

AUGUSTA, GEORGIA

Annual Financial Statements

For the Year Ended December 31, 2008

AUGUSTA, GEORGIA
Annual Financial Report
Year Ended December 31, 2008

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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, 2008 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, 2008, 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 11 to the financial statements, certain errors resulting in understatement of beginning net assets as of December 31, 2008, were discovered by management of Augusta, Georgia during the current year. Accordingly, adjustments have been made to beginning net assets as of December 31, 2008 to correct the errors. As a result of these errors, management has restated previously issued financial statements. The previously-issued auditors' report dated December 31, 2007 is not be relied on because the previously-issued financial statements were materially misstated and the previously issued auditors' report is replaced by the auditors' report on the restated financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2009 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, 2008, 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.

Cherry, Bekert & Holland, L.L.P.

Augusta, Georgia
October 20, 2009

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, 2008. 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, 2008 are as follows:

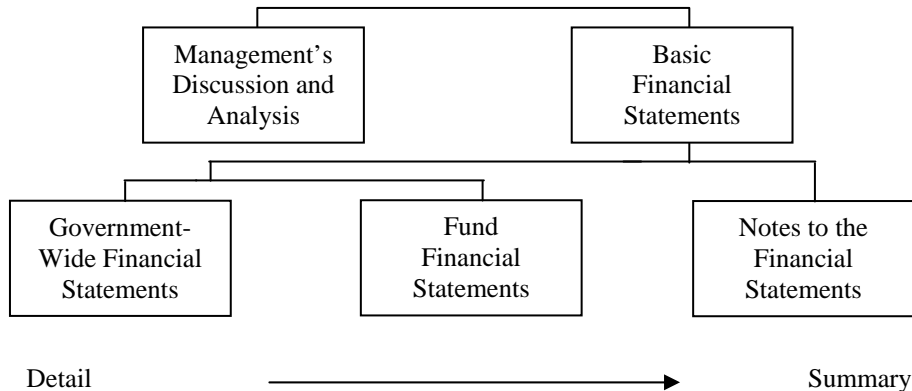
- The Government's combined net assets totaled \$801.7 million.
- The Government's total net assets increased by \$48.4 million, primarily due to capital spending funded by the Special Purpose Local Option Sales Tax revenues, federal aviation grants, and other tax revenues.
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$284.3 million, a decrease of \$11.8 million from the prior year. Approximately 62% of this total amount, or \$177 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 \$18.3 million, or 14% of total General Fund expenditures for the fiscal year. Of this amount, \$4.7 million has been designated for other purposes, leaving \$13.6 million, or 74% of total General Fund fund balance, as undesignated.
- Combined Revenue totaled \$361.3 million, of which governmental activities totaled \$226.7 million and business-type activities totaled \$134.6 million. Current year revenues increased approximately 3.6% from those of the prior year.
- Overall expenses totaled \$312.9 million of which governmental activities totaled \$202.2 million and business-type activities totaled \$110.7 million. Current year expenses increased approximately 8% over those of the prior year.
- Expenses of governmental activities exceeded program revenue by \$157.9 million, resulting in the use of general revenues (mostly taxes).
- Total Outstanding Long-Term Debt, excluding compensated absences, increased approximately \$6.0 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, and Garbage Collection. 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, 2008 and 2007

Figure 2

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 330,278,371	\$ 220,203,957	\$ 550,482,328	\$ 337,082,135	\$ 301,886,466	\$ 638,968,601
Capital assets	269,552,981	609,417,651	878,970,632	247,213,678	485,052,108	732,265,786
Total assets	<u>599,831,352</u>	<u>829,621,608</u>	<u>1,429,452,960</u>	<u>584,295,813</u>	<u>786,938,574</u>	<u>1,371,234,387</u>
Long-term liabilities	36,753,737	516,513,673	553,267,410	45,530,123	504,604,579	550,134,702
Other liabilities	44,552,852	29,975,179	74,528,031	48,060,667	30,406,025	78,466,692
Total liabilities	<u>81,306,589</u>	<u>546,488,852</u>	<u>627,795,441</u>	<u>93,590,790</u>	<u>535,010,604</u>	<u>628,601,394</u>
Net assets:						
Invested in capital assets, net of related debt	270,333,969	172,210,733	442,544,702	238,765,702	143,717,492	382,483,194
Restricted	190,117,858	15,056,403	205,174,261	186,758,852	15,926,125	202,684,977
Unrestricted	<u>58,072,936</u>	<u>95,865,620</u>	<u>153,938,556</u>	<u>65,180,469</u>	<u>92,284,353</u>	<u>157,464,822</u>
Total net assets	\$ <u>518,524,763</u>	\$ <u>283,132,756</u>	\$ <u>801,657,519</u>	\$ <u>490,705,023</u>	\$ <u>251,927,970</u>	\$ <u>742,632,993</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 \$801.7 million as of December 31, 2008.

The largest portion of the Government's net assets, \$442.5 million or 55%, 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, \$205.2 million or 25%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$153.9 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 35 – 50 day unreserved fund balance in the General Fund.

**The Government's Changes in Net Assets
For the Years Ended December 31, 2008 and 2007
Figure 3**

	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	2008	2008	2008	2007	2007	2007
Revenues:						
Program revenues:						
Charges for services	\$ 33,837,433	\$ 124,327,772	\$ 158,165,205	\$ 35,142,343	\$ 108,082,353	\$ 143,224,696
Operating grants and contributions	10,272,966	336,403	10,609,369	10,591,102	183,764	10,774,866
Capital grants and contributions	173,210	2,292,179	2,465,389	630,514	3,654,745	4,285,259
General revenues:						
Property taxes	54,880,218	-	54,880,218	48,820,848	-	48,820,848
Other taxes	112,849,736	-	112,849,736	111,459,091	-	111,459,091
Unrestricted governmental revenues	2,352,101	-	2,352,101	960,741	-	960,741
Revenues from use of money and property	11,154,486	6,153,252	17,307,738	15,424,993	11,961,476	27,386,469
Miscellaneous	1,236,361	1,464,938	2,701,299	815,900	939,453	1,755,353
Total revenues	<u>226,756,511</u>	<u>134,574,544</u>	<u>361,331,055</u>	<u>223,845,532</u>	<u>124,821,791</u>	<u>348,667,323</u>
Expenses:						
General government	37,327,653	-	37,327,653	32,569,426	-	32,569,426
Judicial	16,553,255	-	16,553,255	15,871,604	-	15,871,604
Public safety	84,098,300	-	84,098,300	77,636,868	-	77,636,868
Public works	17,542,611	-	17,542,611	13,007,368	-	13,007,368
Health and welfare	2,755,659	-	2,755,659	2,227,609	-	2,227,609
Culture and recreation	22,494,025	-	22,494,025	24,555,210	-	24,555,210
Housing and development	10,291,908	-	10,291,908	8,844,236	-	8,844,236
Housing and development-MCG	10,000,000	-	10,000,000	-	-	-
Interest on long-term debt	1,136,879	-	1,136,879	1,517,141	-	1,517,141
Waste management	-	5,485,075	5,485,075	-	6,196,161	6,196,161
Water and sewer	-	65,098,051	65,098,051	-	70,720,901	70,720,901
Airports	-	19,526,505	19,526,505	-	15,380,555	15,380,555
Municipal golf course	-	651,455	651,455	-	546,477	546,477
Transit	-	5,067,023	5,067,023	-	4,607,435	4,607,435
Garbage Collection	-	14,946,189	14,946,189	-	14,296,461	14,296,461
Riverwalk	-	-	-	-	117	117
Total expenses	<u>202,200,290</u>	<u>110,774,298</u>	<u>312,974,588</u>	<u>176,229,462</u>	<u>111,748,107</u>	<u>287,977,569</u>
Increase in net assets before transfers	24,556,221	23,800,246	48,356,467	47,616,070	13,073,684	60,689,754
Transfers	(7,404,540)	7,404,540	-	(6,728,431)	6,728,431	-
Increase in net assets	17,151,681	31,204,786	48,356,467	40,887,639	19,802,115	60,689,754
Net assets, January 1	<u>490,705,023</u>	<u>251,927,970</u>	<u>742,632,993</u>	<u>449,817,384</u>	<u>233,439,787</u>	<u>683,257,171</u>
Prior period adjustments	<u>10,668,059</u>	<u>-</u>	<u>10,668,059</u>	<u>-</u>	<u>(1,313,932)</u>	<u>(1,313,932)</u>
Net assets, January 1, as restated	<u>501,373,082</u>	<u>251,927,970</u>	<u>753,301,052</u>	<u>449,817,384</u>	<u>232,125,855</u>	<u>681,943,239</u>
Net assets, December 31	<u>\$ 518,524,763</u>	<u>\$ 283,132,756</u>	<u>\$ 801,657,519</u>	<u>\$ 490,705,023</u>	<u>\$ 251,927,970</u>	<u>\$ 742,632,993</u>

Changes in Net Assets

Governmental activities. Governmental activities increased the Government's net assets by \$17.1 million, and thereby accounting for 43% 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 74% in 2008, compared to 71% in 2007. Sales tax revenues contributed approximately \$74 million to the increase in net assets.

Governmental Functional Expenses: As reflected in the summary of changes in Net Assets, the Government expended 50% 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 50%.

Business-type activities: Business-type activities increased the Government's net assets by approximately \$31.2 million accounting for 64% 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 \$7.2 million. This increase was due to maintaining volumes similar to 2007 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 \$12.5 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 \$1.5 million. This increase was largely due additional cash generated from operations and intergovernmental revenue received for capital spending.
- Garbage Collection net assets increase of \$1.7 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 \$284.3 million, of which \$177 million, or 62%, 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 \$19.2 million, of which \$18.4 million, or 96%, 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, 2008, total unreserved fund balance, both undesignated and designated, represents 15% of total general fund expenditures.

The fund balance of the General Fund decreased \$13.6 million (41%). Key factors to this result includes the budgeted use of \$5.1 million of fund balance, the onetime use of \$10 million in fund balance for the Economic Revitalization project involving Gilbert Manor and the Medical College of Georgia, the delay in receiving \$2.1 million for the Homeowner Tax Relief Grant from the State of Georgia until June of 2009. As part of the SPLOST referendum that was approved on June 16, 2009, the \$10 million for the Economic Revitalization Project will be returned to the fund balance in 2009.

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 less than the budgeted amount by \$3.6 million, or 3%. The individual sources within the revenues fluctuated both positively and negatively. No individual source materially varied from the final budget.

The 2008 adopted budget (November 20, 2007) projected Ad Valorem tax revenues to increase based on an anticipated increase in the mill rates for the General fund of 1.193 mills and Fire Protection of .2 mills. As the economy continued to struggle and the recession deepened, the Augusta Commission was unwilling to compound the effects on it's citizens by proceeding with the proposed tax increase. In July 2008, the Augusta Commission voted to keep the 2008 mill rate at the 2007 levels and utilize reserves to fund the budgeted level of operations. The budgeted use of reserves were \$5.2 million from the General fund and \$1 million for the Fire Protection.

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 \$38 million, the SPLOST Fund Phase IV's fund balance is \$84 million and the SPLOST Fund Phase V's fund balance is \$106 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, \$63.8 million; Augusta Regional Airport, \$7.0 million; Nonmajor Enterprise funds, \$22 million. The total growth (reduction) in net assets for previously mentioned funds were \$12.5 million, \$1.5 million and \$9.2 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, 2008 amounts to \$878.9 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, 2008

Figure 4

	Governmental Activities	Business-type Activities	Total
Land	\$ 20,607,064	\$ 16,969,704	\$ 37,576,768
Buildings	52,565,308	48,388,343	100,953,651
Improvements other than buildings	21,552,593	6,614,679	28,167,272
Water and sewerage systems	-	289,880,437	289,880,437
Infrastructure	72,293,034	12,756,929	85,049,963
Vehicles, machinery and equipment	16,260,972	18,700,867	34,961,839
Richmond County Public Facilities	2,109,247	-	2,109,247
Construction in progress	84,164,763	216,106,692	300,271,455
Total	\$ 269,552,981	\$ 609,417,651	\$ 878,970,632

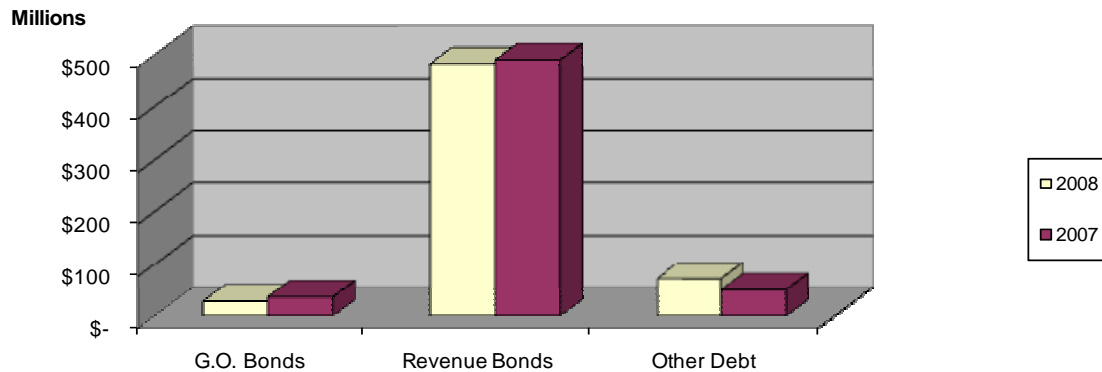
Long-Term Debt

As of December 31, 2008, the Government had a total of \$528 million in outstanding long-term debt. Of this amount, \$483.1 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, 2008

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 27,869,922	\$ 36,468,229	\$ -	\$ -	\$ 27,869,922	\$ 36,468,229
Revenue bonds	-	46,053	483,110,959	490,209,032	483,110,959	490,255,085
Other debt	26,617,373	26,941,843	45,363,819	23,267,894	71,981,192	50,209,737
Total debt	\$ 54,487,295	\$ 63,456,125	\$ 528,474,778	\$ 513,476,926	\$ 582,962,073	\$ 576,933,051



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 \$482 million based on the 2008 County-wide bond digest of \$4,816 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 7.1 %, slightly higher than the state average of 6.2%.
- There is a budgeted use of existing fund balance in the 2009 adopted budget.
- The 2009 tax digest decreased by 1.4%, with .47% of this from normal factors such as increased exemptions and the remaining .93% from reassessments.
- In 2008 the monthly Local Option Sales Tax collections decreased at a rate of .49% over 2007.

Budget Highlights for the Fiscal Year Ending December 31, 2009

Each year, the County's overall goal is to provide essential services to our citizens as cost effectively and professionally as possible. The Augusta Commission works diligently to plan for the future while insuring current programs and services are working as smoothly as possible. We continually seek to improve. We are pleased that through our fiscal responsibility we are able to maintain our current level of service without an increase in taxes.

Governmental Activities: The Ad Valorem Taxes are projected to remain steady or slightly decrease from the 2008 level. The 2009 tax digest has shown a decrease of approximately 1.4%. Other taxes are expected to slightly increase with an expected 1% increase in sales tax revenues. The FY 2009 budget for the general fund is expected to be slightly above the 2008 level due to 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 2009 is expected to be stable. The undesignated fund balance should increase by \$12.1 million due to the receipt of the \$2.1 million for 2008 Homeowners Tax Relief grant that was received in 2009 and the passage of the SPLOST Referendum on June 16, 2009 that will return \$10 million to the General Fund fund balance.

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, 2008

	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	\$ 238,956,710	\$ 78,829,531	\$ 317,786,241	\$ 1,414,800	\$ 1,284,097	\$ 465,249
Receivables (net of allowance (for doubtful accounts)						
Taxes	9,812,154	-	9,812,154	-	-	-
Accounts	16,165,840	18,766,912	34,932,752	1,491,439	116,946	1,497
Interest	228,212	202,335	430,547	-	-	-
Notes	3,638,581	-	3,638,581	-	-	-
Intergovernmental	1,875	47,527	49,402	-	-	-
Prepaid expenses	277,773	252,461	530,234	-	36,946	-
Inventory	87,297	2,615,188	2,702,485	-	30,767	-
Restricted cash and investments	58,512,532	99,577,422	158,089,954	-	2,123,456	-
Internal balances	2,237,911	(2,237,911)	-	-	-	-
Capital assets						
Land and construction in progress	104,771,827	233,076,392	337,848,219	1,647,997	559,642	-
Other capital assets, net of accumulated depreciation	164,781,154	376,341,259	541,122,413	7,325,961	13,273,376	3,489,101
Other assets	359,486	22,150,492	22,509,978	-	-	31,029
Total assets	599,831,352	829,621,608	1,429,452,960	11,880,197	17,425,230	3,986,876
Liabilities						
Accounts payable	8,813,953	10,863,687	19,677,640	1,477,818	57,550	67,906
Accrued interest	365,667	5,802,751	6,168,418	-	-	-
Accrued salaries and vacation	5,896,847	1,121,490	7,018,337	186,566	49,785	-
Other accrued liabilities	10,693,282	226,146	10,919,428	50,197	-	207,927
Unearned revenue	1,049,545	-	1,049,545	-	8,420	-
Liabilities due in less than one year	17,733,558	11,961,105	29,694,663	35,424	-	600,000
Liabilities due in greater than one year	36,753,737	516,513,673	553,267,410	834,381	-	615,000
Total liabilities	81,306,589	546,488,852	627,795,441	2,584,386	115,755	1,490,833
Net assets						
Invested in capital assets net of related debt	270,333,969	172,210,733	442,544,702	8,539,473	13,833,018	2,274,101
Restricted for:						
Capital projects	189,779,233	9,412,805	199,192,038	-	2,665,877	-
Debt service	-	8,881,448	8,881,448	-	-	-
Perpetual care	338,625	-	338,625	-	-	-
Health and welfare	-	-	-	1,116,647	-	-
Unrestricted	58,072,936	92,627,770	150,700,706	(360,309)	810,580	221,942
Total net assets	\$ 518,524,763	\$ 283,132,756	\$ 801,657,519	\$ 9,295,811	\$ 17,309,475	\$ 2,496,043

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

AUGUSTA, GEORGIA
Statement of Activities
Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 37,327,653	\$ 14,972,483	\$ 75,848	\$ -
Judicial	16,553,255	8,121,058	424,287	-
Public safety	84,098,300	6,726,775	819,191	-
Public works	17,542,611	1,916,462	-	173,210
Health and welfare	2,755,659	138,192	418,445	-
Culture and recreation	22,494,025	1,935,406	2,819,567	-
Housing and development	10,291,908	27,057	5,715,628	-
Housing and development - MCG	10,000,000	-	-	-
Interest on long-term debt	1,136,879	-	-	-
Total governmental activities	<u>202,200,290</u>	<u>33,837,433</u>	<u>10,272,966</u>	<u>173,210</u>
Business-type activities:				
Waste management	5,485,075	11,340,418	-	-
Water and sewer	65,098,051	81,177,713	-	-
Airports	19,526,505	16,601,421	-	2,156,501
Municipal golf course	651,455	483,127	-	-
Transit	5,067,023	714,085	336,403	135,678
Garbage collection	14,946,189	14,011,008	-	-
Total business-type activities	<u>110,774,298</u>	<u>124,327,772</u>	<u>336,403</u>	<u>2,292,179</u>
Total primary government	<u>\$ 312,974,588</u>	<u>\$ 158,165,205</u>	<u>\$ 10,609,369</u>	<u>\$ 2,465,389</u>
Component units:				
Richmond County Department of Health	\$ 16,251,980	\$ 2,419,450	\$ 12,648,361	\$ -
Augusta Canal Authority	1,585,243	698,416	380,586	462,062
Downtown Development Authority	765,540	18,438	365,291	628,705
Total component units	<u>\$ 18,602,763</u>	<u>\$ 3,136,304</u>	<u>\$ 13,394,238</u>	<u>\$ 1,090,767</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
\$ (22,279,322)	\$ -	\$ (22,279,322)	\$ -	\$ -	\$ -
(8,007,910)	-	(8,007,910)	-	-	-
(76,552,334)	-	(76,552,334)	-	-	-
(15,452,939)	-	(15,452,939)	-	-	-
(2,199,022)	-	(2,199,022)	-	-	-
(17,739,052)	-	(17,739,052)	-	-	-
(4,549,223)	-	(4,549,223)	-	-	-
(10,000,000)	-	(10,000,000)	-	-	-
(1,136,879)	-	(1,136,879)	-	-	-
<u>(157,916,681)</u>	<u>-</u>	<u>(157,916,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	5,855,343	5,855,343	-	-	-
-	16,079,662	16,079,662	-	-	-
-	(768,583)	(768,583)	-	-	-
-	(168,328)	(168,328)	-	-	-
-	(3,880,857)	(3,880,857)	-	-	-
-	(935,181)	(935,181)	-	-	-
<u>-</u>	<u>16,182,056</u>	<u>16,182,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ (157,916,681)	\$ 16,182,056	\$ (141,734,625)	\$ -	\$ -	\$ -
-	-	-	(1,184,169)	-	-
-	-	-	-	(44,179)	-
-	-	-	-	-	246,894
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,184,169)</u>	<u>(44,179)</u>	<u>246,894</u>
54,880,218	-	54,880,218	-	-	-
74,171,830	-	74,171,830	-	-	-
19,453,502	-	19,453,502	-	-	-
19,224,404	-	19,224,404	-	-	-
2,352,101	-	2,352,101	1,430,503	-	-
11,154,486	6,153,252	17,307,738	28,593	46,642	16,455
1,236,361	1,464,938	2,701,299	-	49,649	-
(7,404,540)	7,404,540	-	-	-	-
<u>175,068,362</u>	<u>15,022,730</u>	<u>190,091,092</u>	<u>1,459,096</u>	<u>96,291</u>	<u>16,455</u>
17,151,681	31,204,786	48,356,467	274,927	52,112	263,349
490,705,023	251,927,970	742,632,993	9,020,884	15,526,628	2,232,694
10,668,059	-	10,668,059	-	1,730,735	-
<u>501,373,082</u>	<u>251,927,970</u>	<u>753,301,052</u>	<u>9,020,884</u>	<u>17,257,363</u>	<u>2,232,694</u>
<u>\$ 518,524,763</u>	<u>\$ 283,132,756</u>	<u>\$ 801,657,519</u>	<u>\$ 9,295,811</u>	<u>\$ 17,309,475</u>	<u>\$ 2,496,043</u>

