



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

Year Ended December 31, 2011

CITY OF NORTH AUGUSTA

SOUTH CAROLINA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2011



Prepared by  
Department of Finance

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Director of Finance

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2011

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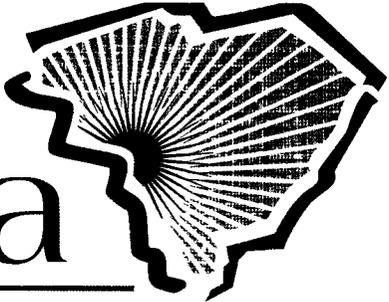
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North  
Augusta   

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*South Carolina's Riverfront*

# 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 bank 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 21,000.

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 is the City's new 70,000 square foot Municipal Center. The Municipal Center, opened in June 2009, is the new home for the City's administrative offices as well as the North Augusta Arts and Heritage Center.

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 2012.

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 ten 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 capital, 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 2010 as follows. The population for 2011 are estimates of the City of North Augusta Planning and Economic Development Department.

<u>Year</u>	<u>City of North Augusta</u>	<u>Aiken County</u>
1930	2,003	47,403
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
2010	21,348	160,099
2011	21,766	162,068

## 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, wastewater, stormwater management and garbage collection to residents of the City. The City also provides water, wastewater, 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 wastewater service to certain customers within their service areas. The City Council sets rates and service charges for these services. See Tables XXII and XXIII on pages 145 and 146 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, a new twenty-four MGD raw water intake 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.

The City is currently constructing a new 1,000,000 gallon elevated storage tank and a related expansion of the distribution system. This system expansion will create a third service level and allow the City to supply water to areas north of I-20 that are within its water service boundary. This system will be supplied from the “Powerhouse” booster station.

### 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 225 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 wastewater and storm sewers in its wastewater system. The wastewater 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 wastewater 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, 2011

	Present Allocation	Present Use
City of North Augusta	4.844 MGD	3.94545 MGD
City of Aiken	4.413 MGD	4.07007 MGD
Aiken County	5.320 MGD	0.00000 MGD
Cytec Industries, Inc.	.900 MGD	0.04160 MGD
Bath	.070 MGD	0.04304 MGD
Breezy Hill	.237 MGD	0.16848 MGD
Beech Island W & S	.060 MGD	0.00000 MGD
Clearwater	.000 MGD	0.03920 MGD
Graniteville Village	.000 MGD	0.10556 MGD
Langley	.060 MGD	0.03898 MGD
VPSA	.167 MGD	0.08503 MGD
PACTIV	.050 MGD	0.01382 MGD
Kimberly Clark	.150 MGD	0.17892 MGD
Unallocated	<u>3.729 MGD</u>	<u>0.00000 MGD</u>
TOTAL	<u>20.000 MGD</u>	<u>8.73015 MGD</u>

## 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 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 “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 at a cost of approximately \$43,000,000. Phase 2 extends another 6 miles to the north, from US 1 to Interstate 20 at US 25. Construction of Phase 2 began in late 2006. Additional funding made available in 2007 for improvements to the US 25 and Interstate 20 interchange area increased the scope of the project. The Palmetto Parkway was completed and opened to traffic in December 2009. The total cost of the Palmetto Parkway, including the Georgia DOT share of the Savannah River Bridge, was approximately \$247 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 Carriers, Atlantic Southeast Airlines and Regional Elite. Major renovations to the airport terminal, including state of the art technology, were completed in 2007. In 2011, 541,843 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 to the Augusta metropolitan area is provided by Norfolk Southern Railway and CSX Transportation.

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 XVIII on page 141.

North  
Augusta   

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*South Carolina's Riverfront*

May 23, 2012

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, 2011. The report contains a comprehensive analysis of the City's financial position and activities for the fiscal year ended December 31, 2011 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, 2011, 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
- Animal Control

Planning and Economic Development:

- Comprehensive Planning Services
- Development Regulations
- Development Review
- Zoning Administration
- Codes Enforcement
- Subdivision Services
- Business Development

Public Works:

- Engineering Services
- Sanitation and Recycling Services
- Equipment Maintenance
- Stormwater Management
- Building Standards
- Facilities Management

Public Utilities:

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

## **ECONOMIC CONDITION AND OUTLOOK**

In spite of the national recession from 2008 through 2011 the overall economy of the greater North Augusta area is strong and getting stronger. The economic downturn has affected the Central Savannah River Area and North Augusta 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 continued at a slower pace. Additionally, the continued lower level of commercial activity was reflected in sales tax and business license revenue for a fifth year.

Preliminary results of the 2010 census show that the City grew from a population of 17,574 in 2000 to 21,348 in 2010, a total increase of 21.5% and an average annual increase of 1.96%. In the same period Aiken County grew 12.3%. The number of housing units in the City increased 23% from 7,923 to 9,745 between 2000 and 2010. Based on approved residential development in the City the growth rate should continue at a similar rate when normal building activity resumes.

The employment level at the Savannah River Site increased with American Recovery and Reinvestment Act (ARRA) spending has leveled off and will decline based on projections for Department of Energy appropriations. 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. Bridgestone Tires recently announced they were investing \$1.2 billion into a new tire manufacturing plant at its Aiken County facility and creating 850 skilled jobs. Owen's Corning also has announced they were expanding their glass-fiber mat production. The investment is \$36 million and an additional 24 skilled jobs.

The Local Hospitality and Accommodations taxes levied by the City initially in 1998 continued as an excellent revenue stream in 2011. In the November 2000 election, Aiken County voters approved a One-Cent Capital Projects Sales Tax. The tax went into effect May 1, 2001. On the same day the City reduced the Local Hospitality Tax from two-cents to one-cent. The reduction in the Local Hospitality Tax revenues was more than offset by the \$7,523,000 the City received from the One-Cent Capital Projects Sales Tax. A vote on the continuation of the Aiken County One-Cent 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. A third round of the Aiken County One-Cent Capital Projects Sales Tax was passed in November 2010 ballot. Preliminary estimates are that the Phase III tax will generate approximately \$23,600,000 for the City over seven years beginning in 2012.

The North Augusta Riverfront and Downtown redevelopment efforts are continuing to move forward steadily. 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, presently underway and estimated to cost \$2,800,000 was initiated in 2007 in several phases. Six side streets between Georgia Avenue and West Avenue have been completed. West Avenue is scheduled to be completed in 2012. Construction of a new Municipal Center, costing approximately \$22,000,000 and located in the lower downtown area, was completed in July

2009. The Municipal Center houses the administrative offices of the City and provides the space for the Arts and Heritage Center as well as rental space for special events. The new \$4 million Center Street connects Georgia Avenue with the Riverfront and provides access to the Municipal Center. It was opened to traffic in 2009 and fully completed in 2010.

The City's efforts to redevelop vacant property on the Savannah River made considerable progress in 2011. 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 agreements to purchase the majority of the land and develop the land under a public-private partnership. The developer has purchased approximately ninety-nine acres to date from the City to develop a traditional neighborhood development project on the riverfront. Once completed, the project will include 930 new homes, 50,000 square feet of office and retail space, passive parks, and a major special event venue and park on the Savannah River. Approximately 115 homes and four commercial buildings have been constructed to date. Center Street provides a second access to the riverfront redevelopment area. The commercial phase of Hammond's Ferry, located on both sides of Center Street is scheduled to commence in 2012.

Building activity in other approved developments continues, albeit at a slower rate due to the economy. Subdivision infrastructure and single-family construction in Walnut Grove, Butler's Mill, Andrew's Branch, Arbor Place, the Summit and Bergen Place are complete. Residential building in Bergen West, Wando Woodlands, Woodstone, Whatley Place and Knollwood continues and is expected to increase to previous levels over the next year.

The City has also approved two large planned developments on the north side of Interstate 20. Sweetwater Junction is a 277.5± acre planned development located on the east side of US 25 approximately one mile north of I-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. These projects were postponed in 2009 due to the economy but indications are that they may proceed in 2012 and 2013. SRP Federal Credit Union has occupied its new 130,000 square foot headquarters facility and branch office on US 25 at Walnut Lane. The 2010 completion of the improvements to the interchange at Interstate 20 and US 25 and the 2012 reconstruction of the Walnut Lane and US 25 intersection will facilitate the Sweetwater and SRP developments.

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, 6 miles from US 1 to Interstate 20 east of US 25, was completed in December 2009. The total cost of the Palmetto Parkway was approximately \$247 million.

In summary, the economic outlook for the City of North Augusta offers a great deal of promise.

## 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.

**Relevant Financial Policies.** The City's financial policies adopted by City Council in 1987 require that the General Fund unreserved fund balance at the end of each fiscal year be transferred to the Capital Projects Fund in the following fiscal year. These funds are used for one-time capital expenditures, thereby reducing the need to incur additional debt for capital expenditures/facilities. The unreserved fund balance in the General Fund at December 31, 2010 of \$377,001 was transferred to the Capital Projects Fund on May 19, 2011. The unreserved fund balance in the General Fund at December 31, 2011 of \$552,827 will be transferred to the Capital Projects Fund May of 2012.

**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, 2011 was invested in the South Carolina Local Government Investment Pool, collateralized deposits, and repurchase agreements. The average yield on investments during 2011 was .42% which is in line with 2010 but significantly less than in previous years. It is anticipated that the investment yield will stabilize somewhat before increasing slightly in the future. 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 provides additional information regarding employee and employer contribution rates and employer contributions for the last three fiscal years.

**Debt Administration.** As of December 31, 2011, the City of North Augusta has one active Revenue Bond Issues, dated 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, 2010. This was the twenty-ninth 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.

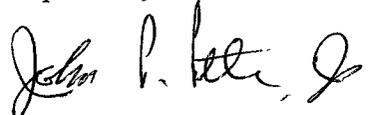
While we recognize that the contents of the financial statements contained herein are the City's, it would be inappropriate not to mention the assistance of our independent auditors in the preparation of these statements.

Respectfully submitted,



B. Todd Glover  
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, 2010

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



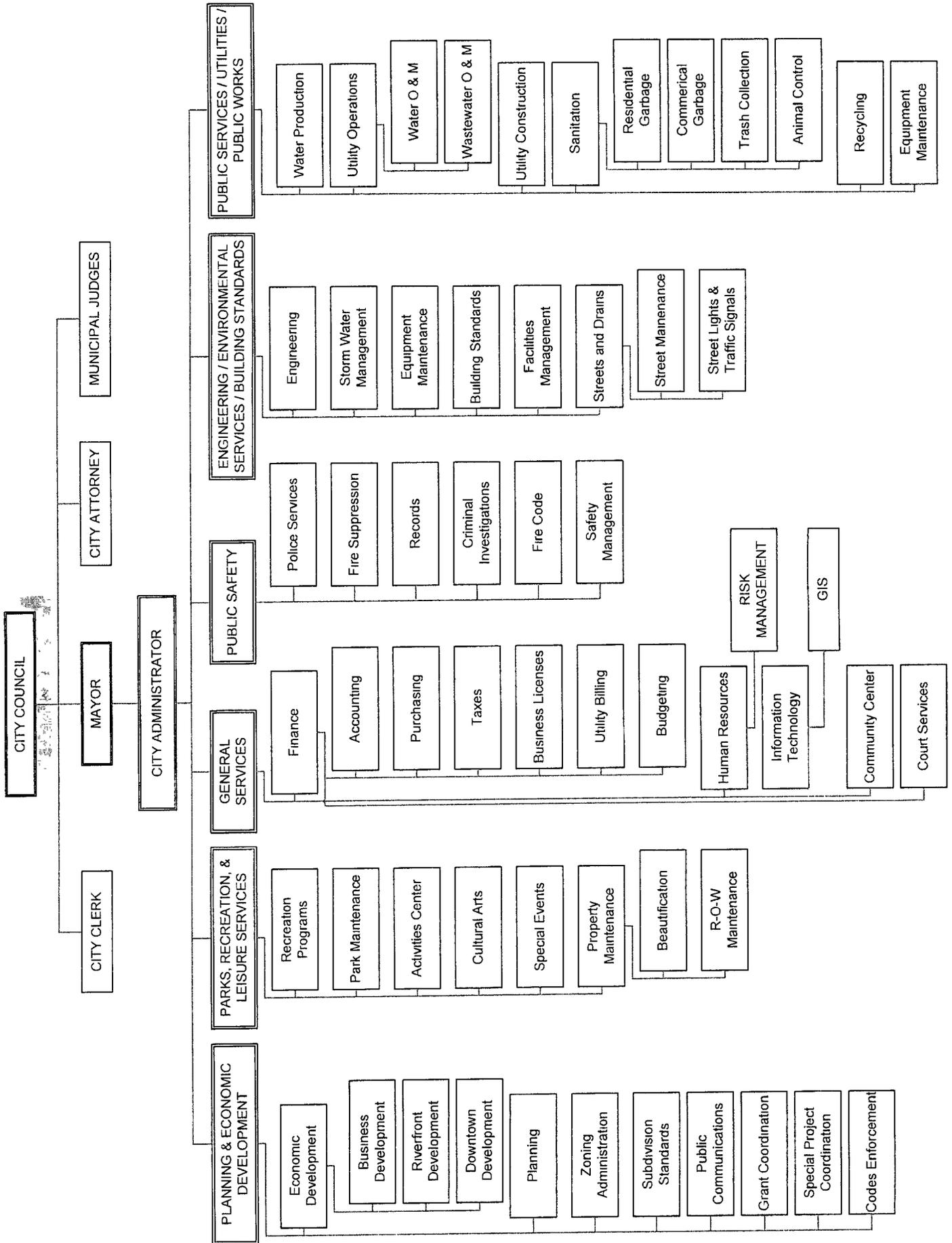
*Linda C. Davidson*

President

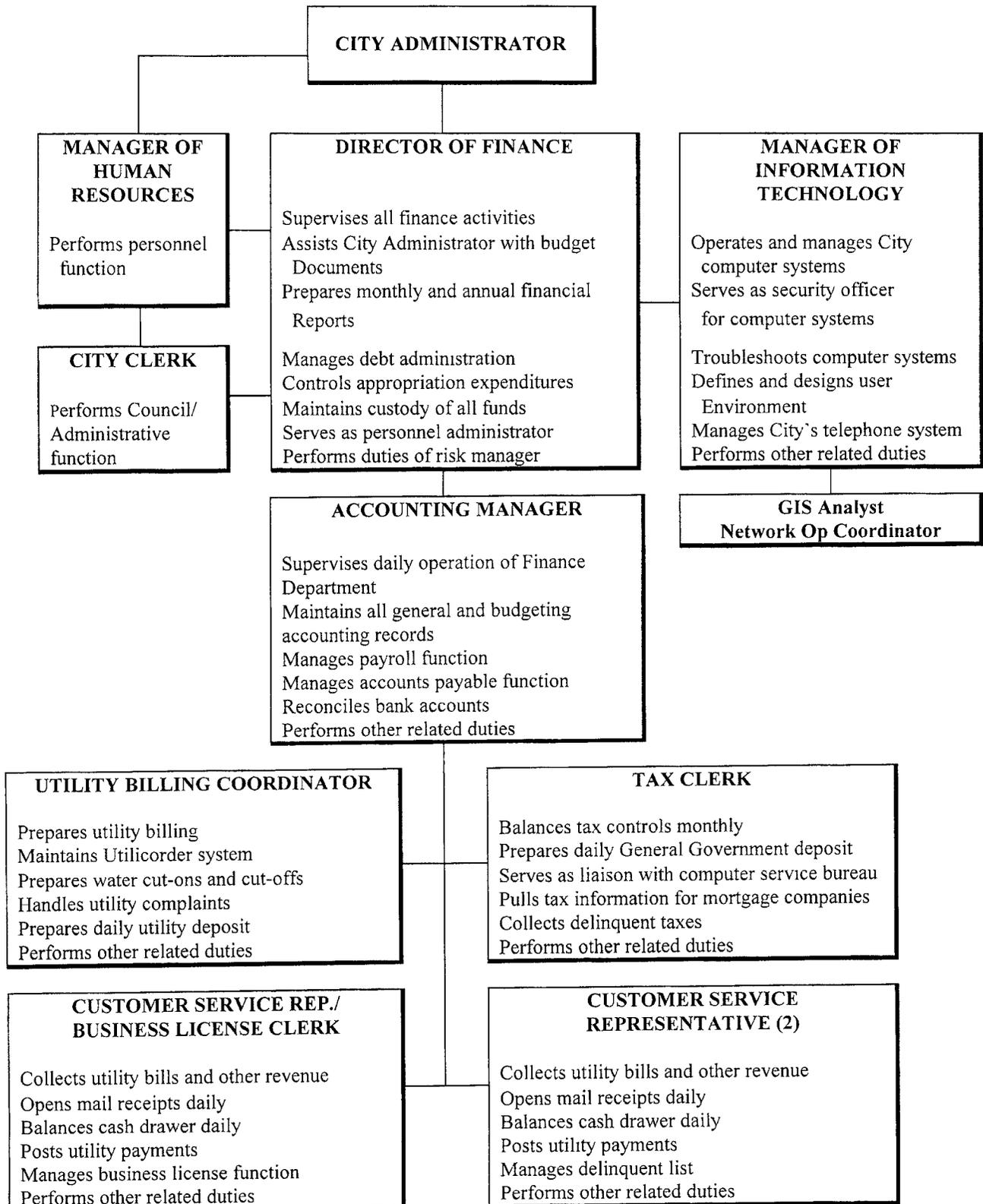
*Jeffrey R. Emer*

Executive Director

# CITY OF NORTH AUGUSTA ORGANIZATION CHART - 2011



**FINANCE DEPARTMENT  
ORGANIZATIONAL CHART - 2011**



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 5-15)

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

Kenneth J. McDowell, Councilman  
(11-98 to 5-15)

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 5-15)

*CITY ADMINISTRATOR*

B. Todd Glover

*CITY CLERK*

Donna B. Young

*DEPARTMENT DIRECTORS*

Richard L. Meyer, Interim Director of Parks, Recreation & Leisure Services

John P. Potter, Jr., Director of Finance

Scott L. Sterling, Interim Director of Planning & Economic Development

James E. Sutton, Deputy Director of Public Services

John C. Thomas, Director of Public Safety

Thomas C. Zeaser, Director of Engineering & Public Works

North  
Augusta   

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*South Carolina's Riverfront*

# FINANCIAL SECTION



Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government Accounting Standards Board*, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, schedule of expenditures of federal awards 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 capital projects and special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.

