

AUGUSTA, GEORGIA

Annual Financial Statements

For the Year Ended December 31, 2007

AUGUSTA, GEORGIA
Annual Financial Report
Year Ended December 31, 2007

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FINANCIAL SECTION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Augusta-Richmond County Commissioners
Augusta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia as of December 31, 2007 and for the year then ended, which collectively comprise Augusta, Georgia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Augusta, Georgia management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Augusta-Richmond County Department of Health or Downtown Development Authority. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Health and Downtown Development Authority, is based solely on the reports of the other auditors.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund and fire protection fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, certain errors resulting in overstatement of capital assets and beginning net assets as of December 31, 2006 and interest income for the year ended December 31, 2006, were discovered by management of Augusta, GA during the current year. Accordingly, an adjustment has been made to beginning net assets as of December 31, 2007 to correct the error.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008 on our consideration of Augusta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 is important in assessing the results of our audit.

Management's Discussion and Analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Augusta, Georgia's basic financial statements. The combining and individual fund statements and the accompanying schedule of expenditures of Federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations for the year ended December 31, 2007, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and the accompanying schedule of expenditures of Federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Augusta, Georgia
June 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion & Analysis (unaudited)

The Management's Discussion and Analysis of the Annual Financial Statements of Augusta, Georgia (the "Government") provides an overall narrative and analysis of the Government's financial statements for the fiscal year ended December 31, 2007. This discussion and analysis is designed to look at the Government's financial performance as a whole. Readers should also review the additional information provided in the transmittal letter, which can be found preceding this narrative, and the complete financial statements, with notes, which follow this narrative, to enhance their understanding of the Government's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2007 are as follows:

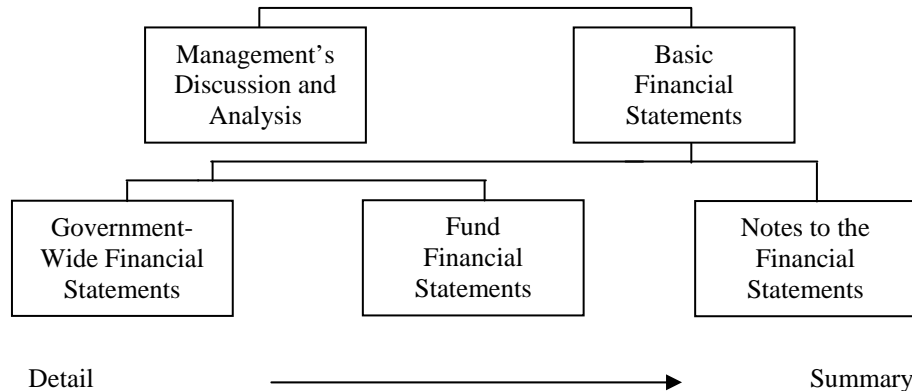
- The Government's combined net assets totaled \$742.6 million.
- The Government's total net assets increased by \$60.7 million, primarily due to capital spending funded by the Special Purpose Local Option Sales Tax revenues, federal aviation grants, and other tax revenues.
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$285.4 million, an increase of \$20.6 million from the prior year. Approximately 77% of this total amount, or \$219.8 million, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$31.9 million, or 28% of total General Fund expenditures for the fiscal year. Of this amount, \$4.7 million has been designated for other purposes, leaving \$27.2 million, or 85% of total General Fund fund balance, as undesignated.
- Combined Revenue totaled \$348.7 million, of which governmental activities totaled \$223.8 million and business-type activities totaled \$124.8 million. Current year revenues increased approximately 8% from those of the prior year.
- Overall expenses totaled \$287.9 million of which governmental activities totaled \$176 million and business-type activities totaled \$111.8 million. Current year expenses increased approximately 2% over those of the prior year.
- Expenses of governmental activities exceeded program revenue by \$129.9 million, resulting in the use of general revenues (mostly taxes).
- Total Outstanding Long-Term Debt, excluding compensated absences, decreased approximately \$12.1 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Government's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Government through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Government.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Government's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of Augusta, Georgia's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Government's non-major governmental funds and internal service funds, all of which are added together in one column on the appropriate basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad view of the Government's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Government's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include the following two statements:

The **Statement of Net Assets** presents information on all of the Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Government is improving or deteriorating.

The **Statement of Activities** presents information showing how the Government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

This statement also presents a comparison between direct expense and program revenues for each function of the Government.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include most of the Government's basic services such as general administration, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those services that the Government charges a fee to customers in order to provide. These include Water and Sewer, Augusta Regional Airport, Waste Management, Municipal Golf Course, Transit, Daniel Field Airport, Newman Tennis Center, Garbage Collection, and the Riverwalk. The final category is component units. The Augusta-Richmond County Board of Health is a public health department. Although legally separate from the Government, the Government appoints a voting majority of the board. Augusta Canal Authority and Downtown Development Authority are also component units for which the Government is fiscally responsible.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Government, reporting the Government's operations in more detail than the government-wide statements. All of the funds of the Government can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the Government are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which focuses on current financial resources. Such information may be useful in evaluating the government's short-term financing requirements. These statements provide a detailed short-term view of the Government's finances that assists in determining whether there will be adequate financial resources available to meet the Government's current needs. The relationship between government activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The Government has five governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds, the Capital Projects Funds, and the Permanent Fund. Only five individual funds are being considered major funds – the General Fund, Fire Protection, Special Purposes Local Option Sales Tax Fund (SPLOST) Phase III, Special Purposes Local Option Sales Tax Fund (SPLOST) Phase IV and Special Purposes Local Option Sales Tax Fund (SPLOST) Phase V .

Proprietary Funds

The Government has two types of proprietary funds used to account for activities that operate similar to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are known as Enterprise Funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Funds that charge fees for services provided to departments within the reporting government are known as Internal Service Funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements, except for the allocation of internal service fund activity.

The Government has seven enterprise funds: Water and Sewer, Augusta Regional Airport, Waste Management, Municipal Golf Course, Transit, Daniel Field Airport, and Garbage Collection. The Government has seven internal service funds: Risk Management, Fleet Operations, Workers Compensation, Employee Health Benefits, Unemployment, Long-Term Disability Insurance and GMA Leases. The Water and Sewerage Fund and Augusta Regional Airport are the only funds being considered major funds for presentation purposes.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the Government as an agent for individuals, private organizations, other governments and other departments. The Government is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the Government's operations or programs.

Government-wide Financial Analysis

Comparative data for the entity-wide governmental activities and the business-type activities is provided below.

The Government's Net Assets
December 31, 2007 and 2006
Figure 2

	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities (As restated)	Total (As restated)
	2007	2007	2007	2006	2006	2006
Current and other assets	\$ 337,082,135	\$ 301,886,466	\$ 638,968,601	\$ 316,588,395	\$ 343,725,039	\$ 660,313,434
Capital assets	247,213,678	485,052,108	732,265,786	229,164,702	419,297,536	648,462,238
Total assets	<u>584,295,813</u>	<u>786,938,574</u>	<u>1,371,234,387</u>	<u>545,753,097</u>	<u>763,022,575</u>	<u>1,308,775,672</u>
Long-term liabilities	45,530,123	504,604,579	550,134,702	55,617,736	508,933,469	564,551,205
Other liabilities	48,060,667	30,406,025	78,466,692	40,317,977	21,963,251	62,281,228
Total liabilities	<u>93,590,790</u>	<u>535,010,604</u>	<u>628,601,394</u>	<u>95,935,713</u>	<u>530,896,720</u>	<u>626,832,433</u>
Net assets:						
Invested in capital assets, net of related debt	238,765,702	143,717,492	382,483,194	224,230,109	129,302,537	353,532,646
Restricted	186,758,852	15,926,125	202,684,977	219,256,694	16,429,773	235,686,467
Unrestricted	<u>65,180,469</u>	<u>92,284,353</u>	<u>157,464,822</u>	<u>6,330,581</u>	<u>86,393,545</u>	<u>92,724,126</u>
Total net assets	<u>\$ 490,705,023</u>	<u>\$ 251,927,970</u>	<u>\$ 742,632,993</u>	<u>\$ 449,817,384</u>	<u>\$ 232,125,855</u>	<u>\$ 681,943,239</u>

Net Assets

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Government exceeded liabilities by \$742.6 million as of December 31, 2007.

The largest portion of the Government's net assets, \$382.5 million or 52%, reflects its investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. The Government uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets, \$202.7 million or 28%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$157.5 million or 20%, may be used to meet the Government's ongoing obligations to citizens and creditors.

Several particular aspects of the Government's financial operations positively influenced the total *unrestricted governmental net assets*:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99% for real and personal property.
- Continued low cost of debt due to the County's high bond rating.
- Continued diligence in the maintenance of a 75 – 90 day unreserved fund balance in the General Fund.

**The Government's Changes in Net Assets
For the Years Ended December 31, 2007 and 2006
Figure 3**

**The Government Changes in Net Assets
Figure 3**

	Governmental Activities 2007	Business-type Activities 2007	Total 2007	Governmental Activities 2006	Business-type Activities (As restated) 2006	Total (As restated) 2006
Revenues:						
Program revenues:						
Charges for services	\$ 35,142,343	\$ 108,082,353	\$ 143,224,696	\$ 33,156,088	\$ 98,384,056	\$ 131,540,144
Operating grants and contributions	10,591,102	183,764	10,774,866	8,296,754	1,030,173	9,326,927
Capital grants and contributions	630,514	3,654,745	4,285,259	-	4,276,819	4,276,819
General revenues:						
Property taxes	48,820,848	-	48,820,848	47,510,238	-	47,510,238
Other taxes	111,459,091	-	111,459,091	99,296,470	-	99,296,470
Grants and contributions not restricted to specific programs	960,741	-	960,741	950,923	-	950,923
Unrestricted investment earnings	15,424,993	11,961,476	27,386,469	12,907,142	12,994,865	25,902,007
Miscellaneous	815,900	939,453	1,755,353	1,228,979	711,659	1,940,638
Total revenues	<u>223,845,532</u>	<u>124,821,791</u>	<u>348,667,323</u>	<u>203,346,594</u>	<u>117,397,572</u>	<u>320,744,166</u>
Expenses:						
General government	32,569,426	-	32,569,426	28,232,054	-	28,232,054
Judicial	15,871,604	-	15,871,604	14,766,171	-	14,766,171
Public safety	77,636,868	-	77,636,868	73,164,301	-	73,164,301
Public works	13,007,368	-	13,007,368	12,182,770	-	12,182,770
Health and welfare	2,227,609	-	2,227,609	2,027,300	-	2,027,300
Culture and recreation	24,555,210	-	24,555,210	32,131,742	-	32,131,742
Housing and development	8,844,236	-	8,844,236	9,469,828	-	9,469,828
Interest on long-term debt	1,517,141	-	1,517,141	769,618	-	769,618
Waste management	-	6,196,161	6,196,161	-	5,859,827	5,859,827
Water and sewer	-	70,720,901	70,720,901	-	68,152,898	68,152,898
Airports	-	15,380,555	15,380,555	-	14,271,584	14,271,584
Municipal golf course	-	546,477	546,477	-	688,293	688,293
Transit	-	4,607,435	4,607,435	-	4,960,174	4,960,174
Newman Tennis Center	-	-	-	-	1,370	1,370
Garbage Collection	-	14,296,461	14,296,461	-	12,998,308	12,998,308
Riverwalk	-	117	117	-	-	-
Total expenses	<u>176,229,462</u>	<u>111,748,107</u>	<u>287,977,569</u>	<u>172,743,784</u>	<u>106,932,454</u>	<u>279,676,238</u>
Increase in net assets before transfers	47,616,070	13,073,684	60,689,754	30,602,810	10,465,118	38,619,119
Transfers	<u>(6,728,431)</u>	<u>6,728,431</u>	<u>-</u>	<u>(6,365,664)</u>	<u>6,365,664</u>	<u>-</u>
Increase in net assets	40,887,639	19,802,115	60,689,754	24,237,146	16,830,782	41,067,928
Net assets, January 1	<u>449,817,384</u>	<u>232,125,855</u>	<u>681,943,239</u>	<u>425,580,238</u>	<u>215,744,650</u>	<u>641,324,888</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,577)</u>	<u>(449,577)</u>
Net assets, January 1, as restated					<u>215,295,073</u>	<u>215,295,073</u>
Net assets, December 31	<u>\$ 490,705,023</u>	<u>\$ 251,927,970</u>	<u>\$ 742,632,993</u>	<u>\$ 449,817,384</u>	<u>\$ 232,125,855</u>	<u>\$ 681,943,239</u>

Changes in Net Assets

Governmental activities. Governmental activities increased the Government's net assets by \$40.9 million, and thereby accounting for 67% of the total growth in the net assets of the Government. Key elements of this increase are as follows:

Governmental Revenues. Property tax and other taxes continue as the main source of revenue of the Government amounting to 71% in 2007, compared to 75% in 2006. Sales tax revenues contributed approximately \$16.6 million to the increase in net assets.

Governmental Functional Expenses: As reflected in the summary of changes in Net Assets, the Government expended 53% of the appropriations for judicial and public safety expenditures. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenditures accounted for the remaining 47%.

Business-type activities: Business-type activities increased the Government's net assets by approximately \$19.8 million accounting for 33% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Waste Management Fund reported an increase in net assets of \$6.4 million. This increase was due to maintaining volumes similar to 2006 volumes. The increase in volumes was stemmed from a volume based discount issued in 2004.
- The Water and Sewer Fund reported an increase in net assets of \$6 million. This increase was largely due to an increase in user charges due to rate increases approved upon issuance of the most recent Water & Sewer Revenue Bonds in 2004.
- The Augusta Regional Airport Fund reported an increase in net assets of \$5.4 million. This increase was largely due additional cash generated from operations and intergovernmental revenue received for capital spending.
- Garbage Collection net assets increase of \$2 million. This increase was due to increase in user fees for services.

Financial Analysis of the Government's Individual Funds

Augusta, Georgia uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Government's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Government's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$285.4 million, of which \$193.8 million, or 68%, is unreserved and undesignated.

General Fund

The General Fund is the primary operating fund of the Government. At the end of the current fiscal year, total fund balance of the General Fund was \$32.9 million, of which \$31.9 million, or 97%, was unreserved. A portion of the unreserved fund balance in the General Fund is designated for risk benefit, in the amount of \$4.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated and designated fund balance to total fund expenditures. As of December 31, 2007, total unreserved fund balance, both undesignated and designated, represents 28% of total general fund expenditures.

The fund balance of the General Fund increased \$5.2 million (18%). Key factors to accomplishing this result includes the increase from property taxes due a .25 millage increase, increased revenue from investments, and a manpower management savings program which temporarily delays filling vacancies in non-critical positions.

General Fund Budgetary Highlights

During the year, the Government revised the budget on several occasions. Generally, budget amendments fall into one of five categories: 1) amendments to appropriate fund balance for encumbrances from the prior year; 2) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 4) increases in appropriations that become necessary to maintain services; and 5) amendments to transfer appropriations between departments. The fifth category has no effect on the final budget and, therefore, is not addressed in this narrative.

The actual operating revenues for the General Fund were more than the budgeted amount by \$5.3 million, or 5%. The individual sources within the revenues fluctuated both positively and negatively. No individual source materially varied from the final budget.

As a result of sound budget management by all departments of the Government, actual operating expenditures were less than the budgeted amount by \$684 thousand. For the year, actual revenue and other financing sources were over actual expenditures and other financing uses by \$5.2 million.

Capital Projects Funds

The Government uses Capital Projects Funds to account for the acquisition and construction of major capital facilities that are not financed by Proprietary Funds. Major funds included in the fund financial statements are the SPLOST Fund Phase III, SPLOST Fund Phase IV and SPLOST Fund Phase V. The proceeds of the special purpose 1% sales tax are accounted for in Capital Projects Funds until improvement projects are completed. The SPLOST Fund Phase III fund balance is \$45.9 million, the SPLOST Fund Phase IV's fund balance is \$96.4 million and the SPLOST Fund Phase V's fund balance is \$80.7 million, all of which is held for specific construction and improvement projects and capital acquisitions.

Proprietary Funds

The activities of the Government that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The Government's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the end of the year were as follows: Water and Sewer System Fund, \$60.4 million; Augusta Regional Airport, \$14 million; Nonmajor Enterprise funds, \$18.1 million. The total growth (reduction) in net assets for previously mentioned funds were \$5.6 million, \$5.4 million and \$8.4 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

Capital Assets and Debt Administration

Capital Assets

The Government's investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounts to \$732.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the Government, such as roads, bridges, streets and sidewalks, drainage systems and other similar items.

Major capital asset transactions during the year included construction of infrastructure, buildings, acquisition of public safety vehicles, construction of water and sewerage systems, and construction of a new airport terminal and building.

Additional information on the Government's capital assets can be found in Note 3 of the notes to the financial statements of this report.

The Government's Capital Assets
(net of depreciation)
December 31, 2007

Figure 4

	Activities	Activities	Total
Land	\$ 20,408,148	\$ 16,319,771	\$ 36,727,919
Buildings	53,716,937	19,072,243	72,789,180
Improvements other than buildings	5,298,401	6,943,924	12,242,325
Water and sewerage systems	-	260,798,171	260,798,171
Infrastructure	58,893,886	13,750,014	72,643,900
Vehicles, machinery and equipment	12,800,054	9,326,346	22,126,400
Richmond County Public Facilities	2,109,247	-	2,109,247
Construction in progress	93,987,005	158,841,639	252,828,644
Total	\$ 247,213,678	\$ 485,052,108	\$ 732,265,786

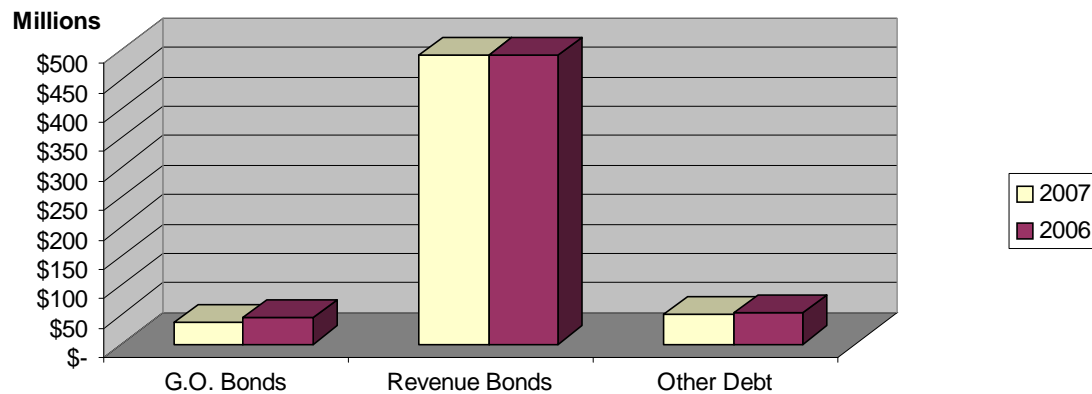
Long-Term Debt

As of December 31, 2007, the Government had a total of \$577 million in outstanding long-term debt. Of this amount, \$490.2 million consists of revenue bonds backed by the revenues of the water and sewer system.

The Government's Outstanding Debt General Obligation and Revenue Bonds December 31, 2007

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 36,468,229	\$ 44,741,536	\$ -	\$ -	\$ 36,468,229	\$ 44,741,536
Revenue bonds	46,053	157,434	490,209,032	491,121,382	490,255,085	491,278,816
Other debt	26,941,843	27,688,084	23,267,894	25,528,616	50,209,737	53,216,700
Total debt	\$ 63,456,125	\$ 72,587,054	\$ 513,476,926	\$ 516,649,998	\$ 576,933,051	\$ 589,237,052



The Government has maintained a bond rating of A+ from Standard & Poor's Rating Group and an A1 rating from Moody's Investor Service. These bond ratings are clear indications of the sound financial condition of the Government. These high ratings are a primary factor in keeping interest costs low on the Government's outstanding debt.

The State of Georgia limits the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Government is \$460 million based on the 2007 County-wide bond digest of \$4,604 million.

Additional information regarding the Government's long-term debt can be found in Note 3 of the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the Government.

- The Government has an unemployment rate of 5.9%, slightly higher than the state average of 4.4%.
- The ad valorem tax rate is expected to increase in 2008 by 1.193 mills in the General Fund and .2 mills for Fire Protection in the 2008 adopted budget. This increase could be mitigated by the 2007 surplus and/or growth in the digest.
- There is no budgeted use of existing fund balance in the 2008 adopted budget.
- The 2008 tax digest increased by 4.79%, with 2.23% of this from normal growth and the remaining 2.56% from reassessments.
- In 2007 the monthly Local Option Sales Tax collections grew at a rate of 2.05% over 2006.

Budget Highlights for the Fiscal Year Ending December 31, 2008

Governmental Activities: The Ad Valorem Taxes are projected to increase from the 2007 level. The 2008 tax digest has shown an increase of approximately 4.79%. Other taxes are expected to increase slightly with an expected 2% increase in sales tax revenues. The FY 2008 budget for the general fund is expected to be slightly above the 2007 level due to a mid year COLA increase of 3%, a \$2,000 increase to the salaries of public safety employees, funding for the operating deficit of the transit department, and the continued rise in the cost of fuel and operating supplies. Funded in the judicial area is the new state court judge position, a public defender position for Juvenile Court, and a drug court. Various cultural and recreational programs were added and funding budgeted for demolition of condemned houses and an additional medical outreach program. The general economic climate for the city government of 2008 is expected to be stable. There is no appropriation of fund balance for budgeted expenditures. The undesignated fund balance should remain at 28% in reserve.

Business – type Activities: Overall Water and Sewer revenue is projected to increase of more than 3% due to the increased rates.

Requests for Information

This report is designed to provide an overview of the Government's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Augusta-Richmond County, Georgia, 501 Greene Street, Augusta, Georgia 30901. Questions concerning any of the information found in this report relating to the Richmond County Board of Health should be directed to the Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901. Questions concerning any of the information found in this report relating to Augusta Canal Authority should be directed to Augusta Canal Authority, 1450 Greene Street, Suite 400, Augusta, Georgia 30903. Questions concerning any of the information found in this report relating to Downtown Development Authority should be directed to Downtown Development Authority, 111 Tenth Street, Augusta, Georgia 30901.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Augusta, Georgia
Statement of Net Assets
December 31, 2007

	Primary Government			Component Units		
	Governmental Activities	Business Type Activities	Primary Government Total	Department of Health	Augusta Canal Authority	Downtown Development Authority
Assets						
Cash and temporary investments	\$ 250,508,611	\$ 87,501,670	\$ 338,010,281	\$ 1,556,220	\$ 558,176	\$ 523,410
Receivables (net of allowance for doubtful accounts)						
Taxes	3,855,683	-	3,855,683	-	-	-
Accounts	16,084,982	14,727,267	30,812,249	1,121,307	249,755	-
Interest	227,482	524,122	751,604	-	-	-
Notes	3,701,447	-	3,701,447	-	-	-
Intergovernmental	40,325	789,351	829,676	-	-	-
Prepaid expenses	277,773	-	277,773	-	22,118	-
Inventory	108,114	2,955,322	3,063,436	-	33,211	-
Restricted cash and investments	58,525,888	175,244,654	233,770,542	-	2,391,766	-
Internal balances	2,870,195	(2,870,195)	-	-	-	-
Capital assets						
Land and construction in progress	114,395,153	175,161,411	289,556,564	1,647,997	520,651	-
Other capital assets, net of accumulated depreciation	132,818,525	309,890,697	442,709,222	7,292,703	11,851,263	3,655,032
Other assets	881,635	23,014,275	23,895,910	-	-	55,853
Total assets	584,295,813	786,938,574	1,371,234,387	11,618,227	15,626,940	4,234,295
Liabilities						
Accounts payable	9,358,656	15,156,650	24,515,306	1,524,584	58,957	190,387
Accrued interest	478,333	5,366,603	5,844,936	-	-	-
Accrued salaries and vacation	4,621,046	763,327	5,384,373	171,720	41,355	-
Other accrued liabilities	4,031,665	250,099	4,281,764	32,840	-	11,214
Unearned revenue	11,644,965	-	11,644,965	-	-	-
Liabilities due in less than one year	17,926,002	8,869,346	26,795,348	33,035	-	585,000
Liabilities due in greater than one year	45,530,123	504,604,579	550,134,702	835,164	-	1,215,000
Total liabilities	93,590,790	535,010,604	628,601,394	2,597,343	100,312	2,001,601
Net assets						
Invested in capital assets net of related debt	238,765,702	143,717,492	382,483,194	8,473,180	12,371,914	1,855,032
Restricted for:						
Capital projects	186,420,227	5,516,766	191,936,993	-	2,391,766	-
Debt service	-	10,409,359	10,409,359	-	-	-
Perpetual care	338,625	-	338,625	-	-	-
Health and welfare	-	-	-	857,867	-	-
Unrestricted	65,180,469	92,284,353	157,464,822	(310,163)	762,948	377,662
Total net assets	\$ 490,705,023	\$ 251,927,970	\$ 742,632,993	\$ 9,020,884	\$ 15,526,628	\$ 2,232,694

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Activities
Year Ended December 31, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 32,569,426	\$ 15,238,133	\$ 40,737	\$ 84,130
Judicial	15,871,604	9,126,678	270,613	-
Public safety	77,636,868	7,869,343	852,712	-
Public works	13,007,368	1,531,163	-	546,384
Health and welfare	2,227,609	168,051	488,617	-
Culture and recreation	24,555,210	1,194,238	4,110,768	-
Housing and development	8,844,236	14,737	4,827,655	-
Interest on long-term debt	1,517,141	-	-	-
Total governmental activities	<u>176,229,462</u>	<u>35,142,343</u>	<u>10,591,102</u>	<u>630,514</u>
Business-type activities:				
Waste management	6,196,161	11,075,331	-	-
Water and sewer	70,720,901	66,852,805	-	-
Airports	15,380,555	15,656,864	105,161	3,654,745
Municipal golf course	546,477	469,225	-	-
Transit	4,607,435	682,767	78,603	-
Garbage Collection	14,296,578	13,348,361	-	-
Total business-type activities	<u>111,748,107</u>	<u>108,085,353</u>	<u>183,764</u>	<u>3,654,745</u>
Total primary government	<u>\$ 287,977,569</u>	<u>\$ 143,227,696</u>	<u>\$ 10,774,866</u>	<u>\$ 4,285,259</u>
Component units:				
Richmond County Department of Health	\$ 14,955,529	\$ 2,249,424	\$ 11,251,546	\$ 41,019
Augusta Canal Authority	3,191,259	623,708	2,887,504	-
Downtown Development Authority	815,967	2,546	315,055	729,550
Total component units	<u>\$ 18,962,755</u>	<u>\$ 2,875,678</u>	<u>\$ 14,454,105</u>	<u>\$ 770,569</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Unrestricted governmental revenues				
Revenues from use of money and property				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning,				
Prior period adjustment				
Net assets - beginning, as restated				
Net assets - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Department of Health	Augusta Canal Authority	Downtown Development Authority	
\$ (17,206,426)	\$ -	\$ (17,206,426)	\$ -	\$ -	\$ -	
(6,474,313)	-	(6,474,313)	-	-	-	
(68,914,813)	-	(68,914,813)	-	-	-	
(10,929,821)	-	(10,929,821)	-	-	-	
(1,570,941)	-	(1,570,941)	-	-	-	
(19,250,204)	-	(19,250,204)	-	-	-	
(4,001,844)	-	(4,001,844)	-	-	-	
(1,517,141)	-	(1,517,141)	-	-	-	
(129,865,503)	-	(129,865,503)	-	-	-	
-	4,879,170	4,879,170	-	-	-	
-	(3,868,096)	(3,868,096)	-	-	-	
-	4,036,215	4,036,215	-	-	-	
-	(77,252)	(77,252)	-	-	-	
-	(3,846,065)	(3,846,065)	-	-	-	
-	(948,217)	(948,217)	-	-	-	
-	175,755	175,755	-	-	-	
(129,865,503)	175,755	(129,689,748)	-	-	-	
-	-	-	(1,413,540)	-	-	
-	-	-	-	319,953	-	
-	-	-	-	-	231,184	
-	-	-	(1,413,540)	319,953	231,184	
48,820,848	-	48,820,848	-	-	-	
74,441,584	-	74,441,584	-	-	-	
18,093,444	-	18,093,444	-	-	-	
18,924,063	-	18,924,063	-	-	-	
960,741	-	960,741	1,357,646	-	-	
15,424,993	11,961,476	27,386,469	47,285	73,937	14,122	
815,900	936,453	1,752,353	-	260,294	-	
(6,728,431)	6,728,431	-	-	-	-	
170,753,142	19,626,360	190,379,502	1,404,931	334,231	14,122	
40,887,639	19,802,115	60,689,754	(8,609)	654,184	245,306	
449,817,384	233,439,787	683,257,171	9,029,493	14,872,444	1,987,388	
-	(1,313,932)	(1,313,932)	-	-	-	
449,817,384	232,125,855	681,943,239	9,029,493	14,872,444	1,987,388	
\$ 490,705,023	\$ 251,927,970	\$ 742,632,993	\$ 9,020,884	\$ 15,526,628	\$ 2,232,694	

FUND FINANCIAL STATEMENTS

Augusta, Georgia
Balance Sheet
Governmental Funds
December 31, 2007

	General	Fire Protection	Special Sales Tax Phase III
Assets			
Cash and temporary investments	\$ 29,288,026	\$ 16,886,418	\$ 46,990,652
Receivables (net of allowance for doubtful accounts)			
Taxes	2,572,242	435,803	-
Accounts	7,102,328	-	19,603
Interest	-	-	106,476
Note	-	-	-
Intergovernmental	40,325	-	-
Prepaid items	277,773	-	-
Inventory	108,114	-	-
Restricted assets			
Reserve account	-	-	-
Perpetual care	-	-	-
Due from other funds	3,425,933	-	-
Total assets	\$ 42,814,741	\$ 17,322,221	\$ 47,116,731
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 2,469,547	\$ 83,508	\$ 1,253,332
Due to other funds	-	-	-
Accrued salaries and vacation	3,416,961	888,455	-
Other accrued liabilities	1,402,353	-	-
Deferred revenue	2,652,673	10,930,494	-
Total liabilities	9,941,534	11,902,457	1,253,332
Fund balances:			
Reserved for:			
Encumbrances	546,538	509,230	6,530,633
Project Maintenance	-	-	-
Inventory/prepaid items	385,887	-	-
GOB Projects	-	-	-
Unreserved - designated for:			
Risk benefit	4,705,061	250,000	-
Unreserved - undesignated	27,235,721	4,660,534	39,332,766
Unreserved, reported in nonmajor:			
Special revenue	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Permanent	-	-	-
Total fund balances	32,873,207	5,419,764	45,863,399
Total liabilities and fund balances	\$ 42,814,741	\$ 17,322,221	\$ 47,116,731

The notes to the financial statements are an integral part of this statement.

Special Sales Tax Phase IV	Special Sales Tax Phase V	Other Governmental Funds	Total Governmental Funds
\$ 99,424,032	\$ 32,639,003	\$ 23,888,154	\$ 249,116,285
-	-	847,638	3,855,683
21,275	2,839,707	1,837,635	11,820,548
-	-	121,006	227,482
-	-	3,701,447	3,701,447
-	-	-	40,325
-	-	-	277,773
-	-	-	108,114
-	45,979,350	-	45,979,350
-	-	338,625	338,625
-	-	179,433	3,605,366
<u>\$ 99,445,307</u>	<u>\$ 81,458,060</u>	<u>\$ 30,913,938</u>	<u>\$ 319,070,998</u>

\$ 2,948,503	\$ 720,726	\$ 1,267,872	\$ 8,743,488
-	-	720,607	720,607
72,627	-	198,007	4,576,050
-	-	17,508	1,419,861
-	-	4,596,080	18,179,247
<u>3,021,130</u>	<u>720,726</u>	<u>6,800,074</u>	<u>33,639,253</u>

9,070,844	1,647,516	1,420,820	19,725,581
-	-	1,596,460	1,596,460
-	-	-	385,887
-	43,866,010	-	43,866,010
-	-	-	4,955,061
87,353,333	35,223,808	-	193,806,162
-	-	15,406,935	15,406,935
-	-	10,194	10,194
-	-	5,139,392	5,139,392
-	-	540,063	540,063
<u>96,424,177</u>	<u>80,737,334</u>	<u>24,113,864</u>	<u>285,431,745</u>
<u>\$ 99,445,307</u>	<u>\$ 81,458,060</u>	<u>\$ 30,913,938</u>	<u>\$ 319,070,998</u>

Augusta, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
December 31, 2007

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

Ending fund balance - governmental funds	\$ 285,431,745
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Historical cost of capital assets	351,814,268
Accumulated depreciation	(104,600,590)
	<u>247,213,678</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Adjustment of deferred revenue	6,534,282
Bond issue costs capitalized	479,315
Annual pension asset (liability)	402,320
	<u>7,415,917</u>
Internal service funds are used by management to charge the costs of risk management, fleet operations, employee benefits, and GMA lease activity to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
Net assets of internal service funds	1,371,172
Less: cumulative amounts allocated to business-type activities	113,514
Less: capital assets included in adjustment for capital assets	(464,095)
	<u>1,020,591</u>
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Revenue bonds payable	(46,053)
General obligation bonds payable	(36,468,229)
Compensated absences	(4,050,544)
Capital leases	(1,743,688)
Claims and judgements	(4,978,257)
Other post employment benefits liability	(2,611,804)
Accrued interest	(478,333)
	<u>(50,376,908)</u>
Net assets of governmental activities	<u><u>\$ 490,705,023</u></u>

The notes to the financial statements are an integral part of this statement

Augusta, Georgia

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General	Fire Protection	Special Sales Tax Phase III
Revenues			
Taxes - property	\$ 36,747,206	\$ 5,464,228	\$ -
Taxes - other than property	49,841,876	10,227,510	-
Licenses and permits	1,601,287	-	-
Use of money and property	3,464,322	473,874	2,357,166
Charges for current services	16,947,571	113,971	-
Fines and forfeitures	6,034,855	-	-
Intergovernmental	2,763,323	245,417	147,146
Contributions and donations	34,693	-	-
Other	51,373	11,291	-
Total revenues	<u>117,486,506</u>	<u>16,536,291</u>	<u>2,504,312</u>
Expenditures			
Current:			
General government	25,025,439	-	53,124
Judicial	14,189,686	-	-
Public safety	51,785,481	20,075,393	-
Public works	5,441,076	-	1,292,115
Health and welfare	2,143,037	-	-
Culture and recreation	13,069,396	-	472,104
Housing and development	2,047,398	-	-
Capital outlay	-	143,476	1,938,131
Debt service	117,278	11,314	-
Total expenditures	<u>113,818,791</u>	<u>20,230,183</u>	<u>3,755,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,667,715</u>	<u>(3,693,892)</u>	<u>(1,251,162)</u>
Other financing sources (uses)			
Transfers in	2,545,843	6,340,085	-
Transfers (out)	(2,994,833)	-	-
Capital lease proceeds	1,967,750	-	-
Total other financing sources (uses)	<u>1,518,760</u>	<u>6,340,085</u>	<u>-</u>
Net change in fund balances	<u>5,186,475</u>	<u>2,646,193</u>	<u>(1,251,162)</u>
Fund balance - beginning	<u>27,686,732</u>	<u>2,773,571</u>	<u>47,114,561</u>
Fund balance - ending	<u>\$ 32,873,207</u>	<u>\$ 5,419,764</u>	<u>\$ 45,863,399</u>

The notes to the financial statements are an integral part of this statement.

