



**CITY OF NORTH AUGUSTA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended December 31, 2008



CITY OF NORTH AUGUSTA

SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2008



Prepared by
Department of Finance

John P. Potter, Jr.
Director of Finance

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
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INTRODUCTORY SECTION

HISTORY OF NORTH AUGUSTA, SOUTH CAROLINA

The City of North Augusta, South Carolina was officially incorporated on April 11, 1906.

The City of North Augusta is strategically centered in the Augusta-Aiken metropolitan area and conveniently located along the South Carolina banks of the Savannah River. The City is approximately 70 miles west of the South Carolina capital, Columbia, and 150 miles east of the Georgia capital, Atlanta. The City's nearest neighbor is Augusta, Georgia, located just across the Savannah River. North Augusta offers the best of both worlds - an idyllic, small-town lifestyle amid all the benefits of big city living.

North Augusta was preceded by three other towns that were located in the general area of North Augusta. The first, Savannah Town, also known as Fort Moore, was among the earliest white settlements at the head of navigation on the Savannah River. Savannah Town was located on a bluff overlooking the river near the present site of the Fifth Street Bridge. In 1716 it was one of the most important trading centers in South Carolina. It flourished as a trading post until the founding of Augusta in 1735, just across the river on the Georgia side.

Campbell Town, was founded by John Hammond over 200 years ago. It was established as a trading center for furs, tobacco, and other goods. In addition to the Indian and tobacco trade, there were, between Campbell Town and the nearby mouth of Steven's Creek, extensive and profitable shad fisheries which added to the commercial importance of the town. Campbell Town prospered for about 60 years before the lucrative tobacco market started to slip to the Georgia side of the river due to increasing competition between tobacco warehouse owners.

Hamburg, South Carolina was founded by Henry Shultz in the early 1800's when the cotton and tobacco trade was booming. Hamburg soon became the home dock of a thriving steamboat business shipping goods to Charleston. This success led to the development of the Charleston and Hamburg Railroad in 1833, which, at 136 miles, was then the longest railroad in America. Hamburg continued to thrive as the railroad's western terminus until the construction of a trestle bridge over the Savannah River into Augusta in 1853.

In 1890, Augusta native James U. Jackson organized the North Augusta Land Company and purchased more than 5,000 acres of rolling farm and woodland across the Savannah River from Augusta, Georgia. In 1891, a bridge was built from Augusta, followed closely by a trolley line. Then, in 1902, Jackson and his associates built the Hampton Terrace, a world-class, five-story hotel 540 feet above sea level overlooking the Savannah River, Augusta, and the surrounding countryside. The Hampton Terrace raised North Augusta to the rank of one of the leading winter resorts in the country and played gracious host to many of the country's elite including President William Howard Taft, John D. Rockefeller, Harvey Firestone, and Marshal Field. Unfortunately, the hotel was destroyed by fire in 1916.

The Hampton Terrace was never rebuilt and North Augusta remained a small residential town until the 1950s, when the Savannah River Plant was built by the Atomic Energy Commission. The town tripled in size and, over the next half century, grew into today's thriving community of over 17,000.

While breathtaking ante-bellum mansions such as Jackson's Rosemary Hall and her sister icon Lookaway Hall are eloquent reminders of the past, these historic treasures gracefully co-exist with picturesque, well-manicured homes in friendly, affordable neighborhoods. North Augusta offers a variety of housing options from the typical subdivision home to patio and townhomes and, more recently, the traditional neighborhood development. Housing types, styles, sizes and prices vary greatly but quality design and construction, public and private maintenance, and a strong sense of community enhance the value of property and make North Augusta an attractive place to call home. Large residential projects currently in development promise to add several thousand new housing units in the coming decade.

Business, slowed somewhat by a sluggish economy, continues to grow. A recently completed streetscape project along Georgia Avenue has revitalized the downtown and led to the development of many new shops and offices. A second phase of downtown streetscape along West Avenue including the side streets between Georgia Avenue and West Avenue is currently in the works. Anchoring the downtown area will be the City's new 70,000 square foot Municipal Center. The Municipal Center, to be completed in mid 2009, will be the new home for the City's administrative offices as well as the heritage and cultural arts councils.

North Augusta is well-known for outstanding recreational facilities. North Augusta's Greenway is an award winning paved multi-purpose trail created out of an abandoned railroad right of way. The trail meanders for approximately ten miles through natural terrain, neighborhoods and, more recently, along the Savannah riverfront. Once completed, North Augusta's Greenway will extend almost sixteen miles. Riverview Park, located on the south side of the City, is a 149-acre recreational wonderland with athletic fields, tennis courts, a disc-golf course, playgrounds, and trails. The park is anchored by a 90,000 square foot, state-of-the-art indoor facility known as Riverview Park Activities Center. Riverview Park Activities Center houses four gymnasiums, two racquetball courts, a suspended indoor track, fitness rooms and administrative offices for the Department of Parks, Recreation and Leisure Services. During 2006, the City purchased 152 acres just north of the City limits to construct a second major outdoor recreation facility. During 2008, 28 acres of additional land was purchased adjacent to the proposed park. Development of this regional park, to be known as Northview Park, should begin in 2010.

Community involvement is an important component of life in North Augusta. The City is home to a thriving cultural arts program, heritage council, chamber of commerce, and many other agencies and organizations designed to enhance the community for its residents and visitors now and in the future. In 2000, a group of community and civic-minded citizens founded North Augusta 2000, a non-profit foundation to promote community improvement in North Augusta in the areas of economic development, education, quality of life, and parks and recreation. This group implemented numerous successful initiatives in its first five years and is actively working to meet its goals for the next five years.

A century of excellence, superb location, progressive government, quality growth, quaint neighborhoods, friendly, involved residents, and a growing business environment make North Augusta a great place to live, play, work and do business.

PROFILE OF THE CITY

Description of the City

The City of North Augusta is located in Aiken County in the southwestern portion of South Carolina. The Savannah River forms the State line between South Carolina and Georgia. The City of North Augusta is 67 miles west of the South Carolina capitol, Columbia, and 145 miles east of the Georgia capital, Atlanta. The City's nearest neighbor is Augusta, Georgia, located just across the Savannah River.

The City of North Augusta was incorporated in 1906. In 1950, the United States Atomic Energy Commission built the Savannah River Plant in Aiken County, 15 miles from the City of North Augusta. The billion-dollar plant and its allied industries brought tremendous growth to the area.

The citizens of North Augusta are justly proud of its quality residential character and its aesthetically pleasing natural environment with variety in its terrain and an abundance of wooded, undeveloped areas.

North Augusta enjoys many of the advantages of big city living while maintaining a strong sense of history, tradition, family, and community. The best part of the past remains in North Augusta today, blended with a modern outlook to create a community that has pride in its commitment to be independent and self-reliant with a deep sense of togetherness and achievement.

Demographic Characteristics

The United States Census Bureau has recorded the population of the City of North Augusta and Aiken County in the decennial years 1950 through 2000 as follows. The population for 2001, 2002, 2003, 2004, 2005, 2006, 2007 and 2008 are estimates of the City of North Augusta Economic and Community Development Department.

<u>Year</u>	<u>City of North Augusta</u>	<u>Aiken County</u>
1950	3,659	53,137
1960	10,348	81,038
1970	12,883	91,023
1980	13,593	105,625
1990	15,684	120,940
2000	17,574	142,780
2001	17,756	143,378
2002	17,992	144,653
2003	18,222	145,866
2004	18,502	147,488
2005	18,712	148,528
2006	18,992	150,125
2007	19,322	152,333
2008	19,866	154,071

Government Structure

The City of North Augusta has a Mayor-Council form of government. The City Council is composed of seven members elected at large on a partisan basis. The Mayor is elected to a four-year term, and the six Council members are elected every two years to serve four-year staggered terms.

The City Council is the legally constituted law-making and policy-making body for the City of North Augusta. The major duties of the City Council include: adoption of an annual budget; establishing the annual property tax rate; enactment of policies concerning the operation of the City; enacting local ordinances; and the appointment of the City Administrator and members of the various boards. The City Council also has the authority to call bond referendums in the City and enter into contracts.

The City Administrator is the chief executive of the City, appointed by the Mayor as authorized by the City Council for an indefinite term. The major duties of the City Administrator include: supervising and coordinating the activities of the City departments; attending Council meetings and making recommendations on appropriate matters of business; ascertaining that all orders and policies of the City Council are implemented; recommending the annual budget; keeping the City Council advised on the financial condition of the City; and representing the City in business with other agencies.

Public Service Enterprises

The City of North Augusta furnishes water, sanitary sewer, stormwater management and garbage collection to residents of the City. The City also provides water, sanitary sewer, garbage collection, and fire protection to some customers located outside the City limits but within the City's service area. The City has also entered into agreements with the Valley Public Service Authority and the Edgefield County Water and Sewer Authority to provide water and/or sewer service to certain customers within their service areas. The City Council sets rates and service charges for these services. See Tables XXI and XXII on pages 142 and 143 respectively for current rates and charges and a ten year history of changes to the rates and charges.

Electricity and gas services are provided by South Carolina Electric and Gas Company, a utility regulated by the South Carolina Public Service Commission, and Aiken Electric Cooperative, Inc., a utility regulated by the Rural Electrification Administration, an agency of the United States Department of Agriculture.

Basic telephone service is provided by American Telephone and Telegraph (AT&T). Telephone service rates are regulated by the South Carolina Public Service Commission. There are over 300 long distance/cell phone companies licensed to conduct business in North Augusta.

Cable service is provided by Comcast Communications. Some of the cable rates are regulated by the Federal Communications Commission.

Water Supply and Distribution

At the time of the town charter in 1906, the waterworks system was owned and operated by a private company that continued this service until 1918. In that year, the town issued bonds in the amount of \$50,000 with which to make extensions and repairs, and a waterworks committee was appointed to handle the affairs of the department. The original water system which served a population of 1,500 in 1918 utilized springs as the source of water supply.

By the early 1950's with the coming of the Savannah River Plant, the City Council recognized the inadequacy of this spring supply of only 235 gallons per minute and authorized the construction of a 2,000,000 gallons per day filtration plant with attendant improvements of the distribution and storage system. However, due to funding problems, the plant was reduced to a filtration capacity of one MGD (million gallons per day) but incorporated most of the two MGD design.

The new facilities completed in early 1954 consisted of the filtration plant, a raw water intake and pumping station, extensive water main additions, a 250,000 gallon elevated storage tank, and a pumping station to serve the upper level system. The plant, located adjacent to the Savannah River approximately 1 1/2 miles upstream from the Thirteenth Street Bridge (Georgia Avenue), receives raw water pumped from the Savannah River through a combination intake and pumping station located about 1,500 feet upstream from the plant. The initial capacity of this typical rapid sand filtration plant soon proved to be inadequate for the fast-growing city such that an addition was required in 1959 to increase the capacity to two MGD. The system demands continued with the City's growth and required another plant addition in 1969 which doubled the production capability to four MGD. During this same construction, the pumping capacity at the raw water station was increased accordingly. The raw water from the unlimited supply from the Savannah River is treated with chemicals to induce coagulation and settling in basins prior to filtration. Chlorine is added for disinfecting purposes, and fluoride is added to the finished water to reduce dental decay.

In February, 1982, the City purchased from Water Distributors, Incorporated, a South Carolina corporation, a water system serving an unincorporated area of Aiken County adjacent to the City limits. This water system, originally known as the "ground water system" because its water supply was four deep wells, consisted of a 125,000 gallon elevated tank, a 300,000 gallon ground reservoir, and accompanying distribution lines. The wells are no longer in service, and the two systems are completely integrated with all water supplied from the North Augusta water treatment plant.

In 1988, the water treatment plant was again expanded from four MGD capacity to eight MGD. This expansion consisted of increasing the filtration rate, installing two additional pumps, and upgrading the chemical feed system.

In 1998, the City contracted for the design of a six MGD expansion to the water treatment plant and major distribution improvements primarily in the northeastern portion of the City's water system. Construction of these improvements began in July, 1999, and was completed in April, 2001.

Because of the varying terrain in and around North Augusta, the distribution system is divided into two service levels to control pressure. The lower level, which serves the older portion of town as well as the developed area outside the eastern boundary, has a storage capacity of 1,250,000 gallons for water pumped directly from the existing 150,000 gallon clearwell and the newly constructed 500,000 clearwell located at the filter plant. A 1,000,000 gallon underground storage tank is centrally located on Hampton Avenue. A 250,000 gallon elevated storage tank located on State Route 125 provides storage for the water main on that same highway which serves the industrial park located near the intersection of SR125 and U. S. Highway 1.

The upper level system receives its supply from a pumping station located adjacent to the 1,000,000 gallon underground tank on the lower level system and the older pumping station on Butler Avenue. The 1,000,000 gallon storage for the upper level system consists of a 500,000 gallon elevated storage tank located at Interstate 20 and Five Notch Road, and two 250,000 gallon elevated storage tanks, one centrally located on Sidereal Avenue and the other located in the northern section in the Smithfield Subdivision on Wells Road.

Wastewater System

The City of North Augusta provides for the collection of wastewater to all areas within the City limits and some areas outside the City limits. Wastewater treatment for the City of North Augusta is provided by the Horse Creek Wastewater Treatment Facility owned by Aiken County, of which the City of North Augusta is a major customer. The Horse Creek Wastewater Treatment Facility has major interceptor lines to which the City's collection system discharges. Charges to the City are based on the actual flow delivered to the regional facility.

Collection System: The main collection system of the City consists of more than 220 miles of sewer pipe varying in size from 6 inches to 36 inches, and 18 pumping stations. Pumping stations have been constructed in parts of the City which are beyond the limits of the gravity system.

Major collection system expansions were constructed in the 1960's, 1970's and 1980's with continuing improvements made in intervening years. The City has no combined sanitary and storm sewers in its sewer system. The sewage collection system is maintained by the Public Utilities Department and is presently in good condition. Due to its age the system does experience moderate infiltration and inflow during periods of high rainfall.

Horse Creek Wastewater Treatment Facility: The City of North Augusta, together with the City of Aiken, South Carolina, Graniteville Manufacturing Company, and United Merchants and Manufacturing Company contracted with the Aiken County Public Service Authority (the "Authority"), an agency of Aiken County, to construct and operate the wastewater treatment facility known as the Horse Creek Wastewater Treatment Facility. The Horse Creek Facility is a 20 MGD regional wastewater treatment facility located at the confluence of Horse Creek and the Savannah River. The primary purpose of the facility is to provide wastewater treatment for the Horse Creek Basin in Aiken County. In June of 1976 and February of 1977, the City sold revenue bonds for water and sewer improvements which included the City's proportionate share

of the Authority's wastewater treatment plant. The Horse Creek Wastewater Treatment Facility was placed into full operation in 1979.

The Horse Creek Wastewater Treatment Facility provides wastewater treatment for its customers on a wholesale basis only; it has no retail customers. The Authority collects and treats wastewater discharged by its customers as per the terms of the respective service contracts between each customer and the Authority. Each customer pays its pro rata share of the operation and maintenance costs based on volume of flow. Currently the City of North Augusta's present allocation of capacity is 4.844 MGD. The Horse Creek Wastewater Treatment Facility has adequate reserve and expansion capacity.

The City of North Augusta pays for the use, maintenance and depreciation of the regional facility based on the total cost of the facility's operational and debt retirement divided among all users on the basis of total gallons contributed. As the table indicates, the City of North Augusta has ample reserve capacity at the present time. If future needs dictate, the City of North Augusta may draw on the unallocated reserve as needed. The sewer trunk lines of the Authority are sized to accommodate anticipated wastewater flows from the service area in the year 2025. Additionally, the treatment facility is designed so that it can be expanded to a 40 MGD facility.

Horse Creek Valley 20.0 MGD Facility - Capacities by User
As of June 30, 2008

	Present Allocation	Present Use
City of North Augusta	4.844 MGD	4.04848 MGD
City of Aiken	4.413 MGD	4.50540 MGD
Avondale Mills, Inc.	5.320 MGD	0.04874 MGD
Cytec Industries, Inc.	.900 MGD	0.05449 MGD
Bath	.070 MGD	0.03550 MGD
Breezy Hill	.152 MGD	0.13739 MGD
Clearwater	.000 MGD	0.03555 MGD
Graniteville Village	.000 MGD	0.10033 MGD
Kimberly Clark	.050 MGD	0.17144 MGD
Langley	.060 MGD	0.04103 MGD
PACTIV	.050 MGD	0.01594 MGD
VPSA / Warrentville	.092 MGD	0.06685 MGD
Unallocated	4.049 MGD	0.00000 MGD
TOTAL	20.000 MGD	9.26114 MGD

Stormwater Management

On July 1, 2002 the City of North Augusta initiated a Stormwater Management Utility. The monthly fee is based on the Equivalent Residential Unit (ERU), which is comprised of one, one-third acre lot containing a single family residential dwelling structure with a runoff coefficient of 0.35. The Stormwater Management Utility fee billed monthly for residential customers located

in the City limits is \$4.00 per ERU. Every single family residential customer is billed one ERU. All other developed properties are classified as non-residential developed and billed according to its number of ERU's which is derived from its primary use classification and parcel size.

The stormwater utility fee is used only for activities relating to stormwater management. The benefits of the stormwater management program include improved water quality, better maintenance of drainage facilities resulting in less yard waste and street flooding, reduction in soil erosion and higher property values.

Education

The State of South Carolina provides a basic minimal education program for each county within the State. The School District of Aiken County is the administrative unit serving the County of Aiken and the City of North Augusta. The School District of Aiken County is governed by the Aiken County Board of Education, which is composed of nine members elected to four-year terms. State regulations and policies must be followed by the County School Board.

The City of North Augusta is served by four elementary schools, two middle schools, and one high school. North Augusta High School, North Augusta Middle School, and Paul Knox Middle School are members of and accredited by the Southern Association of Secondary Schools and Colleges.

The City of North Augusta has no financial responsibility for any part of the school district. The funding for the school district consists of State of South Carolina, federal government, and Aiken County funds.

Private schooling is available at Our Lady of Peace School, Victory Baptist School, and Walden Hall Christian Montessori School in North Augusta, and at Augusta Preparatory School, Augusta Christian Day School, Episcopal Day School, and Aquinas High School in Augusta, Georgia.

Higher education facilities are provided in the area by the Aiken Technical Education Center, the Aiken Regional Campus of the University of South Carolina, 20 miles away, and by Augusta State University, Paine College, and the Medical College of Georgia, located in Augusta, Georgia.

Transportation

The City is served by four federal highways and six state highways with Interstate 20 passing through the City limits. The widening of the Thirteenth Street Bridge, completed in the fall of 1991, provides four-lane access from North Augusta on Georgia Avenue from Buena Vista Avenue to downtown Augusta, Georgia.

In 2001, the South Carolina Transportation Infrastructure Bank Board (SCTIB) approved initial funding for the completion of the South Carolina portion of the proposed Bobby Jones Expressway to be known as the "Palmetto Parkway". The completion of the Palmetto Parkway

will provide perimeter access to the entire central Savannah River area. Construction of Phase 1, 2½ miles from Sand Bar Ferry Road in Augusta, Georgia, to US 1 in North Augusta, was completed in June 2004 at a cost of approximately \$43,000,000. Phase 2 will extend another 5½ miles to the north, from US 1 to Interstate 20 at US 25. Construction of Phase 2 began in late 2006. The allocation of additional funding for improvements to the US 25 and Interstate 20 interchange area in 2007 increased the scope of the project and it is now scheduled to be completed by the end of 2009. The total cost of the Palmetto Parkway, including the Georgia DOT share of the Savannah River Bridge, will exceed \$244 million.

Air service is provided at two airports located in Augusta, Georgia. Augusta Regional Airport at Bush Field is serviced by USAirways Express and Delta Connection Carrier, Atlantic Southeast Airlines. Major renovations to the airport terminal, including state of the art technology, were completed in 2007. In 2008, 322,036 passengers were served on jet and turbo-prop aircraft. Located on 1,410 acres, the airport is equipped with all FAA navigational facilities, including one 8,000-foot runway and one 6,000-foot runway, with supporting taxiways and aprons.

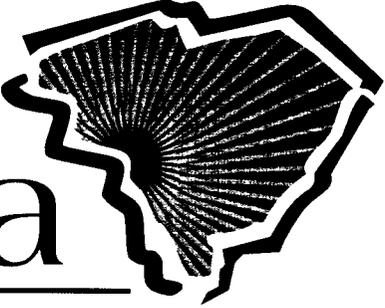
Daniel Field is a general aviation type airport located in West Augusta. It contains two 4,000 foot runways providing for complete fixed base operations including charter, student training, sales, service, and UNICOM, available during daylight hours.

Rail freight service is provided by Southern Railway, Seaboard Coastline, and the Georgia Railroad in adjacent Augusta, Georgia.

Bus line service to and from the area is provided by Greyhound Lines, Inc., and Southeastern Stages, Inc. Local bus transportation is provided by the Best Friend Express, a transportation system owned and operated by Aiken County.

Industrial Profile

There are approximately seventy manufacturing firms in Aiken County of which three are located in North Augusta. Principal manufactured products include materials for nuclear power, glass fibers, cotton and yarn goods, concrete products, fabricated steel pipes and tanks, tissue products, disposable diapers, automobile parts, wood fixtures, printing and publishing products, electrical wiring devices, clothing products, specialty and industrial chemicals. Details of the major employers are provided in Table XVII on page 138.

North
Augusta 
South Carolina's Riverfront

May 28, 2009

Honorable Mayor,
Members of City Council, and
Citizens of North Augusta
North Augusta, South Carolina 29841

Ladies and Gentlemen:

We are pleased to submit the Comprehensive Annual Financial Report of the City of North Augusta, South Carolina for the fiscal year ended December 31, 2008. The report contains a comprehensive analysis of the City's financial position and activities for the fiscal year ended December 31, 2008 and other pertinent financial and demographic information, generally presented on a multi-year basis.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of North Augusta. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City in accordance with generally accepted accounting principles (GAAP); and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. Management has established and maintains a system of internal controls to provide for this assurance. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Serotta Maddocks Evans & Company, CPA's, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurances the Financial Statements are free of material misstatement. The independent auditor has rendered an unqualified opinion that the City of North Augusta's financial statements for the fiscal year ended December 31, 2008, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement MD&A and should be read in

conjunction with it. The City of North Augusta’s MD&A can be found immediately following the report of the independent auditors.

In accordance with GASB Statement 14, The Financial Reporting Entity, the reporting entity of the City of North Augusta includes all the funds relevant to the operations of the City. The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operation or financial relationships. The criteria for including such organizations as component units within the City’s reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization’s board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of North Augusta has no component units.

The Aiken County School District, the Aiken County Government, to include the Aiken County Public Service Authority, the Valley Public Service Authority, and the Edgefield County Water and Sewer Authority, are independent entities and are not included in this report. Financial statements can be obtained from the respective entities.

The City of North Augusta provides a full range of municipal services which include:

- Finance and Information Services:
 - Budgetary and General Accounting
 - Information Technology
 - Treasury Services
 - Human Resources and Payroll
 - Cash Collections
 - Purchasing
 - Utility, Tax and Business License Billing

- Recreation, Parks and Leisure Services:
 - Recreation Programs
 - Park Maintenance
 - Beautification and Property Maintenance
 - Concessions
 - Special Events Planning
 - Athletics
 - Cultural Arts

- Public Safety:
 - Administrative and Support Services
 - Police Services
 - Fire Suppression Services
 - Investigations and Special Operations
 - School Resource
 - Safety Management

- Economic and Community Development:
 - Comprehensive Planning Services
 - Development Regulations
 - Development Review
 - Zoning Administration
 - Codes Enforcement
 - Subdivision Services

- Public Works:
 - Engineering Services
 - Sanitation and Recycling Services
 - Animal Control
 - Stormwater Management
 - Building Standards
 - Equipment Maintenance

- Public Utilities:
 - Utilities Administration
 - Water Production
 - Utility Operations
 - Utility Construction
 - Wastewater Collection
 - Meter Reading

ECONOMIC CONDITION AND OUTLOOK

Even though the overall economy of the greater North Augusta area slowed during the 2nd half of 2008, the economic outlook for the City of North Augusta area offers a great deal of promise for the coming years. Fortunately, the national economy has affected North Augusta and the Central Savannah River Area to a lesser degree than most major metropolitan areas in the country. However, real estate development activity and related increases in ad valorem tax values have slowed. Additionally, the reduction in the level of commercial activity has been reflected in sales tax and business license revenue. The 2000 Decennial Census showed that North Augusta had grown to a population of 17,574 from 15,684 in 1990, an increase of more than 12%. The 2008 population was estimated to be 19,866 and is projected to grow to 20,402 in 2010.

The employment level at the Savannah River Site (SRS) will increase significantly for the next three years as a result of the increase in the Department of Energy appropriations pursuant to the American Recovery and Reinvestment Act (ARRA). After the expiration of ARRA funding SRS employment should return to the current level and will stabilize or decline slightly over time. We would anticipate periodic fluctuations in the SRS employment depending on the national economy and defense policies. The continued development of Aiken County's Sage Mill Industrial Park and other industrial areas in Aiken and Edgefield Counties will create additional jobs with anticipated future announcements for industries locating in the area.

The Local Hospitality and Accommodations taxes levied by the City initially in 1998 continued as an excellent revenue stream in 2008. In the November 2000 election, Aiken County voters approved a One-Cent Capital Projects Sales Tax. The tax, earmarked for a variety of public works projects, went into effect May 1, 2001 and generated \$7,523,000 for the City. A vote on the continuation of the Capital Projects Sales Tax beyond 2006 was held in the November 2004 general election and passed by a significant margin. The City will receive \$19,350,000 over the seven year life of Phase II of the sales tax.

The North Augusta Riverfront and Downtown redevelopment efforts continue to move forward. Phase I of the Downtown Streetscape Project, Georgia Avenue, was completed in July 2001 at a cost of approximately \$1,600,000. The project included significant sidewalk, roadway, landscaping and lighting improvements on Georgia Avenue. Phase II, estimated to cost \$2,800,000, includes West Avenue and several side streets and was initiated in 2007 and continues in phases with completion expected in 2010. Construction of a new Municipal Center, costing approximately \$22,000,000 and located in the lower downtown area, commenced in May 2007 with completion scheduled for mid 2009. Eleven small commercial and professional office buildings have been developed on West Avenue and a 32,000 square foot infill office and retail project on Georgia Avenue, Jackson Square, was completed in 2007 and is now fully occupied.

The City's efforts to redevelop vacant property on the Savannah River continued to progress in 2008. In 2002, the City successfully assembled 200 acres upstream of the Georgia Avenue Bridge. In 2003, the City and the North Augusta Riverfront Company executed an agreement to purchase the majority of the land and a development agreement that specifies the scope and schedule of the development and the details of the public-private partnership. The developer will

purchase a majority of the land from the City over a multi-year period to develop a traditional neighborhood development project on the riverfront. Once completed, the project will include 1,000 to 1,200 new homes, 50,000 square feet of office and retail space, passive parks, and a Greenway extension along the Savannah River. To date approximately 80 homes and four commercial buildings have been constructed. A new road, Center Street, was constructed during 2008 at a cost of \$4,000,000 and connects Georgia Avenue near the new Municipal Center with the riverfront redevelopment area.

Building activity in other developments continues, albeit at a slower rate due to current economic conditions. Subdivision infrastructure and single-family construction in Walnut Grove, Butler's Mill, Andrew's Branch, Arbor Place, the Summit and Bergen Place are essentially complete. Construction in Bergen West, Wando Woodlands, Woodstone, Whatley Place, Brighton Place and Knollwood continues and is expected to increase to previous levels in 2010 or 2011.

The City has also approved two large planned developments on the north side which should began in 2009. Sweetwater Junction is a 277.5± acre planned development located on the east side of US 25 approximately one mile north of Interstate 20. The development plan includes 96 acres of commercial development totaling approximately 900,000 square feet and 181 acres of residential development, including 815 multi-family, townhouse and single-family units. The Springs is a 1,513.8± acre planned development located east of US 25 and south of Ascauga Lake Road. The development plan consists of approximately 50 acres of commercial and civic development, a 307-acre golf course, and 1,200 acres of mixed residential development totaling more than 3,500 units. Additionally, SRP Federal Credit Union began construction on a 130,000 square foot headquarters facility on US 25 at Walnut Lane in 2008.

In 2002, the City constructed a 24-inch waterline from the North Augusta Industrial Park at US 1 northward to Clearwater Road and across the Springs property to Ascauga Lake Road. Plans for the further extension of that line across Interstate 20 to the Sweetwater Junction development have been completed and construction will commence in late 2009. An intergovernmental agreement between the City, the Edgefield County Water and Sewer Authority, and the Aiken County Public Service Authority was executed to design and build the Mims Branch / Little Horse Creek sanitary sewer trunk line from US 25 north of Interstate 20 to Little Horse Creek and the Horse Creek Valley Regional Sewage Treatment Facility. Construction on the Mims Branch / Little Horse Creek trunk line was initiated in 2007 and is now complete.

In 2001, the South Carolina Transportation Infrastructure Bank Board (SCTIB) approved initial funding for the completion of the Palmetto Parkway, the South Carolina portion of the I-520 Interstate loop around the Augusta Metropolitan area. Construction of Phase 1, 2½ miles from Sand Bar Ferry Road in Augusta, Georgia, to US 1 in North Augusta, was completed in June 2004. Phase 2 will extend another 5½ miles to the north, from US 1 to Interstate 20 at US 25. Construction on Phase 2 began in late 2006 and should be completed by the end of 2009. The total cost of the Palmetto Parkway, including the Georgia DOT share of the Savannah River Bridge, will exceed \$244 million.

The economic impact of these projects will ensure continued growth of the City North Augusta.

FINANCIAL INFORMATION

Management of the City of North Augusta is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity of generally accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting and Budgeting Controls. The annual budget serves as the foundation for the City of North Augusta's financial planning and control. All Department Directors of the City are required to submit requests for appropriation to the City Administrator the first week of September each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed balanced budget to City Council for review the first week of October. Following review of the proposed budget, City Council holds a public hearing and as soon thereafter as possible, adopts the budget and passes a budget ordinance, tax levy ordinance and other such ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures or expenses. Detail is provided for accounting and budgetary control.

Formal budgetary integration is employed as a management control device. A budget is legally adopted annually for the General Fund on a basis consistent with generally accepted accounting principles. Budgets for Special Revenue Funds or Capital Projects Fund are adopted on a project or activity basis instead of an annual operating cycle basis. Budgets for the enterprise funds are adopted annually on a basis consistent with generally accepted accounting principles except that depreciation is not a budgeted item. The transfer of budgeted amounts between functional areas must be approved by City Council; however, the City Administrator can amend the budget at the line item or department level, within a functional area, not to exceed \$5,000. Management can also over-expend appropriations, with the City Administrator's approval, at the line item and department level, as long as the total expenditures or expenses do not exceed appropriations of the functional area.