Augusta, Georgia  
May 23, 2012

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2011. 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 \$126,582,546 (*net assets*). Of this amount, \$14,724,303 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 \$5,626,705 for the year ended December 31, 2011. The governmental activities contributed \$4,113,455 and the business-type activities contributed \$1,513,250 of the net change in net assets.

At the close of the fiscal year ended December 31, 2011, the City's governmental funds reported combined ending fund balances of \$16,081,838, an increase of \$492,782 from the prior year.

At the close of the fiscal year ended December 31, 2011, the fund balance in the General Fund was \$770,152. Per the City's financial policies the portion of fund balance committed for capital projects in the amount of \$552,827 will be transferred to the Capital Projects Fund in 2012.

The City's \$22,000,000 Municipal Center, opened in June of 2009, continues to be a main focal point and attraction of the community as well as the CSRA. Capital Projects Sales Tax 2, approved by referendum in November of 2004 for implementation in 2007 is now in full swing. Land for a second regional park, known as Northview Park, has been purchased, the Municipal Center has been completed, street resurfacing and intersection improvements are underway, and the Community Center renovations have been completed. Major improvements to Riverview Park, the City's main outdoor recreational facility, were initiated in 2011 with a completion date in the spring of 2012. Additionally, design of the City's 3<sup>rd</sup> fire sub-station will begin in 2012 with construction immediately following design approval.

The City's total long-term debt, excluding compensated absences and unearned revenue, decreased from \$15,095,815 to \$12,513,417 or \$2,582,398 during 2011, due primarily to the pay-off the 1998 Revenue Bond.

### 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 the 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 water and wastewater 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 ten 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 and the Capital Projects Fund, which also meet the criteria for a major fund. Information from the other seven governmental funds (four Capital Projects Funds and three Special Revenue 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 78-81 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 wastewater, 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.

With the exception of the Savannah Bluff Lock and Dam Fund, 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 25-48 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.

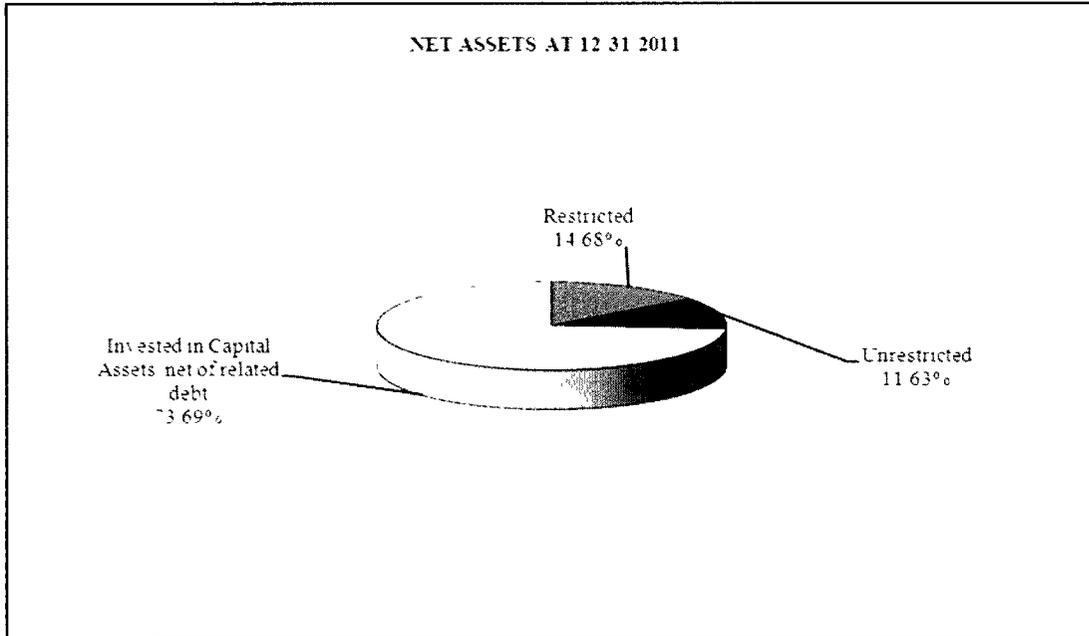
**Government-Wide Financial Analysis**

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 \$126,582,546 at the close of the most recent fiscal year.

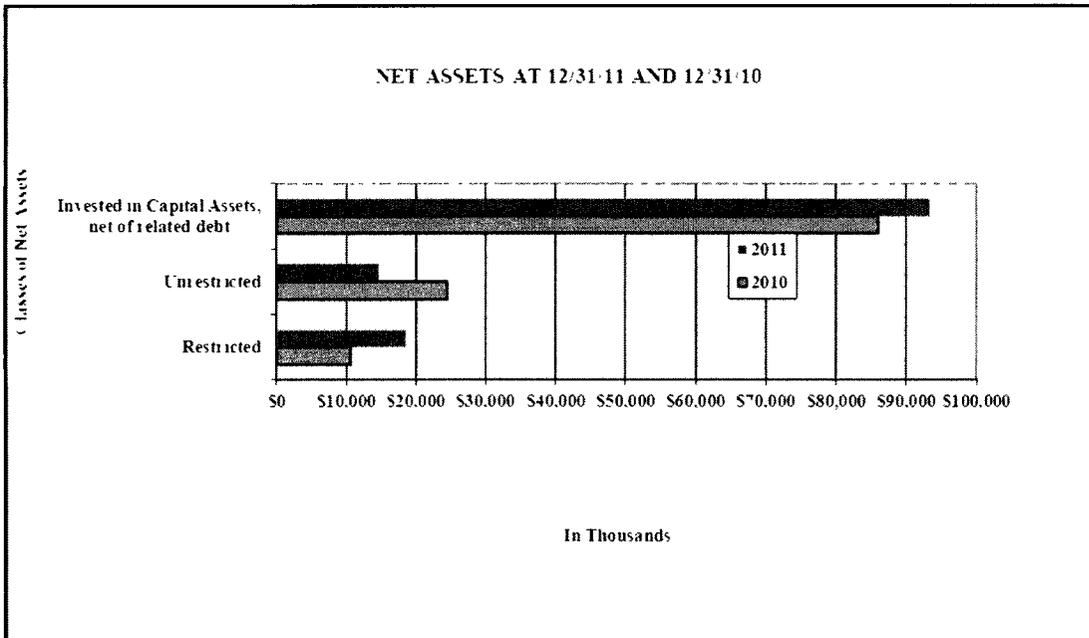
By far, the largest portion of the City’s net assets (\$93,276,970, or 73.69%) reflects its investment in capital assets (e.g., land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, PSA capital, 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	
	2010	2011	2010	2011	2010	2011
<b>Assets:</b>						
Cash/Investments-Unrestricted	\$16,061,977	\$7,871,429	\$10,142,626	\$8,021,352	\$26,204,603	\$15,892,781
Other Current Assets	222,095	274,439	1,521,886	1,538,021	1,743,981	1,812,460
Cash/Investments-Restricted	169,611	9,367,422	10,045,677	9,982,116	10,215,288	19,349,538
Capital assets, net of accumulated depreciation	54,814,777	58,112,793	46,247,988	47,677,594	101,062,765	105,790,387
Service rights, net of accumulated depreciation	-	-	43,501	41,001	43,501	41,001
Deferred charges, net of accumulated depreciation	-	-	50,722	14,255	50,722	14,255
<b>TOTAL ASSETS</b>	<b>\$71,268,460</b>	<b>\$75,626,083</b>	<b>\$68,052,400</b>	<b>\$67,274,339</b>	<b>\$139,320,860</b>	<b>\$142,900,422</b>
<b>Liabilities:</b>						
Current liabilities	\$847,725	\$1,392,452	\$1,258,839	\$1,251,918	\$2,106,564	\$2,644,370
Noncurrent liabilities	10,606,167	10,305,608	5,652,288	3,367,898	16,258,455	13,673,506
<b>TOTAL LIABILITIES</b>	<b>\$11,453,892</b>	<b>\$11,698,060</b>	<b>\$6,911,127</b>	<b>\$4,619,816</b>	<b>\$18,365,019</b>	<b>\$16,317,876</b>
<b>Net Assets:</b>						
Net invested in capital assets	\$44,780,462	\$48,387,572	\$41,186,486	\$44,889,398	\$85,966,948	\$93,276,970
Restricted	5,461	9,158,402	10,537,438	9,422,871	10,542,899	18,581,273
Unrestricted	15,028,645	6,382,049	9,417,349	8,342,254	24,445,994	14,724,303
<b>TOTAL NET ASSETS</b>	<b>\$59,814,568</b>	<b>\$63,928,023</b>	<b>\$61,141,273</b>	<b>\$62,654,523</b>	<b>\$120,955,841</b>	<b>\$126,582,546</b>

An additional portion of the City’s net assets (\$18,581,273 or 14.68%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,724,303 or 11.63%) 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.



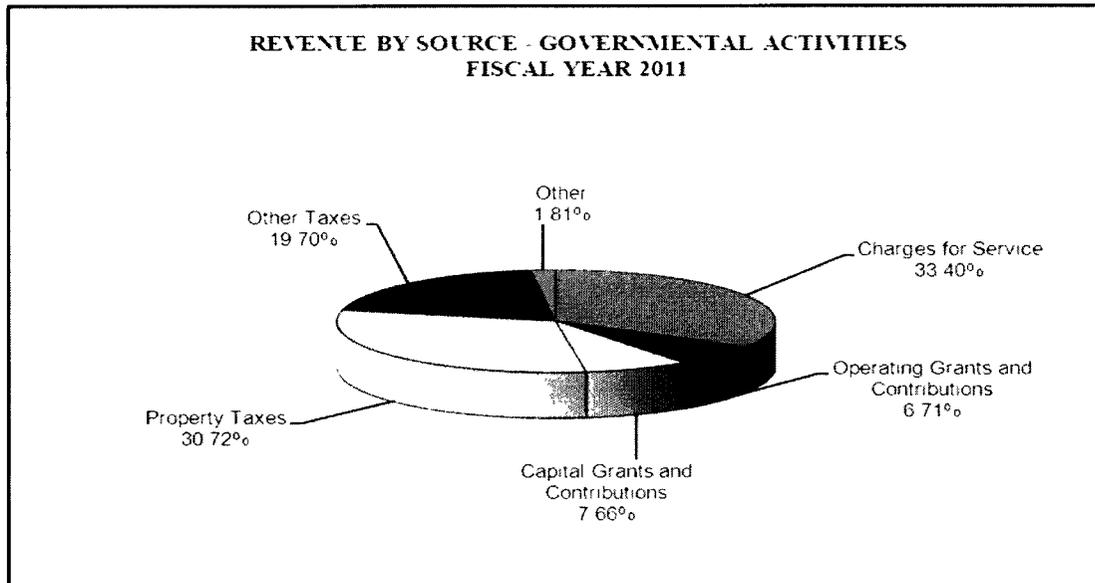
## Governmental Activities

Governmental activities increased the City's net assets by \$4,113,455, thereby accounting for 73.11% 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	
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$6,579,595	\$6,842,614	\$12,096,732	\$12,423,612	\$18,676,327	\$19,266,226
Operating grants and contributions	893,625	1,375,032	-	-	893,625	1,375,032
Capital grants and contributions	489,270	1,569,830	511,472	245,500	1,000,742	1,815,330
General revenues:						
Property taxes	6,142,064	6,294,172	-	-	6,142,064	6,294,172
Other taxes	3,909,444	4,034,812	-	-	3,909,444	4,034,812
Other	631,942	369,595	326,907	335,054	958,849	704,649
<b>TOTAL REVENUES</b>	<b>\$18,645,940</b>	<b>\$20,486,055</b>	<b>\$12,935,111</b>	<b>\$13,004,166</b>	<b>\$31,581,051</b>	<b>\$33,490,221</b>
<b>Expenses:</b>						
General government	\$3,798,574	\$3,416,002	-	-	\$3,798,574	\$3,416,002
Public safety	5,898,849	6,546,364	-	-	5,898,849	6,546,364
Public works	1,796,722	2,796,708	-	-	1,796,722	2,796,708
Recreation and parks	3,994,496	3,792,045	-	-	3,994,496	3,792,045
Interest and bank fees	380,060	358,055	-	-	380,060	358,055
Water and sewer	-	-	\$6,994,927	\$7,220,770	6,994,927	7,220,770
Sanitation	-	-	3,054,296	3,168,553	3,054,296	3,168,553
Stormwater	-	-	519,481	542,919	519,481	542,919
Savannah Bluff Lock and Dam	-	-	23,275	22,000	23,275	22,000
<b>TOTAL EXPENSES</b>	<b>\$15,868,701</b>	<b>\$16,909,174</b>	<b>\$10,591,979</b>	<b>\$10,954,242</b>	<b>\$26,460,680</b>	<b>\$27,863,416</b>
Increase in net assets before transfers	\$2,777,239	\$3,576,881	\$2,343,132	\$2,049,924	\$5,120,371	\$5,626,805
Transfers	559,153	536,574	(559,153)	(536,574)	-	-
Increase in net assets	3,336,392	4,113,455	1,783,979	1,513,350	5,120,371	5,626,805
Net assets - Beginning of year	56,478,176	59,814,568	59,357,294	61,141,273	115,835,470	120,955,841
Net assets - End of year	\$59,814,568	\$63,928,023	\$61,141,273	\$62,654,623	\$120,955,841	\$126,582,646

Governmental activities revenues increased from \$18,645,940 to \$20,486,055 in 2011. Charges for services (\$6,842,614) include business license revenues, franchise fees, construction permits and public safety fines and represent 33.40% of total governmental revenues. These revenues are predominantly elastic in nature and vary with economic trends and are evidence of a slowly recovering economy, increasing by 4.00% in 2011. During 2011 operating grants and contributions increased by \$481,407 while capital grants and contributions increased by \$1,080,560. Property taxes increased by \$152,108 or 2.48% during the year. Other taxes consisting of the One-cent Capital Projects Sales Tax II and the City's Local Hospitality and

Accommodations Tax increased by \$125,368. Other revenue including investment income decreased by \$262,347 from 2010.



In 2011, governmental activities expenditures increased by \$1,040,473 from \$15,868,701 to \$16,909,174. Rising fuel cost, increases in the cost of health insurance for employees, funding a Police SWAT unit, additional street resurfacing cost, and providing a one week special pay initiative for all employees accounted for most of this increase in operating expenditures. General government expenditures decreased by \$382,572 or 10.07%, primarily due to changes in personnel. Expenditures in public safety for 2011 increased by \$647,515 from \$5,898,849 to \$6,546,364 or 10.98%, primarily due to rising fuel cost, an increase health insurance cost and the purchase of additional police vehicles and equipment. Public works expenditures increased by \$999,986 or 55.66% from \$1,796,722 to \$2,796,708 in 2011, primarily due to an increase in road resurfacing, rising fuel cost, and increasing health insurance cost. Expenditures in recreation and parks decreased by \$202,451 or 5.07% in 2011, primarily due to the completion of primary phases of park improvement projects in 2010.