FUND FINANCIAL STATEMENTS

AUGUSTA, GEORGIA

Balance Sheet Governmental Funds December 31, 2008

	General	Fire Protection	Special Sales Tax Phase III
Assets			
Cash and temporary investments	\$ 17,200,861	\$ 15,936,274	\$ 40,122,034
Receivables (net of allowance for doubtful accounts)			
Taxes	6,556,016	1,031,063	-
Accounts	6,694,490	2,405	-
Interest	-	-	84,404
Note	-	-	-
Intergovernmental	1,875	-	-
Prepaid items	277,773	-	-
Inventory	87,297	-	-
Restricted assets			
Reserve account	-	-	-
Perpetual care	-	-	-
Due from other funds	2,513,921	-	-
Total assets	\$ 33,332,233	\$ 16,969,742	\$ 40,206,438
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 2,214,800	\$ 407,712	\$ 1,364,297
Due to other funds	-	-	-
Accrued salaries and vacation	4,394,094	1,068,023	-
Other accrued liabilities	1,539,031	-	-
Deferred revenue	5,969,603	756,911	-
Total liabilities	14,117,528	2,232,646	1,364,297
Fund balances:			
Reserved for:			
Encumbrances	499,745	68,221	7,762,788
Project Maintenance	-	-	-
Inventory/prepaid items	365,070	-	-
GOB Projects	-	-	-
Unreserved - designated for:			
Other	-	10,924,360	-
Risk benefit	4,705,061	250,000	-
Unreserved - undesignated	13,644,829	3,494,515	31,079,353
Unreserved, reported in nonmajor:			
Special revenue	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Permanent	-	-	-
Total fund balances	19,214,705	14,737,096	38,842,141
Total liabilities and fund balances	\$ 33,332,233	\$ 16,969,742	\$ 40,206,438

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
\$ 86,287,637	\$ 58,058,519	\$ 19,921,729	\$ 237,527,054
-	-	2,225,075	9,812,154
511,868	2,451,563	1,689,101	11,349,427
-	98,442	45,366	228,212
-	-	3,638,581	3,638,581
-	-	-	1,875
-	-	-	277,773
-	-	-	87,297
-	46,325,893	-	46,325,893
-	-	338,625	338,625
-	-	179,433	2,693,354
<u>\$ 86,799,505</u>	<u>\$ 106,934,417</u>	<u>\$ 28,037,910</u>	<u>\$ 312,280,245</u>
\$ 2,215,546	\$ 582,138	\$ 1,289,540	\$ 8,074,033
-	-	497,728	497,728
99,876	-	281,556	5,843,549
-	-	59,117	1,598,148
-	-	5,207,927	11,934,441
<u>2,315,422</u>	<u>582,138</u>	<u>7,335,868</u>	<u>27,947,899</u>
23,575,689	31,756,959	1,105,673	64,769,075
-	-	1,596,460	1,596,460
-	-	-	365,070
-	40,616,908	-	40,616,908
-	-	-	10,924,360
-	-	-	4,955,061
60,908,394	33,978,412	-	143,105,503
-	-	14,088,066	14,088,066
-	-	15,456	15,456
-	-	3,454,870	3,454,870
-	-	441,517	441,517
<u>84,484,083</u>	<u>106,352,279</u>	<u>20,702,042</u>	<u>284,332,346</u>
<u>\$ 86,799,505</u>	<u>\$ 106,934,417</u>	<u>\$ 28,037,910</u>	<u>\$ 312,280,245</u>

AUGUSTA, GEORGIA

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
December 31, 2008**

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

Ending fund balance - governmental funds	\$ 284,332,346
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Historical cost of capital assets	379,488,325
Accumulated depreciation	(109,935,343)
	<u>269,552,982</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	10,884,895
Bond issue costs capitalized	359,486
	<u>11,244,381</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	1,346,171
Less: cumulative amounts allocated to business-type activities	206,717
Less: capital assets included in adjustment for capital assets	(424,008)
	<u>1,128,880</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	-
General obligation bonds payable	(27,869,922)
Compensated absences	(4,602,447)
Capital leases	(1,460,713)
Claims and judgements	(4,339,943)
Other post employment benefits liability	(8,534,019)
Annual pension liability	(561,115)
Accrued interest	(365,667)
	<u>(47,733,826)</u>
Net assets of governmental activities	<u><u>\$ 518,524,763</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, 2008**

	<u>General</u>	<u>Fire Protection</u>	<u>Special Sales Tax Phase III</u>
Revenues			
Taxes - property	\$ 34,689,439	\$ 5,156,426	\$ -
Taxes - other than property	50,611,562	10,924,360	-
Licenses and permits	1,202,725	250	-
Use of money and property	2,584,056	355,652	1,521,728
Charges for current services	16,376,340	169,090	-
Fines and forfeitures	5,586,506	-	-
Intergovernmental	4,373,592	-	236,659
Contributions and donations	39,693	-	-
Other	60,571	52,637	-
Total revenues	<u>115,524,484</u>	<u>16,658,415</u>	<u>1,758,387</u>
Expenditures			
Current:			
General government	26,482,840	-	54,460
Judicial	15,097,688	-	-
Public safety	55,846,525	22,237,391	-
Public works	6,526,018	-	2,044,815
Health and welfare	2,684,708	-	-
Culture and recreation	13,192,943	-	28,362
Housing and development	1,950,215	-	-
Housing and development - MCG	10,000,000	-	-
Capital outlay	-	630,674	8,819,675
Debt service	46,668	-	-
Total expenditures	<u>131,827,605</u>	<u>22,868,065</u>	<u>10,947,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,303,121)</u>	<u>(6,209,650)</u>	<u>(9,188,925)</u>
Other financing sources (uses)			
Transfers in	3,937,079	4,858,923	2,167,667
Transfers (out)	(2,460,104)	-	-
Capital lease proceeds	1,167,644	-	-
Total other financing sources (uses)	<u>2,644,619</u>	<u>4,858,923</u>	<u>2,167,667</u>
Net change in fund balances	<u>(13,658,502)</u>	<u>(1,350,727)</u>	<u>(7,021,258)</u>
Fund balance - beginning	<u>32,873,207</u>	<u>5,419,764</u>	<u>45,863,399</u>
Prior period adjustment	<u>-</u>	<u>10,668,059</u>	<u>-</u>
Fund balance - beginning, as restated	<u>32,873,207</u>	<u>16,087,823</u>	<u>45,863,399</u>
Fund balance - ending	<u>\$ 19,214,705</u>	<u>\$ 14,737,096</u>	<u>\$ 38,842,141</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
\$ -	\$ -	\$ 10,541,918	\$ 50,387,783
-	37,526,304	13,787,510	112,849,736
-	-	3,279,509	4,482,484
2,721,566	3,406,193	624,603	11,213,798
-	-	6,694,450	23,239,880
-	-	492,359	6,078,865
2,454,897	-	5,686,343	12,751,491
-	-	2,800	42,493
500,000	-	585,322	1,198,530
<u>5,676,463</u>	<u>40,932,497</u>	<u>41,694,814</u>	<u>222,245,060</u>
547,541	-	3,766,242	30,851,083
-	-	335,248	15,432,936
353,090	-	3,768,975	82,205,981
2,868,512	665,885	4,689,905	16,795,135
4,412,068	1,054,359	-	8,151,135
951,416	2,503,261	4,917,772	21,593,754
-	-	8,304,286	10,254,501
-	-	-	10,000,000
8,240,027	1,378,047	1,918,612	20,987,035
-	-	11,190,553	11,237,221
<u>17,372,654</u>	<u>5,601,552</u>	<u>38,891,593</u>	<u>227,508,781</u>
(11,696,191)	35,330,945	2,803,221	(5,263,721)
-	-	10,793,321	21,756,990
(243,903)	(9,716,000)	(17,008,364)	(29,428,371)
-	-	-	1,167,644
<u>(243,903)</u>	<u>(9,716,000)</u>	<u>(6,215,043)</u>	<u>(6,503,737)</u>
(11,940,094)	25,614,945	(3,411,822)	(11,767,458)
<u>96,424,177</u>	<u>80,737,334</u>	<u>24,113,864</u>	<u>285,431,745</u>
-	-	-	10,668,059
<u>96,424,177</u>	<u>80,737,334</u>	<u>24,113,864</u>	<u>296,099,804</u>
<u>\$ 84,484,083</u>	<u>\$ 106,352,279</u>	<u>\$ 20,702,042</u>	<u>\$ 284,332,346</u>

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, 2008**

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

Net change in fund balances - total governmental funds \$ (11,767,458)

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	31,517,167	
Depreciation expense	<u>(9,137,776)</u>	22,379,391

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. 4,350,613

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. (963,435)

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. (5,922,215)

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	8,598,307	
Revenue bonds payable	46,226	
Compensated absences	(564,429)	
Capital leases	295,328	
Claims and judgements	638,314	
Bond issue costs capitalized	(119,829)	
Accrued interest	112,666	
	<u>9,006,583</u>	

The net revenue of certain activities of the internal service fund is reported with governmental 68,202

Change in net assets of governmental activities \$ 17,151,681

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, 2008

With comparative amounts for December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2007 Actual
	Original	Final			
Revenues					
Taxes - property	\$ 40,532,709	\$ 36,502,943	\$ 34,689,439	\$ (1,813,504)	\$ 36,747,206
Taxes - other than property	50,537,400	50,537,400	50,611,562	74,162	49,841,876
Licenses and permits	1,557,000	1,557,000	1,202,725	(354,275)	1,601,287
Use of money and property	2,134,728	2,463,643	2,584,056	120,413	3,464,322
Charges for current services	17,306,670	16,872,385	16,376,340	(496,045)	16,947,571
Fines and forfeitures	6,261,500	6,261,500	5,586,506	(674,994)	6,034,855
Intergovernmental	2,625,990	4,900,156	4,373,592	(526,564)	2,763,323
Contributions and donations	7,020	20,420	39,693	19,273	34,693
Other	32,000	42,020	60,571	18,551	51,373
Total revenues	120,995,017	119,157,467	115,524,484	(3,632,983)	117,486,506
Expenditures					
Current:					
General government	28,322,996	25,334,279	26,482,840	(1,148,561)	25,025,439
Judicial	15,257,248	15,902,224	15,097,688	804,536	14,189,686
Public safety	53,641,931	58,248,486	55,846,525	2,401,961	51,785,481
Public works	7,626,920	7,753,793	6,526,018	1,227,775	5,441,076
Health and welfare	2,623,250	2,686,662	2,684,708	1,954	2,143,037
Culture and recreation	13,704,302	13,935,417	13,192,943	742,474	13,069,396
Housing and development	2,049,070	2,597,736	1,950,215	647,521	2,047,398
Housing and development - MCG	-	10,000,000	10,000,000	-	-
Debt service	48,940	48,940	46,668	2,272	117,278
Total expenditures	123,274,657	136,507,537	131,827,605	4,679,932	113,818,791
Excess (deficiency) of revenues over (under) expenditures	(2,279,640)	(17,350,070)	(16,303,121)	1,046,949	3,667,715
Other financing sources (uses)					
Transfers in	4,246,770	19,758,711	3,937,079	(15,821,632)	2,545,843
Transfers (out)	(1,967,130)	(2,408,641)	(2,460,104)	(51,463)	(2,994,833)
Capital lease proceeds	-	-	1,167,644	1,167,644	1,967,750
Total other financing sources (uses)	2,279,640	17,350,070	2,644,619	(14,705,451)	1,518,760
Net change in fund balances	\$ -	\$ -	(13,658,502)	\$(13,658,502)	5,186,475
Fund balance - beginning			32,873,207		27,686,732
Fund balance - ending			\$ 19,214,705		\$ 32,873,207

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, 2008

With comparative amounts for December 31, 2007

Revenues	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>(Restated) 2007 Actual</u>
	<u>Original</u>	<u>Final</u>			
Taxes - property	\$ 6,605,660	\$ 5,500,308	\$ 5,156,426	\$ (343,882)	\$ 5,464,228
Taxes - other than property	10,432,060	10,668,060	10,924,360	256,300	10,668,059
Licenses and permits	-	-	250	250	-
Use of money and property	300,000	375,000	355,652	(19,348)	473,874
Charges for current services	45,700	125,700	169,090	43,390	113,971
Intergovernmental	-	-	-	-	245,417
Other	-	50,375	52,637	2,262	11,291
Total revenues	<u>17,383,420</u>	<u>16,719,443</u>	<u>16,658,415</u>	<u>(61,028)</u>	<u>16,976,840</u>
Expenditures					
Current:					
Public safety	21,061,120	22,433,570	22,237,391	196,179	20,075,393
Capital outlay	1,282,300	1,960,225	630,674	1,329,551	143,476
Debt service	-	-	-	-	11,314
Total expenditures	<u>22,343,420</u>	<u>24,393,795</u>	<u>22,868,065</u>	<u>1,525,730</u>	<u>20,230,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,960,000)</u>	<u>(7,674,352)</u>	<u>(6,209,650)</u>	<u>1,464,702</u>	<u>(3,253,343)</u>
Other financing sources (uses)					
Transfers in	4,960,000	7,674,352	4,858,923	(2,815,429)	6,340,085
Total other financing sources (uses)	<u>4,960,000</u>	<u>7,674,352</u>	<u>4,858,923</u>	<u>(2,815,429)</u>	<u>6,340,085</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,350,727)</u>	<u>\$ (1,350,727)</u>	<u>\$ 3,086,742</u>
Fund balance - beginning			<u>16,087,823</u>		<u>2,773,571</u>
Prior period adjustment			<u>-</u>		<u>10,227,510</u>
Fund balances - beginning, as restated			<u>16,087,823</u>		<u>13,001,081</u>
Fund balance - ending			<u>\$ 14,737,096</u>		<u>\$ 16,087,823</u>

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

AUGUSTA, GEORGIA

Statement of Net Assets Proprietary Funds December 31, 2008

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds		
Assets					
Current assets					
Cash and temporary investments	\$ 41,561,059	\$ 7,714,343	\$ 29,554,129	\$ 78,829,531	\$ 1,429,656
Receivables (net of allowance for doubtful Accounts	14,960,128	537,328	3,269,456	18,766,912	4,816,413
Interest	196,014	-	6,321	202,335	-
Intergovernmental	-	47,527	-	47,527	-
Prepaid expenses	252,461	-	-	252,461	-
Inventory	2,139,850	263,941	211,397	2,615,188	-
Total current assets	59,109,512	8,563,139	33,041,303	100,713,954	6,246,069
Noncurrent assets					
Restricted cash and investments	79,536,168	18,674,455	1,366,799	99,577,422	11,848,014
Deferred bond issuance costs	5,798,705	962,075	299,152	7,059,932	-
Prepaid bond interest	15,090,560	-	-	15,090,560	-
Capital assets, net	528,265,940	54,958,411	26,193,300	609,417,651	424,008
Total noncurrent assets	628,691,373	74,594,941	27,859,251	731,145,565	12,272,022
Total assets	687,800,885	83,158,080	60,900,554	831,859,519	18,518,091
Liabilities					
Current liabilities					
Accounts payable	8,554,224	799,832	1,509,631	10,863,687	739,920
Accrued interest	5,802,751	-	-	5,802,751	-
Due to other funds	662,394	1,288,387	80,413	2,031,194	164,432
Accrued salaries and vacation	1,188,325	359,974	373,730	1,922,029	53,298
Other accrued liabilities	-	-	226,146	226,146	-
Current portion of notes payable	2,091,948	-	-	2,091,948	-
Current portion of leases payable	763,452	-	1,045,166	1,808,618	-
Current portion of revenue bonds payable	5,610,000	-	1,650,000	7,260,000	-
Total current liabilities	24,673,094	2,448,193	4,885,086	32,006,373	957,650
Noncurrent liabilities					
Closure/postclosure accrual	-	-	9,184,152	9,184,152	-
Revenue bonds payable	452,334,181	19,605,000	3,911,778	475,850,959	16,214,270
Notes payable	22,501,286	-	-	22,501,286	-
Capital leases	6,893,894	-	2,083,382	8,977,276	-
Total noncurrent liabilities	481,729,361	19,605,000	15,179,312	516,513,673	16,214,270
Total liabilities	506,402,455	22,053,193	20,064,398	548,520,046	17,171,920
Net assets					
Invested in capital assets, net of related debt	108,725,899	44,617,749	18,867,085	172,210,733	424,008
Restricted	8,881,448	9,410,117	2,688	18,294,253	-
Unrestricted	63,791,083	7,077,021	21,966,383	92,834,487	922,163
Total net assets	\$ 181,398,430	\$ 61,104,887	\$ 40,836,156	\$ 283,339,473	\$ 1,346,171

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.	\$ (113,514)
Certain internal fund expenses are allocated to business-type activities.	(93,203)
Total net assets for business-type activities	\$ 283,132,756

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, 2008**

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds		
Operating revenues					
Charges and fees	\$ 81,177,713	\$ 16,505,027	\$ 26,645,032	\$ 124,327,772	\$ 31,212,279
Total operating revenues	<u>81,177,713</u>	<u>16,505,027</u>	<u>26,645,032</u>	<u>124,327,772</u>	<u>31,212,279</u>
Operating expenses					
Personal services and employee benefits	12,731,629	3,632,084	4,793,117	21,156,830	488,909
Purchased/contracted services	8,515,845	1,128,644	14,560,705	24,205,194	525,628
Supplies	5,991,063	10,464,024	1,869,311	18,324,398	218,726
Repairs and maintenance	4,017,043	261,510	539,735	4,818,288	4,770,221
Interfund/interdepartmental charges	1,800,387	232,438	1,355,987	3,388,812	-
Other costs	-	881	800	1,681	155,435
Depreciation	16,195,528	2,272,293	2,309,515	20,777,336	40,087
Closure/postclosure accrual	-	-	668,218	668,218	-
Lease expense	-	-	-	-	2,466,920
Risk benefit charges	-	-	-	-	831,327
Insurance	-	-	-	-	22,020,050
Total operating expenses	<u>49,251,495</u>	<u>17,991,874</u>	<u>26,097,388</u>	<u>93,340,757</u>	<u>31,517,303</u>
Operating income (loss)	<u>31,926,218</u>	<u>(1,486,847)</u>	<u>547,644</u>	<u>30,987,015</u>	<u>(305,024)</u>
Nonoperating revenue (expense)					
Interest revenue	4,682,866	622,257	818,433	6,123,556	446,876
Sale of property	9,574	7,300	12,822	29,696	6,664
Other revenue	-	1,423,011	6,295	1,429,306	220,149
Intergovernmental	-	1,982,631	645,951	2,628,582	-
Interest expense	(16,031,324)	(1,037,087)	(236,295)	(17,304,706)	(660,507)
Total nonoperating revenue (expense)	<u>(11,338,884)</u>	<u>2,998,112</u>	<u>1,247,206</u>	<u>(7,093,566)</u>	<u>13,182</u>
Income (loss) before transfers	<u>20,587,334</u>	<u>1,511,265</u>	<u>1,794,850</u>	<u>23,893,449</u>	<u>(291,842)</u>
Transfers in	-	-	7,404,540	7,404,540	517,963
Transfers out	-	-	-	-	(251,122)
Change in net assets	<u>20,587,334</u>	<u>1,511,265</u>	<u>9,199,390</u>	<u>31,297,989</u>	<u>(25,001)</u>
Total net assets - beginning	<u>160,811,096</u>	<u>59,593,622</u>	<u>31,636,766</u>		<u>1,371,172</u>
Total net assets - ending	<u>\$ 181,398,430</u>	<u>\$ 61,104,887</u>	<u>\$ 40,836,156</u>		<u>\$ 1,346,171</u>

