY OF BATH, MAINE  
School Department  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual--Budgetary Basis  
For the year ended June 30, 2008  
(with comparative amounts for the year ended June 30, 2007)

	2008		Variance positive (negative)	2007
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 7,641,476	7,641,476	-	7,959,981
Tuition	3,500,600	2,994,978	(505,622)	3,473,427
State and Federal subsidies	6,307,227	6,331,521	24,294	5,898,627
Other	15,000	13,222	(1,778)	23,561
Total revenues	17,464,303	16,981,197	(483,106)	17,355,596
Expenditures:				
System-wide:				
School Board	227,044	54,913	172,131	76,311
Administration	363,878	363,133	745	432,720
Staff services/student assessment	207,031	134,784	72,247	195,107
Technology	372,912	345,059	27,853	342,592
Transportation	365,731	403,751	(38,020)	285,647
Maintenance	140,982	117,047	23,935	139,040
Total system-wide	1,677,578	1,418,687	258,891	1,471,417
Elementary instruction:				
Office of Principal	272,265	255,534	16,731	260,715
Instruction	2,734,353	2,719,164	15,189	2,587,818
Special resources	636,838	653,261	(16,423)	656,729
Support services and co-curricular	162,968	158,301	4,667	168,213
Maintenance	431,605	396,905	34,700	510,825
Total elementary instruction	4,238,029	4,183,165	54,864	4,184,300
Intermediate instruction:				
Office of Principal	256,534	259,889	(3,355)	241,241
Instruction	2,008,543	1,966,587	41,956	1,830,632
Special resources	331,953	322,170	9,783	377,480
Support services and co-curricular	305,981	300,255	5,726	294,641
Maintenance	442,651	381,776	60,875	422,749
Total intermediate instruction	3,345,662	3,230,677	114,985	3,166,743
Secondary instruction:				
Office of Principal	328,756	323,652	5,104	317,852
Instruction	2,974,188	2,908,079	66,109	2,718,887
Special resources	418,523	477,129	(58,606)	351,365
Support services and co-curricular	756,478	746,741	9,737	746,366
Maintenance	447,467	416,735	30,732	529,509
Total secondary instruction	4,925,412	4,872,336	53,076	4,663,979

CITY OF BATH, MAINE  
School Department  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual--Budgetary Basis, Continued  
For the year ended June 30, 2008  
(with comparative amounts for the year ended June 30, 2007)

	2008		Variance positive (negative)	2007
	Budget	Actual		Actual
Expenditures, continued:				
Vocational instruction:				
Office of Principal	137,150	130,711	6,439	124,358
Instruction	770,090	737,837	32,253	702,533
Support services and co-curricular	44,831	44,718	113	51,682
Maintenance	226,152	209,225	16,927	204,759
Total vocational instruction	1,178,223	1,122,491	55,732	1,083,332
Special education:				
Office of Director	264,803	276,116	(11,313)	275,384
Instruction	716,991	724,268	(7,277)	758,090
Special resources	57,600	48,761	8,839	53,659
Other	60,002	51,311	8,691	70,409
Total special education	1,099,396	1,100,456	(1,060)	1,157,542
Debt service:				
Principal	700,010	700,010	-	680,010
Interest	345,993	345,993	-	396,873
Total debt service	1,046,003	1,046,003	-	1,076,883
Total expenditures	17,510,303	16,973,815	536,488	16,804,196
Excess (deficiency) of revenues over (under) expenditures	(46,000)	7,382	53,382	551,400
Other financing sources (uses):				
Transfers in	90,000	90,000	-	145,000
Transfers out	(44,000)	(44,000)	-	(19,000)
Total other financing sources (uses)	46,000	46,000	-	126,000
Net change in fund balance	-	53,382	53,382	677,400
Fund balance (deficit), beginning of year		(544,219)		(1,221,619)
Fund balance (deficit), end of year	\$	(490,837)		(544,219)