Long-Term Financial Planning. Each spring the City Council and staff meet in an intense planning environment lasting two complete days. The major focus of this Council/staff seminar, known as North Augusta Forward, is to identify the best possible future for North Augusta and to chart a course to make that future a reality. The success of this seminar can be easily measured by the many changes that have taken place in North Augusta, many of which were in the planning stages for several years. Future projects requiring significant financial planning and resources have been identified as follows: (1) Greenway/bikeway extensions, (2) regional/district/community recreational parks, (3) aquatic/senior adult facility, (4) conference center, (5) public safety fire sub-stations and appropriate fire apparatus, (6) transportation improvements, (7) road and intersection improvements, and (8) sidewalk additions. These

facilities, estimated to cost in excess of \$75,000,000 in today's dollars, are excellent candidates for future rounds of sales tax funding.

Cash Management Policies and Practices. The Department of Finance has undertaken an active cash management program to ensure the most efficient and profitable use of the City's cash resources. The City of North Augusta takes full advantage of investment opportunities of all temporarily idle funds. The cash available for investment as of December 31, 2008 was invested in the South Carolina Local Government Investment Pool, collateralized deposits, and repurchase agreements. The average yield on investments during 2008 was 2.08%. This average yield is significantly less than in previous years and it is anticipated that the average yield will decline further in 2009. Additional information concerning cash and investments can be found in Note 2 in the notes to the financial statements.

Risk Management. The City provides a comprehensive risk management program. This program has two main objectives. The first of these objectives is to ensure a safe environment for City employees and for members of the public who utilize the services and programs provided by the City. The second objective is to develop an effective safety or accident prevention program, thereby reducing the costs of both accidents and insurance. The City has an active Safety Committee whose top priority is to reduce and hopefully eliminate all accidents and incidents involving the City's workforce. Insurance coverage is provided through the South Carolina Municipal Association in the form of a public entity risk pool that operates as a common risk management and insurance program. Additional information concerning the risk pools and coverage amounts can be found in Note 10 in the notes to the financial statements.

Pension Plans. All City employees, excluding public safety officers, are members of the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer PERS. Public safety officers are members of the South Carolina Police Officers' Retirement System (SCPORS), a cost-sharing, multiple-employer PERS. The City has no responsibility to either of the retirement systems other than to make the periodic payments required by state statute. The administration of each of these retirement systems is vested in the South Carolina Budget and Control Board. Data is not kept by individual municipalities or units; therefore, all necessary disclosures that relate to the City of North Augusta cannot be made. Note 8 in the notes to the financial statements provide additional information regarding employee and employer contribution rates and employer contributions for the last three fiscal years.

Debt Administration. As of December 31, 2008, the City of North Augusta has two active Revenue Bonds Issues, dated 1998 and 2002, and one General Obligation Bond issue, dated 2006. The City of North Augusta has also entered into several long-term lease agreements for machinery and equipment, furniture and fixtures, and vehicles. Additionally, in December 2007, the City entered into a \$6,350,000 lease for financing a portion of the new Municipal Center. The revenue stream for this lease is the City's local hospitality and accommodations tax. For more information on the outstanding debt of the City, please see Notes 5 and 6 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

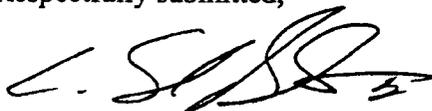
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Augusta, South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2007. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis could not be accomplished without the dedicated endeavors of the Finance and Administrative Departments. We would like to express our appreciation to each employee who assisted and contributed to its preparation. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of North Augusta's finances.

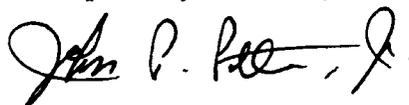
While we recognize that the contents of the financial statements contained herein are the City's, it would be inappropriate not to mention the assistance of our independent auditors in the preparation of these statements.

Respectfully submitted,



C. Samuel Bennett, II
City Administrator

Respectfully submitted,



John P. Potter, Jr.
Director of Finance

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of North Augusta
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



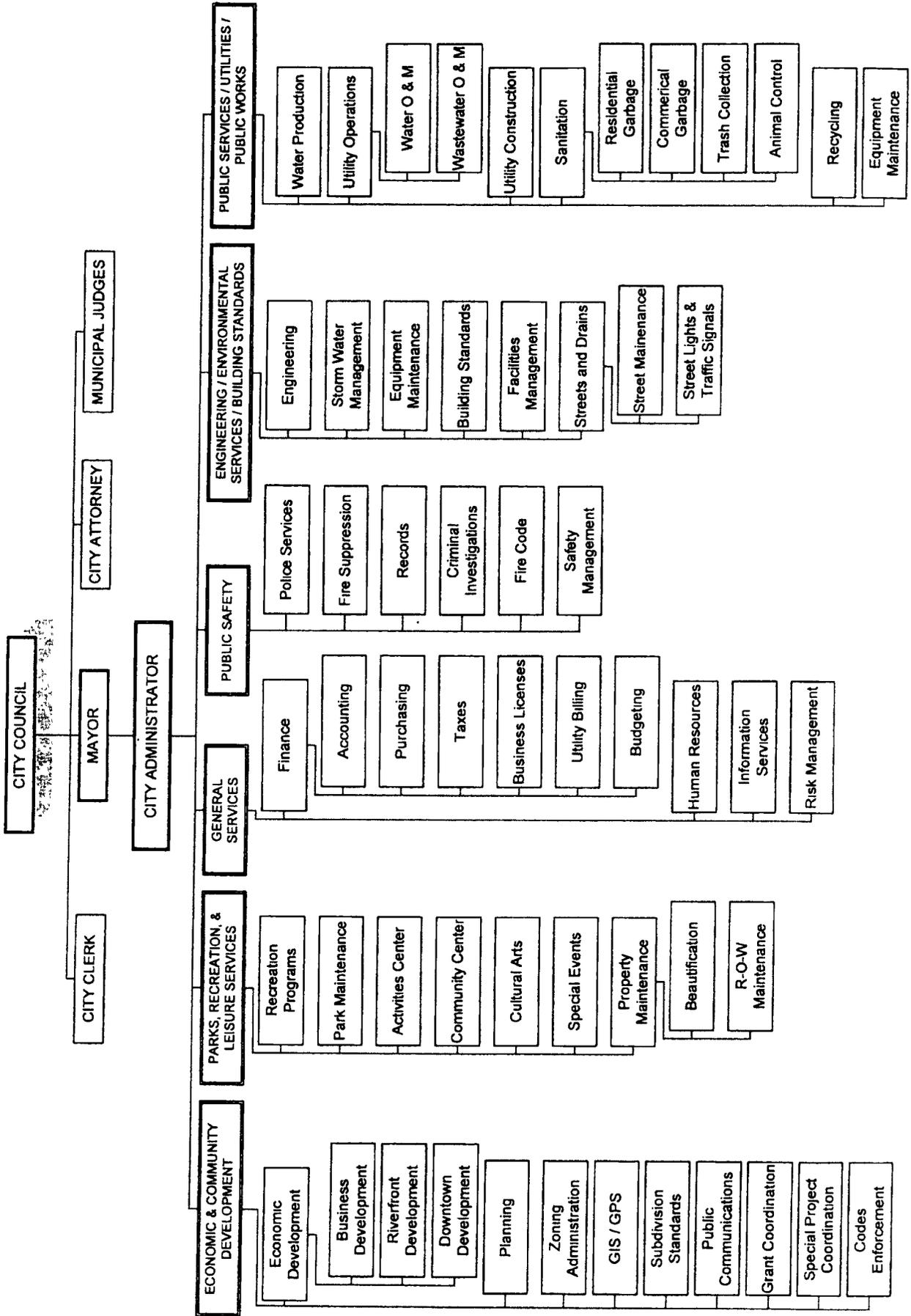
A handwritten signature in black ink, appearing to read "K. L. R. M.", written in a cursive style.

President

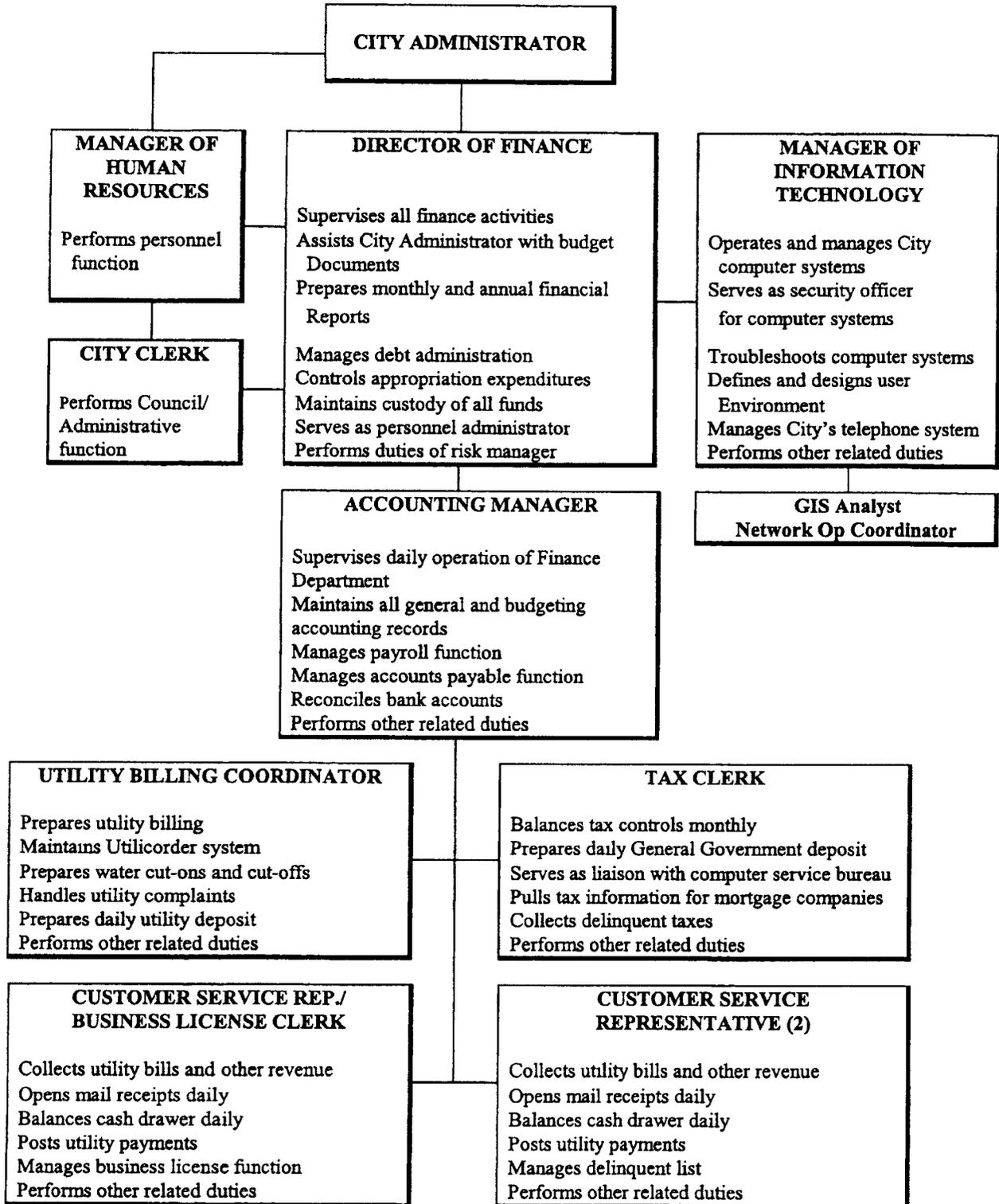
A handwritten signature in black ink, appearing to read "Jeffrey R. Eason", written in a cursive style.

Executive Director

CITY OF NORTH AUGUSTA ORGANIZATION CHART - 2008



**FINANCE DEPARTMENT
ORGANIZATIONAL CHART - 2008**



CITY OF NORTH AUGUSTA, SOUTH CAROLINA

PRINCIPAL OFFICIALS

CITY COUNCIL

Lark W. Jones, Mayor
(5-97 to 5-13)

Carolyn C. Baggott, Councilwoman
(5-91 to 5-11)

Pat C. Carpenter, Councilwoman
(5-93 to 5-13)

Kenneth J. McDowell, Councilman
(11-98 to 5-11)

Jason M. Whinghter, Councilman
(05-05 to 5-13)

Arthur H. Shealy, Councilman
(11-00 to 5-13)

James M. Adams, Jr., Councilman
(11-02 to 5-11)

CITY ADMINISTRATOR

C. Samuel Bennett, II

CITY CLERK

Donna B. Young

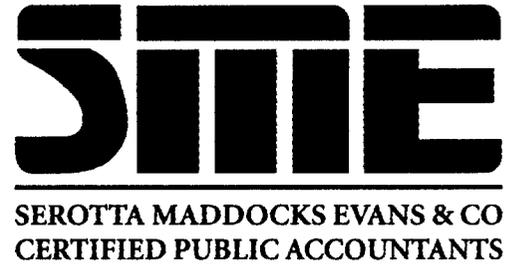
DEPARTMENT DIRECTORS

J. Robert Brooks, Director of Parks, Recreation & Leisure Services
George M. 'Skip' Grkovic, Director of Economic & Community Development
John P. Potter, Jr., Director of Finance
T. Lee Wetherington, Director of Public Safety
Thomas C. Zeaser, Director of Engineering & Public Works

North
Augusta
South Carolina's Riverfront



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of City Council
and City Administrator
City of North Augusta, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Augusta, South Carolina, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Augusta's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Augusta, South Carolina, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2009, on our consideration of the City of North Augusta, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor, Members of City Council
and City Administrator



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Augusta's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO.

May 27, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of North Augusta, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

Per the Government-Wide Statement of Net Assets, the assets of the City at the close of the most recent fiscal year exceeded its liabilities by \$109,391,461 (*net assets*). Of this amount, \$24,190,784 was unrestricted and available for spending at the government's discretion.

Per the Government-Wide Statement of Activities, the City's total net assets increased by \$9,147,653 for the year ended December 31, 2008. The governmental activities contributed \$4,483,312 and the business-type activities contributed \$4,664,341 of the net change in net assets.

At the close of fiscal year ended December 31, 2008, the City's governmental funds reported combined ending fund balances of \$15,278,953, a decrease of \$6,183,476 from the prior year. The decrease is primarily the result of funds expended for the Municipal Center.

At the close of fiscal year ended December 31, 2008, the designated and undesignated fund balance for the General Fund was \$257,821. This balance will be transferred to the City's Capital Projects Fund in 2009 per the City's adopted Financial Policies.

At December 31, 2008, construction was approximately 75% complete on the City's new \$21,000,000 Municipal Center. Funding for the Municipal Center will come from a combination of GOB debt, a capital lease, proceeds from the Capital Project Sales Tax and City reserves. The approximately 70,000 square foot facility is being constructed on Georgia Avenue in the downtown area and will house the City administrative offices and Council Chambers. Additionally, approximately 40% of the center will also be used as a cultural and historical display area and special events space. The center is scheduled for completion in June 2009.

The City's total debt decreased from \$18,049,152 to \$17,042,350 or \$1,006,802 during 2008.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements comprise three components: (1) Government-Wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component

thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether financial position of the City 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 on the accrual basis as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and recreation and parks. The business-type activities of the City include a water and sewer utility, sanitation services, and stormwater enterprise.

The government-wide financial statements can be found immediately following this Management's Discussion and Analysis.

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 City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City does not have a fiduciary fund.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered a major fund. Information is also presented separately for the Sales Tax II Fund, Capital Projects Fund and Riverfront/Central Core Redevelopment Fund, which also meet the criteria for a major fund. Information from the other five governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 77-81 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16-17 of this report.

Proprietary funds – Enterprise funds are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitation, and stormwater enterprises. These three funds are considered major enterprise funds. A fourth enterprise fund, a nonmajor fund, entitled the Savannah Bluff Lock and Dam Fund was created in 2007 for the purpose of maintaining the Augusta pool on the Savannah River. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found immediately following the "Governmental Fund" financial statements.

The City adopts an annual appropriated budget for each enterprise fund. A budgetary comparison statement has been provided for each enterprise fund to demonstrate compliance with the budget.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-46 of this report.

Other Financial Information – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report presents certain financial data of individual fund statements and schedules.

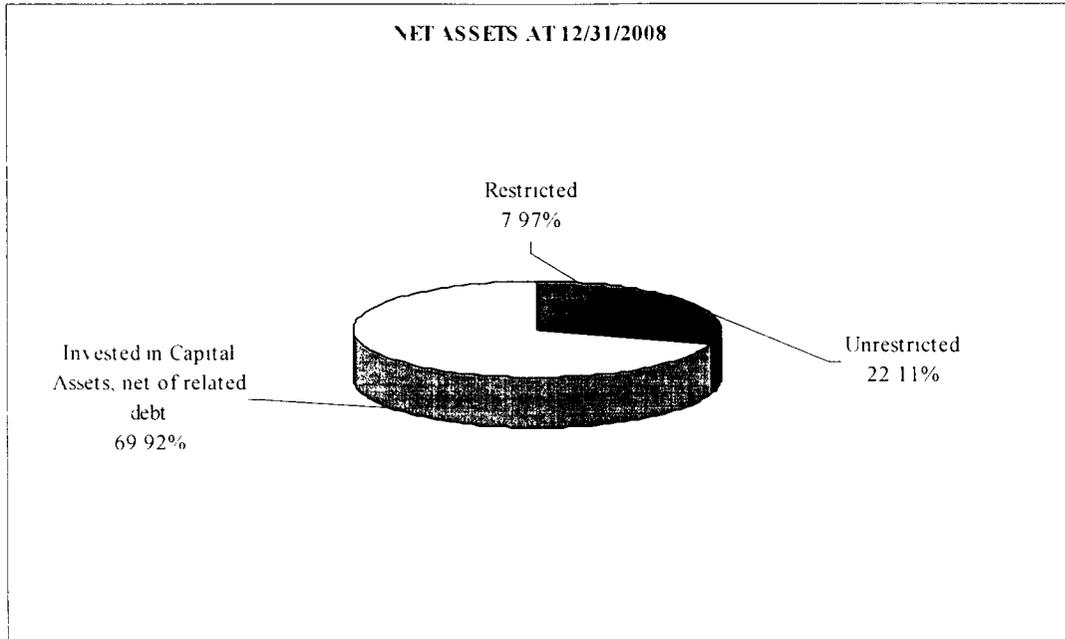
Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$109,391,461 at the close of the most recent fiscal year.

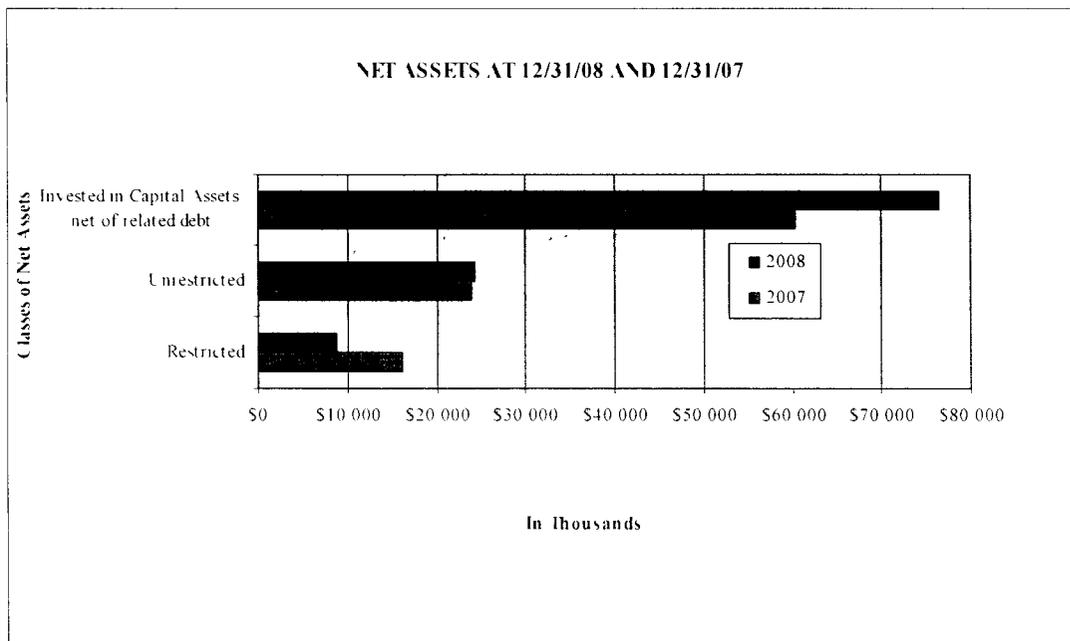
By far, the largest portion of the City’s net assets (\$76,483,023, or 69.92%) reflects its investment in capital assets (e.g., land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, PSA capital, and construction in progress), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City’s investments 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.

CITY OF NORTH AUGUSTA'S NET ASSETS						
	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Assets:						
Cash/Investments-Unrestricted	\$15,591,206	\$16,321,365	\$8,975,989	\$9,376,535	\$24,567,195	\$25,697,900
Other Current Assets	262,467	555,674	1,844,632	1,781,977	2,107,099	2,337,651
Cash/Investments-Restricted	6,326,000	47,801	10,176,571	8,412,597	16,502,571	8,460,398
Capital assets, net of accumulated depreciation	38,442,800	48,583,935	39,686,311	44,941,438	78,129,111	93,525,373
Service rights, net of accumulated depreciation	0	0	51,007	48,501	51,007	48,501
Deferred charges, net of accumulated depreciation	0	0	70,636	63,998	70,636	63,998
TOTAL ASSETS	\$60,622,473	\$65,508,775	\$60,805,146	\$64,625,046	\$121,427,619	\$130,133,821
Liabilities:						
Current liabilities	\$594,515	\$1,557,428	\$1,396,559	\$1,054,678	\$1,991,074	\$2,612,106
Noncurrent liabilities	12,416,244	11,856,321	6,776,493	6,273,933	19,192,737	18,130,254
TOTAL LIABILITIES	\$13,010,759	\$13,413,749	\$8,173,052	\$7,328,611	\$21,183,811	\$20,742,360
Net Assets:						
Net invested in capital assets	\$26,808,692	\$37,222,478	\$33,496,265	\$39,260,545	\$60,304,957	\$76,483,023
Restricted	6,326,000	47,801	9,709,599	8,669,853	16,035,599	8,717,654
Unrestricted	14,477,022	14,824,747	9,426,230	9,366,037	23,903,252	24,190,784
TOTAL NET ASSETS	\$47,611,714	\$52,095,026	\$52,632,094	\$57,296,435	\$100,243,808	\$109,391,461

An additional portion of the City's net assets (\$8,717,654 or 7.97%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24,190,784 or 22.11%) may be used to meet the government's ongoing obligations to citizens and creditors.



At the end of the current fiscal year, the City is able to report "positive" balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.



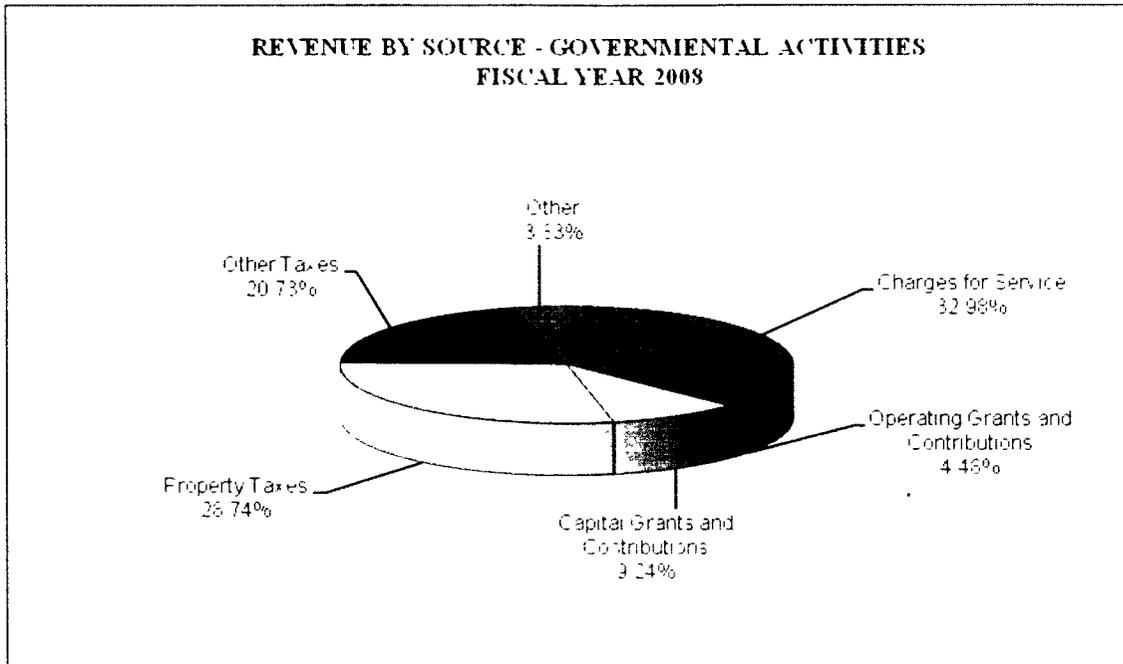
Governmental Activities

Governmental activities increased the City's net assets by \$4,483,312, thereby accounting for 49.01% of the total growth in net assets. Governmental expenditures are funded by fees for services, grants and contributions, and general revenues. The Statement of Activities details this activity for the City. The following chart summarizes this data for governmental and business-type activities.

CITY OF NORTH AUGUSTA'S CHANGES IN NET ASSETS						
	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues.						
Charges for services	\$6,482,587	\$6,310,455	\$11,449,325	\$11,393,581	\$17,931,912	\$17,704,036
Operating grants and contributions	754,944	856,777	0	0	754,944	856,777
Capital grants and contributions	3,477,186	1,768,611	1,600,851	3,091,789	5,078,037	4,860,400
General revenues						
Property taxes	5,054,065	5,498,319	0	0	5,054,065	5,498,319
Other taxes	5,217,209	3,966,309	0	0	5,217,209	3,966,309
Other	1,290,827	731,825	1,110,489	883,272	2,401,316	1,615,097
TOTAL REVENUES	\$22,276,818	\$19,132,296	\$14,160,665	\$15,368,642	\$36,437,483	\$34,500,938
Expenses:						
General government	\$3,283,604	\$2,890,989	\$0	\$0	\$3,283,604	\$2,890,989
Public safety	4,955,943	5,265,573	0	0	4,955,943	5,265,573
Public works	1,487,012	2,692,210	0	0	1,487,012	2,692,210
Recreation and parks	3,327,793	3,763,461	0	0	3,327,793	3,763,461
Interest and bank fees	24,001	433,418	0	0	24,001	433,418
Water and sewer	0	0	6,364,814	6,694,797	6,364,814	6,694,797
Sanitation	0	0	3,066,729	3,239,034	3,066,729	3,239,034
Stormwater	0	0	281,471	373,803	281,471	373,803
TOTAL EXPENSES	\$13,078,353	\$15,045,651	\$9,713,014	\$10,307,634	\$22,791,367	\$25,353,285
Increase in net assets before transfers	\$9,198,465	\$4,086,645	\$4,447,651	\$5,061,008	\$13,646,116	\$9,147,653
Transfers	330,850	396,667	-330,850	-396,667	0	0
Increase in net assets	9,529,315	4,483,312	4,116,801	4,664,341	13,646,116	9,147,653
Net assets - Beginning of year	38,082,399	47,611,714	48,515,293	52,632,094	86,597,692	100,243,808
Net assets - End of year	\$47,611,714	\$52,095,026	\$52,632,094	\$57,296,435	\$100,243,808	\$109,391,461

Governmental activities revenues decreased from \$22,276,818 to \$19,132,296 in 2008. Charges for services (\$6,310,455) include business license revenues, franchise fees, construction permits and public safety fines and represent 32.98% of total governmental revenues. These revenues are predominantly elastic in nature and vary with economic trends and are evidence of a slowing economy, declining by 2.66% in 2008. During 2008 operating grants and contributions increased by \$101,833 while capital grants and contributions decreased by \$1,708,575. Property taxes increased by \$444,254 or 8.79% during the year. Other taxes consisting of the One-cent

Capital Projects Sales Tax I and II and the City's Local Hospitality and Accommodations Tax decreased by \$1,250,900. During fiscal year 2007 the City received its final allocation of One-cent Capital Projects Sales Tax I proceeds representing excess collections from the Sales Tax I program. This resulted in a decline in other tax revenues.



In 2008, governmental activities expenditures increased from \$13,078,353 to \$15,045,651 or 15.04%. Fuel cost increases City-wide, additional personnel, salary and fringe benefit and interest on debt increases account for the majority of this increase. General government expenditures decreased by \$392,615 or 11.96%, primarily due to increased personnel related expenditures and computer software enhancements. Expenditures in public safety for 2008 increased by \$309,630 from \$4,955,943 to \$5,265,573 or 6.25%, primarily due to an increase in personnel related expenditures and fuel cost. Public works expenditures increased by \$1,205,198 or 81.05% from \$1,487,012 to \$2,692,210 in 2008. Expenditures in recreation and parks for 2008 increased by \$435,668 or 13.09% due to the increased emphasis on beautification areas in the City.

Business-type Activities

The City operates four enterprises that comprise its business-type activities. The Water and Sewer System, Sanitation Services Funds, and Stormwater Fund are classified as major funds. The Savannah Bluff Lock and Dam Fund, a nonmajor fund, was created on January 1, 2007 for the ultimate purpose of maintaining the Augusta pool on the Savannah River. The City of North Augusta entered into an agreement with the City of Augusta, the County of Aiken and four industrial stakeholders for the future operations and maintenance of the Savannah Bluff Lock & Dam. The agreement is contingent based on future upgrades to the Savannah Bluff Lock and Dam by the United States Corps of Engineers. The agreement calls for the establishment of an

escrow account in the amount of \$1,000,000 to be established over a three-year period. The only activity of the fund during 2008 was the partial funding (2nd year) of this escrow account.

Business-type activities increased the City's net assets by \$4,664,341, accounting for 50.99% of the total growth in net assets. Charges for services decreased slightly by \$55,744 or 0.49% from \$11,449,325 in 2007 to \$11,393,581 in 2008. This slight decrease is attributed to decreased water sales in the Water and Sewer Fund from \$3,450,728 in 2007 to \$3,352,934 in 2008 due to an unusually wet year, with rainfall significantly up from 2007. Charges for services in the Sanitation Services Fund, the Stormwater Utility Fund and the Savannah Bluff Lock and Dam Fund remained fairly constant from 2007.