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.	(93,203)
Total change in net assets for business-type activities	<u>\$ 31,204,786</u>

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, 2008

	Enterprise Funds			Total	Internal Service Funds
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds		
Operating activities					
Cash received from customers	\$ 74,455,709	\$ 16,841,684	\$ 27,102,070	\$ 118,399,463	\$ -
Cash received from contributions	-	-	-	-	31,226,688
Cash advanced from other funds	-	-	80,413	80,413	48,925
Cash paid to suppliers	(18,329,523)	(13,989,764)	(21,670,511)	(53,989,798)	(28,509,365)
Cash paid to employees	(12,446,338)	(3,684,815)	(4,729,780)	(20,860,933)	(3,413,756)
Cash paid for interfund services used	(4,342,131)	-	(1,355,987)	(5,698,118)	-
Net cash provided by (used in) operating activities	39,337,717	(832,895)	(573,795)	37,931,027	(647,508)
Noncapital financing activities					
Transfers in	-	-	7,735,311	7,735,311	562,426
Transfers out	-	-	(574,674)	(574,674)	(298,178)
Operating grants	-	-	472,081	472,081	-
Interest expense on operating capital	-	-	(376)	(376)	(103,231)
Other revenue	-	-	-	-	220,148
Other expense	-	(47,009)	-	(47,009)	-
Net cash provided by (used in) noncapital financing activities	-	(47,009)	7,632,342	7,585,333	381,165
Capital and related financing activities					
Proceeds from grants	-	2,724,455	173,870	2,898,325	-
Proceeds from sale of property	9,574	7,300	12,822	29,696	6,665
Proceeds from capital leases	-	-	1,699,071	1,699,071	-
Interest on bond funds	4,174,179	-	-	4,174,179	-
Other miscellaneous income	-	1,505,652	6,294	1,511,946	-
Purchase of capital assets	(94,369,228)	(5,293,988)	(9,868,645)	(109,531,861)	-
Payments on bonds issued	-	-	(1,585,000)	(1,585,000)	-
Interest paid on capital debt	(22,570,740)	(1,037,087)	(249,897)	(23,857,724)	(509,767)
Payments on capital leases	(1,036,071)	-	(1,167,459)	(2,203,530)	-
Principal paid on revenue bonds	(5,260,000)	-	-	(5,260,000)	-
Net cash used in capital and related financing activities	(119,052,286)	(2,093,668)	(10,978,944)	(132,124,898)	(503,102)
Investing activities					
Interest received	828,771	622,257	820,136	2,271,164	446,876
Net cash provided by investing activities	828,771	622,257	820,136	2,271,164	446,876
Net decrease in cash and cash equivalents/investments	(78,885,798)	(2,351,315)	(3,100,261)	(84,337,374)	(322,569)
Cash and cash equivalents/investments					
Beginning of year	199,983,025	28,740,113	34,021,189	262,744,327	13,600,239
End of year	\$ 121,097,227	\$ 26,388,798	\$ 30,920,928	\$ 178,406,953	\$ 13,277,670

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, 2008

	<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
	<u>Water & Sewer System</u>	<u>Augusta Regional Airport</u>	<u>Other Enterprise Funds</u>		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 31,926,218	\$ (1,486,847)	\$ 547,644	\$ 30,987,015	\$ (305,024)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	16,195,528	2,272,293	2,309,515	20,777,336	40,087
Closure/post closure costs	-	-	668,218	668,218	-
Department of the Army loan	(1,841,985)	-	-	(1,841,985)	-
Net change in assets and liabilities:					
Accounts receivable	(4,827,746)	331,063	457,038	(4,039,645)	(551,979)
Inventory	246,949	93,750	(565)	340,134	-
Accounts payable	(2,684,269)	(1,188,388)	(420,302)	(4,292,959)	124,752
Accrued salaries and vacation	285,291	39,144	63,337	387,772	8,302
Other accrued liabilities	-	-	(23,953)	(23,953)	-
Due to other funds	90,004	(893,911)	80,413	(723,494)	36,354
Unearned revenue	(52,273)	-	-	(52,273)	-
Decrease in closure liability	-	-	(4,255,140)	(4,255,140)	-
Total adjustments	<u>7,411,499</u>	<u>653,951</u>	<u>(1,121,439)</u>	<u>6,944,011</u>	<u>(342,484)</u>
Net cash provided by (used in) operating activities	<u>\$ 39,337,717</u>	<u>\$ (832,896)</u>	<u>\$ (573,795)</u>	<u>\$ 37,931,026</u>	<u>\$ (647,508)</u>
Reconciliation of cash and cash equivalents to the balance sheets					
Cash and cash equivalents in current assets	\$ 41,561,059	\$ 7,714,343	\$ 29,554,129	\$ 78,829,531	\$ 1,429,656
Restricted cash and cash equivalents included in noncurrent cash and investments	79,536,168	18,674,455	1,366,799	99,577,422	11,848,014
Net cash and cash equivalents	<u>\$ 121,097,227</u>	<u>\$ 26,388,798</u>	<u>\$ 30,920,928</u>	<u>\$ 178,406,953</u>	<u>\$ 13,277,670</u>

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

AUGUSTA, GEORGIA

**Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008**

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar	Agency Funds
Assets			
Cash and cash equivalents	\$ 4,190,004	\$ 845	\$ 9,003,086
Investments			
U.S. Government securities	18,963,902	-	-
Corporate bonds	7,819,524	-	-
Equity securities	30,903,346	-	-
Receivables (net of allowance for doubtful accounts)			
Taxes	-	-	21,490,053
Accounts	1,620	-	-
Interest	396,898	-	-
Perpetual care	-	5,000	-
Total assets	62,275,294	5,845	30,493,139
Liabilities			
Accounts payable	11,374	-	-
Due to others	-	-	9,003,086
Uncollected taxes	-	-	21,490,053
Total liabilities	11,374	-	30,493,139
Net assets			
Held in trust for pension benefits and other purposes	\$ 62,263,920	\$ 5,845	
(See Schedules of Funding Progress)			

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, 2008**

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar
Additions		
Contributions - employer	\$ 1,456,629	\$ -
Contributions - plan member	398,098	-
Net investment income	77,900	306
Total additions	1,932,627	306
Deductions		
Other	-	175
Administration	26,542,997	-
Benefit payments	6,324,501	-
Net investment loss	17,836,833	-
Total deductions	50,704,331	175
Net increase (decrease) in plan net assets	(48,771,704)	131
Total net assets - beginning	111,035,624	5,714
Total net assets - ending	\$ 62,263,920	\$ 5,845

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, 2008

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, 2008

Note 1 - Summary of significant accounting policies (Continued)

Information for the Department of Health is presented for the year ended June 30, 2008, 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, 2008

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, 2008

Note 1 - Summary of significant accounting policies (Continued)

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.

Transportation and Tourism Fund - This fund accounts for a fee to provide enhanced public transportation services and to enhance the tourism opportunities in the Historic Heritage District. The Government has implemented a \$1.00 per night room fee. In exchange for the transportation fee, payers of the fee shall be entitled to free use of the public transportation systems for the duration of their hotel stay in Augusta. The revenues generated by the transportation fee shall be used to fund and enhance public transportation operation, management of the Trade Exhibit and Event Center, and to revitalize the Historic Heritage Districts of Augusta to enhance the transportation and tourism services available in Augusta.

Debt Service Funds

2006 GO Sales Tax 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 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, 2008

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, 2008

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, 2008

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, 2008

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 asset

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 - 70 years
Infrastructure	30 years

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

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	\$ 25,334,279	\$ 26,482,840	\$ (1,148,561)
Nonmajor Governmental Funds			
Emergency Telephone System Fund			
Public safety	3,343,075	3,346,780	(3,705)
Landbank Authority Fund			
Housing and development	-	58,484	(58,484)
Special Assessment Fund			
General government	16,078	32,810	(16,732)
Public works	3,907,918	3,942,023	(34,105)
Hotel/Motel Tax and Promotional Tourism Fund			
Culture and recreation	4,390,000	4,482,651	(92,651)

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.

Internal Service Funds	
Fleet Operations	\$ (126,657)
GMA Leases	(31,799)

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

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, 2008 approximately \$358,800,000 of the Government's approximate \$360,800,000 bank balance was uninsured. Of these uninsured deposits, none were collateralized with securities held by the financial institution's trust department or agent in the Government's name, approximately \$343,400,000 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the Government's name, and approximately \$15,400,000 were 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.
- 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

- 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, 2008 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	\$ 29,030,069	\$ 13,363,129	\$ 12,659,827	\$ 3,007,113
Corporate securities	7,819,524	909,533	4,231,256	2,678,735
		<u>\$ 14,272,662</u>	<u>\$ 16,891,083</u>	<u>\$ 5,685,848</u>
Equity securities	30,903,170			
Georgia Fund 1	125,522,784			
Georgia Extended Asset Pool	12,507,006			
Total investments	<u>\$ 205,782,553</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	BBB+
U.S. Government securities	\$ 29,030,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate securities	7,819,524	1,540,815	1,430,782	643,077	1,466,783	2,262,466	475,601
	<u>\$ 36,849,593</u>	<u>\$ 1,540,815</u>	<u>\$ 1,430,782</u>	<u>\$ 643,077</u>	<u>\$ 1,466,783</u>	<u>\$ 2,262,466</u>	<u>\$ 475,601</u>

Additionally, as of December 31, 2008, the Government has money market funds in the amount of \$6,037,918 and \$16,814,614 included in cash and temporary investments and restricted cash and investments, respectively, on the Statement of Net Assets. The balance of these money market funds was categorized as follows as of December 31, 2008:

Type of Investment	Average Credit Rating	Fair Value	Maturity Period Less than 1 Year
Money market funds	AAAm	\$ 15,436,605	\$ 15,436,605
Money market funds	Not rated	7,415,927	7,415,927

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, 2008

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	\$ 317,786,241
Restricted cash and investments	158,089,954
Pension and agency funds	<u>70,879,862</u>
Total	<u>\$ 546,756,057</u>
 Notes to the financial statements:	
Cash on hand	\$ 26,800
Deposits	340,946,704
Investments	<u>205,782,553</u>
Total	<u>\$ 546,756,057</u>

Department of Health

At June 30, 2008, 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, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

Augusta Canal Authority

As of December 31, 2008, the bank balance totaled \$3,429,359. Of the total bank balance, \$400,000 was insured through the Federal Depository Insurance Corporation (FDIC). \$2,958,449 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 \$70,910 was uncollateralized.

As of December 31, 2008, 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 28
Collection period	September 8 - November 17
Due date	November 17

Receivables at December 31, 2008, 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	\$ 7,032,993	\$ 1,052,154	\$ -	\$ -	\$ -		
Accounts	6,992,209	2,405	-	511,868	2,451,563		
Interest	-	-	84,404	-	98,442		
Note	-	-	-	-	-		
Intergovernmental	1,875	-	-	-	-		
Gross receivables	<u>14,027,077</u>	<u>1,054,559</u>	<u>84,404</u>	<u>511,868</u>	<u>2,550,005</u>		
Less: allowance for uncollectibles	<u>(774,696)</u>	<u>(21,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Net total receivables	<u>\$ 13,252,381</u>	<u>\$ 1,033,468</u>	<u>\$ 84,404</u>	<u>\$ 511,868</u>	<u>\$ 2,550,005</u>		

	Water and Sewer	Bush Field	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total	Adjustments to Full Accrual	Statement of Net Assets
Receivables (Cont.):							
Taxes	\$ -	\$ -	\$ 2,316,246	\$ -	\$ 10,401,393	\$ -	\$ 10,401,393
Accounts	15,574,156	637,328	1,709,543	4,121,200	32,000,272	4,816,413	36,816,685
Interest	196,014	-	45,366	6,321	430,547	-	430,547
Note	-	-	3,699,696	-	3,699,696	-	3,699,696
Intergovernmental	-	47,527	-	-	49,402	-	49,402
Gross receivables	<u>15,770,170</u>	<u>684,855</u>	<u>7,770,851</u>	<u>4,127,521</u>	<u>46,581,310</u>	<u>4,816,413</u>	<u>51,397,723</u>
Less: allowance for uncollectibles	<u>(614,028)</u>	<u>(100,000)</u>	<u>(172,728)</u>	<u>(851,744)</u>	<u>(2,534,287)</u>	<u>-</u>	<u>(2,534,287)</u>
Net total receivables	<u>\$ 15,156,142</u>	<u>\$ 584,855</u>	<u>\$ 7,598,123</u>	<u>\$ 3,275,777</u>	<u>\$ 44,047,023</u>	<u>\$ 4,816,413</u>	<u>\$ 48,863,436</u>

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

Finally, the Fiduciary fund financial statements include \$21,490,053 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 \$396,898 and accounts receivable totaling \$1,620 in the pension trust fund.

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, 2007	Additions	Disposals	December 31, 2008
Capital assets, not being depreciated				
Land	\$ 20,408,148	\$ 198,916	\$ -	\$ 20,607,064
Construction in process	93,987,005	31,860,267	(41,682,509)	84,164,763
Total capital assets not being depreciated	114,395,153	32,059,183	(41,682,509)	104,771,827
Other capital assets:				
Land and Site Improvements	8,443,824	1,688,566	-	10,132,390
Buildings	78,760,613	5,799,036	(1,539,120)	83,020,529
Building improvements	7,901,158	10,399,716	-	18,300,874
Vehicles	33,497,590	1,738,465	(1,692,407)	33,543,648
Machinery and equipment	11,372,754	4,455,617	(122,473)	15,705,898
IT – hardware	3,690,705	758,666	(455,737)	3,993,634
IT – software	2,910,231	187,919	(189,885)	2,908,265
Furniture and fixtures	1,542,163	362,705	(5,985)	1,898,883
Other capital	-	20,980	-	20,980
Infrastructure	76,644,594	15,891,320	-	92,535,914
Richmond County Public Facilities	12,655,483	-	-	12,655,483
Total other capital assets	237,419,115	41,302,990	(4,005,607)	274,716,498
Less accumulated depreciation for:				
Land and site improvements	(3,145,423)	(47,916)	-	(3,193,339)
Buildings	(29,645,247)	(2,190,062)	1,380,088	(30,455,221)
Building improvements	(3,299,587)	(387,745)	-	(3,687,332)
Vehicles	(25,696,042)	(2,820,188)	1,655,554	(26,860,676)
Machinery and equipment	(7,185,168)	(788,256)	115,773	(7,857,651)
IT – hardware	(3,512,922)	(79,145)	455,737	(3,136,330)
IT – software	(2,603,989)	(237,117)	189,885	(2,651,221)
Furniture and fixtures	(1,215,268)	(88,939)	5,985	(1,298,222)
Other capital	-	(6,236)	-	(6,236)
Infrastructure	(17,750,708)	(2,492,172)	-	(20,242,880)
Richmond County Public Facilities	(10,546,236)	-	-	(10,546,236)
Total accumulated depreciation	(104,600,590)	(9,137,776)	3,803,022	(109,935,344)
Other capital assets, net	132,818,525	32,165,214	(202,585)	164,781,154
Governmental activities capital assets, net	\$ 247,213,678	\$ 64,224,397	\$ (41,885,094)	\$ 269,552,981

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities		
General government	\$	569,278
Judicial		1,185,159
Public safety		3,085,708
Public works		2,902,666
Health and welfare		70,416
Culture and Recreation		1,270,769
Housing and development		13,692
Risk		1,722
Fleet		38,366
	\$	<u>9,137,776</u>

	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2008</u>
<u>Water and Sewer</u>				
Capital assets, not being depreciated:				
Land	\$ 7,992,360	\$ 541,323	\$ -	\$ 8,533,683
Construction in progress	130,101,053	78,335,391	(830,783)	207,605,661
Total capital assets not being depreciated	<u>138,093,413</u>	<u>78,876,714</u>	<u>(830,783)</u>	<u>216,139,344</u>
Other capital assets:				
Buildings	39,085,000	29,129	-	39,114,129
Vehicles	5,938,144	763,976	(40,257)	6,661,863
Machinery and equipment	6,771,980	8,359,224	-	15,131,204
Furniture and fixtures	440,474	35,078	-	475,552
Other capital	5,242,472	558,458	-	5,800,930
Water and sewerage systems	375,306,384	41,944,546	-	417,250,930
Contributed water and sewerage systems	10,563,423	-	-	10,563,423
Total capital assets being depreciated	<u>443,347,877</u>	<u>51,690,411</u>	<u>(40,257)</u>	<u>494,998,031</u>
Less accumulated depreciation for:				
Buildings	(25,499,160)	(1,191,985)	-	(26,691,145)
Vehicles	(5,359,291)	(364,065)	40,257	(5,683,099)
Machinery and equipment	(6,193,702)	(749,352)	-	(6,943,054)
Furniture and fixtures	(440,474)	(5,846)	-	(446,320)
Other capital	(4,151,901)	(1,022,000)	-	(5,173,901)
Water and sewerage systems	(117,958,982)	(12,581,703)	-	(130,540,685)
Contributed water and sewerage systems	(7,112,654)	(280,577)	-	(7,393,231)
Total accumulated depreciation	<u>(166,716,164)</u>	<u>(16,195,528)</u>	<u>40,257</u>	<u>(182,871,435)</u>
Other capital assets being depreciated, net	<u>276,631,713</u>	<u>35,494,883</u>	<u>-</u>	<u>312,126,596</u>
Water and sewer capital assets, net	<u>\$ 414,725,126</u>	<u>\$ 114,371,597</u>	<u>\$ (830,783)</u>	<u>\$ 528,265,940</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

	(As restated) Balance December 31, 2007	Additions	Disposals	Balance December 31, 2008
<u>Augusta Regional Airport</u>				
Capital assets not being depreciated:				
Land	\$ 5,632,542	\$ 108,610	\$ -	\$ 5,741,152
Construction in progress	27,230,787	33,009	(27,230,787)	33,009
Total capital assets not being depreciated	<u>32,863,329</u>	<u>141,619</u>	<u>(27,230,787)</u>	<u>5,774,161</u>
Other capital assets:				
Site improvements	2,794,955	289,318	-	3,084,273
Building improvements	1,703,324	-	-	1,703,324
Buildings	7,696,589	31,701,638	-	39,398,227
Vehicles	2,102,860	-	-	2,102,860
Machinery and equipment	2,503,271	390,329	-	2,893,600
Furniture and fixtures	321,221	280,668	-	601,889
Other capital	166,144	-	-	166,144
Information tech – hardware	74,411	-	-	74,411
Information tech – software	35,832	-	-	35,832
Infrastructure	25,570,701	-	(278,797)	25,291,904
Total capital assets being depreciated	<u>42,969,308</u>	<u>32,661,953</u>	<u>(278,797)</u>	<u>75,352,464</u>
Less accumulated depreciation for:				
Site improvements	(1,062,212)	(244,107)	-	(1,306,319)
Building improvements	(1,121,054)	(31,679)	-	(1,152,733)
Buildings	(5,584,490)	(971,779)	-	(6,556,269)
Vehicles	(1,700,066)	(88,122)	-	(1,788,188)
Machinery and equipment	(1,360,657)	(215,486)	-	(1,576,143)
Furniture and fixtures	(289,560)	(54,431)	-	(343,991)
Other capital	(166,144)	-	-	(166,144)
Information tech – hardware	(68,468)	(1,288)	-	(69,756)
Information tech – software	(27,292)	(641)	-	(27,933)
Infrastructure	(12,515,978)	(664,760)	-	(13,188,738)
Total accumulated depreciation	<u>(23,895,921)</u>	<u>(2,272,293)</u>	<u>-</u>	<u>(26,168,214)</u>
Other capital assets being depreciated, net	<u>19,073,387</u>	<u>30,389,660</u>	<u>(278,797)</u>	<u>49,184,250</u>
Augusta Regional Airport capital assets, net	<u>\$ 51,936,716</u>	<u>\$ 30,531,279</u>	<u>\$ (27,509,584)</u>	<u>\$ 54,958,411</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