Special Sales Tax Phase IV	Special Sales Tax Phase V	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 11,167,266	\$ 53,378,700
-	37,584,639	13,805,066	111,459,091
-	-	3,288,900	4,890,187
4,732,002	3,247,522	1,177,728	15,452,614
-	-	5,854,388	22,915,930
-	-	1,274,329	7,309,184
3,907,573	-	5,144,651	12,208,110
-	-	-	34,693
-	-	415,911	478,575
8,639,575	40,832,161	42,128,239	228,127,084
477,515	-	2,925,029	28,481,107
-	-	392,497	14,582,183
114,913	-	4,626,887	76,602,674
3,220,332	484,141	4,055,419	14,493,083
518,838	1,824,098	-	4,485,973
2,284,356	5,080,255	4,494,502	25,400,613
-	-	6,781,376	8,828,774
10,410,166	934,691	2,785,095	16,211,559
-	57,000	13,926,946	14,112,538
17,026,120	8,380,185	39,987,751	203,198,504
(8,386,545)	32,451,976	2,140,488	24,928,580
3,477,345	-	11,013,631	23,376,904
-	(9,727,390)	(16,924,202)	(29,646,425)
-	-	-	1,967,750
3,477,345	(9,727,390)	(5,910,571)	(4,301,771)
(4,909,200)	22,724,586	(3,770,083)	20,626,809
101,333,377	58,012,748	27,883,947	264,804,936
\$ 96,424,177	\$ 80,737,334	\$ 24,113,864	\$ 285,431,745

Augusta, Georgia

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2007**

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

Net change in fund balances - total governmental funds \$ 20,626,809

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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	28,364,246	
Depreciation expense	<u>(10,393,717)</u>	
		17,970,529

Governmental funds recognize revenues when current resources are provided; the Statement of Activities recognizes revenue when earned, resulting in a timing difference of current period revenues relating to converting from modified-accrual basis to full accrual basis. (4,435,697)

The change in the net pension obligation or asset does not affect current financial resources and are not reported as a revenue or expense in the funds. 95,072

The change in the net other post employment benefit obligation or asset does not affect current financial resources and are not reported as a revenue or expense in the funds. (2,611,804)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

General obligation bonds payable	8,273,307	
Revenue bonds payable	111,381	
Notes payable	2,500,000	
Compensated absences	54,202	
Capital leases	(223,169)	
Claims and judgements	(1,554,982)	
Bond issue costs capitalized	(119,826)	
Accrued interest	<u>147,268</u>	
		9,188,181

The net revenue of certain activities of the internal service fund is reported with governmental activities. 54,549

Change in net assets of governmental activities \$ 40,887,639

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2006 Actual
	Original	Final		Positive (Negative)	
Taxes - property	\$ 34,011,403	\$ 34,780,646	\$ 36,747,206	\$ 1,966,560	\$ 31,488,520
Taxes - other than property	48,232,710	48,232,710	49,841,876	1,609,166	48,080,964
Licenses and permits	1,542,500	1,542,500	1,601,287	58,787	1,354,747
Use of money and property	1,979,400	1,979,400	3,464,322	1,484,922	3,649,704
Charges for current services	16,269,140	16,423,790	16,947,571	523,781	15,965,526
Fines and forfeitures	5,731,800	5,821,800	6,034,855	213,055	6,054,609
Intergovernmental	2,172,333	3,354,576	2,763,323	(591,253)	2,575,023
Contributions and donations	3,840	4,860	34,693	29,833	100,537
Other	40,000	40,000	51,373	11,373	108,011
Total revenues	109,983,126	112,180,282	117,486,506	5,306,224	109,377,641
Expenditures					
Current:					
General government	26,085,250	21,400,036	25,025,439	(3,625,403)	24,855,810
Judicial	10,067,447	14,242,205	14,189,686	52,519	13,076,206
Public safety	51,434,026	53,793,015	51,785,481	2,007,534	46,918,835
Public works	6,837,566	6,604,525	5,441,076	1,163,449	5,896,084
Health and welfare	2,070,080	2,184,765	2,143,037	41,728	1,948,608
Culture and recreation	13,320,465	14,034,616	13,069,396	965,220	13,574,079
Housing and development	1,763,022	2,126,300	2,047,398	78,902	1,827,947
Capital outlay	101,250	-	-	-	-
Debt service	117,300	117,300	117,278	22	117,278
Total expenditures	111,796,406	114,502,762	113,818,791	683,971	108,214,847
Excess (deficiency) of revenues over (under) expenditures	(1,813,280)	(2,322,480)	3,667,715	5,990,195	1,162,794
Other financing sources (uses)					
Transfers in	2,813,400	4,876,900	2,545,843	(2,331,057)	5,290,776
Transfers (out)	(1,000,120)	(2,554,420)	(2,994,833)	(440,413)	(2,985,260)
Capital lease proceeds	-	-	1,967,750	1,967,750	71,495
Total other financing sources (uses)	1,813,280	2,322,480	1,518,760	(803,720)	2,377,011
Net change in fund balances	\$ -	\$ -	5,186,475	\$ 5,186,475	3,539,805
Fund balance - beginning			27,686,732		24,146,927
Fund balance - ending			\$ 32,873,207		\$ 27,686,732

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Fire Protection
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2006 Actual
	Original	Final		Positive (Negative)	
Revenues					
Taxes - property	\$ 4,130,670	\$ 5,236,618	\$ 5,464,228	\$ 227,610	\$ 4,921,327
Taxes - other than property	9,775,390	10,227,510	10,227,510	-	9,775,390
Licenses and permits	-	-	-	-	2,613
Use of money and property	60,700	60,700	473,874	413,174	517,060
Charges for current services	45,700	45,700	113,971	68,271	87,462
Intergovernmental	-	164,394	245,417	81,023	486,484
Contributions and donations	-	-	-	-	3,250
Other	-	-	11,291	11,291	31,850
Total revenues	14,012,460	15,734,922	16,536,291	801,369	15,825,436
Expenditures					
Current:					
General government	-	-	-	-	969,097
Public safety	19,438,610	21,067,613	20,075,393	992,220	18,368,600
Capital outlay	523,240	616,699	143,476	473,223	407,679
Debt service	10,610	10,610	11,314	(704)	11,511
Total expenditures	19,972,460	21,694,922	20,230,183	1,464,739	19,756,887
Excess (deficiency) of revenues over (under) expenditures	(5,960,000)	(5,960,000)	(3,693,892)	2,266,108	(3,931,451)
Other financing sources (uses)					
Transfers in	5,960,000	5,960,000	6,340,085	380,085	4,241,820
Total other financing sources (uses)	5,960,000	5,960,000	6,340,085	380,085	4,241,820
Net change in fund balances	\$ -	\$ -	2,646,193	\$ 2,646,193	310,369
Fund balance - beginning			2,773,571		2,463,202
Fund balance - ending			\$ 5,419,764		\$ 2,773,571

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Enterprise Funds				
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets					
Cash and temporary investments	\$ 47,299,031	\$ 11,041,977	\$ 29,160,662	\$ 87,501,670	\$ 1,392,326
Accounts	10,132,382	868,391	3,726,494	14,727,267	4,264,434
Interest	516,098	-	8,024	524,122	-
Intergovernmental	-	789,351	-	789,351	-
Inventory	2,386,799	357,691	210,832	2,955,322	-
Total current assets	60,334,310	13,057,410	33,106,012	106,497,732	5,656,760
Noncurrent assets					
Restricted cash and investments	152,683,994	17,698,136	4,862,524	175,244,654	12,207,913
Deferred bond issuance costs	6,046,680	997,708	299,153	7,343,541	-
Prepaid bond interest	15,670,734	-	-	15,670,734	-
Capital assets, net	414,725,126	51,936,716	18,390,266	485,052,108	464,095
Total noncurrent assets	589,126,534	70,632,560	23,551,943	683,311,037	12,672,008
Total assets	649,460,844	83,689,970	56,657,955	789,808,769	18,328,768
Liabilities					
Current liabilities					
Accounts payable	11,238,497	1,988,220	1,929,933	15,156,650	615,168
Accrued interest	5,366,603	-	-	5,366,603	-
Due to other funds	572,386	2,182,298	1,997	2,756,681	128,078
Accrued salaries and vacation	903,034	320,830	310,393	1,534,257	44,996
Other accrued liabilities	-	-	250,099	250,099	-
Current portion of notes payable	502,961	-	-	502,961	-
Current portion of leases payable	23,793	-	726,662	750,455	-
Current portion of revenue bonds payable	5,260,000	-	1,585,000	6,845,000	-
Total current liabilities	23,867,274	4,491,348	4,804,084	33,162,706	788,242
Noncurrent liabilities					
Closure/postclosure accrual	-	-	12,771,074	12,771,074	-
Revenue bonds payable	458,183,274	19,605,000	5,575,757	483,364,031	16,169,354
Notes payable	6,599,200	-	-	6,599,200	-
Capital leases	-	-	1,870,274	1,870,274	-
Total noncurrent liabilities	464,782,474	19,605,000	20,217,105	504,604,579	16,169,354
Total liabilities	488,649,748	24,096,348	25,021,189	537,767,285	16,957,596
Net assets					
Invested in capital assets, net of related debt	85,709,309	44,515,250	13,492,933	143,717,492	464,095
Restricted	10,409,359	5,514,602	2,164	15,926,125	-
Unrestricted	64,692,428	9,563,770	18,141,669	92,397,867	907,077
Total net assets	\$ 160,811,096	\$ 59,593,622	\$ 31,636,766	\$ 252,041,484	\$ 1,371,172

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

Certain internal fund assets and liabilities are included with business-type activities.	\$ (195,477)
Certain internal fund expenses are allocated to business-type activities.	81,963
Total net assets for business-type activities	<u>\$ 251,927,970</u>

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2007

	Enterprise Funds				Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Operating revenues					
Charges and fees	\$ 66,859,327	\$ 14,981,099	\$ 25,657,069	\$ 107,497,495	\$ 30,279,999
Total operating revenues	66,859,327	14,981,099	25,657,069	107,497,495	30,279,999
Operating expenses					
Personal services and employee benefits	11,465,121	3,573,476	4,291,891	19,330,488	464,303
Purchased/contracted services	8,516,411	1,096,561	14,159,852	23,772,824	453,636
Supplies	5,443,961	8,061,353	1,232,291	14,737,605	197,538
Repairs and maintenance	3,935,676	352,348	1,004,770	5,292,794	4,377,555
Interfund/interdepartmental charges	1,873,690	219,512	1,103,145	3,196,347	-
Other costs	-	-	87,996	87,996	282,080
Depreciation	13,086,218	1,523,817	2,301,430	16,911,465	46,540
Closure/postclosure accrual	-	-	1,246,810	1,246,810	-
Lease expense	-	-	-	-	2,504,942
Risk benefit charges	-	-	-	-	981,472
Insurance	-	-	-	-	20,419,941
Total operating expenses	44,321,077	14,827,067	25,428,185	84,576,329	29,728,007
Operating income (loss)	22,538,250	154,032	228,884	22,921,166	551,992
Nonoperating revenue (expense)					
Interest revenue	9,864,651	552,743	1,503,584	11,920,978	652,635
Sale of property	18,264	30,540	40,800	89,604	2,405
Other revenue	866,667	1,192,603	231,776	2,291,046	241,526
Intergovernmental	-	3,739,406	98,603	3,838,009	-
Interest expense	(23,957,459)	-	(430,382)	(24,387,841)	(853,136)
Loss on early termination of swap agreement	(3,367,879)	-	-	(3,367,879)	-
Loss on disposal of capital assets	-	(313,362)	-	(313,362)	-
Total nonoperating revenue (expense)	(16,575,756)	5,201,930	1,444,381	(9,929,445)	43,430
Income (loss) before transfers	5,962,494	5,355,962	1,673,265	12,991,721	595,422
Transfers in	-	-	6,728,431	6,728,431	139,272
Transfers out	-	-	-	-	(598,182)
Change in net assets	5,962,494	5,355,962	8,401,696	19,720,152	136,512
Total net assets - beginning	154,848,602	55,551,592	23,235,070		1,234,660
Prior period adjustment	-	(1,313,932)	-		-
Total net assets - beginning, as restated	154,848,602	54,237,660	23,235,070		1,234,660
Total net assets - ending	\$ 160,811,096	\$ 59,593,622	\$ 31,636,766		\$ 1,371,172

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

Certain internal fund expenses are allocated to business-type activities.
Total change in net assets for business-type activities

81,963
\$ 19,802,115

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

	Enterprise Funds				Internal Service Funds
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Operating activities					
Cash received from customers	\$ 65,443,578	\$ 14,838,205	\$ 25,181,532	\$ 105,463,315	\$ -
Cash received from contributions	-	-	-	-	30,312,208
Repayment of interfund advances	(13,825,481)	-	(28,400)	(13,853,881)	-
Cash paid to suppliers	(7,767,982)	-	(17,157,115)	(24,925,097)	(28,888,070)
Cash paid to employees	(11,421,022)	(12,380,209)	(4,279,131)	(28,080,362)	(468,013)
Cash paid for interfund services used	-	-	(1,218,986)	(1,218,986)	-
Cash paid to General Fund	-	-	-	-	(2,189,272)
Net cash provided by (used in) operating activities	32,429,093	2,457,996	2,497,900	37,384,989	(1,233,147)
Noncapital financing activities					
Transfers in	-	-	6,728,431	6,728,431	140,181
Transfers out	-	-	-	-	(599,091)
Operating grants	-	-	78,603	78,603	-
Interest expense on operating capital	-	-	(160,888)	(160,888)	(94,968)
Other revenue	-	-	-	-	180,808
Other expense	-	(52,830)	-	(52,830)	-
Net cash provided by noncapital financing activities	-	(52,830)	6,646,146	6,593,316	(373,070)
Capital and related financing activities					
Proceeds from grants	-	4,156,193	20,000	4,176,193	-
Proceeds from sale of property	18,264	30,540	408,211	457,015	2,403
Interest on bond funds	7,738,460	-	-	7,738,460	-
Other miscellaneous income	-	1,293,371	35,091	1,328,462	60,718
Proceeds from bond refunding	188,613,024	-	-	188,613,024	-
Purchase of capital assets	(72,287,857)	(9,252,744)	(1,609,524)	(83,150,125)	(124,979)
Bond issuance costs paid	(2,182,686)	35,632	-	(2,147,054)	-
Payments on bonds issued	-	-	(1,540,000)	(1,540,000)	-
Interest paid on capital debt	(29,885,082)	-	(283,472)	(30,168,554)	(712,936)
Payments on capital leases	(712,091)	-	(1,112,830)	(1,824,921)	(15,108)
Collection of receivable	500,000	-	-	500,000	-
Principal paid on revenue bonds	(184,020,000)	-	-	(184,020,000)	-
Net cash provided (used) by capital and related financing activities	(92,217,968)	(3,737,008)	(4,082,524)	(100,037,500)	(789,902)
Investing activities					
Interest received	2,599,744	504,805	1,503,147	4,607,696	652,318
Proceeds from insurance settlements	866,667	-	-	866,667	-
Proceeds on termination of swap agreements	1,234,264	-	-	1,234,264	-
Payments on termination of swap agreements	(6,750,000)	-	-	(6,750,000)	-
Net cash provided by investing activities	(2,049,325)	504,805	1,503,147	(41,373)	652,318
Net increase in cash and cash equivalents/investments	(61,838,200)	(827,037)	6,564,669	(56,100,568)	(1,743,801)
Cash and cash equivalents/investments					
Beginning of year	261,821,225	29,567,150	27,458,517	318,846,892	15,344,040
End of year	\$ 199,983,025	\$ 28,740,113	\$ 34,023,186	\$ 262,746,324	\$ 13,600,239

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

	Enterprise Funds				Internal Service Funds
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 22,538,250	\$ 154,032	\$ 228,884	\$ 22,921,166	\$ 551,992
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	13,086,218	1,523,817	2,301,430	16,911,465	46,540
Closure/post closure costs	-	-	1,246,810	1,246,810	-
Change in assets and liabilities					
Accounts receivable	(1,417,826)	(145,484)	(475,537)	(2,038,847)	398,465
Inventory	(282,966)	(32,696)	573	(315,089)	-
Accounts payable	8,288,101	958,327	1,032,363	10,278,791	(1,570,218)
Accrued salaries and vacation	44,099	-	12,760	56,859	(3,710)
Other accrued liabilities	-	-	4,849	4,849	-
Due to other funds	(9,828,859)	-	(144,241)	(9,973,100)	(656,216)
Unearned revenue	2,076	-	-	2,076	-
Decrease in closure liability	-	-	(1,709,991)	(1,709,991)	-
Total adjustments	9,890,843	2,303,964	2,269,016	14,463,823	(1,785,139)
Net cash provided by (used in) operating activities	\$ 32,429,093	\$ 2,457,996	\$ 2,497,900	\$ 37,384,989	\$ (1,233,147)
Reconciliation of cash and cash equivalents to the balance sheets					
Cash and cash equivalents in current assets	\$ 47,299,031	\$ 11,041,977	\$ 29,160,662	\$ 87,501,670	\$ 1,392,326
Restricted cash and cash equivalents included in noncurrent cash and investments	152,683,994	17,698,136	4,862,524	175,244,654	12,207,913
Net cash and cash equivalents	\$ 199,983,025	\$ 28,740,113	\$ 34,023,186	\$ 262,746,324	\$ 13,600,239

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar	Agency Funds
Assets			
Cash and cash equivalents	\$ 31,259,822	\$ 714	\$ 8,576,796
Investments			
U.S. Government securities	20,424,764	-	-
Corporate bonds	9,985,444	-	-
Equity securities	48,318,153	-	-
Receivables (net of allowance for doubtful accounts)			
Taxes	-	-	21,448,784
Accounts	572,482	-	-
Interest	474,959	-	-
Restricted assets			
Perpetual care	-	5,000	-
Total assets	<u>111,035,624</u>	<u>5,714</u>	<u>\$ 30,025,580</u>
Liabilities			
Due to others	-	-	8,576,796
Uncollected taxes	-	-	21,448,784
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 30,025,580</u>
Net assets			
Held in trust for pension benefits and other purposes (See Schedules of Funding Progress)	<u>\$ 111,035,624</u>	<u>\$ 5,714</u>	

The notes to the financial statements are an integral part of this statement.

Augusta, Georgia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2007

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar
Additions		
Contributions - employer	\$ 2,418,674	\$ -
Contributions - plan member	1,492,559	-
Net investment income	9,136,575	306
Total additions	<u>13,047,808</u>	<u>306</u>
Deductions		
Other	-	175
Administration	504,905	-
Benefit payments	7,005,602	-
Refunds	234,956	-
Total deductions	<u>7,745,463</u>	<u>175</u>
Net increase in plan net assets	5,302,345	131
Total net assets - beginning	<u>105,733,279</u>	<u>5,583</u>
Total net assets - ending	<u><u>\$ 111,035,624</u></u>	<u><u>\$ 5,714</u></u>

The notes to the financial statements are an integral part of this statement.

Notes to Financial Statements

AUGUSTA, GEORGIA

Notes to Financial Statements

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies

Augusta, Georgia ("the Government") accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Government's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and in the proprietary fund financial statements, the Government applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Accordingly, the Government has adopted accounting policies, as described below.

A. Reporting entity

Augusta is located in the east central section of the state on the south bank of the Savannah River, which serves as the boundary between Georgia and South Carolina. Augusta is on the fall line and has a landscape dotted with foothills which descend to the coastal plain. Augusta is the head of the navigation on the Savannah River and is 135 miles east of Atlanta, 127 miles northwest of the port of Savannah, and 72 miles southwest of Columbia, South Carolina. Augusta is the trade center for 13 counties in Georgia and five in South Carolina, a section known as the Central Savannah River Area.

The Government was created by legislative act in the State of Georgia in 1995 from the unification of the two governments, the City of Augusta, Georgia and Richmond County, Georgia. On June 20, 1995, the citizens of Richmond County and the City of Augusta voted to consolidate into one government named Augusta, Georgia. The officials for the new government were elected and, based on the charter, took office on January 1, 1996. The unified government combined all functions and began financial operations January 1, 1996.

The Government is governed by a full-time Mayor, with a term of four years, and a ten member Commission, who serve on a part-time basis and are elected to staggered terms of four years. The Mayor and Commission appoint an Administrator who serves as a full-time administrative officer and is responsible for the daily operations of the Government.

The Government's financial statements include the accounts of all Augusta and Richmond County operations. The criteria for including organizations as component units within Augusta's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Government holds the corporate powers of the organization
- the Government appoints a voting majority of the organization's board
- the Government is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Government
- there is fiscal dependency by the organization on the Government

Utilizing the above criteria, the following agencies and commissions were included using the blending method in the financial statements: Augusta Port Authority, due to degree of fiscal dependency on the Government, and Richmond County Public Facilities, Inc. (see Note 4D).

Complete financial statements for the individual component units may be obtained at the following address: Augusta, Georgia, Finance Department, 501 Greene Street, Augusta, Georgia 30901

The Government's other component units, the Department of Health, Augusta Canal Authority, and Downtown Development Authority are included in separate columns in the accompanying government-wide financial statements. These units are reported in separate columns to emphasize that they are legally separate from the Government. Separate financial statements may be obtained from the Richmond County Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901. Separate financial statements for the Downtown Development Authority may be obtained from the Downtown Development Authority at 111 Tenth Street, Augusta, Georgia, 30901. Separate financial statements for the Augusta Canal Authority may be obtained from the Augusta Canal Authority at 1450 Greene Street, Suite 400, Augusta, Georgia, 30903.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Information for the Department of Health is presented for the year ended June 30, 2007, which were the latest financial statements available. The Department of Health operates with the June 30 fiscal year end, which is different from the governments fiscal year end.

Augusta Canal Authority – A voting majority of the board is appointed by the Government.

Richmond County Department of Health - A voting majority of the board is appointed by the Government.

Downtown Development Authority – A voting majority of the board is appointed by the Government.

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Government and for each function of the Government's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Fund financial statements: The fund financial statements provide information about the Government's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Government. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety, recreation, street maintenance and improvements, and sanitation services.

Fire Protection Fund – The Fire Protection Fund is a special revenue fund that accounts for the receipts and disbursements of tax revenues restricted for fire protection services in the unincorporated area only. The primary revenue source is ad valorem taxes, and the primary expenditures are for public safety.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Special Sales Tax Phase III Fund – The Special Sales Tax Phase III Fund is a capital projects fund that accounts for the receipts and disbursements of one percent (1%) sales tax currently collected from 1996 through 2000. The primary revenue sources are sales taxes, and the primary expenditures are capital outlay projects, primarily for public works, recreation and outside agency projects.

Special Sales Tax Phase IV Fund – This fund was established for expenditures specifically budgeted from revenues from the one cent sales tax (Phase IV) collected from the years 2001 – 2006 to be used primarily for public works, recreation and outside agency projects.

Special Sales Tax Phase V Fund – This fund is a capital projects fund that accounts for receipts and disbursements of one percent (1%) sales tax collected beginning March 2006 and expiring after five years or the quarter after a total of \$160 million has been collected, whichever occurs first. The revenue sources are sales tax and earned interest, and expenditures will be for capital outlay projects, primarily for public works, recreation, and outside agency projects. The funds will also be used to repay \$44 million bonds issued for the expansion on the Webster Detention Center and \$8 million bonds issued for the Canal Authority.

The Government reports the following nonmajor governmental funds:

Special Revenue Funds

Urban Services District Fund - This fund accounts for revenue primarily from ad valorem taxes from areas within the former city limits and expenditures related to governmental services such as “Main Street”, “Urban Street Lights”, and “Sanitation”.

Emergency Telephone System Fund - This fund accounts for the receipt and disbursement of revenues of the emergency telephone response system.

Capital Outlay Fund - This fund accounts for the disbursement of revenues for all capital expenditures in General Fund departments. Capital expenditures are defined as any non-disposable item over \$500 which includes vehicles, office and computer equipment, communications equipment, building renovations and office furniture.

Law Enforcement Fund - This fund accounts for revenue and expenditures of the Sheriff’s Department and Jail.

Occupational Tax Fund - This fund accounts for the receipt and disbursement of tax revenues restricted for fire protection services in the unincorporated area only.

Special Assessment Fund - This fund accounts for the receipt and disbursement of street light assessment taxes for the installation of street lights in the Government.

Hotel/Motel tax and Promotion/Tourism Fund - This fund accounts for the receipt and disbursement of hotel/motel and beer/wine tax revenues to the Augusta-Richmond County Convention & Visitors Bureau and the Augusta-Richmond County Coliseum Authority.

Housing and Neighborhood Development Fund - This fund accounts for the financing and construction of various community development projects from grants received from the U.S. Department of Housing and Urban Development.

Urban Development Action Grant (UDAG) Fund - This fund accounts for loan transactions in relation to urban development action grants. Repayments of initial grant revenue loaned to qualified recipients are restricted to additional financing to qualified applicants.

Federal Drug Fund - This fund accounts for activities associated with drug education and enforcement.

State Drug Fund - This fund accounts for activities associated with drug education and enforcement.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Law Library – This fund accounts for receipt and disbursement of the Library.

5% Crime Victim's Assistance Fund - This fund accounts for the 5% surcharge on certain fines with the proceeds used for a victim's assistance program.

Supplemental Juvenile Service Fund - This fund accounts for supervisory fees collected on juvenile cases.

Building Inspection Fund – This fund accounts for building inspection licensing and fees revenue and related expenditures.

Weed and Seed Federal Grant Fund - This fund accounts for a grant designed to target high risk areas for teens and weed out the bad influences and sow the seed for a better life.

Wireless Phase Fund – This fund accounts for activities associated with 911 charges for wireless service.

Perpetual Care I Fund - This fund accounts for monies collected from sale of perpetual care contracts at Government-owned cemeteries after October 1, 1970, as well as receipt of investment earnings on all perpetual care investments and payment of cemetery maintenance expenditures.

Landbank Authority - This fund accounts for property owned by the County for the future progress of Augusta, GA.

Downtown Development Fund – This fund accounts for excise taxes collected on rental motor vehicles, and debt payments made and appropriations given to the Downtown Development Authority.

Canine Forfeitures - This fund accounts for proceeds recovered from drug arrests, which are allocated to the canine unit in return for their assistance.

NPDES Permit Fees - This fund accounts for a per acre environmental fee charged to all contractors who disturb more than one acre of land at a building site.

Debt Service Funds

Debt Service Fund - This fund accounts for general obligation bonds and notes payable and any other debts not recorded in the Enterprise Funds.

Urban Debt Service Fund - This fund accounts for general obligation bonds related to the former City of Augusta.

2006 GO Bonds Debt Service Fund – This fund accounts for the general obligation bonds related to the General Obligation Sales Tax Bonds, Series 2006. The bonds are to be repaid with funds from SPLOST Phase V.

Capital Projects Funds

Community Development Fund - This fund accounts for the financing and construction of various community development projects. Financing is provided by grants received from the U.S. Department of Housing and Urban Development.

Special Sales Tax Phase I Fund - This fund accounts for financing and construction of various road improvement projects. Financing is provided by receipts from a 1987 special one percent local option sales tax referendum.

Special Sales Tax Phase II Fund - This fund accounts for financing and construction of various construction and road improvements, drainage, jail improvements, and museums. Financing is to be provided by receipts from a 1991 special one percent local option sales tax referendum.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Permanent Fund

Perpetual Care II Fund - This fund accounts for the principal originally donated for the sale of perpetual care contracts at government-owned cemeteries after October 1, 1970. The principal must be maintained intact and invested.

The Government reports the following major enterprise funds:

Water and Sewer System Fund – This fund is used to account for the activity of providing water and sewer services to the residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.

Augusta Regional Airport at Bush Field Fund - This fund accounts for the operations of Augusta Regional Airport at Bush Field, the only airport within the County from which service from the major airlines is available.

The Government reports the following nonmajor enterprise funds:

Waste Management Fund - This fund accounts for the provision of landfill services to residents and industries of the County. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and collection.

Municipal Golf Course Fund - This fund accounts for the operation of the Municipal Golf Course, an 18-hole golf course located within the city limits.

Transit Fund - This fund accounts for the operations of the Augusta Public Transit which provides scheduled bus service within Richmond and Columbia counties.

Daniel Field Airport Fund - This fund accounts for revenue and expenses related to Daniel Field Airport.

Garbage Collection Fund - This fund accounts for receipt and expenses related to the Government's garbage collection contract.

The Government also reports the following internal service funds:

Risk Management Fund – This fund accounts for the receipt and disbursement of settlement exposure and damage expense claims, commercial insurance premiums and bond on certain employees and elected officials.

Fleet Operations Fund – This fund accounts for the operation and maintenance of County vehicles. The Fund bills other County funds at amounts that will approximately recover all the cost of the services provided.

Workers' Compensation Fund – This fund accounts for the receipt and disbursement of self-insured workers' compensation claims.

Employee Health Benefits Fund – This fund accounts for the receipt and disbursement of self-insured employee group health insurance claims.

Unemployment Fund – This fund accounts for the receipt and disbursement of unemployment benefits.

Long-term Disability Insurance Fund – This fund accounts for the receipt and disbursement of long-term disability claims.

GMA Leases Fund – This fund accounts for the receipt and disbursement of the lease pool agreement with the Georgia Municipal Association.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Additionally, the Government reports the following fund types:

Pension Trust Fund – The Government has pension trust funds that account for the Government’s employees’ pension plans. The Government maintains the following pension trust funds: 1945 Pension Trust Fund, 1977 Pension Trust Fund, and the General Retirement Fund.

Private Purpose Trust Fund – The Government has a private-purpose trust fund that accounts for resources legally held in trust to finance awards for children attending Joseph R. Lamar School. The principal amount of the gift is to be maintained intact and invested. Investment earnings are used for the awards. The Government maintains the following private-purpose trust fund: Joseph R. Lamar Fund.

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Government holds on behalf of others. The Government maintains the following agency funds: Tax Commissioner, which accounts for tax billings, collections and remittances made by the Tax Commissioner on behalf of the County and other governmental agencies; Probate judge, which accounts for the receipt and disbursement of licenses and other fees collected by the Probate Judge; Sheriff’s Department, which accounts for the receipt and disbursement of funds collected by the department from individuals posting bond; Civil Court, which accounts for the receipt and disbursement of court-ordered fines, fees and garnishments made on behalf of third parties; and Clerk of Court, which accounts for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties and traffic violation fines.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Government gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Government enterprise funds are charges to customers for sales and services. The Government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. The Government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

Those revenues susceptible to accrual are property taxes, licenses, interest revenues and charges for services. State-shared revenues collected and held by the state at year-end on behalf of the Government also are recognized as revenue. Fines, fees and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Government funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Government's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgets and budgetary accounting

The Government generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgetary hearings are held in August to discuss departmental budgets.
2. The Administrator presents the tentative budget to the Commission in October.
3. The permanent budget is legally adopted by the Commission prior to the start of the next fiscal year.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts within operating categories within departments can be requested by department directors. Transfer of budget amounts involving capital outlay or salaries require approval of the Augusta-Richmond County Commission. The Augusta-Richmond County Commission must approve revisions that alter the total expenditures of any department or fund. Budgets for capital items may be reappropriated in the ensuing year's budget. Departments may request for other budget items to be reappropriated in the form of a budget adjustment, contingent of the Commission's approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds.
6. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budget information for expenditures represents the operating budget (as amended) as approved by the Augusta-Richmond County Commission.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, Debt Service and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances for outstanding purchase orders do not lapse at year end. Therefore, they are reported as reservations of fund balance.

F. Cash and cash equivalents

The Government maintains a cash and investment pool in which the General Fund and all funds share. Each fund's portion of the pool is displayed on its respective balance sheet as cash and cash equivalents and includes non-pooled cash and investments separately held. Funds which have an excess of outstanding checks over bank balance have had these balances reclassified as a due to the General Fund for purposes of financial statement presentation. Interest income is allocated to each fund monthly based on its average monthly balance.

For the purposes of financial statement presentation, the Government considers all highly liquid investments with an original maturity of three months or less, or with insignificant early withdrawal penalties, to be cash equivalents. Exceptions include the Government's pension plans which classify only cash as cash equivalents in order to appropriately report investment activity. Cash equivalents include amounts in certificates of deposit, repurchase agreements, and U.S. Treasury bills, and are stated at cost which approximates market. All deposits are stated at cost plus accrued interest, which reasonably estimates fair value.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

The State statutes authorize the Government to invest in obligations of the United States government and agencies thereof, general obligations of the State of Georgia or any of its political subdivisions, or banks and savings and loan associations to the extent that they are secured by the Federal Deposit Insurance Corporation.

G. Investments

Investments are reported at fair value. Fair value is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market; fair value of real estate is based on appraised values.

H. Inventories and prepaid expenses

Inventories in the governmental funds are valued at cost using the first-in, first-out method. Inventories in the proprietary funds are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund-type inventories and prepaid expenses are recorded as expenditures when consumed rather than when purchased. Reported inventories and prepaid expenses are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources".

I. Interfund receivables/payable and Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financial statements.

J. Bond discounts and issuance costs

Bond discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds using the effective-interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

K. Restricted assets

Certain assets of the Debt Service Fund and Enterprise Funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

L. Capital assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are \$5,000 for all categories of capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to January 1, 2001, consist of the streets network that were acquired or that received substantial improvements subsequent to January 1, 1980. The streets network is reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is computed using the straight-line method. A summary of the estimated useful lives is as follows:

Vehicles	5 years
Furniture and fixtures	7 years
Machinery and equipment	10 years
Buildings and improvements	30 years
Water and Sewer systems	30 years
Infrastructure	30 years

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies (Continued)

M. Compensated absences

The vacation policy of the Government provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Government's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned. The Government has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

No accrual has been established for accumulated sick leave of employees since it is the Government's policy to record the cost of sick leave only when it is used.

N. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, compliance and accountability

A. Excess of expenditures over appropriations

	Expenditures		Variance
	Budget	Actual	Positive (Negative)
General Fund			
General government	\$ 21,187,036	\$ 24,697,059	\$ (3,510,023)
Fire Protection Fund			
Debt service	10,610	11,314	(704)
Nonmajor Governmental Funds			
Housing and Neighborhood Development Fund			
General government	160,210	373,414	(213,204)
Housing and development	4,875,500	5,554,087	(678,587)
Debt service	-	2,500,000	(2,500,000)
Supplemental Juvenile Service Fund			
General government	1,090	1,500	(410)
Landbank Authority Fund			
Housing and development	-	132,142	(132,142)
Capital Outlay Fund			
Debt service	1,574,115	1,671,957	(97,842)
Special Assessment Fund			
General government	8,710	44,143	(35,433)
Urban Development Action Grant Fund			
General government	4,910	7,704	(2,794)
Downtown Development Fund			
General government	632,290	632,988	(698)
Debt service	10,000	27,050	(17,050)
Wireless Phase Fund			
General government	1,280	1,692	(412)
Federal Drug Fund			
Public safety	687,040	703,349	(16,309)
Capital outlay	40,940	60,673	(19,733)
2006 GO Sales Tax Bonds Debt Service Fund			
Debt service	9,727,390	9,727,939	(549)

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 2 - Stewardship, compliance and accountability (Continued)

B. Fund Balance or Net Assets

Following is a detail of funds with deficit fund balances or net assets. The Government plans to fund the deficits through the general operations of the Government.

Nonmajor Governmental Funds

Downtown Development	\$ (122,662)
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Internal Service Funds

Fleet Operations	(126,655)
GMA Leases	(31,799)

Note 3 – Detailed notes on all funds

A. Deposits and investments

Primary government

Deposits:

Custodial Credit Risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. At December 31, 2007 approximately \$48,775,000 of the Government's approximate \$445,824,000 bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

Investments:

Primary Government (Other than Pension Trust Funds)

The investment policy of the Government is consistent with the State of Georgia's policy, which is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

Pension Trust Funds

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United States government.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

- 5) Taxable bonds, notes warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the government of the United States of America.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value.

As of December 31, 2007 the investments of the Government were:

Type of Investment	Fair Value	Maturities in Years		
		4-12 Months	1 - 5 Years	6 - 10 Years
U.S. Government securities	\$ 30,196,758	\$ 12,126,128	\$ 13,746,343	\$ 4,324,286
Corporate securities	9,985,444	1,803,733	3,421,348	4,760,364
		<u>\$ 13,929,861</u>	<u>\$ 17,167,691</u>	<u>\$ 9,084,650</u>
Equity securities	48,318,153			
Georgia Fund 1	152,523,917			
Georgia Extended Asset Pool	11,845,377			
Total investments	<u>\$ 252,869,649</u>			

The exposure of the Government's debt securities to credit quality risk is indicated below (as rated by Standard & Poor's):

Type of investment	Fair Value	AAA	AA	AA-	A+	A
U.S. Government securities	\$ 30,196,758	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate securities	9,985,444	1,538,923	1,939,132	3,394,513	1,525,165	1,587,711
	<u>\$ 40,182,202</u>	<u>\$ 1,538,923</u>	<u>\$ 1,939,132</u>	<u>\$ 3,394,513</u>	<u>\$ 1,525,165</u>	<u>\$ 1,587,711</u>

The local government investment pool "Georgia Fund 1", created by O.C.G.A. §36-83-8, is a stable net asset value investment pool. Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company; the regulatory oversight of the pool is assigned to the State of Georgia's Office of Treasury and Fiscal Services. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3- Detailed notes on all funds (Continued)

The Georgia Extended Asset Pool (GEAP) is offered by the State of Georgia to counties, municipalities, public colleges and universities, board of education, special districts, state agencies, and other authorized entities as an alternative to Georgia Fund I. A primary objective of GEAP is the prudent management of public funds on behalf of state and local governments. GEAP was designed for those investors seeking taxable income higher than money market rates and willing to accept price fluctuations.

Deposit and investment transactions are subject to a variety of risks. The Government's adopted investment policies seek to promote the safety of principal, provide adequate liquidity for operation needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform with legal requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Government's investment policy states that the Government will structure its portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to their maturity. The policy also emphasizes the purchase of shorter term or more liquid investment. The policy does not place formal limits on investment maturities. The Georgia Fund 1 has an interest rate risk of 24 day weighted average maturity.

Credit Risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Government's investment policy seeks to minimize credit risk through diversification of investments within the choices allowed under state statutes. Investments in all corporate securities are limited to investment grade or higher as rated by a nationally recognized rating agency.

All of the Government's investments in U.S. Government securities carry the explicit guarantee of the U.S. government. U.S. Agency securities underlie the repurchase agreements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. No single issuer represented more than 5% of the total portfolio. The Government does not have a formally adopted policy for managing concentration of credit risk.

There are no limits on fixed income securities issued directly by the U.S. government or any agency thereof.

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

Basic financial statements:

Cash and temporary investments	\$ 338,010,281
Restricted cash and investments	233,770,542
Pension and agency funds	<u>118,565,693</u>
Total	<u>\$ 690,346,516</u>

Notes to the financial statements:

Cash on hand	\$ 27,530
Deposits	437,449,337
Investments	<u>252,869,649</u>
Total	<u>\$ 690,346,516</u>

Department of Health

At June 30, 2007, all of the Department of Health's deposits were either secured by Federal Depository Insurance Corporation (FDIC) or by collateral held by the agent in the Government's name.

Augusta Canal Authority

As of December 31, 2007, the bank balance totaled \$2,958,077. Of the total bank balance, \$200,000 was insured through the Federal Depository Insurance Corporation (FDIC). \$299,369 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the Authority. The remaining \$2,458,708 was uncollateralized.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

As of December 31, 2007, the Authority had no investments.