Expenses for the Water and Sewer System increased from \$6,364,814 in 2007 to \$6,694,797 in 2008 or \$329,983. A significant portion of this increase, \$53,229 or 16.13% was attributed to increased sewerage treatment cost resulting from a redistribution of flow at the Horse Creek Basin Wastewater Treatment Facility. The increase in the City's treatment cost can be attributed to a large extent to the closing of several textile mills in the region, causing a shift of expenses from the industrial customers to the governmental customers. Increased fuel, personnel and fringe benefits costs accounted for the balance of this increase in the Water and Sewer Fund.

In 2008 the expenses for the Sanitation Services Fund increased \$172,305 (from \$3,066,729 to \$3,239,034). The increase is a direct result of close to full staffing in the Sanitation Department and the Material Recovery Center and an increase in operating expenses, primarily fuel oil products, which increased significantly during 2008.

The expenses in the Stormwater Utility Fund increased by \$92,332 (from \$281,471 in 2007 to \$373,803 in 2008). This increase is attributed primarily to additional personnel cost, including fringe benefits cost, in the Stormwater Utility Fund.

General Fund Budgetary Highlights

For the fiscal year 2008 the City adopted a balanced budget in the General Fund. The General Fund budgeted revenues amounted to \$12,416,282 including operating transfers in of \$360,983 from the major enterprise funds. The City does not budget proceeds from capital lease obligations, which amounted to \$408,499 in 2008. For 2008, actual General Fund revenues exceeded budgeted revenues by \$39,968. Current taxes in the General Fund grew by \$271,371 or 6.39%. This noteworthy growth rate is attributed to the state mandated county-wide reassessment for tax year 2007 and the end of the gradual personal property assessment rate decrease adopted by the State legislation in 2001 that decreased the personal property assessment rate 10.5% to 6.0% over a six year period beginning in 2002 and ending in 2007. Revenues from business licenses and construction permits decreased from \$4,552,001 in 2007 to \$4,481,413 in 2008 or \$70,588, which is indicative of a slowing local economy. Revenue from public safety fines decreased by \$96,073, or 11.57%, from \$926,477 in 2007 to \$830,404 in 2008. Charges for services, primarily recreation fees, decreased modestly by \$5,471 from \$1,004,109 in 2007 to \$998,638 in 2008. Intergovernmental revenue increased by \$40,437 or 5.60% from \$720,629 in 2007 to \$760,976 in 2008. Miscellaneous revenue decreased by \$53,757 or 11.30% due primarily to a decrease in interest earnings of \$88,999. Overall actual expenditures in the

General Fund exceeded budget by \$141,996 due to the purchase of equipment with capital lease proceeds budget.

Budget Amendments – There were no budget amendments in any fund for fiscal year 2008.

Capital Asset and Debt Administration

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$93,525,373 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, infrastructure, system improvements, PSA capital, and construction in progress.

CITY OF NORTH AUGUSTA'S CAPITAL ASSETS (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$5,665,136	\$6,092,677	\$768,516	\$639,081	\$6,433,652	\$6,731,758
Land Improvements	4,506,439	4,592,896	0	0	4,506,439	4,592,896
Right-of-way and easements	2,238,430	2,270,735	62,760	62,760	2,301,190	2,333,495
Buildings	5,319,503	5,174,149	1,765,835	1,690,544	7,085,338	6,864,693
Machinery and equipment	595,649	549,609	819,959	860,281	1,415,608	1,409,890
Furniture and fixtures	176,414	148,503	0	0	176,414	148,503
Vehicles	1,273,187	2,411,417	939,056	1,105,510	2,212,243	3,516,927
Infrastructure	11,879,843	12,336,065	0	0	11,879,843	12,336,065
System Improvements	0	0	33,347,449	33,194,845	33,347,449	33,194,845
PSA Capital	0	0	1,045,482	974,987	1,045,482	974,987
Construction in progress	6,788,199	15,007,884	937,254	6,413,430	7,725,453	21,421,314
TOTAL CAPITAL ASSETS	\$38,442,800	\$48,583,935	\$39,686,311	\$44,941,438	\$78,129,111	\$93,525,373

The City has committed \$5,800,000 to the ongoing Mims Branch sewer line extension project which should be completed in early 2009 and \$3,200,000 to the Sweetwater Water Line and elevated tank project scheduled for completion in early 2010. In addition, the City has committed \$2,301,014 to the West Avenue Streetscape project and \$675,000 to a Greenway extension (Pisgah to Bergen). These projects should also be completed in 2009 and will require no future financing. Finally, the City has committed approximately \$21,000,000 to the construction of a new Municipal Center. The Municipal Center project is well underway and is scheduled for completion in early 2009. No additional financing will be required to complete this project. Additional information on the City’s capital assets can be found in *Note 3* on pages 34-36 of this report.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$9,665,501. General Obligation Bonds outstanding comprise 46.46% and Revenue bonds outstanding (net of deferred refunding) comprise 53.54% of the total amount of the City’s outstanding bonded debt.

CITY OF NORTH AUGUSTA'S OUTSTANDING BONDED DEBT						
	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
General Obligation Bonds (GOB)	\$4,716,068	\$4,491,068	\$0	\$0	\$4,716,068	\$4,491,068
Revenue bonds, net of deferred refunding	0	0	5,589,673	5,174,433	5,589,673	5,174,433
TOTAL DEBT	\$4,716,068	\$4,491,068	\$5,589,673	\$5,174,433	\$10,305,741	\$9,665,501

The City's total bonded debt outstanding (net of deferred refunding of a 1998 revenue bond) decreased by \$640,240 during the current fiscal year. This decrease was attributed to the annual payment of principal for the City's GOB and revenue bonds.

The City's last rated revenue bond issued in 1998 in the amount of \$4,603,000 was rated **Aaa insured** by Moody's Investors Service, Inc., and **AAA insured** by Standard and Poor's Corporation. The City's debt coverage requirement, remaining very strong, decreased slightly from 3.80 to 3.57. The City's bond covenants require coverage of 1.25 to issue additional bonds. Please refer to Table XV on page 136 for additional information regarding the City's revenue bond coverage.

The City's General Obligation Bond, Series 2006 in the amount of \$4,716,068 was rated **A2** by Moody's Investor's Service, Inc. and **A** by Standard & Poor's Corporation.

Other long-term debt at the end of the current fiscal year included \$1,302,202 in capital leases for furniture, equipment, and machinery and \$6,073,647 in a capital lease (Municipal Center Lease, 2007) designated for the City's new Municipal Center. Additionally, long term debt related to compensated absences was \$406,405 at the end of the current fiscal year.

Additional information of the City's long-term debt can be found in *Notes 5* and *6* on pages 38-43 of this report.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of North Augusta, P.O. Box 6400, North Augusta, SC 29861-6400.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash	\$ 2,063,891	\$ 1,105,952	\$ 3,169,843
Investments	14,257,474	8,270,583	22,528,057
Receivables:			
Taxes	95,345	-	95,345
Loans	7,187	89,706	96,893
Customers, net	-	1,221,593	1,221,593
Grant	451,060	258,380	709,440
Inventory	2,082	212,298	214,380
Current restricted assets (cash and investments)	-	1,042,745	1,042,745
Noncurrent assets:			
Restricted assets (cash and investments)	47,801	7,369,852	7,417,653
Capital assets, net:			
Non-depreciable	23,371,296	7,115,271	30,486,567
Depreciable	25,212,639	37,826,167	63,038,806
Service rights, net	-	48,501	48,501
Deferred charges	-	63,998	63,998
TOTAL ASSETS	<u>\$ 65,508,775</u>	<u>\$ 64,625,046</u>	<u>\$ 130,133,821</u>
LIABILITIES			
Accounts payable	\$ 1,187,725	\$ 534,342	\$ 1,722,067
Accrued salaries, wages, and employee benefits	332,992	72,141	405,133
Municipal court liability	36,711	-	36,711
Accrued interest payable	-	10,079	10,079
Payable from restricted resources:			
Accounts payable	-	1,631	1,631
Accrued bond interest	-	24,014	24,014
Customer deposits	-	412,471	412,471
Noncurrent liabilities:			
Due within one year:			
Capital leases	729,321	220,479	949,800
Unearned revenue	-	14,105	14,105
General obligation bonds	250,000	-	250,000
Revenue bonds	-	472,635	472,635
Accrued vacation	223,405	205,045	428,450
Due in more than one year:			
Capital leases	6,141,068	285,981	6,427,049
Unearned revenue	88,459	373,890	462,349
General obligation bonds	4,241,068	-	4,241,068
Revenue bonds	-	4,701,798	4,701,798
Long-term portion of accrued vacation	183,000	-	183,000
TOTAL LIABILITIES	<u>13,413,749</u>	<u>7,328,611</u>	<u>20,742,360</u>
NET ASSETS			
Invested in capital assets net of related debt	37,222,478	39,260,545	76,483,023
Restricted per bond indentures	-	7,974,481	7,974,481
Restricted per operating agreement	-	695,372	695,372
Restricted per state regulations for victims assistance	47,801	-	47,801
Unrestricted	14,824,747	9,366,037	24,190,784
TOTAL NET ASSETS	<u>52,095,026</u>	<u>57,296,435</u>	<u>109,391,461</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 65,508,775</u>	<u>\$ 64,625,046</u>	<u>\$ 130,133,821</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 2,890,989	\$ 4,481,413	\$ 788,746	-	\$ 2,379,170	\$ -	\$ 2,379,170
Public safety	5,265,573	897,428	38,801	-	(4,329,344)	-	(4,329,344)
Public works	2,692,210	-	29,230	210,143	(2,452,837)	-	(2,452,837)
Recreation and parks	3,763,461	931,614	-	1,558,468	(1,273,379)	-	(1,273,379)
Interest and fiscal charges on debt service	433,418	-	-	-	(433,418)	-	(433,418)
Total governmental activities	15,045,651	6,310,455	856,777	1,768,611	(6,109,808)	-	(6,109,808)
Business-type activities:							
Water and sewer	6,694,797	7,537,277	-	2,808,455	-	3,650,935	3,650,935
Sanitation	3,239,034	3,308,538	-	-	-	69,504	69,504
Stormwater utility	373,803	547,766	-	-	-	173,963	173,963
Savannah Bluff Lock and Dam	-	-	-	283,334	-	283,334	283,334
Total business-type activities	10,307,634	11,393,581	-	3,091,789	(6,109,808)	4,177,736	4,177,736
Total	\$ 25,353,285	\$ 17,704,036	\$ 856,777	\$ 4,860,400	\$ (6,109,808)	\$ 4,177,736	\$ (1,932,072)
General revenues:							
Ad valorem property taxes					5,498,319	-	5,498,319
Local hospitality and accommodation taxes					550,501	-	550,501
Capital projects sales taxes					3,415,808	-	3,415,808
Interest on investments					533,146	400,115	933,261
Miscellaneous					198,679	483,157	681,836
Transfers					396,667	(396,667)	-
Total general revenues and transfers					10,593,120	486,605	11,079,725
Change in net assets					4,483,312	4,664,341	9,147,653
Net assets - beginning of year					47,611,714	52,632,094	100,243,808
Net assets - end of year					\$ 52,095,026	\$ 57,296,435	\$ 109,391,461

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	GENERAL FUND	SALES TAX II FUND	CAPITAL PROJECTS FUND	RIVERFRONT/CENTRAL CORE REDEVELOPMENT FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Equity in pooled cash	\$ 382,957	\$ 807,784	\$ 82,098	\$ 88,572	\$ 702,480	\$ 2,063,891
Investments	263,785	3,694,394	5,615,730	1,429,874	3,253,691	14,257,474
Receivables						
Taxes	95,345	-	-	-	-	95,345
Loans	-	-	-	-	7,187	7,187
Grants	-	-	-	111,440	339,620	451,060
Inventory	2,082	-	-	-	-	2,082
Due from other funds	-	-	-	3,050	-	3,050
Cash, restricted	47,801	-	-	-	-	47,801
TOTAL ASSETS	\$ 791,970	\$ 4,502,178	\$ 5,697,828	\$ 1,632,936	\$ 4,302,978	\$ 16,927,890
LIABILITIES						
Accounts payable	\$ 76,249	\$ 1,096,976	\$ 265	\$ -	\$ 14,235	\$ 1,187,725
Due to other funds	3,050	-	-	-	-	3,050
Accrued salaries, wages, and employee benefits	332,992	-	-	-	-	332,992
Unearned revenue	35,264	-	-	-	53,195	88,459
Municipal court liability	36,711	-	-	-	-	36,711
TOTAL LIABILITIES	\$ 484,266	\$ 1,096,976	\$ 265	\$ -	\$ 67,430	\$ 1,648,937
FUND BALANCES						
Reserved for inventory	2,082	-	-	-	-	2,082
Reserved for non-current loans receivable	-	-	-	-	7,187	7,187
Reserved for victims assistance	47,801	-	-	-	-	47,801
Unreserved, designated for contingencies reported in Special revenue funds	-	-	-	-	100,000	100,000
Capital projects fund	-	-	1,850,000	-	-	1,850,000
Unreserved, undesignated for, reported in General fund	257,821	-	-	-	-	257,821
Special revenue funds	-	3,405,202	-	-	4,128,361	7,533,563
Capital projects fund	-	-	3,847,563	-	-	3,847,563
Riverfront/Central Core Redevelopment fund	-	-	-	1,632,936	-	1,632,936
TOTAL FUND BALANCES	\$ 307,704	\$ 3,405,202	\$ 5,697,563	\$ 1,632,936	\$ 4,235,548	\$ 15,278,953
TOTAL LIABILITIES AND FUND BALANCES	\$ 791,970	\$ 4,502,178	\$ 5,697,828	\$ 1,632,936	\$ 4,302,978	\$ 16,927,890

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds
Bonds payable
Capital leases
Accrued vacation

NET ASSETS OF GOVERNMENTAL ACTIVITIES

48,583,935
(4,491,068)
(6,870,389)
(406,405)
\$ 52,095,026

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2008

	GENERAL FUND	SALES TAX II FUND	CAPITAL PROJECTS FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Ad valorem property taxes	\$ 4,601,783	-	\$ 560,008	-	\$ 336,528	\$ 5,498,319
Local hospitality and accommodation taxes	-	-	-	550,501	-	550,501
Capital projects sales taxes	-	3,415,808	-	-	-	3,415,808
Licenses and permits	4,481,413	-	-	-	-	4,481,413
Fines and forfeitures	830,404	-	-	-	-	830,404
Charges for services	998,638	-	-	-	-	998,638
Intergovernmental	760,976	-	-	-	1,502,568	2,263,544
Grant revenues	-	-	-	300,253	4,591	304,844
Contributions	-	-	-	-	57,000	57,000
Miscellaneous/interest earnings	422,053	73,299	133,423	170,996	107,465	907,236
TOTAL REVENUES	12,095,267	3,489,107	693,431	1,021,750	2,008,152	19,307,707
EXPENDITURES						
Current						
General government	2,684,417	-	196,165	720	-	2,881,302
Public safety	4,935,056	-	-	-	57,300	4,992,356
Public works	1,116,121	-	-	-	-	1,116,121
Recreation and parks	2,840,705	-	77,300	-	4,295	2,922,300
Debt service						
Principal	404,797	-	225,000	276,353	-	906,150
Interest and fiscal charges	28,034	-	174,244	231,140	-	433,418
Capital outlay						
General government	74,196	1,106,309	-	7,928,782	-	9,109,287
Public safety	301,551	1,008,364	-	-	454,931	1,764,846
Public works	35,637	144,073	-	303,178	32,680	515,568
Recreation and parks	137,764	-	253,896	-	427,659	819,319
Intergovernmental					800,000	800,000
TOTAL EXPENDITURES	12,558,278	2,258,746	926,605	8,740,173	1,776,865	26,260,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(463,011)	1,230,361	(233,174)	(7,718,423)	231,287	(6,952,960)
OTHER FINANCING SOURCES (USES)						
Capital lease obligations	408,499	-	-	-	-	408,499
Transfers in	360,983	-	1,078,440	-	-	1,439,423
Transfers out	(1,078,440)	-	-	-	-	(1,078,440)
TOTAL OTHER FINANCING SOURCES	(308,958)	-	1,078,440	-	-	769,482
NET CHANGE IN FUND BALANCES	(771,969)	1,230,361	845,266	(7,718,423)	231,287	(6,183,478)
FUND BALANCE - BEGINNING OF YEAR	1,079,673	2,174,841	4,852,297	9,351,359	4,004,261	21,462,431
FUND BALANCE - END OF YEAR	\$ 307,704	\$ 3,405,202	\$ 5,697,563	\$ 1,632,936	\$ 4,235,548	\$ 15,278,953

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO 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 \$ (6,183,478)

Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increase net assets

Capital outlay	12,209,020	
Depreciation on general government assets	(1,872,152)	
Loss on the disposal of fixed assets	(175,411)	
Transfer of capital assets from proprietary fund	<u>35,684</u>	
		10,197,141

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 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.

Compensated absences	(28,002)	
Principal payments on general obligation bonds	225,000	
Principal payments on capital leases	681,150	
Proceeds from capital lease	<u>(408,499)</u>	
		<u>469,649</u>

Change in net assets of governmental activities \$ 4,483,312

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETED AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<u>REVENUES</u>			
Ad valorem property taxes	\$ 4,443,000	\$ 4,601,783	\$ 158,783
Licenses and permits	4,470,000	4,481,413	11,413
Fines and forfeitures	900,000	830,404	(69,596)
Charges for services	1,053,279	998,638	(54,641)
Intergovernmental	721,900	760,976	39,076
Miscellaneous	467,120	422,053	(45,067)
TOTAL REVENUES	<u>12,055,299</u>	<u>12,095,267</u>	<u>39,968</u>
<u>EXPENDITURES</u>			
Current:			
General government	2,959,362	2,684,417	(274,945)
Public safety	4,977,871	4,935,056	(42,815)
Public works	1,047,724	1,116,121	68,397
Recreation and parks	2,842,463	2,840,705	(1,758)
Capital lease payments	440,362	432,831	(7,531)
Capital outlay:			
General government	47,000	74,196	27,196
Public safety	14,700	301,551	286,851
Public works	3,200	35,637	32,437
Recreation and parks	83,600	137,764	54,164
TOTAL EXPENDITURES	<u>12,416,282</u>	<u>12,558,278</u>	<u>141,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(360,983)</u>	<u>(463,011)</u>	<u>(102,028)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease obligations	-	408,499	408,499
Transfers in	360,983	360,983	-
Transfers out	-	(1,078,440)	(1,078,440)
TOTAL OTHER FINANCING SOURCES (USES)	<u>360,983</u>	<u>(308,958)</u>	<u>(669,941)</u>
NET CHANGE IN FUND BALANCES	-	(771,969)	(771,969)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>1,079,673</u>	<u>1,079,673</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 307,704</u>	<u>\$ 307,704</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND		
	WATER AND SEWER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM		
<u>ASSETS</u>						
<u>CURRENT ASSETS</u>						
Equity in pooled cash	\$ 656,321	\$ 320,199	\$ 86,972	\$ 42,460	\$ 1,105,952	
Investments	4,286,355	1,689,373	1,641,943	652,912	8,270,583	
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 in 2008 and 2007)	1,191,714	29,879	-	-	1,221,593	
Inventory	212,298	-	-	-	212,298	
Grant receivable	258,380	-	-	-	258,380	
Loan receivable	89,706	-	-	-	89,706	
TOTAL CURRENT ASSETS	6,694,774	2,039,451	1,728,915	695,372	11,158,512	
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>						
With fiscal agents	630,274	-	-	-	630,274	
Customer deposits	412,471	-	-	-	412,471	
TOTAL CURRENT RESTRICTED ASSETS	1,042,745	-	-	-	1,042,745	
TOTAL CURRENT ASSETS	7,737,519	2,039,451	1,728,915	695,372	12,201,257	
<u>NON-CURRENT RESTRICTED ASSETS (cash and investments)</u>						
Revenue bond improvement and extension account	1,162,265	-	-	-	1,162,265	
Revenue bond depreciated or obsolete item account	495,566	-	-	-	495,566	
Revenue bond construction account	5,712,021	-	-	-	5,712,021	
TOTAL NON-CURRENT RESTRICTED ASSETS	7,369,852	-	-	-	7,369,852	
<u>CAPITAL ASSETS, NET</u>						
Non-depreciable	7,024,036	91,235	-	-	7,115,271	
Depreciable	35,278,381	2,049,960	497,826	-	37,826,167	
TOTAL CAPITAL ASSETS	42,302,417	2,141,195	497,826	-	44,941,438	
<u>SERVICE RIGHTS (net of accumulated amortization of \$51,499 for 2008 and \$48,993 for 2007)</u>	48,501	-	-	-	48,501	
<u>BOND ISSUANCE EXPENSE (net of accumulated amortization of \$56,872 for 2008 and \$50,234 for 2007)</u>	63,998	-	-	-	63,998	
TOTAL NON-CURRENT ASSETS	49,784,768	2,141,195	497,826	-	52,423,789	
TOTAL ASSETS	\$ 57,522,287	\$ 4,180,646	\$ 2,226,741	\$ 695,372	\$ 64,625,046	

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS		STORMWATER		NONMAJOR FUND	
	WATER AND SEWER SYSTEM	SANITATION SERVICES	UTILITY FUND	LOCK AND DAM	SAVANNAH BLUFF	
	\$	492,915	\$ 35,059	\$ 6,368	-	\$ 534,342
		36,686	30,469	4,986	-	72,141
		114,533	81,926	8,586	-	205,045
		66,893	132,652	20,934	-	220,479
		3,545	6,534	-	-	10,079
		14,105	-	-	-	14,105
		1,631	-	-	-	1,631
		24,014	-	-	-	24,014
		472,635	-	-	-	472,635
		412,471	-	-	-	412,471
		<u>1,639,428</u>	<u>286,640</u>	<u>40,874</u>	<u>-</u>	<u>1,966,942</u>
		125,729	126,502	33,750	-	285,981
		4,701,798	-	-	-	4,701,798
		373,890	-	-	-	373,890
		<u>5,201,417</u>	<u>126,502</u>	<u>33,750</u>	<u>-</u>	<u>5,361,669</u>
		<u>6,840,845</u>	<u>413,142</u>	<u>74,624</u>	<u>-</u>	<u>7,328,611</u>
		36,935,362	1,882,039	443,144	-	39,260,545
		7,974,481	-	-	695,372	7,974,481
		5,771,599	1,885,465	1,708,973	-	695,372
		<u>50,681,442</u>	<u>3,767,504</u>	<u>2,152,117</u>	<u>695,372</u>	<u>57,296,435</u>
		<u>\$ 57,522,287</u>	<u>\$ 4,180,646</u>	<u>\$ 2,226,741</u>	<u>\$ 695,372</u>	<u>\$ 64,625,046</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

CURRENT LIABILITIES

Accounts payable	
Accrued salaries, wages and employee benefits	
Accrued vacation	
Current portion of capital leases payable	
Accrued interest payable	
Unearned revenue	
Payable from restricted assets	
Accounts payable	
Accrued bond interest	
Current portion of revenue bonds payable	
Customer deposits	
TOTAL CURRENT LIABILITIES	

NON-CURRENT LIABILITIES

Capital leases payable	
Revenue bonds payable, net of deferred refunding	
Unearned revenue	
TOTAL NON-CURRENT LIABILITIES	
TOTAL LIABILITIES	

FUND EQUITY

NET ASSETS

Invested in capital assets net of related debt	
Restricted per revenue bond indentures	
Restricted per operating agreement	
Unrestricted	
TOTAL NET ASSETS	
TOTAL LIABILITIES AND FUND EQUITY	

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		TOTAL ENTERPRISE FUNDS	
	WATER AND SEWER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM		
OPERATING REVENUES	\$	\$	\$	\$	\$	\$
Metered water sales - net	3,352,934	-	-	-	-	3,352,934
Sewer service charges	4,058,186	-	-	-	-	4,058,186
Water tap fees	33,240	-	-	-	-	33,240
Sewer tap fees	82,330	-	-	-	-	82,330
Fire protection fees	10,587	-	-	-	-	10,587
Sanitation service fees	-	2,268,065	-	-	-	2,268,065
Recycling fees	-	547,880	-	-	-	547,880
Sale of recyclables	-	492,593	-	-	-	492,593
Stormwater utility fees	-	-	547,766	-	-	547,766
Other	403,201	67,296	12,660	-	-	483,157
TOTAL OPERATING REVENUES	7,940,478	3,375,834	560,426	-	-	11,876,738
OPERATING EXPENSES						
Utilities Finance	448,517	-	-	-	-	448,517
Utilities Administration	546,647	-	-	-	-	546,647
Water Operations and Maintenance	710,270	-	-	-	-	710,270
Water Production and Treatment	1,239,082	-	-	-	-	1,239,082
Wastewater Operations and Maintenance	2,459,310	-	-	-	-	2,459,310
Sanitation Operations	-	2,105,230	-	-	-	2,105,230
Material Recovery Facility	-	776,962	-	-	-	776,962
Stormwater Utility Operations	-	-	351,901	-	-	351,901
Depreciation and amortization	853,667	347,334	20,539	-	-	1,221,540
TOTAL OPERATING EXPENSES	6,257,493	3,229,526	372,440	-	-	9,859,459
OPERATING INCOME	1,682,985	146,308	187,986	-	-	2,017,279
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	307,868	39,920	38,151	14,176	-	400,115
Interest expense and fiscal charges	(263,908)	(13,257)	(1,363)	-	-	(278,528)
Contribution expense	-	(35,684)	-	-	-	(35,684)
Amortization of bond issuance costs and deferred refunding	(43,509)	-	-	-	-	(43,509)
Gain (loss) on sale/disposal of property, plant and equipment	(129,887)	3,749	-	-	-	(126,138)
TOTAL NONOPERATING REVENUES (EXPENSES)	(129,436)	(5,272)	36,788	14,176	-	(83,744)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,553,549	141,036	224,774	14,176	-	1,933,535
CONTRIBUTIONS	2,808,455	-	-	283,334	-	3,091,789
TRANSFERS IN	13,758,732	-	-	50,000	-	13,808,732
TRANSFERS OUT	(14,065,773)	(103,942)	-	-	-	(14,169,715)
CHANGE IN NET ASSETS	4,054,963	37,094	224,774	347,510	-	4,664,341
NET ASSETS - BEGINNING OF YEAR	46,626,479	3,730,410	1,927,343	347,862	-	52,632,094
NET ASSETS - END OF YEAR	\$ 50,681,442	\$ 3,767,504	\$ 2,152,117	\$ 695,372	\$	\$ 57,296,435

Amounts reported for business-type activities in the statement of activities are different because proprietary funds report transfers of capital assets to governmental funds as contribution expense. However, in the statement of activities, these costs are considered transfers between governmental activities and business-type activities.

Contribution Expense
Transfers

(35,684)
35,684
\$ 57,296,435

Change in net assets of business-type activities

See note 10 for details

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		SAVANNAH BLUFF LOCK AND DAM	
	WATER AND SEWER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	-		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers	\$ 7,530,765	\$ 3,312,990	\$ 547,766	-	\$ 11,391,521	
Customer deposits	18,821	-	-	-	18,821	
Cash paid to suppliers	(3,588,999)	(1,178,543)	(70,345)	-	(4,837,887)	
Cash paid to employees for services	(2,139,612)	(1,690,592)	(273,178)	-	(4,103,382)	
Other operating cash receipts	389,201	67,296	12,660	-	469,157	
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,210,176	511,151	216,903	-	2,938,230	
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Transfers in from other funds	13,758,732	-	-	-	13,758,732	
Transfers out to other funds	(14,065,773)	(103,942)	-	-	(14,169,715)	
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(307,041)	(103,942)	-	-	(410,983)	
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Capital contributions received from other governments	2,808,455	-	-	-	2,808,455	
Purchase and construction of capital assets	(5,858,873)	(354,773)	(226,535)	-	(6,440,181)	
Cash received for contingency fund	-	-	-	333,334	333,334	
Principal paid on revenue bonds	(452,111)	-	-	-	(452,111)	
Principal paid on capitalized leases	(91,809)	(213,764)	16,037	-	(289,536)	
Interest paid	(263,908)	(13,257)	(1,363)	-	(278,528)	
Other receipts	(174)	-	-	-	(174)	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(3,858,420)	(581,794)	(211,861)	333,334	(4,318,741)	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Payments received on loan extended to developer	27,950	-	-	-	27,950	
Interest on investments	307,868	39,921	38,151	14,176	400,116	
NET CASH PROVIDED BY INVESTING ACTIVITIES	335,818	39,921	38,151	14,176	428,066	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,619,467)	(134,664)	43,193	347,510	(15,122,160)	
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,974,740	2,144,236	1,685,722	347,862	19,152,560	
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,355,273	\$ 2,009,572	\$ 1,728,915	\$ 695,372	\$ 17,789,132	

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		SAVANNAH BLUFF LOCK AND DAM	
	WATER AND SEWER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	TOTAL		
OPERATING INCOME	\$ 1,682,985	\$ 146,308	\$ 187,986	-	-	\$ 2,017,279
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	853,667	347,334	20,539	-	-	1,221,540
Change in assets and liabilities:						
Decrease in accounts receivable	39,452	4,452	-	-	-	43,904
Increase in grants receivable	(45,960)	-	-	-	-	(45,960)
Decrease in inventory	36,761	-	-	-	-	36,761
Increase (decrease) in accounts payable	(377,248)	(17,697)	5,037	-	-	(389,908)
Increase in customer deposits	18,821	-	-	-	-	18,821
Increase in accrued salaries, wages and employee benefits	13,395	13,179	2,628	-	-	29,202
Increase in accrued vacation	2,307	17,575	713	-	-	20,595
Decrease in unearned revenue	(14,004)	-	-	-	-	(14,004)
TOTAL ADJUSTMENTS	527,191	364,843	28,917	-	-	920,951
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,210,176	\$ 511,151	\$ 216,903	-	-	\$ 2,938,230
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Capital assets purchased with proceeds from a capital lease	\$ 135,226	\$ 60,398	\$ 37,375	-	-	\$ 232,999
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Equity in pooled cash	\$ 656,321	\$ 320,199	\$ 86,972	42,460	-	\$ 1,105,952
Investments	4,286,355	1,689,373	1,641,943	652,912	-	8,270,583
Current restricted assets	1,042,745	-	-	-	-	1,042,745
Non-current restricted assets	7,369,852	-	-	-	-	7,369,852
CASH AND CASH EQUIVALENTS	\$ 13,355,273	\$ 2,009,572	\$ 1,728,915	\$ 695,372	-	\$ 17,789,132

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of North Augusta, South Carolina (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The City has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and related standards. These standards provide for significant changes in terminology and presentation and for the inclusion of Management’s Discussion and Analysis as required supplementary information. The following is a summary of significant policies:

A. Financial Reporting Entity

The reporting entity of the City, for financial purposes, includes all the funds relevant to the operations of the City of North Augusta, South Carolina (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operation or financial relationships. The criteria for including organizations as component units within the City’s reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization’s board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of North Augusta has no component units.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements The City government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Sales Tax II Fund This fund is used to account for the receipt and disbursement of money from the countywide capital project sales tax.