### Business-type Activities

The City operates four enterprises that comprise its business-type activities. The Water and Wastewater 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. Funding for the escrow account was completed in 2009.

Business-type activities increased the City's net assets by \$1,513,250, accounting for 26.89% of the total growth in net assets. Charges for services increased by \$326,880 or 2.70%, from \$12,096,732 in 2010 to \$12,423,612 in 2011. This increase is attributed to a full year's effect of a sewer rate increase from the Aiken County Public Service Authority (ACPSA) on July 1, 2010. Water sales in the Water and Wastewater Fund increased slightly by \$17,551 from \$3,428,675 in 2010 to \$3,446,226 in 2011 while wastewater charges increased by \$294,149 from \$4,569,201 in 2010 to \$4,863,350 in 2011 due to a rate increase from the ACPSA. Recyclables sales in the Sanitation Services Fund increased by \$45,269 from \$426,761 in 2010 to \$472,030 in 2011. Charges for services in the Stormwater Utility Fund remained relatively constant from 2010.

Expenses for the Water and Wastewater System increased from \$7,008,383 in 2010 to \$7,220,770 in 2011 or \$212,387 (3.03%). The modest increase is due to rising fuel cost, an increase in employee health insurance cost, and higher electricity and gas charges.

In 2011 the expenses for the Sanitation Services Fund increased by \$136,123 or 4.40% (from \$3,082,092 to \$3,223,215). This increase is attributed to rising fuel cost, an increase in employee health insurance cost and normal operating increases.

The expenses in the Stormwater Utility Fund increased by \$23,438 or 4.51% (from \$519,481 in 2010 to \$542,919 in 2011). This increase is attributed to rising fuel cost, an increase in employee health insurance cost and normal operating increases.

A total of \$22,000 was expended from the Savannah Bluff Lock and Dam Fund. This expense for consulting services was intended to gain the necessary Congressional approvals to expedite the funding for the improvements to the lock and dam.

## **General Fund**

The General Fund is the primary operating fund of the City. The fund balance of the General Fund at December 31, 2011 was \$700,152. Per the City's financial policies, the portion of this fund balance committed for capital projects in the amount of \$552,827 will be transferred to the Capital Projects Fund in 2012. The General Fund had an increase in fund balance from 2010 of \$171,364. We believe this increase in fund balance in the General Fund reflects an improving economy.

## **General Fund Budgetary Highlights**

For the fiscal year 2011 the City adopted a balanced budget in the General Fund. The General Fund budgeted revenues amounted to \$13,084,325 including operating transfers in of \$536,574 from the major enterprise funds. The City does not budget proceeds from capital lease obligations, which amounted to \$666,626 in 2011. For 2011 actual General Fund revenues exceeded budgeted revenues by \$407,094. Current taxes in the General Fund grew by \$98,189 or 2.03%. This very modest growth rate in taxes is indicative of a slowed local economy, with new construction taking the hardest hit. Revenues from business licenses increased by \$219,834 or 5.18% from \$4,244,590 in 2010 to \$4,464,424 in 2011. Building permits, also reflecting a stagnant economy in the building sector, decreased by \$843, from \$141,600 in 2010 to \$140,757

in 2011. Revenue from public safety fines increased significantly by \$97,884, or 9.72%, from \$1,007,131 in 2010 to \$1,105,015 in 2011. This was due to the hiring of two traffic officers funded by a two year federal grant beginning in late 2008 and continuing thru 2011. Charges for services decreased by \$52,377 or 4.45% from \$1,176,376 in 2010 to \$1,123,999 in 2011. State shared revenue continued to slide, decreasing by \$35,576 from 2010. Continued loss of state shared revenue as the State of South Carolina struggles to balance its budget is of utmost concern to our City. Total intergovernmental revenue for 2011, excluding State shared revenue, remained fairly constant from 2010. Miscellaneous revenue decreased by \$4,537 or 1.34% due to a continued decline in interest earnings.

**Budget Amendments** – There were no budget amendments in any fund for fiscal year 2011.

### 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, 2011, amounts to \$105,790,387 (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	
	2010	2011	2010	2011	2010	2011
Land	\$7,456,021	\$8,193,328	\$764,548	\$766,749	\$8,220,569	\$8,960,077
Land Improvements	3,800,886	3,874,865	-	-	3,800,886	3,874,865
Right-of-way and easements	2,428,569	2,533,041	62,760	62,760	2,491,329	2,595,801
Buildings	23,908,248	23,264,901	2,567,396	2,474,960	26,475,644	25,739,861
Machinery and equipment	575,508	536,782	730,939	712,606	1,306,447	1,249,388
Furniture and fixtures	914,488	1,038,300	-	-	914,488	1,038,300
Vehicles	2,269,928	2,461,948	1,238,925	1,473,008	3,508,853	3,934,956
Infrastructure	12,542,340	12,636,289	-	-	12,542,340	12,636,289
System Improvements	-	-	38,677,538	38,259,465	38,677,538	38,259,465
PSA Capital	-	-	834,380	764,077	834,380	764,077
Construction in progress	918,789	3,573,339	1,371,502	3,163,969	2,290,291	6,737,308
<b>TOTAL CAPITAL ASSETS</b>	<b>\$54,814,777</b>	<b>\$58,112,793</b>	<b>\$46,247,988</b>	<b>\$47,677,594</b>	<b>\$101,062,765</b>	<b>\$105,790,387</b>

The City has committed \$3,200,000 to the Sweetwater Water Line and elevated tank project scheduled for completion in 2012. Also, the City has committed \$2,404,014 to the West Avenue Streetscape project, and \$5,455,526 to Riverview Park Improvements. These improvements include the removal and construction of three scoring towers, renovation of ball fields, and major beautification of the park. All of these projects should be completed in 2012. No additional financing will be required. Additional information on the City’s capital assets can be found in *Note 3* on pages 37-40 of this report.

**Long-Term Debt** – At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,293,878. General Obligation Bonds outstanding comprise 69.59% and Revenue bonds outstanding (net of deferred refunding) comprise 30.41% of the total amount of the City’s outstanding bonded debt.

<b>CITY OF NORTH AUGUSTA'S OUTSTANDING BONDED DEBT</b>						
	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
General Obligation Bonds (GOB)	\$3,964,448	\$3,684,043	\$0	\$0	\$3,964,448	\$3,684,043
Revenue bonds, net of deferred refunding	0	0	4,278,251	1,609,835	4,278,251	1,609,835
<b>TOTAL DEBT</b>	<b>\$3,964,448</b>	<b>\$3,684,043</b>	<b>\$4,278,251</b>	<b>\$1,609,835</b>	<b>\$8,242,699</b>	<b>\$5,293,878</b>

The City’s total bonded debt outstanding decreased by \$2,955,821 during the current fiscal year. This decrease was attributed to the annual payment of principal for the City’s GOB and revenue bonds. Additionally, the City paid off the 1998 Revenue Bond in December 2011.

The City’s 2002 Revenue Bond, its only revenue bond outstanding, was a private issue and therefore not rated. The City’s debt coverage requirement, remaining very strong, increased from 4.08 to 9.78. This marked increase in debt coverage was due to the pay-off of the 1998 Revenue Bond. The City’s bond covenants require coverage of 1.25 to issue additional bonds. Please refer to Table XV on page 138 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 \$2,036,783 in capital leases for furniture, equipment, and machinery and \$5,182,756 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 \$487,489 at the end of the current fiscal year.

Additional information regarding the City’s capitalized lease obligations and long-term debt can be found in *Notes 5* and *6* on pages 41-45 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, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Equity in pooled cash	\$ 3,880,183	\$ 2,066,540	\$ 5,946,723
Investments	3,991,246	5,954,812	9,946,058
Receivables:			
Taxes	136,644	-	136,644
Customers, net	-	1,327,671	1,327,671
Grants	136,072	-	136,072
Inventory	1,723	210,350	212,073
Current restricted assets (cash and investments)	9,367,422	1,895,079	11,262,501
Noncurrent assets:			
Restricted assets (cash and investments)	-	8,087,037	8,087,037
Capital assets, net:			
Non-depreciable	14,299,708	3,993,478	18,293,186
Depreciable	43,813,085	43,684,116	87,497,201
Service rights, net	-	41,001	41,001
Deferred charges	-	14,255	14,255
<b>TOTAL ASSETS</b>	<b>\$ 75,626,083</b>	<b>\$ 67,274,339</b>	<b>\$ 142,900,422</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 915,238	\$ 584,062	\$ 1,499,300
Accrued salaries, wages, and employee benefits	375,162	98,532	473,694
Municipal court liability	41,622	-	41,622
Accrued interest payable	36,418	10,079	46,497
Payable from restricted resources:			
Accounts payable	-	81,613	81,613
Accrued bond interest	17,480	24,014	41,494
Customer deposits	-	453,618	453,618
Liabilities payable from restricted assets	6,532	-	6,532
Noncurrent liabilities:			
Due within one year:			
Capital leases	502,342	238,190	740,532
Unearned revenue	92,898	14,105	107,003
General obligation bonds	290,000	-	290,000
Revenue bonds	-	238,752	238,752
Accrued vacation	304,489	234,123	538,612
Due in more than one year:			
Capital leases	5,538,836	940,171	6,479,007
Unearned revenue	-	331,474	331,474
General obligation bonds	3,394,043	-	3,394,043
Revenue bonds	-	1,371,083	1,371,083
Long-term portion of accrued vacation	183,000	-	183,000
<b>TOTAL LIABILITIES</b>	<b>11,698,060</b>	<b>4,619,816</b>	<b>16,317,876</b>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	48,387,572	44,889,398	93,276,970
Restricted for:			
Debt service	846,240	-	846,240
Bond indentures	-	8,433,109	8,433,109
Operating agreement - Savannah Bluff Lock and Dam	-	989,762	989,762
Victims assistance - per state regulations	2,600	-	2,600
Public safety - fire division - per state regulations	65,031	-	65,031
Capital projects - sales tax fund per state regulations	8,244,531	-	8,244,531
Unrestricted	6,382,049	8,342,254	14,724,303
<b>TOTAL NET ASSETS</b>	<b>63,928,023</b>	<b>62,654,523</b>	<b>126,582,546</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 75,626,083</b>	<b>\$ 67,274,339</b>	<b>\$ 142,900,422</b>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

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	\$ 3,416,002	\$ 4,605,180	\$ 724,643	\$ -	\$ 1,913,821	\$ -	\$ 1,913,821
Public safety	6,546,364	1,177,117	626,176	-	(4,743,071)	-	(4,743,071)
Public works	2,796,708	-	24,213	995,119	(1,777,376)	-	(1,777,376)
Recreation and parks	3,792,045	1,060,317	-	574,711	(2,157,017)	-	(2,157,017)
Interest and fiscal charges on debt service	358,055	-	-	-	(358,055)	-	(358,055)
Total governmental activities	16,909,174	6,842,614	1,375,032	1,569,830	(7,121,698)	-	(7,121,698)
Business-type activities:							
Water and wastewater	7,220,770	8,450,349	-	245,500	-	1,475,079	1,475,079
Sanitation	3,168,553	3,400,975	-	-	-	232,422	232,422
Stormwater utility	542,919	572,288	-	-	-	29,369	29,369
Savannah Bluff Lock and Dam	22,000	-	-	-	-	(22,000)	(22,000)
Total business-type activities	10,954,242	12,423,612	-	245,500	-	1,714,870	1,714,870
Total	\$ 27,863,416	\$ 19,266,226	\$ 1,375,032	\$ 1,815,330	(7,121,698)	1,714,870	(5,406,828)
			General revenues:				
			Ad valorem property taxes		6,294,172	-	6,294,172
			Local hospitality and accommodation taxes		559,853	-	559,853
			Capital projects sales taxes		3,474,959	-	3,474,959
			Interest on investments		33,350	42,216	75,566
			Miscellaneous		336,245	292,738	628,983
			Transfers		536,574	(536,574)	-
			Total general revenues and transfers		11,235,153	(201,620)	11,033,533
			Change in net assets		4,113,455	1,513,250	5,626,705
			Net assets - beginning of year		59,814,568	61,141,273	120,955,841
			Net assets - end of year		\$ 63,928,023	\$ 62,654,523	\$ 126,582,546

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	GENERAL FUND	SALES TAX II FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Equity in pooled cash	\$ 623,044	-	\$ 1,006,165	\$ 2,250,974	\$ 3,880,183
Investments	488,735	-	1,241,962	2,260,549	3,991,246
Receivables					
Taxes	136,644	-	-	-	136,644
Grants	33,779	-	-	102,293	136,072
Inventory	1,723	-	-	-	1,723
Due from other funds	-	-	-	2,023	2,023
Restricted assets (cash and investments)	9,132	5,722,927	2,265,000	1,370,363	9,367,422
<b>TOTAL ASSETS</b>	<u>\$ 1,293,057</u>	<u>\$ 5,722,927</u>	<u>\$ 4,513,127</u>	<u>\$ 5,986,202</u>	<u>\$ 17,515,313</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 143,363	\$ 758,728	\$ 525	\$ 12,622	\$ 915,238
Due to other funds	2,023	-	-	-	2,023
Accrued salaries, wages, and employee benefits	375,162	-	-	-	375,162
Unearned revenue	24,203	-	-	68,695	92,898
Municipal court liability	41,622	-	-	-	41,622
Liabilities payable from restricted assets	6,532	-	-	-	6,532
<b>TOTAL LIABILITIES</b>	<u>\$ 592,905</u>	<u>\$ 758,728</u>	<u>\$ 525</u>	<u>\$ 81,317</u>	<u>\$ 1,433,475</u>
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	1,723	-	-	-	1,723
Restricted for					
Debt service			290,000		290,000
Capital projects		4,964,199	1,975,000	1,305,332	8,244,531
Victim's assistance					
Fire departments	2,600	-	-	-	2,600
Committed for				65,031	65,031
Capital projects	552,827	-	377,543	1,676,309	2,606,679
Housing and development	143,002	-	-	-	143,002
Assigned for					
Capital projects			1,870,059	2,802,571	4,672,630
Recreation and parks				55,642	55,642
Unassigned					
<b>TOTAL FUND BALANCES</b>	<u>\$ 700,152</u>	<u>\$ 4,964,199</u>	<u>\$ 4,512,602</u>	<u>\$ 5,904,885</u>	<u>\$ 16,081,838</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,293,057</u>	<u>\$ 5,722,927</u>	<u>\$ 4,513,127</u>	<u>\$ 5,986,202</u>	<u>\$ 17,515,313</u>

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

Premium on bond

Capital leases

Accrued vacation

Interest payable on long-term debt does not require current financial resources and, therefore, is not reported in the funds

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

58,112,793

(3,680,000)

(4,043)

(6,041,178)

(487,489)

(53,898)

\$ 63,928,023

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	SALES TAX II FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Ad valorem property taxes	\$ 5,028,691	\$ -	\$ 612,983	\$ 652,498	\$ 6,294,172
Local hospitality and accommodation taxes	-	-	-	559,853	559,853
Capital projects sales taxes	-	3,474,959	-	-	3,474,959
Licenses and permits	4,605,181	-	-	-	4,605,181
Fines and forfeitures	1,113,435	-	-	-	1,113,435
Charges for services	1,123,999	-	-	-	1,123,999
Intergovernmental	748,856	-	467,877	833,622	2,050,355
Grant revenues	-	-	-	17,563	17,563
Contributions	-	-	-	62,497	62,497
Miscellaneous/interest earnings	334,683	4,055	10,474	20,382	369,594
<b>TOTAL REVENUES</b>	<b>12,954,845</b>	<b>3,479,014</b>	<b>1,091,334</b>	<b>2,146,415</b>	<b>19,671,608</b>
<b>EXPENDITURES</b>					
Current					
General government	2,867,535	37,283	60,000	-	2,964,818
Public safety	5,638,066	-	138,011	316,872	6,092,949
Public works	1,083,005	-	-	34,380	1,117,385
Recreation and parks	2,930,413	-	36,100	-	2,966,513
Debt service					
Principal	387,272	-	280,000	307,643	974,915
Interest and fiscal charges	16,460	-	145,088	199,850	361,398
Capital outlay:					
General government	-	-	2,605	919,650	922,255
Public safety	421,003	-	412,912	-	833,915
Public works	150,227	346,625	-	737,502	1,234,354
Recreation and parks	115,299	2,432,021	260,631	105,173	2,913,124
<b>TOTAL EXPENDITURES</b>	<b>13,609,280</b>	<b>2,815,929</b>	<b>1,335,347</b>	<b>2,621,070</b>	<b>20,381,626</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(654,435)</b>	<b>663,085</b>	<b>(244,013)</b>	<b>(474,655)</b>	<b>(710,018)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease obligations	666,226	-	-	-	666,226
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	536,574	-	377,001	-	913,575
Transfers out	(377,001)	-	-	-	(377,001)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>825,799</b>	<b>-</b>	<b>377,001</b>	<b>-</b>	<b>1,202,800</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>171,364</b>	<b>663,085</b>	<b>132,988</b>	<b>(474,655)</b>	<b>492,782</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>528,788</b>	<b>4,301,114</b>	<b>4,379,614</b>	<b>6,379,540</b>	<b>15,589,056</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 700,152</b>	<b>\$ 4,964,199</b>	<b>\$ 4,512,602</b>	<b>\$ 5,904,885</b>	<b>\$ 16,081,838</b>

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, 2011

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

Net change in fund balances - total governmental funds \$ 492,782

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	\$ 5,055,691	
Contributions of assets to general government	814,447	
Depreciation on general government assets	(2,570,214)	
Loss on the disposal of capital assets	<u>(1,908)</u>	
		3,298,016

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	8,717	
Principal payments on general obligation bonds	280,000	
Principal payments on capital leases	694,915	
Proceeds from capital lease	(666,226)	
Amortization of premium on bond	<u>405</u>	
		317,811

In the fund financial statements, interest expense on long-term debt is reported in the period that the current financial resources are used. In the statement of activities, interest expense on long-term debt is recorded as the expense is incurred. This amount is the difference between recording interest as accrued rather than as paid.