B. Receivables

Property taxes are administered on a calendar year basis subject to the following dates:

Lien date	January 1
Levy date	July 26
Collection period	August 31 - November 15
Due date	November 15

Receivables at December 31, 2007, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Fire Protection	Special Sales Tax Phase III	Special Sales Tax Phase IV	Special Sales Tax Phase V		
Receivables:							
Taxes	\$ 3,049,219	\$ 456,894	\$ -	\$ -	\$ -		
Accounts	7,400,047	-	19,603	21,275	2,839,707		
Interest	-	-	106,476	-	-		
Note	-	-	-	-	-		
Intergovernmental	40,325	-	-	-	-		
Gross receivables	10,489,591	456,894	126,079	21,275	2,839,707		
Less: allowance for uncollectibles	(774,696)	(21,091)	-	-	-		
Net total receivables	\$ 9,714,895	\$ 435,803	\$ 126,079	\$ 21,275	\$ 2,839,707		

	Water and Sewer	Bush Field	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total	Adjustments to Full Accrual	Statement of Net Assets
Receivables (Cont.):							
Taxes	\$ -	\$ -	938,809	\$ -	4,444,922	\$ -	4,444,922
Accounts	10,402,882	968,391	1,858,077	4,578,238	28,088,220	4,264,434	32,352,654
Interest	516,098	-	121,006	8,024	751,604	-	751,604
Note	-	-	3,785,609	-	3,785,609	-	3,785,609
Intergovernmental	-	789,351	-	-	829,676	-	829,676
Gross receivables	10,918,980	1,757,742	6,703,501	4,586,262	37,900,031	4,264,434	42,164,465
Less: allowance for uncollectibles	(270,500)	(100,000)	(195,775)	(851,744)	(2,213,806)	-	(2,213,806)
Net total receivables	\$ 10,648,480	\$ 1,657,742	\$ 6,507,726	\$ 3,734,518	\$ 35,686,225	\$ 4,264,434	\$ 39,950,659

Adjustments to full accrual relate to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the internal service funds receivables balances are included in governmental activities on the accompanying government-wide financial statement.

For the above-mentioned long-term notes receivable, the bank maintains records that are not recorded in the governmental fund financial statements. These loans represent funds received through HUD's Housing Rehabilitation Program. The Housing Rehabilitation Program is designed to fund improvements to homes owned and occupied by persons in low to moderate-income ranges. In 1993, loans were also made to owners of rental units under a deferred loan arrangement as part of the Housing Rehabilitation Program. Loans made for these projects vary as to amounts and interest rates based on the level of income of the owner/occupiers. In the governmental fund financial statements, repayments of these loans are recorded as other revenue in the Housing and Neighborhood Development Fund, a nonmajor special revenue fund.

Finally, the Fiduciary fund financial statements include \$21,448,784 in taxes receivable recorded in agency funds. This amount is excluded from the foregoing schedule and represents the amount of receivables billed on behalf of other governments in an agency relationship. Also, included in the Fiduciary fund financial statements and excluded from the foregoing schedule are interest receivable totaling \$474,959 and accounts receivable totaling \$572,482 in the pension trust fund.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

In a prior year, the former City of Augusta entered into an agreement with the Georgia Housing and Finance Authority (GHFA) to aid in the administration of Federal funds granted through the State for HUD's Rental Rehabilitation Program. The Government acts only in an administrative capacity and does not directly receive or disburse any funds related to this project. Therefore, the receipts, disbursements and related notes receivable for the GRFA program have not been included in the financial statements.

C. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

	December 31, 2006	Additions	Disposals	December 31, 2007
Capital assets, not being depreciated				
Land	\$ 20,378,818	\$ 29,330	\$ -	\$ 20,408,148
Construction in process	69,998,727	24,556,194	(567,916)	93,987,005
Total capital assets not being depreciated	90,377,545	24,585,524	(567,916)	114,395,153
Other capital assets:				
Land and Site Improvements	7,892,546	679,203	(127,925)	8,443,824
Buildings	78,760,613	-	-	78,760,613
Building improvements	7,625,446	275,712	-	7,901,158
Vehicles	31,795,822	2,359,829	(658,061)	33,497,590
Machinery and equipment	10,466,666	920,511	(14,423)	11,372,754
IT – hardware	3,619,974	70,731	-	3,690,705
IT – software	2,822,776	87,455	-	2,910,231
Furniture and fixtures	1,419,738	122,425	-	1,542,163
Infrastructure	76,547,295	97,299	-	76,644,594
Richmond County Public Facilities	12,655,483	-	-	12,655,483
Total other capital assets	233,606,359	4,613,165	(800,409)	237,419,115
Less accumulated depreciation for:				
Land and site improvements	(2,792,980)	(354,474)	2,031	(3,145,423)
Buildings	(27,245,390)	(2,399,857)	-	(29,645,247)
Building improvements	(2,928,157)	(371,430)	-	(3,299,587)
Vehicles	(23,257,141)	(3,083,348)	644,447	(25,696,042)
Machinery and equipment	(6,430,144)	(767,416)	12,392	(7,185,168)
IT – hardware	(2,957,218)	(555,704)	-	(3,512,922)
IT – software	(2,238,272)	(365,717)	-	(2,603,989)
Furniture and fixtures	(1,162,966)	(52,302)	-	(1,215,268)
Infrastructure	(15,260,698)	(2,490,010)	-	(17,750,708)
Richmond County Public Facilities	(10,546,236)	-	-	(10,546,236)
Total accumulated depreciation	(94,819,202)	(10,440,258)	658,870	(104,600,590)
Other capital assets, net	138,787,157	(5,827,093)	(141,539)	132,818,525
Governmental activities capital assets, net	\$ 229,164,702	\$ 18,758,431	\$ (709,455)	\$ 247,213,678

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 1,038,675
Judicial	1,319,111
Public safety	3,449,771
Public works	3,176,514
Health and welfare	84,572
Culture and Recreation	1,312,903
Housing and development	15,750
Risk	1,722
Fleet	41,240
	<u>\$ 10,440,258</u>

	Balance December 31, 2006	Additions	Disposals	Balance December 31, 2007
<u>Water and Sewer</u>				
Capital assets, not being depreciated:				
Land	\$ 7,881,054	\$ 111,306	\$ -	\$ 7,992,360
Construction in progress	104,610,664	25,490,389	-	130,101,053
Total capital assets not being depreciated	<u>112,491,718</u>	<u>25,601,695</u>	<u>-</u>	<u>138,093,413</u>
Other capital assets:				
Buildings	39,047,673	37,327	-	39,085,000
Vehicles	5,800,848	187,763	(50,467)	5,938,144
Machinery and equipment	6,576,376	206,487	(10,883)	6,771,980
Furniture and fixtures	440,474	-	-	440,474
Other capital	5,149,070	93,402	-	5,242,472
Water and sewerage systems	329,145,201	46,161,183	-	375,306,384
Contributed water and sewerage systems	10,563,423	-	-	10,563,423
Total capital assets being depreciated	<u>396,723,065</u>	<u>46,686,162</u>	<u>(61,350)</u>	<u>443,347,877</u>
Less accumulated depreciation for:				
Buildings	(24,309,077)	(1,190,083)	-	(25,499,160)
Vehicles	(5,069,506)	(340,252)	50,467	(5,359,291)
Machinery and equipment	(5,902,829)	(301,756)	10,883	(6,193,702)
Furniture and fixtures	(439,943)	(531)	-	(440,474)
Other capital	(3,119,271)	(1,032,630)	-	(4,151,901)
Water and sewerage systems	(107,969,390)	(9,989,592)	-	(117,958,982)
Contributed water and sewerage systems	(6,881,280)	(231,374)	-	(7,112,654)
Total accumulated depreciation	<u>(153,691,296)</u>	<u>(13,086,218)</u>	<u>61,350</u>	<u>(166,716,164)</u>
Other capital assets being depreciated, net	<u>243,031,769</u>	<u>33,599,944</u>	<u>-</u>	<u>276,631,713</u>
Water and sewer capital assets, net	<u>\$ 355,523,487</u>	<u>\$ 59,201,639</u>	<u>\$ -</u>	<u>\$ 414,725,126</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

	(As restated) Balance December 31, 2006	Additions	Disposals	Balance December 31, 2007
<u>Augusta Regional Airport</u>				
Capital assets not being depreciated:				
Land	\$ 4,684,256	\$ 948,286	\$ -	\$ 5,632,542
Construction in progress	18,972,398	8,258,389	-	27,230,787
Total capital assets not being depreciated	<u>23,656,654</u>	<u>9,206,675</u>	<u>-</u>	<u>32,863,329</u>
Other capital assets:				
Site improvements	2,771,735	23,220	-	2,794,955
Building improvements	1,890,477	15,600	(202,753)	1,703,324
Buildings	9,487,642	-	(1,791,053)	7,696,589
Vehicles	2,449,538	-	(346,678)	2,102,860
Machinery and equipment	2,552,957	7,249	(56,935)	2,503,271
Furniture and fixtures	327,108	-	(5,887)	321,221
Other capital	166,144	-	-	166,144
Information tech – hardware	74,411	-	-	74,411
Information tech – software	35,832	-	-	35,832
Infrastructure	25,570,701	-	-	25,570,701
Total capital assets being depreciated	<u>45,326,545</u>	<u>46,069</u>	<u>(2,403,306)</u>	<u>42,969,308</u>
Less accumulated depreciation for:				
Site improvements	(865,743)	(196,469)	-	(1,062,212)
Building improvements	(1,177,483)	(61,769)	118,198	(1,121,054)
Buildings	(6,982,078)	(164,965)	1,562,553	(5,584,490)
Vehicles	(1,935,891)	(110,853)	346,678	(1,700,066)
Machinery and equipment	(1,161,971)	(255,621)	56,935	(1,360,657)
Furniture and fixtures	(279,558)	(15,582)	5,580	(289,560)
Other capital	(166,144)	-	-	(166,144)
Information tech – hardware	(68,468)	-	-	(68,468)
Information tech – software	(26,651)	(641)	-	(27,292)
Infrastructure	(11,798,061)	(717,917)	-	(12,515,978)
Total accumulated depreciation	<u>(24,462,048)</u>	<u>(1,523,817)</u>	<u>2,089,944</u>	<u>(23,895,921)</u>
Other capital assets being depreciated, net	<u>20,864,497</u>	<u>(1,477,748)</u>	<u>(313,362)</u>	<u>19,073,387</u>
Augusta Regional Airport capital assets, net	<u>\$ 44,521,151</u>	<u>\$ 7,728,927</u>	<u>\$ (313,362)</u>	<u>\$ 51,936,716</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

	Balance December 31, 2006	Additions	Disposals	Balance December 31, 2007
<u>Nonmajor enterprise funds</u>				
Capital assets, not being depreciated				
Land	\$ 2,628,862	\$ 66,007	\$ -	\$ 2,694,869
Construction in process	-	1,509,799	-	1,509,799
Total capital assets not being depreciated	<u>2,628,862</u>	<u>1,575,806</u>	<u>-</u>	<u>4,204,668</u>
Other capital assets:				
Site and building improvements	2,568,583	12,636	-	2,581,219
Landfill Cell IIC	9,399,876	-	-	9,399,876
Landfill Cell IIIC	5,616,841	-	-	5,616,841
Buildings	3,164,904	-	-	3,164,904
Vehicles	6,581,015	399,637	(238,273)	6,742,379
Machinery and equipment	5,593,596	7,800	(868,850)	4,732,546
Infrastructure	1,485,833	-	-	1,485,833
IT – hardware	75,338	-	-	75,338
IT - software	469,742	13,281	-	483,023
Total capital assets being depreciated	<u>34,955,728</u>	<u>433,354</u>	<u>(1,107,123)</u>	<u>34,281,959</u>
Less accumulated depreciation for:				
Site and building improvements	(1,330,553)	(122,089)	-	(1,452,642)
Landfill Cell IIC	(9,399,876)	-	-	(9,399,876)
Landfill Cell IIIC	(31,205)	(374,455)	-	(405,660)
Buildings	(1,400,489)	(100,958)	-	(1,501,447)
Vehicles	(3,524,199)	(854,237)	228,589	(4,149,847)
Machinery and equipment	(1,390,431)	(784,811)	308,172	(1,867,070)
Infrastructure	(741,014)	(49,528)	-	(790,542)
IT – hardware	(68,147)	(2,696)	-	(70,843)
IT – software	(445,778)	(12,656)	-	(458,434)
Total accumulated depreciation	<u>(18,331,692)</u>	<u>(2,301,430)</u>	<u>536,761</u>	<u>(20,096,361)</u>
Other capital assets, net	<u>16,624,036</u>	<u>(1,868,076)</u>	<u>(570,362)</u>	<u>14,185,598</u>
Nonmajor enterprise funds, net	<u>19,252,898</u>	<u>(292,270)</u>	<u>(570,362)</u>	<u>18,390,266</u>
Business-type activities capital assets, net	\$ <u>420,611,468</u>	\$ <u>67,410,938</u>	\$ <u>(883,727)</u>	\$ <u>487,138,679</u>

Depreciation expense was charged to non-major enterprise funds as follows:

Waste management and garbage collection	\$ 1,457,865
Transit	715,842
Daniel Field Airport	92,555
Municipal golf course	<u>35,168</u>
	\$ <u><u>2,301,430</u></u>

Construction costs include, among other things, capitalized interest costs and engineering fees. Capitalized net interest costs were approximately \$264,000 for the year ended December 31, 2007.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

Department of Health

Capital asset activity for the Department of Health for the year ended June 30, 2007 was as follows:

	June 30, 2006	Additions	Disposals	June 30, 2007
Capital assets, not being depreciated				
Land	\$ 1,647,997	\$ -	\$ -	\$ 1,647,997
Other capital assets:				
Buildings	7,855,047	41,019	-	7,896,066
Improvements	556,193	-	-	556,193
Equipment	365,511	-	-	365,511
Vehicles	152,393	-	-	152,393
	<u>8,929,144</u>	<u>41,019</u>	<u>-</u>	<u>8,970,163</u>
Less accumulated depreciation for:				
Buildings	(899,258)	(201,479)	-	(1,100,737)
Improvements	(326,764)	(27,810)	-	(354,574)
Equipment	(114,551)	(31,388)	-	(145,939)
Vehicles	(63,421)	(12,789)	-	(76,210)
Total accumulated depreciation	<u>(1,403,994)</u>	<u>(273,466)</u>	<u>-</u>	<u>(1,677,460)</u>
Other capital assets, net	<u>7,525,150</u>	<u>(232,447)</u>	<u>-</u>	<u>7,292,703</u>
Governmental activities capital assets, net	\$ <u>9,173,147</u>	\$ <u>(232,447)</u>	\$ <u>-</u>	\$ <u>8,940,700</u>

Augusta Canal Authority

Capital asset activity for the Augusta Canal Authority for the year ended December 31, 2007 was as follows:

	December 31, 2006	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land	\$ 467,000	\$ -	\$ -	\$ 467,000
Construction in process	34,949	18,702	-	53,651
Total capital assets not being depreciated	<u>501,949</u>	<u>18,702</u>	<u>-</u>	<u>520,651</u>
Capital assets being depreciated:				
Leasehold improvements	3,869,106	-	-	3,869,106
Boats	697,071	-	-	697,071
Vehicles	19,621	5,000	-	24,621
Machinery and equipment	16,433	648	-	17,081
Computer equipment	15,761	2,215	-	17,976
Office equipment	4,602	-	-	4,602
Furniture and fixtures	22,424	1,500	-	23,924
Infrastructure	9,900,983	168,002	-	10,068,985
Total capital assets being depreciated	<u>14,546,001</u>	<u>177,365</u>	<u>-</u>	<u>14,723,366</u>
Less accumulated depreciation for:				
Leasehold improvements	(539,436)	(143,760)	-	(683,196)
Boats	(84,810)	(27,883)	-	(112,693)
Vehicles	(11,119)	(2,545)	-	(13,664)
Machinery and equipment	(8,955)	(1,740)	-	(10,695)
Computer equipment	(14,503)	(1,238)	-	(15,741)
Office equipment	(3,661)	(426)	-	(4,087)
Furniture and fixtures	(17,697)	(2,065)	-	(19,762)
Infrastructure	(79,226)	(1,933,039)	-	(2,012,265)
Total accumulated depreciation	<u>(759,407)</u>	<u>(2,112,696)</u>	<u>-</u>	<u>(2,872,103)</u>
Total capital assets being depreciated - net	<u>13,786,594</u>	<u>(1,935,331)</u>	<u>-</u>	<u>11,851,263</u>
Governmental activities capital assets, net	\$ <u>14,288,543</u>	\$ <u>(1,916,629)</u>	\$ <u>-</u>	\$ <u>12,371,914</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

Downtown Development Authority

Capital asset activity for the year ended December 31, 2007 was as follows:

	December 31, 2006	Additions	Deletions	December 31, 2007
Capital assets:				
Port Royal parking deck	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Riverfront parking deck	3,816,000	-	-	3,816,000
Clock	41,393	-	-	41,393
Furniture and equipment	7,920	-	-	7,920
Total capital assets	6,465,313	-	-	6,465,313
Less accumulated depreciation for:				
Port Royal parking deck	(1,105,000)	(65,000)	-	(1,170,000)
Riverfront parking deck	(1,526,400)	(95,400)	-	(1,621,800)
Clock	(11,571)	(4,139)	-	(15,710)
Furniture and equipment	(1,378)	(1,393)	-	(2,771)
Total accumulated depreciation	(2,644,349)	(165,932)	-	(2,810,281)
Capital assets, net	3,820,964	(165,932)	-	3,655,032
Related debt	(2,375,000)	-	575,000	(1,800,000)
Capital assets, net of related debt	\$ 1,445,964	\$ (165,932)	\$ 575,000	\$ 1,855,032

Depreciation expense for the year ended December 31, 2007 was \$165,932.

D. Accounts payable and accrued liabilities

Payables for the Government at December 31, 2007 were as follows:

	Governmental Funds	Enterprise Funds	Total	Adjustments To Full Accrual	Statement of Net Assets
Payables:					
Accounts payable	\$ 8,743,488	\$ 15,156,650	\$ 23,900,138	\$ 615,168	\$ 24,515,306
Accrued interest	-	5,366,603	5,366,603	478,333	5,844,936
Accrued salaries and vacation	4,576,050	1,534,257	6,110,307	(725,934)	5,384,373
Other accrued liabilities	1,419,861	250,099	1,669,960	2,611,804	4,281,764
Total accounts payable and accrued liabilities	\$ 14,739,399	\$ 22,307,609	\$ 37,047,008	\$ 2,979,371	\$ 40,026,379

Adjustments to full-accrual basis include \$478,333 related to accrued interest on governmental long-term debt, \$2,611,804 related to the current year unfunded health insurance contribution for retirees, \$770,930 relating to the reclassification of accrued vacation from accrued liabilities to liabilities due within one year, and account payable and accrued salaries and vacation of \$615,168 and \$44,996, respectively, related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accounts payable and accrued liability balances for the internal service funds are included in the governmental activities on the accompanying government-wide financial statement.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

E. Deferred/Unearned Revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance – General Fund	\$ 1,849,349	\$ -
Taxes receivable net of allowance – Fire Protection Fund	262,063	-
Taxes receivable net of allowance – Nonmajor governmental funds	782,957	-
Grant income received in advance of being earned – General Fund	-	278,509
Business license income received in advance of being earned – General Fund	-	524,815
Housing and Development long-term notes receivable – Nonmajor governmental funds	3,544,386	-
Accounts receivable – Nonmajor governmental funds	95,527	-
Insurance premium income received in advance of being earned – Fire Protection Fund to match to related expenses in future year	-	10,668,431
Intergovernmental revenue received in advance of being earned – Nonmajor governmental funds	-	173,210
	<u>\$ 6,534,282</u>	<u>\$ 11,644,965</u>

F. Landfill closure and postclosure costs

State and Federal laws and regulations require the Government to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$12,771,074 as of December 31, 2007, which is based on 99.10% usage (filled) of Cell II C and 10.68% usage (filled) of Cell III stage 1, which are operating currently, and 100% usage (filled) of Cells II A and II B. This liability is recorded in the Waste Management Enterprise Fund. It is estimated that an additional \$14,182,535 be recognized as closure and postclosure care expenses between the date of the statement of net assets and the date the landfills are expected to be filled to capacity, which is in 2008 and 2027, respectively. The estimated total current cost of the landfill closure and postclosure care, \$27,381,002, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2007. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Government expects to finance the costs for the estimated landfill closure and postclosure care costs as they become due during the coming thirty years through the regular operations of the Government.

G. Long-term debt

Primary government

1. Governmental activities

In a prior year, a portion of the Certificates of Participation (Series 1993) was defeased by the creation of an irrevocable trust fund. Original proceeds remaining from the issue were used to purchase U.S. Government securities that were placed in a trust fund. The investments and fixed earnings from the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt is considered defeased and, therefore, not included as a liability in the government-wide financial statements Funds. As of December 31, 2007 the amount of defeased debt outstanding but removed from the governmental debt is \$885,000.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds and account groups (Continued)

In 2007, the Housing and Neighborhood Development Section 108 loan was defeased by the creation of an irrevocable trust fund. Funds received from repayment of a loan to a local hotel were used to purchase U.S. Government securities that were placed in a trust fund. The investments and fixed earnings from the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt is considered defeased and, therefore, not included as a liability in the government-wide financial statements Funds. As of December 31, 2007, the amount of defeased debt outstanding but removed from the governmental debt is \$2,500,000.

Revenue bonds

Augusta Port Authority:

\$1,200,000 1993 Augusta Port Authority Bonds – due in monthly principal and interest installments of \$9,773 through April 2008, bearing interest at 5.45%. \$ 46,053

General obligation bonds

\$44,000,000 2006 sales tax bonds – due in annual installments of \$8,125,000 to \$9,505,000, plus interest at 4% through December 2011. \$ 35,875,000

Add: Bond issue premiums 593,229

\$ 36,468,229

Certificates of Participation

GMA Leases Fund:

\$16,888,000 Certificates of Participation – principal due in a lump sum payment on June 1, 2028.

Interest only payments are due annually at a rate of 4.75%, through June 1, 2028.

Original issue amount \$ 16,888,000

Original issue discount (718,644)

Total \$ 16,169,356

Year ending December 31	<u>Revenue Bonds</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 46,053	\$ 659	\$ 8,450,000	\$ 1,266,000
2009	-	-	8,785,000	921,300
2010	-	-	9,135,000	562,900
2011	-	-	9,505,000	190,100
2012	-	-	-	-
2013 – 2017	-	-	-	-
2018 – 2022	-	-	-	-
2023 – 2027	-	-	-	-
2028 - 2032	-	-	-	-
	<u>\$ 46,053</u>	<u>\$ 659</u>	<u>\$ 35,875,000</u>	<u>\$ 2,940,300</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

Continued Year ending December 31	Certificates of Participation		Total	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 802,180	\$ 8,496,053	\$ 2,068,839
2009	-	802,180	8,785,000	1,723,480
2010	-	802,180	9,135,000	1,365,080
2011	-	802,180	9,505,000	992,280
2012	-	802,180	-	802,180
2013 – 2017	-	4,010,900	-	4,010,900
2018 – 2022	-	4,010,900	-	4,010,900
2023 – 2027	-	4,010,900	-	4,010,900
2028 - 2032	16,888,000	334,242	16,888,000	334,242
	\$ 16,888,000	\$ 16,377,842	\$ 52,809,053	\$ 19,318,801

Certificates of Participation

In June 1998, the Government entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds of \$15,989,693 through to the participating municipalities with the Government's participation totaling \$16,888,000, net of original issue discount of \$898,307. The lease pool agreement with the Association provides that the Government owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$16,888,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The Government draws from the investment to lease equipment from the Association. The lease pool agreement requires the Government to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. Equipment in the amount of \$1,967,750 was leased during 2007.

2. Business-type activities

Revenue bonds

Water and Sewer:

\$160,000,000 2004 Water and Sewer Bonds – due in interest only payments of \$8,400,000 through October 2032. Principal due in annual installments beginning October 2033 through October 2039. From \$19,500,000 to \$26,510,000, plus interest of 5.25%. \$ 160,000,000

\$149,400,000 2002 Water and Sewer Bonds – due in annual installments of \$235,000 to \$20,610,000 starting October 2002 through October 2032, plus interest varying from 2.50% to 5.75% on \$57,840,000 serial bonds, with interest of 5.0% on \$91,560,000 term bonds. 107,385,000

\$97,080,000 2000 Water and Sewer Bonds – due in annual installments of \$355,000 to \$11,105,000, plus interest at 4.4% to 5.25% through October 2030. 11,065,000

\$177,010,000 2007 Water and Sewer Bonds – due in annual installments of \$2,060,000 to \$12,260,000 plus interest at 4.0% to 5.0% through October 2030 (this liability is reflected in the Water and Sewer Fund net of deferred refunding amount of \$7,536,107). 177,010,000

Total	455,460,000
Less: Deferred refunding amounts	(7,536,107)
Less: Bond issue discounts	(962,064)
Add: Bond issue premiums	16,481,446

Total revenue bonds – Water and sewer	463,443,275
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AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

Augusta Regional Airport at Bush Field

\$8,990,000 2005A Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$462,985 through January 2030. Principal due in annual installments beginning January 2031 ranging from \$540,000 to \$2,275,000 plus interest of 5.15% through January 2035.

\$ 8,990,000

\$4,415,000 2005B Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$236,203 through January 2024. Principal due in annual installments beginning January 2025 ranging from \$1,355,000 to \$1,505,000 through January 2027 plus interest of 5.35% and final payment of \$130,000 plus interest of 5.35% due January 2028.

4,415,000

\$6,200,000 2005C Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$337,900 through January 2027. Principal due in annual installments beginning January 2028 through January 2031 ranging from \$1,455,000 to \$1,760,000 plus interest of 5.45% through January 2030 and final payment of \$1,315,000 plus interest of 5.45% due January 2031.

6,200,000

Total revenue bonds – Bush Field

\$ 19,605,000

Waste Management:

\$11,475,000 Solid Waste Management Authority of Augusta Revenue Bonds, Series 2004 – due in annual installments of \$170,000 to \$1,700,000, starting December 1, 2005 through December 1, 2019, plus interest of 3.0% to 4.0% payable semi-annually on June 1 and December 1, beginning December 1, 2004

\$ 7,000,000

Add: Bond issue premium

160,757

Total revenue bonds – Waste Management

7,160,757

Total revenue bonds

\$ 490,209,032

Notes payable

Water and Sewer Fund:

\$5,143,272 State revolving loan – due in quarterly principal and interest installments of \$94,668, bearing interest at 4%, through May 2016.

\$ 2,717,221

\$6,553,217 State revolving loan – principal and interest due in quarterly installments of \$119,392, bearing interest at 4%, through July 2019.

4,384,940

Total

\$ 7,102,161

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

Year ending December 31	Business-type Activities					
	Notes Payable		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 502,961	\$ 233,887	\$ 6,845,000	\$ 23,766,043	\$ 7,347,961	\$ 23,999,930
2009	601,215	255,024	7,260,000	23,896,904	7,861,215	24,151,928
2010	625,627	230,612	8,155,000	23,601,138	8,780,627	23,831,750
2011	651,030	205,209	7,820,000	23,283,130	8,471,030	23,488,339
2012	677,464	178,775	7,760,000	22,960,448	8,437,464	23,139,223
2013-2017	3,240,571	472,623	44,700,000	108,919,865	47,940,571	109,392,488
2018-2022	803,293	32,452	56,190,000	96,756,878	56,993,293	96,789,330
2023-2027	-	-	75,425,000	81,129,966	75,425,000	81,129,966
2028-2032	-	-	101,415,000	59,541,319	101,415,000	59,541,319
2033-2037	-	-	114,795,000	31,890,253	114,795,000	31,890,253
2038-2042	-	-	51,700,000	4,106,025	51,700,000	4,106,025
	<u>\$ 7,102,161</u>	<u>\$ 1,608,582</u>	<u>\$ 482,065,000</u>	<u>\$ 499,851,969</u>	<u>\$ 489,167,161</u>	<u>\$ 501,460,551</u>

Series 2007 Water and Sewerage Revenue Bonds

During 2007, the Government issued \$177,010,000 in Series 2007 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to refund all of the former Series 1996 and 1997 Water and Sewerage Revenue Bonds in the amount of \$56,875,000. The remaining portion of the bond proceeds of \$120,135,000 was used to advance refund a portion of the Series 2000 and 2002 Water and Sewerage Revenue Bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$4,300,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2030 using the effective-interest method. The refunding decreased the total debt service payments over the next 21 years by approximately \$5,600,000 and produced an economic gain of approximately \$3,700,000. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3,200,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2030 using the effective-interest method. The refunding decreased the total debt service payments over the next 23 years by approximately \$7,200,000 and produced an economic gain of approximately \$4,600,000. Proceeds of approximately \$126,793,000 from the defeased issues were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust fund with an escrow agency to provide for all future debt service payments on the above mentioned bonds. As of December 31, 2007, the amount of these defeased debts outstanding but removed from the Water and Sewer Fund is \$121,265,000.

Series 2004 Water and Sewerage Bonds

During 2004, the Government issued \$160,000,000 in Series 2004 Water and Sewerage Revenue Bonds for the purpose of financing the costs of making additions, extensions and improvement to the Utilities' water and sewer system.

Series 2004 Solid Waste Management Authority of Augusta Revenue Bonds

During 2004, the Government issued \$11,475,000 in Series 2004 Solid Waste Management Authority of Augusta Revenue Bonds for the purpose of paying all or a portion of the costs of improving and equipping the Government's municipal solid waste landfill.

Series 2002 Water and Sewerage Revenue Bonds

During 2002, the Government issued \$149,400,000 in Series 2002 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to pay the outstanding balance of the Georgia Environmental Facilities Authority revolving loan in the amount of \$8,815,000 with an interest rate of 5.5%. The remaining portion of the bond proceeds of \$140,585,000 was issued for the purpose of financing the costs of making additions, extensions and improvements to the Utilities' water and sewer system. A portion of the net proceeds of \$8,692,368 (after payment of \$153,574 of underwriting fees and other issuance costs) was used to repay the Georgia Environmental Facilities Authority revolving loan. The remaining portion of the proceeds of \$125,691,320 (after payment of \$2,748,066 of underwriting fees and other issuance costs) plus an additional \$11,753,672 of funds from a capitalized interest fund is to

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2007

Note 3 - Detailed notes on all funds (Continued)

be used for improvements to the Utilities' water and sewer system. No difference resulted in the current refunding between the reacquisition price and the net carrying amount of the old debt. The Government completed the refunding to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$792,000.

Series 2000 Water and Sewerage Revenue Bonds

During 2000, the Government issued \$97,080,000 in Series 2000 Water and Sewerage Revenue Bonds for the purpose of financing the costs of making additions, extensions and improvements to the Utilities' water and sewer system.

Series 1996 Water and Sewerage Revenue Bonds

During 1996, the Government issued \$66,600,000 in Series 1996 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former City of Augusta's Series 1972 and 1991 Water and Sewerage Revenue Bonds and the former Richmond County's Series 1987 and 1991 Water and Sewer Revenue Bonds. Proceeds of \$19,400,000 plus an additional \$4,900,000 of sinking fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered to be defeased and the liabilities for those bonds have been removed from the Water and Sewer Fund. The advance refunding during 1996 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2,500,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2028 using the effective-interest method. The refunding increased the total debt service payments over the next 30 years by approximately \$8,600,000 and produced an economic gain of approximately \$260,000.

Series 1997 Water and Sewerage Revenue Bonds

In 1997, the Government issued \$5,900,000 in Series 1997 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former Richmond County's Series 1986 Water and Sewerage Revenue Bond. Proceeds of approximately \$5,600,000 plus an additional \$900,000 of sinking fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered defeased and the liability for those bonds have been removed from the Water and Sewer Fund. The advance refunding during 1997 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$540,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the effective-interest method. The refunding will increase total debt service payments over the next 24 years by approximately \$2,100,000 and will produce an economic gain of approximately \$110,000.

As of December 31, 2007, the amount of these defeased debts outstanding but removed from the Water and Sewer Fund is \$1,400,000.

Department of Health

The Department of Health's long-term liabilities represent compensated absences and an obligation under capital lease. The debt for compensated absences was \$400,679 and the debt for the obligation under capital lease was \$434,485 at June 30, 2007.

Augusta Canal Authority

Notes payable

\$1,800,000 note payable to a bank due in five annual installments of \$360,000, beginning June 2003. The note bears interest at a variable rate equal to 75% of the lender's Prime Rate, which was 6.19% at December 31, 2006, and is paid semi-annually. The note is collateralized by all equipment, furniture, fixtures, and other personal property owned by the Authority and is used or to be used in connection with the Visitors and Interpretive Center; property leased to Standard Textile Augusta, Inc. is not included in the collateral. The principal and interest balance of the note was paid during the year ended December 31, 2007.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

Downtown Development Authority

Development Authority Refunding Revenue Bonds, Series 2003:

In May of 2003, the Development Authority of the City of Augusta issued \$4,035,000 Development Authority Revenue Bonds, Series 2003. The proceeds of these bonds were used to redeem two previous issuances of revenue bonds, Development Authority Parking revenue Bonds, Series 1989 and 1991. The original bond issuances were used to fund the construction of two parking decks in downtown Augusta, Georgia.

The Series 2003 Bonds are limited, special obligations of the Authority and are secured from payments received under an intergovernmental lease between the City of Augusta and the development Authority for use of the two parking decks.

Interest on the Series 2003 development Authority Bonds is paid semi-annually. The interest rate is 2.56%. Principal is due on January 1 of each year as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2008	\$ 585,000	\$ 38,592
2009	600,000	23,424
2010	<u>615,000</u>	<u>7,872</u>
	\$ <u>1,800,000</u>	\$ <u>69,888</u>

H. Leases

The Government has entered into several long-term lease agreements for various vehicles and machinery and equipment. Although the leases contain clauses which provide that the leases are cancelable if funds are not appropriated for the periodic payments for any future fiscal periods, the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 *Accounting for Leases* and the National Council on Governmental Accounting Statement No. 5 *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments*.

The Government's lease agreements are through the Georgia Municipal Association and are accounted for in an internal service fund. They also have lease agreements other the Georgia Municipal Association agreements that are accounted for within the business-type activities and for governmental activities within the general long-term debt account group.

Future minimum lease payments under the leases and the net present value of the minimum lease payments as of December 31, 2007 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$ 1,062,807	\$ 750,454
2009	682,684	705,353
2010	-	583,961
2011	<u>-</u>	<u>479,977</u>
Total minimum lease payment	1,745,491	2,519,745
Less: Amount representing interest	<u>(1,803)</u>	<u>-</u>
Present value of lease payments	\$ <u>1,743,688</u>	\$ <u>2,519,745</u>

Interest amounts are not material to the financial statements.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

The Government is lessor of terminal space, land and buildings at Augusta Regional Airport at Bush Field and Daniel Field under various operating leases. Revenues and related expenses for Augusta Regional Airport at Bush Field are recorded in the Augusta Regional Airport at Bush Field Fund while the revenue and related expenses for Daniel Field are recorded in the Daniel Field Airport Fund. Some of the leases provide for additional payments based on usage activity in addition to non-cancelable amounts of fixed rates.

During 2007, rental income totaled approximately \$2,300,000 and \$80,650 in the Augusta Regional Airport at Bush Field and Daniel Field Airport Funds, respectively.