Capital Projects Fund This fund is used to account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds.

Riverfront/Central Core Redevelopment Fund This fund is used to account for the receipt and disbursement of money designated for projects outlined in the Riverfront/Central Core Redevelopment Plan.

Proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary 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 non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The City has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before December 1, 1989, in its accounting and reporting practices for its proprietary fund operations.

The City reports the following major proprietary funds:

Water and Sewer Fund This fund is used to account for waterworks and sewer system operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sanitation Services Fund This fund is used to account for sanitation and recycling operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Stormwater Utility Fund is used to account for improvements to stormwater runoff infrastructure that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All due to/due from balances have been eliminated in the preparation of the Statement of Net Assets.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting

1. The City follows these procedures in establishing the budgetary data reflected in the financial statements.
 - a. Prior to October 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them.
 - b. Public hearings are conducted to obtain taxpayer comments.
 - c. Prior to January 1, the budget is legally enacted through passage of an ordinance.
 - d. Transfer of budgeted amounts between functional areas must be approved by the City Council. However, the City Administrator can amend the budget at the line item or department level, within a functional area, not to exceed \$5,000. Management can also over-expend appropriations, with the City Administrator's approval, at the line item and department level, as long as the total expenditures or expenses do not exceed appropriations of the functional area.
 - e. Formal budgetary integration is employed as a management control device. A budget is legally adopted annually for the General Fund on a basis consistent with generally accepted accounting principles. Annual budgets are not adopted for the Special Revenue Funds or the Capital Projects Fund. These funds budget on a project or activity basis instead of an annual operating cycle basis. Budgets for the enterprise funds are legally adopted annually on a basis consistent with generally accepted accounting principles except that depreciation is not a budgeted item.
 - f. Budgeted amounts are as originally adopted or as amended by the City Council or the City Administrator. There were no individual amendments to the original appropriations, which were adopted and consisted of transferring amounts within departmental accounts. No supplemental appropriations were necessary during the year.
 - g. The City employs the use of encumbrance accounting during the year. All encumbrances lapse at the end of the year.
 - h. Unexpended appropriations lapse at the end of the year except that a whole or part of appropriations provided in the budget for capital or betterment outlays of any department or activity remaining unexpended at the close of the fiscal year is held available for the following year.
2. For the year ended December 31, 2008, expenditures exceeded budget at the functional level in General Fund – Public Safety by approximately \$240,000, Public Works by approximately \$100,000 and Recreation and Parks by approximately \$51,000. The over expenditure was due to the purchase of equipment with capital lease proceeds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash/Cash Equivalents and Investments

For purposes of the statement of cash flows, the enterprise funds consider all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value. A detailed description of investments is included in Note 2.

E. Receivables

Receivables are shown net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

F. Inventory

Inventory is valued at cost (first-in, first-out). Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed by the various departments. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available resources" even though they are a component of net current assets.

Inventory in the Water and Sewer System Fund is valued at the lower of cost (first-in, first-out) or market and consists of supplies used in repairing and maintaining the water and sewer systems.

G. Restricted Assets

Certain resources set aside for the City's debt repayment (revenue bonds) are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

H. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City's policy is to record all assets over \$5,000. Interest costs are expensed as incurred and therefore, not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated useful lives for asset types are as follows:

Buildings	10 - 40 years
Water and sewer system, structures and facilities	20 - 75 years
Machinery and equipment	3 - 12 years
Furniture and fixtures	5 - 12 years
Vehicles	5 - 7 years
Other assets	20 years
PSA capital share - Aiken	40 years
Roadways	25 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is attributable to past service and the employees will be compensated, therefore the vacation pay is accrued in the government-wide and proprietary fund financial statements. For the governmental activities, compensated absences are generally liquidated by the General Fund.

J. Long-Term Obligations

The City reports long-term debt of governmental funds at face value. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, premiums and discounts for bonds and certificates of participation, as well as issuance costs, are recognized during the current period. Proceeds are reported as an "other financing source" net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

K. Fund Equity

Reservations of fund equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund equity represent tentative management plans that are subject to change.

L. Interfund Transactions

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the service. Outstanding balances resulting from transactions between funds are reported as "due to/due from other funds". Any residual balances between the governmental and the business-type activities are reported on the government-wide financial statements as "internal balances".

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

O. Reclassifications

Certain items in the financial statements for 2007 have been reclassified to conform with the current year presentation. Such reclassification had no effect on net assets.

P. New Accounting Pronouncements

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's calendar year 2008. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. During the years 2007 and 2006, the City evaluated its OPEB and determined that all OPEB expenses, including implicit and explicit subsidies, are passed through to the retiree. The City will not incur future costs for retiree expenses and therefore, no liability is required to be recorded.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS

As of December 31, 2008, the City had the following investments:

	<u>MATURITIES</u>	<u>FAIR VALUE</u>
State Treasurer's Investment Pool	Daily	\$ 26,957,425
Money Market Accounts	Daily	4,362,001
Columbia Funds Series Trust - Treasury Mutual Funds	Daily	<u>630,274</u>
Total Investments		<u><u>\$ 31,949,700</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS (continued)

Credit Risk

The City has an investment policy that all investments made by the City will be selected and properly secured in accordance with State law. Section 6-5-10 of the State of South Carolina Code of Laws authorizes local governments to make the following types of investments:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
4. Certificates of deposit where the certificates are collaterally secured by securities of the type described in 1 and 2 above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
5. Repurchase agreements when collateralized by securities as set forth in this section; and
6. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items 1, 2, and 5 of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Section 6-6-20 of the State of South Carolina Code of Laws authorizes the State Treasurer's Office to invest and reinvest the monies of the State Treasurer's Investment Pool in the investments identified in Section 6-5-10 shown above and identified in Section 11-9-660 as follows:

1. Obligations of the United States, its agencies and instrumentalities;
2. Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
3. Obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally-recognized rating services;
4. Certificates of deposit, if the certificates are secured collaterally by securities of the types described in items 1 and 3 of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
5. Repurchase agreements, if collateralized by securities of the types described in items 1 and 3 of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
6. Guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally-recognized rating services.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City does not consider itself to be at risk due to interest rates as all investments currently mature daily.

Concentration Credit Risk

The City's formal investment policy does not place a limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The City's investments held in the State Treasurer's Investment Pool comprise 82% of total investments and the Money Market Accounts comprise 16% of total investments. The additional concentration is not viewed to be an additional risk by the City as these accounts are fully collateralized.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2008, the carrying amount of the City's deposits was approximately \$3,774,000 and the bank balance was approximately \$4,362,000. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name. Cash on hand at December 31, 2008, was approximately \$2,300.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2008, all of the City's investments held by the State Treasurer's Office, except those in securities lending transactions, are fully insured or collateralized; the investments held in Money Market Accounts are fully insured or collateralized; and the Columbia Treasury Reserve Mutual Funds are comprised of U.S. Government securities which do not require collateralization and are not rated.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 - CAPITAL ASSETS

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

Governmental activities - Net Assets Invested in Capital Assets Net of Related Debt

	BALANCE 12/31/07	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/08
Capital assets, not being depreciated:					
Land	\$ 5,665,136	\$ 427,541	\$ -	\$ -	\$ 6,092,677
Construction in progress	6,788,199	9,053,294	(833,609)	-	15,007,884
Right-of-way	2,238,430	148,401	(116,096)	-	2,270,735
Total capital assets, not being depreciated	14,691,765	9,629,236	(949,705)	-	23,371,296
Capital assets, being depreciated:					
Land improvements	7,173,897	571,226	-	-	7,745,123
Buildings	9,537,697	95,323	-	-	9,633,020
Machinery and equipment	1,165,658	45,150	(10,547)	69,543	1,269,804
Furniture and fixtures	521,043	6,755	(5,185)	-	522,613
Vehicles	2,975,878	1,447,274	(168,191)	-	4,254,961
Infrastructure	16,599,785	1,307,948	(494,278)	-	17,413,455
Total capital assets, being depreciated	37,973,958	3,473,676	(678,201)	69,543	40,838,976
Less accumulated depreciation for:					
Land improvements	(2,667,458)	(484,769)	-	-	(3,152,227)
Buildings	(4,218,194)	(240,677)	-	-	(4,458,871)
Machinery and equipment	(570,009)	(126,681)	10,354	(33,859)	(720,195)
Furniture and fixtures	(344,629)	(34,663)	5,182	-	(374,110)
Vehicles	(1,702,691)	(281,567)	140,714	-	(1,843,544)
Infrastructure	(4,719,942)	(703,795)	346,347	-	(5,077,390)
Total accumulated depreciation	(14,222,923)	(1,872,152)	502,597	(33,859)	(15,626,337)
Total capital assets being depreciated, net	23,751,035	1,601,524	(175,604)	35,684	25,212,639
Governmental activities capital assets, net	38,442,800	11,230,760	(1,125,309)	35,684	48,583,935
Related debt	(5,533,108)	(6,734,499)	906,150	-	(11,361,457)
Capital assets, net of related debt	\$ 32,909,692	\$ 4,496,261	\$ (219,159)	\$ 35,684	\$ 37,222,478

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 - CAPITAL ASSETS (continued)

Current year increases in the accumulated depreciation of the capital assets were allocated to the governmental functional activities as follows:

General Government		
City Council	\$	18,793
City Administration		2,751
Finance		14,109
Economic and Community Development		4,617
Building Standards		9,539
City Buildings		11,576
Public Safety		263,425
Public Works		
Engineering		2,616
Street Light/Traffic		82,667
Streets and Drains		682,980
Recreation and Parks		728,293
Property Maintenance		50,786
		\$ 1,872,152

Business-type activities - Net Assets Invested in Capital Assets Net of Related Debt:

	BALANCE 12/31/07	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/08
Capital assets, not being depreciated:					
Land	\$ 768,516	\$ -	\$ (129,435)	\$ -	\$ 639,081
Construction in progress	937,254	5,579,002	(102,826)	-	6,413,430
Easements	62,760	-	-	-	62,760
Total capital assets, not being depreciated	1,768,530	5,579,002	(232,261)	-	7,115,271
Capital assets, being depreciated:					
Buildings	3,526,453	-	-	-	3,526,453
Machinery and equipment	2,257,821	269,926	(90,357)	(69,543)	2,367,847
Furniture and fixtures	11,920	-	(11,920)	-	-
Vehicles	2,746,487	451,392	(159,175)	-	3,038,704
System improvements	42,919,673	438,315	-	-	43,357,988
PSA capital	2,812,128	-	-	-	2,812,128
Total capital assets, being depreciated	\$54,274,482	\$ 1,159,633	\$ (261,452)	\$ (69,543)	\$ 55,103,120

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 - CAPITAL ASSETS (continued)

	BALANCE 12/31/07	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/08
Less accumulated depreciation for:					
Buildings	\$ (1,760,618)	\$ (75,291)	\$ -	\$ -	\$ (1,835,909)
Machinery and equipment	(1,437,862)	(197,389)	93,826	33,859	(1,507,566)
Furniture and fixtures	(11,920)	-	11,920	-	-
Vehicles	(1,807,431)	(284,940)	159,177	-	(1,933,194)
System improvements	(9,572,224)	(590,919)	-	-	(10,163,143)
PSA capital	(1,766,646)	(70,495)	-	-	(1,837,141)
Total accumulated depreciation	<u>(16,356,701)</u>	<u>(1,219,034)</u>	<u>264,923</u>	<u>33,859</u>	<u>(17,276,953)</u>
Total capital assets being depreciated, net	<u>37,917,781</u>	<u>(59,401)</u>	<u>3,471</u>	<u>(35,684)</u>	<u>37,826,167</u>
Business-type activities capital assets, net	39,686,311	5,519,601	(228,790)	(35,684)	44,941,438
Related debt	<u>(6,190,044)</u>	<u>(232,999)</u>	<u>742,150</u>	<u>-</u>	<u>(5,680,893)</u>
Capital assets, net of related debt	<u>\$ 33,496,267</u>	<u>\$ 5,286,602</u>	<u>\$ 513,360</u>	<u>\$ (35,684)</u>	<u>\$ 39,260,545</u>

Current year increases in the accumulated depreciation of the capital assets were allocated to the business-type activities as follows:

Water and Sewer	\$ 851,161
Sanitation	347,334
Stormwater	<u>20,539</u>
	<u>\$ 1,219,034</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 4 - COMMITMENTS

Significant commitments are composed of the following:

	Project Authorization	Expended to December 31, 2008	Commitments	Required Future Financing
Municipal Center	\$ 20,663,041	\$ 16,033,682	\$ 4,629,359	\$ -
Sewer line extension - Little Horse Creek	5,800,000	5,128,324	671,676	-
Sweetwater Water Line/ Elevated Tank	3,200,000	231,753	2,968,247	-
West Avenue Streetscape	2,301,014	784,570	1,516,444	-
Greenway - Pisgah to Bergen	675,000	245,691	429,309	-

The City has entered into an agreement for the future operations and maintenance of the Savannah Bluff Lock and Dam for the purpose of maintaining the Augusta Pool. The agreement is between the City, Aiken County, South Carolina, Augusta-Richmond County, Georgia, and four industrial stakeholders. The agreement is contingent based on future upgrades of the Savannah Bluff Lock and Dam by the Corps of Engineers. The agreement calls for the establishment of an escrow account in the amount of \$1,000,000 to be established over a three-year period and funded by the participating entities. The City established a separate enterprise fund, The Savannah Bluff Lock and Dam Fund, to reflect the initial escrow payments received during the year totaling \$334,334. The Savannah Bluff Lock and Dam will be operated within the guidelines established by the Corps of Engineers. The City will not be directly involved in the daily operations of the facility. The fund established by the City will receive all revenues associated with the project and all direct costs incurred by the contractor or the local sponsors will be paid by the fund.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5 - CAPITALIZED LEASE OBLIGATIONS

The City has entered into several long-term lease agreements for machinery and equipment, furniture and fixtures, and vehicles. 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 following is an analysis of the capital assets leased under capital leases as of December 31, 2008:

	GOVERN- MENTAL FUNDS	WATER AND SEWER	SANI- TATION	STORM- WATER	TOTAL
Machinery and equipment	\$ 182,388	\$ 30,070	\$ 39,460	\$ 54,295	\$ 306,213
Vehicles	1,516,809	201,517	20,938	52,388	1,791,652
	<u>1,699,197</u>	<u>231,587</u>	<u>60,398</u>	<u>106,683</u>	<u>2,097,865</u>
Accumulated depreciation	(477,311)	(64,012)	(8,398)	(25,963)	(575,684)
Carrying value	<u>\$ 1,221,886</u>	<u>\$ 167,575</u>	<u>\$ 52,000</u>	<u>\$ 80,720</u>	<u>\$ 1,522,181</u>

The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments as of December 31, 2008:

YEAR ENDING DECEMBER 31	BUSINESS-TYPE FUNDS				
	GOVERN- MENTAL FUNDS	WATER AND SEWER	SANI- TATION	STORM- WATER	TOTAL
2009	\$ 375,281	\$ 121,256	\$ 91,102	\$ 25,705	\$ 613,344
2010	243,679	78,735	59,155	16,690	398,259
2011	144,717	46,759	35,131	9,913	236,520
2012	82,758	26,741	20,091	5,668	135,258
Total minimum lease payments	846,435	273,491	205,479	57,976	1,383,381
Amount representing interest	(49,693)	(14,337)	(12,856)	(3,295)	(80,181)
Present value of minimum lease payments	<u>\$ 796,742</u>	<u>\$ 259,154</u>	<u>\$ 192,623</u>	<u>\$ 54,681</u>	<u>\$ 1,303,200</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5 - CAPITALIZED LEASE OBLIGATIONS (continued)

Municipal Center Lease

During 2007, the City entered into a \$6,350,000 lease for financing a new municipal center. The proceeds from the lease were used for the construction of a Municipal Center complex for the City. The lease's interest rate is 3.64% and matures December 20, 2024.

The annual requirements to amortize the City's outstanding lease payments as of December 31, 2008, are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 286,412	\$ 221,081	\$ 507,493
2010	296,838	210,655	507,493
2011	307,643	199,850	507,493
2012	318,841	188,652	507,493
2013	330,447	177,046	507,493
2014-2018	1,841,656	695,809	2,537,465
2019-2023	2,202,142	335,323	2,537,465
2024	489,668	17,825	507,493
	<u>\$ 6,073,647</u>	<u>\$ 2,046,241</u>	<u>\$ 8,119,888</u>

NOTE 6 - LONG-TERM DEBT

Changes in Long-Term Debt

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

	Balance 01/01/08	Additions	Payments	Balance 12/31/08	Due Within One Year
<u>Governmental</u>					
<u>Activities</u>					
General Obligation					
Bonds	\$ 4,716,068	\$ -	\$ (225,000)	\$ 4,491,068	\$ 250,000
Municipal Center Lease	6,350,000	-	(276,353)	6,073,647	286,412
Capitalized Leases	793,040	408,499	(404,797)	796,742	442,909
Compensated Absences	434,407	336,343	(364,345)	406,405	223,405
Total	<u>\$ 12,293,515</u>	<u>\$ 744,842</u>	<u>\$ (1,270,495)</u>	<u>\$ 11,767,862</u>	<u>\$ 1,202,726</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

Changes in Long-Term Debt

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

<u>Business-Type Activities</u>	Balance 01/01/08	Additions	Payments	Balance 12/31/08	Due Within One Year
Revenue Bonds	\$ 5,995,258	\$ -	\$ (452,111)	\$ 5,543,147	\$ 472,635
Deferred Refunding	(405,585)	-	36,871	(368,714)	(36,871)
Revenue Bonds, Net of Deferred Refunding	5,589,673	-	(415,240)	5,174,433	435,764
Capitalized Leases	600,371	232,999	(326,910)	506,460	220,479
Total	\$ 6,190,044	\$ 232,999	\$ (742,150)	\$ 5,680,893	\$ 656,243

General Obligation Bonds

During 2006, the City issued \$4,710,000, in General Obligation Bonds, Series 2006. The proceeds from these bonds are in the capital projects fund and will be used for the construction of a Municipal Center complex for the City. The bonds have rates of 3.75%-4.00% and mature April 1, 2021.

The annual requirements to amortize the City's outstanding general obligation bonds as of December 31, 2008, are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 250,000	\$ 165,337	\$ 415,337
2010	275,000	155,494	430,494
2011	280,000	145,087	425,087
2012	290,000	134,400	424,400
2013	320,000	122,962	442,962
2014-2018	1,805,000	416,627	2,221,627
2019-2021	1,265,000	72,655	1,337,655
	<u>4,485,000</u>	<u>\$ 1,212,562</u>	<u>\$ 5,697,562</u>
Premium on bonds	6,068		
	<u>\$ 4,491,068</u>		

Tax Increment Revenue Obligation

The City's General Fund is obligated to pay to the Riverfront/Central Core Redevelopment Fund the principal sum of \$5,000 for amounts advanced on December 5, 2001 with the issue of a Tax Increment Revenue Obligation. The obligation bears interest at the rate of 4% per annum and is payable in fifteen equal installments on December 5th of each year commencing December 5, 2002 and ending December 5, 2016. At December 31, 2008, the balance due on the obligation was \$3,050.

The obligation constitutes an issue of \$5,000 Tax Increment Revenue Obligation, Series 2001, issued by the City of North Augusta, pursuant to the authorization of the Tax Increment Financing Act codified as Sections 31-6-120, Code of Laws of South Carolina, 1976, and an ordinance enacted by the City Council of the City of North Augusta on November 19, 2001. Principal and interest payments are to be paid from incremental tax revenues generated from the Redevelopment Project Area.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

Revenue Bonds Payable

Revenue bonds payable (recorded as a liability in the Water and Sewer System Fund) at December 31, 2008, are comprised of the following individual issues:

\$4,603,000 (less deferred refunding of \$368,714) Water and Sewer (Series 1998) serial bonds due in annual installments of \$264,000 to \$397,000 through June 1, 2018; interest at 4.45%.	\$ 2,909,286
\$3,336,266 Water and Sewer (Series 2002) serial bonds due in annual installments of \$208,635 to \$299,579 through June 1, 2017; interest at 4.46%.	2,265,147
	\$ 5,174,433

During 1998, the City issued \$4,603,000 in Series 1998 Water and Sewer Revenue Bonds. The proceeds from the sale of these bonds were used to advance refund the Series 1976, 1977 and a portion of 1992 Water and Sewer Revenue Bonds. Proceeds of approximately \$4.5 million plus an additional \$805,000 of sinking fund monies from the called/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 called (Series 1976 and 1977) or defeased (refunded portion of Series 1992) and the liabilities for those bonds have been removed from the Water and Sewer Fund. As of December 31, 2008, the amount of the defeased debt outstanding but removed from the Water and Sewer Fund is \$4,105,000.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

The annual requirements to amortize each of the City's outstanding revenue bonds as of December 31, 2008, are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>1998 REVENUE BOND ISSUE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 264,000	\$ 139,996	\$ 403,996
2010	279,000	127,915	406,915
2011	289,000	115,277	404,277
2012	304,000	102,083	406,083
2013	319,000	88,221	407,221
2014-2018	1,823,000	209,884	2,032,884
	<u>3,278,000</u>	<u>\$ 783,376</u>	<u>\$ 4,061,376</u>
Deferred refunding	(368,714)		
Principal portion, net of deferred refunding	<u>\$ 2,909,286</u>		

	<u>2002 REVENUE BOND ISSUE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 208,635	\$ 97,699	\$ 306,334
2010	218,289	88,045	306,334
2011	228,388	77,946	306,334
2012	238,752	67,582	306,334
2013	250,002	56,332	306,334
2014-2017	1,121,081	104,255	1,225,336
	<u>\$ 2,265,147</u>	<u>\$ 491,859</u>	<u>\$ 2,757,006</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

The revenue bond ordinances require, among other things, that certain funds be maintained as follows:

<u>FUNDS</u>	<u>PURPOSES</u>
Gross Revenue Fund	To receive all receipts, income, and revenues that the City shall derive directly or indirectly from the operation of the system and to disburse them to the following funds.
Operation and Maintenance	To provide for the payment of all fund expenses incurred in connection with the administration and operation of the System.
Bond and Interest Redemption Fund	To provide for the payment of the principal and interest on the bonds.
Debt Service Reserve Fund	To insure the timely payment of the principal and interest on the bonds, and to provide for the redemption of bonds prior to their stated maturity.
Depreciation or Replacement Fund	Intended to build up a reasonable reserve for depreciation of the System for the purpose of restoring depreciated or obsolete items of the System.
Contingent Fund	Intended to build up a reasonable reserve for improvements, betterments and extensions to the System.
Construction Fund	Intended to provide for the payment of temporary loans made in anticipation of the issuance of bonds and the cost of the construction of the improvements.

Monies shall be transferred to all the funds from the Gross Revenue Fund monthly as required to meet the stated purpose of the individual funds. The System is specifically required to deposit one-sixth of the aggregate amount of interest to become due on the next semiannual interest payment date and one-twelfth of the aggregate annual amount of principal to become due in the Bond and Interest Redemption Fund monthly.

NOTE 7 - PROPERTY TAXES

Taxes on real property and merchants' inventory are levied on January 1 of each year and are based on ownership of such property and inventory as of January 1 of the preceding year. These taxes are billed and payable between January 1 and May 1 of the year in which they are levied. As of May 1, property taxes attach as an enforceable lien on property. The City bills and collects its own real and merchants' ad valorem taxes. Taxes on personal property are levied and billed in the month prior to the renewal of the annual vehicle registration through the State Highway Department and are payable prior to the registration and tag purchase. Ad valorem taxes on personal property (vehicles) are billed and collected by the County Treasurer and remitted to the City on a monthly basis. City property tax revenues are recognized in the year for which taxes have been levied and are collectible either during that year or within sixty days following year end.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 8 - PENSION PLAN

All full-time employees of the City of North Augusta are covered under one of the two different pension plans summarized below.

A. South Carolina Retirement System

1. Plan Description

The City of North Augusta contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of South Carolina Budget and Control Board. Pursuant to the provisions of Section 9-1-20 of the 1976 South Carolina Code of Laws, SCRS provides retirement allowances and other benefits to all full-time employees, excluding public safety officers. The Budget and Control Board issues a publicly-available financial report that includes financial statements and required supplementary information for SCRS. That report may be obtained by writing to the Budget and Control Board, Fontaine Business Center, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

2. Funding Policy

Plan members are required to contribute 6.5% of their gross earnings. The City of North Augusta is required to contribute at an actuarially determined rate. The rate was 9.06% of gross earnings before July 1, 2008 and 9.24% of gross earnings for the remainder of 2008. The City's contributions to SCRS for the years ending December 2008, 2007 and 2006 were approximately \$588,000, \$507,000, and \$438,000, respectively, equal to the required contributions for each year.

B. South Carolina Police Officers Retirement System

1. Plan Description

The City of North Augusta contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of South Carolina Budget and Control Board. Pursuant to the provisions of Section 9-11-20 of the Code of Laws, PORS provides retirement allowances and other benefits to all public safety officers. The Budget and Control Board issues a publicly-available financial report that includes financial statements and required supplementary information for PORS. That report may be obtained by writing to the Budget and Control Board, Fontaine Business Center, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

2. Funding Policy

Plan members are required to contribute 6.5% of their gross earnings and the City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 10.3% of gross earnings before July 1, 2008 and 10.65% of gross earnings for the remainder of 2008. The City's contributions to PORS for the years ending December 2008, 2007 and 2006, were approximately \$297,000, \$276,000, and \$259,000, respectively, equal to the required contributions for each year.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2008 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Riverfront/ Central Core Redevelopment	General Fund	<u>\$ 3,050</u>	Tax Increment Revenue Obligation (refer to Note 6)
		<u>\$ 3,050</u>	

The following interfund transfers are reflected in the fund financial statements at December 31, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 360,983	\$ 1,078,440
Capital Projects Fund	1,078,440	-
Total Governmental Funds	<u>1,439,423</u>	<u>1,078,440</u>
Enterprise Funds:		
Water and Sewer Fund	13,758,732	14,065,773
Sanitation Fund	-	103,942
Savannah Bluff Lock and Dam Fund	50,000	-
Total Enterprise Funds	<u>13,808,732</u>	<u>14,169,715</u>
Total	<u>\$ 15,248,155</u>	<u>\$ 15,248,155</u>

Interfund transfers include transfers of unrestricted revenues collected in certain enterprise funds to finance various programs accounted for in the General Fund, in accordance with budgetary authorizations; and, transfers of revenues from the fund that is required to collect them and the fund that is required or allowed to expend them.

Capital assets in the net amount of \$35,684 were transferred from the Sanitation fund to the General fund. On the government-wide financial statements this was recorded as a transfer between the Sanitation fund and General fund.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Through the South Carolina Municipal Association, the City participates with other local governments in the State to form a public entity risk pool, which operates as a common risk management and insurance program. Specifically, the City participates in the following programs:

Name	Number of local government participants	Type of insurance	Reinsurance
SC Municipal Insurance Trust	102	Workers' compensation	\$600,000
SC Local Government Assurance Group	94	Health, life, dental	300,000
SC Municipal Insurance/Risk Financing Fund	82	Property and casualty/ general liability	500,000/500,000

The City pays annual premiums for each type of insurance coverage. The Municipal Association provides that the above programs will be self-sustaining through member premiums and are reinsured, as noted above, through commercial companies for excessive claims.

NOTE 11 - CONTINGENCIES

The City is a defendant in various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

The City of North Augusta receives waste water treatment and disposal services from Aiken County under a waste water treatment and disposal contract dated January 10, 1977. By invoice dated January 2, 2009, Aiken County invoiced the City of North Augusta in the amount of \$252, 390.57 which it asserts is due under the contract as a true up of expense recovery for the fiscal year ended June 30, 2008.

The City of North August disputes the validity of this charge because it is based on the recovery of contingency and depreciation expenses that are not authorized to be charged to the city under the 1977 contract. The matter is currently in negotiation between the parties. If the issue were to be litigated, counsel for the City of North Augusta believes that the likelihood of the county prevailing on its claim would be remote.

OTHER SUPPLEMENTARY INFORMATION

FINANCIAL STATEMENTS

OF

INDIVIDUAL FUNDS

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

SALES TAX II FUND

The Sales Tax II Fund is used to account for the receipt and disbursement of money from the countywide capital project sales tax.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds.