4,846

Change in net assets of governmental activities \$ 4,113,455

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, 2011

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<u>REVENUES</u>			
Ad valorem property taxes	\$ 4,868,595	\$ 5,028,691	\$ 160,096
Licenses and permits	4,369,000	4,605,181	236,181
Fines and forfeitures	1,022,229	1,113,435	91,206
Charges for services	1,189,410	1,123,999	(65,411)
Intergovernmental	768,600	748,856	(19,744)
Miscellaneous	329,917	334,683	4,766
TOTAL REVENUES	<u>12,547,751</u>	<u>12,954,845</u>	<u>407,094</u>
<u>EXPENDITURES</u>			
Current:			
General government	2,935,265	2,867,535	(67,730)
Public safety	5,654,559	5,638,066	(16,493)
Public works	1,103,102	1,083,005	(20,097)
Recreation and parks	2,962,216	2,930,413	(31,803)
Capital lease payments	404,683	403,732	(951)
Capital outlay:			
Public safety	-	421,003	421,003
Public works`	2,000	150,227	148,227
Recreation and parks	22,500	115,299	92,799
TOTAL EXPENDITURES	<u>13,084,325</u>	<u>13,609,280</u>	<u>524,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(536,574)</u>	<u>(654,435)</u>	<u>(117,861)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease obligations	-	666,226	666,226
Transfers in	536,574	536,574	-
Transfers out	-	(377,001)	(377,001)
TOTAL OTHER FINANCING SOURCES (USES)	<u>536,574</u>	<u>825,799</u>	<u>289,225</u>
NET CHANGE IN FUND BALANCES	-	171,364	171,364
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>528,788</u>	<u>528,788</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 700,152</u>	<u>\$ 700,152</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND		
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUHH LOCK AND DAM		
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Equity in pooled cash	\$ 781,662	\$ 966,061	\$ 318,817	\$ -	\$ 2,066,540	
Investments	2,837,122	1,932,771	1,184,919	-	5,954,812	
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 in 2011 and 2010)	1,327,051	620	-	-	1,327,671	
Inventory	210,350	-	-	-	210,350	
<b>TOTAL CURRENT ASSETS</b>	<u>5,156,185</u>	<u>2,899,452</u>	<u>1,503,736</u>	<u>-</u>	<u>9,559,373</u>	
<b>CURRENT RESTRICTED ASSETS (cash and investments)</b>						
Equity in pooled cash	-	-	-	74,571	74,571	
Investments	-	-	-	915,191	915,191	
With fiscal agents	451,699	-	-	-	451,699	
Customer deposits	453,618	-	-	-	453,618	
<b>TOTAL CURRENT RESTRICTED ASSETS</b>	<u>905,317</u>	<u>-</u>	<u>-</u>	<u>989,762</u>	<u>1,895,079</u>	
<b>TOTAL CURRENT ASSETS</b>	<u>6,061,502</u>	<u>2,899,452</u>	<u>1,503,736</u>	<u>989,762</u>	<u>11,454,452</u>	
<b>NON-CURRENT RESTRICTED ASSETS (cash and investments)</b>						
Revenue bond improvement and extension account	1,360,171	-	-	-	1,360,171	
Revenue bond depreciated or obsolete item account	594,987	-	-	-	594,987	
Revenue bond construction account	6,131,879	-	-	-	6,131,879	
<b>TOTAL NON-CURRENT RESTRICTED ASSETS</b>	<u>8,087,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,087,037</u>	
<b>CAPITAL ASSETS, NET</b>						
Non-depreciable	3,774,578	91,235	127,665	-	3,993,478	
Depreciable	40,565,117	2,312,475	806,524	-	43,684,116	
<b>TOTAL CAPITAL ASSETS</b>	<u>44,339,695</u>	<u>2,403,710</u>	<u>934,189</u>	<u>-</u>	<u>47,677,594</u>	
<b>SERVICE RIGHTS (net of accumulated amortization of \$58,999 for 2011 and \$56,499 for 2010)</b>	41,001	-	-	-	41,001	
<b>BOND ISSUANCE EXPENSE (net of accumulated amortization of \$21,393 for 2011 and \$70,148 for 2010)</b>	14,255	-	-	-	14,255	
<b>TOTAL NON-CURRENT ASSETS</b>	<u>52,481,988</u>	<u>2,403,710</u>	<u>934,189</u>	<u>-</u>	<u>55,819,887</u>	
<b>TOTAL ASSETS</b>	<u>\$ 58,543,490</u>	<u>\$ 5,303,162</u>	<u>\$ 2,437,925</u>	<u>\$ 989,762</u>	<u>\$ 67,274,339</u>	

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND		
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM		
<u>LIABILITIES AND NET ASSETS</u>						
<u>LIABILITIES</u>						
<u>CURRENT LIABILITIES</u>						
Accounts payable	\$ 551,006	\$ 32,493	\$ 563	-	-	\$ 584,062
Accrued salaries, wages and employee benefits	50,941	37,374	10,217	-	-	98,532
Accrued vacation	115,863	90,840	27,420	-	-	234,123
Current portion of capital leases payable	50,534	179,982	7,674	-	-	238,190
Accrued interest payable	3,545	6,534	-	-	-	10,079
Unearned revenue	14,105	-	-	-	-	14,105
Payable from restricted assets						
Accounts payable	81,613	-	-	-	-	81,613
Accrued bond interest	24,014	-	-	-	-	24,014
Current portion of revenue bonds payable	238,752	-	-	-	-	238,752
Customer deposits	453,618	-	-	-	-	453,618
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,583,991</b>	<b>347,223</b>	<b>45,874</b>	<b>-</b>	<b>-</b>	<b>1,977,088</b>
<u>NON-CURRENT LIABILITIES</u>						
Capital leases payable	129,156	811,015	-	-	-	940,171
Revenue bonds payable, net of deferred refunding	1,371,083	-	-	-	-	1,371,083
Unearned revenue	331,474	-	-	-	-	331,474
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,831,713</b>	<b>811,015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,642,728</b>
<b>TOTAL LIABILITIES</b>	<b>3,415,704</b>	<b>1,158,238</b>	<b>45,874</b>	<b>-</b>	<b>-</b>	<b>4,619,816</b>
<u>NET ASSETS</u>						
Invested in capital assets net of related debt	42,550,170	1,412,713	926,515	-	-	44,889,398
Restricted per revenue bond indentures	8,433,109	-	-	-	989,762	8,433,109
Restricted per operating agreement	-	-	-	-	-	-
Unrestricted	4,144,507	2,732,211	1,465,536	-	-	8,342,254
<b>TOTAL NET ASSETS</b>	<b>55,127,786</b>	<b>4,144,924</b>	<b>2,392,051</b>	<b>989,762</b>	<b>989,762</b>	<b>62,654,523</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 58,543,490</b>	<b>\$ 5,303,162</b>	<b>\$ 2,437,925</b>	<b>\$ 989,762</b>	<b>\$ 989,762</b>	<b>\$ 67,274,339</b>

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, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF- LOCK AND DAM	
<b>OPERATING REVENUES</b>					
Metered water sales - net	3,446,226	-	-	-	3,446,226
Wastewater service charges	4,863,350	-	-	-	4,863,350
Water tap fees	52,311	-	-	-	52,311
Wastewater tap fees	77,225	-	-	-	77,225
Fire protection fees	11,237	-	-	-	11,237
Sanitation service fees	-	2,442,425	-	-	2,442,425
Recycling fees	-	486,520	-	-	486,520
Sale of recyclables	-	472,030	-	-	472,030
Stormwater utility fees	-	-	572,288	-	572,288
Other	286,620	971	5,147	-	292,738
<b>TOTAL OPERATING REVENUES</b>	<b>8,736,969</b>	<b>3,401,946</b>	<b>577,435</b>	<b>-</b>	<b>12,716,350</b>
<b>OPERATING EXPENSES</b>					
Utilities Finance	513,070	-	-	-	513,070
Utilities Administration	577,295	-	-	-	577,295
Water Operations and Maintenance	590,292	-	-	-	590,292
Water Production and Treatment	1,366,200	-	-	-	1,366,200
Wastewater Operations and Maintenance	2,695,614	-	-	-	2,695,614
Sanitation Operations	-	1,934,801	-	-	1,934,801
Material Recovery Facility	-	818,884	-	-	818,884
Stormwater Utility Operations	-	-	493,683	-	493,683
Savannah Bluff Lock and Dam Operations	-	-	-	22,000	22,000
Depreciation and amortization	949,292	452,714	48,832	-	1,450,838
<b>TOTAL OPERATING EXPENSES</b>	<b>6,691,763</b>	<b>3,206,399</b>	<b>542,515</b>	<b>22,000</b>	<b>10,462,677</b>
<b>OPERATING INCOME</b>	<b>2,045,206</b>	<b>195,547</b>	<b>34,920</b>	<b>(22,000)</b>	<b>2,253,673</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	30,183	5,775	3,534	2,724	42,216
Interest expense and fiscal charges	(197,568)	(16,816)	(404)	-	(214,788)
Amortization of bond issuance costs and deferred refunding	(2,377)	-	-	-	(2,377)
Loss on extinguishment of bond debt	(329,062)	-	-	-	(329,062)
Gain on sale/disposal of property, plant and equipment	-	54,662	-	-	54,662
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(498,824)</b>	<b>43,621</b>	<b>3,130</b>	<b>2,724</b>	<b>(449,349)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,546,382</b>	<b>239,168</b>	<b>38,050</b>	<b>(19,276)</b>	<b>1,804,324</b>
<b>CONTRIBUTIONS</b>	<b>245,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,500</b>
<b>TRANSFERS IN</b>	<b>12,407,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,407,476</b>
<b>TRANSFERS OUT</b>	<b>(12,801,371)</b>	<b>(142,679)</b>	<b>-</b>	<b>-</b>	<b>(12,944,050)</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,397,987</b>	<b>96,489</b>	<b>38,050</b>	<b>(19,276)</b>	<b>1,513,250</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>53,729,799</b>	<b>4,048,435</b>	<b>2,354,001</b>	<b>1,009,038</b>	<b>61,141,273</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 55,127,786</b>	<b>\$ 4,144,924</b>	<b>\$ 2,392,051</b>	<b>\$ 989,762</b>	<b>\$ 62,654,523</b>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND		
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM		
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Cash received from customers	\$ 8,417,012	\$ 3,412,647	\$ 572,288	\$ -	\$ -	\$ 12,401,947
Customer deposits	19,068	-	-	-	-	19,068
Cash paid to suppliers	(3,548,709)	(1,037,390)	(109,732)	(22,000)	-	(4,717,831)
Cash paid to employees for services	(2,188,959)	(1,717,305)	(405,184)	-	-	(4,311,448)
Other operating cash receipts	272,515	971	5,147	-	-	278,633
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,970,927</u>	<u>658,923</u>	<u>62,519</u>	<u>(22,000)</u>	<u>-</u>	<u>3,670,369</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Transfers in from other funds	12,407,476	-	-	-	-	12,407,476
Transfers out to other funds	(12,801,371)	(142,679)	-	-	-	(12,944,050)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(393,895)</u>	<u>(142,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(536,574)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Capital contributions received from other governments	14,105	-	-	-	-	14,105
Purchase and construction of capital assets	(1,851,544)	-	(12,475)	-	-	(1,864,019)
Proceeds received from sales of capital assets	-	97,270	-	-	-	97,270
Principal paid on revenue bonds	(2,963,388)	-	-	-	-	(2,963,388)
Principal paid on capitalized leases	(94,176)	(328,377)	(7,473)	-	-	(430,026)
Interest paid	(197,568)	(16,816)	(404)	-	-	(214,788)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,092,571)</u>	<u>(247,923)</u>	<u>(20,352)</u>	<u>-</u>	<u>-</u>	<u>(5,360,846)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Interest on investments	30,183	5,775	3,534	2,724	-	42,216
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>30,183</u>	<u>5,775</u>	<u>3,534</u>	<u>2,724</u>	<u>-</u>	<u>42,216</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,485,356)	274,096	45,701	(19,276)	-	(2,184,835)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	15,096,494	2,624,736	1,458,035	1,009,038	-	20,188,303
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,611,138</u>	<u>\$ 2,898,832</u>	<u>\$ 1,503,736</u>	<u>\$ 989,762</u>	<u>\$ -</u>	<u>\$ 18,003,468</u>

(continued)

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND		
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM		
\$	2,045,206	\$ 195,547	\$ 34,920	\$ (22,000)	\$ 2,253,673	
	949,292	452,714	48,832	-	1,450,838	
	(33,337)	11,672	-	-	(21,665)	
	5,530	-	-	-	5,530	
	286	(1,141)	(20,968)	-	(21,823)	
	19,068	-	-	-	19,068	
	(77)	(3,020)	(1,070)	-	(4,167)	
	(936)	3,151	805	-	3,020	
	(14,105)	-	-	-	(14,105)	
	925,721	463,376	27,599	-	1,416,696	
\$	2,970,927	\$ 658,923	\$ 62,519	\$ (22,000)	\$ 3,670,369	
	\$ 133,418	\$ 691,718	\$ -	\$ -	\$ 825,136	
	\$ 231,395	\$ -	\$ -	\$ -	\$ 231,395	
	\$ 329,062	\$ -	\$ -	\$ -	\$ 329,062	
	\$ 781,662	\$ 966,061	\$ 318,817	\$ -	\$ 2,066,540	
	2,837,122	1,932,771	1,184,919	-	5,954,812	
	905,317	-	-	989,762	1,895,079	
	8,087,037	-	-	-	8,087,037	
\$	12,611,138	\$ 2,898,832	\$ 1,503,736	\$ 989,762	\$ 18,003,468	

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)

Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:

Depreciation and amortization

Change in assets and liabilities:

(Increase) decrease in accounts receivable

Decrease in inventory

Increase (decrease) in accounts payable

Increase in customer deposits

Decrease in accrued salaries, wages and employee benefits

(Decrease) increase in accrued vacation

Decrease in unearned revenue

TOTAL ADJUSTMENTS

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Capital assets purchased with proceeds from a capital lease

Capital assets contributed by subdividers/developers

Loss on extinguishment of bond debt

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Equity in pooled cash

Investments

Current restricted assets

Non-current restricted assets

CASH AND CASH EQUIVALENTS

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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.

As permitted by accounting principles generally accepted in the United States of America, the City has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide and proprietary operations. 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, 2011

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.

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, 2011

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 Wastewater Fund This fund is used to account for waterworks and wastewater 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 This 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.

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund receivables and payables from balances have been eliminated in the preparation of the Statement of Net Assets. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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, 2011, expenditures exceeded budget at the functional level in General Fund – Public Safety by approximately \$407,000; General Fund – Public Works by approximately \$125,500. 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, 2011

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 Wastewater 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 wastewater 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated useful lives for asset types are as follows:

Buildings	10 - 40 years
Water and wastewater 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. Compensated absences are only reported in the governmental fund statements when they are payable to the employee upon resignation or retirement.