The assets acquired through capital leases as of December 31, 2007 are as follows:

	Governmental Activities	Business-type Activities
Vehicles	\$ 3,010,252	\$ 926,501
Machinery and equipment	396,414	3,006,841
	<u>3,406,666</u>	<u>3,933,342</u>
Less: accumulated depreciation	<u>(1,064,716)</u>	<u>(989,647)</u>
Carrying value	<u>\$ 2,341,950</u>	<u>\$ 2,943,695</u>

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

I. Changes in long-term liabilities

Primary government

The following is a summary of long-term debt transactions of the year ended December 31, 2007:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Governmental activities:					
Bonds and notes payable:					
Notes payable	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	\$ -
General obligation bonds payable	44,000,000	-	8,125,000	35,875,000	8,450,000
Add: Bond issue premiums	741,536	-	148,307	593,229	148,307
Revenue bonds payable	157,434	-	111,381	46,053	46,053
Total bonds and notes payable	47,398,970	-	10,884,688	36,514,282	8,644,360
Certificates of participation	16,888,000	-	-	16,888,000	-
Less: original issue discount	(763,560)	-	(44,914)	(718,646)	(44,916)
Total certificates of participation	16,124,440	-	(44,914)	16,169,354	(44,916)
Other liabilities:					
Compensated absences	4,104,746	4,078,441	4,132,643	4,050,544	4,050,544
Capital leases	1,535,623	1,967,750	1,759,685	1,743,688	1,061,017
Claims and judgments	3,423,275	3,046,991	1,492,009	4,978,257	4,214,997
Total other liabilities	9,063,644	9,093,182	7,384,337	10,772,489	9,326,558
Governmental activities long-term liabilities	\$ 72,587,054	\$ 9,093,182	\$ 18,224,111	\$ 63,456,125	\$ 17,926,002
Business-type activities:					
Revenue debt:					
Revenue bonds payable	\$ 490,615,000	\$ 177,010,000	\$ 185,560,000	\$ 482,065,000	\$ 6,845,000
Less: deferred refunding amounts	(2,033,974)	(7,591,115)	(2,088,982)	(7,536,107)	(330,744)
Less: bond issue discounts	(4,218,146)	-	(3,256,082)	(962,064)	(74,404)
Add: bond issue premiums	6,758,502	10,172,424	288,723	16,642,203	443,212
Total revenue debt	491,121,382	179,591,309	180,503,659	490,209,032	6,883,064
Other liabilities:					
Compensated absences	746,550	852,389	828,009	770,930	770,930
Notes payable	7,732,168	-	630,007	7,102,161	502,961
Capital leases	3,815,643	-	1,191,914	2,623,729	750,455
Closure/postclosure accrual	13,234,255	1,246,810	1,709,991	12,771,074	-
Total other liabilities	25,528,616	2,099,199	4,359,921	23,267,894	2,024,346
Business-type activities long-term liabilities	\$ 516,649,998	\$ 181,690,508	\$ 184,863,580	\$ 513,476,926	\$ 8,907,410

Typically, the General Fund has been used to liquidate claims and judgments. Compensated absences are liquidated by the fund which recorded the related salary costs, primarily the General Fund, Fire Protection Fund, and the Water and Sewer System Fund. Capital leases are liquidated by the fund which received the benefit of the related asset.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

Augusta Canal Authority

The following is a summary of long-term debt transactions for Augusta Canal Authority of the year ended December 31, 2007:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental activities:					
Notes payable:					
Notes payable	\$ 360,000	\$ -	\$ 360,000	\$ -	\$ -
Total notes payable	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Compensated absences	19,408	14,901	8,153	26,156	26,156
Total other liabilities	<u>19,408</u>	<u>14,901</u>	<u>8,153</u>	<u>26,156</u>	<u>26,156</u>
Governmental activities long-term liabilities	\$ <u>379,408</u>	\$ <u>14,901</u>	\$ <u>368,153</u>	\$ <u>26,156</u>	\$ <u>26,156</u>

Downtown Development Authority

Long-term debt activity for the year ended December 31, 2007 was as follows:

	<u>General Long-term Debt Development Authority Bonds, Series 2003</u>
Debt outstanding at December 31, 2006	\$ 2,375,000
Principal payments	<u>(575,000)</u>
Debt outstanding at December 31, 2007	\$ <u>1,800,000</u>
Current portion	\$ <u>585,000</u>

J. Due From/To Other Funds

The composition of interfund balances as of December 31, 2007 are as follows:

<u>Due from other Funds</u>	<u>Due to Other Funds</u>					<u>Funds Total</u>
	<u>Water and Sewer Fund</u>	<u>Bush Field</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	
General Fund	\$ 572,386	\$ 2,182,298	\$ 541,174	\$ 1,997	\$ 128,078	\$ 3,425,933
Nonmajor Governmental	<u>-</u>	<u>-</u>	<u>179,433</u>	<u>-</u>	<u>-</u>	<u>179,433</u>
Total interfund Balances	\$ <u>572,386</u>	\$ <u>2,182,298</u>	\$ <u>720,607</u>	\$ <u>1,997</u>	\$ <u>128,078</u>	\$ <u>3,605,366</u>

Amounts were due to other funds primarily for timing of payments from agency funds.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 3 – Detailed notes on all funds (Continued)

Transfers To/From Other Funds

Transfers in (out) for the year ended December 31, 2007 are summarized below:

<u>Transfers out</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Special Sales Tax Phase IV</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ -	\$ 746,241	\$ 2,109,320	\$ 139,272	\$ 2,994,833
Internal Service	58,182	-	-	540,000	-	-	598,182
Nonmajor governmental	2,487,661	6,340,085	3,477,345	-	4,619,111	-	16,924,202
Special Sales Tax Phase V	-	-	-	9,727,390	-	-	9,727,390
Total transfers	\$ 2,545,843	\$ 6,340,085	\$ 3,477,345	\$ 11,013,631	\$ 6,728,431	\$ 139,272	\$ 30,244,607

Transfers are used to move unrestricted revenues in the general fund and nonmajor governmental funds to finance various programs that the Government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies for nonmajor governmental funds, nonmajor enterprise funds and internal service funds.

Note 4 – Other information

A. Risk management

The Government 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 Government is self-insured. The Risk Management Funds (an internal service fund) are utilized by the Government to account for and finance its self-insured risks of loss. The Risk Management Funds are maintained to provide general liability insurance, workers' compensation coverage, and unemployment coverage. The Government is self-insured for workers' compensation coverage through a self-insurance program that is administered under contracts with a third party administrator. Future claims can be paid from designated funds established in 1987 from previously unrestricted-unreserved funds. Balances as of December 31, 2007, include the following:

General Fund	\$ 4,705,061
Fire Protection Fund	250,000
Internal Service Fund	<u>200,000</u>
Total reserve	\$ <u>5,155,061</u>

Related liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The following represents the changes in the balance of claim liabilities for the Government from January 1, 2006 to December 31, 2007:

Unpaid claims, January 1, 2006	\$ 4,044,857
Incurred claims (including IBNRs)	430,491
Claim payments	<u>(1,052,073)</u>
Unpaid claims, December 31, 2006	3,423,275
Incurred claims (including IBNRs)	2,283,731
Claim payments	<u>(1,492,009)</u>
Unpaid claims, December 31, 2007	\$ <u>4,214,997</u>

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 4 – Other information (Continued)

B. Contingent liabilities

Litigation

The Government is party to various legal proceedings which normally occur in governmental operations. The Government follows the practice of recording liabilities resulting from claims and legal actions only when they become probable and measurable. The Government has accrued a liability in the Risk Management Fund (an internal service fund) for all claims for which a loss is probable and measurable.

Possible unasserted claims

The Government participates in a number of Federal and state assisted grant programs, which are subject to program compliance audits under the Single Audit Act Amendments of 1996. An audit of these programs has been performed for the year ended December 31, 2007, in compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133. However, the audit is pending final acceptance by the various grantor agencies. The amount, if any, of expenditures, which may be disallowed by the granting agencies, is expected to be immaterial.

C. Contracts and commitments

Augusta-Richmond County Coliseum Authority

The Government has committed to provide funds to service the Augusta-Richmond County Coliseum Authority's debt to the extent of the 50% Hotel-Motel Excise Tax and 30% of the Beer Tax collected.

D. Richmond County Public Facilities, Inc.

The Richmond County Public Facilities, Inc. is a nonprofit organization, tax exempt under Internal Revenue Code Section 501(c)(3). The purpose of this nonprofit organization is to construct and maintain buildings and equipment to be leased by the Government, the Department of Family and Children Services, and the Richmond County Board of Education. The Richmond County Public Facilities, Inc. is part of the reporting entity of Augusta, Georgia, due to the degree of control the Government has over the Board of Directors of Richmond County Public Facilities, Inc.

Richmond County Public Facilities, Inc. issued Certificates of Participation to provide funds for the Government to refund the 1990 Certificates of Participation issue and for certain capital projects. The related assets are included in the financial statements of the Government in the governmental activities. The Certificates of Participation were retired during 2001.

In addition, the Richmond County Public Facilities, Inc. issued Certificates of Participation of \$13,240,000 for the Richmond County Board of Education in a prior year. These Certificates of Participation are the sole responsibility of the Richmond County Board of Education and the related assets and liabilities have not been included in the financial statements of the Government.

Note 5 – Pension plans

A. Plan descriptions, contribution information and funding policies

The Government has seven single-employer pension plans and one agent multiple-employer pension plan currently in existence. These plans are defined benefit plans. The Government also has a single-employer, defined contribution plan. The following is a summary of funding policies, contribution methods, and benefit provisions for each plan.

Single-employer pension plans

1945 Plan

The 1945 Plan was available to all former Richmond County employees hired prior to October 1, 1975 that met the Plan's age and length of service requirements. Participants in the Plan who retired at or after age 60 are entitled to a monthly benefit equal to 2% of average earnings multiplied by years of service. Also, the benefit is not to exceed 60% of the average earnings. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 5% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of ten years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with 5% interest computed from January 1, 1997. After completion of at least ten years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement multiplied by the percentage based on completed years of credited service, as follows: 50% after 10 years, increasing 10% each year to 100% after 15 years of credited service. This is a closed retirement plan (new employees may not participate in the Plan). The 1945 Plan does not issue a stand-alone financial statement report.

The annual required contribution is determined as part of a January 1, 2006 actuarial valuation using the attained age aggregate method. The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5%, and (c) a post retirement benefit increase of 5%. An inflation component of 5% is included. The actuarial value of plan assets is determined using market value.

1977 Plan

The 1977 Plan was available to all former Richmond County full-time employees who were not participants in the 1945 Plan provided that they were not hired after reaching age 60. Normal retirement for the Plan is age 65 or the date when age 62 is attained and an employee completes 25 years of credited service. At that time, the employee is entitled to a monthly benefit equal to 1% of average earnings multiplied by years of credited service. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 4% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of five years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with interest. After completing at least five years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement. This is a closed retirement plan (new employees may not participate in the Plan). The 1977 Plan does not issue a stand-alone financial statement report.

The annual required contribution is determined as part of a January 1, 2006 actuarial valuation using the attained age aggregate method. The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5.5%, and (c) a post retirement benefit increase of 5%. An inflation component of 5% is included. The actuarial value of plan assets is determined using market value.

The funding policies for the 1945 and 1977 Plans provide for actuarially determined periodic contributions at rates that, for individual employees, remain stable over time so that sufficient assets will be available to pay benefits when due. The attained age aggregate cost method has been used to compute the normal cost for the plan. Any unfunded plan costs are spread over the average future working lifetime of the participants as a level percentage of payroll. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

General Pension Plan, Policemen's Pension Plan, Firemen's Pension Plan and the City Employees' Pension Plan

These Plans covered former City of Augusta employees. Policemen and firemen hired before 1945 are covered under the General Pension Plan. Policemen hired between 1945 and 1949 are covered under the Policemen's Pension Plan. Firemen hired between 1945 and 1949 are covered under the Firemen's Pension Plan. Other former City of Augusta employees hired between 1945 and 1949 are covered by the City Employees' Pension Plan. Pension benefits are being paid under these Plans to retired employees and beneficiaries. These are closed retirement plans (new employees may not participate in the plans). These plans do not issue stand-alone financial statement reports.

The annual required contributions for the General Pension Plan, Policemen's Pension Plan, Firemen's Pension Plan and the City Employee's Pension Plan are determined as part of a December 31, 2006 actuarial valuations using the actuarial present value of total projected benefits. This actuarial method does not identify or separately amortize the unfunded actuarial liabilities. The actuarial assumptions included (a) an 8% investment rate of return, (b) no projected future salary adjustment, and (c) no post retirement benefit increase. An adjustment for inflation is not included.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

General Retirement Plan

Employees hired after March 1, 1949 and before March 1, 1987, whose age did not exceed thirty-five years at the time of their employment and are not participants of the 1977 Plan are covered under the General Retirement Plan. Pension benefits vest after an employee is 45 years of age and has 15 years of full-time employment. An employee may retire at age 60 with 25 years of service and receive annual pension benefits equal to 2% of the employee's average salary earned during the last three years of employment, multiplied by the number of full-time years of employment. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. All full-time employees hired before July 1, 1980, must contribute 8% of gross earnings to the Plan, with the Government contributing remaining amounts sufficient to provide future pensions. This is a closed retirement plan (new employees may not participate in the Plan). The General Retirement Plan does not issue a stand-alone financial statement report.

Employer contributions are determined as part of the January 1, 2006 actuarial valuation using the frozen entry age cost method. The unfunded accrued liability is composed of pieces that are amortized over various periods to comply with Georgia law as a level percentage of payroll. When the actuarial value of assets exceeds 150% of the present value of accrued benefits, the Official Code of Georgia Annotated states that there is no minimum required contribution. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5.5%, and (c) a post retirement benefit increase of 4%. An inflation component of 4% is included. The actuarial value of plan assets is determined with a smoothing method that uses the sum of the actuarial value of assets on the preceding valuation date, net contributions and disbursements during the preceding year, interest on the items calculated using the valuation investment return assumption, and 20% of the difference between the market value of assets on the current valuation date and the sum of the first three items.

Agent multiple-employer pension plan

Georgia Municipal Employees Benefit System (GMEBS)

Employees hired after March 1, 1987 and before consolidation on December 31, 1996, and who were not participants in any other employer-sponsored retirement plan are covered under the Georgia Municipal Employees Benefit System. The Plan provides pension benefits, deferred allowances, and death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. A participant may retire after reaching the age of 65 if the participant is not classified as public safety personnel; participating public safety personnel may retire at age 65 or age 55 with 25 years of total credited service, whichever is earlier. Early retirement may be taken at age 55 with 10 years of credited service. Benefits vest after 10 years of service. Employees who retire at or after age 55 with 10 or more years of service are entitled to pension payments for the remainder of their lives equal to 1 ¼% of their final five-year average salary times the number of years of which they were employed as a participant in the GMEBS. The final five-year average salary is the average salary of the employee during the final five years of full-time employment. Pension provisions include deferred allowances, whereby an employee may terminate his or her employment with the Government after accumulating 10 years of service but before reaching the age of 55. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 55. Employees must contribute 3.5% of their gross earnings to the Plan. In addition, the Government must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as amended by GMEBS. The GMEBS Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The employer contributions are determined as part of a March 1, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial value of plan assets are computed with a smoothing method that uses a roll forward of prior year's actuarial value with contributions, disbursements, and expended return of investments, plus 10% of investment gains (losses) during 10 prior years. Normal cost is funded on a current basis. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law. Since the Government's policy is to contribute the pension expense in each year, the funding strategy should provide sufficient resources to pay employee

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

pension benefits on a timely basis. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation. The plan's unfunded actuarial accrued liability is being amortized over 30 years as a level dollar.

The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5.5%, and (c) no post retirement benefit increase. An adjustment for inflation is not included.

Membership of the defined benefit plans are as follows:

	Retirees and beneficiaries receiving benefits	Terminated plan members entitled to but not yet receiving benefits	Active Plan members
1945 Plan	35	-	4
1977 Plan	100	96	466
General Pension Plan	1	-	-
Policemen's Pension Plan	2	-	-
Firemen's Pension Plan	7	-	-
City Employees' Pension Plan	11	-	-
General Retirement Plan (City 1949)	144	9	135
GMEBS	79	5	201
Total	379	110	806

The costs of administering the plans are financed through investment earnings.

Actuarial assumptions and other information used to determine the annual required contributions are located in the Supplementary Information section of this report.

Defined contribution plan

Augusta-Richmond County Board of Commissioners Retirement Savings Plan (the "1998 Plan")

All full-time employees with more than one month of service are eligible to participate in the Retirement Savings Plan. The Plan is a defined contribution plan under Section 401(a) of the Internal Revenue Code, and is administered by Nationwide Life Insurance, PPA support. The Plan was organized and may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. Employees contribute four percent (4%) of their salary, and the Government contributes two percent (2%) of the employee's salary. Contribution requirements may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. At December 31, 2007, there were approximately 1,750 plan participants. Participants are considered fully vested in the Government's contributions after completing five (5) years of service. For the year ended December 31, 2007, the employees' contributions were approximately \$1,890,000, and the Government's contributions were approximately \$945,000.

Richmond County Department of Health – General Retirement Plan

All current full-time employees of the Department of Health participate in the Employees' Retirement System of Georgia (ERS), which is a cost-sharing multi-employer, defined benefit, public employee retirement system. The Department contributes at a specified percentage of active members payroll determined by actuarial valuation. The contribution requirements of plan members and the Department are established and may be amended by the ERS Board of Trustees. Retirement contributions made on behalf of eligible participants for the year ended June 30, 2007 were \$601,399. Members become fully vested after ten years of service.

Post-employment retirement benefits

Plan description. Augusta-Richmond County sponsors a single-employer post-retirement plan provides medical and death benefits to eligible retirees and their spouses.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

Funding policy. The Government intends to continue to fund the OPEB on an actual pay-as-you-go expense.

Annual OPEB cost and net OPEB obligation. The Government's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Government's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Government's net OPEB obligation:

Components of net OPEB obligation	
Annual required contribution	\$ 4,374,442
Interest on net OPEB obligation	-
Adjustment on annual required contribution	-
Annual OPEB cost (expense)	4,374,442
Contributions made or accrued	(1,762,638)
Increase in net obligation	\$ 2,611,804
Net OPEB obligation (beginning of year)	\$ -
Net OPEB obligation (end of year)	\$ 2,611,804

The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$ 4,374,442	40.3%	\$ 2,611,804

Funded status and funding progress. As of January 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$62,353,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$62,353,000.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5.5% investment rate of return (net of administrative expenses), based on the employer's own investments and used to discount liabilities at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at January 1, 2007 was 30 years.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

B. Summary of significant accounting policies

Pension trust funds are accounted for on the accrual basis. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Government has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For information relating to reported investment values, see Note 1 G.

C. Concentrations and reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for any plans.

The plans held no individual investments whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

D. Annual pension cost and net pension obligation

The Government's annual pension cost is determined using the calculation methodology defined in GASB Statement No. 27. The annual pension cost equals the Government's annual required contribution, plus any adjustments required to reflect defined minimum and maximum amortization periods and any prior period differences between the actual contribution paid into the plans and the annual pension cost.

Trend information

	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2004</u>					
1945 Plan	01/01/2004	\$ 170,881	\$ 170,890	100%	\$ -
1977 Plan	01/01/2004	913,601	955,819	105%	(214,493)
General Pension Plan	01/01/2004	25,092	25,092	100%	-
Policemen's Pension Plan	01/01/2004	72,874	72,874	100%	-
Firemen's Pension Plan	01/01/2004	188,896	188,896	100%	-
City Employees' Pension Plan	01/01/2004	249,565	249,565	100%	-
General Retirement Plan (City 1949)	01/01/2004	-	-	100%	-
GMEBS	01/01/2004	200,432	200,432	100%	-

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 5 – Pension plans (Continued)

	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2005</u>					
1945 Plan	01/01/2005	\$ 361,352	\$ 361,352	100%	\$ (9)
1977 Plan	01/01/2005	1,036,647	1,087,175	105%	(256,711)
General Pension Plan	01/01/2005	24,752	24,752	100%	-
Policemen's Pension Plan	01/01/2005	72,141	72,141	100%	-
Firemen's Pension Plan	01/01/2005	186,522	186,522	100%	-
City Employees' Pension Plan	01/01/2005	281,140	281,140	100%	-
General Retirement Plan (City 1949)	01/01/2005	-	-	100%	-
GMEBS	01/01/2005	213,565	213,565	100%	-
	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2006</u>					
1945 Plan	01/01/2006	\$ 331,330	\$ 360,238	109%	\$ (28,917)
1977 Plan	01/01/2006	974,653	1,035,126	106%	(307,239)
General Pension Plan	01/01/2006	13,219	13,219	100%	-
Policemen's Pension Plan	01/01/2006	50,480	50,480	100%	-
Firemen's Pension Plan	01/01/2006	179,202	179,202	100%	-
City Employees' Pension Plan	01/01/2006	297,368	297,368	100%	-
General Retirement Plan (City 1949)	01/01/2006	138,517	138,517	100%	-
GMEBS	01/01/2006	271,945	271,945	100%	-
	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2007</u>					
1945 Plan	01/01/2007	\$ 214,686	\$ 220,377	103%	\$ (34,608)
1977 Plan	01/01/2007	714,806	934,962	131%	(367,712)
General Pension Plan	01/01/2007	13,219	13,219	100%	-
Policemen's Pension Plan	01/01/2007	50,480	50,480	100%	-
Firemen's Pension Plan	01/01/2007	179,202	179,202	100%	-
City Employees' Pension Plan	01/01/2007	297,368	297,368	100%	-
General Retirement Plan (City 1949)	01/01/2007	-	-	100%	-
GMEBS	01/01/2007	271,945	271,945	100%	-

Note 6 – Joint venture and related organization

Joint venture

Under Georgia law, the Government, in conjunction with the sixteen counties and fifty-four cities in east Georgia known as the Central Savannah River Area (CSRA), is a member of the CSRA Regional Development Center (CSRA RDC). The CSRA RDC is a public organization that assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The operations are mainly financed by membership dues and financial assistance provided by the State of Georgia. Membership in the CSRA RDC is required by the Official Code of Georgia Annotated (O.C.G.A.) §58-8-34 with annual dues based on a per capita amount. During the year ended

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 6 – Joint venture and related organization (Continued)

December 31, 2007, the Government paid \$170,350 in such dues, which was based on a per capita amount of \$.55. The CSRA RDC Board membership is composed of one city official, one county official, and one private sector individual from each county. O.C.G.A. §58-8-39.1 provides that the Government is liable for any debts or obligations of the CSRA RDC. The Comprehensive Annual Financial Report of the CSRA RDC may be obtained from:

CSRA Regional Development Center
3023 River Watch Pkwy
Augusta, Georgia 30907

Related organization

The Government officials are responsible for appointing the members of the boards of another organization, but the Government's accountability for these organizations do not extend beyond making the appointments. The Government commission appoints the voting majority of the members of the Augusta-Richmond County Coliseum Authority and the Housing Authority of the City of Augusta, Georgia.

Note 7 – Hotel/motel lodging tax

The Government has levied a 6% lodging tax. A summary of the transactions for the year ended December 31, 2007 follows:

Lodging tax receipts	\$ 3,631,812
Disbursements to the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum for promotion of tourism	<u>(3,308,315)</u>
Balance of lodging tax funds on hand at end of year	<u>\$ 323,497</u>

The Government has received audit reports from the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum covering the lodging tax monies. The subcontractor's expenditures were for promotion of tourism as required by O.C.G.A. §48-13-51.

Note 8 – Significant contingencies

Federal and State assisted programs

The Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Arbitrage

The City's bond issues are subject to federal arbitrage regulations, and the Government has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to the date. As of December 31, 2007, the estimate arbitrage payable of \$763,260 has been included in claims and judgments in the accompanying financial statements.

Note 9 – Conduit debt obligations

Conduit debt obligations are limited obligation revenue bonds, certificates of participation, or similar debt instruments issued for the purpose of providing capital financing for a specific third party that is not a part of the Government's financial reporting entity. The Government has no obligation for the debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 9 – Conduit debt obligations (Continued)

On December 14, 2000, the Government issued Special Facility Airport Revenue Bonds in the amount of \$3,110,000 which qualifies as a conduit debt obligation. The bonds are payable solely from revenues pledged under a lease agreement. As of December 31, 2007, the amount outstanding on the Special Facility Airport Revenue Bonds is \$3,110,000.

A - Debt service requirements to maturity for bonds payable

The following requirements to amortize debt outstanding as of December 31, 2007, including interest are as follows:

	Revenue Bonds	
	Principal	Interest
2008	\$ -	\$ 152,390
2009	-	152,390
2010	<u>3,110,000</u>	<u>152,390</u>
	<u>\$ 3,110,000</u>	<u>\$ 457,170</u>

Note 10 – Prior period adjustments – Department of Health

For the component unit Department of Health, prior period adjustments were made to two beginning fund balances to correct variances in prior year accruals as required by Georgia DHR. The error resulted in an understatement of net assets of \$869. During the year ended June 30, 2006, the error was corrected.

Note 11 – Long-term obligation for Water and Sewer

Swap agreement

Utilities entered into an interest rate swap transaction in July 2006, which hedges an aggregate principal amount of \$160 million, Series 2004 Water and Sewerage Revenue Bonds. The notional amount is \$160 million, maturing over 33 years from the effective date of the interest rate swap agreement of June 1, 2006. The interest rate swap agreement requires Augusta, Georgia to pay to Deutsche Bank AG, the Bond Market Association municipal swap index (BMA) (tax exempt variable rate) and receive in return from Deutsche Bank 75.02% of USDA LIBOR rate.

During June 2007, Utilities elected to terminate the swap agreement, which resulted in a termination payment of \$1.2 million received by the Utilities during 2007 and netted against loss from early termination of swap agreement.

Swaption agreement

The Utilities entered into a swaption contract that provided the Utilities a nonrefundable premium of \$2,121,000 payable in an up-front payment of \$121,000 and annual option premium payments of \$500,000 payable on October 1, 2004, 2005, 2006 and 2007. This nonrefundable premium has been deferred and is being amortized over the life of the agreement. As a synthetic refunding of its Series 1996A and 1997 bonds, this payment represents the risk-adjusted, present-value savings of a refunding as of October 1, 2007, without issuing refunding bonds at July 2004. The swaption gave the counterparty the option to make the Utilities enter into a floating-to-fixed interest rate swap.

The swaption was entered into in July 2004. The \$2,121,000 payment was based on a notional amount of \$62,475,000. The counterparty exercised the agreement on October 1, 2006 – the Utilities' Series 1996A and 1997 bonds' first call date. The interest rate swap commenced on October 1, 2006, and effectively fixes the interest rate at 4.54% to the counterparty. In return the Utilities receive variable interest from the counterparty at a rate of 67% of the 1-month LIBOR.

During December 2007, the Utilities elected to terminate the swap agreement, which resulted in a termination payment of \$6.7 million paid by the Utilities during 2007 and recorded as a loss from early termination of swap agreement. Additionally, the remaining nonrefundable premium of \$2.1 million was netted against the loss from early termination of swap agreement.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2007

Note 12 – New accounting pronouncements

In August 2004, GASB issued GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and establishes accounting and financial reporting standards for employer costs and obligations relating to postemployment healthcare and other nonpension benefits (“OPEB”). This statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The earliest that GASB No. 45 provisions will be effective is for financial statement periods beginning after December 15, 2006. The Government has adopted GASB No. 45 for the year ended December 31, 2007.

Note 13 – Subsequent events

Subsequent to December 31, 2007, the City Commissioners voted to merge the eligibility requirements of three of the existing benefit plans – “GMEBS”, the “1977 plan”, and the “1998 plan” – into a new set of eligibility requirements and benefits offered to current and future employees of the Government. This change in eligibility requirements and benefits offered will be provided through changes to the existing GMEBS plan. Employees will be given the option to either transfer out of their existing benefit plan and into the revised GMEBS plan, or remain in their existing plan.

The basic benefit terms of the new plan will be a defined benefit plan, with a 1.4% of salary benefit formula, beginning in 2008, with 4% employee contribution. Management estimates the unfunded actuarial liability at the effective date of the availability of the new plan to be approximately \$14.4 million, which is an increase in the future financial obligation of the existing plans of approximately \$3.4 million. Management estimates the estimated annual cost of the pension plan to be approximately \$2.1 million, which approximates the annual cost of the currently offered benefit plans.

Subsequent to December 31, 2007, the City Commissioners also voted to extend medical insurance coverage to retirees. Management is unable to determine the potential financial impact, as terms of coverage and availability have not yet been formalized. However, it is anticipated that the annual OPEB cost, unfunded OPEB obligation, and unfunded actuarial accrued liability will be significantly increased from the amounts disclosed in Note 5.

Note 14 – Expenditure of federal grant funds

The City does not have effective management oversight to insure that federal grant funds are expended in accordance with restrictive provisions. General deficiencies applicable to all federal grants have been identified, and specific deficiencies have been identified for grants from the U. S. Department of Housing and Urban Development, U. S. Department of Justice, and the U. S. Department of Transportation, all of which are more fully described in the City’s Single Audit report for the year ended December 31, 2007. These deficiencies may result in federal claims for refunds for these grants. The City has not estimated or recorded a liability for any potential claim.

Note 15 – Prior period adjustment

The Government’s financial statements for business type activities as of December 31, 2006 contained the following errors: (1) overstatement of capital assets by \$1,313,932, (2) overstatement of interest income by \$864,355, and (3) overstatement of net assets by \$1,313,932. Additionally, the Governments financial statements as of December 31, 2005 contained errors which resulted in overstatement of capital assets, interest income, and net assets by \$449,577. Net assets as of January 1, 2007 has been reduced by \$1,313,932 to correct the errors. Had the errors not been made, the change in net assets for the year ended December 31, 2006 and 2005 would have been decreased by \$864,355 and \$449,577, respectively.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts – Required Supplementary Information (Unaudited) December 31, 2007

A. Schedules of funding progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL Entry Age	(Funded) Unfunded AAL (FAAL) UAAL	Funded Ratio	Covered Payroll	(FAAL) UAAL as A % of Covered Payroll
<u>1945 Plan</u>						
01/01/94	\$ 10,047,526	\$ 8,927,649	\$ (1,119,877)	113 %	\$ 606,450	(185) %
01/01/95	9,936,022	9,440,717	(495,305)	105	598,795	(83)
01/01/96	11,537,840	9,566,390	(1,971,450)	121	629,034	(313)
01/01/98	13,934,975	9,431,701	(4,503,274)	148	160,888	(2,799)
01/01/99	13,760,620	12,535,885	(1,224,735)	110	598,795	(205)
01/01/00	13,038,384	12,251,489	(786,895)	106	168,818	(466)
01/01/01	12,352,795	12,069,544	(283,251)	102	180,462	(157)
01/01/02	11,023,816	10,075,638	(948,178)	109	184,511	(514)
01/01/03	8,897,080	9,878,269	981,189	90	193,921	506
01/01/04	9,124,231	10,075,778	951,547	91	193,922	491
01/01/05	8,854,874	10,619,028	1,764,154	83	220,633	800
01/01/06	9,009,519	10,338,640	1,329,121	87	223,443	595
01/01/07	9,749,998	10,469,945	719,947	93	240,629	299
<u>1977 Plan</u>						
01/01/94	\$ 4,262,572	\$ 2,813,432	\$ (1,449,140)	152 %	\$ 5,180,438	(28) %
01/01/95	4,439,451	3,333,577	(1,105,874)	133	6,797,338	(16)
01/01/96	5,446,380	4,332,024	(1,114,356)	126	8,952,224	(12)
01/01/97	6,285,732	5,510,585	(775,147)	114	11,509,974	(7)
01/01/99	9,976,793	14,137,712	4,160,919	71	24,454,857	17
01/01/00	10,836,439	15,060,421	4,223,982	72	21,709,421	19
01/01/01	11,136,602	15,575,523	4,438,921	72	21,705,175	20
01/01/02	14,065,581	16,860,437	2,794,856	83	21,029,237	13
01/01/03	12,609,297	18,150,192	5,540,895	69	22,187,948	25
01/01/04	15,744,214	21,606,884	5,862,670	73	22,187,948	26
01/01/05	17,680,815	27,427,503	9,746,688	64	19,071,203	51
01/01/06	19,872,346	28,094,174	8,221,828	71	19,130,743	43
01/01/07	23,686,629	30,488,774	6,802,145	78	18,882,710	36
<u>General Pension Plan</u>						
12/31/95	\$ -	\$ 587,797	\$ 587,797	- %	\$ -	- %
12/31/96	-	564,008	564,008	-	-	-
12/31/97	-	637,605	637,605	-	-	-
12/31/98	-	533,575	533,575	-	-	-
12/31/99	-	511,305	511,305	-	-	-
12/31/00	-	524,410	524,410	-	-	-
12/31/01	-	525,089	525,089	-	-	-
12/31/02	-	114,862	114,862	-	-	-
12/31/03	-	98,789	98,789	-	-	-
12/31/04	-	81,433	81,433	-	-	-
12/31/05	-	125,270	125,270	-	-	-
12/31/06	-	-	-	-	-	-
12/31/07	-	40,450	40,450	-	-	-
<u>Policemen's Pension Plan</u>						
12/31/95	\$ -	\$ 422,070	\$ 422,070	- %	\$ -	- %
12/31/96	-	417,725	417,725	-	-	-
12/31/97	-	391,153	391,153	-	-	-
12/31/98	-	389,072	389,072	-	-	-
12/31/99	-	246,783	246,783	-	-	-
12/31/00	-	246,217	246,217	-	-	-
12/31/01	-	355,840	355,840	-	-	-
12/31/02	-	380,143	380,143	-	-	-
12/31/03	-	337,186	337,186	-	-	-
12/31/04	-	290,791	290,791	-	-	-
12/31/05	-	332,653	332,653	-	-	-
12/31/06	-	251,635	251,635	-	-	-
12/31/07	-	201,920	201,920	-	-	-

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued (Unaudited) December 31, 2007

A. Schedules of funding progress (Continued)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability AAL Entry Age	(Funded) Unfunded AAL (FAAL) UAAL	Funded Ratio	Covered Payroll	(FAAL) UAAL as A % of Covered Payroll
<u>Firemen's Pension Plan</u>						
12/31/95	\$ -	\$ 1,296,843	\$ 1,296,843	- %	\$ -	- %
12/31/96	-	1,202,831	1,202,831	-	-	-
12/31/97	-	1,507,501	1,507,501	-	-	-
12/31/98	-	1,479,472	1,479,472	-	-	-
12/31/99	-	1,276,044	1,276,044	-	-	-
12/31/00	-	1,258,550	1,258,550	-	-	-
12/31/01	-	1,345,133	1,345,133	-	-	-
12/31/02	-	1,204,513	1,204,513	-	-	-
12/31/03	-	1,110,698	1,110,698	-	-	-
12/31/04	-	1,009,371	1,009,371	-	-	-
12/31/05	-	1,102,891	1,102,891	-	-	-
12/31/06	-	975,046	975,046	-	-	-
12/31/07	-	788,489	788,489	-	-	-
<u>City Employees' Pension Plan</u>						
12/31/95	\$ -	\$ 2,598,066	\$ 2,598,066	- %	\$ -	- %
12/31/96	-	2,584,786	2,584,786	-	-	-
12/31/97	-	2,418,723	2,418,723	-	-	-
12/31/98	-	2,266,704	2,266,704	-	-	-
12/31/99	-	2,060,501	2,060,501	-	-	-
12/31/00	-	1,911,904	1,911,904	-	-	-
12/31/01	-	1,914,347	1,914,347	-	-	-
12/31/02	-	2,063,450	2,063,450	-	-	-
12/31/03	-	1,931,942	1,931,942	-	-	-
12/31/04	-	1,789,910	1,789,910	-	-	-
12/31/05	-	1,999,996	1,999,996	-	-	-
12/31/06	-	1,710,832	1,710,832	-	-	-
12/31/07	-	1,412,498	1,412,498	-	-	-
<u>General Retirement Plan (City 1949)</u>						
01/01/94	\$ 49,875,350	\$ 36,456,408	\$ (13,418,942)	137 %	\$ 7,243,580	(185) %
01/01/95	47,710,074	39,699,516	(8,010,558)	120	7,053,091	(114)
01/01/96	56,004,033	41,587,715	(14,416,318)	135	6,345,073	(227)
01/01/97	59,413,476	42,712,240	(16,701,236)	139	5,165,172	(323)
01/01/99	71,138,815	51,388,074	(19,750,741)	138	5,794,554	(341)
01/01/00	70,974,830	54,306,953	(16,667,877)	131	5,112,578	(326)
01/01/01	70,721,724	54,824,779	(15,896,945)	129	5,237,225	(304)
01/01/02	66,542,266	52,471,765	(14,070,501)	127	5,473,137	(257)
01/01/03	59,091,990	53,688,662	(5,403,328)	110	5,774,707	(94)
01/01/04	65,345,259	58,984,857	(6,360,402)	111	5,774,708	(110)
01/01/05	66,064,583	65,169,939	(894,644)	101	5,714,554	(16)
01/01/06	67,859,472	68,750,121	890,649	99	5,751,403	15
01/01/07	72,348,604	71,720,302	(628,302)	101	6,082,087	(10)
<u>GMEBS</u>						
03/01/95	\$ 3,351,907	\$ 3,315,936	\$ (35,971)	101 %	\$ 10,657,439	(.3) %
03/01/96	3,731,118	3,568,982	(162,136)	105	9,369,684	(2.0)
03/01/97	4,144,704	5,312,277	1,167,573	78	8,082,062	14.0
03/01/98	4,609,848	5,756,304	1,146,456	80	8,913,934	13.0
03/01/00	5,559,655	6,422,501	862,846	86	7,719,739	11.2
03/01/02	6,308,424	6,887,424	579,000	91	6,913,560	8.4
03/01/03	6,477,885	7,146,314	668,429	90	6,988,509	9.6
03/01/04	6,913,410	7,553,911	640,501	91	6,637,655	9.6
03/01/05	7,372,466	8,036,105	663,639	92	6,641,379	10.0
03/01/06	8,023,690	9,161,600	1,137,910	88	6,985,599	16.3
03/01/07	8,566,194	9,877,759	1,311,565	87	6,858,000	19.1

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued (Unaudited) December 31, 2007

B. Schedules of employer contributions

	Fiscal Year	Annual Required Contribution	Percentage Contributed	
<u>1945 Plan</u>				
	1998	\$ -	-	%
	1999	-	-	
	2000	-	-	
	2001	-	-	
	2002	-	-	
	2003	-	-	
	2004	170,881	100	
	2005	361,352	100	
	2006	331,330	109	
	2007	220,377	100	
<u>1977 Plan</u>				
	1997	\$ 600,260	100	%
	1998	897,930	100	
	1999	1,124,928	100	
	2000	940,054	100	
	2001	979,131	100	
	2002	746,287	100	
	2003	787,672	100	
	2004	955,819	100	
	2005	1,087,175	100	
	2006	1,035,126	100	
	2007	787,183	119	
<u>General Pension Plan</u>				
	1997	\$ 139,861	100	%
	1998	107,338	100	
	1999	113,807	100	
	2000	102,476	100	
	2001	89,008	100	
	2002	23,348	100	
	2003	24,290	100	
	2004	25,092	100	
	2005	24,752	100	
	2006	13,219	100	
	2007	13,219	100	
<u>Policemen's Pension Plan</u>				
	1997	\$ 79,952	100	%
	1998	63,169	100	
	1999	53,823	100	
	2000	44,880	100	
	2001	64,863	100	
	2002	66,888	100	
	2003	70,546	100	
	2004	72,874	100	
	2005	72,141	100	
	2006	50,480	100	
	2007	50,480	100	
<u>Firemen's Pension Plan</u>				
	1997	\$ 249,706	100	\$
	1998	237,914	100	
	1999	240,623	100	
	2000	205,435	100	
	2001	214,272	100	
	2002	206,334	100	
	2003	182,862	100	
	2004	188,896	100	
	2005	186,522	100	
	2006	179,202	100	
	2007	179,202	100	