**BATH SCHOOL DEPARTMENT**  
**High School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
Accommodation account	\$ -	4,322	5,082	(760)
AD petty cash	17	16,284	16,391	(90)
Anime Club	-	43	43	-
Art	272	2,811	1,953	1,130
Athletics/Bingham	-	1,794	1,785	9
Band	423	1,270	1,420	273
BIW annual scholarship	1,000	2,000	500	2,500
Cap and Gown	-	2,860	-	2,860
Chorus account	-	-	-	-
Civil Rights	53	-	7	46
Class of 2000	2,070	-	-	2,070
Class of 2001	3,491	-	-	3,491
Class of 2005	1,760	-	-	1,760
Class of 2007	4,753	5,212	630	9,335
Class of 2008	4,521	75	5,173	(577)
Class of 2009	6,641	9,247	12,336	3,552
Class of 2010	2,313	3,796	940	5,169
Class of 2011	-	3,206	591	2,615
Class Reunion/PTSA	-	800	-	800
Computer Disk	160	21	-	181
Copier Usage	66	-	-	66
Courtyard account	350	-	350	-
Debate Team	60	-	-	60
Drama account/O'Leary	254	-	230	24
Dudley Award	1,040	-	60	980
English Book	68	135	56	147
Foreign Language	315	133	-	448
Foreign Language Lab	1,500	-	-	1,500
Freshman Awareness	-	808	761	47
Guidance software	2,192	8,870	1,492	9,570
Health Services Account	1,650	-	66	1,584
Industrial Arts	755	2,253	1,921	1,087
Interest accrued (checking)	-	334	334	-
Interest accrued (savings)	2,418	207	-	2,625
Kaleidoscope account	94	-	-	94
Let's Talk	1,361	-	-	1,361
Library Fund account	1,732	718	479	1,971
Maine Army National Guard Award	1,007	-	-	1,007
Mathematics account	647	132	259	520
MELMAC account	1,000	-	-	1,000
Memories of Morse II	89	-	-	89
Message board account	496	-	-	496
MOHIBA account	1,720	9,384	7,443	3,661
Monahan Fund	270	-	-	270

Continued

**BATH SCHOOL DEPARTMENT**  
**High School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances, Continued**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
Montgomery Theatre Seats	\$ -	11,550	132	11,418
MSSO account	333	-	62	271
National Honor Society account	1,776	26	41	1,761
One Act Play account	-	2,518	2,518	-
Pennies for a Promise	-	540	425	115
Pepsi account	-	2,743	2,743	-
Photography account	383	1,241	118	1,506
Principal	3,304	5,804	4,857	4,251
Project Grad/PTSA	-	1,000	-	1,000
Publication Workshop	306	-	-	306
Reny Award account	5,000	3,000	2,000	6,000
Replace Equipment/Hatch	4	-	-	4
Rewards account	66	475	115	426
Science account	1,590	360	641	1,309
Safety/SCLC account	1,019	1,025	130	1,914
Social Studies	1,293	75	55	1,313
Sophomore Awareness	8	-	8	-
Spring Show	-	1,055	1,055	-
Stage improvement (Class of '88)	1,959	-	1,412	547
STP	90	-	-	90
Student parking fees	745	882	865	762
Teacher Flower Fund	109	598	387	320
Textbook charges	122	-	-	122
Theatre Boosters	850	601	59	1,392
Trigorin Project	200	-	200	-
Trophy case	507	-	-	507
Trophy Case '41	1,000	-	-	1,000
Wellness account	33	17	32	18
Yearbook ads	-	5,605	5,605	-
Yearbook sales	15,110	28,861	28,426	15,545
<b>Totals</b>	<b>\$ 82,365</b>	<b>144,691</b>	<b>112,188</b>	<b>114,868</b>

Note: The total balance is represented by cash in bank.