	<u>Balance</u> December 31, 2007	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> December 31, 2008
<u>Nonmajor enterprise funds</u>				
Capital assets, not being depreciated				
Land	\$ 2,694,869	\$ -	\$ -	\$ 2,694,869
Construction in process	<u>1,509,799</u>	<u>6,963,723</u>	<u>(5,500)</u>	<u>8,468,022</u>
Total capital assets not being depreciated	<u>4,204,668</u>	<u>6,963,723</u>	<u>(5,500)</u>	<u>11,162,891</u>
Other capital assets:				
Site and building improvements	2,581,219	-	-	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	6,742,379	572,477	(181,008)	7,133,848
Machinery and equipment	4,732,546	2,581,839	(14,800)	7,299,585
Infrastructure	1,485,833	-	-	1,485,833
IT – hardware	75,338	-	-	75,338
IT - software	483,023	-	-	483,023
Total capital assets being depreciated	<u>34,281,959</u>	<u>3,154,316</u>	<u>(195,808)</u>	<u>37,240,467</u>
Less accumulated depreciation for:				
Site and building improvements	(1,452,642)	(118,265)	-	(1,570,907)
Landfill Cell IIC	(9,399,876)	-	-	(9,399,876)
Landfill Cell IIIC	(405,660)	(374,456)	-	(780,116)
Buildings	(1,501,447)	(100,958)	-	(1,602,405)
Vehicles	(4,149,847)	(790,874)	181,008	(4,759,713)
Machinery and equipment	(1,867,070)	(858,965)	14,800	(2,711,235)
Infrastructure	(790,542)	(49,528)	-	(840,070)
IT – hardware	(70,843)	(2,696)	-	(73,539)
IT – software	(458,434)	(13,763)	-	(472,197)
Total accumulated depreciation	<u>(20,096,361)</u>	<u>(2,309,505)</u>	<u>195,808</u>	<u>(22,210,058)</u>
Other capital assets, net	<u>14,185,598</u>	<u>844,811</u>	<u>-</u>	<u>15,030,409</u>
Nonmajor enterprise funds, net	<u>18,390,266</u>	<u>7,808,534</u>	<u>(5,500)</u>	<u>26,193,300</u>
Business-type activities capital assets, net	\$ <u>485,052,108</u>	\$ <u>152,674,071</u>	\$ <u>(28,308,528)</u>	\$ <u>609,417,651</u>

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

Waste management and garbage collection	\$ 1,628,905
Transit	563,568
Daniel Field Airport	88,842
Municipal golf course	<u>28,190</u>
	\$ <u>2,309,505</u>

Construction costs include, among other things, capitalized interest costs. Capitalized net interest costs were approximately \$8,000,000 for the year ended December 31, 2008.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

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, 2008 was as follows:

	June 30, 2007	Additions	Disposals	June 30, 2008
Capital assets, not being depreciated				
Land	\$ 1,647,997	\$ -	\$ -	\$ 1,647,997
Other capital assets:				
Buildings	7,896,066	-	-	7,896,066
Improvements	556,193	-	-	556,193
Equipment	365,511	305,796	-	671,307
Vehicles	152,393	-	-	152,393
	<u>8,970,163</u>	<u>305,796</u>	<u>-</u>	<u>9,275,959</u>
Less accumulated depreciation for:				
Buildings	(1,100,737)	(202,505)	-	(1,303,242)
Improvements	(354,574)	(27,810)	-	(382,384)
Equipment	(145,939)	(30,384)	-	(176,323)
Vehicles	(76,210)	(11,839)	-	(88,049)
Total accumulated depreciation	<u>(1,677,460)</u>	<u>(272,538)</u>	<u>-</u>	<u>(1,949,998)</u>
Other capital assets, net	<u>7,292,703</u>	<u>33,258</u>	<u>-</u>	<u>7,325,961</u>
Governmental activities capital assets, net	<u>\$ 8,940,700</u>	<u>\$ 33,258</u>	<u>\$ -</u>	<u>\$ 8,973,958</u>

Augusta Canal Authority

Capital asset activity for the Augusta Canal Authority for the year ended December 31, 2008 was as follows:

	December 31, 2007 As restated	Additions	Deletions	December 31, 2008
Capital assets not being depreciated:				
Land	\$ 467,000	\$ -	\$ -	\$ 467,000
Construction in process	53,651	38,991	-	92,642
Total capital assets not being depreciated	<u>520,651</u>	<u>38,991</u>	<u>-</u>	<u>559,642</u>
Capital assets being depreciated:				
Leasehold improvements	3,869,106	99,049	-	3,968,155
Boats	697,071	-	-	697,071
Vehicles	24,621	-	-	24,621
Machinery and equipment	17,081	2,494	-	19,575
Computer equipment	17,976	673	-	18,649
Office equipment	4,602	-	-	4,602
Furniture and fixtures	23,924	8,752	-	32,676
Infrastructure	10,068,985	496	-	10,069,481
Total capital assets being depreciated	<u>14,723,366</u>	<u>111,464</u>	<u>-</u>	<u>14,834,830</u>
Less accumulated depreciation for:				
Leasehold improvements	(683,196)	(145,123)	-	(828,319)
Boats	(112,693)	(27,883)	-	(140,576)
Vehicles	(13,498)	(2,676)	-	(16,174)
Machinery and equipment	(10,695)	(2,097)	-	(12,792)
Computer equipment	(15,741)	(661)	-	(16,402)
Office equipment	(4,087)	(261)	-	(4,348)
Furniture and fixtures	(19,612)	(1,746)	-	(21,358)
Infrastructure	(281,846)	(239,639)	-	(521,485)
Total accumulated depreciation	<u>(1,141,368)</u>	<u>(420,086)</u>	<u>-</u>	<u>(1,561,454)</u>
Total capital assets being depreciated - net	<u>13,581,998</u>	<u>(308,622)</u>	<u>-</u>	<u>13,273,376</u>
Governmental activities capital assets, net	<u>\$ 14,102,649</u>	<u>\$ (269,631)</u>	<u>\$ -</u>	<u>\$ 13,833,018</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

Downtown Development Authority

Capital asset activity for the year ended December 31, 2008 was as follows:

	December 31, 2007	Additions	Deletions	December 31, 2008
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	(1,170,000)	(65,000)	-	(1,235,000)
Riverfront parking deck	(1,621,800)	(95,400)	-	(1,717,200)
Clock	(15,710)	(4,139)	-	(19,849)
Furniture and equipment	(2,771)	(1,392)	-	(4,163)
Total accumulated depreciation	(2,810,281)	(165,931)	-	(2,976,212)
Capital assets, net	3,655,032	(165,931)	-	3,489,101
Related debt	(1,800,000)	-	585,000	(1,215,000)
Capital assets, net of related debt	\$ 1,855,032	\$ (165,931)	\$ 585,000	\$ 2,274,101

Depreciation expense for the year ended December 31, 2008 was \$165,931.

D. Accounts payable and accrued liabilities

Payables for the Government at December 31, 2008 were as follows:

	Governmental Funds	Enterprise Funds	Total	Adjustments To Full Accrual	Statement of Net Assets
Payables:					
Accounts payable	\$ 8,074,033	\$ 10,863,687	\$ 18,937,720	\$ 739,920	\$ 19,677,640
Accrued interest	-	5,802,751	5,802,751	365,667	6,168,418
Accrued salaries and vacation	5,843,549	1,922,029	7,765,578	(747,241)	7,018,337
Other accrued liabilities	1,598,148	226,146	1,824,294	9,095,134	10,919,428
Total accounts payable and accrued liabilities	\$ 15,515,730	\$ 18,814,613	\$ 34,330,343	\$ 9,453,480	\$ 43,783,823

Adjustments to full-accrual basis include \$365,667 related to accrued interest on governmental long-term debt, \$8,534,019 to other liabilities related to unfunded health insurance contribution for retirees, \$561,115 to other liabilities related to unfunded annual pension cost, \$800,539 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 \$739,920 and \$53,298, 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, 2008

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	\$ 4,920,058	\$ -
Taxes receivable net of allowance – Fire Protection Fund	756,911	-
Taxes receivable net of allowance – Nonmajor governmental funds	1,709,835	-
Grant income received in advance of being earned – General Fund	-	170,870
Business license income received in advance of being earned – General Fund	-	878,675
Housing and Development long-term notes receivable – Nonmajor governmental funds	3,498,092	-
	\$ 10,884,896	\$ 1,049,545

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 \$9,184,152 as of December 31, 2008, which is based on 91.77% usage (filled) of Cell II C and 14.62% 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 \$14,466,433 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 2012 and 2123, respectively. The estimated total current cost of the landfill closure and postclosure care, \$23,650,585, 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, 2008. 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, 2008 the amount of defeased debt outstanding but removed from the governmental debt is \$755,000.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

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, 2008, the amount of defeased debt outstanding but removed from the governmental debt is \$2,500,000.

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.	\$ 27,425,000
Add: Bond issue premiums	444,922
	\$ 27,869,922

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	(673,730)
Total	\$ 16,214,270

<u>Year ending December 31</u>	General Obligation Bonds	
	Principal	Interest
2009	\$ 8,785,000	\$ 921,300
2010	9,135,000	562,900
2011	9,505,000	190,100
2012	-	-
2013	-	-
2014 – 2018	-	-
2019 – 2023	-	-
2024 – 2028	-	-
2029 - 2033	-	-
	\$ 27,425,000	\$ 1,674,300

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

Continued Year ending December 31	Certificates of Participation		Total	
	Principal	Interest	Principal	Interest
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	-	802,180	-	802,180
2014 – 2018	-	4,010,900	-	4,010,900
2019 – 2023	-	4,010,900	-	4,010,900
2024 – 2028	16,888,000	3,542,962	16,888,000	3,542,962
	<u>\$ 16,888,000</u>	<u>\$ 15,575,662</u>	<u>\$ 44,313,000</u>	<u>\$ 17,249,962</u>

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 \$2,866,715 was leased during 2008.

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.	105,960,000
\$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.	9,290,000
\$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).	<u>174,950,000</u>
Total	450,200,000
Less: Deferred refunding amounts	(7,205,362)
Less: Bond issue discounts	(887,660)
Add: Bond issue premiums	<u>15,837,203</u>
Total revenue bonds – Water and sewer	<u>\$ 457,944,181</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

Augusta Regional Airport at Bush Field

Airport Passenger Facility Charge and General Revenue Bonds (Series 2005A) – issued in the original amount of \$8,990,000 in 2005 with interest of 5.15% payable semi-annually beginning July 1, 2005 and principal payable annually beginning January 2031 ranging from \$540,000 to \$2,275,000 through maturity on January 2035. \$ 8,990,000

Airport Passenger Facility Charge and General Revenue Bonds (Series 2005B) – issued in the original amount of \$4,415,000 in 2005 with interest of 5.35% payable semi-annually beginning July 1, 2005 and principal payable annually beginning January 1, 2025 ranging from \$1,355,000 to \$1,505,000 through 2027 and principal payable of \$130,000 on maturity at January 1, 2028. 4,415,000

Airport Passenger Facility Charge and General Revenue Bonds (Series 2005C) – issued in the original amount of \$6,200,000 in 2005 with interest of 5.45% payable semi-annually beginning July 1, 2005 and principal payable annually beginning January 1, 2028 ranging from \$1,455,000 to \$1,760,000 through 2030 and principal payable of \$1,315,000 on maturity at January 1, 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 \$ 5,415,000

Add: Bond issue premium 146,778

Total revenue bonds – Waste Management 5,561,778

Total revenue bonds \$ 483,110,959

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. \$ 2,443,161

\$6,553,217 State revolving loan – principal and interest due in quarterly installments of \$119,392, bearing interest at 4%, through July 2019. 4,078,208

\$19,196,880 Federal Government loan – due in monthly principal and interest installments of \$204,665, bearing interest at 5.11%, through March 2018. 18,071,865

Total \$ 24,593,234

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

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
2009	\$ 2,091,948	\$ 1,100,880	\$ 7,260,000	\$ 23,896,904	\$ 9,351,948	\$ 24,997,784
2010	2,276,281	1,035,938	8,155,000	23,601,138	10,431,281	24,637,076
2011	2,388,070	924,149	7,820,000	23,283,130	10,208,070	24,207,279
2012	2,505,412	806,807	7,760,000	22,960,448	10,265,412	23,767,255
2013	2,628,586	683,635	8,095,000	22,628,957	10,723,586	23,312,592
2014-2018	12,351,807	1,420,629	46,920,000	106,698,584	59,271,807	108,119,213
2019-2023	351,130	7,046	58,745,000	93,972,790	59,096,130	93,979,836
2024-2028	-	-	82,245,000	77,028,209	82,245,000	77,028,209
2029-2033	-	-	105,445,000	53,945,553	105,445,000	53,945,553
2034-2038	-	-	116,265,000	25,641,349	116,265,000	25,641,349
2039-2043	-	-	26,510,000	1,391,775	26,510,000	1,391,775
	<u>\$ 24,593,234</u>	<u>\$ 5,979,084</u>	<u>\$ 475,220,000</u>	<u>\$ 475,048,837</u>	<u>\$ 499,813,234</u>	<u>\$ 481,027,921</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, 2008, 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2008

Note 3 - Detailed notes on all funds (Continued)

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 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, 2008, the amount of these defeased debts outstanding but removed from the Water and Sewer Fund is \$1,050,000.

Revenues pledged

The Water and Sewer Fund has pledged future water customer revenues, net of specified operating expenses, to repay \$450.2 million remaining in water system revenue bonds issued in 2000, 2002, 2004 and 2007. Proceeds from the bonds provided financing for the construction of making additions, extensions and improvements to the Utilities' water and sewer system. The bonds are payable solely from water customer net revenues and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 39.5 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$927.0 million. Principal and interest paid for the current year and total customer net revenues were \$27.8 million and \$70.4 million, respectively.

The Augusta Regional Airport has pledged certain future revenues to repay \$19,605,000 in Airport Revenue Bonds issued in 2005. Proceeds from the bonds provided financing for the acquisition, construction and installation of a new airline passenger terminal and certain other capital improvements.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

The Airport Passenger Facility Charge and General Revenue Bonds Series 2005A and 2005B are payable through 2035 primarily from Passenger Facility Charge No. 99-01-C-AGS approved by the Federal Aviation Administration in 2004. Should the proceeds of the Passenger Facility Charge not be sufficient to pay when due interest and principal on Series 2005A and 2005B, the interest and principal shortfall will be paid from Airport Net General Revenues, derived by the Government from the ownership and operation of the Airport, remaining after the payment of expenses of operating, maintaining, and repairing the Airport (“Net General Revenues”), and (2) those passenger facility charge revenues that are allocable to the 2005 Project (“PFC Revenues”). The total principal and interest remaining to be paid on the Series 2005A and 2005B Revenue Bonds was approximately \$28,744,000 as of December 31, 2008. There were no principal payments in the current year, while interest paid was approximately \$699,000. Total Passenger Facility Charge revenue was \$683,000 for the year ended December 31, 2008.

The Series 2005C Revenue Bonds are payable through 2031 solely from and secured by a first priority pledge or and lien on Net General Revenues only. Annual principal and interest payments on the bonds are expected to require less than 35 percent of net revenues through 2012. The total principal and interest remaining to be paid on the bonds was approximately \$13,118,000 as of December 31, 2008. There were no principal payments in the current year, while interest paid was approximately \$338,000. Total net general revenues were \$1,488,000 for the year ended December 31, 2008.

Financial covenants

Pursuant to the Bond Resolution, the Augusta Regional Airport is subject to meeting certain financial covenants related to the Airport Revenue Bonds. The financial covenants include requirements to (i) provide for 100 percent of the Expenses of Operation and Maintenance and for the accumulation in the Operation and Maintenance Reserve Fund of the Operating Reserve; and (ii) produce Net General Revenues, together with Other Available Moneys, in each fiscal year which will (a) equal at least 125 percent of the Debt Service Requirement on all General Revenue Bonds then outstanding for the sinking fund year ending on the next January 1 and at least 100 percent of the debt service or other amounts payable on all Subordinate Bonds and Other Airport Obligations payable from Net General Revenues then outstanding for the year of computation, (b) enable the Aviation Commission to make all required payments, if any, into the Debt Service Reserve Account, the PFC Debt Service Reserve Account, the Rebate Fund, the Renewal and Replacement Fund and on any Contract or Other Airport Obligation, (c) enable the Aviation Commission to accumulate an amount to be held in the Capital Improvement Fund, which in the judgment of the Aviation Commission is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the Airport, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the Airport, and (d) remedy all deficiencies in required payments from the Revenue Fund from prior fiscal years. As of December 31, 2008 and 2007 the Airport was in compliance with all covenants.

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 \$621,886 and the debt for the obligation under capital lease was \$434,485 at June 30, 2008.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

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:

Year	Principal Payments	Interest Payments
2009	\$ 600,000	\$ 23,424
2010	615,000	7,872
	\$ 1,215,000	\$ 31,296

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 has 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, 2008 are as follows:

	Governmental Activities	Business-type Activities
2009	\$ 1,071,511	\$ 2,100,651
2010	389,215	1,979,260
2011	-	1,875,275
2012	-	1,395,299
2013	-	1,055,484
2014 – 2018	-	3,834,701
Total minimum lease payment	1,460,726	12,240,670
Less: Amount representing interest	(13)	(1,454,776)
Present value of lease payments	\$ 1,460,713	\$ 10,785,894

Interest amounts are not material to the financial statements.

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 2008, rental income totaled approximately \$2,399,000 and \$96,000 in the Augusta Regional Airport at Bush Field and Daniel Field Airport Funds, respectively.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

The assets acquired through capital leases as of December 31, 2008 are as follows:

	Governmental Activities	Business-type Activities
Vehicles	\$ 3,255,244	\$ 748,875
Machinery and equipment	396,414	9,169,202
	3,651,658	9,918,077
Less: accumulated depreciation	(1,170,288)	(1,099,501)
Carrying value	\$ 2,481,370	\$ 8,818,576

I. Changes in long-term liabilities

Primary government

The following is a summary of long-term debt transactions of the year ended December 31, 2008:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Governmental activities:					
Bonds and notes payable:					
General obligation bonds payable	\$ 35,875,000	\$ -	\$ 8,450,000	\$ 27,425,000	\$ 8,785,000
Add: Bond issue premiums	593,229	-	148,307	444,922	148,307
Revenue bonds payable	46,053	-	46,053	-	-
Total bonds and notes payable	36,514,282	-	8,644,360	27,869,922	8,933,307
Certificates of participation	16,888,000	-	-	16,888,000	-
Less: original issue discount	(718,646)	-	(44,916)	(673,730)	(44,916)
Total certificates of participation	16,169,354	-	(44,916)	16,214,270	(44,916)
Other liabilities:					
Compensated absences	4,050,544	4,875,708	4,323,805	4,602,447	4,602,447
Capital leases	1,743,688	1,167,644	1,450,619	1,460,713	1,071,498
Claims and judgments	4,978,257	514,670	1,152,984	4,339,943	3,171,222
Total other liabilities	10,772,489	6,558,022	6,927,408	10,403,103	8,845,167
Governmental activities long-term liabilities	\$ 63,456,125	\$ 6,558,022	\$ 15,526,852	\$ 54,487,295	\$ 17,733,558
Business-type activities:					
Revenue debt:					
Revenue bonds payable	\$ 482,065,000	\$ -	\$ 6,845,000	\$ 475,220,000	\$ 7,260,000
Less: deferred refunding amounts	(7,536,107)	-	(330,745)	(7,205,362)	-
Less: bond issue discounts	(962,064)	-	(74,404)	(887,660)	-
Add: bond issue premiums	16,642,203	-	658,222	15,983,981	-
Total revenue debt	490,209,032	-	7,098,073	483,110,959	7,260,000
Other liabilities:					
Compensated absences	770,930	896,293	866,684	800,539	800,539
Notes payable	7,102,161	19,196,880	1,705,807	24,593,234	2,091,948
Capital leases	2,623,729	9,787,903	1,625,738	10,785,894	1,808,618
Closure/postclosure accrual	12,771,074	668,218	4,255,140	9,184,152	-
Total other liabilities	23,267,894	30,549,294	8,453,369	45,363,819	4,701,105
Business-type activities long-term liabilities	\$ 513,476,926	\$ 30,549,294	\$ 15,551,442	\$ 528,474,778	\$ 11,961,105

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

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.