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued (Unaudited) December 31, 2007

B. Schedules of employer contributions (Continued)

	Fiscal Year	Annual Required Contribution	Percentage Contributed	
<u>City Employees' Pension Plan</u>				
	1997	\$ 409,881	100	%
	1998	331,619	100	
	1999	348,792	100	
	2000	302,169	100	
	2001	263,080	100	
	2002	299,512	100	
	2003	285,177	100	
	2004	249,565	100	
	2005	281,140	100	
	2006	297,368	100	
	2007	297,368	100	
<u>General Retirement Plan (City 1949)</u>				
	1997	\$ -	-	%
	1998	-	-	
	1999	-	-	
	2000	-	-	
	2001	-	-	
	2002	-	-	
	2003	-	-	
	2004	-	-	
	2005	-	-	
	2006	138,517	100	
	2007	-	-	
<u>GMEBS</u>				
	1996	\$ 187,548	100	%
	1997	197,167	100	
	1998	214,536	100	
	1999	191,385	100	
	2000	204,576	100	
	2001	192,622	100	
	2002	168,316	100	
	2003	181,834	100	
	2004	200,432	100	
	2005	213,565	100	
	2006	271,945	100	
	2007	271,945	100	

C. Notes to required supplementary information

	1945 Plan	1977 Plan
Valuation date	1/1/07	1/1/07
Actuarial cost method	Attained age aggregate	Attained age aggregate
Amortization method	Level percentage of payroll	Level of percentage of payroll
Amortization period	Average future working lifetime	Average future working lifetime
Actuarial asset valuation method	Market value plus receivables	Market value plus receivables
Actuarial assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases	5.0%	5.5%
Post retirement benefit increases	5.0%	5.0%
Inflation	5.0%	5.0%

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued (Unaudited) December 31, 2007

C. Notes to required supplementary information (Continued)

	General Pension Plan	Policemen's Pension Plan
Valuation date	12/31/07	12/31/07
Actuarial cost method	Actuarial present value of total Projected benefits	Actuarial present value of total Projected benefits
Amortization method	Level dollar / Open basis	Level dollar / Open basis
Amortization period	5 years	5 years
Actuarial asset valuation method	N/A	N/A
Actuarial assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases	N/A	N/A
Post retirement benefit increases	N/A	N/A
Inflation	N/A	N/A
	Firemen's Pension Plan	City Employees' Pension Plan
Valuation date	12/31/07	12/31/07
Actuarial cost method	Actuarial present value of total Projected benefits	Actuarial present value of total Projected benefits
Amortization method	Level dollar / Open basis	Level dollar / Open basis
Amortization period	7 years	8 years
Actuarial asset valuation method	N/A	N/A
Actuarial assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases	N/A	N/A
Post retirement benefit increases	N/A	N/A
Inflation	N/A	N/A
	General Retirement Pension Plan (City 1949)	GMEBS
Valuation date	01/01/07	03/01/2007
Actuarial cost method	Aggregate cost method	Projected unit credit
Amortization method	Level dollar / Closed basis	Level dollar
Amortization period	Various periods to comply with state law	Varies for the bases
Actuarial asset valuation method	Market value plus receivables	Roll forward prior year's actuarial value with contributions, disbursements, and expended return of investments, plus 10% of investment gains (losses) during 10 prior years.
Actuarial assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases	5.5%	5.5%
Post retirement benefit increases	4.0%	None
Inflation	4.0%	None

COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Augusta, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds
Assets			
Cash and temporary investments	\$ 16,309,982	\$ 10,194	\$ 7,366,540
Receivables (net of allowance for doubtful accounts)			
Taxes	847,638	-	-
Accounts	1,837,635	-	-
Interest	-	-	121,006
Note	3,701,447	-	-
Restricted assets			
Perpetual care	-	-	-
Due from other funds	179,433	-	-
Total assets	<u><u>\$ 22,876,135</u></u>	<u><u>\$ 10,194</u></u>	<u><u>\$ 7,487,546</u></u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,267,472	\$ -	\$ 400
Due to other funds	720,607	-	-
Accrued salaries and vacation	198,007	-	-
Other accrued liabilities	17,508	-	-
Deferred revenue	4,596,080	-	-
Total liabilities	<u><u>6,799,674</u></u>	<u><u>-</u></u>	<u><u>400</u></u>
Fund balances :			
Reserved for:			
Encumbrances	669,526	-	751,294
Project maintenance	-	-	1,596,460
Unreserved - undesignated	15,406,935	10,194	5,139,392
Total fund balances	<u><u>16,076,461</u></u>	<u><u>10,194</u></u>	<u><u>7,487,146</u></u>
Total liabilities and fund balances	<u><u>\$ 22,876,135</u></u>	<u><u>\$ 10,194</u></u>	<u><u>\$ 7,487,546</u></u>

Permanent Fund		Total Nonmajor Governmental Funds	
Perpetual Care - II			
\$	201,438	\$	23,888,154
	-		847,638
	-		1,837,635
	-		121,006
	-		3,701,447
	338,625		338,625
	-		179,433
\$	540,063	\$	30,913,938
\$	-	\$	1,267,872
	-		720,607
	-		198,007
	-		17,508
	-		4,596,080
	-		6,800,074
	-		1,420,820
	-		1,596,460
	540,063		21,096,584
	540,063		24,113,864
\$	540,063	\$	30,913,938

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2007**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds
Revenues			
Taxes - property	\$ 11,167,266	\$ -	\$ -
Taxes - other than property	13,805,066	-	-
Licenses and permits	3,288,900	-	-
Use of money and property	679,887	10,743	487,098
Charges for current services	5,854,088	-	-
Fines and forfeitures	1,274,329	-	-
Intergovernmental	5,141,165	-	3,486
Other	415,911	-	-
Total revenues	<u>41,626,612</u>	<u>10,743</u>	<u>490,584</u>
Expenditures			
Current:			
General government	2,894,302	-	14,557
Judicial	392,497	-	-
Public safety	4,617,755	-	9,132
Public works	3,977,851	-	77,568
Culture and recreation	4,494,502	-	-
Housing and development	6,781,376	-	-
Capital outlay	2,102,876	-	682,219
Debt service	4,199,007	9,727,939	-
Total expenditures	<u>29,460,166</u>	<u>9,727,939</u>	<u>783,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,166,446</u>	<u>(9,717,196)</u>	<u>(292,892)</u>
Other financing sources (uses)			
Transfers in	1,286,241	9,727,390	-
Transfers (out)	(13,443,944)	(2,913)	(3,477,345)
Transfers in (out) between nonmajor funds	1,473,438	(273,438)	(1,200,000)
Total other financing sources (uses)	<u>(10,684,265)</u>	<u>9,451,039</u>	<u>(4,677,345)</u>
Net change in fund balances	1,482,181	(266,157)	(4,970,237)
Fund balance - beginning	<u>14,594,280</u>	<u>276,351</u>	<u>12,457,383</u>
Fund balance - ending	<u><u>\$ 16,076,461</u></u>	<u><u>\$ 10,194</u></u>	<u><u>\$ 7,487,146</u></u>

Permanent Fund		Total Nonmajor Governmental Funds	
Perpetual Care - II			
\$	-	\$	11,167,266
	-		13,805,066
	-		3,288,900
	-		1,177,728
	300		5,854,388
	-		1,274,329
	-		5,144,651
	-		415,911
	300		42,128,239
	16,170		2,925,029
	-		392,497
	-		4,626,887
	-		4,055,419
	-		4,494,502
	-		6,781,376
	-		2,785,095
	-		13,926,946
	16,170		39,987,751
	(15,870)		2,140,488
	-		11,013,631
	-		(16,924,202)
	-		-
	-		(5,910,571)
	(15,870)		(3,770,083)
	555,933		27,883,947
\$	540,063	\$	24,113,864

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Urban Services District	Emergency Telephone System	Capital Outlay	Law Enforcement	Occupational Tax
Assets					
Cash and temporary investments	\$ 2,106,162	\$ 757,891	\$ 7,364,962	\$ 622,868	\$ -
Receivables (net of allowance for doubtful accounts)					
Taxes	587,385	-	260,253	-	-
Accounts	700,690	501,860	-	4,995	-
Note	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 3,394,237	\$ 1,259,751	\$ 7,625,215	\$ 627,863	\$ -
Liabilities and fund balances (deficits)					
Liabilities:					
Accounts payable	\$ 24,819	\$ 33,378	\$ 342,109	\$ -	\$ -
Due to other funds	179,433	-	-	-	-
Accrued salaries and vacation	6,108	102,790	-	-	-
Other accrued liabilities	17,381	-	-	-	-
Deferred revenue	464,491	-	343,786	-	-
Total liabilities	692,232	136,168	685,895	-	-
Fund balances (deficits):					
Reserved for:					
Encumbrances	1,543	4,049	574,113	-	-
Unreserved - undesignated	2,700,462	1,119,534	6,365,207	627,863	-
Total fund balances (deficits)	2,702,005	1,123,583	6,939,320	627,863	-
Total liabilities and fund balances (deficits)	\$ 3,394,237	\$ 1,259,751	\$ 7,625,215	\$ 627,863	\$ -

Special Assessment	Hotel/Motel Tax and Promotion/ Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ 355,596	\$ 318,558	\$ 373,446	\$ 17,932	\$ 632,038	\$ 1,108,825
-	-	-	-	-	-
202,004	4,940	143,350	1,900	-	500
-	-	3,544,387	157,060	-	-
-	-	179,433	-	-	-
<u>\$ 557,600</u>	<u>\$ 323,498</u>	<u>\$ 4,240,616</u>	<u>\$ 176,892</u>	<u>\$ 632,038</u>	<u>\$ 1,109,325</u>
\$ 235,482	\$ 323,497	\$ 196,389	\$ -	\$ 50,028	\$ 27,489
-	-	338,862	-	-	-
9,417	-	38,864	-	-	-
-	-	-	-	-	-
147,890	-	3,544,386	-	-	-
<u>392,789</u>	<u>323,497</u>	<u>4,118,501</u>	<u>-</u>	<u>50,028</u>	<u>27,489</u>
83	-	1,444	-	61,915	150
164,728	1	120,671	176,892	520,095	1,081,686
<u>164,811</u>	<u>1</u>	<u>122,115</u>	<u>176,892</u>	<u>582,010</u>	<u>1,081,836</u>
<u>\$ 557,600</u>	<u>\$ 323,498</u>	<u>\$ 4,240,616</u>	<u>\$ 176,892</u>	<u>\$ 632,038</u>	<u>\$ 1,109,325</u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Continued
December 31, 2007

	Law Library	5% Victim's Crime Assistance	Supplemental Juvenile Services	Building Inspection	Weed and Seed Federal Grant
Assets					
Cash and temporary investments	\$ -	\$ 219,776	\$ 32,648	\$ 1,070,889	\$ 12,661
Receivables (net of allowance for doubtful accounts)					
Taxes	-	-	-	-	-
Accounts	35	56,792	345	410	-
Note	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 35	\$ 276,568	\$ 32,993	\$ 1,071,299	\$ 12,661
Liabilities and fund balances (deficits)					
Liabilities:					
Accounts payable	\$ 16	\$ 324	\$ 300	\$ 5,615	\$ -
Due to other funds	19	-	-	-	-
Accrued salaries and vacation	-	9,908	-	30,920	-
Other accrued liabilities	-	127	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	35	10,359	300	36,535	-
Fund balances (deficits):					
Reserved for:					
Encumbrances	-	130	-	21,226	742
Unreserved - undesignated	-	266,079	32,693	1,013,538	11,919
Total fund balances (deficits)	-	266,209	32,693	1,034,764	12,661
Total liabilities and fund balances (deficits)	\$ 35	\$ 276,568	\$ 32,993	\$ 1,071,299	\$ 12,661

Wireless Phase	Perpetual Care - I	Land Bank Authority	Downtown Development	Canine Forfeitures	NPDES Permit Fees	Total Nonmajor Special Revenue Funds
\$ 787,724	\$ 399,120	\$ 20,224	\$ -	\$ 18,346	\$ 90,316	\$ 16,309,982
-	-	-	-	-	-	847,638
-	5,172	38,260	175,344	-	1,038	1,837,635
-	-	-	-	-	-	3,701,447
-	-	-	-	-	-	179,433
<u>\$ 787,724</u>	<u>\$ 404,292</u>	<u>\$ 58,484</u>	<u>\$ 175,344</u>	<u>\$ 18,346</u>	<u>\$ 91,354</u>	<u>\$ 22,876,135</u>
\$ 26,128	\$ 1,712	\$ -	\$ 186	\$ -	\$ -	\$ 1,267,472
-	-	-	202,293	-	-	720,607
-	-	-	-	-	-	198,007
-	-	-	-	-	-	17,508
-	-	-	95,527	-	-	4,596,080
<u>26,128</u>	<u>1,712</u>	<u>-</u>	<u>298,006</u>	<u>-</u>	<u>-</u>	<u>6,799,674</u>
-	4,131	-	-	-	-	669,526
<u>761,596</u>	<u>398,449</u>	<u>58,484</u>	<u>(122,662)</u>	<u>18,346</u>	<u>91,354</u>	<u>15,406,935</u>
<u>761,596</u>	<u>402,580</u>	<u>58,484</u>	<u>(122,662)</u>	<u>18,346</u>	<u>91,354</u>	<u>16,076,461</u>
<u>\$ 787,724</u>	<u>\$ 404,292</u>	<u>\$ 58,484</u>	<u>\$ 175,344</u>	<u>\$ 18,346</u>	<u>\$ 91,354</u>	<u>\$ 22,876,135</u>

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2007**

	Urban Services District	Emergency Telephone System	Capital Outlay	Law Enforcement	Occupational Tax
Revenues					
Taxes - property	\$ 7,601,005	\$ -	\$ 3,566,186	\$ -	\$ -
Taxes - other than property	8,905,059	-	-	-	-
Licenses and permits	-	-	-	-	2,305,262
Use of money and property	217,294	28,419	6,500	34,387	78,123
Charges for current services	320,515	3,039,669	-	580,934	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	546,384	-	-
Other	-	-	15,182	-	1,788
Total revenues	<u>17,043,873</u>	<u>3,068,088</u>	<u>4,134,252</u>	<u>615,321</u>	<u>2,385,173</u>
Expenditures					
Current:					
General government	1,475,249	388	320,012	-	5,088
Judicial	-	-	112,344	-	-
Public safety	-	3,250,805	-	299,961	-
Public works	432,535	-	273,833	-	-
Culture and recreation	3,337	-	14,241	-	-
Housing and development	-	-	-	-	-
Capital outlay	-	150,822	1,582,572	122,019	-
Debt service	-	-	1,671,957	-	-
Total expenditures	<u>1,911,121</u>	<u>3,402,015</u>	<u>3,974,959</u>	<u>421,980</u>	<u>5,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,132,752</u>	<u>(333,927)</u>	<u>159,293</u>	<u>193,341</u>	<u>2,380,085</u>
Other financing sources (uses)					
Transfers in	-	246,241	540,000	-	-
Transfers (out)	(11,063,859)	-	-	-	(2,380,085)
Transfers in (out) between nonmajor funds	(2,744,075)	399,500	1,200,000	-	-
Total other financing sources (uses)	<u>(13,807,934)</u>	<u>645,741</u>	<u>1,740,000</u>	<u>-</u>	<u>(2,380,085)</u>
Net change in fund balances (deficits)	<u>1,324,818</u>	<u>311,814</u>	<u>1,899,293</u>	<u>193,341</u>	<u>-</u>
Fund balance (deficits) - beginning	<u>1,377,187</u>	<u>811,769</u>	<u>5,040,027</u>	<u>434,522</u>	<u>-</u>
Fund balance (deficits) - ending	<u>\$ 2,702,005</u>	<u>\$ 1,123,583</u>	<u>\$ 6,939,320</u>	<u>\$ 627,863</u>	<u>\$ -</u>

Special Assessment	Hotel/Motel Tax and Promotion/ Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,420,564	-	-	-	-
-	-	-	-	-	-
-	-	-	11,182	36,191	52,446
1,308,561	-	-	-	-	-
-	-	-	-	793,106	149,566
-	-	4,594,781	-	-	-
-	-	398,409	151	-	-
1,308,561	4,420,564	4,993,190	11,333	829,297	202,012
44,143	-	373,414	7,704	-	-
-	-	-	-	-	-
-	-	-	-	703,349	81,325
3,253,085	-	-	-	-	-
-	4,420,563	-	-	-	-
-	-	5,554,087	86,380	-	-
97,299	-	-	-	60,673	47,559
-	-	2,500,000	-	-	-
3,394,527	4,420,563	8,427,501	94,084	764,022	128,884
(2,085,966)	1	(3,434,311)	(82,751)	65,275	73,128
500,000	-	-	-	-	-
-	-	-	-	-	-
1,641,000	-	1,029,433	-	-	-
2,141,000	-	1,029,433	-	-	-
55,034	1	(2,404,878)	(82,751)	65,275	73,128
109,777	-	2,526,993	259,643	516,735	1,008,708
\$ 164,811	\$ 1	\$ 122,115	\$ 176,892	\$ 582,010	\$ 1,081,836

Augusta, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2007

	Law Library	5% Victim's Crime Assistance	Supplemental Juvenile Services	Building Inspection	Weed and Seed Federal Grant
Revenues					
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - other than property	-	-	-	-	-
Licenses and permits	-	-	-	950,913	-
Use of money and property	-	10,281	2,124	50,961	-
Charges for current services	-	-	17,750	-	-
Fines and forfeitures	-	331,224	-	-	-
Intergovernmental	-	-	-	-	-
Other	-	381	-	-	-
Total revenues	-	341,886	19,874	1,001,874	-
Expenditures					
Current:					
General government	-	7,356	1,500	24,768	-
Judicial	-	274,010	6,143	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	853,977	-
Capital outlay	-	-	-	21,029	-
Debt service	-	-	-	-	-
Total expenditures	-	281,366	7,643	899,774	-
Excess (deficiency) of revenues over (under) expenditures	-	60,520	12,231	102,100	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Transfers in (out) between nonmajor funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances (deficits)	-	60,520	12,231	102,100	-
Fund balance (deficits) - beginning	-	205,689	20,462	932,664	12,661
Fund balance (deficits) - ending	\$ -	\$ 266,209	\$ 32,693	\$ 1,034,764	\$ 12,661

Wireless Phase	Perpetual Care - I	Landbank Authority	Downtown Development	Canine Forefeitures	NPDES Permit Fees	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	11,167,266
-	-	-	479,443	-	-	13,805,066
-	-	-	-	-	32,725	3,288,900
36,106	50,889	59,634	-	815	4,535	679,887
586,659	-	-	-	-	-	5,854,088
-	-	-	-	433	-	1,274,329
-	-	-	-	-	-	5,141,165
-	-	-	-	-	-	415,911
<u>622,765</u>	<u>50,889</u>	<u>59,634</u>	<u>479,518</u>	<u>1,248</u>	<u>37,260</u>	<u>41,626,612</u>
1,692	-	-	632,988	-	-	2,894,302
-	-	-	-	-	-	392,497
282,315	-	-	-	-	-	4,617,755
-	-	-	-	-	18,398	3,977,851
-	56,361	-	-	-	-	4,494,502
-	-	132,142	154,790	-	-	6,781,376
-	20,903	-	-	-	-	2,102,876
-	-	-	27,050	-	-	4,199,007
<u>284,007</u>	<u>77,264</u>	<u>132,142</u>	<u>814,828</u>	<u>-</u>	<u>18,398</u>	<u>29,460,166</u>
<u>338,758</u>	<u>(26,375)</u>	<u>(72,508)</u>	<u>(335,310)</u>	<u>1,248</u>	<u>18,862</u>	<u>12,166,446</u>
-	-	-	-	-	-	1,286,241
-	-	-	-	-	-	(13,443,944)
(399,500)	-	-	347,080	-	-	1,473,438
<u>(399,500)</u>	<u>-</u>	<u>-</u>	<u>347,080</u>	<u>-</u>	<u>-</u>	<u>(10,684,265)</u>
(60,742)	(26,375)	(72,508)	11,770	1,248	18,862	1,482,181
<u>822,338</u>	<u>428,955</u>	<u>130,992</u>	<u>(134,432)</u>	<u>17,098</u>	<u>72,492</u>	<u>14,594,280</u>
<u>\$ 761,596</u>	<u>\$ 402,580</u>	<u>\$ 58,484</u>	<u>\$ (122,662)</u>	<u>\$ 18,346</u>	<u>\$ 91,354</u>	<u>\$ 16,076,461</u>

Augusta, Georgia
Urban Services District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - property	\$ 6,964,743	\$ 7,601,005	\$ 636,262	\$ 6,539,134
Taxes - other than property	8,586,690	8,905,059	318,369	8,716,106
Licenses and permits	-	-	-	592
Use of money and property	77,940	217,294	139,354	34,063
Charges for current services	313,200	320,515	7,315	264,057
Total revenues	<u>15,942,573</u>	<u>17,043,873</u>	<u>1,101,300</u>	<u>15,553,952</u>
Expenditures				
Current:				
General government	1,489,900	1,475,249	14,651	1,665,740
Public works	453,930	432,535	21,395	438,934
Culture and recreation	3,400	3,337	63	-
Housing and development	-	-	-	27,000
Total expenditures	<u>1,947,230</u>	<u>1,911,121</u>	<u>36,109</u>	<u>2,131,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,995,343</u>	<u>15,132,752</u>	<u>1,137,409</u>	<u>13,422,278</u>
Other financing sources (uses)				
Transfers in	80,627	-	(80,627)	-
Transfers (out)	(11,449,410)	(11,063,859)	385,551	(10,962,278)
Transfers in (out) between nonmajor funds	(2,626,560)	(2,744,075)	(117,515)	(2,576,364)
Total other financing sources (uses)	<u>(13,995,343)</u>	<u>(13,807,934)</u>	<u>187,409</u>	<u>(13,538,642)</u>
Net change in fund balances	<u>\$ -</u>	<u>1,324,818</u>	<u>\$ 1,324,818</u>	<u>(116,364)</u>
Fund balance - beginning		<u>1,377,187</u>		<u>1,493,551</u>
Fund balance - ending		<u>\$ 2,702,005</u>		<u>\$ 1,377,187</u>

Augusta, Georgia
Emergency Telephone System Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ 1,000	\$ 28,419	\$ 27,419	\$ 38,532
Charges for current services	2,877,270	3,039,669	162,399	2,959,077
Total revenues	<u>2,878,270</u>	<u>3,068,088</u>	<u>189,818</u>	<u>3,000,309</u>
Expenditures				
Current:				
General government	254,120	388	253,732	243,119
Public safety	3,567,309	3,250,805	316,504	3,005,922
Capital outlay	194,341	150,822	43,519	29,471
Total expenditures	<u>4,015,770</u>	<u>3,402,015</u>	<u>613,755</u>	<u>3,278,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,137,500)</u>	<u>(333,927)</u>	<u>803,573</u>	<u>(278,203)</u>
Other financing sources (uses)				
Transfers in	663,000	246,241	(416,759)	-
Transfers (out)	(25,000)	-	25,000	-
Transfers in (out) between nonmajor funds	499,500	399,500	(100,000)	489,050
Total other financing sources (uses)	<u>1,137,500</u>	<u>645,741</u>	<u>(491,759)</u>	<u>489,050</u>
Net change in fund balances	<u>\$ -</u>	<u>311,814</u>	<u>\$ 311,814</u>	<u>210,847</u>
Fund balance (deficit) - beginning		<u>811,769</u>		<u>600,922</u>
Fund balance (deficit) - ending		<u>\$ 1,123,583</u>		<u>\$ 811,769</u>

Augusta, Georgia
Capital Outlay Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - property	\$ 3,387,664	\$ 3,566,186	\$ 178,522	\$ 3,212,127
Use of money and property	-	6,500	6,500	12,300
Charges for current services	-	-	-	39
Intergovernmental	545,050	546,384	1,334	-
Other	-	15,182	15,182	-
Total revenues	<u>3,932,714</u>	<u>4,134,252</u>	<u>201,538</u>	<u>3,224,466</u>
Expenditures				
Current:				
General government	1,984,538	320,012	1,664,526	352,612
Judicial	147,326	112,344	34,982	42,873
Public safety	-	-	-	-
Public works	418,106	273,833	144,273	25,578
Culture and recreation	74,228	14,241	59,987	32,006
Capital outlay	3,749,568	1,582,572	2,166,996	596,523
Debt service	1,574,115	1,671,957	(97,842)	1,124,088
Total expenditures	<u>7,947,881</u>	<u>3,974,959</u>	<u>3,972,922</u>	<u>2,173,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,015,167)</u>	<u>159,293</u>	<u>4,174,460</u>	<u>1,050,786</u>
Other financing sources (uses)				
Transfers in	2,481,167	540,000	(1,941,167)	-
Transfers in (out) between nonmajor funds	1,534,000	1,200,000	(334,000)	333,996
Total other financing sources (uses)	<u>4,015,167</u>	<u>1,740,000</u>	<u>(2,275,167)</u>	<u>333,996</u>
Net change in fund balances	<u>\$ -</u>	<u>1,899,293</u>	<u>\$ 1,899,293</u>	<u>1,384,782</u>
Fund balance - beginning		<u>5,040,027</u>		<u>3,655,245</u>
Fund balance - ending		<u>\$ 6,939,320</u>		<u>\$ 5,040,027</u>

Augusta, Georgia
Law Enforcement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 34,387	\$ 34,387	\$ 19,138
Charges for current services	-	580,934	580,934	73,933
Total revenues	-	615,321	615,321	93,071
Expenditures				
Current:				
Public safety	300,000	299,961	39	17,469
Capital outlay	125,000	122,019	2,981	24,859
Total expenditures	425,000	421,980	3,020	42,328
Excess (deficiency) of revenues over (under) expenditures	(425,000)	193,341	618,341	50,743
Other financing sources (uses)				
Transfers in	425,000	-	(425,000)	-
Total other financing sources (uses)	425,000	-	(425,000)	-
Net change in fund balances	\$ -	193,341	\$ 193,341	50,743
Fund balance - beginning		434,522		383,779
Fund balance - ending		\$ 627,863		\$ 434,522

Augusta, Georgia
Occupation Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - other than property	\$ -	\$ -	\$ -	\$ 1,007
Licenses and permits	2,000,000	2,305,262	305,262	2,052,714
Use of money and property	10,480	78,123	67,643	36,324
Other	-	1,788	1,788	2,251
Total revenues	<u>2,010,480</u>	<u>2,385,173</u>	<u>374,693</u>	<u>2,092,296</u>
Expenditures				
Current:				
General government	10,480	5,088	5,392	10,476
Total expenditures	<u>10,480</u>	<u>5,088</u>	<u>5,392</u>	<u>10,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000,000</u>	<u>2,380,085</u>	<u>380,085</u>	<u>2,081,820</u>
Other financing sources (uses)				
Transfers (out)	(2,000,000)	(2,380,085)	(380,085)	(2,081,820)
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,380,085)</u>	<u>(380,085)</u>	<u>(2,081,820)</u>
 Net change in fund balances	 <u><u>\$ -</u></u>	 <u><u>-</u></u>	 <u><u>\$ -</u></u>	 <u><u>-</u></u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u><u>\$ -</u></u>		<u><u>\$ -</u></u>

Augusta, Georgia
Special Assessment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Charges for current services	\$ 1,395,000	\$ 1,308,561	\$ (86,439)	\$ 1,319,604
Total revenues	<u>1,395,000</u>	<u>1,308,561</u>	<u>(86,439)</u>	<u>1,319,604</u>
Expenditures				
Current:				
General government	8,710	44,143	(35,433)	10,610
Public works	3,427,290	3,253,085	174,205	3,497,643
Capital outlay	100,000	97,299	2,701	64,865
Total expenditures	<u>3,536,000</u>	<u>3,394,527</u>	<u>141,473</u>	<u>3,573,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,141,000)</u>	<u>(2,085,966)</u>	<u>55,034</u>	<u>(2,253,514)</u>
Other financing sources (uses)				
Transfers in	500,000	500,000	-	325,104
Transfers in (out) between nonmajor funds	1,641,000	1,641,000	-	1,641,492
Total other financing sources (uses)	<u>2,141,000</u>	<u>2,141,000</u>	<u>-</u>	<u>1,966,596</u>
Net change in fund balances	<u>\$ -</u>	<u>55,034</u>	<u>\$ 55,034</u>	<u>(286,918)</u>
Fund balance - beginning		<u>109,777</u>		<u>396,695</u>
Fund balance (deficit) - ending		<u>\$ 164,811</u>		<u>\$ 109,777</u>

Augusta, Georgia
Hotel/Motel Tax and Promotion/Tourism Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - other than property	\$ 4,423,000	\$ 4,420,564	\$ (2,436)	\$ 4,027,930
Total revenues	<u>4,423,000</u>	<u>4,420,564</u>	<u>(2,436)</u>	<u>4,027,930</u>
Expenditures				
Current:				
Culture and recreation	4,423,000	4,420,563	2,437	4,027,930
Total expenditures	<u>4,423,000</u>	<u>4,420,563</u>	<u>2,437</u>	<u>4,027,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
 Net change in fund balances	 <u><u>\$ -</u></u>	 <u><u>1</u></u>	 <u><u>\$ 1</u></u>	 <u><u>-</u></u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u><u>\$ 1</u></u>		<u><u>\$ -</u></u>

Augusta, Georgia
Housing and Neighborhood Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ 80
Intergovernmental	4,756,746	4,594,781	(161,965)	5,847,412
Other	74,484	398,409	323,925	3,058,063
Total revenues	<u>4,831,230</u>	<u>4,993,190</u>	<u>161,960</u>	<u>8,905,555</u>
Expenditures				
Current:				
General government	160,210	373,414	(213,204)	151,482
Housing and development	4,875,500	5,554,087	(678,587)	6,604,310
Debt service	-	2,500,000	(2,500,000)	126,474
Total expenditures	<u>5,035,710</u>	<u>8,427,501</u>	<u>(3,391,791)</u>	<u>6,882,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,480)</u>	<u>(3,434,311)</u>	<u>(3,229,831)</u>	<u>2,023,289</u>
Other financing sources (uses)				
Transfers (out)	-	-	-	(15,700)
Transfers in (out) between nonmajor funds	204,480	1,029,433	824,953	245,004
Total other financing sources (uses)	<u>204,480</u>	<u>1,029,433</u>	<u>824,953</u>	<u>229,304</u>
Net change in fund balances	<u>\$ -</u>	<u>(2,404,878)</u>	<u>\$ (2,404,878)</u>	<u>2,252,593</u>
Fund balance - beginning		<u>2,526,993</u>		<u>274,400</u>
Fund balance - ending		<u>\$ 122,115</u>		<u>\$ 2,526,993</u>

Augusta, Georgia
Urban Development Action Grant Fund (UDAG)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ 11,500	\$ 11,182	\$ (318)	\$ 13,146
Other	-	151	151	-
Total revenues	<u>11,500</u>	<u>11,333</u>	<u>(167)</u>	<u>13,146</u>
Expenditures				
Current:				
General government	4,910	7,704	(2,794)	4,908
Housing and development	105,000	86,380	18,620	20,199
Total expenditures	<u>109,910</u>	<u>94,084</u>	<u>15,826</u>	<u>25,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,410)</u>	<u>(82,751)</u>	<u>15,659</u>	<u>(11,961)</u>
Other financing sources (uses)				
Transfers in	98,410	-	(98,410)	-
Transfers in (out) between nonmajor funds	-	-	-	6,396
Total other financing sources (uses)	<u>98,410</u>	<u>-</u>	<u>(98,410)</u>	<u>6,396</u>
Net change in fund balances	<u>\$ -</u>	<u>(82,751)</u>	<u>\$ (82,751)</u>	<u>(5,565)</u>
Fund balance - beginning		<u>259,643</u>		<u>265,208</u>
Fund balance - ending		<u>\$ 176,892</u>		<u>\$ 259,643</u>

Augusta, Georgia
Federal Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 36,191	\$ 36,191	\$ 127,451
Fines and forfeitures	727,980	793,106	65,126	454,366
Total revenues	<u>727,980</u>	<u>829,297</u>	<u>101,317</u>	<u>581,817</u>
Expenditures				
Current:				
Public safety	687,040	703,349	(16,309)	-
Capital outlay	40,940	60,673	(19,733)	311,672
Total expenditures	<u>727,980</u>	<u>764,022</u>	<u>(36,042)</u>	<u>311,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>65,275</u>	<u>65,275</u>	<u>270,145</u>
Net change in fund balances	<u>\$ -</u>	<u>65,275</u>	<u>\$ 65,275</u>	<u>270,145</u>
Fund balance - beginning		<u>516,735</u>		<u>246,590</u>
Fund balance - ending		<u>\$ 582,010</u>		<u>\$ 516,735</u>

Augusta, Georgia
State Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 52,446	\$ 52,446	\$ 49,931
Fines and forfeitures	600,000	149,566	(450,434)	506,193
Intergovernmental	-	-	-	50,373
Total revenues	<u>600,000</u>	<u>202,012</u>	<u>(397,988)</u>	<u>606,497</u>
Expenditures				
Current:				
Public safety	444,435	81,325	363,110	65,557
Capital outlay	155,565	47,559	108,006	370,227
Total expenditures	<u>600,000</u>	<u>128,884</u>	<u>471,116</u>	<u>435,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>73,128</u>	<u>73,128</u>	<u>170,713</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>73,128</u>	 <u>\$ 73,128</u>	 <u>170,713</u>
 Fund balance - beginning		 <u>1,008,708</u>		 <u>837,995</u>
 Fund balance - ending		 <u>\$ 1,081,836</u>		 <u>\$ 1,008,708</u>

Augusta, Georgia
5% Victim's Crime Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ 2,950	\$ 10,281	\$ 7,331	\$ 8,061
Fines and forfeitures	333,000	331,224	(1,776)	256,818
Other	-	381	381	-
Total revenues	<u>335,950</u>	<u>341,886</u>	<u>5,936</u>	<u>264,879</u>
Expenditures				
Current:				
General government	10,850	7,356	3,494	10,848
Judicial	<u>325,100</u>	<u>274,010</u>	<u>51,090</u>	<u>281,698</u>
Total expenditures	<u>335,950</u>	<u>281,366</u>	<u>54,584</u>	<u>292,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>60,520</u>	<u>60,520</u>	<u>(27,667)</u>
Net change in fund balances	<u>\$ -</u>	<u>60,520</u>	<u>\$ 60,520</u>	<u>(27,667)</u>
Fund balance - beginning		<u>205,689</u>		<u>233,356</u>
Fund balance - ending		<u>\$ 266,209</u>		<u>\$ 205,689</u>

Augusta, Georgia
Supplemental Juvenile Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ 500	\$ 2,124	\$ 1,624	\$ 887
Charges for current services	10,500	17,750	7,250	7,000
Total revenues	11,000	19,874	8,874	7,887
Expenditures				
Current:				
General government	1,090	1,500	(410)	1,092
Judicial	20,000	6,143	13,857	6,157
Total expenditures	21,090	7,643	13,447	7,249
Excess (deficiency) of revenues over (under) expenditures	(10,090)	12,231	22,321	638
Other financing sources (uses)				
Transfers in	10,090	-	(10,090)	-
Total other financing sources (uses)	10,090	-	(10,090)	-
Net change in fund balances	\$ -	12,231	\$ 12,231	638
Fund balance - beginning		20,462		19,824
Fund balance - ending		\$ 32,693		\$ 20,462

Augusta, Georgia
Building Inspection
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Licenses and permits	\$ 1,083,220	\$ 950,913	\$ (132,307)	\$ 1,105,713
Use of money and property	-	50,961	50,961	41,492
Charges for current services	-	-	-	4,138
Total revenues	<u>1,083,220</u>	<u>1,001,874</u>	<u>(81,346)</u>	<u>1,151,343</u>
Expenditures				
Current:				
General government	30,740	24,768	5,972	30,744
Housing and development	885,480	853,977	31,503	801,473
Capital outlay	167,000	21,029	145,971	-
Total expenditures	<u>1,083,220</u>	<u>899,774</u>	<u>183,446</u>	<u>832,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>102,100</u>	<u>102,100</u>	<u>319,126</u>
Other financing sources (uses)				
Transfers (out)	-	-	-	(15,700)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,700)</u>
Net change in fund balances	<u>\$ -</u>	<u>102,100</u>	<u>\$ 102,100</u>	<u>303,426</u>
Fund balance - beginning		<u>932,664</u>		<u>629,238</u>
Fund balance - ending		<u>\$ 1,034,764</u>		<u>\$ 932,664</u>

Augusta, Georgia
Weed and Seed Federal Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ 1,594
Intergovernmental	-	-	-	28,953
Other	-	-	-	1,564
Total revenues	-	-	-	32,111
Expenditures				
Current:				
General government	(111,360)	-	(111,360)	9,504
Public safety	111,360	-	111,360	122,584
Total expenditures	-	-	-	132,088
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(99,977)
Other financing sources (uses)				
Transfers in	-	-	-	100,000
Total other financing sources (uses)	-	-	-	100,000
Net change in fund balances	\$ -	-	\$ -	23
Fund balance - beginning		12,661		12,638
Fund balance - ending		\$ 12,661		\$ 12,661