**BATH SCHOOL DEPARTMENT**  
**Junior High School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
6 Gold	\$ 217	6,416	7,605	(972)
7/8 Purple	(243)	4,384	5,638	(1,497)
7/8 Black	244	5,146	5,395	(5)
7/8 Red	2,426	3,561	3,857	2,130
7/8 Green	1,358	844	435	1,767
Band	2,311	1,814	3,540	585
Basketball	(293)	7,609	7,800	(484)
Book Fair	2,210	2,150	2,106	2,254
Cheer	(114)	217	233	(130)
Chorus	1,020	4,438	4,900	558
E.E. Club	635	226	-	861
Ex. learning	(57)	200	143	-
Int Bball	(208)	905	306	391
Kyle's Fund	3,555	-	243	3,312
Library	88	222	372	(62)
NJHS	(297)	420	53	70
Princ Acct	(3,709)	20,118	15,673	736
St. Council	2,455	5,622	5,233	2,844
Sunshine	469	416	352	533
Yearbook	6,239	5,225	5,891	5,573
<b>Totals</b>	<b>\$ 18,306</b>	<b>69,933</b>	<b>69,775</b>	<b>18,464</b>

Note: The total balance is represented by cash in bank.

**BATH SCHOOL DEPARTMENT**  
**Vocational School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
Childcare	\$ 44	1,938	1,694	288
Director's Acc	7,023	15,110	17,449	4,684
School Store	403	2,723	3,236	(110)
Culinary Arts	8,507	13,680	6,956	15,231
Vica	1,013	10,146	9,803	1,356
Building Const	5,267	6,114	6,668	4,713
Automotive	781	4,377	3,827	1,331
HOSA	1,001	2,530	1,631	1,900
BRVC Scholarship	3,550	-	2,500	1,050
1950 Scholarship	3,950	-	500	3,450
NV-THS	(295)	-	-	(295)
MOUS	850	75	776	149
Class of '49 / Culinary Arts	6,000	-	-	6,000
Class of '47	4,000	-	-	4,000
Sunshine Fund	246	805	579	472
<b>Totals</b>	<b>\$ 42,340</b>	<b>57,498</b>	<b>55,619</b>	<b>44,219</b>

**Note:** The total balance is represented by cash in bank.

**BATH SCHOOL DEPARTMENT**  
**Dike Newell School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
Music	\$ 5	-	-	5
Slush	1,069	2,759	2,338	1,490
RIF	102	2,310	2,396	16
Kindergarten	139	-	-	139
Grade 1	526	-	262	264
Grade 2	206	-	150	56
Library	293	-	-	293
Holly Book Fund	124	-	-	124
Playground	896	2	80	818
Sunshine	382	-	153	229
Annie Palmer	33	-	33	-
Clothing/supply fund	390	300	133	557
<b>Totals</b>	<b>\$ 4,165</b>	<b>5,371</b>	<b>5,545</b>	<b>3,991</b>

**Note: The total balance is represented by cash in bank.**

**BATH SCHOOL DEPARTMENT**  
**Fisher Mitchell School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Fund Balances**  
**For the year ended June 30, 2008**

	Balances June 30, 2007	Receipts	Disbursements	Balances June 30, 2008
Sunshine	\$ 315	727	606	436
Library	743	200	176	767
PTA Arts	192	-	-	192
Nurses Account	153	-	-	153
Grade 5	1,051	3,489	4,810	(270)
Slush	876	2,688	3,132	432
Grade 3	60	-	-	60
Grade 4	46	-	-	46
Grade 5	122	-	122	-
Field Day	-	200	206	(6)
Science 3A	136	-	-	136
Science 3B	21	-	-	21
<b>Totals</b>	<b>\$ 3,715</b>	<b>7,304</b>	<b>9,052</b>	<b>1,967</b>

Note: The total balance is represented by cash in bank.