Department of Health

At June 30, 2008, the Department of Health's long-term liabilities consisted of obligations for compensated absences and an obligation under capital lease.

Capital lease

The Department has entered into a long-term lease agreement for land and buildings. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 (SFAS 13) *Accounting for Leases*.

The future minimum lease payments under the lease and the net present value of the value of minimum lease payments at June 30, 2008 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 35,424	\$ 29,292	\$ 64,716
2010	37,985	26,731	64,716
2011	40,731	23,985	64,716
2012	43,675	21,041	64,716
2013	46,832	17,884	64,716
2014-2018	<u>229,838</u>	<u>35,181</u>	<u>265,019</u>
Totals	\$ <u>434,485</u>	\$ <u>151,114</u>	\$ <u>588,599</u>

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Compensated absences	\$ 572,399	\$ 449,758	\$ (400,271)	\$ 621,886
Obligations under capital lease	<u>467,520</u>	<u>-</u>	<u>(33,035)</u>	<u>434,485</u>
Totals	\$ <u>1,039,919</u>	\$ <u>449,758</u>	\$ <u>(433,306)</u>	\$ <u>1,056,371</u>

Downtown Development Authority

Long-term debt activity for the year ended December 31, 2008 was as follows:

	<u>General Long-term Debt Development Authority Bonds, Series 2003</u>
Debt outstanding at December 31, 2007	\$ 1,800,000
Principal payments	<u>(585,000)</u>
Debt outstanding at December 31, 2008	\$ <u>1,215,000</u>
Current portion	\$ <u>600,000</u>

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 3 – Detailed notes on all funds (Continued)

J. Due From/To Other Funds

The composition of interfund balances as of December 31, 2008 are as follows:

<u>Due from other funds</u>	Due to Other Funds					
	Water and Sewer Fund	Bush Field	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Funds Total
General Fund	\$ 662,394	\$ 1,288,387	\$ 318,295	\$ 80,413	\$ 164,432	\$ 2,513,921
Nonmajor Governmental	-	-	179,433	-	-	179,433
Total interfund balances	<u>\$ 662,394</u>	<u>\$ 1,288,387</u>	<u>\$ 497,728</u>	<u>\$ 80,413</u>	<u>\$ 164,432</u>	<u>\$ 2,693,354</u>

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

Transfers To/From Other Funds

Transfers in (out) for the year ended December 31, 2008 are summarized below:

<u>Transfers out</u>	General Fund	Fire Protection Fund	Special Sales Tax Phase III	Nonmajor Govern- mental	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ -	\$ -	\$ -	\$ 877,321	\$ 1,064,820	\$ 517,963	\$ 2,460,104
Internal Service	-	-	-	200,000	51,122	-	251,122
Nonmajor governmental	3,937,079	4,858,923	2,167,667	-	6,044,695	-	17,008,364
Special Sales Tax Phase IV	-	-	-	-	243,903	-	243,903
Special Sales Tax Phase V	-	-	-	9,716,000	-	-	9,716,000
Total transfers	<u>\$ 3,937,079</u>	<u>\$ 4,858,923</u>	<u>\$ 2,167,667</u>	<u>\$ 10,793,321</u>	<u>\$ 7,404,540</u>	<u>\$ 517,963</u>	<u>\$ 29,679,493</u>

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, 2008, include the following:

General Fund	\$ 4,705,061
Fire Protection Fund	250,000
Risk Management Fund	<u>1,010,168</u>
Total reserve	<u>\$ 5,965,229</u>

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 4 – Other information (Continued)

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, 2007 to December 31, 2008:

Unpaid claims, January 1, 2007	\$ 3,423,275
Incurred claims (including IBNRs)	2,283,731
Claim payments	<u>(1,492,009)</u>
Unpaid claims, December 31, 2007	4,214,997
Incurred claims (including IBNRs)	109,209
Claim payments	<u>(1,152,984)</u>
Unpaid claims, December 31, 2008	<u>\$ 3,171,222</u>

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, 2008, 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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

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. The Government has a single-employer post-retirement plan that provides medical and death benefits to eligible retirees and their spouses. 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 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 funding policies for the 1945 Plan provides 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.

1977 Plan

During the year ended December 31, 2008, the employees in the 1977 Plan transferred their existing benefits plan into a revised GMEBS 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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

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.

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, 2008 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.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

The employer contributions are determined as part of a November 1, 2008 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 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.

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	33	0	4
General Pension Plan	0	0	0
Policemen’s Pension Plan	2	0	0
Firemen’s Pension Plan	5	0	0
City Employees’ Pension Plan	9	0	0
General Retirement Plan (City 1949)	144	9	135
GMEBS	210	142	1,926
Total	403	151	2,065

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

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, 2008, there were approximately 290 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, 2008, the employees’ contributions were approximately \$455,050, and the Government’s contributions were approximately \$228,195.

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, 2008 were \$608,015. Members become fully vested after ten years of service.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

B. Summary of significant accounting policies

Basis of Accounting

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.

Method used to Value Investments

Investments are reported at fair value. Money market mutual funds are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price or exchange rate. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains or losses from securities sold. Interest and dividend income is recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

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

Employer contributions have been determined as follows:

	1945 Plan	1977 Plan
Valuation date	1/1/08	1/1/08
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%
	General Pension Plan	Policemen's Pension Plan
Valuation date	12/31/08	12/31/08
Actuarial cost method	Actuarial present value of total Projected benefits	Actuarial present value of total Projected benefits
Amortization method	N/A	N/A
Amortization period	N/A	N/A
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

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

	Firemen's Pension Plan	City Employees' Pension Plan
	General Retirement Pension Plan (City 1949)	GMEBS
Valuation date	12/31/08	12/31/08
Actuarial cost method	Actuarial present value of total Projected benefits	Actuarial present value of total Projected benefits
Amortization method	N/A	N/A
Amortization period	N/A	N/A
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
Valuation date	01/01/08	11/01/2008
Actuarial cost method	Aggregate cost method	Projected unit credit
Amortization method	Level percentage of payroll	Level dollar
Amortization period	Various periods to comply with state law	Varies for the bases
Actuarial asset valuation method	Market value plus receivables	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
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

The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the General Retirement Pension Plan (City 1949). Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

Three-year trend information is as follows:

	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	\$ 331,330	100%	\$ (9)
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%	-

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

	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%	\$ (5,700)
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%	-
	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2008</u>					
1945 Plan	01/01/2008	\$ 143,673	\$ 191,465	133%	\$ (53,492)
General Pension Plan	01/01/2008	6,610	6,610	100%	-
Policemen’s Pension Plan	01/01/2008	48,960	48,960	100%	-
Firemen’s Pension Plan	01/01/2008	131,558	131,558	100%	-
City Employees’ Pension Plan	01/01/2008	276,009	276,009	100%	-
General Retirement Plan (City 1949)	01/01/2008	-	-	100%	-
GMEBS	01/01/2008	2,527,165	1,912,558	76%	614,607

The net pension obligation (asset) has been calculated as follows:

	1945 Plan	General Pension Plan
Annual required contribution	\$ 156,630	\$ 6,610
Interest on net pension obligation	(5,266)	-
Adjustment on annual required contribution	(7,691)	-
Annual pension cost	143,673	6,610
Contributions made	(191,465)	(6,610)
Increase (decrease) in net obligation	\$ (47,792)	\$ -
Net pension obligation (asset) (beginning of year)	\$ (5,700)	\$ -
Net OPEB obligation (asset) (end of year)	\$ (53,492)	\$ -
	Policeman’s Pension Plan	Fireman’s Pension Plan
Annual required contribution	\$ 48,960	\$ 131,558
Interest on net pension obligation	-	-
Adjustment on annual required contribution	-	-
Annual pension cost	48,960	131,558
Contributions made	(48,960)	(131,558)
Increase (decrease) in net obligation	\$ -	\$ -
Net pension obligation (asset) (beginning of year)	\$ -	\$ -
Net OPEB obligation (asset) (end of year)	\$ -	\$ -

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

	City Employees' Pension Plan	General Retirement Pension Plan (City 1949)
Annual required contribution	\$ 276,009	\$ -
Interest on net pension obligation	-	-
Adjustment on annual required contribution	-	-
Annual pension cost	<u>276,009</u>	<u>-</u>
Contributions made	<u>(276,009)</u>	<u>-</u>
Increase (decrease) in net obligation	\$ <u>-</u>	\$ <u>-</u>
Net pension obligation (asset) (beginning of year)	\$ -	\$ -
Net OPEB obligation (asset) (end of year)	\$ -	\$ -
	<u>GMEBS</u>	
Annual required contribution	\$ 2,527,165	
Interest on net pension obligation	-	
Adjustment on annual required contribution	-	
Annual pension cost	<u>2,527,165</u>	
Contributions made	<u>(1,912,558)</u>	
Increase (decrease) in net obligation	\$ <u>614,607</u>	
Net pension obligation (asset) (beginning of year)	\$ -	
Net OPEB obligation (asset) (end of year)	\$ 614,607	

E. Funded status

The funded status of each plan as of the most recent valuation date is as follows:

	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>	01/01/08	9,839,493	\$ 11,083,498	\$ 1,244,005	89	\$ 252,660	492
<u>General Pension Plan</u>	12/31/08	-	-	-	-	-	-
<u>Policemen's Pension Plan</u>	12/31/08	-	188,987	188,987	-	-	-
<u>Firemen's Pension Plan</u>	12/31/08	-	558,594	558,594	-	-	-
<u>City Employees' Pension Plan</u>	12/31/08	-	1,265,155	1,265,155	-	-	-
<u>General Retirement Plan (City 1949)</u>	01/01/08	74,862,875	70,398,531	(4,464,344)	106	6,416,602	(70)
<u>GMEBS</u>	11/01/08	48,945,634	64,678,455	15,732,821	76	60,618,181	26

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

F. 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.

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	\$ 6,920,509
Interest on net OPEB obligation	143,649
Adjustment on annual required contribution	-
Annual OPEB cost (expense)	7,064,158
Contributions made or accrued	(1,141,943)
Increase in net obligation	\$ 5,922,215
Net OPEB obligation (beginning of year)	\$ 2,611,804
Net OPEB obligation (end of year)	\$ 8,534,019

The Government’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost	Net OPEB Obligation
12/31/2008	\$ 7,064,158	16.2%	\$ 8,534,819
12/31/2007	4,371,442	40.3%	2,611,804

Funded status and funding progress. As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$82,912,060 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$82,912,060.

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.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 5 – Pension plans (Continued)

In the January 1, 2008 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, 2008 was 30 years.

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 December 31, 2008, 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, 2008 follows:

Lodging tax receipts	\$ 3,689,623
Disbursements to the Augusta-Richmond County Coliseum Authority and the Augusta Convention and Visitors Bureau -for promotion of tourism	<u>(3,400,491)</u>
Balance of lodging tax funds on hand at end of year	<u>\$ 289,132</u>

The Government has received audit reports from the Augusta-Richmond County Coliseum Authority and the Augusta Convention and Visitors Bureau, 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.

AUGUSTA, GEORGIA

Notes to Financial Statements – Continued

Year Ended December 31, 2008

Note 8 – Significant contingencies (Continued)

Arbitrage

The Government’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, 2008, the estimate arbitrage payable of \$1,168,721 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.

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, 2008, 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, 2008, including interest are as follows:

	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$ 152,390
2010	<u>3,110,000</u>	<u>152,390</u>
	<u>\$ 3,110,000</u>	<u>\$ 304,780</u>

Note 10 – Expenditure of federal grant funds

The Government 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, 2008. 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 11 – Prior period adjustments

The Government’s financial statements for governmental activities as of December 31, 2007 contained the following errors: related to the revenue reorganization of insurance premium taxes: (1) overstatement of deferred revenue by \$10,668,059 and (2) understatement of net assets by \$10,668,059. Net assets as of January 1, 2008 have been increased by \$10,668,059 to correct the errors.

Augusta Canal Authority

The Authority has restated its previously reissued 2007 financial statements to correct an error made in the calculation of depreciation to conform with accounting principles generally accepted in the United States of America. The accompanying financial statements for 2008 have been restated to reflect the corrections to beginning balance of net assets. The error resulted in an understatement of other capital assets, net of accumulated depreciation by \$1,730,735, an overstatement of net expense by \$1,730,735, and an understatement of net assets by \$1,730,735. Net assets as of January 1, 2008 have been increased by \$1,730,735 to correct the error.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts – Required Supplementary Information (Unaudited) December 31, 2008

Schedules of funding progress

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
1945 Plan						
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
01/01/08	9,839,493	11,083,498	1,244,005	89	252,660	492
1977 Plan*						
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
General Pension Plan						
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	-	-	-
12/31/08	-	-	-	-	-	-
Policemen's Pension Plan						
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	-	-	-
12/31/08	-	188,987	188,987	-	-	-

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued (Unaudited) December 31, 2008

Schedules of funding progress (Continued)

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
Firemen's Pension Plan						
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	-	-	-
12/31/08	-	558,594	558,594	-	-	-
City Employees' Pension Plan						
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	-	-	-
12/31/08	-	1,265,155	1,265,155	-	-	-
General Retirement Plan (City 1949)						
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)
01/01/08	74,862,875	70,398,531	(4,464,344)	106	6,416,602	(70)
GMEBS*						
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
11/01/08	48,945,634	64,678,455	15,732,821	76	60,618,181	26.0

COMBINING AND INDIVIDUAL
FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

AUGUSTA, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Special Revenue Funds	Capital Project Funds	Debt Service Fund 2006 GO Sales Tax Bonds
Assets			
Cash and temporary investments	\$ 14,492,338	\$ 5,311,043	\$ 15,456
Investments	-	-	-
Receivables (net of allowance for doubtful accounts)			
Taxes	2,225,075	-	-
Accounts	1,689,101	-	-
Interest	-	45,366	-
Note	3,638,581	-	-
Restricted assets			
Perpetual care	-	-	-
Due from other funds	179,433	-	-
Total assets	\$ 22,224,528	\$ 5,356,409	\$ 15,456
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,289,140	\$ 400	\$ -
Due to other funds	497,728	-	-
Accrued salaries and vacation	281,556	-	-
Other accrued liabilities	59,117	-	-
Deferred revenue	5,207,927	-	-
Total liabilities	7,335,468	400	-
Fund balances :			
Reserved for:			
Encumbrances	800,994	304,679	-
Project maintenance	-	1,596,460	-
Unreserved - undesignated	14,088,066	3,454,870	15,456
Total fund balances	14,889,060	5,356,009	15,456
Total liabilities and fund balances	\$ 22,224,528	\$ 5,356,409	\$ 15,456

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Perpetual Care - II</u>	
\$ 102,892	\$ 19,921,729
-	-
-	2,225,075
-	1,689,101
-	45,366
-	3,638,581
338,625	338,625
-	179,433
<u>\$ 441,517</u>	<u>\$ 28,037,910</u>

\$ -	\$ 1,289,540
-	497,728
-	281,556
-	59,117
-	5,207,927
<u>-</u>	<u>7,335,868</u>

-	1,105,673
-	1,596,460
441,517	17,999,909
<u>441,517</u>	<u>20,702,042</u>
<u>\$ 441,517</u>	<u>\$ 28,037,910</u>

AUGUSTA, GEORGIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Urban Services District	Emergency Telephone System	Capital Outlay	Law Enforcement
Assets				
Cash and temporary investments	\$ 1,448,854	\$ 890,351	\$ 5,559,428	\$ 459,293
Receivables (net of allowance for doubtful accounts)				
Taxes	1,559,468	-	660,609	-
Accounts	568,257	430,639	-	5,244
Note	49,924	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 3,626,503	\$ 1,320,990	\$ 6,220,037	\$ 464,537
Liabilities and fund balances (deficits)				
Liabilities:				
Accounts payable	\$ 31,983	\$ 58,824	\$ 308,862	\$ -
Due to other funds	179,433	-	-	-
Accrued salaries and vacation	9,844	137,692	-	-
Other accrued liabilities	17,381	-	-	-
Deferred revenue	1,029,235	-	472,877	-
Total liabilities	1,267,876	196,516	781,739	-
Fund balances (deficits):				
Reserved for:				
Encumbrances	-	-	487,736	-
Unreserved - undesignated	2,358,627	1,124,474	4,950,562	464,537
Total fund balances (deficits)	2,358,627	1,124,474	5,438,298	464,537
Total liabilities and fund balances (deficits)	\$ 3,626,503	\$ 1,320,990	\$ 6,220,037	\$ 464,537

Occupational Tax	Special Assessment	Hotel/Motel Tax and Promotion/ Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ -	\$ 175,433	\$ 295,603	\$ 376,166	\$ 14,374	\$ 588,606	\$ 1,083,261
-	-	-	-	-	-	-
-	247,435	4,939	121,827	43,200	-	-
-	-	-	3,453,178	135,479	-	-
-	-	-	179,433	-	-	-
<u>\$ -</u>	<u>\$ 422,868</u>	<u>\$ 300,542</u>	<u>\$ 4,130,604</u>	<u>\$ 193,053</u>	<u>\$ 588,606</u>	<u>\$ 1,083,261</u>
\$ -	\$ 159,480	\$ 300,543	\$ 333,371	\$ 142	\$ 2,232	\$ -
-	-	-	112,108	9,661	-	-
-	11,910	-	60,437	-	-	-
-	-	-	-	33,309	-	-
-	207,723	-	3,498,092	-	-	-
-	379,113	300,543	4,004,008	43,112	2,232	-
-	-	-	44,915	-	50,911	215,703
-	43,755	(1)	81,681	149,941	535,463	867,558
-	43,755	(1)	126,596	149,941	586,374	1,083,261
<u>\$ -</u>	<u>\$ 422,868</u>	<u>\$ 300,542</u>	<u>\$ 4,130,604</u>	<u>\$ 193,053</u>	<u>\$ 588,606</u>	<u>\$ 1,083,261</u>

AUGUSTA, GEORGIA
Combining Balance Sheet
Nonmajor Special Revenue Funds - Continued
December 31, 2008

	5% Victim's Crime Assistance	Supplemental Juvenile Services	Building Inspection	Weed and Seed Federal Grant
Assets				
Cash and temporary investments	\$ 205,616	\$ 37,454	\$ 1,065,510	\$ -
Receivables (net of allowance for doubtful accounts)				
Taxes	-	-	-	-
Accounts	70,259	600	-	-
Note	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 275,875	\$ 38,054	\$ 1,065,510	\$ -
Liabilities and fund balances (deficits)				
Liabilities:				
Accounts payable	\$ 63	\$ 377	\$ 21,292	\$ -
Due to other funds	-	-	-	-
Accrued salaries and vacation	18,527	-	43,146	-
Other accrued liabilities	127	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	18,717	377	64,438	-
Fund balances (deficits):				
Reserved for:				
Encumbrances	6	-	1,723	-
Unreserved - undesignated	257,152	37,677	999,349	-
Total liabilities and fund balances (deficits)	257,158	37,677	1,001,072	-
Total liabilities and fund balances (deficits)	\$ 275,875	\$ 38,054	\$ 1,065,510	\$ -

Wireless Phase	Perpetual Care - I	Land Bank Authority	Downtown Development	Canine Forfeitures	NPDES Permit Fees	Transportation and Tourism	Total Nonmajor Special Revenue Funds
\$ 1,335,208	\$ 383,929	\$ -	\$ -	\$ 18,857	\$ 102,636	\$ 451,759	\$ 14,492,338
-	-	-	4,998	-	-	-	2,225,075
-	4,653	-	191,530	-	518	-	1,689,101
-	-	-	-	-	-	-	3,638,581
-	-	-	-	-	-	-	179,433
<u>\$ 1,335,208</u>	<u>\$ 388,582</u>	<u>\$ -</u>	<u>\$ 196,528</u>	<u>\$ 18,857</u>	<u>\$ 103,154</u>	<u>\$ 451,759</u>	<u>\$ 22,224,528</u>
\$ 37,307	\$ 1,355	\$ -	\$ -	\$ -	\$ -	\$ 33,309	\$ 1,289,140
-	-	-	196,526	-	-	-	497,728
-	-	-	-	-	-	-	281,556
-	-	-	-	-	-	8,300	59,117
-	-	-	-	-	-	-	5,207,927
<u>37,307</u>	<u>1,355</u>	<u>-</u>	<u>196,526</u>	<u>-</u>	<u>-</u>	<u>41,609</u>	<u>7,335,468</u>
-	-	-	-	-	-	-	800,994
<u>1,297,901</u>	<u>387,227</u>	<u>-</u>	<u>2</u>	<u>18,857</u>	<u>103,154</u>	<u>410,150</u>	<u>14,088,066</u>
<u>1,297,901</u>	<u>387,227</u>	<u>-</u>	<u>2</u>	<u>18,857</u>	<u>103,154</u>	<u>410,150</u>	<u>14,889,060</u>
<u>\$ 1,335,208</u>	<u>\$ 388,582</u>	<u>\$ -</u>	<u>\$ 196,528</u>	<u>\$ 18,857</u>	<u>\$ 103,154</u>	<u>\$ 451,759</u>	<u>\$ 22,224,528</u>