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

The City implemented GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of January 1, 2011. This new standard changed the overall definition and classification of governmental fund balances.

Fund equity in government-wide and proprietary fund financials is classified as net assets. Net assets are classified as follows:

- Invested in capital assets, net of related debt – This classification represents capital assets, net of accumulated depreciation, decreased by the remaining balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted – Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.
- Unrestricted – Unrestricted net assets represent net assets that do not meet the definitions of the other classifications.

Fund equity in the governmental fund financial statements is classified as fund balance. Mostly, fund balance is the difference between current assets and current liabilities. In the fund statements, governmental funds report fund balance classifications that consist of hierarchy based primarily on the extent to which the City is required to honor constraints on the specific purposes for which amounts in those funds can be expended. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be expended because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are restrictions imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.
- Committed – Fund balances are reported as committed when they can be used only for a specific purposes pursuant to constraints imposed by the formal action of the City Council through the adoption of a formal policy. Only the City Council may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. The authorization to assign fund balance remains with the City Administrator.
- Unassigned – Fund balances are reported as unassigned as the remaining amount when the balances do not meet any of the other classifications. The City reports positive fund balance in the general fund only, if applicable. Negative unassigned balances may be reported in all governmental funds.

L. Flow Assumptions

When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, the City’s policy is to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City’s policy is to use fund balances in the following order:

- Committed
- Assigned
- Unassigned

M. Minimum Fund Balance

The City has adopted a financial policy to transfer all remaining fund balances to the Capital Projects Fund subsequent to year end. Therefore, any fund balance not reported as nonspendable, restricted or committed or assigned for a specific purpose is shown as committed for capital projects.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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”.

O. 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.

P. 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.

Q. Postemployment Benefits other than Pension

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which 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. Beginning in year 2008 and continuing through 2011, 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.

R. Reclassifications

Certain amounts from 2010 have been reclassified to conform with 2011 presentation. These reclassifications have no effect on the change in net assets for the year ended December 31, 2010.

S. New Accounting Pronouncements

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement is intended to address the alternative measurement method and the timing of these measurements by employers that are part of agent multiple-employer other postemployment benefit plans. The application of this statement is effective for the City’s fiscal year ending December 31, 2012. The impact of this pronouncement on the City’s financial statements has not been determined.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement is intended to update and provide additional guidance to existing standards regarding financial reporting and note disclosure requirements of certain external pools and financial instruments for which issues have been identified in practice. The application of this statement is effective for the City's fiscal year ending December 31, 2011. This statement did not affect the City's financial statements for the year ending December 31, 2011.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. This statement is intended to provide guidance for financial reporting for service concession agreements. The application of this statement is effective for the City's fiscal year ending December 31, 2012. The impact of this pronouncement on the City's financial statements has not been determined.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting: Omnibus-an amendment of GASB Statement No. 14 and No. 34*. This statement is intended to improve guidance for financial reporting for a governmental financial reporting entity. The application of this statement is effective for the City's fiscal year ending December 31, 2013. The impact of this pronouncement on the City's financial statements has not been determined.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is intended to incorporate in the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The application of this statement is effective for the City's fiscal year ending December 31, 2012. The impact of this pronouncement on the City's financial statements has not been determined.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The application of this statement is effective for the City's fiscal year ending December 31, 2012 with early implementation permitted. The impact of this pronouncement on the City's financial statements has not been determined.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The application of this statement is effective for the City’s fiscal year ending December 31, 2012 with early implementation permitted. The impact of this pronouncement on the City’s financial statements has not been determined.

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

As of December 31, 2011, the City had the following investments:

	MATURITIES	FAIR VALUE
State Treasurer’s Investment Pool	Daily	\$ 22,836,839
Demand Deposit Accounts	Daily	12,340,907
Bank of America Treasury Reserves	Daily	451,699
Total Investments		\$ 35,629,445

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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

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.

The State Treasurer's Investment Pool is an external investment pool that is not registered as an investment company with the Securities and Exchange Commission. However, the pool has a policy established to operate the pool consistent with the Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940. The pool's investments are annually stated at fair value based upon quoted market prices. The fair value of the pool is allocated to its local governments with invested funds on an equal basis for each share owned, which are purchased at a cost of \$1.00.

At December 31, 2011, the underlying security ratings of the City's investment in the Local Government Investment Pool are not separately rated, however, additional information related to these deposits may be obtained from the Local Government Investment Pool's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer  
Local Government Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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

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 64%, the Deposit on Demand Accounts comprise 35%, and the Bank of America Treasure Reserves comprise 1% of total deposits and 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, 2011, the carrying amount of the City's deposits was approximately \$12,079,000 and the bank balance was approximately \$12,341,000. 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, 2011, 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, 2011, 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, 2011

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

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

	BALANCE 12/31/10	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/11
Capital assets, not being depreciated:					
Land	\$ 7,456,021	\$ 737,307	\$ -	\$ -	\$ 8,193,328
Construction in progress	918,789	2,875,869	(221,319)	-	3,573,339
Right-of-way	2,428,569	104,472	-	-	2,533,041
Total capital assets, not being depreciated	<u>10,803,379</u>	<u>3,717,648</u>	<u>(221,319)</u>	<u>-</u>	<u>14,299,708</u>
Capital assets, being depreciated:					
Land improvements	7,951,243	572,477	(25,394)	-	8,498,326
Buildings	29,433,336	-	(106,000)	-	29,327,336
Machinery and equipment	1,525,033	127,436	(57,313)	-	1,595,156
Furniture and fixtures	1,314,942	225,846	(8,820)	-	1,531,968
Vehicles	4,487,397	552,994	(204,750)	-	4,835,641
Infrastructure	19,140,604	895,056	-	-	20,035,660
Total capital assets, being depreciated	<u>63,852,555</u>	<u>2,373,809</u>	<u>(402,277)</u>	<u>-</u>	<u>65,824,087</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 3 - CAPITAL ASSETS (continued)

	BALANCE 12/31/10	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/11
Less accumulated depreciation for:					
Land improvements	\$ (4,150,357)	\$ (498,498)	\$ 25,394	\$ -	\$ (4,623,461)
Buildings	(5,525,088)	(641,769)	104,422	-	(6,062,435)
Machinery and equipment	(949,525)	(166,162)	57,313	-	(1,058,374)
Furniture and fixtures	(400,454)	(102,034)	8,820	-	(493,668)
Vehicles	(2,217,469)	(360,644)	204,420	-	(2,373,693)
Infrastructure	(6,598,264)	(801,107)	-	-	(7,399,371)
Total accumulated depreciation	(19,841,157)	(2,570,214)	400,369	-	(22,011,002)
Total capital assets being depreciated, net	44,011,398	(196,405)	(1,908)	-	43,813,085
Governmental activities capital assets, net	54,814,777	3,521,243	(223,227)	-	58,112,793
Related debt	(10,034,315)	(666,226)	975,320	-	(9,75,221)
Capital assets, net of related debt	<u>\$ 44,780,462</u>	<u>\$ 2,855,017</u>	<u>\$ 752,093</u>	<u>\$ -</u>	<u>\$ 48,387,572</u>

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

General Government	
City Council	\$ 408,302
City Administration	-
Finance	1,920
Planning and Economic Development	2,384
Building Standards	1,434
City Buildings	46,019
Public Safety	407,386
Public Works	
Engineering	3,325
Street Light/Traffic Signals	126,171
Streets and Drains	752,490
Recreation, Parks and Leisure Services	
Recreation and Parks	740,037
Property Maintenance	80,746
	<u>\$ 2,570,214</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 3 - CAPITAL ASSETS (continued)

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

	BALANCE 12/31/10	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/11
Capital assets, not being depreciated:					
Land	\$ 764,548	\$ 2,201	\$ -	\$ -	\$ 766,749
Construction in progress	1,371,502	1,792,467	-	-	3,163,969
Easements	62,760	-	-	-	62,760
Total capital assets, not being depreciated	<u>2,198,810</u>	<u>1,794,668</u>	<u>-</u>	<u>-</u>	<u>3,993,478</u>
Capital assets, being depreciated:					
Buildings	4,579,803	-	-	-	4,579,803
Machinery and equipment	2,206,804	186,338	(101,763)	-	2,291,379
Vehicles	3,239,723	638,798	(361,366)	-	3,517,155
System improvements	50,143,434	300,745	-	-	50,444,179
PSA capital	2,812,128	-	-	-	2,812,128
Total capital assets, being depreciated	<u>62,981,892</u>	<u>1,125,881</u>	<u>(463,129)</u>	<u>-</u>	<u>63,644,644</u>
Less accumulated depreciation for:					
Buildings	(2,012,407)	(92,436)	-	-	(2,104,843)
Machinery and equipment	(1,475,865)	(204,671)	101,763	-	(1,578,773)
Vehicles	(1,986,288)	(376,620)	318,761	-	(2,044,147)
System improvements	(11,480,406)	(704,308)	-	-	(12,184,714)
PSA capital	(1,977,748)	(70,303)	-	-	(2,048,051)
Total accumulated depreciation	<u>(18,932,714)</u>	<u>(1,448,338)</u>	<u>420,524</u>	<u>-</u>	<u>(19,960,528)</u>
Total capital assets being depreciated, net	<u>44,049,178</u>	<u>(322,457)</u>	<u>(42,605)</u>	<u>-</u>	<u>43,684,116</u>
Business-type activities capital assets, net	46,247,988	1,472,211	(42,605)	-	47,677,594
Related debt	(5,061,502)	(825,136)	3,098,442	-	(2,788,196)
Capital assets, net of related debt	<u>\$ 41,186,486</u>	<u>\$ 647,075</u>	<u>\$ 3,055,837</u>	<u>\$ -</u>	<u>\$ 44,889,398</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 3 - CAPITAL ASSETS (continued)

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

Water and Wastewater	\$	946,792
Sanitation		452,714
Stormwater		48,832
		48,832
	\$	1,448,338

NOTE 4 - COMMITMENTS

Significant commitments are composed of the following:

	Project Authorization	Expended to December 31, 2011	Commitments	Required Future Financing
Sweetwater Water Line/ Elevated Tank	\$ 3,200,000	\$ 2,915,288	\$ 284,712	-
West Avenue Streetscape	2,404,014	1,932,357	471,657	-
Riverview Park Improvements	5,455,526	2,533,611	2,921,915	-

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 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. The escrow account balance of \$1,000,000 was fully funded as of December 31, 2009.

The City purchased property from North Augusta 2000, Inc. (a nonprofit organization) for approximately \$735,000 in 2011. As part of this transaction, the City committed to make two \$60,000 contributions to the Organization. The first \$60,000 contribution was made during 2011. The second contribution of \$60,000 will be made in 2012.

On December 19, 2011, the North Augusta City Council adopted an ordinance approving a Wastewater Capacity Transfer Agreement with Aiken County, d/b/a Aiken County Public Service Authority. The agreement provides that the City of North Augusta will purchase an additional 3.429 MGD in wastewater capacity from the Aiken County Public Service Authority. The purchase, totaling \$1,659,498, will be paid in three equal installments of \$533,166 in January of 2012, 2013, and 2014.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

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 FASB ASC 840-30 and its subsections (formerly 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, 2011:

	GOVERN- MENTAL FUNDS	WATER AND WASTE- WATER	SANI- TATION	STORM- WATER	TOTAL
Machinery and equipment	\$ 233,300	\$ 247,338	\$ 101,835	\$ -	\$ 582,473
Vehicles	1,420,194	135,226	1,458,560	37,375	3,051,355
Buildings	6,350,000	-	-	-	6,350,000
	<u>8,003,494</u>	<u>382,564</u>	<u>1,560,395</u>	<u>37,375</u>	<u>9,983,828</u>
Accumulated depreciation	(1,094,586)	(118,221)	(320,304)	(20,304)	(1,553,415)
Carrying value	<u>\$ 6,908,908</u>	<u>\$ 264,343</u>	<u>\$ 1,240,091</u>	<u>\$ 17,071</u>	<u>\$ 8,430,413</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, 2011:

YEAR ENDING DECEMBER 31	BUSINESS-TYPE FUNDS				TOTAL
	GOVERN- MENTAL FUNDS	WATER AND WASTE- WATER	SANI- TATION	STORM- WATER	
2012	\$ 317,518	\$ 66,301	\$ 367,162	\$ 2,786	\$ 753,767
2013	260,541	54,404	301,278	2,287	618,510
2014	189,134	39,494	218,705	1,660	448,993
2015	130,656	27,283	151,084	1,147	310,170
Total minimum lease payments	897,849	187,482	1,038,229	7,880	2,131,440
Amount representing interest	(39,425)	(7,792)	(47,232)	(206)	(94,655)
Present value of minimum lease payments	<u>\$ 858,424</u>	<u>\$ 179,690</u>	<u>\$ 990,997</u>	<u>\$ 7,674</u>	<u>\$ 2,036,785</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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, 2011, are as follows:

	PRINCIPAL	INTEREST	TOTAL
2012	\$ 318,841	\$ 188,652	\$ 507,493
2013	330,447	177,046	507,493
2014	342,475	165,018	507,493
2015	354,941	152,552	507,493
2016	367,861	139,632	507,493
2017-2021	2,050,173	487,292	2,537,465
2022-2024	1,418,016	104,463	1,522,479
	<u>\$ 5,182,754</u>	<u>\$ 1,414,655</u>	<u>\$ 6,597,409</u>

NOTE 6 - LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Balance 01/01/11	Additions	Reductions	Balance 12/31/11	Due Within One Year
<b><u>Governmental Activities</u></b>					
Bonds payable					
General obligation bonds	\$ 3,960,000	\$ -	\$ (280,000)	\$ 3,680,000	\$ 290,000
Deferred amounts for bond issuance premiums	4,448	(405)	-	4,043	-
Total bonds payable	<u>3,964,448</u>	<u>(405)</u>	<u>(280,000)</u>	<u>3,684,043</u>	<u>290,000</u>
Capital leases					
Municipal Center lease	5,490,399	-	(307,643)	5,182,756	318,841
Capitalized leases	579,467	666,226	(387,272)	858,422	183,501
Total capital leases	<u>6,069,867</u>	<u>666,226</u>	<u>(694,915)</u>	<u>6,041,178</u>	<u>502,342</u>
Other liabilities					
Compensated absences	496,206	352,172	(360,889)	487,489	304,489
Total other liabilities	<u>496,206</u>	<u>352,172</u>	<u>(360,889)</u>	<u>487,489</u>	<u>304,489</u>
Total	<u>\$ 10,530,521</u>	<u>\$ 1,017,993</u>	<u>\$ (1,335,804)</u>	<u>\$ 10,212,710</u>	<u>\$ 1,096,831</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 6 - LONG-TERM DEBT (continued)

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, 2011, are as follows:

	PRINCIPAL	INTEREST	TOTAL
2012	\$ 290,000	\$ 134,400	\$ 424,400
2013	320,000	122,962	442,962
2014	335,000	110,681	445,681
2015	350,000	97,838	447,838
2016	360,000	84,075	444,075
2017-2021	2,025,000	196,688	2,221,688
	3,680,000	\$ 746,644	\$ 4,426,644
Unamortized Premium on bonds	4,043		
	\$ 3,684,043		

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 5<sup>th</sup> of each year commencing December 5, 2002 and ending December 5, 2016. At December 31, 2011, the balance due on the obligation was \$2,023.

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, 2011

NOTE 6 - LONG-TERM DEBT (continued)

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Balance 01/01/11	Additions	Reductions	Balance 12/31/11	Due Within One Year
<b><u>Business-Type Activities</u></b>					
Revenue bonds payable					
Revenue bonds	\$ 4,573,223	\$ -	\$ (2,963,388)	\$ 1,609,835	\$ 238,752
Deferred amounts					
Deferred refunding	(294,972)	-	294,972	-	-
Total revenue bonds	4,278,251	-	(2,668,416)	1,609,835	238,752
Capital leases					
Capitalized leases	783,251	825,136	(430,026)	1,178,361	238,190
Total capital leases	783,251	825,136	(430,026)	1,178,361	238,190
Total	\$ 5,061,502	\$ 825,136	\$ (3,098,442)	\$ 2,788,196	\$ 476,942

Revenue Bond Payable

Revenue bond payable (recorded as a liability in the Water and Wastewater System Fund) at December 31, 2011 is comprised of the following individual issue:

\$3,336,266 Water and Wastewater (Series 2002) serial bonds due in annual installments of \$238,752 to \$299,579 through June 1, 2017; interest at 4.46%.