RIVERFRONT/CENTRAL CORE REDEVELOPMENT FUND

The Riverfront/Central Core Redevelopment Fund is used to account for the receipt and disbursement of money designated for projects outlined in the Riverfront/Central Core Redevelopment Plan.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
Equity in pooled cash	\$ 382,957	\$ 345,629
Investments	263,785	1,014,725
Taxes receivable	95,345	98,889
Inventory	2,082	1,233
Cash, restricted	47,801	60,196
 TOTAL ASSETS	 \$ 791,970	 \$ 1,520,672
 <u>LIABILITIES</u>		
Accounts payable	\$ 76,249	\$ 66,239
Due to other funds	3,050	3,354
Accrued salaries, wages and employee benefits	332,992	255,059
Unearned revenue	35,264	69,533
Municipal Court liability	36,711	46,814
 TOTAL LIABILITIES	 484,266	 440,999
 <u>FUND BALANCE</u>		
Fund balance:		
Reserved for inventory	2,082	1,233
Reserved for victims assistance	47,801	60,196
Unreserved	257,821	1,018,244
 TOTAL FUND BALANCE	 307,704	 1,079,673
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 791,970	 \$ 1,520,672

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGETED AND ACTUAL
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>REVENUES</u>				
Ad valorem property taxes	\$ 4,443,000	\$ 4,601,783	\$ 158,783	\$ 4,305,533
Licenses and permits	4,470,000	4,481,413	11,413	4,552,001
Fines and forfeitures	900,000	830,404	(69,596)	926,477
Charges for services	1,053,279	998,638	(54,641)	1,004,109
Intergovernmental	721,900	760,976	39,076	720,629
Miscellaneous	467,120	422,053	(45,067)	475,810
TOTAL REVENUES	12,055,299	12,095,267	39,968	11,984,559
<u>EXPENDITURES</u>				
Current:				
General government	2,959,362	2,684,417	(274,945)	2,578,423
Public safety	4,977,871	4,935,056	(42,815)	4,607,090
Public works	1,047,724	1,116,121	68,397	902,549
Recreation and parks	2,842,463	2,840,705	(1,758)	2,589,110
Capital lease payments	440,362	432,831	(7,531)	395,335
Capital outlay:				
General government	47,000	74,196	27,196	77,251
Public safety	14,700	301,551	286,851	192,568
Public works	3,200	35,637	32,437	37,246
Recreation and parks	83,600	137,764	54,164	198,229
TOTAL EXPENDITURES	12,416,282	12,558,278	141,996	11,577,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forward	\$ (360,983)	\$ (463,011)	\$ (102,028)	\$ 406,758

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETED AND ACTUAL
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>EXPENDITURES</u> - Continued				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forwarded	\$ (360,983)	\$ (463,011)	\$ (102,028)	\$ 406,758
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease obligations	-	408,499	408,499	339,632
Transfers in	360,983	360,983	-	330,850
Transfers out	-	(1,078,440)	(1,078,440)	(1,294,516)
 TOTAL OTHER FINANCING SOURCES (USES)	 360,983	 (308,958)	 (669,941)	 (624,034)
 NET CHANGE IN FUND BALANCES	 -	 (771,969)	 (771,969)	 (217,276)
 FUND BALANCE - BEGINNING OF YEAR	 -	 1,079,673	 1,079,673	 1,296,949
 FUND BALANCE - END OF YEAR	 \$ -	 \$ 307,704	 \$ 307,704	 \$ 1,079,673

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>TAXES</u>				
Current	\$ 4,400,000	\$ 4,520,211	\$ 120,211	\$ 4,248,840
Delinquent	8,000	22,065	14,065	12,083
Penalties	35,000	59,507	24,507	44,610
TOTAL	4,443,000	4,601,783	158,783	4,305,533
<u>LICENSES AND PERMITS</u>				
Business licenses	4,227,000	4,317,231	90,231	4,312,185
Building permits	190,000	121,739	(68,261)	185,509
Electrical permits	19,000	13,002	(5,998)	17,970
Mechanical permits	14,000	13,674	(326)	15,200
Plumbing permits	20,000	15,767	(4,233)	21,137
TOTAL	4,470,000	4,481,413	11,413	4,552,001
<u>FINES AND FORFEITURES</u>				
Public safety fines	880,000	811,832	(68,168)	893,323
Drug related fines	20,000	18,572	(1,428)	33,154
TOTAL	900,000	830,404	(69,596)	926,477
<u>CHARGES FOR SERVICES</u>				
Fire protection fees	69,624	67,024	(2,600)	68,943
Customer street light fees	47,520	39,605	(7,915)	-
Rec. fees - special programs	48,400	27,757	(20,643)	11,560
Rec. fees - volleyball	4,080	4,035	(45)	4,370
Rec. fees - soccer	46,900	54,025	7,125	49,245
Rec. fees - miscellaneous	13,000	13,840	840	16,321
Rec. fees - basketball	43,240	40,695	(2,545)	41,323
Rec. fees - softball	28,510	29,032	522	33,229
Rec. fees - football	37,195	36,780	(415)	45,858
Rec. fees - baseball	63,420	68,796	5,376	65,875
Concession stand	123,000	115,536	(7,464)	134,921
Community Center fees	122,940	114,076	(8,864)	120,684
Activities Center fees	248,150	207,393	(40,757)	238,900
Recreation facilities rentals	12,200	18,428	6,228	15,340
Activities Center tournaments	145,100	161,616	16,516	157,540
TOTAL	\$ 1,053,279	\$ 998,638	\$ (54,641)	\$ 1,004,109

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>INTERGOVERNMENTAL</u>				
State of South Carolina:				
State shared revenue	\$ 614,000	\$ 630,308	\$ 16,308	\$ 583,562
Accommodations tax	10,200	14,016	3,816	11,687
Merchants' inventory tax	54,700	54,790	90	54,790
Local option sales tax	14,000	12,758	(1,242)	22,187
SCDOT traffic signals	29,000	29,230	230	29,230
Highway safety grant	-	19,874	19,874	19,173
TOTAL	721,900	760,976	39,076	720,629
<u>MISCELLANEOUS</u>				
Other	113,500	141,824	28,324	118,891
Communication tower rental	208,620	215,231	6,611	202,922
Interest earnings	145,000	64,998	(80,002)	153,997
TOTAL	467,120	422,053	(45,067)	475,810
TOTAL REVENUES	\$ 12,055,299	\$ 12,095,267	\$ 39,968	\$ 11,984,559

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
City Council -				
Personal services:				
Salaries and wages	\$ 97,260	\$ 97,946	\$ 686	\$ 94,447
FICA	7,441	6,174	(1,267)	5,976
Employee retirement	6,882	6,895	13	6,211
Employee insurance	4,794	4,203	(591)	4,153
Workers' compensation	132	105	(27)	103
Operating expenditures:				
General supplies/postage	4,750	4,065	(685)	4,309
Dues/training/travel	9,750	8,125	(1,625)	8,547
Data processing	3,000	2,978	(22)	-
Advertising	600	330	(270)	110
Professional services	50	286	236	3,486
Special department supplies	600	600	-	614
Insurance	1,804	1,293	(511)	1,335
Contingencies	9,100	-	(9,100)	-
TOTAL	\$ 146,163	\$ 133,000	\$ (13,163)	\$ 129,291

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Administration -				
Personal services:				
Salaries and wages	\$ 184,338	\$ 185,185	\$ 847	\$ 192,247
FICA	14,125	12,260	(1,865)	13,954
Employee retirement	29,142	29,046	(96)	27,401
Employee insurance	11,840	10,379	(1,461)	8,526
Workers' compensation	473	376	(97)	426
Unemployment insurance	25	-	(25)	-
Operating expenditures:				
General supplies/postage	4,850	3,131	(1,719)	3,881
Dues/training/travel	17,460	16,064	(1,396)	16,097
Data processing	9,700	11,272	1,572	-
Contracts/repairs	4,200	4,303	103	3,288
Professional services	2,500	4,969	2,469	5,056
Insurance	1,404	1,006	(398)	1,039
Capital outlay:				
Furniture and fixtures	-	-	-	1,901
TOTAL	\$ 280,057	\$ 277,991	\$ (2,066)	\$ 273,816

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Justice and Law -				
Personal services:				
Salaries and wages	\$ 103,048	\$ 103,258	\$ 210	\$ 99,143
FICA	7,883	7,062	(821)	6,783
Employee retirement	9,583	8,978	(605)	8,100
Workers' compensation	240	191	(49)	186
Operating expenditures:				
General supplies/postage	1,900	1,276	(624)	-
State fees/fines	473,119	416,944	(56,175)	457,532
Dues/training/travel	3,000	1,514	(1,486)	791
Contracts and repairs	450	1,022	572	147
Jury services	3,000	2,510	(490)	2,290
Professional services	5,350	1,604	(3,746)	5,835
Juvenile detention	7,500	550	(6,950)	13,225
Judgments/settlements	250	-	(250)	-
Insurance	776	556	(220)	574
TOTAL	616,099	545,465	(70,634)	594,606
Community Promotion -				
Contributions	64,800	63,800	(1,000)	61,800
Dues/training/travel	5,704	5,704	-	5,704
Special department supplies	24,350	25,376	1,026	20,931
TOTAL	\$ 94,854	\$ 94,880	\$ 26	\$ 88,435

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Finance -				
Personal services:				
Salaries and wages	\$ 293,521	\$ 312,918	\$ 19,397	\$ 284,212
FICA	22,478	21,714	(764)	20,839
Employee retirement	27,325	29,129	1,804	24,612
Employee insurance	24,162	21,181	(2,981)	20,998
Workers' compensation	612	487	(125)	482
Unemployment insurance	50	-	(50)	-
Operating expenditures:				
General supplies/postage	8,200	7,679	(521)	5,974
Dues/training/travel	8,975	6,939	(2,036)	6,759
Auto operating	1,750	2,688	938	1,739
Data processing	34,720	29,179	(5,541)	24,589
Contracts/repairs	35,700	16,639	(19,061)	16,809
Advertising	1,500	2,367	867	2,390
Professional services	17,000	17,040	40	17,030
Insurance	1,900	1,423	(477)	1,406
Capital lease payments	4,145	4,144	(1)	4,144
Capital outlay:				
Office machines	26,000	25,596	(404)	75,350
TOTAL	\$ 508,038	\$ 499,123	\$ (8,915)	\$ 507,333

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Building Standards -				
Personal services:				
Salaries and wages	\$ 208,196	\$ 210,414	\$ 2,218	\$ 198,943
FICA	15,937	14,919	(1,018)	14,330
Employee retirement	19,362	19,302	(60)	17,214
Employee insurance	21,872	19,173	(2,699)	20,021
Workers' compensation	5,848	4,650	(1,198)	4,574
Unemployment insurance	50	-	(50)	-
Operating expenditures:				
General supplies/postage	3,250	2,859	(391)	2,989
Dues/training/travel	3,125	1,703	(1,422)	2,299
Auto operating	8,525	8,707	182	6,690
Contracts/repairs	5,750	3,579	(2,171)	2,402
Uniforms/clothing	1,400	931	(469)	1,014
Advertising	500	-	(500)	865
Special department supplies	2,800	1,964	(836)	2,869
Insurance	6,460	4,630	(1,830)	4,781
Capital lease payments	6,107	5,877	(230)	6,704
Capital outlay:				
Automotive equipment	-	13,854	13,854	-
TOTAL	\$ 309,182	\$ 312,562	\$ 3,380	\$ 285,695

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Economic and Community Development -				
Personal services:				
Salaries and wages	\$ 352,250	\$ 341,017	\$ (11,233)	\$ 334,830
FICA	26,970	24,504	(2,466)	23,511
Employee retirement	32,787	31,387	(1,400)	29,015
Employee insurance	36,882	32,332	(4,550)	30,973
Workers' compensation	3,512	2,793	(719)	2,692
Unemployment insurance	50	-	(50)	-
Operating expenditures:				
General supplies/postage	5,000	2,980	(2,020)	6,111
Dues/training/travel	10,000	11,750	1,750	13,411
Auto operating	4,750	2,863	(1,887)	3,510
Data processing	7,600	3,400	(4,200)	10,014
Contracts/repairs	4,500	3,975	(525)	2,073
Advertising	3,000	249	(2,751)	808
Professional services	70,000	54,391	(15,609)	46,409
Special department supplies	4,000	3,558	(442)	4,067
Insurance	7,388	5,295	(2,093)	5,515
Capital lease payments	4,275	3,430	(845)	4,533
Capital outlay:				
Office machines	14,000	11,920	(2,080)	-
Automotive equipment	-	16,274	16,274	-
TOTAL	\$ 586,964	\$ 552,118	\$ (34,846)	\$ 517,472

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
City Buildings -				
Personal services:				
Salaries and wages	\$ 31,276	\$ 31,366	\$ 90	\$ 30,077
Overtime pay	500	494	(6)	497
FICA	2,431	2,242	(189)	1,938
Employee retirement	2,955	2,939	(16)	2,653
Employee insurance	6,665	5,843	(822)	5,759
Workers' compensation	272	216	(56)	209
Unemployment insurance	50	-	(50)	-
Operating expenditures:				
General supplies/postage	31,200	25,327	(5,873)	29,907
Utility services	134,450	146,503	12,053	140,791
Contracts/repairs	32,050	16,701	(15,349)	37,741
Professional services	4,500	2,905	(1,595)	4,075
Special department supplies	220,169	111,527	(108,642)	16,309
Insurance	6,014	4,310	(1,704)	4,451
Capital outlay:				
Office machines	7,000	6,552	(448)	-
TOTAL	<u>\$ 479,532</u>	<u>\$ 356,925</u>	<u>\$ (122,607)</u>	<u>\$ 274,407</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 3,020,889</u>	<u>\$ 2,772,064</u>	<u>\$ (248,825)</u>	<u>\$ 2,671,055</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC SAFETY -</u>			
Police and Fire -				
Personal services:				
Salaries and wages	\$ 3,220,355	\$ 3,166,046	\$ (54,309)	\$ 3,020,407
Overtime pay	97,000	109,232	12,232	96,894
FICA	255,307	239,134	(16,173)	228,909
Employee retirement	354,190	345,578	(8,612)	322,238
Employee insurance	370,647	332,799	(37,848)	320,647
Workers' compensation	76,042	74,687	(1,355)	62,775
Unemployment insurance	2,200	5,090	2,890	888
Operating expenditures:				
General supplies/postage	18,000	19,818	1,818	19,528
Dues/training/travel	41,510	27,390	(14,120)	39,425
Auto operating	155,145	205,298	50,153	164,522
Data processing	37,000	27,847	(9,153)	9,922
Contracts/repairs	105,400	133,317	27,917	116,890
Uniforms/clothing	74,000	66,123	(7,877)	64,221
NAPS drug related account	20,000	18,572	(1,428)	33,597
Advertising	2,500	6,917	4,417	2,321
Professional services	14,000	15,197	1,197	9,828
Special department supplies	47,300	65,620	18,320	37,240
Insurance	87,275	76,391	(10,884)	56,838
Capital lease payments	271,755	267,701	(4,054)	232,093
Capital outlay:				
Automotive equipment	-	298,143	298,143	151,680
Machines/equipment	14,700	3,408	(11,292)	40,888
 TOTAL PUBLIC SAFETY	 \$ 5,264,326	 \$ 5,504,308	 \$ 239,982	 \$ 5,031,751

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Engineering -				
Personal services:				
Salaries and wages	\$ 138,888	\$ 104,545	\$ (34,343)	\$ 74,699
FICA	10,625	7,680	(2,945)	5,222
Employee retirement	12,917	9,558	(3,359)	6,497
Employee insurance	17,234	15,108	(2,126)	16,572
Workers' compensation	6,012	4,781	(1,231)	4,510
Unemployment insurance	50	-	(50)	-
Operating expenditures:				
General supplies/postage	1,500	1,016	(484)	1,859
Dues/training/travel	855	1,464	609	836
Auto operating	3,800	3,748	(52)	3,002
Data processing	3,600	3,765	165	4,805
Contracts/repairs	3,300	1,108	(2,192)	1,068
Uniforms/clothing	800	653	(147)	481
Advertising	2,100	1,190	(910)	419
Professional services	2,000	143	(1,857)	1,138
Special department supplies	2,200	1,650	(550)	2,111
Insurance	2,312	1,657	(655)	1,711
Capital lease payments	7,624	7,091	(533)	3,574
Capital outlay:				
Automotive equipment	-	16,687	16,687	16,562
Machinery and equipment	-	-	-	663
TOTAL	\$ 215,817	\$ 181,844	\$ (33,973)	\$ 145,729

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC WORKS -</u>			
Continued				
Street Lighting and Traffic Signals -				
Personal services:				
Workers' compensation	\$ 88	\$ 70	\$ (18)	\$ 67
Operating expenditures:				
Dues/training/travel	2,450	3,924	1,474	1,556
Utility services	217,000	331,435	114,435	198,935
Contracts/repairs	3,500	3,267	(233)	316
Special department supplies	10,000	7,953	(2,047)	9,850
TOTAL	233,038	346,649	113,611	210,724
Streets and Drains -				
Personal services:				
Salaries and wages	325,036	320,946	(4,090)	294,478
Overtime pay	7,000	10,412	3,412	8,284
FICA	25,401	24,315	(1,086)	22,378
Employee retirement	30,879	30,512	(367)	26,240
Employee insurance	47,510	41,648	(5,862)	39,797
Workers' compensation	17,162	19,842	2,680	14,728
Unemployment insurance	1,400	-	(1,400)	-
Operating expenditures:				
General supplies/postage	500	422	(78)	370
Dues/training/travel	1,500	548	(952)	1,407
Auto operating	32,175	45,845	13,670	38,139
Contracts/repairs	24,750	32,860	8,110	21,218
Building materials/supplies	63,000	55,457	(7,543)	62,286
Uniforms/clothing	5,200	4,035	(1,165)	5,487
Streets and Drains - forward	\$ 581,513	\$ 586,842	\$ 5,329	\$ 534,812

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Continued				
Streets and Drains - forwarded	\$ 581,513	\$ 586,842	\$ 5,329	\$ 534,812
Operating expenditures:				
Continued				
Advertising	1,500	-	(1,500)	1,492
Professional services	180	723	543	3,379
Special department supplies	15,000	18,251	3,251	16,844
Judgments/settlements	500	-	(500)	-
Insurance	7,800	5,590	(2,210)	10,368
Capital lease payments	65,116	64,668	(448)	61,163
Capital outlay:				
Automotive equipment	-	16,339	16,339	18,921
Machines/equipment	3,200	2,611	(589)	1,100
TOTAL	674,809	695,024	20,215	648,079
TOTAL PUBLIC WORKS	\$ 1,123,664	\$ 1,223,517	\$ 99,853	\$ 1,004,532

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Recreation -				
Personal services:				
Salaries and wages	\$ 335,972	\$ 347,598	\$ 11,626	\$ 306,795
Overtime pay	11,000	13,675	2,675	13,372
FICA	26,567	26,632	65	23,880
Employee retirement	33,617	33,219	(398)	27,694
Employee insurance	29,098	25,508	(3,590)	28,381
Workers' compensation	9,852	7,929	(1,923)	7,451
Unemployment insurance	150	-	(150)	-
Operating expenditures:				
General supplies/postage	2,600	2,280	(320)	2,031
Dues/training/travel	8,850	7,320	(1,530)	7,521
Auto operating	2,600	2,006	(594)	2,239
Contract/repairs	8,320	7,818	(502)	6,043
Uniforms/clothing	900	873	(27)	763
Advertising	1,300	1,545	245	1,154
Rent	200	-	(200)	-
Professional services	24,980	24,868	(112)	7,456
Special department supplies	25,200	24,812	(388)	27,928
Basketball program	38,200	37,884	(316)	43,171
Softball program	28,000	27,796	(204)	35,920
Football program	37,000	34,085	(2,915)	43,539
Baseball program	63,000	67,263	4,263	66,166
Soccer program	42,500	39,056	(3,444)	43,387
Volleyball program	4,200	2,398	(1,802)	1,889
Concession stand supplies	102,000	111,541	9,541	112,301
Insurance	11,059	13,879	2,820	8,061
Capital outlay:				
Office machines	-	-	-	6,625
Furniture/fixtures	2,000	1,518	(482)	-
Machines/equipment	9,600	10,698	1,098	27,539
 TOTAL	 \$ 858,765	 \$ 872,201	 \$ 13,436	 \$ 851,306

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
Parks -				
Personal services:				
Salaries and wages	\$ 151,655	\$ 140,139	\$ (11,516)	\$ 88,634
Overtime pay	4,200	9,174	4,974	4,333
FICA	11,923	10,549	(1,374)	6,547
Employee retirement	14,494	13,741	(753)	8,074
Employee insurance	23,831	20,986	(2,845)	14,807
Workers' compensation	3,656	2,928	(728)	1,420
Unemployment insurance	1,200	-	(1,200)	-
Operating expenditures:				
General supplies/postage	1,400	1,221	(179)	1,261
Dues/training/travel	1,150	904	(246)	1,023
Auto operating	5,550	13,976	8,426	8,155
Utility services	33,500	46,543	13,043	42,441
Contracts/repairs	47,550	47,797	247	46,168
Building materials/supplies	15,100	14,899	(201)	15,315
Uniforms/clothing	2,100	2,215	115	1,495
Advertising	300	-	(300)	-
Professional services	20,180	19,952	(228)	24,498
Special department supplies	29,000	27,760	(1,240)	33,073
Insurance	6,914	4,955	(1,959)	4,361
Capital lease payments	13,982	13,705	(277)	17,721
Capital outlay:				
Automotive Equipment	-	18,975	18,975	-
Furniture/fixtures	5,000	3,423	(1,577)	-
Machines/equipment	4,500	3,478	(1,022)	6,764
Park improvements	5,000	5,000	-	-
TOTAL	\$ 402,185	\$ 422,320	\$ 20,135	\$ 326,090

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Property Maintenance -				
Personal services:				
Salaries and wages	\$ 422,542	\$ 386,233	\$ (36,309)	\$ 341,267
Overtime pay	5,850	7,667	1,817	6,437
FICA	32,773	28,338	(4,435)	25,150
Employee retirement	39,841	36,272	(3,569)	30,112
Employee insurance	69,250	60,706	(8,544)	56,235
Workers' compensation	32,220	25,972	(6,248)	24,896
Unemployment insurance	1,100	229	(871)	-
Operating expenditures:				
General supplies/postage	1,500	891	(609)	1,091
Dues/training/travel	1,500	1,513	13	1,382
Auto operating	24,850	31,970	7,120	21,375
Utility services	7,700	7,382	(318)	7,050
Data processing	2,000	1,609	(391)	-
Contracts/repairs	28,600	31,443	2,843	31,234
Building materials/supplies	2,800	2,856	56	2,460
Uniforms/clothing	4,150	4,127	(23)	3,997
Advertising	1,400	3,059	1,659	1,827
Professional services	38,980	39,314	334	10,931
Special department supplies	50,000	49,968	(32)	52,386
Insurance	12,158	8,867	(3,291)	9,207
Capital lease payments	58,808	58,623	(185)	65,403
Capital outlay:				
Furniture/fixtures	500	-	(500)	-
Automotive equipment	-	22,615	22,615	51,199
Machines/equipment	30,500	27,172	(3,328)	88,953
 TOTAL	 \$ 869,022	 \$ 836,826	 \$ (32,196)	 \$ 832,592

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
Community Center -				
Personal services:				
Salaries and wages	\$ 106,580	\$ 104,177	\$ (2,403)	\$ 101,450
Overtime pay	1,100	48	(1,052)	753
FICA	8,238	7,828	(410)	7,731
Employee retirement	10,014	9,613	(401)	8,851
Employee insurance	14,285	12,523	(1,762)	12,348
Workers' compensation	316	329	13	243
Unemployment insurance	800	-	(800)	1,515
Operating expenditures:				
General supplies/postage	3,000	2,973	(27)	2,251
Dues/training/travel	650	65	(585)	-
Utility services	19,200	19,301	101	17,792
Data processing	2,800	2,494	(306)	-
Contracts/repairs	7,500	7,513	13	15,359
Uniforms/clothing	500	477	(23)	-
Advertising	1,500	961	(539)	393
Professional services	23,180	23,729	549	19,325
Special department supplies	18,800	24,554	5,754	17,239
Insurance	3,998	2,865	(1,133)	2,441
Capital outlay:				
Furniture/fixtures	5,000	-	(5,000)	-
Machines/equipment	4,000	4,000	-	-
 TOTAL	 \$ 231,461	 \$ 223,450	 \$ (8,011)	 \$ 207,691

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
RVP Activities Center -				
Personal services:				
Salaries and wages	\$ 235,512	\$ 236,358	\$ 846	\$ 218,847
Overtime pay	8,500	10,181	1,681	7,948
FICA	18,667	18,070	(597)	16,422
Employee retirement	22,693	22,652	(41)	19,707
Employee insurance	33,236	29,135	(4,101)	28,643
Workers' compensation	2,600	2,068	(532)	1,993
Unemployment insurance	1,000	13,209	12,209	3,145
Operating expenditures:				
General supplies/postage	17,000	17,172	172	16,861
Dues/training/travel	1,100	1,413	313	594
Auto operating	2,560	1,108	(1,452)	570
Utility services	98,200	123,082	24,882	122,883
Data processing	1,400	1,466	66	1,500
Contracts/repairs	59,000	54,197	(4,803)	70,653
Uniforms/clothing	1,400	1,389	(11)	1,223
Advertising	4,000	2,363	(1,637)	2,688
Professional services	180	-	(180)	-
Tournaments/special events	80,000	100,529	20,529	99,422
Special department supplies	24,000	14,364	(9,636)	16,488
Insurance	8,872	6,359	(2,513)	6,048
Capital lease payments	8,550	7,592	(958)	-
Capital outlay:				
Automotive equipment	-	36,022	36,022	-
Furniture/fixtures	2,500	-	(2,500)	-
Machines/equipment	15,000	4,863	(10,137)	17,149
TOTAL	645,970	703,592	57,622	652,784
TOTAL RECREATION AND PARKS	3,007,403	3,058,389	50,986	2,870,463
TOTAL EXPENDITURES	\$ 12,416,282	\$ 12,558,278	\$ 141,996	\$ 11,577,801

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 SALES TAX II FUND
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Equity in pooled cash	\$ 807,784	\$ 150,275
Investments	<u>3,694,394</u>	<u>2,024,566</u>
 TOTAL ASSETS	 <u><u>\$ 4,502,178</u></u>	 <u><u>\$ 2,174,841</u></u>
 <u>LIABILITIES</u>		
Accounts payable	<u>\$ 1,096,976</u>	<u>\$ -</u>
 <u>FUND BALANCE</u>		
Fund balance:		
Unreserved:		
Undesignated	<u>3,405,202</u>	<u>2,174,841</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 4,502,178</u></u>	 <u><u>\$ 2,174,841</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 SALES TAX II FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Capital projects sales taxes	\$ 3,415,808	\$ 3,294,128
Interest on investments	<u>73,299</u>	<u>69,665</u>
 TOTAL REVENUES	 <u>3,489,107</u>	 <u>3,363,793</u>
<u>EXPENDITURES</u>		
Capital outlay:		
General government	1,106,309	54,827
Public safety	1,008,364	-
Public works	<u>144,073</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>2,258,746</u>	 <u>54,827</u>
 NET CHANGE IN FUND BALANCE	 1,230,361	 3,308,966
 FUND BALANCE - BEGINNING OF YEAR	 <u>2,174,841</u>	 <u>(1,134,125)</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 3,405,202</u></u>	 <u><u>\$ 2,174,841</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Equity in pooled cash	\$ 82,098	\$ 255,552
Investments	<u>5,615,730</u>	<u>4,597,323</u>
 TOTAL ASSETS	 <u><u>\$ 5,697,828</u></u>	 <u><u>\$ 4,852,875</u></u>
 <u>LIABILITIES</u>		
Accounts payable	<u>\$ 265</u>	<u>\$ 578</u>
 <u>FUND BALANCE</u>		
Fund balance:		
Unreserved:		
Designated for contingencies	1,850,000	1,625,000
Undesignated	<u>3,847,563</u>	<u>3,227,297</u>
 TOTAL FUND BALANCE	 <u>5,697,563</u>	 <u>4,852,297</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 5,697,828</u></u>	 <u><u>\$ 4,852,875</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>REVENUES</u>		
Ad valorem property taxes	\$ 560,008	\$ 527,203
Interest	121,423	372,007
Miscellaneous	12,000	-
 TOTAL REVENUES	 693,431	 899,210
<u>EXPENDITURES</u>		
Current:		
General government	196,165	86,183
Recreation and parks	77,300	-
Capital outlay:		
General government	-	5,020,571
Recreation and parks	253,896	9,406
General Obligation Bond payments:		
Principal	225,000	-
Interest	174,244	148,719
 TOTAL EXPENDITURES	 926,605	 5,264,879
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (233,174)	 (4,365,669)
<u>OTHER FINANCING SOURCES</u>		
Proceeds from sale of property	-	404,974
Transfers in	1,078,440	1,294,516
 NET CHANGE IN FUND BALANCE	 845,266	 (2,666,179)
 FUND BALANCE - BEGINNING OF YEAR	 4,852,297	 7,518,476
 FUND BALANCE - END OF YEAR	 \$ 5,697,563	 \$ 4,852,297

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 RIVERFRONT/CENTRAL CORE REDEVELOPMENT FUND
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
Equity in pooled cash	\$ 88,572	\$ 200,095
Investments	1,429,874	2,666,752
Grant receivable	111,440	155,158
Due from other funds	3,050	3,354
Cash and investments, restricted	-	6,326,000
TOTAL ASSETS	\$ 1,632,936	\$ 9,351,359
<u>FUND BALANCE</u>		
Fund balance:		
Reserved per lease agreement	\$ -	\$ 6,326,000
Unreserved, undesignated	1,632,936	3,025,359
TOTAL FUND BALANCE	1,632,936	9,351,359
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,632,936	\$ 9,351,359

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 RIVERFRONT/CENTRAL CORE REDEVELOPMENT FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>REVENUES</u>		
Local hospitality and accommodations taxes	\$ 550,501	\$ 537,879
Interest on investments/loans	170,996	147,379
Grant revenues	300,253	283,207
 TOTAL REVENUES	 1,021,750	 968,465
<u>EXPENDITURES</u>		
Current:		
General government	720	-
Capital outlay:		
General government	7,928,782	-
Public works	303,178	813,221
Capital lease payments	507,493	-
Lease issuance costs	-	24,000
 TOTAL EXPENDITURES	 8,740,173	 837,221
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (7,718,423)	 131,244
<u>OTHER FINANCING SOURCES</u>		
Proceeds from sale of capital assets	-	229,468
Proceeds from capital lease obligations	-	6,350,000
 NET CHANGE IN FUND BALANCE	 (7,718,423)	 6,710,712
 FUND BALANCE - BEGINNING OF YEAR	 9,351,359	 2,640,647
 FUND BALANCE - END OF YEAR	 \$ 1,632,936	 \$ 9,351,359

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the City include:

Sales Tax Fund - to account for the receipt and disbursement of money from the countywide capital project sales tax.

Community Development Block Grant Fund - to account for the receipt and disbursement of the Community Development Block Grant Funds in accordance with the guidelines of the U.S. Housing and Urban Development Agency.

Street Improvements Fund - to account for the receipt and disbursement of monies from other governmental agencies designated for use for streets and/or drainage improvements.

Recreation Fund - to account for the receipt and disbursement of monies from other governmental agencies designated for use at the City's recreational facilities. This fund also includes donations to the City for recreational purposes.

Fireman's Fund - to account for the receipt and disbursement of the State shared insurance premium rebate designated for use in the Public Safety Department.

Tax Increment Fund - to account for the receipt and disbursement of money designated for projects located in the Tax Increment Fund area.