AUGUSTA, GEORGIA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2008**

	<u>Urban Services District</u>	<u>Emergency Telephone System</u>	<u>Capital Outlay</u>	<u>Law Enforcement</u>
Revenues				
Taxes - property	\$ 7,204,224	\$ -	\$ 3,337,694	\$ -
Taxes - other than property	8,829,904	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	107,693	29,062	23,701	15,722
Charges for current services	291,833	3,030,054	-	69,922
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	173,210	-
Contributions and donations	-	-	2,800	-
Other	-	-	2,423	-
Total revenues	<u>16,433,654</u>	<u>3,059,116</u>	<u>3,539,828</u>	<u>85,644</u>
Expenditures				
Current:				
General government	1,406,267	9,447	1,383,470	-
Judicial	-	-	5,143	-
Public safety	-	3,346,780	-	85,052
Public works	447,399	-	239,868	-
Culture and recreation	6,673	-	374,571	-
Housing and development	301,676	-	198,000	-
Capital outlay	-	1,998	1,475,355	163,918
Debt service	-	-	1,462,972	-
Total expenditures	<u>2,162,015</u>	<u>3,358,225</u>	<u>5,139,379</u>	<u>248,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,271,639</u>	<u>(299,109)</u>	<u>(1,599,551)</u>	<u>(163,326)</u>
Other financing sources (uses)				
Transfers in	-	300,000	200,000	-
Transfers (out)	(12,073,365)	-	(101,471)	-
Transfers in (out) between nonmajor funds	(2,541,652)	-	-	-
Total other financing sources (uses)	<u>(14,615,017)</u>	<u>300,000</u>	<u>98,529</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(343,378)</u>	<u>891</u>	<u>(1,501,022)</u>	<u>(163,326)</u>
Fund balance (deficits) - beginning	<u>2,702,005</u>	<u>1,123,583</u>	<u>6,939,320</u>	<u>627,863</u>
Fund balance (deficits) - ending	<u>\$ 2,358,627</u>	<u>\$ 1,124,474</u>	<u>\$ 5,438,298</u>	<u>\$ 464,537</u>

Occupational Tax	Special Assessment	Hotel/Motel Tax and Promotion/Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,482,649	-	-	-	-
2,290,711	-	-	-	-	-	-
16,222	-	-	-	6,818	16,198	33,268
-	1,757,247	-	-	-	-	-
-	-	-	-	-	141,982	33,949
-	-	-	5,510,330	-	-	-
-	-	-	-	-	-	-
1,487	-	-	481,985	3,900	-	-
<u>2,308,420</u>	<u>1,757,247</u>	<u>4,482,649</u>	<u>5,992,315</u>	<u>10,718</u>	<u>158,180</u>	<u>67,217</u>
5,220	32,810	-	150,500	7,900	-	-
-	-	-	-	-	-	-
-	-	-	-	-	50,325	58,353
-	3,942,023	-	-	-	-	-
-	-	4,482,651	-	-	-	-
-	-	-	6,504,003	79,923	-	-
-	-	-	-	-	103,491	7,439
-	-	-	-	-	-	-
<u>5,220</u>	<u>3,974,833</u>	<u>4,482,651</u>	<u>6,654,503</u>	<u>87,823</u>	<u>153,816</u>	<u>65,792</u>
<u>2,303,200</u>	<u>(2,217,586)</u>	<u>(2)</u>	<u>(662,188)</u>	<u>(77,105)</u>	<u>4,364</u>	<u>1,425</u>
-	567,810	-	-	-	-	-
(2,303,200)	-	-	-	-	-	-
-	1,528,720	-	666,669	50,154	-	-
<u>(2,303,200)</u>	<u>2,096,530</u>	<u>-</u>	<u>666,669</u>	<u>50,154</u>	<u>-</u>	<u>-</u>
-	(121,056)	(2)	4,481	(26,951)	4,364	1,425
-	164,811	1	122,115	176,892	582,010	1,081,836
<u>\$ -</u>	<u>\$ 43,755</u>	<u>\$ (1)</u>	<u>\$ 126,596</u>	<u>\$ 149,941</u>	<u>\$ 586,374</u>	<u>\$ 1,083,261</u>

AUGUSTA, GEORGIA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Nonmajor Special Revenue Funds
Year Ended December 31, 2008**

	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	-	-	974,253	-
Use of money and property	7,713	990	31,305	-
Charges for current services	-	9,997	-	-
Fines and forfeitures	316,428	-	-	-
Intergovernmental	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>324,141</u>	<u>10,987</u>	<u>1,005,558</u>	<u>-</u>
Expenditures				
Current:				
General government	7,550	1,540	25,390	-
Judicial	325,642	4,463	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Housing and development	-	-	1,007,410	-
Capital outlay	-	-	15,961	-
Debt service	-	-	-	-
Total expenditures	<u>333,192</u>	<u>6,003</u>	<u>1,048,761</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,051)</u>	<u>4,984</u>	<u>(43,203)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	9,511	-
Transfers (out)	-	-	-	(12,661)
Transfers in (out) between nonmajor funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,511</u>	<u>(12,661)</u>
Net change in fund balances (deficits)	<u>(9,051)</u>	<u>4,984</u>	<u>(33,692)</u>	<u>(12,661)</u>
Fund balance (deficits) - beginning	<u>266,209</u>	<u>32,693</u>	<u>1,034,764</u>	<u>12,661</u>
Fund balance (deficits) - ending	<u>\$ 257,158</u>	<u>\$ 37,677</u>	<u>\$ 1,001,072</u>	<u>\$ -</u>

<u>Wireless Phase</u>	<u>Perpetual Care - I</u>	<u>Landbank Authority</u>	<u>Downtown Development</u>	<u>Canine Forefeitures</u>	<u>NPDES Permit Fees</u>	<u>Transportation and Tourism</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,541,918
-	-	-	474,957	-	-	-	13,787,510
-	-	-	-	-	14,545	-	3,279,509
25,512	38,524	-	-	511	2,815	6,837	362,891
731,660	-	-	-	-	-	803,467	6,694,180
-	-	-	-	-	-	-	492,359
-	-	-	-	-	-	-	5,683,540
-	-	-	-	-	-	-	2,800
-	-	-	95,527	-	-	-	585,322
<u>757,172</u>	<u>38,524</u>	<u>-</u>	<u>570,484</u>	<u>511</u>	<u>17,360</u>	<u>810,304</u>	<u>41,430,029</u>
-	-	-	628,262	-	-	-	3,658,356
-	-	-	-	-	-	-	335,248
220,867	-	-	-	-	-	-	3,761,377
-	-	-	-	-	5,560	-	4,634,850
-	53,877	-	-	-	-	-	4,917,772
-	-	58,484	154,790	-	-	-	8,304,286
-	-	-	-	-	-	-	1,768,162
-	-	-	11,031	-	-	-	1,474,003
<u>220,867</u>	<u>53,877</u>	<u>58,484</u>	<u>794,083</u>	<u>-</u>	<u>5,560</u>	<u>-</u>	<u>28,854,054</u>
<u>536,305</u>	<u>(15,353)</u>	<u>(58,484)</u>	<u>(223,599)</u>	<u>511</u>	<u>11,800</u>	<u>810,304</u>	<u>12,575,975</u>
-	-	-	-	-	-	-	1,077,321
-	-	-	-	-	-	(350,000)	(14,840,697)
-	-	-	346,263	-	-	(50,154)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>346,263</u>	<u>-</u>	<u>-</u>	<u>(400,154)</u>	<u>(13,763,376)</u>
536,305	(15,353)	(58,484)	122,664	511	11,800	410,150	(1,187,401)
<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>-</u>	<u>16,076,461</u>
<u>\$ 1,297,901</u>	<u>\$ 387,227</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 18,857</u>	<u>\$ 103,154</u>	<u>\$ 410,150</u>	<u>\$ 14,889,060</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Taxes - property	\$ 7,457,255	\$ 7,204,224	\$ (253,031)	\$ 7,601,005
Taxes - other than property	8,889,940	8,829,904	(60,036)	8,905,059
Use of money and property	55,000	107,693	52,693	217,294
Charges for current services	285,000	291,833	6,833	320,515
Total revenues	<u>16,687,195</u>	<u>16,433,654</u>	<u>(253,541)</u>	<u>17,043,873</u>
Expenditures				
Current:				
General government	1,515,772	1,406,267	109,505	1,475,249
Public works	515,434	447,399	68,035	432,535
Culture and recreation	7,350	6,673	677	3,337
Housing and development	355,510	301,676	53,834	-
Total expenditures	<u>2,394,066</u>	<u>2,162,015</u>	<u>232,051</u>	<u>1,911,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,293,129</u>	<u>14,271,639</u>	<u>(21,490)</u>	<u>15,132,752</u>
Other financing sources (uses)				
Transfers (out)	(11,758,760)	(12,073,365)	(314,605)	(11,063,859)
Transfers in (out) between nonmajor funds	(2,534,369)	(2,541,652)	(7,283)	(2,744,075)
Total other financing sources (uses)	<u>(14,293,129)</u>	<u>(14,615,017)</u>	<u>(321,888)</u>	<u>(13,807,934)</u>
Net change in fund balances	<u>\$ -</u>	<u>(343,378)</u>	<u>\$ (343,378)</u>	1,324,818
Fund balance - beginning		<u>2,702,005</u>		<u>1,377,187</u>
Fund balance - ending		<u>\$ 2,358,627</u>		<u>\$ 2,702,005</u>

AUGUSTA, GEORGIA

**Emergency Telephone System Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2008
 With comparative amounts for December 31, 2007**

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ 5,000	\$ 29,062	\$ 24,062	\$ 28,419
Charges for current services	3,196,805	3,030,054	(166,751)	3,039,669
Total revenues	<u>3,201,805</u>	<u>3,059,116</u>	<u>(142,689)</u>	<u>3,068,088</u>
Expenditures				
Current:				
General government	215,180	9,447	205,733	388
Public safety	3,343,075	3,346,780	(3,705)	3,250,805
Capital outlay	82,000	1,998	80,002	150,822
Total expenditures	<u>3,640,255</u>	<u>3,358,225</u>	<u>282,030</u>	<u>3,402,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(438,450)</u>	<u>(299,109)</u>	<u>139,341</u>	<u>(333,927)</u>
Other financing sources (uses)				
Transfers in	438,450	300,000	(138,450)	246,241
Transfers in (out) between nonmajor funds	-	-	-	399,500
Total other financing sources (uses)	<u>438,450</u>	<u>300,000</u>	<u>(138,450)</u>	<u>645,741</u>
Net change in fund balances	<u>\$ -</u>	891	<u>\$ 891</u>	311,814
Fund balance - beginning		<u>1,123,583</u>		<u>811,769</u>
Fund balance - ending		<u>\$ 1,124,474</u>		<u>\$ 1,123,583</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Taxes - property	\$ 3,433,470	\$ 3,337,694	\$ (95,776)	\$ 3,566,186
Licenses and permits	490	-	(490)	-
Use of money and property	23,710	23,701	(9)	6,500
Charges for current services	25	-	(25)	-
Intergovernmental	173,210	173,210	-	546,384
Contributions and donations	2,800	2,800	-	-
Other	2,425	2,423	(2)	15,182
Total revenues	3,636,130	3,539,828	(96,302)	4,134,252
Expenditures				
Current:				
General government	3,138,370	1,383,470	1,754,900	320,012
Judicial	44,661	5,143	39,518	112,344
Public works	535,374	239,868	295,506	273,833
Culture and recreation	463,340	374,571	88,769	14,241
Housing and development	285,260	198,000	87,260	-
Capital outlay	3,825,312	1,475,355	2,349,957	1,582,572
Debt service	1,661,015	1,462,972	198,043	1,671,957
Total expenditures	9,953,332	5,139,379	4,813,953	3,974,959
Excess (deficiency) of revenues over (under) expenditures	(6,317,202)	(1,599,551)	4,717,651	159,293
Other financing sources (uses)				
Transfers in	6,584,392	200,000	(6,384,392)	540,000
Transfers (out)	(267,190)	(101,471)	165,719	-
Transfers in (out) between nonmajor funds	-	-	-	1,200,000
Total other financing sources (uses)	6,317,202	98,529	(6,218,673)	1,740,000
 Net change in fund balances	 \$ -	 (1,501,022)	 \$ (1,501,022)	 1,899,293
 Fund balance - beginning		 6,939,320		 5,040,027
 Fund balance - ending		 \$ 5,438,298		 \$ 6,939,320

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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 15,722	\$ 15,722	\$ 34,387
Charges for current services	-	69,922	69,922	580,934
Total revenues	<u>-</u>	<u>85,644</u>	<u>85,644</u>	<u>615,321</u>
Expenditures				
Current:				
Public safety	436,070	85,052	351,018	299,961
Capital outlay	163,930	163,918	12	122,019
Total expenditures	<u>600,000</u>	<u>248,970</u>	<u>351,030</u>	<u>421,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(600,000)</u>	<u>(163,326)</u>	<u>436,674</u>	<u>193,341</u>
Other financing sources (uses)				
Transfers in	600,000	-	(600,000)	-
Total other financing sources (uses)	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(163,326)</u>	<u>\$ (163,326)</u>	<u>193,341</u>
Fund balance - beginning		<u>627,863</u>		<u>434,522</u>
Fund balance - ending		<u>\$ 464,537</u>		<u>\$ 627,863</u>

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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Licenses and permits	\$ 2,500,000	\$ 2,290,711	\$ (209,289)	\$ 2,305,262
Use of money and property	60,000	16,222	(43,778)	78,123
Other	1,500	1,487	(13)	1,788
Total revenues	<u>2,561,500</u>	<u>2,308,420</u>	<u>(253,080)</u>	<u>2,385,173</u>
Expenditures				
Current:				
General government	5,220	5,220	-	5,088
Total expenditures	<u>5,220</u>	<u>5,220</u>	<u>-</u>	<u>5,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,556,280</u>	<u>2,303,200</u>	<u>(253,080)</u>	<u>2,380,085</u>
Other financing sources (uses)				
Transfers (out)	(2,556,280)	(2,303,200)	253,080	(2,380,085)
Total other financing sources (uses)	<u>(2,556,280)</u>	<u>(2,303,200)</u>	<u>253,080</u>	<u>(2,380,085)</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ -</u>

AUGUSTA, GEORGIA

Special Assessment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds

Year Ended December 31, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Charges for current services	\$ 1,827,466	\$ 1,757,247	\$ (70,219)	\$ 1,308,561
Total revenues	<u>1,827,466</u>	<u>1,757,247</u>	<u>(70,219)</u>	<u>1,308,561</u>
Expenditures				
Current:				
General government	16,078	32,810	(16,732)	44,143
Public works	3,907,918	3,942,023	(34,105)	3,253,085
Capital outlay	-	-	-	97,299
Total expenditures	<u>3,923,996</u>	<u>3,974,833</u>	<u>(50,837)</u>	<u>3,394,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,096,530)</u>	<u>(2,217,586)</u>	<u>(121,056)</u>	<u>(2,085,966)</u>
Other financing sources (uses)				
Transfers in	567,810	567,810	-	500,000
Transfers in (out) between nonmajor funds	1,528,720	1,528,720	-	1,641,000
Total other financing sources (uses)	<u>2,096,530</u>	<u>2,096,530</u>	<u>-</u>	<u>2,141,000</u>
Net change in fund balances	<u>\$ -</u>	<u>(121,056)</u>	<u>\$ (121,056)</u>	55,034
Fund balance - beginning		<u>164,811</u>		<u>109,777</u>
Fund balance - ending		<u>\$ 43,755</u>		<u>\$ 164,811</u>

AUGUSTA, GEORGIA

**Hotel/Motel Tax and Promotion/Tourism Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2008
 With comparative amounts for December 31, 2007**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2007 Actual</u>
Revenues				
Taxes - other than property	\$ 4,390,000	\$ 4,482,649	\$ 92,649	\$ 4,420,564
Total revenues	<u>4,390,000</u>	<u>4,482,649</u>	<u>92,649</u>	<u>4,420,564</u>
Expenditures				
Current:				
Culture and recreation	4,390,000	4,482,651	(92,651)	4,420,563
Total expenditures	<u>4,390,000</u>	<u>4,482,651</u>	<u>(92,651)</u>	<u>4,420,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2)</u>	<u>(2)</u>	<u>1</u>
 Net change in fund balances	 <u><u>\$ -</u></u>	 <u><u>(2)</u></u>	 <u><u>\$ (2)</u></u>	 <u><u>1</u></u>
 Fund balance - beginning		 <u>1</u>		 <u>-</u>
 Fund balance (deficit) - ending		 <u><u>\$ (1)</u></u>		 <u><u>\$ 1</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, 2008
 With comparative amounts for December 31, 2007**

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Intergovernmental	\$ 7,633,950	\$ 5,510,330	\$ (2,123,620)	\$ 4,594,781
Other	557,000	481,985	(75,015)	398,409
Total revenues	<u>8,190,950</u>	<u>5,992,315</u>	<u>(2,198,635)</u>	<u>4,993,190</u>
Expenditures				
Current:				
General government	457,814	150,500	307,314	373,414
Housing and development	8,399,805	6,504,003	1,895,802	5,554,087
Debt service	-	-	-	2,500,000
Total expenditures	<u>8,857,619</u>	<u>6,654,503</u>	<u>2,203,116</u>	<u>8,427,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(666,669)</u>	<u>(662,188)</u>	<u>4,481</u>	<u>(3,434,311)</u>
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	666,669	666,669	-	1,029,433
Total other financing sources (uses)	<u>666,669</u>	<u>666,669</u>	<u>-</u>	<u>1,029,433</u>
Net change in fund balances	<u>\$ -</u>	<u>4,481</u>	<u>\$ 4,481</u>	<u>(2,404,878)</u>
Fund balance - beginning		<u>122,115</u>		<u>2,526,993</u>
Fund balance - ending		<u>\$ 126,596</u>		<u>\$ 122,115</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, 2008
 With comparative amounts for December 31, 2007**

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ 12,550	\$ 6,818	\$ (5,732)	\$ 11,182
Other	-	3,900	3,900	151
Total revenues	<u>12,550</u>	<u>10,718</u>	<u>(1,832)</u>	<u>11,333</u>
Expenditures				
Current:				
General government	7,900	7,900	-	7,704
Housing and development	90,353	79,923	10,430	86,380
Total expenditures	<u>98,253</u>	<u>87,823</u>	<u>10,430</u>	<u>94,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,703)</u>	<u>(77,105)</u>	<u>8,598</u>	<u>(82,751)</u>
Other financing sources (uses)				
Transfers in	35,550	-	(35,550)	-
Transfers in (out) between nonmajor funds	50,153	50,154	1	-
Total other financing sources (uses)	<u>85,703</u>	<u>50,154</u>	<u>(35,549)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(26,951)</u>	<u>\$ (26,951)</u>	<u>(82,751)</u>
Fund balance - beginning		<u>176,892</u>		<u>259,643</u>
Fund balance - ending		<u>\$ 149,941</u>		<u>\$ 176,892</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 16,198	\$ 16,198	\$ 36,191
Fines and forfeitures	800,000	141,982	(658,018)	793,106
Total revenues	<u>800,000</u>	<u>158,180</u>	<u>(641,820)</u>	<u>829,297</u>
Expenditures				
Current:				
Public safety	707,500	50,325	657,175	703,349
Capital outlay	154,415	103,491	50,924	60,673
Total expenditures	<u>861,915</u>	<u>153,816</u>	<u>708,099</u>	<u>764,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,915)</u>	<u>4,364</u>	<u>66,279</u>	<u>65,275</u>
Other financing sources (uses)				
Transfers in	61,915	-	(61,915)	-
Total other financing sources (uses)	<u>61,915</u>	<u>-</u>	<u>(61,915)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>4,364</u>	<u>\$ 4,364</u>	<u>65,275</u>
Fund balance - beginning		<u>582,010</u>		<u>516,735</u>
Fund balance - ending		<u>\$ 586,374</u>		<u>\$ 582,010</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 33,268	\$ 33,268	\$ 52,446
Fines and forfeitures	800,000	33,949	(766,051)	149,566
Total revenues	<u>800,000</u>	<u>67,217</u>	<u>(732,783)</u>	<u>202,012</u>
Expenditures				
Current:				
Public safety	576,857	58,353	518,504	81,325
Capital outlay	223,293	7,439	215,854	47,559
Total expenditures	<u>800,150</u>	<u>65,792</u>	<u>734,358</u>	<u>128,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150)</u>	<u>1,425</u>	<u>1,575</u>	<u>73,128</u>
Other financing sources (uses)				
Transfers in	150	-	(150)	-
Total other financing sources (uses)	<u>150</u>	<u>-</u>	<u>(150)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>1,425</u>	<u>\$ 1,425</u>	<u>73,128</u>
Fund balance - beginning		<u>1,081,836</u>		<u>1,008,708</u>
Fund balance - ending		<u>\$ 1,083,261</u>		<u>\$ 1,081,836</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ 5,000	\$ 7,713	\$ 2,713	\$ 10,281
Fines and forfeitures	332,500	316,428	(16,072)	331,224
Other	-	-	-	381
Total revenues	<u>337,500</u>	<u>324,141</u>	<u>(13,359)</u>	<u>341,886</u>
Expenditures				
Current:				
General government	13,070	7,550	5,520	7,356
Judicial	327,206	325,642	1,564	274,010
Total expenditures	<u>340,276</u>	<u>333,192</u>	<u>7,084</u>	<u>281,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,776)</u>	<u>(9,051)</u>	<u>(6,275)</u>	<u>60,520</u>
Other financing sources (uses)				
Transfers in	2,776	-	(2,776)	-
Total other financing sources (uses)	<u>2,776</u>	<u>-</u>	<u>(2,776)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(9,051)</u>	<u>\$ (9,051)</u>	<u>60,520</u>
Fund balance - beginning		<u>266,209</u>		<u>205,689</u>
Fund balance - ending		<u>\$ 257,158</u>		<u>\$ 266,209</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, 2008
 With comparative amounts for December 31, 2007**