\$ 1,609,835

During 1998, the City issued \$4,603,000 in Series 1998 Water and Wastewater 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 Wastewater 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 Wastewater Fund.

On December 2, 2011, the City paid in full the remaining balance of the Series 1998 Water and Wastewater Revenue Bonds. At the time of payoff, the remaining deferred refunding of \$294,972 including \$34,090 of deferred charges for a total of \$329,062 was recorded as a loss on debt extinguishment. After the payoff of the Series 1998, the balance of the defeased debt outstanding from the Water and Wastewater Fund was zero.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

NOTE 6 - LONG-TERM DEBT (continued)

The annual requirements to amortize each of the City's outstanding revenue bonds as of December 31, 2011 are as follows:

	2002 REVENUE BOND ISSUE		
	PRINCIPAL	INTEREST	TOTAL
2012	\$ 238,752	\$ 67,582	\$ 306,334
2013	250,002	56,332	306,334
2014	261,570	44,764	306,334
2015	273,672	32,662	306,334
2016	286,260	20,074	306,334
2017	299,579	6,755	306,334
	\$ 1,609,835	\$ 228,169	\$ 1,838,004

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

FUNDS

PURPOSES

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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.

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 9.385% of gross earnings for 2011. The City's contributions to SCRS for the years ending December 2011, 2010 and 2009 were approximately \$606,500, \$609,500, and \$604,000, respectively, equal to the required contributions for each year.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

NOTE 8 - PENSION PLAN (continued)

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 11.13% of gross earnings for 2011. The City's contributions to PORS for the years ending December 2011, 2010, and 2009, were approximately \$341,000, \$328,000, and \$306,000, respectively, equal to the required contributions for each year.

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Riverfront/ Central Core Redevelopment	General Fund	\$ 2,023	Tax Increment Revenue Obligation (refer to Note 6)
		<u>\$ 2,023</u>	

The following interfund transfers are reflected in the fund financial statements at December 31, 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 536,574	\$ 377,001
Capital Projects Fund	377,001	-
Total Governmental Funds	<u>913,575</u>	<u>377,001</u>
Enterprise Funds:		
Water and Wastewater Fund	12,407,476	12,801,371
Sanitation Fund	-	142,679
Stormwater Utility Fund	-	-
Total Enterprise Funds	<u>12,407,476</u>	<u>12,944,050</u>
Total	<u>\$ 13,321,051</u>	<u>\$ 13,321,051</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

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.

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	104	Workers' compensation	\$600,000
SC Municipal Insurance/Risk Financing Fund	88	Property and casualty/ general liability	500,000/300,000

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. During the past three years claims have not exceeded insurance coverage.

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 wastewater treatment and disposal services from Aiken County under a wastewater 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 \$252,391 which it asserts is due under the contract as a true up of expense recovery for the fiscal year ended June 30, 2008. The amount of \$252,391 was subsequently reduced to \$194,590. The City of North Augusta disputed the validity of the charge because it was based on the recovery of contingency and depreciation expenses that were not authorized to be charged to the City under the 1977 contract. The matter has been settled with the adoption of the Wastewater Capacity Transfer Agreement effective January 1, 2012. In the agreement, the City agreed to pay the disputed charge of \$194,590 plus interest of \$1.188 in exchange for an additional 399 thousand gallons of allocated capacity in the Aiken County Horse Creek Valley Wastewater Treatment Facility.

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<b><u>ASSETS</u></b>		
Equity in pooled cash	\$ 623,044	\$ 413,493
Investments	488,735	487,282
Taxes receivable	136,644	119,804
Grants receivable	33,779	36,073
Inventory	1,723	1,319
Cash, restricted	9,132	169,611
 TOTAL ASSETS	 \$ 1,293,057	 \$ 1,227,582
 <b><u>LIABILITIES</u></b>		
Accounts payable	\$ 143,363	\$ 145,770
Due to other funds	2,023	2,379
Accrued salaries, wages and employee benefits	375,162	318,701
Unearned revenue	24,203	22,451
Municipal Court liability	41,622	45,343
Liabilities payable from restricted assets	6,532	164,150
 TOTAL LIABILITIES	 592,905	 698,794
 <b><u>FUND BALANCE</u></b>		
Fund balance:		
Nonspendable:		
Inventory	1,723	1,319
Restricted for:		
Victims assistance	2,600	5,461
Committed for:		
Capital projects	552,827	377,001
Housing/landscaping rehabilitation	143,002	145,007
TOTAL FUND BALANCE	700,152	528,788
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,293,057	 \$ 1,227,582

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<b>REVENUES</b>				
Ad valorem property taxes	\$ 4,868,595	\$ 5,028,691	\$ 160,096	\$ 4,910,689
Licenses and permits	4,369,000	4,605,181	236,181	4,386,190
Fines and forfeitures	1,022,229	1,113,435	91,206	1,017,029
Charges for services	1,189,410	1,123,999	(65,411)	1,176,376
Intergovernmental	768,600	748,856	(19,744)	802,641
Miscellaneous	329,917	334,683	4,766	339,220
<b>TOTAL REVENUES</b>	<b>12,547,751</b>	<b>12,954,845</b>	<b>407,094</b>	<b>12,632,145</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,935,265	2,867,535	(67,730)	2,984,728
Public safety	5,654,559	5,638,066	(16,493)	5,439,365
Public works	1,103,102	1,083,005	(20,097)	1,138,328
Recreation and parks	2,962,216	2,930,413	(31,803)	2,884,038
Capital lease payments	404,683	403,732	(951)	332,352
Capital outlay:				
General government	-	-	-	32,661
Public safety	-	421,003	421,003	202,230
Public works	2,000	150,227	148,227	-
Recreation and parks	22,500	115,299	92,799	25,660
<b>TOTAL EXPENDITURES</b>	<b>13,084,325</b>	<b>13,609,280</b>	<b>524,955</b>	<b>13,039,362</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forward</b>	<b>\$ (536,574)</b>	<b>\$ (654,435)</b>	<b>\$ (117,861)</b>	<b>\$ (407,217)</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGETED AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>EXPENDITURES</u> - Continued				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forwarded	\$ (536,574)	\$ (654,435)	\$ (117,861)	\$ (407,217)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease obligations	-	666,226	666,226	217,368
Transfers in	536,574	536,574	-	545,697
Transfers out	-	(377,001)	(377,001)	(595,511)
 TOTAL OTHER FINANCING SOURCES (USES)	 536,574	 825,799	 289,225	 167,554
 NET CHANGE IN FUND BALANCES	 -	 171,364	 171,364	 (239,663)
 FUND BALANCE - BEGINNING OF YEAR	 -	 528,788	 528,788	 768,451
 FUND BALANCE - END OF YEAR	 \$ -	 \$ 700,152	 \$ 700,152	 \$ 528,788

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>TAXES</u>				
Current	\$ 4,804,595	\$ 4,936,917	\$ 132,322	\$ 4,838,728
Delinquent	12,000	28,494	16,494	17,759
Penalties	52,000	63,280	11,280	54,202
TOTAL	4,868,595	5,028,691	160,096	4,910,689
<u>LICENSES AND PERMITS</u>				
Business licenses	4,215,000	4,464,424	249,424	4,244,590
Building permits	120,000	110,629	(9,371)	107,853
Electrical permits	10,000	10,715	715	9,796
Mechanical permits	12,000	9,484	(2,516)	13,123
Plumbing permits	12,000	9,929	(2,071)	10,828
TOTAL	4,369,000	4,605,181	236,181	4,386,190
<u>FINES AND FORFEITURES</u>				
Public safety fines	997,229	1,105,015	107,786	1,007,131
Drug related fines	25,000	8,420	(16,580)	9,898
TOTAL	1,022,229	1,113,435	91,206	1,017,029
<u>CHARGES FOR SERVICES</u>				
Fire protection fees	64,920	63,682	(1,238)	65,871
Customer street light fees	44,460	40,512	(3,948)	42,894
Municipal Center rentals	165,050	148,839	(16,211)	178,437
Rec. fees - special programs	27,000	23,367	(3,633)	17,538
Rec. fees - volleyball	5,090	6,015	925	5,435
Rec. fees - soccer	62,740	62,740	-	60,605
Rec. fees - miscellaneous	15,000	17,009	2,009	10,222
Rec. fees - basketball	40,305	38,862	(1,443)	34,896
Rec. fees - softball	27,915	27,603	(312)	27,520
Rec. fees - football	34,035	40,548	6,513	41,199
Rec. fees - baseball	67,140	65,115	(2,025)	82,598
Concession stand	127,000	104,859	(22,141)	124,158
Community Center fees	111,800	104,006	(7,794)	94,270
Activities Center fees	207,055	174,915	(32,140)	213,808
Recreation facilities rentals	21,000	23,949	2,949	22,514
Activities Center tournaments	168,900	181,978	13,078	154,411
TOTAL	\$ 1,189,410	\$ 1,123,999	\$ (65,411)	\$ 1,176,376

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>INTERGOVERNMENTAL</u>				
State of South Carolina:				
State shared revenue	\$ 490,000	\$ 466,979	\$ (23,021)	\$ 502,555
Accommodations tax	10,200	25,883	15,683	7,992
Merchants' inventory tax	54,700	54,790	90	54,790
Local option sales tax	18,000	17,142	(858)	18,135
SCDOT traffic signals	40,700	24,213	(16,487)	31,808
Law enforcement net grant	26,000	25,719	(281)	25,865
Highway safety grant	129,000	134,130	5,130	161,496
TOTAL	768,600	748,856	(19,744)	802,641
<u>MISCELLANEOUS</u>				
Other	113,451	125,954	12,503	125,511
Communication tower rental	196,466	203,064	6,598	202,319
Interest earnings	20,000	5,665	(14,335)	11,390
TOTAL	329,917	334,683	4,766	339,220
TOTAL REVENUES	\$ 12,547,751	\$ 12,954,845	\$ 407,094	\$ 12,632,145

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
City Council -				
Personal services:				
Salaries and wages	\$ 99,166	\$ 99,942	\$ 776	\$ 100,322
FICA	7,586	6,466	(1,120)	6,337
Employee retirement	7,029	7,920	891	7,595
Employee insurance	5,034	4,873	(161)	4,371
Workers' compensation	132	94	(38)	119
Operating expenditures:				
General supplies/postage	4,275	4,274	(1)	4,371
Dues/training/travel	8,750	6,564	(2,186)	5,263
Contracts/repairs	-	68	68	-
Advertising	1,350	147	(1,203)	264
Special department supplies	4,250	3,523	(727)	678
Insurance	3,784	1,810	(1,974)	1,643
TOTAL	\$ 141,356	\$ 135,681	\$ (5,675)	\$ 130,963

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Administration -				
Personal services:				
Salaries and wages	\$ 192,686	\$ 169,066	\$ (23,620)	\$ 193,444
FICA	14,740	12,106	(2,634)	12,962
Employee retirement	30,551	25,789	(4,762)	29,708
Employee insurance	12,449	12,101	(348)	10,809
Workers' compensation	498	337	(161)	426
Operating expenditures:				
General supplies/postage	4,650	3,132	(1,518)	3,538
Dues/training/travel	13,455	13,340	(115)	12,640
Contracts/repairs	9,150	4,916	(4,234)	6,021
Insurance	1,404	1,409	5	1,279
TOTAL	\$ 279,583	\$ 242,196	\$ (37,387)	\$ 270,827

(continued)

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Justice and Law -				
Personal services:				
Salaries and wages	\$ 120,554	\$ 104,526	\$ (16,028)	\$ 104,920
FICA	9,222	7,222	(2,000)	7,235
Employee retirement	11,320	9,075	(2,245)	9,077
Workers' compensation	240	171	(69)	216
Operating expenditures:				
General supplies/postage	100	-	(100)	452
State fees/fines	530,902	582,062	51,160	532,819
Dues/training/travel	2,900	1,460	(1,440)	1,386
Contracts and repairs	850	867	17	866
Jury services	3,000	2,320	(680)	2,287
Professional services	5,825	11,747	5,922	8,488
Juvenile detention	2,000	5,725	3,725	750
Insurance	926	779	(147)	707
TOTAL	687,839	725,954	38,115	669,203
Community Promotion -				
Personal services:				
Salaries and wages	51,456	52,446	990	52,644
FICA	3,936	3,995	59	3,982
Employee retirement	4,832	4,831	(1)	4,832
Employee insurance	6,758	6,558	(200)	5,868
Workers' compensation	245	139	(106)	176
Operating expenditures:				
Contributions	58,520	57,520	(1,000)	58,020
Dues/training/travel	5,704	5,931	227	5,704
Special department supplies	21,610	21,738	128	18,058
Insurance	778	781	3	709
TOTAL	\$ 153,839	\$ 153,939	\$ 100	\$ 149,993

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Finance -				
Personal services:				
Salaries and wages	\$ 269,325	\$ 274,422	\$ 5,097	\$ 300,555
FICA	20,603	20,300	(303)	22,201
Employee retirement	25,290	25,220	(70)	27,583
Employee insurance	25,372	24,639	(733)	22,030
Workers' compensation	662	435	(227)	551
Operating expenditures:				
General supplies/postage	7,200	7,622	422	6,121
Dues/training/travel	7,325	5,766	(1,559)	5,769
Auto operating	1,475	2,610	1,135	1,309
Data processing	20,220	17,694	(2,526)	19,182
Contracts/repairs	34,880	22,493	(12,387)	31,376
Advertising	1,800	264	(1,536)	224
Professional services	17,000	16,938	(62)	17,960
Insurance	1,900	1,906	6	1,730
Capital lease payments	4,145	4,144	(1)	4,144
Capital outlay:				
Office machines	-	-	-	17,523
<b>TOTAL</b>	<b>\$ 437,197</b>	<b>\$ 424,453</b>	<b>\$ (12,744)</b>	<b>\$ 478,258</b>

(continued)

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Building Standards -				
Personal services:				
Salaries and wages	\$ 169,742	\$ 174,366	\$ 4,624	\$ 215,371
FICA	12,985	12,881	(104)	15,577
Employee retirement	15,939	16,050	111	19,881
Employee insurance	16,440	15,968	(472)	19,918
Workers' compensation	5,664	3,988	(1,676)	5,057
Operating expenditures:				
General supplies/postage	3,000	2,794	(206)	2,878
Dues/training/travel	2,375	848	(1,527)	1,032
Auto operating	7,350	8,426	1,076	8,376
Data processing	5,500	5,877	377	5,000
Contracts/repairs	2,290	2,378	88	3,908
Uniforms/clothing	1,300	647	(653)	1,106
Special department supplies	1,800	1,485	(315)	1,780
Insurance	5,716	5,735	19	6,018
Capital lease payments	9,528	9,527	(1)	9,527
Capital outlay:				
Automotive equipment	-	-	-	15,138
TOTAL	\$ 259,629	\$ 260,970	\$ 1,341	\$ 330,567

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Planning and Economic Development -				
Personal services:				
Salaries and wages	\$ 222,617	\$ 223,225	\$ 608	\$ 248,386
FICA	17,030	16,825	(205)	18,123
Employee retirement	20,904	20,571	(333)	22,969
Employee insurance	25,600	24,865	(735)	22,226
Workers' compensation	2,081	1,445	(636)	1,829
Operating expenditures:				
General supplies/postage	3,900	1,789	(2,111)	3,178
Dues/training/travel	9,550	8,610	(940)	12,356
Auto operating	1,500	282	(1,218)	1,218
Data processing	6,500	5,877	(623)	12,677
Contracts/repairs	4,500	2,811	(1,689)	3,087
Advertising	1,500	226	(1,274)	749
Professional services	35,000	38,678	3,678	44,497
Special department supplies	3,500	2,556	(944)	2,619
Insurance	6,104	6,125	21	5,559
Bad debt	-	-	-	7,186
TOTAL	<u>\$ 360,286</u>	<u>\$ 353,885</u>	<u>\$ (6,401)</u>	<u>\$ 406,659</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Buildings -				
Personal services:				
Salaries and wages	\$ 87,287	\$ 74,193	\$ (13,094)	\$ 87,718
Overtime pay	5,000	5,944	944	11,990
FICA	7,060	6,201	(859)	7,476
Employee retirement	8,666	7,533	(1,133)	9,151
Employee insurance	19,950	19,369	(581)	17,321
Workers' compensation	746	495	(251)	1,132
Operating expenditures:				
General supplies/postage	34,200	25,567	(8,633)	32,971
Utility services	269,300	256,116	(13,184)	255,566
Contracts/repairs	90,570	101,203	10,633	88,728
Uniforms	850	263	(587)	823
Advertising	8,000	6,088	(1,912)	9,981
Professional services	9,500	4,029	(5,471)	3,115
Special department supplies	45,576	34,480	(11,096)	29,906
Insurance	42,504	42,647	143	38,712
TOTAL	\$ 629,209	\$ 584,128	\$ (45,081)	\$ 594,590
TOTAL GENERAL GOVERNMENT	\$ 2,948,938	\$ 2,881,206	\$ (67,732)	\$ 3,031,060