Transportation Improvement Fund - to account for the receipt and disbursement of monies from other governmental agencies and developers designated for use for major transportation related projects.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2008
 With Comparative Totals for December 31, 2007

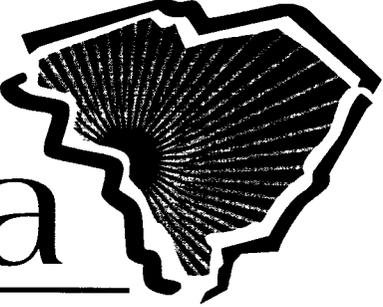
	SALES TAX FUND	COMMUNITY DEVELOPMENT BLOCK GRANT	STREET IMPROVEMENTS
<u>ASSETS</u>			
Equity in pooled cash	\$ 365,532	\$ 154,620	\$ 55,379
Investments	2,051,525	-	591,617
Grant receivable	-	-	339,620
Loans receivable, net	-	7,187	-
TOTAL ASSETS	\$ 2,417,057	\$ 161,807	\$ 986,616
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ 3,161
Deferred revenue	-	-	-
TOTAL LIABILITIES	-	-	3,161
<u>FUND BALANCES</u>			
Fund balances			
Reserved for non-current loans receivable	-	7,187	-
Unreserved			
Designated for contingencies	-	-	100,000
Undesignated	2,417,057	154,620	883,455
TOTAL FUND BALANCES	2,417,057	161,807	983,455
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,417,057	\$ 161,807	\$ 986,616

RECREATION	FIREMAN'S FUND	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND	TOTALS	
				2008	2007
\$ 73,666	\$ 35,471	\$ 14,460	\$ 3,352	\$ 702,480	\$ 887,774
-	-	554,621	55,928	3,253,691	3,388,321
-	-	-	-	339,620	-
-	-	-	-	7,187	7,187
<u>\$ 73,666</u>	<u>\$ 35,471</u>	<u>\$ 569,081</u>	<u>\$ 59,280</u>	<u>\$ 4,302,978</u>	<u>\$ 4,283,282</u>
\$ 10,100	\$ 974	\$ -	\$ -	\$ 14,235	\$ 225,825
-	-	-	53,195	53,195	53,196
<u>10,100</u>	<u>974</u>	<u>-</u>	<u>53,195</u>	<u>67,430</u>	<u>279,021</u>
-	-	-	-	7,187	7,187
-	-	-	-	100,000	100,000
<u>63,566</u>	<u>34,497</u>	<u>569,081</u>	<u>6,085</u>	<u>4,128,361</u>	<u>3,897,074</u>
<u>63,566</u>	<u>34,497</u>	<u>569,081</u>	<u>6,085</u>	<u>4,235,548</u>	<u>4,004,261</u>
<u>\$ 73,666</u>	<u>\$ 35,471</u>	<u>\$ 569,081</u>	<u>\$ 59,280</u>	<u>\$ 4,302,978</u>	<u>\$ 4,283,282</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 2008
 With Comparative Totals for December 31, 2007

	SALES TAX FUND	COMMUNITY DEVELOPMENT BLOCK GRANT	STREET IMPROVEMENTS	RECREATION
REVENUES				
Ad valorem property taxes - TIF District	\$ -	\$ -	\$ -	\$ -
Capital projects sales taxes	-	-	-	-
Intergovernmental	-	-	663,767	-
Interest on investments/loans	64,069	1,738	22,121	802
Grant revenues	-	-	-	4,591
Contributions	-	-	-	4,000
Miscellaneous	-	-	-	5,035
TOTAL REVENUES	64,069	1,738	685,888	14,428
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	14,088	-
Recreation and parks	-	-	-	4,295
Capital lease payments	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	395,093	-
Public works	32,680	-	-	-
Recreation and parks	424,247	-	-	3,412
Intergovernmental	-	-	-	-
TOTAL EXPENDITURES	456,927	-	409,181	7,707
NET CHANGE IN FUND BALANCES	(392,858)	1,738	276,707	6,721
FUND BALANCE - BEGINNING OF YEAR	2,809,915	160,069	706,748	56,845
FUND BALANCE - END OF YEAR	\$ 2,417,057	\$ 161,807	\$ 983,455	\$ 63,566

FIREMAN'S FUND	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND	TOTALS	
			2008	2007
\$ -	\$ 336,528	\$ -	\$ 336,528	\$ 221,329
-	-	-	-	1,385,202
38,801	-	800,000	1,502,568	244,458
622	6,993	6,085	102,430	221,122
-	-	-	4,591	-
53,000	-	-	57,000	-
-	-	-	5,035	4,995
<u>92,423</u>	<u>343,521</u>	<u>806,085</u>	<u>2,008,152</u>	<u>2,077,106</u>
-	-	-	-	16,780
43,212	-	-	57,300	50,454
-	-	-	4,295	-
-	-	-	-	-
-	-	-	-	213,169
59,838	-	-	454,931	-
-	-	-	32,680	1,361,561
-	-	-	427,659	316,223
-	-	800,000	800,000	-
<u>103,050</u>	<u>-</u>	<u>800,000</u>	<u>1,776,865</u>	<u>1,958,187</u>
(10,627)	343,521	6,085	231,287	118,919
<u>45,124</u>	<u>225,560</u>	<u>-</u>	<u>4,004,261</u>	<u>3,885,342</u>
<u>\$ 34,497</u>	<u>\$ 569,081</u>	<u>\$ 6,085</u>	<u>\$ 4,235,548</u>	<u>\$ 4,004,261</u>

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MAJOR ENTERPRISE FUNDS

The Water and Sewer Fund is used to account for waterworks and sewer system operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Sanitation Services Fund is used to account for sanitation and recycling operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Stormwater Utility Fund is used to account for improvements to stormwater runoff infrastructure that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NONMAJOR ENTERPRISE FUNDS

The Savannah Bluff Lock and Dam Fund is used to account for operations of the Savannah River Lock and Dam that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 656,321	\$ 839,480
Investments	4,286,355	3,958,689
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 for 2008 and 2007)	1,191,714	1,231,166
Inventory	212,298	249,059
Grant receivable	258,380	212,420
Loan receivable	89,706	117,656
TOTAL CURRENT UNRESTRICTED ASSETS	6,694,774	6,608,470
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>		
With fiscal agents	630,274	638,321
Customer deposits	412,471	393,650
TOTAL CURRENT RESTRICTED ASSETS	1,042,745	1,031,971
TOTAL CURRENT ASSETS	7,737,519	7,640,441
<u>NON-CURRENT RESTRICTED ASSETS (cash and investments)</u>		
Revenue bond improvement and extension account	1,162,265	1,078,384
Revenue bond depreciation or obsolete item account	495,566	495,059
Revenue bond construction account	5,712,021	7,571,157
TOTAL NON-CURRENT RESTRICTED ASSETS	7,369,852	9,144,600
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	7,024,036	1,595,116
Depreciable	35,278,381	35,694,072
TOTAL CAPITAL ASSETS, NET	42,302,417	37,289,188
<u>SERVICE RIGHTS</u> (net of accumulated amortization of \$51,499 for 2008 and \$48,993 for 2007)	48,501	51,007
<u>DEFERRED CHARGES</u>		
Bond issuance expense (net of accumulated amortization of \$56,872 for 2008 and \$50,234 for 2007)	63,998	70,636
TOTAL ASSETS	\$ 57,522,287	\$ 54,195,872

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (payable from current assets)		
Accounts payable	\$ 492,915	\$ 474,620
Accrued salaries, wages and employee benefits	36,686	23,291
Accrued vacation	114,533	112,226
Current portion of capital leases payable	66,893	63,357
Accrued interest payable	3,545	3,545
Unearned revenue	14,105	14,105
TOTAL CURRENT LIABILITIES (payable from current assets)	728,677	691,144
<u>CURRENT LIABILITIES</u> (payable from restricted assets)		
Accounts payable	1,631	397,170
Accrued bond interest	24,014	24,014
Current portion of revenue bonds payable	472,635	452,111
Customer deposits	412,471	393,650
TOTAL CURRENT LIABILITIES (payable from restricted assets)	910,751	1,266,945
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	125,729	85,848
Revenue bonds payable	4,701,798	5,137,562
Unearned revenue	373,890	387,894
TOTAL LONG-TERM LIABILITIES	5,201,417	5,611,304
TOTAL LIABILITIES	6,840,845	7,569,393
<u>FUND EQUITY</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	36,935,362	31,550,310
Restricted per revenue bond indentures	7,974,481	9,361,737
Unrestricted	5,771,599	5,714,432
TOTAL NET ASSETS	50,681,442	46,626,479
TOTAL LIABILITIES AND FUND EQUITY	\$ 57,522,287	\$ 54,195,872

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>OPERATING REVENUES</u>		
Metered water sales - net	\$ 3,352,934	\$ 3,450,728
Sewer service charges	4,058,186	3,854,157
Water tap fees	33,240	81,576
Sewer tap fees	82,330	209,960
Fire protection fees	10,587	10,297
Other	403,201	190,001
TOTAL OPERATING REVENUES	7,940,478	7,796,719
<u>OPERATING EXPENSES</u>		
Utilities Finance	448,517	429,070
Utilities Administration	546,647	496,889
Water Operations and Maintenance	710,270	579,118
Water Production and Treatment	1,239,082	1,418,846
Wastewater Operations and Maintenance	2,459,310	2,289,193
Depreciation	853,667	823,333
TOTAL OPERATING EXPENSES	6,257,493	6,036,449
OPERATING INCOME	1,682,985	1,760,270
<u>NONOPERATING REVENUES AND (EXPENSES)</u>		
Interest revenue	307,868	683,989
Interest expense and fiscal charges	(263,908)	(284,856)
Amortization of bond issuance costs and deferred refunding	(43,509)	(43,509)
Loss on sale/disposal of capital assets	(129,887)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(129,436)	355,624
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	1,553,549	2,115,894
CAPITAL CONTRIBUTIONS	2,808,455	1,317,517
TRANSFERS IN	13,758,732	8,258,003
TRANSFERS OUT	(14,065,773)	(8,543,295)
CHANGE IN NET ASSETS	4,054,963	3,148,119
NET ASSETS - BEGINNING OF YEAR	46,626,479	43,478,360
NET ASSETS - END OF YEAR	\$ 50,681,442	\$ 46,626,479

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 7,530,765	\$ 7,424,096
Customer deposits	18,821	20,436
Cash paid to suppliers	(3,588,999)	(2,789,980)
Cash paid to employees for services	(2,139,612)	(1,998,179)
Other operating cash receipts	389,201	175,900
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,210,176</u>	<u>2,832,273</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in from other funds	13,758,732	8,258,003
Transfers out to other funds	(14,065,773)	(8,543,295)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(307,041)</u>	<u>(285,292)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital contributions received from other governments	2,808,455	281,518
Purchase and construction of capital assets	(5,858,873)	(644,301)
Principal paid on revenue bonds	(452,111)	(400,604)
Principal paid on capitalized leases	(91,809)	(82,049)
Interest paid on revenue bonds	(258,724)	(278,501)
Interest paid on capital leases	(5,184)	(6,355)
Other receipts	(174)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,858,420)</u>	<u>(1,130,292)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Loan extended to developer	-	(115,456)
Payments received on loan extended to developer	27,950	60,200
Interest on investments	307,868	683,989
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>335,818</u>	<u>628,733</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,619,467)	2,045,422
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>14,974,740</u>	<u>12,929,318</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,355,273</u>	<u>\$ 14,974,740</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 1,682,985	\$ 1,760,270
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	853,667	823,333
Change in assets and liabilities:		
Decrease in accounts receivable	39,452	29,802
(Increase) in grants receivable	(45,960)	(212,420)
(Increase) decrease in inventory	36,761	(26,112)
Increase (decrease) in accounts payable	(377,248)	436,375
Increase in customer deposits	18,821	20,436
Increase in accrued salaries, wages and employee benefits	13,395	7,640
Increase in accrued vacation	2,307	7,054
Decrease in unearned revenue	(14,004)	(14,105)
 TOTAL ADJUSTMENTS	 527,191	 1,072,003
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 2,210,176	 \$ 2,832,273
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 135,226	\$ 83,483
Capital assets contributed by subdividers/developers	\$ -	\$ 1,035,999
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 656,321	\$ 839,480
Investments	4,286,355	3,958,689
Current restricted assets	1,042,745	1,031,971
Non-current restricted assets	7,369,852	9,144,600
 CASH AND CASH EQUIVALENTS	 \$ 13,355,273	 \$ 14,974,740

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER SYSTEM
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Metered water sales - net	\$ 3,279,266	\$ 3,352,934	\$ 73,668	\$ 3,450,728
Sewer service charges	4,045,174	4,058,186	13,012	3,854,157
Water tap fees	90,000	33,240	(56,760)	81,576
Sewer tap fees	160,000	82,330	(77,670)	209,960
Fire protection fees	10,348	10,587	239	10,297
Other	171,400	403,201	231,801	190,001
TOTAL OPERATING REVENUES	7,756,188	7,940,478	184,290	7,796,719
<u>OPERATING EXPENSES</u>				
Utilities Finance	471,261	448,517	(22,744)	429,070
Utilities Administration	662,448	546,647	(115,801)	496,889
Water Operations and Maintenance	697,798	710,270	12,472	579,118
Water Production and Treatment	1,394,897	1,239,082	(155,815)	1,418,846
Wastewater Operations and Maintenance	2,448,107	2,459,310	11,203	2,289,193
Depreciation	-	853,667	853,667	823,333
TOTAL OPERATING EXPENSES	5,674,511	6,257,493	582,982	6,036,449
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Loss on sale/disposal of capital assets	-	(129,887)	(129,887)	-
Interest revenue	220,000	307,868	87,868	683,989
Interest expense and fiscal charges	-	(263,908)	(263,908)	(284,856)
Amortization of bond issuance costs and deferred refunding	-	(43,509)	(43,509)	(43,509)
TOTAL NONOPERATING REVENUES (EXPENSES)	220,000	(129,436)	(349,436)	355,624
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	2,301,677	1,553,549	(748,128)	2,115,894
CAPITAL CONTRIBUTIONS	-	2,808,455	2,808,455	1,317,517
TRANSFERS IN	7,948,188	13,758,732	5,810,544	8,258,003
TRANSFERS OUT	(8,255,229)	(14,065,773)	(5,810,544)	(8,543,295)
NET INCOME	\$ 1,994,636	\$ 4,054,963	\$ 2,060,327	\$ 3,148,119

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER SYSTEM
YEAR ENDED DECEMBER 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>UTILITIES FINANCE</u>				
Personal services:				
Salaries and wages	\$ 187,068	\$ 187,434	\$ 366	\$ 176,609
Overtime pay	300	-	(300)	56
FICA	14,333	13,635	(698)	12,805
Employee retirement	18,618	18,298	(320)	16,363
Employee insurance	21,927	19,222	(2,705)	19,688
Workers' compensation	888	706	(182)	668
Unemployment insurance	50	-	(50)	-
Operating expenses:				
General supplies/postage	81,000	80,456	(544)	76,087
Dues/training/travel	2,950	3,279	329	2,179
Data processing	39,600	42,316	2,716	36,426
Contracts and repairs	54,625	36,707	(17,918)	35,690
Professional services	21,000	17,145	(3,855)	13,475
Insurance	902	646	(256)	668
Bad debts	28,000	28,673	673	33,233
Service rights	-	-	-	5,123
TOTAL UTILITIES FINANCE	\$ 471,261	\$ 448,517	\$ (22,744)	\$ 429,070

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER SYSTEM
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>UTILITIES ADMINISTRATION</u>				
Personal services:				
Salaries and wages	\$ 378,767	\$ 290,671	\$ (88,096)	\$ 277,214
Overtime pay	3,100	4,668	1,568	3,016
FICA	29,213	21,133	(8,080)	20,805
Employee retirement	35,514	26,911	(8,603)	24,281
Employee insurance	42,676	38,391	(4,285)	37,097
Workers' compensation	13,856	11,923	(1,933)	11,604
Unemployment insurance	650	116	(534)	-
Operating expenses:				
General supplies/postage	3,000	2,375	(625)	2,240
Dues/training/travel	4,400	5,213	813	2,379
Auto operating	11,400	11,674	274	15,690
Utility services	18,500	18,472	(28)	17,749
Data processing	7,200	6,748	(452)	3,133
Contracts and repairs	12,500	17,145	4,645	6,414
Building material	1,600	1,540	(60)	964
Uniforms and clothing	2,850	1,238	(1,612)	2,368
Advertising	600	1,994	1,394	1,265
Professional services	42,680	45,432	2,752	25,125
Special department supplies	8,083	6,356	(1,727)	11,604
Insurance	45,859	34,647	(11,212)	33,941
TOTAL UTILITIES ADMINISTRATION	<u>\$ 662,448</u>	<u>\$ 546,647</u>	<u>\$ (115,801)</u>	<u>\$ 496,889</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER SYSTEM
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER OPERATIONS AND MAINTENANCE</u>			
Personal services:				
Salaries and wages	\$ 323,593	\$ 359,220	\$ 35,627	\$ 308,788
Overtime pay	22,000	20,534	(1,466)	18,593
FICA	26,438	26,825	387	23,460
Employee retirement	32,140	34,659	2,519	28,276
Employee insurance	48,084	42,151	(5,933)	41,713
Workers' compensation	6,252	5,335	(917)	4,768
Unemployment insurance	700	-	(700)	-
Operating expenses:				
Data processing fees	-	-	-	4,000
Dues/training	1,700	3,906	2,206	729
Auto operating	39,850	42,170	2,320	29,850
Contracts and repairs	27,420	15,959	(11,461)	17,660
Building material	17,800	13,102	(4,698)	16,957
Uniforms and clothing	4,100	2,970	(1,130)	4,165
Advertising	600	-	(600)	296
Professional services	4,360	678	(3,682)	341
Special department supplies	137,200	139,492	2,292	76,146
Judgments/settlements	1,000	-	(1,000)	-
Insurance	4,561	3,269	(1,292)	3,376
TOTAL WATER OPERATIONS AND MAINTENANCE	\$ 697,798	\$ 710,270	\$ 12,472	\$ 579,118

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND SEWER SYSTEM
 YEAR ENDED DECEMBER 31, 2008
 With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER PRODUCTION AND TREATMENT</u>			
Personal services:				
Salaries and wages	\$ 400,140	\$ 400,876	\$ 736	\$ 382,608
Overtime pay	32,000	10,277	(21,723)	23,940
FICA	33,059	29,659	(3,400)	29,293
Employee retirement	40,189	37,795	(2,394)	35,023
Employee insurance	44,102	38,661	(5,441)	39,376
Workers' compensation	5,104	4,358	(746)	3,822
Unemployment insurance	500	-	(500)	-
Operating expenses:				
General supplies	3,800	3,249	(551)	2,882
Data processing fees	-	-	-	1,200
Dues/training	28,900	26,805	(2,095)	24,691
Auto operating	8,375	5,860	(2,515)	4,256
Utility services	290,000	385,376	95,376	401,955
Contracts and repairs	149,100	104,963	(44,137)	166,295
Building material	4,500	1,030	(3,470)	1,414
Uniforms and clothing	4,700	2,203	(2,497)	1,904
Advertising	600	-	(600)	296
Professional services	52,500	20,285	(32,215)	56,955
ACPSA treatment charges	3,500	3,852	352	3,791
Special department supplies	290,300	161,304	(128,996)	236,534
Insurance	3,528	2,529	(999)	2,611
TOTAL WATER PRODUCTION AND TREATMENT	\$ 1,394,897	\$ 1,239,082	\$ (155,815)	\$ 1,418,846

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND SEWER SYSTEM
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WASTEWATER OPERATIONS AND MAINTENANCE</u>			
Personal services:				
Salaries and wages	\$ 378,584	\$ 350,954	\$ (27,630)	\$ 331,022
Overtime pay	22,000	28,289	6,289	17,749
FICA	30,645	27,434	(3,211)	24,971
Employee retirement	37,254	35,480	(1,774)	29,949
Employee insurance	54,782	48,023	(6,759)	46,878
Workers' compensation	24,673	21,792	(2,881)	22,438
Unemployment insurance	1,000	-	(1,000)	136
Operating expenses:				
Dues/training	1,400	2,222	822	877
Auto operating	26,375	34,867	8,492	28,565
Utility services	81,820	100,678	18,858	85,653
Contracts and repairs	151,545	106,713	(44,832)	43,188
Building material	19,300	21,228	1,928	20,300
Uniforms and clothing	5,350	3,641	(1,709)	5,234
Advertising	600	-	(600)	1,620
Professional services	4,880	1,562	(3,318)	303
ACPSA treatment charges	1,548,437	1,628,262	79,825	1,575,033
Special department supplies	46,500	33,692	(12,808)	41,599
Judgments/settlements	1,000	1,920	920	124
Insurance	11,962	12,553	591	13,554
TOTAL WASTEWATER OPERATIONS AND MAINTENANCE	2,448,107	2,459,310	11,203	2,289,193
DEPRECIATION AND AMORTIZATION	-	853,667	853,667	823,333
TOTAL OPERATING EXPENSES	\$ 5,674,511	\$ 6,257,493	\$ 582,982	\$ 6,036,449

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 ENTERPRISE FUND - SANITATION SERVICES
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 320,199	\$ 492,199
Investments	1,689,373	1,652,037
Accounts receivable	29,879	34,331
	2,039,451	2,178,567
 <u>CAPITAL ASSETS, NET</u>		
Non-depreciable	91,235	91,235
Depreciable	2,049,960	2,014,058
	2,141,195	2,105,293
 <u>TOTAL ASSETS</u>		
	\$ 4,180,646	\$ 4,283,860
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 35,059	\$ 52,756
Accrued salaries and wages	30,469	17,290
Accrued vacation	81,926	64,351
Current portion of capital leases payable	132,652	201,056
Accrued interest payable	6,534	6,534
	286,640	341,987
 <u>LONG-TERM LIABILITIES</u>		
Capital leases payable	126,502	211,463
	413,142	553,450
 <u>FUND EQUITY</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	1,882,041	1,692,774
Unrestricted	1,885,463	2,037,636
	3,767,504	3,730,410
 <u>TOTAL LIABILITIES AND FUND EQUITY</u>		
	\$ 4,180,646	\$ 4,283,860

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>OPERATING REVENUES</u>		
Sanitation service fees	\$ 2,268,065	\$ 2,218,022
Recycling fees	547,880	524,075
Sale of recyclables	492,593	563,913
Other	67,296	43,028
TOTAL OPERATING REVENUES	3,375,834	3,349,038
 <u>OPERATING EXPENSES</u>		
Sanitation operations	2,105,230	1,990,600
Material recovery facility	776,962	717,485
Depreciation	347,334	340,523
TOTAL OPERATING EXPENSES	3,229,526	3,048,608
OPERATING INCOME	146,308	300,430
 <u>NONOPERATING REVENUES (EXPENSES)</u>		
Contribution expense	(35,684)	-
Interest revenue	39,920	85,137
Interest expense	(13,257)	(18,121)
Gain on disposal of capital assets	3,749	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,272)	67,016
INCOME BEFORE OPERATING TRANSFERS	141,036	367,446
 <u>TRANSFERS</u>		
Transfers out	(103,942)	(95,558)
CHANGE IN NET ASSETS	37,094	271,888
 NET ASSETS - BEGINNING OF YEAR	3,730,410	3,458,522
 NET ASSETS - END OF YEAR	\$ 3,767,504	\$ 3,730,410

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,312,990	\$ 3,351,259
Cash paid to suppliers	(1,178,543)	(1,103,744)
Cash paid to employees for services	(1,690,592)	(1,579,110)
Other operating cash receipts	<u>67,296</u>	<u>43,028</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>511,151</u>	<u>711,433</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers out to other funds	<u>(103,942)</u>	<u>(95,558)</u>
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(103,942)</u>	<u>(95,558)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(354,773)	(8,404)
Principal paid on capitalized leases	(213,764)	(221,562)
Interest paid	<u>(13,257)</u>	<u>(18,121)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(581,794)</u>	<u>(248,087)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>39,921</u>	<u>85,137</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,664)	452,925
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,144,236</u>	<u>1,691,311</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,009,572</u>	<u>\$ 2,144,236</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 146,308	\$ 300,430
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	347,334	340,523
Change in assets and liabilities:		
Decrease in accounts receivable	4,452	45,249
Increase (decrease) in accounts payable	(17,697)	14,246
Increase in accrued salaries and wages	13,179	4,325
Increase in accrued vacation	17,575	6,660
	364,843	411,003
 TOTAL ADJUSTMENTS	 364,843	 411,003
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 511,151	 \$ 711,433
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 60,398	\$ 46,345
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 320,199	\$ 492,199
Investments	1,689,373	1,652,037
	\$ 2,009,572	\$ 2,144,236

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Sanitation service fees	\$ 2,208,636	\$ 2,268,065	\$ 59,429	\$ 2,218,022
Recycling fees	552,790	547,880	(4,910)	524,075
Sale of recyclables	420,000	492,593	72,593	563,913
Other	53,975	67,296	13,321	43,028
TOTAL OPERATING REVENUES	3,235,401	3,375,834	140,433	3,349,038
<u>OPERATING EXPENSES</u>				
Sanitation operations	2,136,214	2,105,230	(30,984)	1,990,600
Material recovery facility	841,323	776,962	(64,361)	717,485
Depreciation	-	347,334	347,334	340,523
TOTAL OPERATING EXPENSES	2,977,537	3,229,526	251,989	3,048,608
<u>NONOPERATING REVENUES</u> <u>(EXPENSES)</u>				
Contribution expense	-	(35,684)	(35,684)	-
Interest revenue	75,000	39,920	(35,080)	85,137
Interest expense	-	(13,257)	(13,257)	(18,121)
Gain on disposal of assets	-	3,749	3,749	-
TOTAL NONOPERATING REVENUES (EXPENSES)	75,000	(5,272)	(44,588)	67,016
INCOME BEFORE OPERATING TRANSFERS	332,864	141,036	(191,828)	367,446
<u>TRANSFERS</u>				
Transfers out	(103,942)	(103,942)	-	(95,558)
NET INCOME	\$ 228,922	\$ 37,094	\$ (191,828)	\$ 271,888

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>SANITATION OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 1,043,276	\$ 1,006,688	\$ (36,588)	\$ 924,341
Overtime pay	12,000	10,706	(1,294)	18,501
FICA	80,729	72,772	(7,957)	68,735
Employee retirement	98,151	92,112	(6,039)	81,542
Employee insurance	145,740	128,479	(17,261)	119,431
Workers' compensation	39,884	37,346	(2,538)	35,406
Unemployment insurance	5,000	4,338	(662)	11,718
Operating expenses:				
General supplies	2,500	1,461	(1,039)	1,743
Dues/training	3,900	1,962	(1,938)	2,021
Auto operating	236,250	276,264	40,014	212,648
Utility services	18,500	18,472	(28)	17,749
Data processing	3,500	3,696	196	3,139
Contracts and repairs	82,450	113,057	30,607	100,979
Building material	-	-	-	27,456
Uniforms and clothing	13,900	11,817	(2,083)	9,779
Advertising	1,200	360	(840)	426
Professional services	25,840	24,615	(1,225)	22,133
Special department supplies	284,476	272,742	(11,734)	295,373
Judgments/settlements	500	43	(457)	-
Insurance	38,418	28,300	(10,118)	37,480
TOTAL SANITATION OPERATIONS	\$ 2,136,214	\$ 2,105,230	\$ (30,984)	\$ 1,990,600

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>MATERIAL RECOVERY FACILITY</u>				
Personal services:				
Salaries and wages	\$ 295,564	\$ 261,452	\$ (34,112)	\$ 224,408
Overtime pay	20,000	14,600	(5,400)	19,306
FICA	24,141	19,553	(4,588)	17,325
Employee retirement	29,379	25,297	(4,082)	20,831
Employee insurance	42,139	36,940	(5,199)	32,475
Workers' compensation	12,304	11,063	(1,241)	12,256
Unemployment insurance	1,000	-	(1,000)	3,818
Operating expenses:				
General supplies	1,000	548	(452)	1,599
Dues/training	2,295	1,951	(344)	870
Auto operating	44,939	58,671	13,732	38,260
Utility services	18,000	15,830	(2,170)	14,393
Contracts and repairs	63,998	74,433	10,435	122,559
Building material	-	-	-	412
Recycling expenses	105,000	105,947	947	69,992
Uniforms and clothing	7,100	5,199	(1,901)	4,423
Advertising	1,100	1,008	(92)	2,032
Professional services	54,960	45,574	(9,386)	48,697
Special department supplies	100,108	85,783	(14,325)	70,288
Insurance	18,296	13,113	(5,183)	13,541
TOTAL MATERIAL RECOVERY FACILITY	841,323	776,962	(64,361)	717,485
DEPRECIATION	-	347,334	347,334	340,523
TOTAL OPERATING EXPENSES	\$ 2,977,537	\$ 3,229,526	\$ 251,989	\$ 3,048,608

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 DECEMBER 31, 2008 AND 2007

	2008	2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 86,972	\$ 378,528
Investments	1,641,943	1,307,194
 TOTAL CURRENT ASSETS	 1,728,915	 1,685,722
 <u>CAPITAL ASSETS, NET</u>	 497,826	 291,830
 TOTAL ASSETS	 \$ 2,226,741	 \$ 1,977,552
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 6,368	\$ 1,331
Accrued salaries and wages	4,986	2,358
Accrued vacation	8,586	7,873
Current portion of capital leases payable	20,934	13,475
 TOTAL CURRENT LIABILITIES	 40,874	 25,037
 <u>LONG-TERM LIABILITIES</u>		
Capital leases payable	33,750	25,172
 TOTAL LIABILITIES	 74,624	 50,209
<u>FUND EQUITY</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	443,144	253,183
Unrestricted	1,708,973	1,674,160
 TOTAL NET ASSETS	 2,152,117	 1,927,343
 TOTAL LIABILITIES AND FUND EQUITY	 \$ 2,226,741	 \$ 1,977,552

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>OPERATING REVENUES</u>		
Stormwater utility fees	\$ 547,766	\$ 536,597
Other	12,660	15,243
TOTAL OPERATING REVENUES	560,426	551,840
<u>OPERATING EXPENSES</u>		
Stormwater operations	351,901	267,949
Depreciation	20,539	11,719
TOTAL OPERATING EXPENSES	372,440	279,668
OPERATING INCOME	187,986	272,172
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	38,151	78,564
Interest expense	(1,363)	(1,803)
TOTAL NONOPERATING REVENUES (EXPENSES)	36,788	76,761
INCOME BEFORE CAPITAL CONTRIBUTIONS	224,774	348,933
CHANGE IN NET ASSETS	224,774	348,933
NET ASSETS - BEGINNING OF YEAR	1,927,343	1,578,410
NET ASSETS - END OF YEAR	\$ 2,152,117	\$ 1,927,343