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 990	\$ 990	\$ 2,124
Charges for current services	34,500	9,997	(24,503)	17,750
Total revenues	<u>34,500</u>	<u>10,987</u>	<u>(23,513)</u>	<u>19,874</u>
Expenditures				
Current:				
General government	14,500	1,540	12,960	1,500
Judicial	20,000	4,463	15,537	6,143
Total expenditures	<u>34,500</u>	<u>6,003</u>	<u>28,497</u>	<u>7,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,984</u>	<u>4,984</u>	<u>12,231</u>
Net change in fund balances	<u>\$ -</u>	<u>4,984</u>	<u>\$ 4,984</u>	<u>12,231</u>
Fund balance - beginning		<u>32,693</u>		<u>20,462</u>
Fund balance - ending		<u>\$ 37,677</u>		<u>\$ 32,693</u>

AUGUSTA, GEORGIA

Building Inspection

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

Year Ended December 31, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Licenses and permits	\$ 989,650	\$ 974,253	\$ (15,397)	\$ 950,913
Use of money and property	6,619	31,305	24,686	50,961
Total revenues	<u>996,269</u>	<u>1,005,558</u>	<u>9,289</u>	<u>1,001,874</u>
Expenditures				
Current:				
General government	36,971	25,390	11,581	24,768
Housing and development	1,011,059	1,007,410	3,649	853,977
Capital outlay	109,621	15,961	93,660	21,029
Total expenditures	<u>1,157,651</u>	<u>1,048,761</u>	<u>108,890</u>	<u>899,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(161,382)</u>	<u>(43,203)</u>	<u>118,179</u>	<u>102,100</u>
Other financing sources (uses)				
Transfers in	161,382	9,511	(151,871)	-
Total other financing sources (uses)	<u>161,382</u>	<u>9,511</u>	<u>(151,871)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(33,692)</u>	<u>\$ (33,692)</u>	<u>102,100</u>
Fund balance - beginning		<u>1,034,764</u>		<u>932,664</u>
Fund balance - ending		<u>\$ 1,001,072</u>		<u>\$ 1,034,764</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Other financing sources (uses)				
Transfers in	\$ 12,670	\$ -	\$ (12,670)	\$ -
Transfers (out)	(12,670)	(12,661)	9	-
Total other financing sources (uses)	<u>-</u>	<u>(12,661)</u>	<u>(12,661)</u>	<u>-</u>
 Net change in fund balances	 <u><u>\$ -</u></u>	 <u>(12,661)</u>	 <u><u>\$ (12,661)</u></u>	 <u>-</u>
 Fund balance - beginning		 <u>12,661</u>		 <u>12,661</u>
 Fund balance - ending		 <u><u>\$ -</u></u>		 <u><u>\$ 12,661</u></u>

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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ 9,000	\$ 25,512	\$ 16,512	\$ 36,106
Charges for current services	446,280	731,660	285,380	586,659
Total revenues	<u>455,280</u>	<u>757,172</u>	<u>301,892</u>	<u>622,765</u>
Expenditures				
Current:				
General government	1,740	-	1,740	1,692
Public safety	453,540	220,867	232,673	282,315
Total expenditures	<u>455,280</u>	<u>220,867</u>	<u>234,413</u>	<u>284,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>536,305</u>	<u>536,305</u>	<u>338,758</u>
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	-	-	-	(399,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,500)</u>
Net change in fund balances	<u>\$ -</u>	<u>536,305</u>	<u>\$ 536,305</u>	<u>(60,742)</u>
Fund balance - beginning		<u>761,596</u>		<u>822,338</u>
Fund balance - ending		<u>\$ 1,297,901</u>		<u>\$ 761,596</u>

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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ 79,800	\$ 38,524	\$ (41,276)	\$ 50,889
Total revenues	<u>79,800</u>	<u>38,524</u>	<u>(41,276)</u>	<u>50,889</u>
Expenditures				
Current:				
Culture and recreation	62,800	53,877	8,923	56,361
Capital outlay	17,000	-	17,000	20,903
Total expenditures	<u>79,800</u>	<u>53,877</u>	<u>25,923</u>	<u>77,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(15,353)</u>	<u>(15,353)</u>	<u>(26,375)</u>
Net change in fund balances	<u>\$ -</u>	<u>(15,353)</u>	<u>\$ (15,353)</u>	<u>(26,375)</u>
Fund balance - beginning		<u>402,580</u>		<u>428,955</u>
Fund balance - ending		<u>\$ 387,227</u>		<u>\$ 402,580</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ 59,634
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,634</u>
Expenditures				
Housing and development	-	58,484	(58,484)	132,142
Total expenditures	<u>-</u>	<u>58,484</u>	<u>(58,484)</u>	<u>132,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(58,484)</u>	<u>(58,484)</u>	<u>(72,508)</u>
Net change in fund balances	<u><u>\$ -</u></u>	<u><u>(58,484)</u></u>	<u><u>\$ (58,484)</u></u>	<u><u>(72,508)</u></u>
Fund balance - beginning		<u>58,484</u>		<u>130,992</u>
Fund balance - ending		<u><u>\$ -</u></u>		<u><u>\$ 58,484</u></u>

AUGUSTA, GEORGIA

Downtown Development Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and

Nonmajor Special Revenue Funds

Year Ended December 31, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Taxes - property	\$ -	\$ -	\$ -	\$ 75
Taxes - other than property	460,000	474,957	14,957	479,443
Other	-	95,527	95,527	-
Total revenues	<u>460,000</u>	<u>570,484</u>	<u>110,484</u>	<u>479,518</u>
Expenditures				
Current:				
General government	629,190	628,262	928	632,988
Housing and development	154,790	154,790	-	154,790
Debt service	15,000	11,031	3,969	27,050
Total expenditures	<u>798,980</u>	<u>794,083</u>	<u>4,897</u>	<u>814,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(338,980)</u>	<u>(223,599)</u>	<u>115,381</u>	<u>(335,310)</u>
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	338,980	346,263	7,283	347,080
Total other financing sources (uses)	<u>338,980</u>	<u>346,263</u>	<u>7,283</u>	<u>347,080</u>
Net change in fund balances (deficit)	<u>\$ -</u>	122,664	<u>\$ 122,664</u>	11,770
Fund balance (deficit) - beginning		<u>(122,662)</u>		<u>(134,432)</u>
Fund balance (deficit) - ending		<u>\$ 2</u>		<u>\$ (122,662)</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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 511	\$ 511	\$ 815
Fines and forfeitures	30,000	-	(30,000)	433
Total revenues	<u>30,000</u>	<u>511</u>	<u>(29,489)</u>	<u>1,248</u>
Expenditures				
Current:				
Public safety	30,000	-	30,000	-
Total expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>511</u>	<u>511</u>	<u>1,248</u>
 Net change in fund balances	 <u><u>\$ -</u></u>	 <u>511</u>	 <u><u>\$ 511</u></u>	 <u>1,248</u>
Fund balance - beginning		<u>18,346</u>		<u>17,098</u>
Fund balance - ending		<u><u>\$ 18,857</u></u>		<u><u>\$ 18,346</u></u>

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, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Licenses and permits	\$ 30,000	\$ 14,545	\$ (15,455)	\$ 32,725
Use of money and property	2,000	2,815	815	4,535
Total revenues	<u>32,000</u>	<u>17,360</u>	<u>(14,640)</u>	<u>37,260</u>
Expenditures				
Current:				
Public works	32,000	5,560	26,440	18,398
Capital outlay	21,800	-	21,800	-
Total expenditures	<u>53,800</u>	<u>5,560</u>	<u>48,240</u>	<u>18,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,800)</u>	<u>11,800</u>	<u>33,600</u>	<u>18,862</u>
Other financing sources (uses)				
Transfers in	21,800	-	(21,800)	-
Total other financing sources (uses)	<u>21,800</u>	<u>-</u>	<u>(21,800)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>11,800</u>	<u>\$ 11,800</u>	<u>18,862</u>
Fund balance - beginning		<u>91,354</u>		<u>72,492</u>
Fund balance - ending		<u>\$ 103,154</u>		<u>\$ 91,354</u>

AUGUSTA, GEORGIA

Transportation and Tourism

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

Year Ended December 31, 2008

With comparative amounts for December 31, 2007

	Amended Budget	Actual	Variance with Final Budget - Positive (Negative)	2007 Actual
Revenues				
Use of money and property	\$ -	\$ 6,837	\$ 6,837	\$ -
Charges for current services	400,153	803,467	403,314	-
Total revenues	<u>400,153</u>	<u>810,304</u>	<u>410,151</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>400,153</u>	<u>810,304</u>	<u>410,151</u>	<u>-</u>
Other financing sources (uses)				
Transfers (out)	(350,000)	(350,000)	-	-
Transfers in (out) between nonmajor funds	(50,153)	(50,154)	(1)	-
Total other financing sources (uses)	<u>(400,153)</u>	<u>(400,154)</u>	<u>(1)</u>	<u>-</u>
Net change in fund balances	<u><u>\$ -</u></u>	<u>410,150</u>	<u><u>\$ 410,150</u></u>	<u>-</u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u><u>\$ 410,150</u></u>		<u><u>\$ -</u></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, 2008
 With comparative amounts for December 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2007 Actual</u>
Revenues				
Use of money and property	\$ 550	\$ 5,812	\$ 5,262	\$ 10,743
Total revenues	<u>550</u>	<u>5,812</u>	<u>5,262</u>	<u>10,743</u>
Expenditures				
Debt service	9,716,550	9,716,550	-	9,727,939
Total expenditures	<u>9,716,550</u>	<u>9,716,550</u>	<u>-</u>	<u>9,727,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,716,000)</u>	<u>(9,710,738)</u>	<u>5,262</u>	<u>(9,717,196)</u>
Other financing sources (uses)				
Transfers in	9,716,000	9,716,000	-	9,727,390
Total other financing sources (uses)	<u>9,716,000</u>	<u>9,716,000</u>	<u>-</u>	<u>9,727,390</u>
Net change in fund balances	<u>\$ -</u>	5,262	<u>\$ 5,262</u>	10,194
Fund balance - beginning		<u>10,194</u>		<u>-</u>
Fund balance - ending		<u>\$ 15,456</u>		<u>\$ 10,194</u>

AUGUSTA, GEORGIA
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2008

	<u>Community Development</u>	<u>Special Sales Tax Phase II</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets			
Cash and temporary investments	\$ 137,697	\$ 5,173,346	\$ 5,311,043
Receivables (net of allowance for doubtful accounts)			
Interest	-	45,366	45,366
Total assets	<u>\$ 137,697</u>	<u>\$ 5,218,712</u>	<u>\$ 5,356,409</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ 400	\$ 400
Total liabilities	<u>-</u>	<u>400</u>	<u>400</u>
Fund balances:			
Encumbrances	-	304,679	304,679
Project maintenance	-	1,596,460	1,596,460
Unreserved - undesignated	137,697	3,317,173	3,454,870
Total fund balances	<u>137,697</u>	<u>5,218,312</u>	<u>5,356,009</u>
Total liabilities and fund balances	<u>\$ 137,697</u>	<u>\$ 5,218,712</u>	<u>\$ 5,356,409</u>

AUGUSTA, GEORGIA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2008**

	<u>Community Development</u>	<u>Special Sales Tax Phase II</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues			
Use of money and property	\$ -	\$ 255,900	\$ 255,900
Intergovernmental	-	2,803	2,803
Total revenues	<u>-</u>	<u>258,703</u>	<u>258,703</u>
Expenditures			
Current:			
General government	-	9,070	9,070
Public safety	-	7,598	7,598
Public works	-	55,055	55,055
Capital outlay	-	150,450	150,450
Total expenditures	<u>-</u>	<u>222,173</u>	<u>222,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>36,530</u>	<u>36,530</u>
Other financing sources (uses)			
Transfers (out)	-	(2,167,667)	(2,167,667)
Total other financing sources (uses)	<u>-</u>	<u>(2,167,667)</u>	<u>(2,167,667)</u>
Net change in fund balances	-	(2,131,137)	(2,131,137)
Fund balance - beginning	<u>137,697</u>	<u>7,349,449</u>	<u>7,487,146</u>
Fund balance - ending	<u>\$ 137,697</u>	<u>\$ 5,218,312</u>	<u>\$ 5,356,009</u>

NONMAJOR ENTERPRISE FUNDS

AUGUSTA, GEORGIA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2008

	<u>Waste Management</u>	<u>Municipal Golf Course</u>	<u>Transit</u>
Assets			
Current assets			
Cash and temporary investments	\$ 25,792,902	\$ 722	\$ 1,057,328
Receivables			
Accounts	1,327,295	18,594	254,090
Interest	-	-	-
Inventory	-	9,732	201,665
Total current assets	<u>27,120,197</u>	<u>29,048</u>	<u>1,513,083</u>
Noncurrent assets			
Restricted cash and investments	1,366,799	-	-
Deferred bond issuance costs	299,152	-	-
Capital assets, net	17,652,111	1,381,025	3,205,736
Total noncurrent assets	<u>19,318,062</u>	<u>1,381,025</u>	<u>3,205,736</u>
Total assets	<u>46,438,259</u>	<u>1,410,073</u>	<u>4,718,819</u>
Liabilities			
Current liabilities			
Accounts payable	455,052	19,645	52,403
Due to other funds	-	-	-
Accrued salaries and vacation	66,494	36,666	230,838
Other accrued liabilities	226,146	-	-
Current portion of leases payable	320,058	-	-
Current portion of revenue bonds payable	1,650,000	-	-
Total current liabilities	<u>2,717,750</u>	<u>56,311</u>	<u>283,241</u>
Noncurrent liabilities			
Closure/postclosure accrual	9,184,152	-	-
Revenue bonds payable	3,911,778	-	-
Capital leases	388,033	-	-
Total noncurrent liabilities	<u>13,483,963</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>16,201,713</u>	<u>56,311</u>	<u>283,241</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	12,746,353	1,381,025	3,205,736
Restricted	2,688	-	-
Unrestricted	17,487,505	(27,263)	1,229,842
Total net assets (deficit)	<u>\$ 30,236,546</u>	<u>\$ 1,353,762</u>	<u>\$ 4,435,578</u>

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ 630,883	\$ 2,072,294	\$ 29,554,129
-	1,669,477	3,269,456
6,321	-	6,321
-	-	211,397
<u>637,204</u>	<u>3,741,771</u>	<u>33,041,303</u>
-	-	1,366,799
-	-	299,152
1,321,567	2,632,861	26,193,300
<u>1,321,567</u>	<u>2,632,861</u>	<u>27,859,251</u>
<u>1,958,771</u>	<u>6,374,632</u>	<u>60,900,554</u>
11,006	971,525	1,509,631
80,413	-	80,413
6,142	33,590	373,730
-	-	226,146
-	725,108	1,045,166
-	-	1,650,000
<u>97,561</u>	<u>1,730,223</u>	<u>4,885,086</u>
-	-	9,184,152
-	-	3,911,778
-	1,695,349	2,083,382
<u>-</u>	<u>1,695,349</u>	<u>15,179,312</u>
<u>97,561</u>	<u>3,425,572</u>	<u>20,064,398</u>
1,321,567	212,404	18,867,085
-	-	2,688
539,643	2,736,656	21,966,383
<u>\$ 1,861,210</u>	<u>\$ 2,949,060</u>	<u>\$ 40,836,156</u>

AUGUSTA, GEORGIA

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2008**

	Waste Management	Municipal Golf Course	Transit
Operating revenues			
Charges and fees	\$ 11,340,418	\$ 483,127	\$ 714,085
Total operating revenues	<u>11,340,418</u>	<u>483,127</u>	<u>714,085</u>
Operating expenses			
Personal services and employee benefits	1,039,891	322,741	3,074,360
Purchased/contracted services	483,475	58,156	153,976
Supplies	861,768	174,083	737,595
Repairs and maintenance	154,827	20,173	327,923
Interfund/interdepartmental charges	1,005,264	46,770	196,615
Other costs	800	-	-
Depreciation	1,046,800	28,190	563,568
Closure/postclosure accrual	668,218	-	-
Total operating expenses	<u>5,261,043</u>	<u>650,113</u>	<u>5,054,037</u>
Operating income (loss)	<u>6,079,375</u>	<u>(166,986)</u>	<u>(4,339,952)</u>
Nonoperating revenue (expense)			
Interest revenue	778,097	-	17,039
Sale of property	12,822	-	-
Other revenue	-	1,201	4,961
Intergovernmental	-	-	472,081
Interest expense	(219,727)	(376)	-
Total nonoperating revenue (expense)	<u>571,192</u>	<u>825</u>	<u>494,081</u>
Income (loss) before transfers	6,650,567	(166,161)	(3,845,871)
Transfers in	-	74,880	4,089,845
Transfers between nonmajor funds	574,674	-	-
Change in net assets	<u>7,225,241</u>	<u>(91,281)</u>	<u>243,974</u>
Total net assets (deficit) - beginning	<u>23,011,305</u>	<u>1,445,043</u>	<u>4,191,604</u>
Total net assets (deficit) - ending	<u>\$ 30,236,546</u>	<u>\$ 1,353,762</u>	<u>\$ 4,435,578</u>

Daniel Field Airport	Garbage Collection	Total
\$ 96,394	\$ 14,011,008	\$ 26,645,032
96,394	14,011,008	26,645,032
43,020	313,105	4,793,117
8,232	13,856,866	14,560,705
13,483	82,382	1,869,311
36,812	-	539,735
12,843	94,495	1,355,987
-	-	800
88,842	582,115	2,309,515
-	-	668,218
203,232	14,928,963	26,097,388
(106,838)	(917,955)	547,644
23,297	-	818,433
-	-	12,822
63	70	6,295
173,870	-	645,951
-	(16,192)	(236,295)
197,230	(16,122)	1,247,206
90,392	(934,077)	1,794,850
-	3,239,815	7,404,540
-	(574,674)	-
90,392	1,731,064	9,199,390
1,770,818	1,217,996	31,636,766
\$ 1,861,210	\$ 2,949,060	\$ 40,836,156