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<b><u>PUBLIC SAFETY -</u></b>				
Police and Fire -				
Personal services:				
Salaries and wages	\$ 3,542,561	\$ 3,527,160	\$ (15,401)	\$ 3,484,331
Overtime pay	106,500	111,493	4,993	125,109
FICA	279,220	266,138	(13,082)	263,963
Employee retirement	392,881	396,795	3,914	386,935
Employee insurance	451,162	440,601	(10,561)	368,134
Workers' compensation	81,919	86,352	4,433	73,805
Unemployment insurance	3,000	1,407	(1,593)	165
Operating expenditures:				
General supplies/postage	17,900	22,294	4,394	18,810
Dues/training/travel	33,550	31,132	(2,418)	36,750
Auto operating	224,250	241,194	16,944	185,431
Data processing	75,300	61,173	(14,127)	13,751
Contracts/repairs	124,850	144,290	19,440	158,531
Uniforms/clothing	76,800	64,382	(12,418)	77,243
NAPS drug related account	25,000	8,420	(16,580)	9,898
Advertising	2,500	3,881	1,381	2,112
Professional services	30,200	30,623	423	23,461
Special department supplies	92,100	91,613	(487)	96,533
Heat grant expenditures	7,250	2,492	(4,758)	27,795
Insurance	87,616	106,626	19,010	86,608
Capital lease payments	267,547	269,808	2,261	224,175
Capital outlay:				
Automotive equipment	-	421,003	421,003	202,230
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 5,922,106</b>	<b>\$ 6,328,877</b>	<b>\$ 406,771</b>	<b>\$ 5,865,770</b>

(continued)

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC WORKS -</u>			
Engineering -				
Personal services:				
Salaries and wages	\$ 70,058	\$ 70,975	\$ 917	\$ 101,319
FICA	5,359	4,994	(365)	7,184
Employee retirement	6,578	6,558	(20)	9,537
Employee insurance	12,012	11,687	(325)	15,658
Workers' compensation	4,162	2,838	(1,324)	5,500
Operating expenditures:				
General supplies/postage	1,425	448	(977)	811
Dues/training/travel	1,328	1,037	(291)	1,235
Auto operating	3,125	3,194	69	3,056
Data processing	2,000	1,530	(470)	2,084
Contracts/repairs	2,100	2,193	93	2,778
Uniforms/clothing	750	730	(20)	600
Advertising	100	-	(100)	-
Special department supplies	2,090	690	(1,400)	1,324
Insurance	2,398	2,406	8	2,184
Capital lease payments	7,091	7,091	-	7,091
TOTAL	\$ 120,576	\$ 116,371	\$ (4,205)	\$ 160,361

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Continued				
Street Lighting and Traffic Signals -				
Personal services:				
Workers' compensation	\$ 88	\$ 63	\$ (25)	\$ 79
Operating expenditures:				
Dues/training/travel	3,251	101	(3,150)	2,609
Utility services	354,000	388,179	34,179	396,517
Contracts/repairs	6,000	4,670	(1,330)	544
Special department supplies	14,600	1,985	(12,615)	12,680
TOTAL	377,939	394,998	17,059	412,429
Streets and Drains -				
Personal services:				
Salaries and wages	323,343	293,162	(30,181)	296,583
Overtime pay	7,500	7,470	(30)	6,018
FICA	25,310	22,749	(2,561)	22,266
Employee retirement	31,066	27,747	(3,319)	27,783
Employee insurance	49,882	48,460	(1,422)	43,311
Workers' compensation	20,162	21,708	1,546	17,392
Operating expenditures:				
General supplies/postage	500	296	(204)	512
Dues/training/travel	1,225	1,446	221	677
Auto operating	34,650	37,808	3,158	34,735
Contracts/repairs	23,940	33,164	9,224	37,248
Building materials/supplies	65,000	55,016	(9,984)	59,492
Uniforms/clothing	5,400	5,131	(269)	4,767
Streets and Drains - forward	\$ 587,978	\$ 554,157	\$ (33,821)	\$ 550,784

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Continued				
Streets and Drains - forwarded	\$ 587,978	\$ 554,157	\$ (33,821)	\$ 550,784
Operating expenditures:				
Continued				
Special department supplies	15,400	16,283	883	14,741
Judgments/settlements	500	138	(362)	-
Insurance	7,800	8,149	349	7,104
Capital lease payments	43,926	41,188	(2,738)	21,598
Capital outlay:				
Machines/equipment	2,000	150,227	148,227	-
 TOTAL	 657,604	 770,142	 112,538	 594,227
 TOTAL PUBLIC WORKS	 \$ 1,156,119	 \$ 1,281,511	 \$ 125,392	 \$ 1,167,017

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Recreation -				
Personal services:				
Salaries and wages	\$ 349,601	\$ 363,584	\$ 13,983	\$ 342,115
Overtime pay	8,000	3,005	(4,995)	4,349
FICA	27,356	27,761	405	25,811
Employee retirement	33,579	33,797	218	31,683
Employee insurance	24,426	23,719	(707)	21,208
Workers' compensation	9,926	6,955	(2,971)	8,941
Unemployment insurance	150	-	(150)	1,818
Operating expenditures:				
General supplies/postage	2,400	2,324	(76)	2,190
Dues/training/travel	7,500	7,979	479	7,246
Auto operating	2,600	2,380	(220)	2,036
Contract/repairs	7,750	8,023	273	7,985
Uniforms/clothing	900	399	(501)	871
Advertising	1,300	1,117	(183)	1,282
Rent	200	-	(200)	-
Professional services	25,620	26,753	1,133	23,844
Special department supplies	24,200	23,658	(542)	23,648
Basketball program	37,200	33,549	(3,651)	31,715
Softball program	27,000	27,442	442	27,459
Football program	31,500	36,860	5,360	38,244
Baseball program	62,000	60,741	(1,259)	83,490
Soccer program	46,500	49,361	2,861	52,544
Volleyball program	4,200	4,178	(22)	3,647
Concession stand supplies	104,000	76,990	(27,010)	96,786
Insurance	11,107	11,321	214	11,346
Capital outlay:				
Furniture/fixtures	1,500	-	(1,500)	-
Machines/equipment	-	53,380	53,380	860
TOTAL	\$ 850,515	\$ 885,276	\$ 34,761	\$ 851,118

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Parks -				
Personal services:				
Salaries and wages	\$ 153,498	\$ 153,283	\$ (215)	\$ 149,123
Overtime pay	10,000	7,344	(2,656)	10,001
FICA	12,508	11,585	(923)	11,265
Employee retirement	15,352	14,788	(564)	14,619
Employee insurance	25,006	24,283	(723)	21,713
Workers' compensation	4,628	2,590	(2,038)	3,358
Operating expenditures:				
General supplies/postage	1,300	1,197	(103)	1,029
Dues/training/travel	1,150	1,113	(37)	1,054
Auto operating	11,000	15,155	4,155	12,428
Utility services	48,900	49,811	911	52,532
Contracts/repairs	44,050	45,339	1,289	40,924
Building materials/supplies	15,100	15,118	18	14,874
Uniforms/clothing	2,100	2,131	31	2,098
Advertising	300	-	(300)	150
Professional services	180	531	351	-
Special department supplies	18,000	17,918	(82)	17,576
Insurance	6,954	6,977	23	6,448
Capital lease payments	20,684	21,065	381	15,699
Capital outlay:				
Furniture/fixtures	-	-	-	1,363
Machines/equipment	-	-	-	11,439
Park improvements	5,000	4,648	(352)	5,000
TOTAL	\$ 395,710	\$ 394,876	\$ (834)	\$ 392,693

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Property Maintenance -				
Personal services:				
Salaries and wages	\$ 475,134	\$ 437,286	\$ (37,848)	\$ 425,280
Overtime pay	8,500	7,826	(674)	8,065
FICA	36,998	31,706	(5,292)	31,124
Employee retirement	45,413	40,857	(4,556)	39,975
Employee insurance	76,953	74,784	(2,169)	61,633
Workers' compensation	34,628	24,080	(10,548)	30,127
Operating expenditures:				
General supplies/postage	1,400	1,443	43	920
Dues/training/travel	1,500	1,462	(38)	1,560
Auto operating	22,600	41,294	18,694	28,226
Utility services	15,400	14,386	(1,014)	16,273
Data processing	700	627	(73)	-
Contracts/repairs	28,600	31,352	2,752	29,779
Building materials/supplies	2,500	2,732	232	2,438
Uniforms/clothing	4,450	4,433	(17)	4,304
Advertising	1,000	610	(390)	-
Professional services	72,260	104,479	32,219	73,811
Special department supplies	71,000	71,681	681	67,702
Insurance	13,138	13,182	44	11,773
Capital lease payments	44,170	43,317	(853)	42,526
Capital outlay:				
Machines/equipment	4,500	47,483	42,983	-
 TOTAL	 \$ 960,844	 \$ 995,020	 \$ 34,176	 \$ 875,516

(continued)

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Community Center -				
Personal services:				
Salaries and wages	\$ 69,039	\$ 70,351	\$ 1,312	\$ 68,943
Overtime pay	2,000	1,440	(560)	1,288
FICA	5,434	5,480	46	5,324
Employee retirement	6,671	6,593	(78)	6,445
Employee insurance	10,012	9,724	(288)	8,693
Workers' compensation	1,304	359	(945)	454
Operating expenditures:				
General supplies/postage	2,500	2,014	(486)	967
Auto operating	725	170	(555)	649
Utility services	20,760	20,968	208	22,148
Data processing	-	-	-	6,262
Contracts/repairs	6,200	8,247	2,047	9,687
Uniforms/clothing	650	116	(534)	493
Advertising	2,000	1,512	(488)	2,000
Professional services	24,000	23,500	(500)	23,450
Special department supplies	12,000	14,509	2,509	16,831
Insurance	3,134	3,145	11	2,854
TOTAL	\$ 166,429	\$ 168,128	\$ 1,699	\$ 176,488

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

YEAR ENDED DECEMBER 31, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
RVP Activities Center -				
Personal services:				
Salaries and wages	\$ 246,915	\$ 253,044	\$ 6,129	\$ 244,977
Overtime pay	10,000	9,924	(76)	7,683
FICA	19,654	19,604	(50)	18,740
Employee retirement	24,124	24,186	62	23,207
Employee insurance	35,952	34,921	(1,031)	31,216
Workers' compensation	2,600	1,850	(750)	2,342
Unemployment insurance	2,400	-	(2,400)	4,848
Operating expenditures:				
General supplies/postage	7,000	7,262	262	7,037
Dues/training/travel	1,100	1,081	(19)	1,044
Auto operating	2,200	975	(1,225)	1,058
Utility services	120,000	111,051	(8,949)	146,724
Contracts/repairs	67,175	64,472	(2,703)	63,248
Uniforms/clothing	1,400	417	(983)	1,343
Advertising	1,500	300	(1,200)	570
Professional services	180	179	(1)	-
Tournaments/special events	99,000	103,435	4,435	88,155
Special department supplies	14,500	15,144	644	14,838
Insurance	8,872	9,161	289	8,080
Capital lease payments	7,592	7,592	-	7,592
Capital outlay:				
Furniture/fixtures	1,500	-	(1,500)	-
Machines/equipment	10,000	9,788	(212)	6,998
	683,664	674,386	(9,278)	679,700
TOTAL	683,664	674,386	(9,278)	679,700
TOTAL RECREATION AND PARKS	3,057,162	3,117,686	60,524	2,975,515
TOTAL EXPENDITURES	\$ 13,084,325	\$ 13,609,280	\$ 524,955	\$ 13,039,362

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 SALES TAX II FUND  
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>RESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 4,402,958	\$ 2,990,135
Investments	<u>1,319,969</u>	<u>1,316,046</u>
 TOTAL ASSETS	 <u>\$ 5,722,927</u>	 <u>\$ 4,306,181</u>
 <u>RESTRICTED LIABILITIES</u>		
Accounts payable	<u>\$ 758,728</u>	<u>\$ 5,067</u>
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Capital Projects	<u>4,964,199</u>	<u>4,301,114</u>
 TOTAL FUND BALANCE	 <u>4,964,199</u>	 <u>4,301,114</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 5,722,927</u>	 <u>\$ 4,306,181</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, 2011 AND 2010

	2011	2010
<u>REVENUES</u>		
Capital projects sales taxes	\$ 3,474,959	\$ 3,354,214
Interest on investments	4,055	5,802
 TOTAL REVENUES	 3,479,014	 3,360,016
<u>EXPENDITURES</u>		
Current:		
General government	37,283	251,886
Capital outlay:		
Public works	346,625	66,221
Recreation	2,432,021	50,797
Community Center	-	140,016
 TOTAL EXPENDITURES	 2,815,929	 508,920
 NET CHANGE IN FUND BALANCE	 663,085	 2,851,096
 FUND BALANCE - BEGINNING OF YEAR	 4,301,114	 1,450,018
 FUND BALANCE - END OF YEAR	 \$ 4,964,199	 \$ 4,301,114

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 CAPITAL PROJECTS FUND  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Equity in pooled cash	\$ 1,006,165	\$ 916,299
Investments	1,241,962	1,316,540
Restricted assets (cash and investments)	2,265,000	2,180,000
 TOTAL ASSETS	 \$ 4,513,127	 \$ 4,412,839
 <u>LIABILITIES</u>		
Accounts payable	\$ 525	\$ 33,225
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Debt service	290,000	280,000
Capital Projects	1,975,000	1,900,000
Committed for:		
Capital Projects	377,543	564,750
Assigned for:		
Capital Projects	1,870,059	1,634,864
 TOTAL FUND BALANCE	 4,512,602	 4,379,614
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 4,513,127	 \$ 4,412,839

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>REVENUES</u>		
Ad valorem property taxes	\$ 612,983	\$ 599,469
Intergovernmental	467,877	45,625
Interest	10,474	17,713
Miscellaneous	-	120,000
	1,091,334	782,807
 <u>EXPENDITURES</u>		
Current:		
General government	60,000	60,000
Public safety	138,011	81,879
Recreation and parks	36,100	-
Capital outlay:		
General government	2,605	3,389
Public safety	412,912	1,308,787
Recreation and parks	260,631	241,303
General Obligation Bond payments:		
Principal	280,000	275,000
Interest	145,088	155,494
	1,335,347	2,125,852
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (244,013)	 (1,343,045)
 <u>OTHER FINANCING SOURCES</u>		
Proceeds from sale of capital assets	-	184,046
Transfers in	377,001	595,511
	132,988	(563,488)
 NET CHANGE IN FUND BALANCE	 132,988	 (563,488)
 FUND BALANCE - BEGINNING OF YEAR	 4,379,614	 4,943,102
 FUND BALANCE - END OF YEAR	 \$ 4,512,602	 \$ 4,379,614

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## NONMAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECTS FUNDS

Special Revenue Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The Capital Projects Funds of the City include:

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

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.

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.

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds of the City include:

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.