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 547,766	\$ 536,597
Cash paid to suppliers	(70,345)	(67,489)
Cash paid to employees	(273,178)	(201,076)
Other operating cash receipts	12,660	15,243
	216,903	283,275
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(226,535)	(231,216)
Principal paid on capitalized leases	16,037	(13,021)
Interest paid on capitalized leases	(1,363)	(1,803)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(211,861)	(246,040)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	38,151	78,563
	43,193	115,798
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,685,722	1,569,924
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,728,915	\$ 1,685,722

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 187,986	\$ 272,172
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	20,539	11,719
Change in assets and liabilities:		
Increase (decrease) in accounts payable	5,037	(2,257)
Increase in accrued salaries and wages	2,628	799
Increase in accrued vacation	713	842
TOTAL ADJUSTMENTS	28,917	11,103
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 216,903	 \$ 283,275
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 37,375	\$ -
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 86,972	\$ 378,528
Investments	1,641,943	1,307,194
	\$ 1,728,915	\$ 1,685,722

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Stormwater utility fees	\$ 547,765	\$ 547,766	\$ 1	\$ 536,597
Other	11,000	12,660	1,660	15,243
TOTAL OPERATING REVENUES	558,765	560,426	1,661	551,840
<u>OPERATING EXPENSES</u>				
Stormwater operations	399,290	351,901	(47,389)	267,949
Drainage projects	161,100	-	(161,100)	-
Depreciation	-	20,539	20,539	11,719
TOTAL OPERATING EXPENSES	560,390	372,440	(187,950)	279,668
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	75,000	38,151	(36,849)	78,564
Interest expense	-	(1,363)	(1,363)	(1,803)
TOTAL NONOPERATING REVENUES (EXPENSES)	75,000	36,788	(38,212)	76,761
NET INCOME	\$ 73,375	\$ 224,774	\$ (224,501)	\$ 348,933

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEAR ENDED DECEMBER 31, 2008
 With Comparative Actual Amounts for the Year Ended December 31, 2007

	2008		2007	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>STORMWATER OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 232,847	\$ 210,796	\$ (22,051)	\$ 159,657
FICA	17,775	15,214	(2,561)	11,421
Employee retirement	21,609	18,941	(2,668)	13,421
Employee insurance	29,984	26,375	(3,609)	15,241
Workers' compensation	6,013	5,193	(820)	2,977
Unemployment insurance	200	-	(200)	-
Operating expenses:				
General supplies	700	763	63	501
Dues/training	4,325	4,153	(172)	2,447
Auto operating	7,238	7,606	368	5,793
Data processing	15,700	15,145	(555)	7,327
Contracts and repairs	5,990	6,347	357	2,525
Uniforms and clothing	1,750	1,336	(414)	1,504
Advertising	14,000	8,544	(5,456)	12,830
Professional services	31,500	22,772	(8,728)	25,933
Special department supplies	5,965	6,069	104	4,692
Insurance	3,694	2,647	(1,047)	1,680
TOTAL STORMWATER OPERATIONS	399,290	351,901	(47,389)	267,949
DRAINAGE PROJECTS	161,100	-	(161,100)	-
DEPRECIATION	-	20,539	20,539	11,719
TOTAL OPERATING EXPENSES	\$ 560,390	\$ 372,440	\$ (187,950)	\$ 279,668

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
BALANCE SHEETS
ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 42,460	\$ 7,094
Investments	<u>652,912</u>	<u>340,768</u>
 TOTAL CURRENT ASSETS	 <u>695,372</u>	 <u>347,862</u>
 TOTAL ASSETS	 <u>\$ 695,372</u>	 <u>\$ 347,862</u>
<u>FUND EQUITY</u>		
<u>NET ASSETS</u>		
Restricted per operating agreement	<u>\$ 695,372</u>	<u>\$ 347,862</u>
 TOTAL NET ASSETS	 <u>695,372</u>	 <u>347,862</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 695,372</u>	 <u>\$ 347,862</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>NONOPERATING REVENUES AND (EXPENSES)</u>		
Interest revenue	\$ 14,176	\$ 14,528
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>14,176</u>	<u>14,528</u>
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	14,176	14,528
 CAPITAL CONTRIBUTIONS	 283,334	 283,334
 TRANSFERS IN	 <u>50,000</u>	 <u>50,000</u>
CHANGE IN NET ASSETS	347,510	347,862
 NET ASSETS - BEGINNING OF YEAR	 <u>347,862</u>	 <u>-</u>
 NET ASSETS - END OF YEAR	 <u>\$ 695,372</u>	 <u>\$ 347,862</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Cash received for contingency fund	\$ 333,334	\$ 333,334
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>333,334</u>	<u>333,334</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>14,176</u>	<u>14,528</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,176</u>	<u>14,528</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	347,510	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>347,862</u>	<u>347,862</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 695,372</u>	<u>\$ 347,862</u>
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 42,460	\$ 7,094
Investments	<u>652,912</u>	<u>340,768</u>
	<u>\$ 695,372</u>	<u>\$ 347,862</u>

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

These schedules present only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds are excluded from these amounts. Infrastructure capital assets represent actual cost of construction and/or estimated values of deeded properties by developers.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 DECEMBER 31, 2008

CAPITAL ASSETS

Land and improvements	\$ 13,837,800
Construction in progress	15,007,884
Buildings	9,633,020
Machinery and equipment	1,269,804
Furniture and fixtures	522,613
Vehicles	4,254,961
Infrastructure	17,413,455
Right of ways	<u>2,270,735</u>
 TOTAL CAPITAL ASSETS	 <u><u>\$ 64,210,272</u></u>

INVESTMENT IN CAPITAL ASSETS FROM

General and Special Revenue Fund revenues	\$ 27,241,349
Capital Projects Fund revenues	19,075,430
State and Federal grants	1,536,727
Contributions from subdividers	15,772,246
Gifts	<u>584,520</u>
 TOTAL INVESTMENT IN CAPITAL ASSETS	 <u><u>\$ 64,210,272</u></u>

This schedule presents only the capital asset balances related to governmental funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 DECEMBER 31, 2008

	TOTAL	LAND AND IMPROVEMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	VEHICLES	INFRA-STRUCTURE	RIGHT OF WAYS
GENERAL GOVERNMENT									
Control									
City Council	\$18,907,337	\$ 3,191,519	\$ 14,980,333	\$ 735,485	\$ -	\$ -	\$ -	\$ -	\$ -
City Administration	13,718	-	-	-	-	13,718	-	-	-
TOTAL	18,921,055	3,191,519	14,980,333	735,485	-	13,718	-	-	-
Staff Agencies:									
Finance	98,920	-	-	-	-	79,716	19,204	-	-
Economic and Community Development	59,354	-	-	-	-	44,565	14,789	-	-
Building Standards	171,875	-	-	83,000	-	8,820	80,055	-	-
City Buildings	92,610	-	-	-	92,610	-	-	-	-
TOTAL	422,759	-	-	83,000	92,610	133,101	114,048	-	-
TOTAL GENERAL GOVERNMENT	19,343,814	3,191,519	14,980,333	818,485	92,610	146,819	114,048	-	-
PUBLIC SAFETY	5,314,843	42,407	-	1,504,920	-	268,056	3,499,460	-	-
PUBLIC WORKS									
Engineering	47,783	-	-	-	-	-	47,783	-	-
Street Light Traffic	1,734,714	-	-	-	-	-	-	1,734,714	-
Streets and Drains	19,038,233	229,701	27,551	150,001	377,171	5,128	299,205	15,678,741	2,270,735
TOTAL PUBLIC WORKS	20,820,730	229,701	27,551	150,001	377,171	5,128	346,988	17,413,455	2,270,735
RECREATION AND PARKS	18,730,885	10,374,173	-	7,159,614	800,023	102,610	294,465	-	-
TOTAL GENERAL CAPITAL ASSETS	\$64,210,272	\$ 13,837,800	\$ 15,007,884	\$ 9,633,020	\$ 1,269,804	\$ 522,613	\$4,254,961	\$ 17,413,455	\$2,270,735

This schedule presents only the capital asset balances related to governmental funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 YEAR ENDED DECEMBER 31, 2008

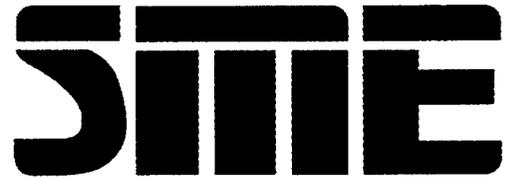
	GENERAL CAPITAL ASSETS 12/31/07	ADDITIONS	DELETIONS	TRANSFERS	GENERAL CAPITAL ASSETS 12/31/08
<u>GENERAL GOVERNMENT</u>					
Control:					
City Council	\$ 9,881,596	\$ 9,025,741	\$ -	\$ -	\$ 18,907,337
City Administration	13,718	-	-	-	13,718
TOTAL	9,895,314	9,025,741	-	-	18,921,055
Staff Agencies:					
Finance	104,102	-	(5,182)	-	98,920
Economic and Community Development	72,028	11,920	(15,774)	(8,820)	59,354
Building Standards	148,106	30,128	(15,179)	8,820	171,875
City Buildings	86,058	6,552	-	-	92,610
TOTAL	410,294	48,600	(36,135)	-	422,759
TOTAL GENERAL GOVERNMENT	10,305,608	9,074,341	(36,135)	-	19,343,814
PUBLIC SAFETY	4,000,408	1,361,830	(47,395)	-	5,314,843
<u>PUBLIC WORKS</u>					
Engineering	46,340	16,687	(15,244)	-	47,783
Street Light Traffic	1,235,248	499,466	-	-	1,734,714
Streets and Drains	19,072,145	1,177,109	(1,286,396)	75,375	19,038,233
TOTAL PUBLIC WORKS	20,353,733	1,693,262	(1,301,640)	75,375	20,820,730
RECREATION AND PARKS	18,005,974	973,479	(242,736)	(5,832)	18,730,885
TOTAL GENERAL CAPITAL ASSETS	\$ 52,665,723	\$ 13,102,912	\$ (1,627,906)	\$ 69,543	\$ 64,210,272

This schedule presents only the capital asset balances related to governmental funds.

SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
GENERAL FUND

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2008

Court Fines	
Court fines collected	\$ 337,035
Court fines retained by City	<u>337,035</u>
Court fines remitted to State Treasurer	<u>\$ -</u>
Court Assessments	
Court assessments collected	\$ 359,292
Court assessments retained by City	<u>53,047</u>
Court assessments remitted to State Treasurer	<u>\$ 306,245</u>
Court Surcharges	
Court surcharges collected	\$ 115,505
Court surcharges retained by City	<u>4,807</u>
Court surcharges remitted to State Treasurer	<u>\$ 110,698</u>
Victim Services	
Court assessments allocated to Victim Services	\$ 39,367
Court surcharges allocated to Victim Services	<u>11,429</u>
Funds allocated to Victim Services	50,796
Victim Services Expenditures	<u>63,191</u>
Funds Allocated to Victim Services in Excess of Victim Services Expenditures	(12,395)
Funds available for carryforward - beginning of year	<u>60,196</u>
Funds available for carryforward - end of year	<u>\$ 47,801</u>



SEROTTA MADDOCKS EVANS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor, Members of City Council
and City Administrator
City of North Augusta, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of North Augusta, South Carolina, as of and for the year ended December 31, 2008, which collectively comprise the City of North Augusta, South Carolina's basic financial statements and have issued our report thereon dated May 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of North Augusta, South Carolina's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of North Augusta, South Carolina's financial statements that is more than inconsequential will not be prevented or detected by the City of North Augusta, South Carolina's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of North Augusta, South Carolina, in a separate letter dated May 27, 2009.

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

Serata Maddocks Evans & Co.
Augusta, Georgia
May 27, 2009

**STATISTICAL
SECTION**

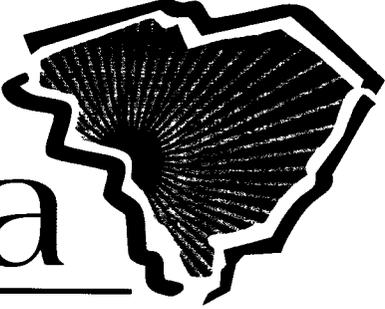


STATISTICAL SECTION

This part of the City of North Augusta's Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	121 – 125
REVENUE CAPACITY <i>These schedules contain information to help the reader assess the factors affecting the ability to generate its property taxes and other major sources of revenue.</i>	126 – 132
DEBT CAPACITY <i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	133 – 136
DEMOGRAPHIC AND ECONOMIC INFORMATION <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.</i>	137 – 138
OPERATING INFORMATION <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities the City performs. A history of rates and charges is also presented.</i>	139 – 143

SOURCES: *Unless otherwise noted, the information in these schedules is derived from the City of North Augusta's Comprehensive Annual Financial Reports for the relevant year. The City implemented Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning that fiscal year.*

North
Augusta 
South Carolina's Riverfront

City of North Augusta, South Carolina
Net Assets by Component
Last Seven Fiscal Years
Unaudited

	Year Ending December 31						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 19,926,020	\$ 20,634,218	\$ 20,905,872	\$ 24,475,710	\$ 28,977,233	\$ 32,909,692	\$ 37,222,478
Restricted	310,683	311,237	310,766	-	4,716,068	6,386,196	47,801
Unrestricted	3,753,671	6,345,454	11,869,787	10,125,562	4,389,098	8,315,826	14,824,747
Total governmental activities net assets	\$ 23,990,374	\$ 27,290,909	\$ 33,086,425	\$ 34,601,272	\$ 38,082,399	\$ 47,611,714	\$ 52,095,026
Business-type activities							
Invested in capital assets, net of related debt	\$ 30,773,610	\$ 31,500,099	\$ 31,381,966	\$ 31,498,851	\$ 32,069,057	\$ 33,496,267	\$ 39,260,545
Restricted	4,239,638	5,099,864	6,366,443	7,265,318	8,263,966	9,709,599	8,669,853
Unrestricted	5,587,488	5,337,025	6,368,190	7,301,925	8,182,270	9,426,228	9,366,037
Total business-type activities net assets	\$ 40,600,736	\$ 41,936,988	\$ 44,116,599	\$ 46,066,094	\$ 48,515,293	\$ 52,632,094	\$ 57,296,435
Primary Government							
Invested in capital assets, net of related debt	\$ 50,699,630	\$ 52,134,317	\$ 52,287,838	\$ 55,974,561	\$ 61,046,290	\$ 66,405,959	\$ 76,483,023
Restricted	4,550,321	5,411,101	6,677,209	7,265,318	12,980,034	16,095,795	8,717,654
Unrestricted	9,341,159	11,682,479	18,237,977	17,427,487	12,571,368	17,742,054	24,190,784
Total primary government net assets	\$ 64,591,110	\$ 69,227,897	\$ 77,203,024	\$ 80,667,366	\$ 86,597,692	\$ 100,243,808	\$ 109,391,461

GASB 34 was implemented for fiscal year 2002; net asset information is not available prior to that fiscal year.

City of North Augusta, South Carolina
Changes in Net Assets
Last Seven Fiscal Years
Unaudited

	Year Ending December 31						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 1,769,228	\$ 2,262,082	\$ 2,616,367	\$ 3,256,036	\$ 2,858,015	\$ 3,283,604	\$ 2,890,989
Public safety	3,837,236	3,979,710	3,978,846	4,294,245	4,624,981	4,955,943	5,265,573
Public works	1,139,090	2,109,252	1,401,228	2,151,023	1,516,253	1,487,012	2,692,210
Recreation and parks	2,766,420	2,473,011	2,524,043	2,488,095	2,928,875	3,327,793	3,763,461
Debt service - interest and fees	86,729	69,765	66,777	18,258	23,700	24,001	433,418
Total governmental activities expenses	\$ 9,598,703	\$ 10,893,820	\$ 10,587,261	\$ 12,207,657	\$ 11,951,824	\$ 13,078,353	\$ 15,045,651
Business-type activities:							
Water and sewer	\$ 4,686,426	\$ 5,283,356	\$ 5,115,890	\$ 5,676,796	\$ 6,080,671	\$ 6,364,814	\$ 6,694,797
Sanitation	2,397,792	2,463,232	2,409,362	2,619,149	2,845,766	3,066,729	3,239,034
Stormwater utility	98,302	225,271	107,852	244,115	276,721	281,471	373,803
Total business-type activities expenses	\$ 7,182,520	\$ 7,971,859	\$ 7,633,104	\$ 8,540,060	\$ 9,203,158	\$ 9,713,014	\$ 10,307,634
Total primary government expenses	\$ 16,781,223	\$ 18,865,679	\$ 18,220,365	\$ 20,747,717	\$ 21,154,982	\$ 22,791,367	\$ 25,353,285
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 2,491,561	\$ 2,743,750	\$ 3,322,592	\$ 3,816,068	\$ 4,177,540	\$ 4,552,001	\$ 4,481,413
Public safety	741,508	829,204	935,933	945,723	925,170	995,420	897,428
Public works	-	-	-	-	-	-	-
Recreation and parks	745,699	779,621	826,673	911,037	915,439	935,166	931,614
Operating grants and contributions	623,940	627,367	617,063	642,309	690,426	754,944	856,777
Capital grants and contributions	306,631	1,364,564	1,620,506	1,156,232	1,528,331	3,477,186	1,768,611
Total governmental activities program revenues	\$ 4,909,339	\$ 6,344,506	\$ 7,322,767	\$ 7,471,369	\$ 8,236,906	\$ 10,714,717	\$ 8,935,843
Business-type activities:							
Charges for services:							
Water and sewer	\$ 5,804,116	\$ 5,744,963	\$ 6,472,866	\$ 6,762,888	\$ 6,799,406	\$ 7,606,718	\$ 7,537,277
Sanitation	2,296,467	2,339,469	2,606,515	2,676,653	3,026,197	3,306,010	3,308,538
Stormwater utility	241,537	488,305	500,806	511,239	522,304	536,597	547,766
Operating grants and contributions	-	-	-	173,409	-	-	-
Capital grants and contributions	127,669	387,861	-	10,124,189	687,953	1,600,851	3,091,789
Total business-type activities program revenues	\$ 8,469,789	\$ 8,960,598	\$ 9,580,187	\$ 10,124,189	\$ 11,035,860	\$ 13,050,176	\$ 14,485,370
Total primary government program revenues	\$ 13,379,128	\$ 15,305,104	\$ 16,902,954	\$ 17,595,558	\$ 19,272,766	\$ 23,764,893	\$ 23,421,213
Net (expense) / revenue							
Governmental activities	\$ (4,689,364)	\$ (4,549,314)	\$ (3,264,494)	\$ (4,736,288)	\$ (3,714,918)	\$ (2,363,636)	\$ (6,109,808)
Business-type activities	\$ 1,287,269	\$ 988,739	\$ 1,947,083	\$ 1,584,129	\$ 1,832,702	\$ 3,337,162	\$ 4,177,736
Total primary government net expense	\$ (3,402,095)	\$ (3,560,575)	\$ (1,317,411)	\$ (3,152,159)	\$ (1,882,216)	\$ 973,526	\$ (1,932,072)

	Year Ending December 31						
	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Ad valorem property taxes	\$ 4,276,898	\$ 4,351,799	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319
Capital projects sales taxes	1,385,000	2,650,000	3,487,905	-	617,589	4,679,330	3,415,808
Local hospitality and accommodations taxes	366,531	390,236	444,861	464,701	499,739	537,879	550,501
Interest on investments	85,039	81,051	135,688	404,595	591,214	964,169	533,146
Miscellaneous	270,075	333,723	284,423	404,619	277,895	326,658	198,679
Transfers	401,685	43,040	269,644	293,231	315,993	330,850	396,667
Total governmental activities	\$ 6,787,228	\$ 7,849,849	\$ 9,060,010	\$ 6,251,135	\$ 7,196,045	\$ 11,892,951	\$ 10,593,120
Business-type activities:							
Interest on investments	\$ 160,139	\$ 95,508	\$ 133,242	\$ 365,254	\$ 681,580	\$ 862,217	\$ 400,115
Miscellaneous	375,761	295,045	368,930	293,343	250,910	248,272	483,157
Transfers	(401,685)	(43,040)	(269,644)	(293,231)	(315,993)	(330,850)	(396,667)
Total business-type activities	\$ 134,215	\$ 347,513	\$ 232,528	\$ 365,366	\$ 616,497	\$ 779,639	\$ 486,605
Total primary government	\$ 6,921,443	\$ 8,197,362	\$ 9,292,538	\$ 6,616,501	\$ 7,812,542	\$ 12,672,590	\$ 11,079,725
Change in Net Assets							
Governmental activities	\$ 2,097,864	\$ 3,300,535	\$ 5,795,516	\$ 1,514,847	\$ 3,481,127	\$ 9,529,315	\$ 4,483,312
Business-type activities	\$ 1,421,484	\$ 1,336,252	\$ 2,179,611	\$ 1,949,495	\$ 2,449,199	\$ 4,116,801	\$ 4,664,341
Total primary government	\$ 3,519,348	\$ 4,636,787	\$ 7,975,127	\$ 3,464,342	\$ 5,930,326	\$ 13,646,116	\$ 9,147,653

GASB 34 was implemented for fiscal year 2002; net asset information is not available prior to that fiscal year.

**City of North Augusta, South Carolina
Fund Balances, Governmental Funds
Last Seven Fiscal Years
Unaudited**

	Year Ending December 31						
	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ 2,954	\$ 1,829	\$ 2,526	\$ 4,222	\$ 2,433	\$ 61,429	\$ 49,883
Unreserved	574,518	323,678	882,068	1,409,691	1,294,516	1,018,244	257,821
Total General Fund	\$ 577,472	\$ 325,507	\$ 884,594	\$ 1,413,913	\$ 1,296,949	\$ 1,079,673	\$ 307,704
All Other Governmental Funds							
Reserved, reported in:							
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ 4,716,068	\$ -	\$ -
Riverfront/Central Core Redevelop Fund	-	-	-	-	-	6,326,000	-
Special Revenue Funds	56,421	35,559	17,474	11,048	7,187	7,187	7,187
Unreserved, reported in:							
Sales Tax I Fund	1,047,226	2,975,315	6,337,904	3,114,127	2,783,114	2,809,915	2,417,057
Sales Tax II Fund	-	-	-	-	(1,134,125)	2,174,841	3,405,202
Capital Projects Fund	1,105,162	1,539,215	2,235,265	2,545,815	2,802,408	4,852,297	5,697,563
Riverfront/Central Core Redevelop Fund	-	-	-	-	-	3,025,359	1,632,936
Special Revenue Fund	1,461,073	1,964,096	2,888,316	3,223,659	3,735,686	1,187,157	1,811,304
Total all other governmental funds	\$ 3,669,882	\$ 6,514,185	\$ 11,478,959	\$ 8,894,649	\$ 12,910,338	\$ 20,382,756	\$ 14,971,249

GASB 34 was implemented for fiscal year 2002; net asset information is not available prior to that fiscal year.

City of North Augusta, South Carolina
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
Unaudited

	Year Ending December 31						
	2002	2003	2004	2005	2006	2007	2008
Revenues							
Ad valorem taxes	\$ 4,278,898	\$ 4,351,799	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319
Capital projects sales taxes	1,385,000	2,650,000	3,487,905	-	617,589	4,679,330	3,415,808
Local hospitality and accommodations taxes	366,531	390,236	444,861	464,701	499,739	537,879	550,501
Licenses and permits	2,491,560	2,743,750	3,322,592	3,816,068	4,177,540	4,552,001	4,481,413
Fines and forfeitures	674,568	761,927	868,671	876,282	855,129	926,477	830,404
Charges for services	812,639	846,898	893,935	980,478	985,480	1,004,109	998,638
Intergovernmental	898,571	879,739	967,617	1,168,607	1,242,562	965,087	2,263,544
Miscellaneous/interest earnings	355,115	437,564	424,016	809,214	912,490	1,574,185	907,236
Contributions	32,000	80,000	50,000	-	-	-	57,000
Grant Revenue	-	-	-	-	-	-	304,844
Total Revenues	\$ 11,294,882	\$ 13,141,913	\$ 14,897,086	\$ 12,799,339	\$ 14,184,144	\$ 19,293,133	\$ 19,307,707
Expenditures							
General Government	\$ 1,753,177	\$ 2,178,363	\$ 2,361,881	\$ 2,598,503	\$ 2,739,949	\$ 2,681,386	\$ 2,881,302
Public Safety	3,771,200	3,815,945	3,751,192	4,029,772	4,365,183	4,657,544	4,992,356
Public Works	1,188,125	1,776,272	825,874	785,659	812,420	902,549	1,116,121
Recreation and parks	1,863,320	2,062,237	2,098,829	2,160,095	2,487,298	2,589,110	2,922,300
Capital Outlay	2,465,156	674,786	1,113,939	5,288,641	5,021,984	8,294,272	12,209,020
Debt Service:							
Principal	240,000	255,000	543,544	959,946	394,662	371,555	906,150
Interest	86,729	69,765	67,047	18,258	23,700	142,499	433,418
Intergovernmental	-	-	-	-	-	-	800,000
Total Expenditures	\$ 11,367,707	\$ 10,832,368	\$ 10,762,306	\$ 15,840,874	\$ 15,845,196	\$ 19,638,915	\$ 26,260,667
Excess (deficiency) of revenues over (under) expenditures	\$ (72,825)	\$ 2,309,545	\$ 4,134,780	\$ (3,041,535)	\$ (1,661,052)	\$ (345,782)	\$ (6,952,960)
Other financing sources (uses)							
Proceeds on sale of capital assets	-	-	\$ 841,019	-	-	\$ 634,442	-
Capital lease obligations	457,569	239,753	278,418	693,313	313,677	6,689,632	408,499
Lease issuance cost	-	-	-	-	-	(24,000)	-
Proceeds from bond issue	-	-	-	-	4,716,068	-	-
Transfers in	858,897	851,939	593,322	1,175,299	1,725,684	1,625,366	1,439,423
Transfers out	(457,212)	(808,899)	(323,678)	(882,068)	(1,409,691)	(1,294,516)	(1,078,440)
Total other financing sources (uses)	\$ 859,254	\$ 282,793	\$ 548,062	\$ 986,544	\$ 5,345,738	\$ 7,630,924	\$ 769,482
Net change in fund balances	\$ 786,429	\$ 2,592,338	\$ 4,682,842	\$ (2,054,991)	\$ 3,684,686	\$ 7,285,142	\$ (6,183,478)
Debt service as a percentage of noncapital expenditures	3.67%	3.20%	6.33%	9.27%	3.87%	4.53%	9.53%

GASB 34 was implemented for fiscal year 2002; net asset information is not available prior to that fiscal year.

City of North Augusta, South Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended December 31	(a) Tax Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Tax Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1999	1998	29,073,109	576,169,625	19,275,203	174,674,833	48,348,312	750,844,458	81.74
2000	1999	30,020,451	594,944,112	19,778,154	179,232,623	49,798,605	774,176,735	81.74
2001	2000	31,773,315	629,685,784	19,034,466	172,493,326	50,807,781	802,179,110	81.74
2002	(b) 2001	34,312,301	680,003,583	18,124,749	147,900,092	52,437,050	827,903,675	81.08
2003	2002	35,110,422	695,820,801	18,059,805	147,370,140	53,170,227	843,190,941	81.08
2004	2003	39,026,699	773,433,857	15,301,002	124,858,224	54,327,701	898,292,081	81.08
2005	2004	40,334,249	812,425,676	16,732,253	131,085,827	57,066,502	943,511,503	81.08
2006	2005	41,827,490	851,553,721	17,987,421	137,399,183	59,814,911	988,952,904	81.08
2007	2006	42,445,538	864,136,019	18,253,204	139,430,967	60,698,742	1,003,566,986	81.08
2008	(b) 2007	50,581,231	1,029,704,480	17,825,479	136,161,590	68,406,710	1,165,866,070	77.20

Source. City of North Augusta tax records

(a) The City of North Augusta uses different tax years for real and personal property taxes because on April 30, 1980, the S.C. General Assembly passed a law that provided for the billing and collection of personal property taxes on motor vehicles on a staggered basis according to expiration of the license tag.

(b) Reassessment year, see Table VI

**City of North Augusta, South Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31	(a) Tax Year	City of North Augusta	County of Aiken	Aiken County School District	Maximum Combined Rate
1999	1998	81.74	63.50	122.80	268.04
2000	1999	81.74	63.50	127.60	272.84
2001	2000	81.74	63.50	130.00	275.24
2002	2001	81.08	62.30	123.00	266.38
2003	2002	81.08	62.30	132.60	275.98
2004	2003	81.08	66.50	147.60	295.18
2005	2004	81.08	66.50	147.60	295.18
2006	2005	81.08	70.50	149.50	301.08
2007	2006	81.08	70.50	154.70	306.28
2008	2007	77.20	74.70	154.90	306.80

Source: Aiken County Auditor

(a) Because of the change mandated by State law noted in the footnote of Table V, the City of North Augusta uses different tax years for real and personal property taxes.

City Tax Data:

Mill:	Represents .1% per \$1,000 of assessed valuation
Tax Rate Limits:	None
Taxes Due:	Personal: In the month preceding tag renewal by the S.C. State Highway Department Real and Merchants: April 30th Personal: N/A--Taxes on personal property paid in advance
Taxes Delinquent:	Real and Merchants: May 1st
Discount Allowed:	None
Penalties:	Real and Merchants: 15%
Reassessment Years:	Tax Years 1982, 1989, 1995, 2001, 2007

Uncollected taxes are turned over to the City Delinquent Tax Collector on June 1st, with authority to enforce collection by tax sale

**City of North Augusta, South Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2008</u>			<u>1999</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Cytec Surface Specialties, Inc.	Manufacturing	\$ 2,246,820	1	3.28%	\$ 3,538,330	1	7.32%
S. C. Electric & Gas Co.	Utility	1,927,950	2	2.82%	1,399,970	2	2.90%
Bell South Telecommunications	Communication	1,053,150	3	1.54%	1,070,270	3	2.21%
Wal-Mart, Inc.	Retail Shopping	911,490	4	1.33%			
Halocarbon Chemicals, Inc.	Manufacturing	845,340	5	1.24%	972,260	4	2.01%
CVS SC Distribution, Inc.	Warehousing/Distribution	730,730	6	1.07%	292,980	9	0.61%
North Augusta Plaza SC, LLC	Real Estate	619,120	7	0.91%	556,780	5	1.15%
Lowe's Home Centers, Inc.	Retail Contractor Supplies	492,430	8	0.72%			
North Augusta Business Technology	Real Estate - Office	349,260	9	0.51%	268,140	10	0.55%
Martintown Plaza	Real Estate	334,030	10	0.49%			
D R M Seventeen Realty	Apartments				441,660	6	0.91%
Jones Intercable	Communication				425,970	7	0.88%
Trailer Train - Hamburg Industries	Manufacturing				321,880	8	0.67%
TOTAL Taxable Assessed							
Value-10 Largest Taxpayers		<u>\$ 9,510,320</u>		<u>13.90%</u>	<u>\$ 9,288,240</u>		<u>19.21%</u>

Source: City of North Augusta tax records

This table lists the ten largest taxpayers, type of business, assessed valuation, and tax levy for the fiscal year 2008 (tax year 2007) as indicated by the City of North Augusta tax digest. This includes furniture, fixtures, and equipment assessed at 10.5% and commercial real estate at 6%.