Augusta, Georgia
Wireless Phase Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ 891
Use of money and property	5,000	36,106	31,106	38,767
Charges for current services	446,280	586,659	140,379	678,174
Total revenues	451,280	622,765	171,485	717,832
Expenditures				
Current:				
General government	1,280	1,692	(412)	1,283
Public safety	450,000	282,315	167,685	321,533
Total expenditures	451,280	284,007	167,273	322,816
Excess (deficiency) of revenues over (under) expenditures	-	338,758	338,758	395,016
Other financing sources (uses)				
Transfers in	399,500	-	(399,500)	-
Transfers in (out) between nonmajor funds	(399,500)	(399,500)	-	(489,050)
Total other financing sources (uses)	-	(399,500)	(399,500)	(489,050)
Net change in fund balances	\$ -	(60,742)	\$ (60,742)	(94,034)
Fund balance - beginning		822,338		916,372
Fund balance - ending		\$ 761,596		\$ 822,338

Augusta, Georgia
Perpetual Care - I Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ 25,000	\$ 50,889	\$ 25,889	\$ 52,314
Total revenues	<u>25,000</u>	<u>50,889</u>	<u>25,889</u>	<u>52,314</u>
Expenditures				
Current:				
Culture and recreation	69,800	56,361	13,439	51,705
Capital outlay	<u>26,000</u>	<u>20,903</u>	<u>5,097</u>	<u>-</u>
Total expenditures	<u>95,800</u>	<u>77,264</u>	<u>18,536</u>	<u>51,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,800)</u>	<u>(26,375)</u>	<u>44,425</u>	<u>609</u>
Other financing sources (uses)				
Transfers in	70,800	-	(70,800)	-
Transfers in (out) between nonmajor funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,817)</u>
Total other financing sources (uses)	<u>70,800</u>	<u>-</u>	<u>(70,800)</u>	<u>(60,817)</u>
Net change in fund balances	<u>\$ -</u>	<u>(26,375)</u>	<u>\$ (26,375)</u>	<u>(60,208)</u>
Fund balance - beginning		<u>428,955</u>		<u>489,163</u>
Fund balance - ending		<u>\$ 402,580</u>		<u>\$ 428,955</u>

Augusta, Georgia
Landbank Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 59,634	\$ 59,634	\$ 6,301
Total revenues	-	59,634	59,634	6,301
Expenditures				
Current:				
Culture and recreation	7,130	-	7,130	6,001
Housing and development	-	132,142	(132,142)	777
Total expenditures	7,130	132,142	(125,012)	6,778
Excess (deficiency) of revenues over (under) expenditures	(7,130)	(72,508)	(65,378)	(477)
Net change in fund balances	\$ -	(72,508)	\$ (72,508)	(477)
Fund balance - beginning		130,992		131,469
Fund balance - ending		\$ 58,484		\$ 130,992

Augusta, Georgia
Downtown Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - property	\$ -	\$ 75	\$ 75	\$ -
Taxes - other than property	\$ 450,000	\$ 479,443	\$ 29,443	\$ 472,631
Total revenues	<u>450,000</u>	<u>479,518</u>	<u>29,518</u>	<u>472,631</u>
Expenditures				
Current:				
General government	632,290	632,988	(698)	621,691
Housing and development	154,790	154,790	-	154,791
Debt service	10,000	27,050	(17,050)	20,423
Total expenditures	<u>797,080</u>	<u>814,828</u>	<u>(17,748)</u>	<u>796,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(347,080)</u>	<u>(335,310)</u>	<u>11,770</u>	<u>(324,274)</u>
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	347,080	347,080	-	349,476
Total other financing sources (uses)	<u>347,080</u>	<u>347,080</u>	<u>-</u>	<u>349,476</u>
Net change in fund balances (deficit)	<u>\$ -</u>	<u>11,770</u>	<u>\$ 11,770</u>	<u>25,202</u>
Fund balance (deficit) - beginning		<u>(134,432)</u>		<u>(159,634)</u>
Fund balance (deficit) - ending		<u>\$ (122,662)</u>		<u>\$ (134,432)</u>

Augusta, Georgia
Canine Forfeitures
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 815	\$ 815	\$ 725
Fines and forfeitures	10,000	433	(9,567)	1,022
Total revenues	10,000	1,248	(8,752)	1,747
Expenditures				
Current:				
Public safety	10,000	-	10,000	-
Total expenditures	10,000	-	10,000	-
Excess (deficiency) of revenues over (under) expenditures	-	1,248	1,248	1,747
Net change in fund balances	\$ -	1,248	\$ 1,248	1,747
Fund balance - beginning		17,098		15,351
Fund balance - ending		\$ 18,346		\$ 17,098

Augusta, Georgia
NPDES Permit Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Licenses and permits	\$ 35,000	\$ 32,725	\$ (2,275)	\$ 35,126
Use of money and property	1,400	4,535	3,135	3,663
Total revenues	<u>36,400</u>	<u>37,260</u>	<u>860</u>	<u>38,789</u>
Expenditures				
Current:				
Public works	36,400	18,398	18,002	27,026
Total expenditures	<u>36,400</u>	<u>18,398</u>	<u>18,002</u>	<u>27,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>18,862</u>	<u>18,862</u>	<u>11,763</u>
Net change in fund balances	<u><u>\$ -</u></u>	<u><u>18,862</u></u>	<u><u>\$ 18,862</u></u>	<u><u>11,763</u></u>
Fund balance - beginning		<u>72,492</u>		<u>60,729</u>
Fund balance - ending		<u><u>\$ 91,354</u></u>		<u><u>\$ 72,492</u></u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	<u>Debt Service</u>	<u>Urban Debt Service</u>	<u>GO Sales Tax 2006 Bonds Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 10,194	\$ 10,194
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,194</u>	<u>\$ 10,194</u>
Liabilities and fund balances				
Fund balances:				
Unreserved - undesignated	-	-	10,194	10,194
Total fund balances	<u>-</u>	<u>-</u>	<u>10,194</u>	<u>10,194</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,194</u>	<u>\$ 10,194</u>

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2007**

	Debt Service	Urban Debt Service	2006 GO Sales Tax Bonds Debt Service	Total Nonmajor Debt Service Funds
Revenues				
Use of money and property	\$ -	\$ -	\$ 10,743	\$ 10,743
Total revenues	-	-	10,743	10,743
Expenditures				
Debt service	-	-	9,727,939	9,727,939
Total expenditures	-	-	9,727,939	9,727,939
Excess (deficiency) of revenues over (under) expenditures	-	-	(9,717,196)	(9,717,196)
Other financing sources (uses)				
Transfers in	-	-	9,727,390	9,727,390
Transfers (out)	(2,913)	-	-	(2,913)
Transfers in (out) between nonmajor funds	-	(273,438)	-	(273,438)
Total other financing sources (uses)	(2,913)	(273,438)	9,727,390	9,451,039
Net change in fund balances	(2,913)	(273,438)	10,194	(266,157)
Fund balance - beginning	2,913	273,438	-	276,351
Fund balance - ending	\$ -	\$ -	\$ 10,194	\$ 10,194

Augusta, Georgia
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - property	\$ -	\$ -	\$ -	\$ 2,902
Use of money and property	-	-	-	17,774
Total revenues	-	-	-	20,676
Excess (deficiency) of revenues over (under) expenditures	-	-	-	20,676
Other financing sources (uses)				
Transfers (out)	-	(2,913)	(2,913)	(765,000)
Total other financing sources (uses)	-	(2,913)	(2,913)	(765,000)
Net change in fund balances	<u>\$ -</u>	<u>(2,913)</u>	<u>\$ (2,913)</u>	<u>(744,324)</u>
Fund balance - beginning		<u>2,913</u>		<u>747,237</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ 2,913</u>

Augusta, Georgia
Urban Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Taxes - property	\$ -	\$ -	\$ -	\$ 3,302
Use of money and property	-	-	-	11,193
Total revenues	-	-	-	14,495
Excess (deficiency) of revenues over (under) expenditures	-	-	-	14,495
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	-	(273,438)	(273,438)	-
Total other financing sources (uses)	-	(273,438)	(273,438)	-
Net change in fund balances	<u>\$ -</u>	<u>(273,438)</u>	<u>\$ (273,438)</u>	14,495
Fund balance - beginning		<u>273,438</u>		<u>258,943</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ 273,438</u>

Augusta, Georgia
2006 GO Sales Tax Bonds Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2007
With comparative amounts for December 31, 2006

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2006 Actual
Revenues				
Use of money and property	\$ -	\$ 10,743	\$ 10,743	\$ -
Total revenues	-	10,743	10,743	-
Expenditures				
Debt service	9,727,390	9,727,939	(549)	-
Total expenditures	9,727,390	9,727,939	(549)	-
Excess (deficiency) of revenues over (under) expenditures	<u>(9,727,390)</u>	<u>(9,717,196)</u>	<u>10,194</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	9,727,390	9,727,390	-	-
Total other financing sources (uses)	9,727,390	9,727,390	-	-
Net change in fund balances	<u>\$ -</u>	<u>10,194</u>	<u>\$ 10,194</u>	<u>-</u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u>\$ 10,194</u>		<u>\$ -</u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2007

	Community Development	Special Sales Tax Phase I	Special Sales Tax Phase II	Total Nonmajor Capital Project Funds
Assets				
Cash and temporary investments	\$ 137,697	\$ -	\$ 7,228,843	\$ 7,366,540
Receivables (net of allowance for doubtful accounts)				
Interest	-	-	121,006	121,006
Total assets	<u>\$ 137,697</u>	<u>\$ -</u>	<u>\$ 7,349,849</u>	<u>\$ 7,487,546</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 400	\$ 400
Total liabilities	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
Fund balances:				
Encumbrances	-	-	751,294	751,294
Project maintenance	-	-	1,596,460	1,596,460
Unreserved - undesignated	137,697	-	5,001,695	5,139,392
Total fund balances	<u>137,697</u>	<u>-</u>	<u>7,349,449</u>	<u>7,487,146</u>
Total liabilities and fund balances	<u>\$ 137,697</u>	<u>\$ -</u>	<u>\$ 7,349,849</u>	<u>\$ 7,487,546</u>

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2007**

	Community Development	Special Sales Tax Phase I	Special Sales Tax Phase II	Total Nonmajor Capital Project Funds
Revenues				
Use of money and property	\$ 2,120	\$ 44,029	\$ 440,949	\$ 487,098
Intergovernmental	-	-	3,486	3,486
Total revenues	2,120	44,029	444,435	490,584
Expenditures				
Current:				
General government	-	5,713	8,844	14,557
Public safety	-	-	9,132	9,132
Public works	-	-	77,568	77,568
Capital outlay	-	-	682,219	682,219
Total expenditures	-	5,713	777,763	783,476
Excess (deficiency) of revenues over (under) expenditures	2,120	38,316	(333,328)	(292,892)
Other financing sources (uses)				
Transfers (out)	-	(1,477,345)	(2,000,000)	(3,477,345)
Transfers in (out) between nonmajor funds	-	(1,200,000)	-	(1,200,000)
Total other financing sources (uses)	-	(2,677,345)	(2,000,000)	(4,677,345)
Net change in fund balances	2,120	(2,639,029)	(2,333,328)	(4,970,237)
Fund balance - beginning	135,577	2,639,029	9,682,777	12,457,383
Fund balance - ending	\$ 137,697	\$ -	\$ 7,349,449	\$ 7,487,146

NONMAJOR ENTERPRISE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

	Waste Management	Municipal Golf Course	Transit
Assets			
Current assets			
Cash and temporary investments	\$ 27,061,935	\$ 63,143	\$ 856,882
Receivables			
Accounts	2,181,739	3,952	402
Interest	-	-	-
Inventory	-	9,167	201,665
Total current assets	<u>29,243,674</u>	<u>76,262</u>	<u>1,058,949</u>
Noncurrent assets			
Restricted cash and investments	4,862,524	-	-
Deferred bond issuance costs	299,153	-	-
Capital assets, net	<u>10,518,967</u>	<u>1,409,214</u>	<u>3,365,449</u>
Total noncurrent assets	<u>15,680,644</u>	<u>1,409,214</u>	<u>3,365,449</u>
Total assets	<u>44,924,318</u>	<u>1,485,476</u>	<u>4,424,398</u>
Liabilities			
Current liabilities			
Accounts payable	994,801	18,539	39,203
Due to other funds	-	-	-
Accrued salaries and vacation	72,753	21,894	193,591
Other accrued liabilities	236,599	-	-
Current portion of leases payable	246,685	-	-
Current portion of revenue bonds payable	<u>1,585,000</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>3,135,838</u>	<u>40,433</u>	<u>232,794</u>
Noncurrent liabilities			
Closure/postclosure accrual	12,771,074	-	-
Revenue bonds payable	5,575,757	-	-
Capital leases	<u>430,344</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>18,777,175</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,913,013</u>	<u>40,433</u>	<u>232,794</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	7,541,541	1,409,214	3,365,449
Restricted	2,164	-	-
Unrestricted	<u>15,467,600</u>	<u>35,829</u>	<u>826,155</u>
Total net assets (deficit)	<u>\$ 23,011,305</u>	<u>\$ 1,445,043</u>	<u>\$ 4,191,604</u>

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ 581,726	\$ 596,976	\$ 29,160,662
-	1,540,401	3,726,494
8,024	-	8,024
-	-	210,832
<u>589,750</u>	<u>2,137,377</u>	<u>33,106,012</u>
-	-	4,862,524
-	-	299,153
1,216,727	1,879,909	18,390,266
<u>1,216,727</u>	<u>1,879,909</u>	<u>23,551,943</u>
<u>1,806,477</u>	<u>4,017,286</u>	<u>56,657,955</u>
7,495	869,895	1,929,933
1,997	-	1,997
12,667	9,488	310,393
13,500	-	250,099
-	479,977	726,662
-	-	1,585,000
<u>35,659</u>	<u>1,359,360</u>	<u>4,804,084</u>
-	-	12,771,074
-	-	5,575,757
-	1,439,930	1,870,274
<u>-</u>	<u>1,439,930</u>	<u>20,217,105</u>
<u>35,659</u>	<u>2,799,290</u>	<u>25,021,189</u>
1,216,727	(39,998)	13,492,933
-	-	2,164
554,091	1,257,994	18,141,669
<u>\$ 1,770,818</u>	<u>\$ 1,217,996</u>	<u>\$ 31,636,766</u>

Augusta, Georgia

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2007**

	Waste Management	Municipal Golf Course	Transit
Operating revenues			
Charges and fees	\$ 11,075,331	\$ 469,960	\$ 682,767
Total operating revenues	<u>11,075,331</u>	<u>469,960</u>	<u>682,767</u>
Operating expenses			
Personal services and employee benefits	1,029,272	250,551	2,789,113
Purchased/contracted services	560,352	49,617	112,999
Supplies	582,418	139,904	486,829
Repairs and maintenance	643,763	27,344	310,067
Interfund/interdepartmental charges	803,137	45,624	206,856
Other costs	87,996	-	-
Depreciation	977,888	35,168	715,842
Closure/postclosure accrual	1,246,810	-	-
Total operating expenses	<u>5,931,636</u>	<u>548,208</u>	<u>4,621,706</u>
Operating income (loss)	<u>5,143,695</u>	<u>(78,248)</u>	<u>(3,938,939)</u>
Nonoperating revenue (expense)			
Interest revenue	1,471,562	1,168	-
Sale of property	40,800	-	-
Other revenue	-	5,317	196,689
Intergovernmental	-	-	78,603
Interest expense	(269,494)	-	(3,853)
Total nonoperating revenue (expense)	<u>1,242,868</u>	<u>6,485</u>	<u>271,439</u>
Income (loss) before transfers	6,386,563	(71,763)	(3,667,500)
Transfers in	<u>-</u>	<u>68,899</u>	<u>3,734,324</u>
Change in net assets	6,386,563	(2,864)	66,824
Total net assets (deficit) - beginning	<u>16,624,742</u>	<u>1,447,907</u>	<u>4,124,780</u>
Total net assets (deficit) - ending	<u><u>\$ 23,011,305</u></u>	<u><u>\$ 1,445,043</u></u>	<u><u>\$ 4,191,604</u></u>

Daniel Field Airport	Garbage Collection	Total
\$ 80,650	\$ 13,348,361	\$ 25,657,069
80,650	13,348,361	25,657,069
29,584	193,371	4,291,891
13,587	13,423,297	14,159,852
13,815	9,325	1,232,291
23,596	-	1,004,770
14,072	33,456	1,103,145
-	-	87,996
92,555	479,977	2,301,430
-	-	1,246,810
187,209	14,139,426	25,428,185
(106,559)	(791,065)	228,884
30,854	-	1,503,584
-	-	40,800
29,770	-	231,776
20,000	-	98,603
-	(157,035)	(430,382)
80,624	(157,035)	1,444,381
(25,935)	(948,100)	1,673,265
-	2,925,208	6,728,431
(25,935)	1,977,108	8,401,696
1,796,753	(759,112)	23,235,070
\$ 1,770,818	\$ 1,217,996	\$ 31,636,766

Augusta, Georgia

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2007

	Waste Management	Municipal Golf Course	Transit
Operating activities			
Cash received from customers	\$ 10,521,568	\$ 466,008	\$ 762,336
Repayment of interfund advances	-	-	-
Cash paid to suppliers	(2,845,161)	(220,044)	(922,182)
Cash paid to employees	(1,018,718)	(246,011)	(2,791,070)
Cash paid for interfund services used	(803,137)	(45,624)	(322,697)
Net cash provided by (used in) operating activities	<u>5,854,552</u>	<u>(45,671)</u>	<u>(3,273,613)</u>
Noncapital financing activities			
Transfers in	-	68,899	3,734,324
Operating grants	-	-	78,603
Interest expense on operating capital	-	-	(3,853)
Net cash provided by noncapital financing activities	<u>-</u>	<u>68,899</u>	<u>3,809,074</u>
Capital and related financing activities			
Proceeds from sale of property	408,211	-	-
Proceeds from grants	-	-	-
Payments on bonds issued	(1,540,000)	-	-
Payments on capital leases	(632,853)	-	-
Purchase of capital assets	(1,552,190)	-	(20,918)
Interest paid on capital debt	(283,472)	-	-
Other miscellaneous income	-	5,317	4
Net cash provided (used) by capital and related financing activities	<u>(3,600,304)</u>	<u>5,317</u>	<u>(20,914)</u>
Investing activities			
Interest received	1,471,562	1,168	-
Net cash provided by investing activities	<u>1,471,562</u>	<u>1,168</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>3,725,810</u>	<u>29,713</u>	<u>514,547</u>
Cash and cash equivalents/investments			
Beginning of year	<u>28,198,649</u>	<u>33,430</u>	<u>342,335</u>
End of year	<u>\$ 31,924,459</u>	<u>\$ 63,143</u>	<u>\$ 856,882</u>

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ 80,650	\$ 13,350,970	\$ 25,181,532
(28,400)	-	(28,400)
(30,440)	(13,139,288)	(17,157,115)
(29,242)	(194,090)	(4,279,131)
(14,072)	(33,456)	(1,218,986)
(21,504)	(15,864)	2,497,900
-	2,925,208	6,728,431
-	-	78,603
-	(157,035)	(160,888)
-	2,768,173	6,646,146
-	-	408,211
20,000	-	20,000
-	-	(1,540,000)
-	(479,977)	(1,112,830)
(36,416)	-	(1,609,524)
-	-	(283,472)
29,770	-	35,091
13,354	(479,977)	(4,082,524)
30,417	-	1,503,147
30,417	-	1,503,147
22,267	2,272,332	6,564,669
559,459	(1,675,356)	27,458,517
\$ 581,726	\$ 596,976	\$ 34,023,186

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Nonmajor Enterprise Funds
Year Ended December 31, 2007

	Waste Management	Municipal Golf Course	Transit
Reconciliation of operating income (loss)			
to net cash provided by			
(used in) operating activities			
Operating income (loss)	\$ 5,143,695	\$ (78,248)	\$ (3,938,939)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating			
activities:			
Depreciation and amortization	977,888	35,168	715,842
Closure/post closure costs	1,246,810	-	-
Change in assets and liabilities			
Accounts receivable	(553,763)	(3,952)	79,569
Inventory	-	573	-
Accounts payable	748,010	(3,752)	(12,287)
Accrued salaries and vacation	10,554	4,540	(1,957)
Other accrued liabilities	(8,651)	-	-
Due to other funds	-	-	(115,841)
Decrease in closure liability	(1,709,991)	-	-
Total adjustments	<u>710,857</u>	<u>32,577</u>	<u>665,326</u>
Net cash provided by (used in) operating activities	<u><u>\$ 5,854,552</u></u>	<u><u>\$ (45,671)</u></u>	<u><u>\$ (3,273,613)</u></u>
Reconciliation of cash and cash equivalents			
to the balance sheets			
Cash and cash equivalents in current assets	\$ 27,061,935	\$ 63,143	\$ 856,882
Restricted cash and cash equivalents included in			
noncurrent cash and investments	4,862,524	-	-
Net cash and cash equivalents	<u><u>\$ 31,924,459</u></u>	<u><u>\$ 63,143</u></u>	<u><u>\$ 856,882</u></u>

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ (106,559)	\$ (791,065)	228,884
92,555	479,977	2,301,430
-	-	1,246,810
-	2,609	(475,537)
-	-	573
7,058	293,334	1,032,363
342	(719)	12,760
13,500	-	4,849
(28,400)	-	(144,241)
-	-	(1,709,991)
<u>85,055</u>	<u>775,201</u>	<u>2,269,016</u>
<u>\$ (21,504)</u>	<u>\$ (15,864)</u>	<u>\$ 2,497,900</u>
\$ 581,726	\$ 596,976	\$ 29,160,662
-	-	4,862,524
<u>\$ 581,726</u>	<u>\$ 596,976</u>	<u>\$ 34,023,186</u>

INTERNAL SERVICE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Risk Management	Fleet Operations	Workers Compensation
Assets			
Current assets			
Cash and temporary investments	\$ 1,092,996	\$ 174,550	\$ 67,806
Accounts receivable	14,409	32	-
Total current assets	<u>1,107,405</u>	<u>174,582</u>	<u>67,806</u>
Noncurrent assets			
Restricted investments	-	-	192,272
Capital assets, net	317,885	146,210	-
Total noncurrent assets	<u>317,885</u>	<u>146,210</u>	<u>192,272</u>
Total assets	<u>1,425,290</u>	<u>320,792</u>	<u>260,078</u>
Liabilities			
Current liabilities			
Accounts payable	41,725	434,686	97,440
Due to other funds	-	-	-
Accrued salaries and vacation	32,235	12,761	-
Total current liabilities	<u>73,960</u>	<u>447,447</u>	<u>97,440</u>
Noncurrent liabilities			
Revenue bonds payable	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>73,960</u>	<u>447,447</u>	<u>97,440</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	317,885	146,210	-
Unrestricted	1,033,445	(272,865)	162,638
Total net assets (deficit)	<u>\$ 1,351,330</u>	<u>\$ (126,655)</u>	<u>\$ 162,638</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ -	\$ -	\$ 56,974	\$ -	\$ 1,392,326
42,227	-	-	4,207,766	4,264,434
42,227	-	56,974	4,207,766	5,656,760
-	-	-	12,015,641	12,207,913
-	-	-	-	464,095
-	-	-	12,015,641	12,672,008
42,227	-	56,974	16,223,407	18,328,768
-	-	41,317	-	615,168
42,226	-	-	85,852	128,078
-	-	-	-	44,996
42,226	-	41,317	85,852	788,242
-	-	-	16,169,354	16,169,354
-	-	-	16,169,354	16,169,354
42,226	-	41,317	16,255,206	16,957,596
-	-	-	-	464,095
1	-	15,657	(31,799)	907,077
\$ 1	\$ -	\$ 15,657	\$ (31,799)	\$ 1,371,172

Augusta, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended December 31, 2007

	Risk Management	Fleet Operations	Workers Compensation
Operating revenues			
Charges and fees	\$ 2,238,203	\$ 4,965,916	\$ 1,771,321
Total operating revenues	<u>2,238,203</u>	<u>4,965,916</u>	<u>1,771,321</u>
Operating expenses			
Personal services and employee benefits	340,711	123,592	-
Purchased/contracted services	392,690	17,455	-
Supplies	34,729	162,809	-
Repairs and maintenance	495	4,377,060	-
Other costs	166,230	115,850	-
Depreciation	5,299	41,241	-
Lease expense	-	-	-
Risk benefit charges	860,068	108,168	5,832
Insurance	-	-	1,765,487
Total operating expenses	<u>1,800,222</u>	<u>4,946,175</u>	<u>1,771,319</u>
Operating income (loss)	<u>437,981</u>	<u>19,741</u>	<u>2</u>
Nonoperating revenue (expense)			
Interest revenue	66,994	-	-
Sale of property	-	2,405	-
Other revenue	156,425	1,868	58,850
Interest expense	-	(8,903)	(669)
Total nonoperating revenue (expense)	<u>223,419</u>	<u>(4,630)</u>	<u>58,181</u>
Income (loss) before transfers	661,400	15,111	58,183
Transfers in	-	-	-
Transfers out	(540,000)	-	(58,182)
Transfers between Internal Service Funds	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	121,400	15,111	1
Total net assets (deficit) - beginning	<u>1,229,930</u>	<u>(141,766)</u>	<u>162,637</u>
Total net assets (deficit) - ending	<u><u>\$ 1,351,330</u></u>	<u><u>\$ (126,655)</u></u>	<u><u>\$ 162,638</u></u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ 18,040,386	\$ 134,954	\$ 451,749	\$ 2,677,470	\$ 30,279,999
18,040,386	134,954	451,749	2,677,470	30,279,999
-	-	-	-	464,303
43,491	-	-	-	453,636
-	-	-	-	197,538
-	-	-	-	4,377,555
-	-	-	-	282,080
-	-	-	-	46,540
-	-	-	2,504,942	2,504,942
5,628	-	1,776	-	981,472
18,072,851	130,403	451,200	-	20,419,941
18,121,970	130,403	452,976	2,504,942	29,728,007
(81,584)	4,551	(1,227)	172,528	551,992
-	-	317	585,324	652,635
-	-	-	-	2,405
24,383	-	-	-	241,526
(81,162)	(4,551)	-	(757,851)	(853,136)
(56,779)	(4,551)	317	(172,527)	43,430
(138,363)	-	(910)	1	595,422
139,272	-	-	-	139,272
-	-	-	-	(598,182)
(909)	-	909	-	-
-	-	(1)	1	136,512
1	-	15,658	(31,800)	1,234,660
\$ 1	\$ -	\$ 15,657	\$ (31,799)	\$ 1,371,172

Augusta, Georgia
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2007

	Risk Management	Fleet Operations	Workers Compensation
Operating activities			
Cash received from contributions	\$ 2,247,207	\$ 4,985,091	\$ 1,771,321
Cash paid to suppliers	(1,443,034)	(4,761,198)	(1,743,854)
Cash paid to employees	(344,208)	(123,805)	-
Cash paid to General Fund	-	-	-
Net cash provided (used) by operating activities	459,965	100,088	27,467
Noncapital financing activities			
Transfers in	-	-	-
Transfers out	(540,000)	-	(58,182)
Interest expense on operating capital	-	(8,903)	(669)
Other miscellaneous income	156,425	-	-
Net cash provided (used) by noncapital financing activities	(383,575)	(8,903)	(58,851)
Capital and related financing activities			
Proceeds from sale of property	-	2,403	-
Other miscellaneous income	-	1,868	58,850
Purchase of capital assets	(124,979)	-	-
Interest paid on capital debt	-	-	-
Payments on capital leases	-	(15,108)	-
Net cash provided (used) by capital and related financing activities	(124,979)	(10,837)	58,850
Investing activities			
Interest received	66,994	-	-
Net cash provided by investing activities	66,994	-	-
Net increase (decrease) in cash and cash equivalents	18,405	80,348	27,466
Cash and cash equivalents/investments			
Beginning of year	1,074,591	94,202	232,612
End of year	\$ 1,092,996	\$ 174,550	\$ 260,078

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total Internal Service Funds
\$ 18,040,386 (18,121,970)	\$ 138,984 (134,433)	\$ 451,749 (448,471)	\$ 2,677,470 (2,235,110)	\$ 30,312,208 (28,888,070)
-	-	-	-	(468,013)
-	-	-	(2,189,272)	(2,189,272)
(81,584)	4,551	3,278	(1,746,912)	(1,233,147)
139,272 (909)	-	909	-	140,181 (599,091)
(81,162)	(4,551)	317	-	(94,968)
24,383	-	-	-	180,808
81,584	(4,551)	1,226	-	(373,070)
-	-	-	-	2,403
-	-	-	-	60,718
-	-	-	-	(124,979)
-	-	-	(712,936)	(712,936)
-	-	-	-	(15,108)
-	-	-	(712,936)	(789,902)
-	-	-	585,324	652,318
-	-	-	585,324	652,318
-	-	4,504	(1,874,524)	(1,743,801)
-	-	52,470	13,890,165	15,344,040
\$ -	\$ -	\$ 56,974	\$ 12,015,641	\$ 13,600,239

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Internal Service Funds
Year Ended December 31, 2007

	Risk Management	Fleet Operations	Workers Compensation
Reconciliation of operating income (loss)			
to net cash provided by			
(used in) operating activities			
Operating income (loss)	\$ 437,981	\$ 19,741	\$ 2
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating			
activities:			
Depreciation and amortization	5,299	41,241	-
Change in assets and liabilities:			
Accounts receivable	9,004	19,175	-
Accounts payable	11,178	20,144	27,465
Accrued salaries and vacation	(3,497)	(213)	-
Due to other funds	-	-	-
Total adjustments	<u>21,984</u>	<u>80,347</u>	<u>27,465</u>
Net cash provided (used) by operating activities	<u>\$ 459,965</u>	<u>\$ 100,088</u>	<u>\$ 27,467</u>
Reconciliation of cash and cash equivalents			
to the balance sheets			
Cash and cash equivalents in current assets	\$ 1,092,996	\$ 174,550	\$ 67,806
Restricted cash and cash equivalents included in			
noncurrent cash and investments	-	-	192,272
Net cash and cash equivalents	<u>\$ 1,092,996</u>	<u>\$ 174,550</u>	<u>\$ 260,078</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total Internal Service Funds
\$ (81,584)	\$ 4,551	\$ (1,227)	\$ 172,528	\$ 551,992
-	-	-	-	46,540
(35,651)	-	-	405,937	398,465
(1,497,405)	-	4,505	(136,105)	(1,570,218)
-	-	-	-	(3,710)
1,533,056	-	-	(2,189,272)	(656,216)
-	-	4,505	(1,919,440)	(1,785,139)
<u>\$ (81,584)</u>	<u>\$ 4,551</u>	<u>\$ 3,278</u>	<u>\$ (1,746,912)</u>	<u>\$ (1,233,147)</u>
\$ -	\$ -	\$ 56,974	\$ -	\$ 1,392,326
-	-	-	12,015,641	12,207,913
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,974</u>	<u>\$ 12,015,641</u>	<u>\$ 13,600,239</u>

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Augusta, Georgia
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
December 31, 2007

	1945 Plan	1977 Plan	General Retirement	Total
Assets				
Cash and cash equivalents	\$ 1,506,542	\$ 25,932,400	\$ 3,820,880	\$ 31,259,822
Investments				
U.S. Government securities	1,639,961	-	18,784,803	20,424,764
Corporate bonds	2,094,006	-	7,891,438	9,985,444
Equity securities	4,898,750	-	43,419,403	48,318,153
Receivables (net of allowance for doubtful accounts)				
Accounts	331,330	102,635	138,517	572,482
Interest	61,842	-	413,117	474,959
Total assets	<u>10,532,431</u>	<u>26,035,035</u>	<u>74,468,158</u>	<u>111,035,624</u>
Net assets				
Reserved for employees' retirement benefits	<u>\$ 10,532,431</u>	<u>\$ 26,035,035</u>	<u>\$ 74,468,158</u>	<u>\$ 111,035,624</u>

Augusta, Georgia
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended December 31, 2007

	1945 Plan	1977 Plan	General Retirement	Total
Additions				
Contributions - employer	\$ 331,330	\$ 641,507	\$ 1,445,837	\$ 2,418,674
Contributions - plan member	11,578	1,102,231	378,750	1,492,559
Net investment income	805,345	2,035,461	6,295,769	9,136,575
Total additions	<u>1,148,253</u>	<u>3,779,199</u>	<u>8,120,356</u>	<u>13,047,808</u>
Deductions				
Administration	43,311	105,505	356,089	504,905
Benefit payments	900,245	791,129	5,314,228	7,005,602
Refunds	-	234,956	-	234,956
Total deductions	<u>943,556</u>	<u>1,131,590</u>	<u>5,670,317</u>	<u>7,745,463</u>
Net increase (decrease) in plan net assets	204,697	2,647,609	2,450,039	5,302,345
Total net assets - beginning	<u>10,327,734</u>	<u>23,387,426</u>	<u>72,018,119</u>	<u>105,733,279</u>
Total net assets - ending	<u>\$ 10,532,431</u>	<u>\$ 26,035,035</u>	<u>\$ 74,468,158</u>	<u>\$ 111,035,624</u>

AGENCY FUNDS

Augusta, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

	<u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
<u>Tax Commisioner</u>				
Assets				
Cash and cash equivalents	\$ 1,997,357	\$ 84,715,369	\$ 84,441,372	\$ 2,271,354
Receivables (net of allowance for doubtful accounts)				
Taxes	23,027,263	153,491,014	155,069,493	21,448,784
Total assets	<u>\$ 25,024,620</u>	<u>\$ 238,206,383</u>	<u>\$ 239,510,865</u>	<u>\$ 23,720,138</u>
Liabilities				
Due to others	\$ 1,997,357	\$ 84,715,369	\$ 84,441,372	\$ 2,271,354
Uncollected taxes	23,027,263	153,491,014	155,069,493	21,448,784
Total liabilities	<u>\$ 25,024,620</u>	<u>\$ 238,206,383</u>	<u>\$ 239,510,865</u>	<u>\$ 23,720,138</u>
<u>Probate</u>				
Assets				
Cash and cash equivalents	\$ 8,561	\$ 127,518	\$ 126,931	\$ 9,148
Total assets	<u>\$ 8,561</u>	<u>\$ 127,518</u>	<u>\$ 126,931</u>	<u>\$ 9,148</u>
Liabilities				
Due to others	\$ 8,561	\$ 127,518	\$ 126,931	\$ 9,148
Total liabilities	<u>\$ 8,561</u>	<u>\$ 127,518</u>	<u>\$ 126,931</u>	<u>\$ 9,148</u>
<u>Sheriff</u>				
Assets				
Cash and cash equivalents	\$ 2,032,642	\$ 3,732,563	\$ 3,697,233	\$ 2,067,972
Total assets	<u>\$ 2,032,642</u>	<u>\$ 3,732,563</u>	<u>\$ 3,697,233</u>	<u>\$ 2,067,972</u>
Liabilities				
Due to others	\$ 2,032,642	\$ 3,732,563	\$ 3,697,233	\$ 2,067,972
Total liabilities	<u>\$ 2,032,642</u>	<u>\$ 3,732,563</u>	<u>\$ 3,697,233</u>	<u>\$ 2,067,972</u>
<u>Civil Court</u>				
Assets				
Cash and cash equivalents	\$ 458,173	\$ 1,889,917	\$ 1,914,619	\$ 433,471
Total assets	<u>\$ 458,173</u>	<u>\$ 1,889,917</u>	<u>\$ 1,914,619</u>	<u>\$ 433,471</u>
Liabilities				
Due to others	\$ 458,173	\$ 1,889,917	\$ 1,914,619	\$ 433,471
Total liabilities	<u>\$ 458,173</u>	<u>\$ 1,889,917</u>	<u>\$ 1,914,619</u>	<u>\$ 433,471</u>

Augusta, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds
December 31, 2007

	<u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
<u>Clerk of Court</u>				
Assets				
Cash and cash equivalents	\$ 4,359,707	\$ 9,531,255	\$ 10,096,111	\$ 3,794,851
Total assets	<u>\$ 4,359,707</u>	<u>\$ 9,531,255</u>	<u>\$ 10,096,111</u>	<u>\$ 3,794,851</u>
Liabilities				
Due to others	\$ 4,359,707	\$ 9,531,255	\$ 10,096,111	\$ 3,794,851
Total liabilities	<u>\$ 4,359,707</u>	<u>\$ 9,531,255</u>	<u>\$ 10,096,111</u>	<u>\$ 3,794,851</u>
<u>TOTAL ALL AGENCY FUNDS:</u>				
Assets				
Cash and cash equivalents	\$ 8,856,440	\$ 99,996,622	\$ 100,276,266	\$ 8,576,796
Receivables				
(net of allowance for doubtful accounts)				
Taxes	23,027,263	153,491,014	155,069,493	21,448,784
Total assets	<u>\$ 31,883,703</u>	<u>\$ 253,487,636</u>	<u>\$ 255,345,759</u>	<u>\$ 30,025,580</u>
Liabilities				
Due to others	\$ 8,856,440	\$ 99,996,622	\$ 100,276,266	\$ 8,576,796
Uncollected taxes	23,027,263	153,491,014	155,069,493	21,448,784
Total liabilities	<u>\$ 31,883,703</u>	<u>\$ 253,487,636</u>	<u>\$ 255,345,759</u>	<u>\$ 30,025,580</u>

SPECIAL ONE PERCENT SALES AND USE TAX SECTION



**Report of Independent Certified Public Accountants on the Schedule of Special
One Percent Sales and Use Tax Performed in Accordance with
*Government Auditing Standards***

Augusta-Richmond County Commission
Augusta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia as of December 31, 2007 and for the year then ended, which collectively comprise Augusta, Georgia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Augusta, Georgia management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Augusta-Richmond County Department of Health or Downtown Development Authority. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Health and Downtown Development Authority, is based solely on the reports of the other auditors.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As explained in Note 1, the accompanying Schedule of Special One Percent Sales and Use Tax of Augusta, Georgia, as of and for the year ended December 31, 2007, as listed in the table of contents, is not a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the accompanying Schedule of Special One Percent Sales and Use Tax is fairly stated, in all material respects, in relation to the portion of the basic financial statements from which it has been derived.