## STATISTICAL TABLES



CITY OF BATH, MAINE  
Revenues and Expenditures  
General Fund  
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	\$ 10,200,686	10,424,973	10,474,542	11,223,961	12,623,047	13,428,379	13,659,493	13,404,814	15,307,788	15,130,542
Licenses and permits	62,403	104,177	75,633	65,284	95,088	79,168	90,128	132,935	150,943	150,922
Intergovernmental revenues	5,954,752	6,370,566	6,718,329	6,854,712	6,485,027	6,619,956	6,465,023	7,153,492	7,122,131	7,707,834
Charges for services	4,113,947	4,481,163	4,482,088	4,238,843	4,425,659	4,703,368	4,647,438	4,591,096	4,626,184	3,594,745
Investment income	436,509	550,927	570,285	315,152	158,518	109,238	152,877	211,305	331,063	278,480
Other revenues (1)	511,081	434,039	253,024	346,531	383,032	349,374	265,411	393,962	547,403	321,575
Total revenues	21,279,378	22,365,845	22,573,901	23,044,483	24,170,371	25,289,483	25,280,370	25,887,604	28,085,512	27,184,098
Expenditures:										
General government	944,131	971,283	998,919	1,011,882	1,024,780	1,054,390	1,058,485	1,102,444	1,197,766	1,178,350
Public safety	2,452,530	2,657,547	2,792,139	2,809,960	2,734,664	2,760,277	2,751,019	3,171,253	3,046,429	3,106,076
Public works	1,286,141	1,497,650	1,518,166	1,567,059	1,590,076	1,659,323	1,825,791	1,788,654	1,856,280	1,320,757
Health and welfare	72,505	73,585	81,328	66,390	61,036	75,691	98,495	106,539	101,382	29,238
Recreation	165,235	181,013	172,638	174,920	187,331	208,803	212,641	192,226	198,194	178,864
Education	12,768,668	13,180,043	13,793,905	14,579,337	15,323,583	15,923,794	16,012,109	16,660,276	16,804,196	16,973,815
Intergovernmental	646,140	644,385	677,633	1,019,100	1,217,279	1,111,526	1,172,705	1,340,856	1,931,215	1,626,955
Unclassified (2)	1,328,365	1,227,622	1,302,140	1,300,652	1,407,474	1,366,646	1,314,909	1,468,356	1,623,623	1,519,835
Debt service	1,494,136	1,476,562	1,433,149	1,407,211	1,242,189	1,248,880	1,236,907	1,259,955	1,210,959	666,004
Total expenditures	21,157,851	21,909,690	22,770,017	23,936,511	24,788,412	25,409,330	25,683,061	27,090,559	27,970,044	26,599,894

(1) Does not include fund balance appropriations

(1) Includes transfers in

(2) Includes transfers out

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

Year	Current tax levy	Current tax collections	Total current year collections as a percent of total tax levy	Total all taxes and liens outstanding June 30,	Percent of delinquent taxes and liens to tax levy
1999	\$ 9,823,727	9,574,136	97.46%	551,355	5.61%
2000	10,180,993	9,941,617	97.65%	512,981	5.04%
2001	12,416,277	12,188,495	98.17%	541,158	4.36%
2002	16,088,615	15,885,933	98.74%	519,755	3.23%
2003	17,822,650	17,532,672	98.37%	529,501	2.97%
2004	18,670,229	18,408,260	98.60%	472,017	2.53%
2005	19,254,866	18,774,056	97.50%	620,942	3.22%
2006	16,315,800	15,820,496	96.96%	825,008	5.06%
2007	18,247,413	17,737,947	97.21%	824,281	4.52%
2008	19,021,627	18,345,687	96.45%	1,068,914	5.62%

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

Year	Assessed Value			State equalized valuation	Ratio of total assessed value to State equalized value
	Real	Personal	Total		
1999	\$ 393,854,000	87,620,300	481,474,300	484,000,000	99.48%
2000	401,231,000	96,076,900	497,307,900	484,500,000	102.64%
2001	453,416,200	134,110,500	587,526,700	518,250,000	113.37%
2002	544,933,100	186,360,600	731,293,700	548,850,000	133.24%
2003	553,506,600	189,103,800	742,610,400	595,000,000	124.81%
2004	557,556,600	183,325,500	740,882,100	650,000,000	113.98%
2005	564,689,500	183,072,300	747,761,800	753,500,000	99.24%
2006	926,382,500	198,845,100	1,125,227,600	825,900,000	136.24%
2007	930,904,000	195,479,500	1,126,383,500	936,200,000	120.31%
2008	937,017,400	202,002,200	1,139,019,600	1,026,200,000	110.99%