**City of North Augusta, South Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Year Ended December 31	(b) Tax Year	(a) Taxes Levied for the Fiscal Year	Collected within the Current Year of Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1999	1998	3,951,991	3,907,451	98.87%	2,131	3,909,582	98.93%
2000	1999	4,070,538	4,021,472	98.79%	17,334	4,038,806	99.22%
2001	2000	4,153,028	4,113,482	99.05%	18,794	4,132,276	99.50%
2002	(c) 2001	4,251,596	4,210,963	99.04%	27,974	4,238,937	99.70%
2003	2002	4,311,042	4,286,832	99.44%	20,693	4,307,525	99.92%
2004	2003	4,404,890	4,392,365	99.72%	9,657	4,402,022	99.93%
2005	2004	4,626,952	4,612,217	99.68%	14,508	4,626,725	99.99%
2006	2005	4,849,793	4,816,440	99.31%	30,294	4,846,734	99.94%
2007	2006	4,921,454	4,885,009	99.26%	12,083	4,897,092	99.50%
2008	(c) 2007	5,280,998	5,245,248	99.32%	22,065	5,267,313	99.74%

Source: City of North Augusta tax records

(a) Includes real, merchants inventory, merchants furniture and fixtures, and personal property taxes levied and collected.

(b) Because of the change by State law noted in the footnote of Table V, the City of North Augusta uses different tax years for real and personal property taxes.

(c) Reassessment year, see Table VI

**City of North Augusta, South Carolina
Business Licenses / Franchise Fees
Last Ten Fiscal Years
Unaudited**

Year Ended December 31	Total Revenues	Gross Sales	Total Number of Licenses Issued
1999	\$ 1,812,828	\$ 422,321,849	1,503
2000	\$ 1,946,456	\$ 431,709,589	1,512
2001	\$ 2,203,198	\$ 459,723,426	1,515
2002	\$ 2,302,366	\$ 535,287,218	1,597
2003	\$ 2,557,137	\$ 571,501,732	1,660
2004	\$ 3,131,794	\$ 620,657,935	1,673
2005	\$ 3,646,500	\$ 709,708,803	1,680
2006	\$ 3,943,174	\$ 761,458,165	1,700
2007	\$ 4,312,185	\$ 889,057,357	1,736
2008	\$ 4,317,231	\$ 970,346,276	1,822

Source: City of North Augusta business license records

**City of North Augusta, South Carolina
Number of Utility Customers
Last Ten Fiscal Years
Unaudited**

<u>Year Ended December 31</u>	<u>Residential Inside Water</u>	<u>Non-Residential Inside Water</u>	<u>Total Inside Water Accounts</u>	<u>Residential Outside Water</u>	<u>Non-Residential Outside Water</u>	<u>Total Outside Water Accounts</u>
1999	6,901	520	7,421	3,027	110	3,137
2000	6,977	528	7,505	3,047	110	3,157
2001	7,041	531	7,572	3,059	112	3,171
2002	7,079	535	7,614	3,065	115	3,180
2003	7,130	569	7,699	3,079	117	3,196
2004	7,272	588	7,860	3,084	121	3,205
2005	7,331	594	7,925	3,099	127	3,226
2006	7,448	628	8,076	3,101	138	3,239
2007	7,541	660	8,201	3,075	139	3,214
2008	7,569	669	8,238	3,039	146	3,185

<u>Year Ended December 31</u>	<u>Residential Inside Sewer</u>	<u>Non-Residential Inside Sewer</u>	<u>Total Inside Sewer Accounts</u>	<u>Residential Outside Sewer</u>	<u>Non-Residential Outside Sewer</u>	<u>Total Outside Sewer Accounts</u>
1999	7,268	496	7,764	888	20	908
2000	7,398	505	7,903	891	22	913
2001	7,508	518	8,026	897	22	919
2002	7,692	522	8,214	911	24	935
2003	7,867	551	8,418	917	24	941
2004	8,092	560	8,652	923	24	947
2005	8,268	561	8,829	925	25	950
2006	8,399	599	8,998	928	27	955
2007	8,668	616	9,284	930	29	959
2008	8,804	622	9,426	918	29	947

Source: City of North Augusta utility billing records

City of North Augusta, South Carolina
Ten Largest Water and Wastewater Customers
Current Year and Nine Years Ago
Unaudited

Water Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2008 Annual Consumption</u>		<u>1999 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
Breezy Hill Water & Sewer Authority	Water District Provider	1	256,711,600	1	140,772,000
City of North Augusta	Municipal Government	2	56,163,000	3	33,747,100
Halocarbon Chemicals, Inc.	Manufacturing	3	45,669,800	2	34,758,000
Surface Specialties, Inc.	Manufacturing	4	27,079,700	4	26,232,000
JARS at Breckenridge/Plaza Terrace	Apartments	5	14,159,800	8	7,960,000
Aiken County Schools	School District	6	9,282,800	5	10,866,800
Anne-Maria Medical Care	Nursing Home Facility	7	6,777,200		
Plaza Place Apartments, LLC	Apartments	8	6,765,000		
Gentry's Mobile Home Park	Mobile Home Park	9	6,664,300		
The Groves Apartments, LLC	Apartments	10	6,246,400	7	8,138,000
The Housing Authority	Apartments			6	8,693,000
North Augusta Garden Apartments	Apartments			9	7,222,500
Pinecrest Apartments	Apartments			10	7,153,500

Sewer Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2008 Annual Consumption</u>		<u>1999 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
Edgefield County Water & Sewer Authority	Sewer District Provider	1	507,176,000	1	338,275,000
Halocarbon Chemicals, Inc.	Manufacturing	2	45,669,800	2	34,758,000
Surface Specialties, Inc.	Manufacturing	3	15,107,700	3	12,823,400
City of North Augusta	Municipal Government	4	10,755,300		
JARS at Breckenridge	Apartments	5	10,268,900	10	5,868,982
Anne-Maria Medical Care	Nursing Home Facility	6	8,922,000		
Aiken County Schools	School District	7	7,380,300	4	10,808,200
The Groves Apartments, LLC	Apartments	8	6,652,200	6	7,543,500
Plaza Place Apartments, LLC	Apartments	9	6,287,000		
National Healthcare, Inc.	Assisted Living Facility	10	5,204,000		
The Housing Authority	Apartments			5	8,298,400
North Augusta Garden Apartments	Apartments			7	6,708,400
Plaza Terrace Apartments	Apartments			8	6,396,300
Pinecrest Apartments	Apartments			9	6,178,500

Note: Consumption is measured in gallons

Source: City of North Augusta utility billing records

City of North Augusta, South Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Year Ended December 31	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Primary Government	Population (Estimate)	Per Capita
	General Obligaton Bonds	Municipal Center Lease	Capital Leases	Revenue Bonds	Capital Leases			
1999	\$ -	\$ -	\$ 545,829	\$ 4,883,446	\$ 915,027	\$ 6,344,302	17,385	\$ 364.93
2000	0	0	492,996	4,632,317	693,945	5,819,258	17,574 (a)	331.13
2001	0	0	445,711	4,435,189	460,739	5,341,639	17,756	300.84
2002	0	0	593,323	7,567,326	310,439	8,471,088	17,992	470.83
2003	0	0	587,977	7,198,121	326,403	8,112,501	18,222	445.20
2004	0	0	592,581	6,809,958	607,291	8,009,830	18,502	432.92
2005	0	0	905,948	6,391,710	666,924	7,964,582	18,712	425.64
2006	4,716,068	0	824,963	5,953,406	787,175	12,281,612	18,992	646.67
2007	4,716,068	6,350,000	793,040	5,589,673	600,371	18,049,152	19,322	934.12
2008	4,491,068	6,073,647	796,742	5,174,433	506,460	17,042,350	19,866	857.87

(a) Actual Census population from United States Census Bureau

Source: Population estimates provided by the City of North Augusta Economic and Community Development Department

NOTE: The ratio of outstanding debt by type is expressed in per capita dollar amounts. Personal income figures are not available at the City level.

**City of North Augusta, South Carolina
 Computation of Direct and Overlapping Debt
 As of December 31, 2008
 Unaudited**

<u>Jurisdiction</u>	<u>Debt Outstanding @ December 31, 2008</u>	<u>Percent Applicable to City of North Augusta</u>	<u>Amount Applicable to City of North Augusta</u>
City of North Augusta *	\$ 11,361,457	100.00%	\$ 11,361,457
County of Aiken	29,201,000	13.32%	3,889,573
Aiken County School District	<u>38,715,000</u>	13.32%	<u>5,156,838</u>
Total	<u>\$ 79,277,457</u>		<u>\$ 20,407,868</u>

* Includes GOB, Municipal Center Lease and Capitalized Leases

Note: The percentage of the overlapping debt applicable to the City of North Augusta is estimated using taxable assessed property values. Applicable percentages were estimated by determining the percentage of the City's total taxable assessed value to Aiken County's total taxable assessed value.

Source: Aiken County and Aiken County School District

**City of North Augusta, South Carolina
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited**

	<u>Fiscal Year</u>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 3,867,865	\$ 3,983,888	\$ 4,064,622	\$ 4,194,964	\$ 4,253,619
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 3,867,865</u>	<u>\$ 3,983,888</u>	<u>\$ 4,064,622</u>	<u>\$ 4,194,964</u>	<u>\$ 4,253,619</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	<u>Fiscal Year</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 4,346,216	\$ 4,565,320	\$ 4,775,193	\$ 4,855,899	\$ 5,472,536
Total net debt applicable to limit *	<u>0</u>	<u>0</u>	<u>4,716,068</u>	<u>4,716,068</u>	<u>4,491,068</u>
Legal debt margin	<u>\$ 4,346,216</u>	<u>\$ 4,565,320</u>	<u>\$ 59,125</u>	<u>\$ 139,831</u>	<u>\$ 981,468</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	98.76%	97.12%	82.07%

* General Obligation Bonds

**City of North Augusta, South Carolina
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
Unaudited**

Year Ended December 31	Total Operating Revenue	Total Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage Ratio
				Revenue Bond Principal	Revenue Bond Interest	Total Debt Service	
1999	5,755,163	2,892,762	2,862,401	244,000	267,076	511,076	5.60
2000	5,696,627	3,361,310	2,335,317	320,000	254,854	574,854	4.06
2001	5,777,687	3,508,176	2,269,511	234,000	240,710	474,710	4.78
2002	6,125,276	3,678,366	2,446,910	241,000	312,040	553,040	4.42
2003	5,977,344	4,072,138	1,905,206	406,076	364,811	770,887	2.47
2004	6,677,953	3,919,906	2,758,047	425,034	345,440	770,474	3.58
2005	6,963,475	4,505,524	2,457,951	455,119	323,560	778,679	3.16
2006	6,977,744	4,924,535	2,053,209	475,175	300,330	775,505	2.65
2007	7,796,719	5,213,116	2,583,603	400,604	278,501	679,105	3.80
2008	7,940,478	5,403,826	2,536,652	452,111	258,724	710,835	3.57

NOTE: Revenue bond coverage requirements are defined in the City's Revenue Bond Ordinance by the City's Bond Counsel, Pope Zeigler, LLC, Attorneys and Counselors at Law, located in Columbia, South Carolina. Coverage is calculated by dividing the annual net revenue available for debt service by the average annual requirements for principal and interest on all debt outstanding and payable from revenues of the system. Annual net revenue available for debt service is defined as the total operating revenues (non-operating revenue or interest revenue is not included) less total operating expenses (depreciation or amortization is not included). The above presentation represents historical coverage and is based on actual principal and interest paid during each year as opposed to the average annual requirement for principal and interest on all debt outstanding at the conclusion of each respective year. Coverage would be significantly improved if calculated utilizing the average annual requirements for principal and interest on all outstanding debt rather than the actual principal and interest paid during the respective year.

County of Aiken, South Carolina (Note 1)
Economic Statistics
Last Ten Calendar Years (Note 2)
Unaudited

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> (thousands of dollars)	<u>Per Capita Personal</u> <u>Income</u>	<u>Unemployment Rate</u>
1997	138,080	\$2,991,583	\$21,666	6.0%
1998	139,358	\$3,197,897	\$22,947	4.6%
1999	141,379	\$3,312,297	\$23,428	4.9%
2000	142,780	\$3,546,350	\$24,838	4.3%
2001	143,412	\$3,797,751	\$26,481	5.0%
2002	144,732	\$3,882,982	\$26,829	5.1%
2003	145,971	\$3,951,799	\$27,072	5.2%
2004	147,633	\$4,117,401	\$27,889	5.7%
2005	148,700	\$4,311,410	\$28,994	5.8%
2006	150,220	\$4,493,405	\$29,912	5.4%

Source: South Carolina Employment Security Commission

Note 1 - All figures are for the County of Aiken, City of North Augusta statistics are not available

Note 2 - Personal Income, Per Capita Personal Income and Unemployment Rate figures are not available for years 2007 and 2008

The United States Census Bureau has recorded the population of the City of North Augusta and County of Aiken in the decennial years 1940 through 2000 as follows:

<u>Year</u>	<u>City of North Augusta</u>	<u>County of Aiken</u>
1940	2,629	49,916
1950	3,659	53,137
1960	10,348	81,038
1970	12,883	91,023
1980	13,593	105,625
1990	15,684	120,940
2000	17,574	142,780

**City of North Augusta, South Carolina
Principal Employers
Current Year and Nine Years Ago
Unaudited**

Employer	Location	Service or Product	2008		1999	
			Employees	Rank	Employees	Rank
Savannah River Site - see detail below (1)	Out	Materials for Nuclear Defense	10,477	1	13,854	1
Aiken County Public Schools	In / Out	School District	3,303	2	3,036	3
Kimberly-Clark Corp.	Out	Tissue Products	1,300	3	1,100	5
Aiken Regional Medical Center	Out	Hospital	976	4	800	6
Bridgestone-Firestone	Out	Car and Truck Tires	964	5	670	8
Aiken County Government	Out	County Government	910	6	775	7
Advanced Glassfiber Yarn	Out	Glass Fiber	747	7	1,230	4
Westinghouse Safety Management Solutions	Out	Engineering Consulting Firm	580	8	225	18
United Parcel Service	Out	International Customhouse Brokerage	579	9	*	*
Shaw Industries	Out	Carpet Yarns	536	10	565	9
Automatic Switch Co.	Out	Aluminum Valves	481	11	450	11
Harvey Hubbell	Out	High Voltage Insulators and Arrestors	415	12	276	15
City of Aiken	Out	Municipal Government	413	13	360	14
Glaxo Smith Kline	Out	Proprietary Drugs	400	14	250	16
TTX / Hamburg Industries, Inc.	In	Re-built Railway Cars	333	15	512	10
Newman Technology SC, Inc.	Out	Exhaust Systems and Parts	320	16	*	*
BAE Systems	Out	Machine Parts - Track Vehicles	285	17	231	17
Carlisle Tire & Wheel Company	Out	Rims and Tires for Riding Mowers	277	18	432	12
R.E. Phelon, Inc.	Out	Aluminum die casting	235	19	400	13
City of North Augusta	In	Municipal Government	210	**	174	**
Halocarbon Chemicals, Inc.	In	Industrial Chemicals	140	**	120	**
Surface Specialties, Inc.	In	Specialty Chemicals	123	**	276	**
Avondale Mills, Inc.	Out	Textiles	**	**	3,200	2

Source: Economic Development Partnership and Various Employers

Location: **In** city limits, **Out** of city limits

* not in business at this time

** information not available

Westinghouse Savannah River Company (1)	8,254
(includes 5 partner full service employees)	
Wackenhut	902
Temporary construction workers	661
Department of Energy	379
Savannah River Ecology lab	56
US Forestry Service	73
WSRC Subcontractors	124
Other Subcontractors	28
	10,477

Westinghouse Savannah River Company employees live in 7 counties in South Carolina and 2 in Georgia with less than 5% scattered in other areas.

County	# of workers	%
Aiken County, South Carolina	4,339	53%
Columbia County, Georgia	1,328	16%
Richmond County, Georgia	1,044	13%
Barnwell County, South Carolina	558	7%
Edgefield County, South Carolina	247	3%
Orangeburg County, South Carolina	115	1%
Bamberg County, South Carolina	127	2%
Lexington County, South Carolina	83	1%
Allendale County, South Carolina	69	1%
Other	344	4%
	8,254	100%

City of North Augusta, South Carolina
Full-time Budget Equivalent Employees by Fund / Function / Department
Last Ten Fiscal Years
Unaudited

Fund / Function / Department	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
General Government										
City Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Justice / Law	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance / IT	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Building Standards	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Economic & Community Development	3.0	3.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0
City Buildings	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety	65.0	65.0	65.0	66.0	65.0	65.0	65.0	67.0	68.0	69.0
Public Works										
Engineering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Streets & Drains	13.0	13.0	13.0	13.0	13.0	9.0	9.0	8.0	9.0	9.0
Parks, Recreation & Tourism										
Recreation	6.0	6.0	6.0	6.0	6.0	7.0	6.0	6.0	6.0	6.0
Parks	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Property Maintenance	0.0	0.0	0.0	0.0	0.0	4.0	9.0	11.0	12.0	13.0
Community Center	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
RVP Activities	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Sub-total	111.0	112.0	113.0	115.0	117.0	119.0	123.0	127.0	130.0	133.0
Stormwater Fund										
Stormwater	0.0	0.0	0.0	0.0	1.0	1.0	2.0	3.0	3.0	5.0
Sub-total	0.0	0.0	0.0	0.0	1.0	1.0	2.0	3.0	3.0	5.0
Sanitation Fund										
Public Works										
Sanitation	21.0	21.5	21.5	22.5	23.5	24.5	24.5	24.5	24.5	26.5
Material Recovery Center	6.0	5.5	6.5	5.5	6.5	7.5	7.5	7.5	7.5	7.5
Sub-total	27.0	27.0	28.0	28.0	30.0	32.0	32.0	32.0	32.0	34.0
Water & Wastewater Fund										
Public Utilities										
Utilities Finance	0.0	0.0	0.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Utilities Administration	12.0	13.0	12.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Water Operations	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0
Water Production	8.0	8.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0	8.0
Wastewater Operations	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Sub-total	37.0	38.0	37.0	37.0	37.0	38.0	37.0	37.0	39.0	39.0
TOTAL	175.0	177.0	178.0	180.0	185.0	190.0	194.0	199.0	204.0	211.0

Source: City of North Augusta Annual Budgets

City of North Augusta, South Carolina
Operating Indicators by Function / Program
Last Ten Fiscal Years
Unaudited

Function / Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Size of City (square miles)	18 024	18 485	18 491	18 555	19 480	19 493	19 560	19 753	20 050	20 670
Annexations approved by City Council	4	5	2	1	8	3	4	4	10	5
Building permits issued	599	498	550	642	761	629	724	726	845	799
Plumbing permits issued	365	458	454	541	506	560	458	612	654	496
Mechanical permits issued	256	298	292	348	366	441	396	405	471	432
Electrical permits issued	454	442	494	645	710	710	689	822	733	622
Business licenses issued	1,503	1,512	1,515	1,597	1,660	1,673	1,680	1,700	1,736	1,822
Police										
Total calls for service	41,098	45,017	49,153	46,781	48,740	50,716	52,137	54,167	51,071	47,189
Criminal arrests	1,034	1,069	1,371	1,443	1,444	1,583	1,449	1,476	1,861	1,833
Incident reports (police action required)	2,886	3,080	3,237	3,202	3,257	3,105	2,970	3,145	3,205	3,238
Accident reports (collisions)	916	979	924	940	1,046	1,059	1,113	1,166	1,127	1,069
Traffic offenses (resulting in fine)	6,137	6,107	6,124	6,251	6,446	6,385	6,695	6,913	6,884	5,858
Drug offenses	22	51	61	89	121	109	90	155	249	202
Burglaries reported	237	269	278	310	303	255	235	265	224	298
Fire										
Actual fire calls - Inside City	No data	158	123	129	126	135	123	116	146	133
Actual fire calls - Outside City	No data	41	31	42	30	39	35	44	33	34
Solid Waste										
Garbage Refuse Collected (tons) - Residential	8,541	9,894	9,546	9,876	10,591	10,292	9,526	9,470	9,246	9,544
Garbage Refuse Collected (tons) - Commercial	4,439	4,821	4,716	5,308	4,891	4,633	5,310	6,031	6,876	6,740
Recyclables Collected (tons)	1,225	1,916	1,718	1,506	1,647	1,712	1,509	1,423	1,583	2,119
Property Maintenance										
Tree trimming hours	No data	No data	No data	20	30	80	80	100	130	227
Mowing hours	No data	No data	No data	2,052	2,736	7,280	10,032	11,856	11,998	13,198
Planting hours	No data	No data	No data	720	1,080	2,880	3,648	4,303	4,330	5,412
Streets and Drains										
Pothole patching / asphalt tons	205	234	257	100	256	364	330	373	324	280
Curb, gutter & sidewalk repair / CY	66	320	135	357	72	134	185	159	181	192
Storm drain inlets cleaned	No data	No data	No data	No data	No data	No data	261	259	378	275
Street sweeping / miles	500	1,359	1,940	2,803	2,385	3,017	3,336	2,973	2,400	2,827
Parks and Recreation										
Baseball / Number of Players	624	643	663	586	686	677	868	825	781	782
Youth Softball / Number of Players	324	296	271	237	386	278	284	171	302	289
Spring Soccer / Number of Players	216	252	533	572	540	528	440	427	404	436
Youth Basketball / Number of Players	743	719	662	734	845	751	749	767	707	576
Youth Football / Number of Players	508	542	617	478	374	397	412	411	429	328
Youth Cheerleading / Number of Participants	297	321	399	308	237	234	222	185	188	128
Water										
New water services	114	106	150	146	189	119	211	178	133	57
Water lines installed / L.F	5,570	13,295	27,621	3,585	7,984	1,083	5,196	10,361	6,089	7,626
Water line leaks repaired	14	27	13	8	5	11	15	9	27	14
Average daily water pumped	4,179,000	4,111,000	3,863,000	4,236,000	3,553,000	3,917,000	3,696,000	4,444,000	4,608,000	4,226,000
Daily peak demand (gallons per day)	7,800,000	7,955,000	6,263,000	8,225,000	5,589,000	7,549,000	6,319,000	8,655,000	8,915,000	7,830,000
Peak day	8/13/1998	6/2/2000	6/8/2001	8/13/2002	6/25/2003	7/21/2004	9/17/2005	5/29/2006	8/15/2007	6/9/2008
Wastewater										
New sewer taps	137	148	203	245	272	227	256	238	268	94
Wastewater lines installed / L F	3,185	722	1,502	1,194	456	2452	525	292	2,052	1,922
Wastewater lines repaired	29	35	58	50	40	67	58	62	29	37
Wastewater lines cleaned / L F	10,270	38,297	18,930	16,103	13,931	27,377	34,990	44,970	56,895	77,402

Source City of North Augusta's Year-end Departmental Reports

City of North Augusta, South Carolina
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years
Unaudited

<u>Function / Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Public Safety Officers	48	48	48	49	48	48	48	50	51	52
Number of Volunteer Firemen	20	20	20	20	20	20	20	20	20	20
Insurance Rating (ISO)	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
Signalized Intersections	18	18	18	18	19	19	19	24	24	24
Number of fire hydrants										
Inside city	683	685	685	691	706	711	716	742	774	778
Outside City	142	142	144	144	144	146	148	148	148	149
Public Works										
Miles of Streets	122.20	123.09	123.09	123.76	126.23	128.64	129.61	131.16	135.88	135.88
Street lights	1,493	1,502	1,502	1,502	1,535	1,535	1,535	1,641	1,668	1,718
Parks, Recreation & Tourism										
Number of Parks	8	9	10	18	18	18	18	19	20	22
Park Acreage	270	280	294	313	313	313	313	463	463	550
Miles of Paved Greenway	6.3	7.4	7.9	8.8	8.8	8.8	9.5	9.5	11.0	12.5
Number of Picnic Shelters	2	2	2	3	3	4	4	4	4	8
Baseball / softball diamonds	9	9	9	9	9	9	9	9	9	9
Football / Lions Field	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	3	3	3	3	3	6	6	6	6
Tennis Courts	9	9	9	9	9	9	9	9	9	9
Multi-purpose fields	1	1	1	1	3	3	3	3	3	3
Skate Park	0	0	0	0	0	1	1	0	0	0
Community Center	1	1	1	1	1	1	1	1	1	1
Activities Center	1	1	1	1	1	1	1	1	1	1
Water										
Miles of water mains	158.8	165.13	165.13	165.60	166.74	167.13	167.29	169.12	170.78	189.85
Maximum pumping capacity (gallons per day)	8,000,000	8,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Sewer										
Miles of sanitary sewer	212.60	213.51	213.51	214.18	217.36	218.51	219.64	221.00	225.90	226.09
Stormwater										
Miles of storm sewer	29.55	30.35	30.35	31.06	32.71	33.48	34.33	35.69	43.18	56.80

Source: City of North Augusta's Year-end Departmental Reports

**City of North Augusta, South Carolina
Enterprise Funds Rates and Charges
Rates / Charges in effect December 31, 2008
Unaudited**

Water Rate in effect December 31, 2008

Meter Size	Minimum Usage	Base Rates / Inside City Limits			Base Rates / Outside City Limits		
		Debt Service	O & M	Total	Debt Service	O & M	Total
5/8 and 3/4 Inch	3,000 gallons	\$3.90	\$7.35	\$11.25	\$5.85	\$16.65	\$22.50
1 Inch	6,000 gallons	3.90	12.06	15.96	5.85	26.07	31.92
1 1/2 Inch	9,000 gallons	3.90	16.37	20.27	5.85	34.69	40.54
2 Inch	15,000 gallons	3.90	25.39	29.29	5.85	52.73	58.58
3 Inch	24,000 gallons	3.90	38.91	42.81	5.85	79.77	85.62
4 Inch	30,000 gallons	3.90	47.93	51.83	5.85	97.81	103.66
6 Inch	90,000 gallons	3.90	138.10	142.00	5.85	278.15	284.00

Volume of Consumption	Volume Rates / Inside City Limits			Volume Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
Next 10,000 gallons	\$0.15	\$1.00	\$1.15	\$0.30	\$2.00	\$2.30
Next 27,000 gallons	0.15	0.95	1.10	0.30	1.90	2.20
Next 160,000 gallons	0.15	0.90	1.05	0.30	1.80	2.10
All Additional Usage	0.15	0.80	0.95	0.30	1.60	1.90

Sewer Rate in effect December 31, 2008

Base Rates	Base Rates / Inside City Limits			Base Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
	\$2.53	\$7.69	\$10.22	\$5.06	\$7.69	\$12.75

Volume of Consumption	Volume Rates / Inside City Limits			Volume Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
Rates for first 2,000,000 gallons/month	\$0.62	\$1.86	\$2.48	\$1.24	\$1.86	\$3.10
All Additional Usage	0.59	1.42	2.01	0.59	1.42	2.01

Sanitation Service Charges in effect December 31, 2008

	<u>Inside City</u>	<u>Outside City</u>	<u>Recycling</u>
Residential (monthly)	\$15.00	\$22.50	\$3.00

	Base Fee		Volume Charge (per cubic yard)		Recycling
	<u>In and Out City</u>		<u>Inside City</u>	<u>Outside City</u>	
Commercial (monthly)					
2 cubic yard container	\$45.50		\$2.04	\$3.06	\$3.00
3 cubic yard container	47.78		2.04	3.06	3.00
4 cubic yard container	50.04		2.04	3.06	3.00
6 cubic yard container	55.05		2.04	3.06	3.00
8 cubic yard container	60.55		2.04	3.06	3.00

Stormwater Management Service Charges in effect December 31, 2008

Residential Charge (inside City only)	\$4.00 per month
Multi-family Charge (Inside City only)	\$3.00 per month per unit
Non-residential (inside City only)	Each non-residential developed property is classified and charged according to its primary developed use

**City of North Augusta, South Carolina
Enterprise Funds History of Rates and Charges
Through December 31, 2008
Unaudited**

History of Water Rate Changes (past 10 years)

- 1/1/2007 O & M Minimum Base Rate increased by \$1.75 per month inside city limits and \$3.50 per month outside city limits
O & M Volume Rate increased by \$.05 per 1,000 gallons inside city limits and \$.10 per 1,000 gallons outside city limits
- 1/1/2004 O & M Minimum Base Rate increased by \$1.30 per month inside city limits and \$2.60 per month outside city limits
O & M Volume Rate increased by \$.02 per 1,000 gallons inside city limits and \$.04 per 1,000 gallons outside city limits

History of Sewer Rate Changes (past 10 years)

- 7/1/2008 O & M Volume Rate increased by \$.16 per 1,000 gallons inside and outside city limits (PSA)
- 7/1/2006 O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits (PSA)
- 7/1/2005 O & M Volume Rate increased by \$.05 per 1,000 gallons inside and outside city limits (PSA)
- 1/1/2004 O & M Minimum Base Rate increased by \$1.50 per month inside and outside city limits
O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits
- 7/1/2003 O & M Volume Rate increased by \$.05 per 1,000 gallons inside and outside city limits (PSA)
- 10/1/2001 O & M Volume Rate increased by \$.05 per 1,000 gallons inside and outside city limits (PSA)

History of Sanitation and Recycling Charge Changes (past 10 years)

- 1/1/2007 Recycling Service Charge increased by \$.75 inside and outside city limits
- 1/1/2006 Residential Service Charge increased by \$1.70 inside city limits and \$2.55 outside city limits
Commercial Rates increased by 12%
- 1/1/2004 Residential Service Charge increased by \$1.40 inside city limits and \$2.10 outside city limits
Commercial Rates increased by 12%
- 1/1/2000 Residential Service Charge increased by \$1.95 inside city limits and \$2.92 outside city limits
Commercial Rates increased by 20%

Stormwater Management Service Charge Changes (past 10 years)

- 7/1/2002 Stormwater Management Fee Implemented as follows
- | | |
|--|--|
| Residential Charge (inside City only) | \$4.00 per month per unit |
| Multi-family Charge (Inside City only) | \$3.00 per month per unit |
| Non-residential (inside City only) | Each non-residential developed property is classified and charged according to its primary developed use |

North
Augusta 
South Carolina's Riverfront