This report is intended solely for the information and use of management and the Board of Commissioners of Augusta, Georgia, and is not required to be presented as part of the basic financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, LLP

Augusta, Georgia
June 30, 2008

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
Sand Hills Park	\$ 50,000	\$ 48,286	\$ 48,286	\$ -	\$ 48,286	100%
Reynolds Park renovation	63,000	48,000	47,243	-	47,243	98%
Tanglewood Park renovation	30,000	30,000	25,849	-	25,849	86%
Wood Park	45,000	45,002	45,002	-	45,002	100%
Lake Olmstead Bike Trail	90,000	90,000	90,000	-	90,000	100%
Radford Park renovation	34,868	32,679	32,679	-	32,679	100%
Katherine Street	145,178	152,855	153,855	-	153,855	101%
Georgia Regional	927	6,573	7	-	7	0%
Augusta Canal - hand rail	50,000	50,133	50,133	-	50,133	100%
Radio Control RR Switches	-	100,000	100,000	-	100,000	100%
Parham Rd Improvement	-	7,334	7,361	-	7,361	100%
Camp Angehele Road	-	12,343	12,343	-	12,343	100%
Corridor & Gateway Entrance	-	25,000	-	-	-	0%
Suburban Forces Capital Equipment II	1,411,000	1,428,897	1,384,466	7,209	1,391,675	97%
Butts Memorial Bridge repair	245,000	245,931	184,899	-	184,899	75%
Phinizy swamp drainage improvement I	273,884	1,443	1,443	-	1,443	100%
Alexander Drive culvert repair	36,870	34,219	34,219	-	34,219	100%
Alexander Drive Culvert Repair II	18,500	18,570	18,597	-	18,597	100%
Raes Creek Channelization IV	13,325	13,194	13,194	-	13,194	100%
Traffic engineering improvement Phase II	460,000	514,824	454,960	-	454,960	88%
Paving various roads	1,026,875	518,021	518,021	-	518,021	100%
Paving Various Roads	-	834,706	540,637	21,662	562,299	67%
Lovers Lane Land Acquisition	-	6,475	-	6,475	6,475	100%
Resurfacing Hephzibah McBean Road	-	33,691	-	317,661	317,661	943%
Canal Authority	500,000	501,801	501,801	-	501,801	100%
Arts Council	100,000	100,000	97,618	-	97,618	98%
Fore Augusta	100,000	100,000	100,000	-	100,000	100%
Historic Augusta	100,000	100,000	100,000	-	100,000	100%
Museum	200,000	200,000	200,000	-	200,000	100%
New Hope Community Center	100,000	-	-	-	-	0%
Imperial Theater	150,000	150,000	150,000	-	150,000	100%
Augusta Mini Theater	150,000	863,841	-	434,056	434,056	50%
4- H Club Road	41,000	65,418	60,413	2,479	62,892	96%
Riverwalk Playground	40,000	41,353	40,412	-	40,412	98%
Bob Baurle Boat Landing	150,000	103,292	76,954	446	77,400	75%
May Park	120,000	129,904	114,209	7,127	121,336	93%
Old Government House	120,000	123,124	89,922	1,158	91,080	74%
Sand Hills Park	1,080,000	1,199,452	1,193,839	1,445	1,195,284	100%
The Boathouse	90,000	105,079	79,754	-	79,754	76%
Elliot Park	400,000	418,611	397,976	151	398,127	95%
Savannah Place Park	455,000	859,168	814,014	-	814,014	95%
Augusta Soccer Complex	120,000	131,858	130,610	-	130,610	99%
Diamond Lakes Regional Park	5,800,000	1,684,092	1,618,222	24,626	1,642,848	98%
McDuffie Woods Center	90,000	7,188	8,161	-	8,161	114%
Augusta Aquatics Center	180,000	187,210	145,510	37,730	183,240	98%
Augusta Golf Course (*1)	1,600,000	1,612,336	1,580,078	29,061	1,609,139	100%
Belle Terrace Park	120,000	51,478	47,454	1,549	49,003	95%
Blythe Recreation Center	120,000	124,148	110,413	-	110,413	89%
Brookfield Park	1,200,000	1,254,024	1,233,002	-	1,233,002	98%
Warren Road Center	120,000	147,098	124,293	3,394	127,687	87%
McBean Community Center	1,020,000	1,119,434	1,039,219	-	1,039,219	93%
Transit (purchase buses)	250,000	385,336	321,584	-	321,584	83%
Additional funds required to build a new Shelter	1,000,000	1,256,184	1,256,183	-	1,256,183	100%
Board of Health	2,000,000	2,000,000	2,000,000	-	2,000,000	100%
Materials for new facilities	1,000,000	1,027,405	1,027,404	-	1,027,404	100%
JLEC (Re-roofing at 401 Walton Way)	395,500	398,790	71,490	-	71,490	18%
Phinizy Road Jail, JLEC and 911	282,500	202,034	196,410	-	196,410	97%
Records Retention Building Roof	107,400	110,546	110,547	-	110,547	100%
JLEC (Replace exterior finish)	565,000	972,552	574,906	21,539	596,445	61%
Judicial/Courts Building	20,000,000	22,393,311	3,541,133	58,965	3,600,098	16%
Tree replacement	398,000	387,581	385,462	-	385,462	99%
Irrigation automation	102,000	123,894	3,540	5,420	8,960	7%
Payoff existing leases	4,084,637	3,430,393	3,430,388	-	3,430,388	100%
Area)	1,500,000	1,510,886	1,410,852	-	1,410,852	93%
Broad Area)	1,521,000	1,635,180	1,633,737	-	1,633,737	100%
Construction of Station # 19	1,479,000	1,489,679	1,425,037	-	1,425,037	96%
Laney Walker Boulevard	-	2,783,555	2,486,984	-	2,486,984	89%
Adjusting Roadway Structure V	-	72,369	72,369	-	72,369	100%
SR 121 @ Wndor Spring Traffic	85,800	28,399	28,399	-	28,399	100%
ARC drainage improvements Phase I	116,750	118,024	94,260	-	94,260	80%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
ARC drainage improvements Phase II	53,100	84,427	50,729	-	50,729	60%
SR 56 @ Goshen Road	88,000	362,718	362,718	-	362,718	100%
Belair Road improvement	2,361,000	2,367,036	140,703	-	140,703	6%
Berckman's Road	2,713,000	14,284	14,284	-	14,284	100%
Courtney's Detention Pond Emer Rep	70,805	71,074	69,923	-	69,923	98%
Travis/ Plantation Road	2,361,000	2,368,255	183,366	-	183,366	8%
County Forces	3,672,500	4,310,686	3,202,289	318,812	3,521,101	82%
Miscellaneous grading & drainage	4,650,000	2,904,306	878,590	310,453	1,189,043	41%
Resurfacing County Forces	5,975,000	4,624,324	725,316	-	725,316	16%
Resurfacing	8,500,000	7,438,208	1,526,889	-	1,526,889	21%
Paving various dirt roads	7,000,000	4,450,668	3,388,928	3,427	3,392,355	76%
Rail Road crossing improvement	750,000	825,258	101,238	-	101,238	12%
(Broad Street Area)	2,656,200	2,722,887	444,593	373,625	818,218	30%
(Telfair Street Area)	1,469,000	1,486,979	186,977	-	186,977	13%
East Boundary improvements	1,318,700	4,601,966	591,326	2,042,567	2,633,893	57%
Wheeler Road operational	433,600	416,574	52,674	-	52,674	13%
Wrightsboro Road Widening Phase I	3,143,700	3,182,139	426,989	-	426,989	13%
Washington Road intersection	849,800	1,138,671	401,569	107,556	509,125	45%
Hollywood S/D Area	2,640,800	2,662,163	325,160	-	325,160	12%
Telephone system upgrade	527,082	535,811	535,812	-	535,812	100%
GIS	474,400	482,274	475,060	-	475,060	99%
Document imaging system	418,518	425,586	425,588	-	425,588	100%
Springfield Village	200,000	200,000	81,284	-	81,284	41%
Dyess Park	60,000	65,530	44,705	9,952	54,657	83%
Newman Tennis Center	120,000	121,644	71,674	5,285	76,959	63%
South Augusta Branch Library	1,625,000	5,926,028	5,713,005	10	5,713,015	96%
Library - main branch	7,375,000	7,465,331	1,276,401	1,596,261	2,872,662	38%
Greene Street Property Purchase	-	1,084,585	-	1,084,585	1,084,585	100%
Construction of Station #8	1,500,000	1,500,957	1,438,500	-	1,438,500	96%
Station 15 (Wrightsboro Road)	1,500,000	1,699,791	1,690,789	-	1,690,789	99%
Engines	3,484,000	3,454,544	3,454,540	-	3,454,540	100%
Aerials	1,300,000	1,312,973	1,311,971	-	1,311,971	100%
Construction of Station #12 (Heph Mcbean Area)	1,500,000	1,341,361	1,275,233	-	1,275,233	95%
Paving various dirt roads	1,000,000	920,725	346,883	-	346,883	38%
East Boundary Street & drainage improvements	1,318,700	151,497	1,497	-	1,497	1%
Wrightsboro Road improvements	1,500,000	1,514,969	14,968	-	14,968	1%
Walton Way Extension / Davis Road	350,000	356,940	82,892	-	82,892	23%
Windsor Spring Road Section IV	1,250,000	1,264,731	123,590	67,130	190,720	15%
Windsor Spring Rd Section V(SR88 Hepzibah	-	1,257,484	7,484	-	7,484	1%
Washington Road Sidewalk	276,000	1,311	1,311	-	1,311	100%
St. Sebastian Way/Greene St/ 15th Street	3,457,800	9,641,676	3,357,026	5,732,727	9,089,753	94%
Traffic improvement	621,500	705,892	307,699	-	307,699	44%
ANIC/Hopkins Street Improvements	2,000,000	1,172,188	72,188	430,029	502,217	43%
Windsor Spring Road Section IV	678,000	736,126	614,463	49,261	663,724	90%
Rifle Range Road @ Belair Road	62,200	5,981	5,981	-	5,981	100%
Lake Olmstead Park	425,000	455,728	439,681	2,213	441,894	97%
Bernie Ward	-	106,059	61,961	31,804	93,765	88%
Fleming Tennis	-	100,195	100,195	-	100,195	100%
Meadowbrook Park	-	90,873	90,873	-	90,873	100%
Hepzibah Community Ctr	-	83,908	37,884	8,615	46,499	55%
DDA	-	853,418	605,991	76,107	682,098	80%
St Sebastian Way/Greene St	-	675,543	543	-	543	0%
Belair Hills Est Imp(W&S)	-	112,603	112,605	-	112,605	100%
Pinnacle Place Drg Imp	-	772,117	74,349	612,411	686,760	89%
SR 4/15th @cr 2207(Central Ave)	-	117,218	-	14,443	14,443	12%
Richmond Hill Rd Sidewalks	-	117,645	117,645	-	117,645	100%
Alexander Dr Emergency Repair	-	74,688	75,077	-	75,077	101%
Powell Rd Culvert Replacement	-	364,836	234,464	-	234,464	64%
Point West Drainage	-	608,276	187,798	45,186	232,984	38%
Oates Creek Rehab Proj	-	843,266	213,266	-	213,266	25%
ARC Drainage	-	1,494,422	1,185,200	-	1,185,200	79%
Resurfacing PH VIII	-	1,331,683	1,088,852	-	1,088,852	82%
Lake Aumond Dam Improvements	-	491,762	107,450	-	107,450	22%
Belair Hills Estate	-	5,562,558	440,064	117,244	557,308	10%
Walton Way Extension/Davis Rd	-	2,421,507	84,357	-	84,357	3%
Windsor Spring Rd Section V(SR88 Hepzibah	-	798,894	246,113	413,265	659,378	83%
Apple Valley Park	-	34,871	26,839	7,265	34,104	98%
Pension Property Purchase	-	1,272,514	1,272,514	-	1,272,514	100%
Replacement of Old Equipment	-	574,317	368,829	102,983	471,812	82%
Remodel Stations 3,4,11,13,14 & 17	-	656,585	324,729	-	324,729	49%
Pineview Drive	-	136,416	136,416	-	136,416	100%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
ARC Drainage Imp Phase I	-	-	-	-	-	0%
Walton Way Extension	-	664,240	537,005	7,468	544,473	82%
State Rd 121/US25 Windsor	-	877,163	187,446	-	187,446	21%
Wilkerson Garden	-	363,964	72,784	-	72,784	20%
Remodel Station #4	-	111,629	111,629	-	111,629	100%
Remodel Station #6	-	1,404,685	71,946	1,268,521	1,340,467	95%
Fire Training Center	-	737,607	737,607	-	737,607	100%
Traffic Signs Upgrade	-	50,594	43,737	6,537	50,274	99%
Flood Control Feasability Study	-	20,796	20,796	-	20,796	100%
Storm Pipe Replacement	-	56,905	-	533	533	1%
Warren Lake - Rock Creek	-	13,248	13,243	-	13,243	100%
Winchester Drainage Improvement	-	412,740	5,524	91,990	97,514	24%
Laney Stadium	-	3,521,074	3,521,074	-	3,521,074	100%
Augusta Museum of History	-	1,113,175	11,887	494,431	506,318	45%
13th Street Streetscape	-	100,125	3,625	-	3,625	4%
Barrett Plaza Lighting	-	103,283	95,470	-	95,470	92%
Pension Property Cleanup	-	1,614,474	-	1,614,210	1,614,210	100%
Remodel Station #3	-	258,128	213,556	24,619	238,175	92%
Willis Foreman Road Bridge Study	-	99,756	-	91,276	91,276	91%
Willis Foreman Road Bridge	-	17,724	-	16,571	16,571	93%
Remodel Station #11	-	150,212	6,161	-	6,161	4%
Construction Station #10 - Land	-	700,000	-	-	-	0%
Training Tower and Burn Simulator	-	1,700,000	-	-	-	0%
Renovation of Administrative Center	-	2,350,000	-	-	-	0%
Albion Acres	142,534	142,534	142,534	-	142,534	100%
5th Street storm sewer improvements	154,250	70,584	70,584	-	70,584	100%
3rd Level Canal cleaning	700,000	709,313	471,389	18,661	490,050	69%
Walton Way Reconstruction	600,000	600,000	600,000	-	600,000	100%
15th St Utility Relocation	350,000	350,000	-	-	-	0%
9th Street Parking renovation	50,000	1,736	1,736	-	1,736	100%
Laney - Walker reconstruction	96,600	180,600	146,923	-	146,923	81%
Rae's Creek	440,000	1,163,167	981,378	8,200	989,578	85%
Small Projects	181,230	181,230	181,230	-	181,230	100%
Adjusting roadway structure	100,289	82,700	82,700	-	82,700	100%
Phinizy Swamp drainage	163,998	58,617	58,617	-	58,617	100%
Stevens Creek /Clausen Road	358,584	361,888	299,329	-	299,329	83%
Jackson Road widening	108,776	108,776	108,776	-	108,776	100%
Berckmans Road	1,793,000	9,441	9,441	-	9,441	100%
Belair Road Extension	666,005	741,074	741,074	-	741,074	100%
Turpin Hill Rdwy.	1,102,076	1,020,879	1,020,879	-	1,020,879	100%
Doug Bernard Parkway	2,170,763	1,874,524	1,874,524	-	1,874,524	100%
Rocky Creek Tributary	130,832	132,038	63,706	-	63,706	48%
Hyde Park Drg	94,945	94,945	94,945	-	94,945	100%
Belair Hills Estate	33,700	33,700	33,700	-	33,700	100%
Windsor Spring Road, Section I	2,780,104	2,780,104	2,780,104	-	2,780,104	100%
Windsor Spring Road, Section II	1,708,213	1,707,397	1,707,396	-	1,707,396	100%
Windsor Spring Road Off-site	69,793	69,793	69,793	-	69,793	100%
Tobacco Raod - Phase II	1,591,127	1,511,764	1,511,764	-	1,511,764	100%
Barton Chapel Road, Phase I	1,488,591	963,324	992,624	-	992,624	103%
Peppreidge Drive	4,150	4,150	4,150	-	4,150	100%
Boykin Rd Drainage	62,500	62,500	62,500	-	62,500	100%
Hephzibah-McBean/Brothersville	329,440	364,875	364,874	-	364,874	100%
Small projects	417,978	239,172	239,162	-	239,162	100%
NPDES	504,705	515,992	515,378	-	515,378	100%
JLEC	2,000,000	1,884,176	1,789,552	9,737	1,799,289	95%
Bobby Jones Expressway	284,286	237,618	237,618	-	237,618	100%
Bobby Jones @SR 56	187,000	187,000	171,457	-	171,457	92%
Fury's Ferry Rd	126,500	126,500	-	-	-	0%
Jackson Road widening	2,537,671	2,318,812	2,318,812	-	2,318,812	100%
Perimeter Parkway Improvements	981,820	870,614	870,614	-	870,614	100%
Wrightsboro Road Operational	251,000	210,210	210,210	-	210,210	100%
Belair Road	555,851	88,600	88,600	-	88,600	100%
Wheeler Road widening	1,576,000	1,015,885	974,456	-	974,456	96%
Cane Creek Channel Imp	1,421,720	1,105,881	1,105,881	-	1,105,881	100%
Rae's Creek Channel Improvement	1,758,382	1,756,878	1,756,878	-	1,756,878	100%
Olive Road realignment	134,796	134,796	7,996	-	7,996	6%
North Leg Bridge Widening	22,000	-	-	-	-	0%
Wheless Road	819,500	819,500	566,348	-	566,348	69%
Lakeside Drainage	323,447	265,389	265,389	-	265,389	100%
Hyde Park	1,716,000	1,048,444	1,048,444	-	1,048,444	100%
Apple Valley drainage improvements	769,061	769,061	755,779	-	755,779	98%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
SR 4/US1	16,500	12,413	12,413	-	12,413	100%
Windsor Spring Road	1,055,386	919,146	919,146	-	919,146	100%
Tobacco Road	3,046,858	2,736,545	2,736,545	-	2,736,545	100%
Lock & Dam Road	404,522	364,826	364,826	-	364,826	100%
Barton Chapel Rd, Phase I	29,300	29,300	29,300	-	29,300	100%
Barton Chapel Road, Phase II	2,036,000	3,143,693	2,753,083	22,226	2,775,309	88%
SR 10/US 223 Gordon Highway	84,500	74,893	74,893	-	74,893	100%
Pepperidge Drive Intersection	172,177	156,358	156,358	-	156,358	100%
SR 56 at Phinizy	399,425	342,695	342,695	-	342,695	100%
Fall Line Freeway	77,000	-	-	-	-	0%
Paving Various Rd., Phase V	1,200,000	725,423	725,423	-	725,423	100%
Boykin Road Drg.	1,466,809	1,367,118	1,367,118	-	1,367,118	100%
SR 56 @Old Waynesboro Rd	416,000	461,687	461,686	-	461,686	100%
Willis Foreman Road Dr.	350,100	440,304	440,302	-	440,302	100%
Sand Ridge Storm	341,800	218,682	218,682	-	218,682	100%
SR 56 Old Savannah Road	552,500	375,003	375,004	-	375,004	100%
Kimberly Clark Industrial Park	2,215,000	2,215,633	350,210	-	350,210	16%
Municipal Building	8,721,250	8,580,303	3,099,826	1,451,137	4,550,963	53%
Library (South Richmond)	700,000	709,881	654,985	-	654,985	92%
Board of Health	7,000,000	7,000,000	7,000,000	-	7,000,000	100%
Augusta Mini Theater	850,000	856,245	364,438	452,155	816,593	95%
Lucy Craft Laney Museum	800,000	762,246	749,964	864	750,828	99%
Georgia Golf Hall of Fame	4,000,000	4,000,000	4,000,000	-	4,000,000	100%
Bethlehem Community Ctr	27,194	61,320	61,320	-	61,320	100%
Administration	182,795	181,816	181,816	-	181,816	100%
Warren Rd Renovation	373,249	373,249	373,249	-	373,249	100%
Bennie Ward	110,000	109,508	109,508	-	109,508	100%
Riverfront Pavilion	655,648	655,561	655,561	-	655,561	100%
May Park	525,000	522,779	522,779	-	522,779	100%
West Augusta Soccer Field	1,000,000	999,739	999,739	-	999,739	100%
WT Johnson renovation	306,500	305,831	305,831	-	305,831	100%
Belair/Flager Road renovations	112,650	112,602	112,602	-	112,602	100%
Dyess Park renovation	192,993	192,993	192,773	-	192,773	100%
South Augusta Recreation Administrative Complex	7,550,000	7,552,419	7,552,419	-	7,552,419	100%
Aquatic Natatorium	5,143,000	5,140,093	5,140,093	-	5,140,093	100%
Golden Camp/Belle TERR	929,119	927,295	927,925	-	927,925	100%
Belle Terrace Renovation	232,111	233,169	233,169	-	233,169	100%
Elliott Park	100,000	100,089	99,911	-	99,911	100%
Heath Pool	5,000	-	-	-	-	0%
Jones Pool	35,000	35,017	35,017	-	35,017	100%
Doughty Park	50,000	50,479	50,479	-	50,479	100%
Eastview Park	227,500	169,161	169,161	-	169,161	100%
Hephizah/Carroll Park	175,358	175,185	175,185	-	175,185	100%
Jamestown Park	112,566	112,566	112,566	-	112,566	100%
McBean Park	140,000	140,949	139,735	-	139,735	99%
Minnick Park	55,000	53,849	53,849	-	53,849	100%
Savannah Place	245,000	248,769	244,942	-	244,942	98%
Blythe Community Center	708,000	703,302	703,302	-	703,302	100%
Chafee Park Gym renovation	124,889	14,374	14,374	-	14,374	100%
Hillside Park renovation	50,000	47,400	45,894	-	45,894	97%
Lock & Dam renovation	75,000	34,992	34,993	-	34,993	100%
Julian Smith renovation	742,207	742,182	742,182	-	742,182	100%
Fleming Building renovation	100,000	90,884	90,883	-	90,883	100%
Gracewood Park renovation	152,076	152,218	142,671	3,924	146,595	96%
Lake Olmstead Park	43,793	43,793	43,793	-	43,793	100%
Fleming Athletic Complex	133,850	133,170	133,170	-	133,170	100%
Chester Avenue renovation	151,500	151,500	147,926	-	147,926	98%
Boykin Road Park	40,000	39,811	39,811	-	39,811	100%
Eisenhower Park Gym	1,477,000	1,476,000	1,476,000	-	1,476,000	100%
Discovery Center Ent	353,137	352,954	352,954	-	352,954	100%
St. Sebastian Extension	1,368,969	1,633,799	1,610,578	20,282	1,630,860	100%
2nd Street Outfall	762,760	1,810,621	1,546,089	-	1,546,089	85%
6th Street handicap ramp	517,347	625,358	611,966	-	611,966	98%
Turknett Springs Detention	228,161	337,300	306,132	-	306,132	91%
Augusta Commons	1,825,291	3,609,599	3,652,638	-	3,652,638	101%
Martin Luther King drainage	273,794	727	727	-	727	100%
Inter City Arts - Imperial	300,000	300,000	225,000	-	225,000	75%
CSO	10,500,000	10,546,852	9,629,637	-	9,629,637	91%
Wetlands	10,500,000	10,508,941	9,591,726	-	9,591,726	91%
Third Level Canal Cleaning	491,506	492,418	887	185	1,072	0%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
Walton Way reconstruction	1,273,638	1,275,936	1,277,021	-	1,277,021	100%
Augusta Canal	950,000	1,955,937	1,885,044	-	1,885,044	96%
Goodale Landing	124,030	101,706	101,706	-	101,706	100%
Resurfacing various streets	3,406,729	1,214,524	158,648	55,577	214,225	18%
Resurfacing various streets 1996	127,935	128,275	128,275	-	128,275	100%
Resurfacing Various Roads	756,500	519,928	519,928	-	519,928	100%
Street & drainage improvement	694,599	194,950	145,550	-	145,550	75%
Administration	2,774,251	2,779,256	2,376,389	-	2,376,389	86%
East Augusta drainage	35,450	-	-	-	-	0%
Jackson Road widening	200,000	200,000	200,000	-	200,000	100%
Perimeter Parkway	25,000	9,458	9,458	-	9,458	100%
Crane Creek	150,000	399	399	-	399	100%
Belair Rd Ext	75,000	75,005	75,005	-	75,005	100%
Rae's Creek Channel Phase II	257,000	683	683	-	683	100%
Centennial Park Fountain	85,000	85,153	47,377	-	47,377	56%
Paving various roads	50,000	50,090	133	-	133	0%
Surburban Forces Widening	150,000	150,570	1,580	-	1,580	1%
Suburban forces	4,143,317	1,899,690	1,860,990	82	1,861,072	98%
Suburban Forces	5,000,000	928,539	160,398	531	160,929	17%
Resurfacing various roads Phase V	633,250	602,707	603,587	-	603,587	100%
General Easement	50,000	50,190	13,341	-	13,341	27%
Administration	5,720,000	5,902,501	5,930,938	-	5,930,938	100%
Administration	1,780,000	1,785,151	1,680,227	377	1,680,604	94%
New Savannah Road	1,431,000	7,535	7,535	-	7,535	100%
Sidewalk Contract Phase II	296,000	354,116	354,116	-	354,116	100%
Fury's Ferry Road	22,000	116	116	-	116	100%
Alexander Drive	2,022,795	2,628,662	374,591	240,758	615,349	23%
Washington Road Sidewalk III	200,000	348	348	-	348	100%
Old Savannah Road/ Twigg Street	2,060,000	2,065,628	126,183	-	126,183	6%
Stevens Creek/Claussen Road	1,421,250	1,451,964	1,127,009	-	1,127,009	78%
Forest Park Subdivision drainage	815,348	698,269	698,269	-	698,269	100%
Bobby Jones Expressway	165,000	440,983	27,146	-	27,146	6%
Wrightsboro Road	1,984,000	2,028,834	717,738	107,791	825,529	41%
Warren Road	1,211,000	3,211,985	2,535,761	68,031	2,603,792	81%
Miscellaneous	155,425	752,946	157,013	-	157,013	21%
Tanglewood & Kingston s/d drianage	797,500	695,996	695,996	-	695,996	100%
Hillwood Crest/Whitehead Drive	358,856	247,177	247,177	-	247,177	100%
Skinner Mill Road Extension	1,517,311	1,519,459	1,519,459	-	1,519,459	100%
Cook Road & Glendale	2,811,281	1,713,330	1,713,330	-	1,713,330	100%
Sibley Road Railroad Crossing	129,950	130,444	685	-	685	1%
Wylde Road Railroad Crossing	129,950	130,444	685	-	685	1%
Windsor Spring Road	2,133,000	2,172,238	512,657	52,695	565,352	26%
Old Savannah Road	961,000	1,171,425	100,275	-	100,275	9%
Richmond Hill Road	1,028,500	784,660	784,660	-	784,660	100%
Bobby Jones Expressway	110,000	36,618	36,618	-	36,618	100%
Dunham Court	127,000	97,178	97,178	-	97,178	100%
Wheeler Road Bridge	13,200	13,250	13,231	-	13,231	100%
Traffic engineering improvements	111,000	91,657	91,657	-	91,657	100%
SR 4/US 1	55,000	55,209	290	-	290	1%
Marvin Griffin Road	1,375,600	3,479,344	182,596	-	182,596	5%
Antler Drive West drainage improvements	377,000	244,932	245,290	-	245,290	100%
Morgan Road	1,571,000	3,911,226	335,447	-	335,447	9%
Woodcrest /CSX Drainage	175,400	176,066	923	-	923	1%
Deans Bridge @Tobacco	165,000	78,613	78,613	-	78,613	100%
Fall Line Freeway Section II	55,000	55,209	290	-	290	1%
Paving various roads Phase IV & V	269,209	270,627	270,627	-	270,627	100%
Paving various roads Phase VI	950,000	176,130	176,130	-	176,130	100%
Willis Foreman Road	147,751	138,533	138,533	-	138,533	100%
Birdwell Road Wetlands Bank	11,000	58	58	-	58	100%
McCombs Road Section I	790,884	712,838	712,838	-	712,838	100%
McCombs Road Section II	961,665	722,511	722,511	-	722,511	100%
Library	1,700,000	1,701,742	1,701,649	-	1,701,649	100%
Animal Control renovation	1,220,946	979,527	979,528	-	979,528	100%
New administrative offices	2,350,000	2,374,807	556,291	10,443	566,734	24%
Shiloh Community Center	575,000	575,000	560,948	-	560,948	98%
Springfield Baptist Church	1,300,000	1,300,000	1,275,732	-	1,275,732	98%
New Hope Community Ctr	250,000	250,000	250,000	-	250,000	100%
Beulah Grove	200,000	200,000	200,000	-	200,000	100%
Hyde Park renovation	122,350	97,402	91,955	-	91,955	94%
Central Park renovation	70,000	65,375	65,375	-	65,375	100%
Bayvale Park renvoation	26,000	9,016	6,145	-	6,145	68%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
Heard Avenue Park renovation	6,000	3,883	3,883	-	3,883	100%
Troup St Pk Renovation	10,000	-	-	-	-	0%
Hickman Park renovation	100,000	90,994	73,395	-	73,395	81%
McDuffie Woods Park renovation	150,000	148,330	148,330	-	148,330	100%
Meadowbrook Park renovation	45,000	47,554	47,216	-	47,216	99%
Julian Smith BBQ renovation	187,000	186,558	186,558	-	186,558	100%
Blount Park renovation	19,000	2,600	2,600	-	2,600	100%
Augusta Canal Master	100,000	103,312	103,312	-	103,312	100%
Big Oak Park renovation	65,000	65,230	47,118	-	47,118	72%
Wood Street South Ball Field	47,000	47,230	41,000	3,359	44,359	94%
Wood Lake Park renovation	100,000	100,776	79,664	6,909	86,573	86%
Royal (Barrett) Park renovation	12,000	5,086	5,086	-	5,086	100%
Garrett	500,000	500,000	500,000	-	500,000	100%
West Vineland Park renovation	20,000	20,127	20,119	-	20,119	100%
Bedford Heights	35,000	35,192	26,941	-	26,941	77%
4 - H Camp Park renovation	20,000	18,830	17,478	-	17,478	93%
Adjusting Rd/Way Structure	200,000	62,498	62,498	-	62,498	100%
International Boulevard Extension	340,000	289,800	289,800	-	289,800	100%
Walton Way Extension	1,385,000	-	-	-	-	0%
Skinner Mill Road Culvert Extension	153,100	11,876	11,876	-	11,876	100%
Rocky Creek Hazard Mitigation	717,860	717,860	62,064	-	62,064	9%
Resurfacing various roads Phase VI	1,350,000	1,123,739	1,123,739	-	1,123,739	100%
Suburban Forces Capital Equipment	1,664,000	1,674,064	1,717,688	-	1,717,688	103%
Railroad Street slope repair	289,500	290,600	33,459	-	33,459	12%
Wheeler Road Signal Plan Analysis	10,000	7,799	7,799	-	7,799	100%
Gordon Highway median barrier	185,000	185,703	1,256	-	1,256	1%
Mason Road Bridge @ Claudia	275,000	197,329	197,329	-	197,329	100%
Bungalow Road	776,000	3,962,785	290,017	559,155	849,172	21%
Woodlake Subdivision	939,000	942,567	43,817	-	43,817	5%
Pepperidge Point Retention Pond	50,000	32,667	32,677	-	32,677	100%
Windsor Spring Rd Sec IV	-	1,560,500	-	-	-	0%
Windsor Spring Rd Sec V	-	1,560,500	-	-	-	0%
Flood control feasibility	1,637,649	2,229,458	1,920,872	308,586	2,229,458	100%
Judicial Center - County Court House	40,016,200	40,016,200	-	-	-	0%
Webster Detention Center	36,000,000	36,000,000	160,271	1,752,889	1,913,160	5%
Exhibit Hall	20,000,000	20,000,000	161,225	71,209	232,434	1%
Sheriff Administration Relocation	3,000,000	3,000,000	-	-	-	0%
RCCI Renovations	750,000	750,000	-	-	-	0%
Main Library	14,700,000	14,700,000	-	-	-	0%
Augusta Canal Improvements	2,500,000	2,500,000	-	2,500,000	2,500,000	100%
Augusta Canal Bond Repayment	8,200,555	8,200,555	8,200,555	-	8,200,555	100%
Bond Debt Service	5,417,800	5,417,800	-	-	-	0%
Information Technology	2,000,000	2,000,000	-	-	-	0%
Flood Land Acquisition	500,000	500,000	-	-	-	0%
Wrightsboro Road Project	4,000,000	4,000,000	-	-	-	0%
D'Antignac Street Flood Avoidance	1,000,000	1,000,000	-	-	-	0%
Administration - Engineering	2,500,000	2,500,000	-	484,140	484,140	19%
Marks Church Road Improvement	2,500,000	2,500,000	-	-	-	0%
Fire Stations & Training Center	6,000,000	6,000,000	-	-	-	0%
Lake Olmstead Stadium	360,000	400,000	100,000	298,827	398,827	100%
Augusta Soccer Park	180,000	180,000	-	157,007	157,007	87%
The Boat House	90,000	90,000	-	-	-	0%
Apple Valley Park	315,000	315,000	876	214,996	215,872	69%
WT Johnson Park	67,500	67,500	2,100	1,486	3,586	5%
MM Scott Park	270,000	270,000	6,500	18,860	25,360	9%
Diamond Lakes Park	720,000	720,000	-	38,545	38,545	5%
Jamestown Park	135,000	148,860	500	38,346	38,846	26%
Wood Park	270,000	270,000	-	15,283	15,283	6%
Valley Park	22,500	22,500	-	160	160	1%
Goshen/Brown Road Park	135,000	135,000	-	-	-	0%
McDuffie Woods Park	90,000	90,000	2,700	12,326	15,026	17%
McBean Park	180,000	180,000	-	16,686	16,686	9%
Fleming Tennis Center	112,500	112,500	-	77,060	77,060	68%
Lock and Dam Park	49,500	49,500	-	-	-	0%
May Park	67,500	67,500	-	9,700	9,700	14%
HH Brigham Park	117,000	117,000	-	104,068	104,068	89%
Land Acquisition	180,000	166,140	-	10,827	10,827	7%
Dyess Park	63,000	63,000	-	5,400	5,400	9%
Brookfield Park	45,000	45,000	-	-	-	0%
Lake Olmstead Park	207,000	207,000	-	15,128	15,128	7%
Blythe Park	180,000	180,000	-	4,790	4,790	3%

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX - Continued
YEAR ENDED DECEMBER 31, 2007

Projects	Original Cost Estimate	Current Cost Estimate	Prior Years' Cost	Current Year Cost	Total Cost	Estimated Percentage of Completion
Newman Tennis Center	108,000	108,000	-	9,584	9,584	9%
Meadowbrook Park	108,000	108,000	-	855	855	1%
Administration - Recreation	500,000	460,000	-	141,227	141,227	31%
Augusta Marina	67,500	67,500	-	-	-	0%
Old Government House	45,000	45,000	-	-	-	0%
Doughty Park	27,000	27,000	-	-	-	0%
Fleming Park	67,500	67,500	-	-	-	0%
Hickman Park	27,000	27,000	-	-	-	0%
Aquatics Center	90,000	90,000	-	-	-	0%
Boykin Road Park	27,000	27,000	-	-	-	0%
Eisenhower Park	45,000	45,000	-	-	-	0%
Warren Road Park	31,500	31,500	-	-	-	0%
Imperial Theater	500,000	500,000	-	500,000	500,000	100%
Augusta Mini Theater	500,000	500,000	-	-	-	0%
Lucy Craft Laney Museum	200,000	200,000	-	-	-	0%
The MACH Academy	100,000	100,000	13,001	87,000	100,001	100%
Recreation, Historic, Cultural and Other Buildings	400,000	400,000	-	-	-	0%
Augusta Museum	400,000	400,000	-	400,000	400,000	100%
City of Hephzibah	3,104,000	3,104,000	1,034,666	1,034,666	2,069,332	67%
City of Blythe	912,000	912,000	304,000	304,000	608,000	67%
Immaculate Conception	250,000	253,281	253,281	-	253,281	100%
Delta Cost Sharing	144,267	144,267	144,267	-	144,267	100%
NSC Discovery Center	1,500,000	1,500,000	1,500,000	-	1,500,000	100%
P and Z Handicap Access	26,250	26,250	26,250	-	26,250	100%
East Augusta drainage	-	1,147,379	1,147,379	-	1,147,379	100%
Willow Creek	40,000	70	70	-	70	100%
Council Drive	102,459	102,459	102,459	-	102,459	100%
General Roadway	361,393	361,393	361,390	-	361,390	100%
Trees and landscaping	96,000	55,477	55,476	-	55,476	100%
Georgia Golf Hall of Fame	2,000,000	2,000,000	2,000,000	-	2,000,000	100%
Laney Walker @ East B	15,000	34	34	-	34	100%
TOTAL	\$ 497,393,629	\$ 540,694,082	\$ 247,511,318	\$ 29,888,255	\$ 277,399,573	

AUGUSTA, GEORGIA
SCHEDULE OF SPECIAL ONE PERCENT SALES AND USE TAX

Notes to Schedule of Special One Percent Sales and Use Tax

Year Ended December 31, 2007

Note 1 - Summary of significant accounting policies

The accounting policies of Augusta's Special One Percent Sales and Use Tax conform to accounting principles generally accepted in the United States of America as applicable to governments. These financial statements present only the activity of the Special One Percent Sales and Use Tax projects and are not intended to be a complete presentation of Augusta's assets, liabilities, revenues, and expenses.