**CITY OF BATH, MAINE**  
**Property Tax Rates - Segments**  
**(Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years**

Year		Total	City Mil rate	School Mil rate	County Mil rate
1999	\$	20.60	7.76	11.46	1.38
2000		21.00	8.50	11.17	1.33
2001		21.00	7.80	11.80	1.40
2002		22.00	7.40	12.51	2.09
2003		24.00	7.40	14.16	2.44
2004		25.20	7.91	14.87	2.42
2005		25.75	8.34	15.12	2.29
2006 (1)		14.50	5.42	8.40	0.68
2007		16.20	6.25	8.01	1.94
2008		16.70	6.27	8.60	1.83

(1) The City did a revaluation for the year ended June 30, 2006.

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

	Estimated population	Assessed value (in thousands)	Gross bonded debt (1)	Ratio of gross bonded debt to assessed value	Gross bonded debt per capita
1999	9,825	\$ 481,474	27,742,700	5.76%	2,824
2000	9,825	497,308	25,826,450	5.19%	2,629
2001	9,266	599,986	30,305,200	5.05%	3,271
2002	9,266	731,294	28,714,050	3.93%	3,099
2003	9,266	742,610	32,247,790	4.34%	3,480
2004	9,266	740,882	31,549,030	4.26%	3,405
2005	9,266	747,762	29,677,610	3.97%	3,203
2006	9,266	1,125,228	28,472,884	2.53%	3,073
2007	9,266	1,126,384	25,470,755	2.26%	2,749
2008	9,266	1,139,019	33,604,334	2.95%	3,627

(1) Includes all general long-term obligation debt excluding capital leases and accrued vacation and sick leave. Certain School debt is reimbursed by the State of Maine.

**CITY OF BATH, MAINE**  
**Ratio of Annual Debt Service Expenditures**  
**to Total General Fund Expenditures**  
**Last Ten Fiscal Years**

Year	Principal	Interest	Total debt service (1)	Total General Fund expenditures	Ratio of debt service to total General Fund expenditures
1999	\$ 1,945,550	1,220,049	3,165,599	21,157,851	14.96%
2000	1,916,250	1,313,878	3,230,128	21,909,690	14.74%
2001	2,141,250	1,204,416	3,345,666	22,770,017	14.69%
2002	2,141,250	1,386,234	3,527,484	23,936,511	14.74%
2003	2,416,260	1,342,477	3,758,737	24,788,412	15.16%
2004	2,538,760	1,293,702	3,832,462	25,409,330	15.08%
2005	2,421,420	1,259,835	3,681,255	25,683,061	14.33%
2006	2,552,726	1,167,849	3,720,575	27,090,559	13.73%
2007 (2)	2,502,129	1,096,391	3,598,520	27,970,044	12.87%
2008	2,566,421	966,189	3,532,610	26,599,894	13.28%

(1) Includes education and special revenue fund debt service

(2) Does not include principal amounts of refunded bond issues.

**CITY OF BATH, MAINE**  
**Ten Largest Taxpayers**  
**For the year ended June 30, 2008**

Name	Type of operation	Assessed valuation	Amount of tax	% of net tax levy
Bath Iron Works	Ship Building & Repair	\$ 434,916,300	7,263,102	38.18%
Thomas Walsh	Motor - Hotel	11,113,800	185,600	0.98%
Fed realty (Super Bath)	Retail Space	10,540,300	176,023	0.93%
Sag Real Estate Assoc	Office Space	9,717,700	162,286	0.85%
Bath Savings	Banking Institution	9,162,600	153,015	0.80%
FRIT (Bath Route 1)	Retail Space	7,471,600	124,776	0.66%
Northwood Housing	Residential Housing	7,090,200	118,406	0.62%
EWT LLC	Residential Housing	6,628,800	110,701	0.58%
CSC	Leasing Company	6,209,900	103,705	0.55%
Central Maine Power	Electric Utility Company	5,236,500	87,450	0.46%
<b>Totals</b>		<b>\$ 508,087,700</b>	<b>8,485,065</b>	<b>44.61%</b>