AUGUSTA, GEORGIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2008

	Waste Management	Municipal Golf Course	Transit
Operating activities			
Cash received from customers	12,194,862	\$ 468,485	\$ 460,397
Cash advanced from other funds	-	-	-
Cash paid to suppliers	(6,306,212)	(251,871)	(1,206,294)
Cash paid to employees	(1,046,150)	(307,969)	(3,037,113)
Cash paid for interfund services used	(1,005,264)	(46,770)	(196,615)
Net cash provided by (used in) operating activities	3,837,236	(138,125)	(3,979,625)
Noncapital financing activities			
Transfers in	574,674	74,880	3,845,942
Transfers out	-	-	-
Operating grants	-	-	472,081
Interest expense on operating capital	-	(376)	-
Net cash provided by noncapital financing activities	574,674	74,504	4,318,023
Capital and related financing activities			
Proceeds from sale of property	12,822	-	-
Proceeds from grants	-	-	-
Proceeds from capital leases	473,413	-	-
Payments on bonds issued	(1,585,000)	-	-
Payments on capital leases	(442,351)	-	-
Purchase of capital assets	(8,179,944)	-	(159,952)
Interest paid on capital debt	(233,705)	-	-
Other miscellaneous income	-	1,200	4,961
Net cash provided by (used in) capital and related financing activities	(9,954,765)	1,200	(154,991)
Investing activities			
Interest received	778,097	-	17,039
Net cash provided by investing activities	778,097	-	17,039
Net increase (decrease) in cash and cash equivalents/investments	(4,764,758)	(62,421)	200,446
Cash and cash equivalents/investments			
Beginning of year	31,924,459	63,143	856,882
End of year	\$ 27,159,701	\$ 722	\$ 1,057,328

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ 96,394	\$ 13,881,932	\$ 27,102,070
80,413	-	80,413
(68,516)	(13,837,618)	(21,670,511)
(49,545)	(289,003)	(4,729,780)
(12,843)	(94,495)	(1,355,987)
45,903	(339,184)	(573,795)
-	3,239,815	7,735,311
-	(574,674)	(574,674)
-	-	472,081
-	-	(376)
-	2,665,141	7,632,342
-	-	12,822
173,870	-	173,870
-	1,225,658	1,699,071
-	-	(1,585,000)
-	(725,108)	(1,167,459)
(193,682)	(1,335,067)	(9,868,645)
-	(16,192)	(249,897)
63	70	6,294
(19,749)	(850,639)	(10,978,944)
25,000	-	820,136
25,000	-	820,136
51,154	1,475,318	(3,100,261)
579,729	596,976	34,021,189
\$ 630,883	\$ 2,072,294	\$ 30,920,928

AUGUSTA, GEORGIA

**Combining Statement of Cash Flows - Continued
Nonmajor Enterprise Funds
Year Ended December 31, 2008**

	<u>Waste Management</u>	<u>Municipal Golf Course</u>	<u>Transit</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 6,079,375	\$ (166,986)	\$ (4,339,952)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,046,800	28,190	563,568
Closure/post closure costs	668,218	-	-
Accounts receivable	854,444	(14,642)	(253,688)
Inventory	-	(565)	-
Accounts payable	(539,749)	1,106	13,200
Accrued salaries and vacation	(6,259)	14,772	37,247
Other accrued liabilities	(10,453)	-	-
Due to other funds	-	-	-
Decrease in closure liability	(4,255,140)	-	-
Total adjustments	<u>(2,242,139)</u>	<u>28,861</u>	<u>360,327</u>
Net cash provided by (used in) operating activities	<u>\$ 3,837,236</u>	<u>\$ (138,125)</u>	<u>\$ (3,979,625)</u>
Reconciliation of cash and cash equivalents to the balance sheets			
Cash and cash equivalents in current assets	\$ 25,792,902	\$ 722	\$ 1,057,328
Restricted cash and cash equivalents included in noncurrent cash and investments	<u>1,366,799</u>	<u>-</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 27,159,701</u>	<u>\$ 722</u>	<u>\$ 1,057,328</u>

Daniel Field Airport	Garbage Collection	Total Nonmajor Enterprise Funds
\$ (106,838)	\$ (917,955)	547,644
88,842	582,115	2,309,515
-	-	668,218
-	(129,076)	457,038
-	-	(565)
3,511	101,630	(420,302)
(6,525)	24,102	63,337
(13,500)	-	(23,953)
80,413	-	80,413
-	-	(4,255,140)
<u>152,741</u>	<u>578,771</u>	<u>(1,121,439)</u>
<u>\$ 45,903</u>	<u>\$ (339,184)</u>	<u>\$ (573,795)</u>
\$ 630,883	\$ 2,072,294	29,554,129
-	-	1,366,799
<u>\$ 630,883</u>	<u>\$ 2,072,294</u>	<u>\$ 30,920,928</u>

INTERNAL SERVICE FUNDS

AUGUSTA, GEORGIA

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2008**

	<u>Risk Management</u>	<u>Fleet Operations</u>	<u>Workers Compensation</u>
Assets			
Current assets			
Cash and temporary investments	\$ 1,078,076	\$ 253,328	\$ 41,461
Accounts receivable	-	32	-
Total current assets	<u>1,078,076</u>	<u>253,360</u>	<u>41,461</u>
Noncurrent assets			
Restricted investments	-	-	204,761
Capital assets, net	316,164	107,844	-
Total noncurrent assets	<u>316,164</u>	<u>107,844</u>	<u>204,761</u>
Total assets	<u>1,394,240</u>	<u>361,204</u>	<u>246,222</u>
Liabilities			
Current liabilities			
Accounts payable	29,996	472,475	83,585
Due to other funds	-	-	-
Accrued salaries and vacation	37,912	15,386	-
Total current liabilities	<u>67,908</u>	<u>487,861</u>	<u>83,585</u>
Noncurrent liabilities			
Revenue bonds payable	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>67,908</u>	<u>487,861</u>	<u>83,585</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	316,164	107,844	-
Unrestricted	1,010,168	(234,501)	162,637
Total net assets (deficit)	<u>\$ 1,326,332</u>	<u>\$ (126,657)</u>	<u>\$ 162,637</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ -	\$ -	\$ 56,791	\$ -	\$ 1,429,656
29,656	-	-	4,786,725	4,816,413
<u>29,656</u>	<u>-</u>	<u>56,791</u>	<u>4,786,725</u>	<u>6,246,069</u>
-	-	-	11,643,253	11,848,014
-	-	-	-	424,008
-	-	-	11,643,253	12,272,022
<u>29,656</u>	<u>-</u>	<u>56,791</u>	<u>16,429,978</u>	<u>18,518,091</u>
-	-	41,134	112,730	739,920
29,655	-	-	134,777	164,432
-	-	-	-	53,298
<u>29,655</u>	<u>-</u>	<u>41,134</u>	<u>247,507</u>	<u>957,650</u>
-	-	-	16,214,270	16,214,270
-	-	-	16,214,270	16,214,270
<u>29,655</u>	<u>-</u>	<u>41,134</u>	<u>16,461,777</u>	<u>17,171,920</u>
-	-	-	-	424,008
1	-	15,657	(31,799)	922,163
<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 15,657</u>	<u>\$ (31,799)</u>	<u>\$ 1,346,171</u>

AUGUSTA, GEORGIA

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended December 31, 2008**

	<u>Risk Management</u>	<u>Fleet Operations</u>	<u>Workers Compensation</u>
Operating revenues			
Charges and fees			
Contributions	\$ 1,585,849	\$ 5,358,452	\$ 1,461,966
	<u>1,585,849</u>	<u>5,358,452</u>	<u>1,461,966</u>
Operating expenses			
Personal services and employee benefits	357,089	131,820	-
Purchased/contracted services	448,099	27,307	-
Supplies	17,455	201,271	-
Repairs and maintenance	-	4,770,221	-
Other costs	72,774	82,661	-
Depreciation	1,722	38,365	-
Lease expense	-	-	-
Risk benefit charges	706,867	110,880	5,980
Insurance	-	-	1,456,351
Total operating expenses	<u>1,604,006</u>	<u>5,362,525</u>	<u>1,462,331</u>
Operating income (loss)	<u>(18,157)</u>	<u>(4,073)</u>	<u>(365)</u>
Nonoperating revenue (expense)			
Interest revenue	45,432	-	364
Sale of property	-	6,664	-
Other revenue	198,849	-	-
Interest expense	-	(2,593)	-
Total nonoperating revenue (expense)	<u>244,281</u>	<u>4,071</u>	<u>364</u>
Income (loss) before transfers	226,124	(2)	(1)
Transfers in	-	-	-
Transfers out	(251,122)	-	-
Transfers between Internal Service Funds	-	-	-
Change in net assets	(24,998)	(2)	(1)
Total net assets (deficit) - beginning	<u>1,351,330</u>	<u>(126,655)</u>	<u>162,638</u>
Total net assets (deficit) - ending	<u>\$ 1,326,332</u>	<u>\$ (126,657)</u>	<u>\$ 162,637</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ 19,511,854	\$ 189,867	\$ 482,688	\$ 2,621,603	\$ 31,212,279
19,511,854	189,867	482,688	2,621,603	31,212,279
-	-	-	-	488,909
50,222	-	-	-	525,628
-	-	-	-	218,726
-	-	-	-	4,770,221
-	-	-	-	155,435
-	-	-	-	40,087
-	-	-	2,466,920	2,466,920
5,770	-	1,830	-	831,327
19,939,740	186,484	437,475	-	22,020,050
19,995,732	186,484	439,305	2,466,920	31,517,303
(483,878)	3,383	43,383	154,683	(305,024)
-	-	1,080	400,000	446,876
-	-	-	-	6,664
21,300	-	-	-	220,149
(99,848)	(3,383)	-	(554,683)	(660,507)
(78,548)	(3,383)	1,080	(154,683)	13,182
(562,426)	-	44,463	-	(291,842)
517,963	-	-	-	517,963
-	-	-	-	(251,122)
44,463	-	(44,463)	-	-
-	-	-	-	(25,001)
1	-	15,657	(31,799)	1,371,172
\$ 1	\$ -	\$ 15,657	\$ (31,799)	\$ 1,346,171

AUGUSTA, GEORGIA
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2008

	Risk Management	Fleet Operations	Workers Compensation
Operating activities			
Cash received from contributions	\$ 1,600,258	\$ 5,358,452	\$ 1,461,966
Cash received from General Fund	-	-	-
Cash paid to suppliers	(1,256,924)	(5,154,551)	(1,476,186)
Cash paid to employees	(351,412)	(129,195)	-
Net cash provided by (used in) operating activities	(8,078)	74,706	(14,220)
Noncapital financing activities			
Transfers in	-	-	-
Transfers out	(251,122)	(2,593)	-
Interest earned (expensed) on operating capital	-	-	-
Other miscellaneous income	198,848	-	-
Net cash provided by (used in) noncapital financing activities	(52,274)	(2,593)	-
Capital and related financing activities			
Proceeds from sale of property	-	6,665	-
Interest paid on capital debt	-	-	-
Net cash provided by (used in) capital and related financing activities	-	6,665	-
Investing activities			
Interest received	45,432	-	364
Net cash provided by investing activities	45,432	-	364
Net increase (decrease) in cash and cash equivalents	(14,920)	78,778	(13,856)
Cash and cash equivalents/investments			
Beginning of year	1,092,996	174,550	260,078
End of year	\$ 1,078,076	\$ 253,328	\$ 246,222

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total Internal Service Funds
\$ 19,511,854	\$ 189,867	\$ 482,688	\$ 2,621,603	\$ 31,226,688
-	-	-	48,925	48,925
(19,995,732)	(186,484)	(439,488)	-	(28,509,365)
-	-	-	(2,933,149)	(3,413,756)
<u>(483,878)</u>	<u>3,383</u>	<u>43,200</u>	<u>(262,621)</u>	<u>(647,508)</u>
562,426	-	-	-	562,426
-	-	(44,463)	-	(298,178)
(99,848)	(3,383)	-	-	(103,231)
<u>21,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,148</u>
<u>483,878</u>	<u>(3,383)</u>	<u>(44,463)</u>	<u>-</u>	<u>381,165</u>
-	-	-	-	6,665
-	-	-	(509,767)	(509,767)
-	-	-	(509,767)	(503,102)
-	-	1,080	400,000	446,876
-	-	<u>1,080</u>	<u>400,000</u>	<u>446,876</u>
-	-	(183)	(372,388)	(322,569)
-	-	56,974	12,015,641	13,600,239
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,791</u>	<u>\$ 11,643,253</u>	<u>\$ 13,277,670</u>

AUGUSTA, GEORGIA

**Combining Statement of Cash Flows - Continued
Internal Service Funds
Year Ended December 31, 2008**

	Risk Management	Fleet Operations	Workers Compensation
Reconciliation of operating income (loss)			
to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (18,157)	\$ (4,073)	\$ (365)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating			
activities:			
Depreciation and amortization	1,722	38,365	-
Change in assets and liabilities:			
Accounts receivable	14,409	-	-
Accounts payable	(11,729)	37,789	(13,855)
Accrued salaries and vacation	5,677	2,625	-
Due to other funds	-	-	-
	10,079	78,779	(13,855)
Net cash provided by (used in) operating activities	\$ (8,078)	\$ 74,706	\$ (14,220)
Reconciliation of cash and cash equivalents			
to the balance sheets			
Cash and cash equivalents in current assets	\$ 1,078,076	\$ 253,328	\$ 41,461
Restricted cash and cash equivalents included in			
noncurrent cash and investments	-	-	204,761
Net cash and cash equivalents	\$ 1,078,076	\$ 253,328	\$ 246,222

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total Internal Service Funds
\$ (483,878)	\$ 3,383	\$ 43,383	\$ 154,683	\$ (305,024)
-	-	-	-	40,087
12,571	-	-	(578,959)	(551,979)
-	-	(183)	112,730	124,752
-	-	-	-	8,302
(12,571)	-	-	48,925	36,354
-	-	(183)	(417,304)	(342,484)
<u>\$ (483,878)</u>	<u>\$ 3,383</u>	<u>\$ 43,200</u>	<u>\$ (262,621)</u>	<u>\$ (647,508)</u>
\$ -	\$ -	\$ 56,791	\$ -	\$ 1,429,656
-	-	-	11,643,253	11,848,014
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,791</u>	<u>\$ 11,643,253</u>	<u>\$ 13,277,670</u>

FIDUCIARY FUNDS

PENSION TRUST FUNDS

AUGUSTA, GEORGIA

**Combining Statement of Fiduciary Net Assets
Pension Trust Funds
December 31, 2008**

	1945 Plan	1977 Plan	General Retirement	Total
Assets				
Cash and cash equivalents	\$ 1,620,642	\$ -	\$ 2,569,362	\$ 4,190,004
Investments				
U.S. Government securities	1,325,484	-	17,638,418	18,963,902
Corporate bonds	1,758,564	-	6,060,960	7,819,524
Equity securities	3,037,650	-	27,865,696	30,903,346
Accounts	-	-	1,620	1,620
Interest	50,650	-	346,248	396,898
Total assets	<u>7,792,990</u>	<u>-</u>	<u>54,482,304</u>	<u>62,275,294</u>
Liabilities				
Accounts payable	<u>1,797</u>	<u>-</u>	<u>9,577</u>	<u>11,374</u>
Total liabilities	<u>1,797</u>	<u>-</u>	<u>9,577</u>	<u>11,374</u>
Net assets				
Reserved for employees' retirement benefits	<u>\$ 7,791,193</u>	<u>\$ -</u>	<u>\$ 54,472,727</u>	<u>\$ 62,263,920</u>

AUGUSTA, GEORGIA

**Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended December 31, 2008**

	1945 Plan	1977 Plan	General Retirement	Total
Additions				
Contributions - employer	\$ 80,512	\$ -	\$ 1,376,117	\$ 1,456,629
Contributions - plan member	12,190	-	385,908	398,098
Net investment income	-	77,900	-	77,900
Total additions	<u>92,702</u>	<u>77,900</u>	<u>1,762,025</u>	<u>1,932,627</u>
Deductions				
Administration	21,871	26,112,935	408,191	26,542,997
Benefit payments	977,786	-	5,346,715	6,324,501
Net investment loss	1,834,283	-	16,002,550	17,836,833
Total deductions	<u>2,833,940</u>	<u>26,112,935</u>	<u>21,757,456</u>	<u>50,704,331</u>
Net increase (decrease) in plan net assets	(2,741,238)	(26,035,035)	(19,995,431)	(48,771,704)
Total net assets - beginning	<u>10,532,431</u>	<u>26,035,035</u>	<u>74,468,158</u>	<u>111,035,624</u>
Total net assets - ending	<u>\$ 7,791,193</u>	<u>\$ -</u>	<u>\$ 54,472,727</u>	<u>\$ 62,263,920</u>

AGENCY FUNDS

AUGUSTA, GEORGIA

**Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008**

	<u>January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2008</u>
<u>Tax Commissioner</u>				
Assets				
Cash and cash equivalents	\$ 2,271,354	\$ 79,670,431	\$ 79,879,749	\$ 2,062,036
Investments	-			-
Receivables (net of allowance for doubtful accounts)				
Taxes	21,448,784	146,761,976	146,720,707	21,490,053
Total assets	<u>\$ 23,720,138</u>	<u>\$ 226,432,407</u>	<u>\$ 226,600,456</u>	<u>\$ 23,552,089</u>
Liabilities				
Due to others	\$ 2,271,354	\$ 79,670,431	\$ 79,879,749	\$ 2,062,036
Uncollected taxes	21,448,784	146,761,976	146,720,707	21,490,053
Total liabilities	<u>\$ 23,720,138</u>	<u>\$ 226,432,407</u>	<u>\$ 226,600,456</u>	<u>\$ 23,552,089</u>
<u>Probate</u>				
Assets				
Cash and cash equivalents	\$ 9,148	\$ 105,033	\$ 105,184	\$ 8,997
Total assets	<u>\$ 9,148</u>	<u>\$ 105,033</u>	<u>\$ 105,184</u>	<u>\$ 8,997</u>
Liabilities				
Due to others	\$ 9,148	\$ 105,033	\$ 105,184	\$ 8,997
Total liabilities	<u>\$ 9,148</u>	<u>\$ 105,033</u>	<u>\$ 105,184</u>	<u>\$ 8,997</u>
<u>Sheriff</u>				
Assets				
Cash and cash equivalents	\$ 2,067,972	\$ 3,664,750	\$ 3,839,700	\$ 1,893,022
Total assets	<u>\$ 2,067,972</u>	<u>\$ 3,664,750</u>	<u>\$ 3,839,700</u>	<u>\$ 1,893,022</u>
Liabilities				
Due to others	\$ 2,067,972	\$ 3,664,750	\$ 3,839,700	\$ 1,893,022
Total liabilities	<u>\$ 2,067,972</u>	<u>\$ 3,664,750</u>	<u>\$ 3,839,700</u>	<u>\$ 1,893,022</u>
<u>Civil Court</u>				
Assets				
Cash and cash equivalents	\$ 433,471	\$ 2,013,215	\$ 1,969,449	\$ 477,237
Total assets	<u>\$ 433,471</u>	<u>\$ 2,013,215</u>	<u>\$ 1,969,449</u>	<u>\$ 477,237</u>
Liabilities				
Due to others	\$ 433,471	\$ 2,013,215	\$ 1,969,449	\$ 477,237
Total liabilities	<u>\$ 433,471</u>	<u>\$ 2,013,215</u>	<u>\$ 1,969,449</u>	<u>\$ 477,237</u>

AUGUSTA, GEORGIA

Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds
December 31, 2008

	<u>January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2008</u>
<u>Clerk of Court</u>				
Assets				
Cash and cash equivalents	\$ 3,794,851	\$ 6,785,666	\$ 6,018,723	\$ 4,561,794
Total assets	<u>\$ 3,794,851</u>	<u>\$ 6,785,666</u>	<u>\$ 6,018,723</u>	<u>\$ 4,561,794</u>
Liabilities				
Due to others	\$ 3,794,851	\$ 6,785,666	\$ 6,018,723	\$ 4,561,794
Total liabilities	<u>\$ 3,794,851</u>	<u>\$ 6,785,666</u>	<u>\$ 6,018,723</u>	<u>\$ 4,561,794</u>
 <u>TOTAL ALL AGENCY FUNDS:</u>				
Assets				
Cash and cash equivalents	\$ 8,576,796	\$ 92,239,095	\$ 91,812,805	\$ 9,003,086
Receivables (net of allowance for doubtful accounts)				
Taxes	21,448,784	146,761,976	146,720,707	21,490,053
Total assets	<u>\$ 30,025,580</u>	<u>\$ 239,001,071</u>	<u>\$ 238,533,512</u>	<u>\$ 30,493,139</u>
Liabilities				
Due to others	\$ 8,576,796	\$ 92,239,095	\$ 91,812,805	\$ 9,003,086
Uncollected taxes	21,448,784	146,761,976	146,720,707	21,490,053
Total liabilities	<u>\$ 30,025,580</u>	<u>\$ 239,001,071</u>	<u>\$ 238,533,512</u>	<u>\$ 30,493,139</u>