Basis of accounting

The Special One Percent Sales and Use Tax projects are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Estimates

The preparation of this Schedule requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

COMPLIANCE SECTION



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

Augusta-Richmond County Commission
Augusta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia as of December 31, 2007 and for the year then ended, which collectively comprise Augusta, Georgia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Augusta, Georgia management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Augusta-Richmond County Department of Health or Downtown Development Authority. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Health and Downtown Development Authority, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, as described in 07-FS-01 and 07-FS-02.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07-FS-01 and 07-FS-02 to be material weaknesses.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the audit committee, management, others within Augusta, Georgia, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chung, Bekant & Holland, L.L.P.

Augusta, Georgia
June 30, 2008

AUGUSTA, GEORGIA

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<Direct Programs>			
Community Development Block Grants	14.218	B-xx-MC-13-0003	\$ 3,144,533
Emergency Shelter Grants Program	14.231	S-xx-MC-13-0004	72,906
Home Investment Partnerships Program	14.239	M-xx-MC-13-0206	1,542,856
Supporting Housing Program	14.235	GA-01B-x-0400x	80,817
Housing Opportunities for Persons with AIDS	14.241	GA-H0-x-F0-02	467,670
Total U.S. Department of Housing and Urban Development			5,308,782
<u>U.S. National Park Service, Department of Interior</u>			
<Direct Programs>			
Preserve America - Way Finding	15.OFA	13-06-PA-2008	25,003
<u>U.S. Department of Justice</u>			
<Direct Programs>			
Local Law Enforcement Block Grant Program	16.592	2005-DD-BX-1031	107,777
Juvenile Accountability Incentive Block Grants	16.523	05B-ST-0001	8,347
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0390	73,836
	16.575	C06-8-001	50,121
	16.575	C05-8-185	30,559
		Total CFDA# 16.575	80,680
Edward Byrne Memorial Formula Grant Program	16.579	B04-8-005	48,177
<Pass-through from the Children and Youth Coordinating Council>			
Just the Two of Us	16.OFA	04P-10-09-0006	9,754
<Pass-through from the Criminal Justice Coordinating Council>			
Serious Violent Offender Reentry Program	16.OFA	2002-RE-CX-0020	71,586
Total U.S. Department of Justice			400,157

AUGUSTA, GEORGIA

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
<Direct Programs>			
Airport Improvement Program Grant	20.106	3-13-0011-xx	3,634,745
Airport Improvement Program Grant	20.106	3-13-0012-11	20,000
		Total CFDA# 20.106	3,654,745
Federal Transit Formula Grants	20.507	GA-90-xxxx	1,266
State and Community Highway Safety	20.600	GA-2008-000-00569	106,700
Total U.S. Department of Transportation			3,762,711
<u>U.S. Environmental Protection Agency</u>			
<Pass-through from the Georgia Department of Natural Resources>			
DNR 319H Grant	66.460	751-60065	9,477
<u>Federal Emergency Management Agency</u>			
<Pass-through from the State of Georgia Emergency Manangement Agency>			
Hazard Mitigation Grant	83.548	17PDMC03012245	49,100
<u>U.S. Department of Health and Human Services</u>			
<Pass-through from the CSRA Regional Development Center>			
<u>Special Programs for the Aging:</u>			
Disaster Prevention and Health Promotion Services	93.043	N/A	78,367
Grants for Supportive Services and Senior Centers	93.044	N/A	110,063
Nutrition Services	93.045	N/A	130,315
Nutrition Services Incentive Program	93.053	N/A	106,279
Total U.S. Health and Human Services			425,024
<u>U.S. Department of Homeland Security</u>			
<Direct Program>			
Assistance to Firefighters Grant	97.044	EWW-2005-FG-05019	157,947

AUGUSTA, GEORGIA

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Reimburseable Agreement Security Requirements after September 11, 2001	97.090	HSTS01-04-A-LEF003	94,054
Cooperative Agreement, beginning October 1, 2007	97.090	HSTS02-08-H-SLR007	21,396
		Total CFDA# 97.090	115,450
<Pass-through from the Georgia Emergency Management Agency>			
Homeland Security Grant Program			
Homeland Security Grant Program	97.067	2006-GE-T6-0066-0853	216,297
	97.067	2006-GE-T6-0066-0869	189,711
		Total CFDA# 97.067	406,008
Buffer Zone Protection Program	97.078	GA-2006-000-00491	23,605
Total U.S. Department of Homeland Security			703,010
Total Federal Expenditures \$			10,683,264

AUGUSTA, GEORGIA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2007

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Augusta, Georgia, (the "Government"), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Reporting entity

The accompanying schedule of expenditures of federal awards includes the accounts of all Augusta and Richmond County operations. The Government uses the criteria for including organizations as component units within Augusta's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Excluded from the accompanying schedule of federal awards is the Government's discretely presented component unit, Richmond County Department of Health. Separate financial statements may be obtained from the Richmond County Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901.

Note 3 - Non-cash awards

Augusta, Georgia did not receive any non-cash federal awards during the year ended December 31, 2007.

AUGUSTA, GEORGIA

Summary Schedule of Prior Year Audit Findings and Questioned Costs

For the Year Ended December 31, 2007

Summary Listing of Prior Audit Findings

Finding Control		
Number	Auditee Response/Status	Comments
04-01	Repeat finding in current year	See p. C-9
06-FS-01	Repeat finding in current year	See p. C-9
06-FS-02	Substantially resolved during the current year	See p. C-10
04-02	Repeat finding - finding updated in current year	See p. C-11
04-03	Resolved during the current year	See p. C-12
05-01	Substantially resolved during the current year	See p. C-12
05-04	Substantially resolved during the current year	See p. C-14
05-06	Repeat finding - finding updated in current year	See p. C-15
05-08	Resolved during the current year	See p. C-16
05-13	Repeat finding - finding updated in current year	See p. C-17
05-14	Resolved during the current year	See p. C-18
06-01	Resolved during the current year	See p. C-19
06-02	Resolved during the current year	See p. C-20

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

I. Findings in Relation to the Audit of the Financial Statements

Finding 04-01 (repeat finding)

Budgetary compliance

CRITERIA:

The State of Georgia local government budgets and audits code states that the legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is prepared (Article 1 section 14).

CONDITION:

We noted that several departments across the government had expenditures above appropriations for the fiscal year.

RECOMMENDATION:

The Government should increase the budget level of control to the department level.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

The Finance Department will continue to monitor FY 2007 budget and expenditures and ensure that the appropriate budget amendments are done in 2007 to avoid the expenditures exceeding the budget. It may be necessary to amend the budget after December 31, 2007 if there are Departments that have expenditures exceeding the budget since we continue to recognize accruals for expenditures after December 31, 2007. In some cases these expenditures are mandated, however, the proper budget amendment to increase reserve or revenues and appropriations as necessary would be done.

CURRENT STATUS:

There were departments with budget overages in 2007; repeat finding this fiscal year.

Finding 06-FS-01 (repeat finding)

CONDITION:

The Government did not prepare its financial statements for the year ended December 31, 2006, nor its conversion entries related to converting the Fund Financial Statements to the Statement of Net Assets and Statement of Activities. The Government also did not reconcile certain balance sheet accounts during the year on a timely basis.

During our audit procedures, significant adjustments were posted to the internal financial statements in order for the financial statements to be in accordance with Generally Accepted Accounting Principles ("GAAP"). Based upon the Government's request, we prepared the conversion entries to convert the Fund Financial Statements to the Statement of Net Assets and Statement of Activities, and other year-end adjustments and reclassifications. Also, during our audit procedures as accounts were reconciled to supporting documentation, we proposed adjustments to correct balance sheet accounts to the supporting schedules.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

I. Findings in Relation to the Audit of the Financial Statements (continued)

CAUSE:

The Government does not have sufficient resources with the financial statement expertise which would allow the Government to internally prepare its conversion entries for the Fund Financial Statements to the Government-wide financial statements, in accordance with GAAP. Historically, due to the cost-benefit analysis made by management of internal control over financial reporting, the Government has engaged its auditor to assist in the conversion to GAAP basis and financial statement preparation.

The Government also has not had sufficient resources in the accounting and finance departments which would allow sufficient time to be spent on reconciling balance sheet accounts for all funds to the supporting documentation on a timely basis.

RECOMMENDATION:

We recommend that management consider the cost-benefit analysis of the preparation of its financial statements in accordance with GAAP. We also recommend that management continue the training and supervision of its finance and accounting staff in order to reconcile all balance sheet accounts to supporting documentation on a timely basis.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

The Government did not prepare its financial statements for the year ended December 31, 2007, nor its conversion entries related to converting the Fund Financial Statements to the Statement of Net Assets and Statement of Activities; repeat finding this fiscal year.

Finding number 06-FS-02

CONDITION:

The Government did not have sufficient supporting documentation relating to the Human Resources function. During our audit procedures, the testing of controls for payroll transactions resulted in finding a lack of supporting documentation in several instances, including time cards and documented rates of pay included in personnel files. We also noted that variances noted upon reconciliation of the insurance coverage to the insurance statements were not resolved in a timely manner.

CAUSE:

The Government does not have appropriate policies and procedures that are enforced in order to ensure the proper documentation is retained within personnel files. The Government also does not have sufficient processes in place by which variances noted during the insurance reconciliation are resolved in a timely manner.

RECOMMENDATION:

We recommend that proper procedures be required and enforced in order to ensure proper supporting documentation is retained within the Human Resources department to support payroll disbursements. We also recommend that timely follow up be performed for variances noted during the reconciliation of insurance statements to insurance withholdings.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

I. Findings in Relation to the Audit of the Financial Statements (continued)

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

During 2007 it was noted that retention of supporting documentation would be tested at the departmental level. Please see finding 07-FS-02 related to appropriate documentation retention for time worked. We noted the documentation related to changes in rate of pay was substantially corrected.

II. Federal Awards Findings and Questioned Costs

Finding 04-2

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.239 HOME Investment Partnerships Program
Compliance Requirement: Sub-recipient Monitoring

CRITERIA:

OMB A-133 (.400(d)) states that a pass-through entity shall monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

CONDITION:

Insufficient resources were dedicated to sub-recipient monitoring.

RECOMMENDATION:

We recommend that the HOME program of Augusta, Georgia implement the following controls:

- A. Review required sub-recipient reports and follow up on areas of concern.
- B. Perform site visits to sub-recipients to review financial and programmatic records and observe operations.
- C. Draft written policies which establish the following:
 - communication of Federal award requirements to sub-recipients;
 - responsibilities for monitoring sub-recipients;
 - process and procedures for monitoring;
 - methodology for resolving findings of sub-recipient noncompliance or weaknesses in internal control;
 - and requirements for and processing sub-recipient audits.
- D. All of these recommendations should be documented.

CURRENT STATUS:

Finding not sufficiently corrected in fiscal year 2007. See update of deficiency at finding 07-01.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

Finding 04-3

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.246 Neighborhood Initiative Grant
Compliance Requirement: Reporting

CRITERIA:

The grant agreement states in Article IV that each recipient shall submit a progress report every six months after the effective date of the grant agreement. Progress reports shall include reports on both performance and financial progress and shall conform with 24 CFR 85.40 and 85.41 or 24 CFR Sections 84.50 through 84.53, as applicable.

CONDITION:

No controls existed at year-end to meet the reporting requirements of the Neighborhood Initiative Grant; therefore, no reports were submitted to the awarding agency to track the progress of the grant.

RECOMMENDATION:

We recommend that the Neighborhood Initiative Program of Augusta, Georgia implement the following controls:

- A. Draft written policies that establish responsibility and provide the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
- B. Setup a tracking system that reminds staff when reports are due.
- C. Setup supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.

CURRENT STATUS:

The Government did not receive funding through the Neighborhood Initiative Grant in fiscal year 2007. Finding is no longer applicable.

Finding 05-01

Federal Agency:
Federal Program: CFDA # All The Government's Federal Grants
Compliance Requirement: Grants Management

CONDITION:

The Government has several federal, state and local grants as well as many other revenue sources. The Government does not designate anyone to oversee the accounting and management of the grants and contracts. Each of the Government's departments that receives federal grants is responsible for all aspects of the related grant administration. This includes the application, the requests for draws, the spending of the funds, the monitoring, the reporting, and the compliance with federal requirements. This results in a decentralized and inadequate grants management process.

The Finance Department is unaware of all the federal grants that the Government receives. There is little, if any, communication between the departments receiving the grants and the Finance Department. There is no management oversight that the departments are in compliance with federal grant requirements.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

The Government was unable to provide a summary of all grants received during 2005. There is no method of ensuring that all grants are properly reported on the Schedule of Expenditures of Federal Awards in the Government's Single Audit Report. This schedule is used to report federal expenditures to the Federal Clearing House and is required to be tested to determine compliance with federal laws. The Government was unable to timely reconcile grant expenditures per the Schedule of Expenditures of Federal Awards or the various federal financial reports to the general ledger. The general ledger also cannot be reconciled to federal reporting systems such as the IDIS system maintained by HUD.

In addition, the Housing and Economic Development Department (HED) of the Government maintains an inadequate filing system and documentation retention. The information contained in the project files is unorganized and incomplete.

CRITERIA:

According to the Office of Budget and Management Circular A-102, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, the Government is required to maintain accurate and complete accounting records which identify the source of and application for federal funds. In addition, OMB A-102 states that the grantee must establish reasonable control procedures which ensure the accuracy of such records. All grant revenue sources need to be identified and properly reported on the Schedule of Expenditures of Federal Awards.

EFFECTS:

- Federal grants may not be properly reported on the Schedule of Federal Awards in the Single Audit report.
- Departments may not be aware of or be in compliance with federal laws concerning the management, spending, and reporting of the grants.

As a result, all federal grants may be in jeopardy for future funding.

QUESTIONED COSTS:

Undetermined

CAUSE:

The Government has a systematic problem in that it does not have a grants management position that could centralize the information and management of the grants received by the Government.

RECOMMENDATIONS:

To improve the management of the Government's grants, we recommend the Government create a grants' manager position that would be responsible for organizing and maintaining all grant information for the Government as a whole. This position should also be responsible for researching federal laws and regulations related to grant programs and ensuring compliance with these laws and regulations. This position should maintain a summary of all federal funds received, all pertinent information related to the grant program, such as CFDA number and codes of federal regulations. This position should also be responsible for ensuring a reconciliation is prepared between the federal financial reporting and the Government's general ledger.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

CURRENT STATUS:

Though a grants manager was in place in 2007, the duties of the manager did not include ensuring compliance with laws and regulations, maintaining pertinent information related to the grant programs, or ensuring reconciliation between the Government's general ledger and financial reports submitted to the awarding agencies. Grants were still decentralized with various Government departments managing all aspects of the grant, from application to close-out. A new grants manager was hired January 1, 2008, for which the job description is to include these appropriate duties. The finding was substantially resolved.

Finding 05-04

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement: Allowable Costs

CONDITION:

CDBG, HOME, and HOPWA grant programs allow for administrative costs to be charged to the program. Salaries and Wages are charged to the grants based upon an allocation of employees' time. Many are charged 100% to a program because they only work on that program. Others are charged 50/50, 60/40, etc. Personnel are required to keep a daily log of how their time is spent. These logs, however, are not used in the allocation of the personnel wages charged to the programs either on an actual daily basis or in supporting the percentages of salaries charged.

CRITERIA:

In accordance with OMB Circular A-87, monthly effort reports of actual time spent on federal programs are required for employees engaged in two or more federal programs or activities and semi-annual reports are required for employees engaged in only one federal program or other project or activity that could affect the charges to federal programs. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of the actual activity of each employee. The documentation must account for the total activity for which each employee is compensated, must be prepared at least monthly, must coincide with one or more pay periods, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

EFFECTS:

Administrative costs submitted for reimbursement is unsupported and may be inaccurately reported. Failure to document time or failure to use documented time in the allocation of administrative charges to grant programs could result in questioned costs. Though payroll charges are allowable grant expenditures, administrative charges may be overdrawn on some federal programs and under drawn on other federal programs.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

QUESTIONED COSTS:

It was not practical to extend our auditing procedures to determine if any questioned costs resulted from this finding.

CAUSE:

Lack of procedures to certify payrolls or track payroll charges by federal program resulted in a systematic problem related to allowable costs charged to HUD programs.

RECOMMENDATIONS:

We recommend the Government use the time logs currently being completed in calculating the administrative charges to the various grant programs in accordance with OMB Circular A-87.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

The Housing and Community Development Department of the Government modified its timecards whereby employees certify bi-weekly payroll costs charged to federal programs. The program director, however, did not begin certifying his payroll costs until fiscal year 2008. The finding was substantially corrected in fiscal year 2007.

Finding 05-06

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program:	CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement:	Sub-recipient Monitoring

CONDITION:

In our sample of CDBG, HOME, and HOPWA projects, we selected one CDBG project, three HOME projects, and two HOPWA projects in which contracts were entered into with sub-recipients. We noted no on-site programmatic monitoring of any of these sub-recipients had been performed by the Government. Audited financial statements from the sub-recipients, as required by the sub-recipient contracts, had only been received from the sub-recipient under the CDBG program.

CRITERIA:

The Government is responsible for monitoring sub-recipients to provide reasonable assurance that they expend federal funds in compliance with Federal and contractual requirements. According to 24 CFR (HUD) 85.40(a) and 24 CFR (HUD) 92.504(a), Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Appropriate action must be taken when performance problems arise. Grantee monitoring must cover each program, function or activity. The use of State recipients, subrecipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and subrecipient must be reviewed at least annually.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

EFFECTS:

Failure to monitor the performance of sub-recipients is a material non-compliance with program requirements for Housing and Urban Development programs. Lack of monitoring could result in questioned costs spent by the sub-recipient that would have to be returned to the federal agency. Future funding could be in jeopardy.

QUESTIONED COSTS:

Undetermined

CAUSE:

Lack of oversight in the Housing and Economic Development Department to insure compliance requirements are communicated to the staff and are carried out resulted in a systematic problem related to compliance with sub-recipient monitoring.

RECOMMENDATIONS:

We recommend the Government establish policies and procedures for monitoring sub-recipients. These procedures should include identification of all contracts and sub-recipients, the preparation of annual monitoring schedules, check lists of federal compliance requirements and contract requirements that need to be monitored and tested on the sub-recipient level, guidance on written documentation that must be maintained to support the monitoring, and follow-up procedures for noted deficiencies or concerns.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

We noted written evidence of on-site programmatic monitoring related to subrecipients of the Community Development Block Grant and the Housing Opportunities for Persons with AIDS programs. The HOME program, however, did not maintain documentation sufficient to determine if adequate monitoring is being performed. As such, this finding has only been partially corrected. See finding 07-01 where deficiency is re-written to reflect its current status.

Finding 05-08

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program:	CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program
Compliance Requirement:	Cash Management and Program Income

CONDITION:

The Government was not in compliance with requirements relating to cash draws and the use of program income. Program income was not reported to HUD through the IDIS system throughout the year. In addition, program income was not consistently deducted from federal draws to ensure compliance with federal cash management requirements. This resulted in funds being drawn prior to using all available program income. Subsequent to year end, program income reported on the IDIS system was reconciled to the program income deposits recorded on the Government's general ledger. All missing income on the IDIS system was subsequently reported.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

CRITERIA:

According to CFR 24 Part 570.504 (CDBG), the receipt and expenditure of program income must be recorded as part of the financial transactions of the grant program. It also states that substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the US Treasury. CFR 24 Part 92.508 requires that the jurisdiction maintain records identifying the source and application of program income, repayments, and recaptured funds.

EFFECTS:

Failure to properly account for program income results in draw downs in excess of cash needs for the CDBG and HOME programs.

QUESTIONED COSTS:

Undetermined

CAUSE:

The Housing and Economic Development Finance Officer's position was vacant for approximately six months during the year. During this absence, the Government did not have a system in place to provide for the accurate recording and use of program income.

RECOMMENDATIONS:

We recommend the Government establish policies to properly record and apply program income. Program income reported in the Government's general ledger should be reconciled to program income reported on the IDIS system.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

The Government reported to HUD all program income it received during 2007. The Government is also taking steps to utilize program income to reduce federal draws on a consistent basis.

Finding 05-13

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant
Compliance Requirement: Procurement

CONDITION:

No documentation exists that procurement procedures were followed when using federal funds to purchase \$25,772.86 in supplies for a Community Development Block Grant sponsored project.

CRITERIA:

24 CFR 85.36 on Procurement states that grantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. The Grantees must maintain records sufficient to detail the

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. All required records must be retained for three years after grantees make final payments and all other pending matters are closed.

EFFECTS:

The Government is not in compliance with the procurement requirements of the federal award and could result in questioned costs.

QUESTIONED COSTS:

\$25,772.86 computed as the invoice paid for which procurement records could not be found.

CAUSE:

Lack of internal controls to ensure procurement procedures are followed and procurement records are maintained for the required period.

RECOMMENDATIONS:

We recommend the Government maintain proper documentation of procurement procedures followed for the time period as required by federal guidelines.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

Finding is included in the Government's Findings in Relation to audit of the Financial Statements at 07-FS-01.

Finding 05-14

Federal Agency:	U.S. Department of Justice; U.S. Department of Transportation
Federal Program:	CFDA #16.592 Local Law Enforcement Block Grant; CFDA #20.106 Airport Improvements Program
Compliance Requirement:	Real Property and Equipment Maintenance

CONDITION:

The City of Augusta maintains a capital asset detail for all Government property. This listing does not maintain the source of the funds used to purchase the equipment on the asset schedule. Thus, there is no tracking of equipment purchased with federal funds. No periodic inventory is taken and reconciled to the capital asset detail.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

CRITERIA:

Local governments shall follow the A-102 Common Rule for equipment acquired under Federal awards received directly from a Federal awarding agency. The A-102 Common Rule includes the requirement that:

- Equipment records shall be maintained. These records shall include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- A physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records.
- An appropriate control system shall be used to safeguard equipment.
- Equipment shall be adequately maintained.
- When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value.

EFFECTS:

Lack of a physical inventory on equipment puts the Government at risk of misappropriation of assets and that the equipment will not be properly maintained. Lack of tracking the source used to purchase equipment puts the Government at risk that should equipment bought with Federal funds be sold, the federal agency will not be informed and have the right to a proportionate share of the funds.

QUESTIONED COSTS:

Undetermined

CAUSE:

The Government's capital asset system is not maintained with appropriate information regarding the source of the funds used to purchase equipment. Inventories are not conducted and reconciled to the fixed asset system.

RECOMMENDATIONS:

We recommend inventory records be updated with the appropriate information, including the source of the funds. A physical inventory of equipment should be performed and reconciled to the property records at least every two years.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

The Government has begun retaining the source funding in the detailed capital asset records. Finding corrected.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

Finding 06-01

Federal Agency: U.S. Department of Housing and Urban Development
Federal Programs: CFDA # 14.218 Community Development Block Grant
CFDA #14.239 HOME Investment Partnerships
Compliance Requirement: Allowable Costs

CONDITION:

CDBG and HOME grant programs allow for administrative costs to be charged to the programs. Rent, utilities, and various office supplies are charged to these grants on a 50%/50% with no corresponding charges to programs that also benefit from the use of the Housing & Neighborhood Development facility and department personnel.

CRITERIA:

In accordance with *OMB Circular A-87* and *2 CFR part 225 Appendix (C)*, costs of central services should be allocable to all activities. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received. All activities that benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.

EFFECTS:

The CDBG and HOME programs are bearing more than their equitable share of these expenditures.

QUESTIONED COSTS:

Not determined.

CAUSE:

Various indirect costs were not allocated equitably among the federal programs receiving the benefits.

RECOMMENDATIONS:

We recommend that the Government allocate its rent, utilities, and other office expenses equitably to each activity in accordance with relative benefits received.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

During fiscal year 2007, the Housing and Community Development Department maintained documentation and support for allocations of indirect costs. Finding corrected.

Finding 06-02

Federal Agency: U.S. Department of Housing and Urban Development
Federal Programs: CFDA # 14.218 Community Development Block Grant
Compliance Requirement: Earmarking

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings and Questioned Costs (Continued)

Year Ended December 31, 2007

II. Federal Awards Findings and Questioned Costs (continued)

CONDITION:

The Government may use up to 20% of its CDBG allocation plus any funds received as program income for administrative and planning costs in carrying out the CDBG program. The annual performance report for 2006 reported the Government spent 23.6% of its total annual allocation and program income on administrative and planning costs. In addition, the Government may use up to 15% of its CDBG allocation plus any funds received as program income in the preceding year for public services. The annual performance report for 2006 reported the Government spent 16.4% on public service activities.

CRITERIA:

Pursuant to 24 CFR sections 570.205 and 570.206, not more than 20 percent of the total grant, plus 20 percent of program income received during a program year, may be obligated during that year for activities that qualify as planning and administration. Furthermore, pursuant to 24 CFR section 570.201(e), the amount of CDBG funds obligated during the program year for public services must not exceed 15 percent of the grant amount received for that year plus 15 percent of the program income it received during the preceding program year.

EFFECTS:

The Government is not in compliance with the federal earmarking requirements. The Government could be liable for any disallowed costs associated with excess administrative and public service costs.

QUESTIONED COSTS:

\$132,893 calculated as the difference between the 20% administrative costs allowed and the 23.6% administrative costs expended (\$94,199) and the difference between the 15% public service costs allowed and the 16.4% public service costs expended (\$38,694).

CAUSE:

The lack of procedures to review administrative cost and public service cost allowances allowed and those costs incurred resulted in the Government's noncompliance with federal earmarking requirements.

RECOMMENDATIONS:

We recommend the Government develop procedures for reviewing administrative cost and public service cost caps allowed and compare these amounts to costs incurred to ensure these caps are not exceeded.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

CURRENT STATUS:

Earmarking requirements were met in fiscal year 2007. Finding corrected.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Augusta-Richmond County Commission
Augusta, Georgia

Compliance

We have audited the compliance of Augusta, Georgia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Augusta, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Augusta, Georgia's management. Our responsibility is to express an opinion on Augusta, Georgia's compliance based on our audit.

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

In our opinion, Augusta, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-02, 07-03, and 07-04.

Internal Control over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-01, 07-02, and 07-04 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 07-01 to be a material weakness.

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

This report is intended solely for the information and use of the audit committee, management, others within Augusta, Georgia, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chung, Bekant & Holland, L.L.P.

Augusta, Georgia
June 30, 2008

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2007

I. Summary of the Auditor's Results

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements of the Augusta, Georgia as of and for the year ended December 31, 2007.

Significant deficiencies in internal control over financial reporting which would be required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were disclosed during the audit and are listed as findings 07-FS-01 and 07-FS-02 below.

No instances of noncompliance or other matters material to the financial statements of Augusta, Georgia, as required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit.

Federal Awards

The auditor's report expresses an unqualified opinion on compliance for major programs of Augusta, Georgia as of and for the year ended December 31, 2007.

Significant deficiencies in internal control over compliance applicable to major federal award programs which would be required to be reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 were disclosed during the audit as Finding Number 07-01, 07-02, and 07-04.

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>U.S. Department of Housing and Urban Development</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
	<u>U.S. Department of Transportation</u>
20.106	Airport Improvement Program
	<u>U.S. Department of Homeland Security</u>
97.067	Homeland Security Grant Program

We used a threshold of \$320,498 to distinguish between Type A and Type B programs.

Augusta, Georgia did not qualify as a low-risk auditee.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

II. Findings in Relation to the Audit of the Financial Statements

Consideration of Internal Control over Financial Reporting – Material Weakness

Finding 07-FS-01 (includes prior year Finding 05-13)

CONDITION:

During our testing of compliance with procurement policies, we noted instances of non-compliance with procurement policies. We noted instances of inconsistent knowledge of Government personnel regarding the policy for obtaining bids for procured items. We noted more than one instance of purchases made when a bid should have been obtained and was not at the department level. We noted instances of lack of documentation at the department level to support the bids obtained or sole sourced items.

CAUSE:

Their policies and procedures that were distributed to the employees are inconsistent with the “working” policy. The policies and procedures are inconsistent with the Augusta-Richmond County Code. There is no evidence that employees refer to the policies and procedures in order to consistently follow the procedures.

The Government does not have sufficient resources devoted to monitoring compliance with the purchasing policy at the Procurement Department level.

RECOMMENDATION:

We recommend that the Procurement Department make corrections to the Policies and Procedures manual in accordance with the Code as well as make the document consistent in words and in numbers. We also suggest continuing to educate Department Heads on the importance of obtaining bids for all items in accordance with the Procurement Policy as well as the need to retain supporting documentation or indicate on the PO the bids obtained. Furthermore, we suggest reviewing purchase orders in more detail prior to approving and sending all incomplete purchase orders back to the department without approval when they are in non-compliance of policies and procedures. We recommend bid files are kept up to date and that all purchases made on current and prior year bid contracts are reviewed to ensure the documentation is present and purchases made are allowable and supporting documentation is available.

MANAGEMENT’S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government’s resources.

Finding 07-FS-02 (update of Finding 06-FS-02)

CONDITION:

During our testing of payroll transactions, we noted instances where there is not sufficient evidence that time paid is time actually worked. We noted time cards are not consistently signed by the employee and/or the employee’s supervisor. We noted the payroll department has access to make changes to pay rates.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

III. Findings in Relation to the Audit of the Financial Statements (continued)

CAUSE:

Time cards are transferred to a time sheet to be entered into the payroll system. Although Departments are required to turn in the time cards to the Payroll Department and the time cards are required to be retained in the Human Resources Department, it was noted that the time cards are not reviewed for completeness by the Payroll Department or the HR Department.

Access was given to the Payroll Department in order to make changes if there are errors when they are processing payroll.

RECOMMENDATION:

We recommend making Department Heads responsible for time worked when they sign-off on the time sheet which indicates exceptions only. We recommend the Payroll Department reconcile time sheets to the Payroll Edit Report (also exceptions only) for every payroll run.

We recommend that Human Resources request, review and retain a change report from IT for changes to payroll data for each payroll run if it is necessary that the Payroll Department be given access to make changes to payroll data.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

III. Federal Awards Findings and Questioned Costs

Finding 07-01 (update of Finding 04-2 and 05-06)

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Programs:	CFDA # 14.239 HOME Investment Partnerships Program
Compliance Requirement:	Subrecipient Monitoring
Type of finding:	Weakness in internal control (material weakness)

CONDITION:

The Government did not have adequate procedures to document and ensure that subrecipients are administering federal awards in compliance with federal requirements as they apply to:

- Allowable costs and activities
- Eligibility
- Procurement
- Special tests and provisions for rent reasonableness, housing quality standards, and project-based rental assistance.

Although the HOME Program administrator conducted annual site visits for all subrecipients, sufficient documentation supporting the monitoring process was not maintained to provide adequate evidence that the subrecipients' controls were adequate or that they addressed the appropriate compliance requirements.

CRITERIA:

OMB A-133 (.400(d)) states that a pass-through entity shall monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

III. Federal Awards Findings and Questioned Costs (continued)

EFFECTS:

The Government was not able to adequately support monitoring of subrecipients to ensure that funds were specifically used for authorized purposes within the program. Subrecipients may not be in compliance with OMB Circular A-133 compliance requirements.

QUESTIONED COSTS:

N/A

CAUSE:

The Government did not have proper procedures in place to document the monitoring performed of the subrecipients for all applicable OMB Circular A-133 compliance requirements.

RECOMMENDATIONS:

We recommend that the Government strengthen its monitoring procedures and the documentation thereof over subrecipients receiving funds for the HOME program that will include the following:

- Documentation of the results of site visits and other monitoring procedures. This documentation should include a review of subrecipient internal control procedures and related testing to ensure that all applicable OMB Circular A-133 requirements for the program are in place.
- Monitoring should include testing of the subrecipients' compliance in relation to eligibility, procurement, and special tests and provisions for rent reasonableness, housing quality standards, and project-based rental assistance requirements.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

Finding 07-02

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program:	CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement:	Reporting
Type of finding:	Weakness in internal control (significant deficiency) and compliance (non-material noncompliance)

CONDITION:

The Government inaccurately prepared the "HUD 60002, *Section 3 Summary Report*, Economic Opportunities for Low and Very Low-Income Persons" for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships (HOME) Program, and the Housing Opportunities for Persons with AIDS (HOPWA) Program for the year ended December 31, 2007. The Government did not have procedures in place to ensure amounts reported on the Section 3 Summary Report were complete and accurate.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

III. Federal Awards Findings and Questioned Costs (continued)

CRITERIA:

The Government is required to submit an annual Section 3 Summary Report to report the number and amount of Construction and Non-construction contracts awarded on CDBG, HOME, and HOPWA projects, the number and amount of these contracts that were awarded to Section 3 businesses, and information regarding employment and other economic opportunities provided to low and very low income persons under Section 3 that resulted from these contracts.

EFFECTS:

Inaccurate Section 3 Summary Reports were filed with the U.S. Housing and Urban Development Agency.

QUESTIONED COSTS:

None

CAUSE:

Staff is not trained on completing the Section 3 Summary Reports. There is also no effective internal control in place to ensure these performance reports are complete and accurate.

RECOMMENDATIONS:

We recommended the Government implement procedures to ensure information reported in the annual Section 3 Summary Report is complete and accurate.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

Finding 07-03

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Programs:	CFDA # 14.239 HOME Investment Partnerships Program
Compliance Requirement:	Cash Management
Type of finding:	Compliance (non-material noncompliance)

CONDITION:

The Government drew down federal funds and disbursed these funds to a sub-recipient for the purchase of property to be used in the HOME Investment Partnerships Program. The sub-recipient did not remit support that they had disbursed their own funds to acquire the property, as is the policy before the Government reimburses a sub-recipient. Documentation from the sub-recipient indicated that the sub-recipient borrowed funds to purchase the property. The sub-recipient obligated to spend the funds through signed mortgage agreements, but at the time of reimbursement the mortgages had not been paid.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

III. Federal Awards Findings and Questioned Costs (continued)

CRITERIA:

Cash Management compliance requirements state that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. Pass-through entities must monitor cash drawdowns by their sub-recipients to assure that sub-recipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

EFFECTS:

The Government is not in compliance with Cash Management requirements related to minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement of the funds.

QUESTIONED COSTS:

Unable to be determined. The questioned costs would be for the amount of interest earned on the funds before they are actually used. This amount should be refunded to the program in order to comply with reimbursement requirements.

CAUSE:

The Housing and Community Development Department originally denied the sub-recipient's request for reimbursement due to the lack of supporting documents showing the funds had been disbursed by the sub-recipient. The sub-recipient presented their request to the Augusta-Richmond County Commission. The commission overrode the program manager's assessment and recommendation and ordered the funds to be paid.

RECOMMENDATIONS:

We recommend the Government adhere to its policy of requiring documentation of disbursement of funds prior to drawing down federal funds.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.

Finding 07-04

Federal Agency:	U.S. Department of Homeland Security
Federal Programs:	CFDA # 97.067 Homeland Security Grant Program
Compliance Requirement:	Real Property and Equipment Maintenance
Type of finding:	Weakness in internal control (significant deficiency) and compliance (non-material noncompliance)

CONDITION:

During the Equipment Management testing, we verified that equipment that was purchased with federal funds could not be located on the Government's fixed asset system. This system is used to track assets. Items not included on the fixed asset system are not subject to periodic inventory counts to insure maintenance of the

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2007

III. Federal Awards Findings and Questioned Costs (continued)

assets. For other equipment purchased with federal funds and included on the fixed asset system, we were unable to verify whether the equipment was designated as being purchased with Federal funds. If equipment purchased with federal funds is sold, then the Federal government must be reimbursed their share of the selling price.

CRITERIA:

28CFR 66.32(d) states that the recipients' property management standards for equipment acquired with Federal funds shall, at a minimum, meet the following requirements:

- a description of the equipment,
- a serial number or other identification number,
- the source of equipment, including the award number
- who holds title,
- the acquisition date and cost of the equipment,
- percentage of Federal participation in the cost of the equipment,
- the location, use and condition of the property,
- and any ultimate disposition data including the date of disposal and sale price of the property.

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

EFFECTS:

Without proper inventory controls in place, it minimizes the assurance that the Government is adequately tracking and monitoring acquisitions and disposals of equipment acquired with Federal funds.

QUESTIONED COSTS:

Unable to be determined.

CAUSE:

The Government has inadequate controls over ensuring capital assets acquired with Federal funds are properly coded as capital expenditures and maintained in the capital asset system.

RECOMMENDATIONS:

We recommend the Government strengthen internal controls over fixed asset records to ensure acquisitions of equipment with Federal funds are properly safeguarded in accordance with Federal regulations.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the Government's resources.