Riverfront/Central Core Redevelopment Fund - 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  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2011  
 With Comparative Totals for December 31, 2010

	CAPITAL PROJECTS FUNDS			
	SALES TAX FUND	STREET IMPROVEMENTS	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<b>ASSETS</b>				
Equity in pooled cash	\$ 665,917	\$ 239,535	\$ 416,897	\$ 143,668
Investments	-	550,668	1,065,442	-
Grant receivable	-	26,401	-	-
Due from other funds	-	-	-	-
Restricted assets (cash and investments)	415,645	100,000	-	789,687
<b>TOTAL ASSETS</b>	<b>\$ 1,081,562</b>	<b>\$ 916,604</b>	<b>\$ 1,482,339</b>	<b>\$ 933,355</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	68,695
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,695</b>
<b>FUND BALANCES</b>				
Fund balances:				
Restricted for:				
Capital projects	415,645	100,000	-	-
Capital projects (Trans Fund)	-	-	-	789,687
Public safety (Fire Division)	-	-	-	-
Committed for:				
Capital projects	665,917	383,651	-	-
Capital projects (Trans Fund)	-	-	-	68,695
Assigned for:				
Capital projects	-	432,953	1,482,339	-
Capital projects (Trans Fund)	-	-	-	6,278
Recreation and parks	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,081,562</b>	<b>916,604</b>	<b>1,482,339</b>	<b>864,660</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,081,562</b>	<b>\$ 916,604</b>	<b>\$ 1,482,339</b>	<b>\$ 933,355</b>

SPECIAL REVENUE FUNDS

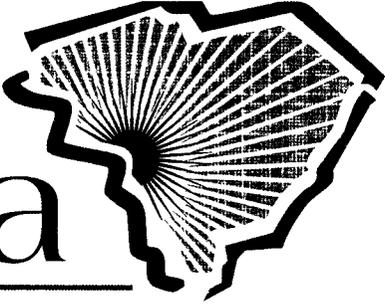
RECREATION	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	TOTALS	
			2011	2010
\$ 65,742	\$ 2,522	\$ 716,693	\$ 2,250,974	\$ 1,969,063
-	-	644,439	2,260,549	3,094,658
-	-	75,892	102,293	64,899
-	-	2,023	2,023	2,379
-	65,031	-	1,370,363	1,378,461
<u>\$ 65,742</u>	<u>\$ 67,553</u>	<u>\$ 1,439,047</u>	<u>\$ 5,986,202</u>	<u>\$ 6,509,460</u>
\$ 10,100	\$ 2,522	\$ -	\$ 12,622	\$ 76,725
-	-	-	68,695	53,195
<u>10,100</u>	<u>2,522</u>	<u>-</u>	<u>81,317</u>	<u>129,920</u>
-	-	-	515,645	526,126
-	-	-	789,687	800,000
-	65,031	-	65,031	52,335
-	-	558,046	1,607,614	1,813,982
-	-	-	68,695	68,695
-	-	881,001	2,796,293	3,132,846
-	-	-	6,278	-
55,642	-	-	55,642	44,043
-	-	-	-	(58,487)
<u>55,642</u>	<u>65,031</u>	<u>1,439,047</u>	<u>5,904,885</u>	<u>6,379,540</u>
<u>\$ 65,742</u>	<u>\$ 67,553</u>	<u>\$ 1,439,047</u>	<u>\$ 5,986,202</u>	<u>\$ 6,509,460</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2011  
 With Comparative Totals for December 31, 2010

	CAPITAL PROJECTS FUNDS			
	SALES TAX FUND	STREET IMPROVEMENTS	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<u>REVENUES</u>				
Ad valorem property taxes - TIF District	\$ -	\$ -	\$ 652,498	\$ -
Local hospitality and accommodations taxes	-	-	-	-
Intergovernmental	-	670,926	105,010	-
Interest on investments/loans	3,697	1,943	3,197	2,268
Grant revenues	-	-	-	-
Contributions	-	-	-	62,497
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,697</b>	<b>672,869</b>	<b>760,705</b>	<b>64,765</b>
<u>EXPENDITURES</u>				
Current:				
Public safety	276,277	-	-	-
Public works	-	34,380	-	-
Recreation and parks	-	-	-	-
Capital lease payments	-	-	-	-
Capital outlay:				
General government	-	-	737,307	-
Public safety	-	-	-	-
Public works	10,481	576,433	140,275	10,313
Recreation and parks	-	-	105,173	-
<b>TOTAL EXPENDITURES</b>	<b>286,758</b>	<b>610,813</b>	<b>982,755</b>	<b>10,313</b>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from sale of capital assets	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(283,061)</b>	<b>62,056</b>	<b>(222,050)</b>	<b>54,452</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,364,623</b>	<b>854,548</b>	<b>1,704,389</b>	<b>810,208</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,081,562</b>	<b>\$ 916,604</b>	<b>\$ 1,482,339</b>	<b>\$ 864,660</b>

SPECIAL REVENUE FUNDS

RECREATION	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	TOTALS	
			2011	2010
\$ -	\$ -	\$ -	\$ 652,498	\$ 631,906
-	-	559,853	559,853	555,230
4,397	53,289	-	833,622	257,164
2	2	2,047	13,156	19,850
-	-	17,563	17,563	-
-	-	-	62,497	-
7,200	-	26	7,226	11,019
<u>11,599</u>	<u>53,291</u>	<u>579,489</u>	<u>2,146,415</u>	<u>1,475,169</u>
-	40,595	-	316,872	26,350
-	-	-	34,380	43,702
-	-	-	-	63,643
-	-	507,493	507,493	507,493
-	-	182,343	919,650	277,218
-	-	-	-	138,696
-	-	-	737,502	58,726
-	-	-	105,173	51,052
-	40,595	689,836	2,621,070	1,166,880
-	-	-	-	109,703
11,599	12,696	(110,347)	(474,655)	417,992
44,043	52,335	1,549,394	6,379,540	5,961,548
<u>\$ 55,642</u>	<u>\$ 65,031</u>	<u>\$ 1,439,047</u>	<u>\$ 5,904,885</u>	<u>\$ 6,379,540</u>

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## MAJOR ENTERPRISE FUNDS

The Water and Wastewater Fund is used to account for waterworks and wastewater 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 WASTEWATER SYSTEM  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
<u>CURRENT UNRESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 781,662	\$ 2,222,127
Investments	2,837,122	2,828,690
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 for 2011 and 2010)	1,327,051	1,293,714
Inventory	210,350	215,880
TOTAL CURRENT UNRESTRICTED ASSETS	5,156,185	6,560,411
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>		
With fiscal agents	451,699	926,128
Customer deposits	453,618	434,550
TOTAL CURRENT RESTRICTED ASSETS	905,317	1,360,678
 TOTAL CURRENT ASSETS	 6,061,502	 7,921,089
<u>NON-CURRENT RESTRICTED ASSETS (cash and investments)</u>		
Revenue bond improvement and extension account	1,360,171	1,252,878
Revenue bond depreciation or obsolete item account	594,987	571,660
Revenue bond construction account	6,131,879	6,860,461
TOTAL NON-CURRENT RESTRICTED ASSETS	8,087,037	8,684,999
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	3,774,578	1,982,109
Depreciable	40,565,117	41,088,021
TOTAL CAPITAL ASSETS, NET	44,339,695	43,070,130
<u>SERVICE RIGHTS</u> (net of accumulated amortization of \$58,999 for 2011 and \$56,499 for 2010)	41,001	43,501
<u>DEFERRED CHARGES</u>		
Bond issuance expense (net of accumulated amortization of \$21,393 for 2011 and \$70,148 for 2010)	14,255	50,722
 TOTAL ASSETS	 \$ 58,543,490	 \$ 59,770,441

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (payable from current assets)		
Accounts payable	\$ 551,006	\$ 573,620
Accrued salaries, wages and employee benefits	50,941	51,018
Accrued vacation	115,863	116,799
Current portion of capital leases payable	50,534	66,543
Accrued interest payable	3,545	3,545
Unearned revenue	14,105	14,105
TOTAL CURRENT LIABILITIES (payable from current assets)	785,994	825,630
<u>CURRENT LIABILITIES</u> (payable from restricted assets)		
Accounts payable	81,613	58,713
Accrued bond interest	24,014	24,014
Current portion of revenue bonds payable	238,752	517,388
Customer deposits	453,618	434,550
TOTAL CURRENT LIABILITIES (payable from restricted assets)	797,997	1,034,665
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	129,156	73,905
Revenue bonds payable	1,371,083	3,760,863
Unearned revenue	331,474	345,579
TOTAL LONG-TERM LIABILITIES	1,831,713	4,180,347
TOTAL LIABILITIES	3,415,704	6,040,642
<u>NET ASSETS</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	42,550,170	38,651,431
Restricted per revenue bond indentures	8,433,109	9,528,400
Unrestricted	4,144,507	5,549,968
TOTAL NET ASSETS	55,127,786	53,729,799
TOTAL LIABILITIES AND NET ASSETS	\$ 58,543,490	\$ 59,770,441

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Metered water sales - net	\$ 3,446,226	\$ 3,428,675
Wastewater service charges	4,863,350	4,569,201
Water tap fees	52,311	51,075
Wastewater tap fees	77,225	88,660
Fire protection fees	11,237	10,886
Other	286,620	252,641
TOTAL OPERATING REVENUES	<u>8,736,969</u>	<u>8,401,138</u>
<u>OPERATING EXPENSES</u>		
Utilities Finance	513,070	528,324
Utilities Administration	577,295	587,572
Water Operations and Maintenance	590,292	590,632
Water Production and Treatment	1,366,200	1,333,544
Wastewater Operations and Maintenance	2,695,614	2,761,551
Depreciation and amortization	949,292	941,010
TOTAL OPERATING EXPENSES	<u>6,691,763</u>	<u>6,742,633</u>
OPERATING INCOME	<u>2,045,206</u>	<u>1,658,505</u>
<u>NONOPERATING REVENUES AND (EXPENSES)</u>		
Interest revenue	30,183	45,447
Interest expense and fiscal charges	(197,568)	(222,241)
Amortization of bond issuance costs and deferred refunding	(2,377)	(43,509)
Loss on extinguishment of bond debt	(329,062)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(498,824)</u>	<u>(220,303)</u>
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	1,546,382	1,438,202
CAPITAL CONTRIBUTIONS	245,500	511,472
TRANSFERS IN	12,407,476	8,558,771
TRANSFERS OUT	<u>(12,801,371)</u>	<u>(8,955,156)</u>
CHANGE IN NET ASSETS	1,397,987	1,553,289
NET ASSETS - BEGINNING OF YEAR	<u>53,729,799</u>	<u>52,176,510</u>
NET ASSETS - END OF YEAR	<u>\$ 55,127,786</u>	<u>\$ 53,729,799</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers	\$ 8,417,012	\$ 8,248,291
Customer deposits	19,068	12,313
Cash paid to suppliers	(3,548,709)	(3,579,657)
Cash paid to employees for services	(2,188,959)	(2,188,076)
Other operating cash receipts	272,515	238,536
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 2,970,927	 2,731,407
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers in from other funds	12,407,476	8,558,771
Transfers out to other funds	(12,801,371)	(8,955,156)
 NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	 (393,895)	 (396,385)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Capital contributions received from other governments	14,105	14,112
Purchase and construction of capital assets	(1,851,544)	(180,355)
Principal paid on revenue bonds	(2,963,388)	(497,289)
Principal paid on capitalized leases	(94,176)	(74,718)
Interest paid on revenue bonds	(193,516)	(215,960)
Interest paid on capital leases	(4,052)	(6,281)
 NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	 (5,092,571)	 (960,491)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Payments received on loan extended to developer	-	63,906
Interest on investments	30,183	45,447
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 30,183	 109,353
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (2,485,356)	 1,483,884
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 15,096,494	 13,612,610
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 12,611,138	 \$ 15,096,494

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	<u>\$ 2,045,206</u>	<u>\$ 1,658,505</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	949,292	941,010
Change in assets and liabilities:		
Increase in accounts receivable	(33,337)	(75,398)
Decrease in grants receivable	-	175,192
Decrease (increase) in inventory	5,530	(17,214)
Increase in accounts payable	286	39,192
Increase in customer deposits	19,068	12,313
(Decrease) increase in accrued salaries, wages and employee benefits	(77)	8,282
(Decrease) increase in accrued vacation	(936)	3,630
Decrease in unearned revenue	<u>(14,105)</u>	<u>(14,105)</u>
 TOTAL ADJUSTMENTS	 <u>925,721</u>	 <u>1,072,902</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 2,970,927</u>	 <u>\$ 2,731,407</u>
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	<u>\$ 133,418</u>	<u>\$ -</u>
Capital assets contributed by subdividers/developers	<u>\$ 231,395</u>	<u>\$ 497,193</u>
Loss on extinguishment of bond debt	<u>\$ 329,062</u>	<u>\$ -</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 781,662	\$ 2,222,127
Investments	2,837,122	2,828,690
Current restricted assets	905,317	1,360,678
Non-current restricted assets	<u>8,087,037</u>	<u>8,684,999</u>
 CASH AND CASH EQUIVALENTS	 <u>\$ 12,611,138</u>	 <u>\$ 15,096,494</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<b><u>OPERATING REVENUES</u></b>				
Metered water sales - net	\$ 3,366,467	\$ 3,446,226	\$ 79,759	\$ 3,428,675
Wastewater service charges	4,676,131	4,863,350	187,219	4,569,201
Water tap fees	52,000	52,311	311	51,075
Wastewater tap fees	85,000	77,225	(7,775)	88,660
Fire protection fees	10,886	11,237	351	10,886
Other	281,400	286,620	5,220	252,641
<b>TOTAL OPERATING REVENUES</b>	<b>8,471,884</b>	<b>8,736,969</b>	<b>265,085</b>	<b>8,401,138</b>
<b><u>OPERATING EXPENSES</u></b>				
Utilities Finance	538,166	513,070	(25,096)	528,324
Utilities Administration	585,463	577,295	(8,168)	587,572
Water Operations and Maintenance	577,184	590,292	13,108	590,632
Water Production and Treatment	1,344,316	1,366,200	21,884	1,333,544
Wastewater Operations and Maintenance	2,960,336	2,695,614	(264,722)	2,761,551
Depreciation and amortization	-	949,292	949,292	941,010
<b>TOTAL OPERATING EXPENSES</b>	<b>6,005,465</b>	<b>6,691,763</b>	<b>686,298</b>	<b>6,742,633</b>
<b><u>NONOPERATING REVENUES</u></b>				
<b><u>(EXPENSES)</u></b>				
Interest revenue	20,000	30,183	10,183	45,447
Interest expense and fiscal charges	-	(197,568)	(197,568)	(222,241)
Amortization of bond issuance costs and deferred refunding	-	(2,377)	(2,377)	(43,509)
Loss on sale/disposal of capital assets	-	(329,062)	(329,062)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>20,000</b>	<b>(498,824)</b>	<b>(518,824)</b>	<b>(220,303)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS</b>	<b>2,486,419</b>	<b>1,546,382</b>	<b>(940,037)</b>	<b>1,438,202</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>245,500</b>	<b>245,500</b>	<b>511,472</b>
<b>TRANSFERS IN</b>	<b>8,463,884</b>	<b>12,407,476</b>	<b>3,943,592</b>	<b>8,558,771</b>
<b>TRANSFERS OUT</b>	<b>(8,857,779)</b>	<b>(12,801,371)</b>	<b>(3,943,592)</b>	<b>(8,955,156)</b>
<b>NET INCOME</b>	<b>\$ 2,092,524</b>	<b>\$ 1,397,987</b>	<b>\$ (694,537)</b>	<b>\$ 1,553,289</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>UTILITIES FINANCE</u>			
Personal services:				
Salaries and wages	\$ 187,408	\$ 185,208	\$ (2,200)	\$ 190,786
FICA	14,337	13,194	(1,143)	13,835
Employee retirement	19,206	18,427	(779)	19,025
Employee insurance	23,025	22,393	(632)	19,992
Workers' compensation	938	632	(306)	800
Operating expenses:				
General supplies/postage	113,650	111,845	(1,805)	111,325
Dues/training/travel	2,400	218	(2,182)	216
Data processing	58,600	58,784	184	56,840
Contracts and repairs	61,200	38,267	(22,933)	48,315
Professional services	28,500	35,512	7,012	39,632
Insurance	902	905	3	822
Bad debts	28,000	27,685	(315)	26,736
<b>TOTAL UTILITIES FINANCE</b>	<b>\$ 538,166</b>	<b>\$ 513,070</b>	<b>\$ (25,096)</b>	<b>\$ 528,324</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>UTILITIES ADMINISTRATION</u>			
Personal services:				
Salaries and wages	\$ 347,948	\$ 356,486	\$ 8,538	\$ 357,497
Overtime pay	2,484	5,449	2,965	4,901
FICA	26,808	26,290	(518)	26,322
Employee retirement	32,906	32,945	39	32,909
Employee insurance	44,842	44,664	(178)	40,117
Workers' compensation	17,208	12,200	(5,008)	15,592
Unemployment insurance	650	70	(580)	50
Operating expenses:				
General supplies/postage	1,600	1,128	(472)	1,501
Dues/training/travel	3,000	2,984	(16)	2,264
Auto operating	10,595	12,768	2,173	11,203
Utility services	22,460	17,239	(5,221)	22,538
Contracts and repairs	8,380	10,209	1,829	8,581
Building material	1,500	1,250	(250)	1,564
Uniforms and clothing	2,350	1,243	(1,107)	1,422
Advertising	300	300	-	-
Professional services	10,680	232	(10,448)	14,468
Special department supplies	6,393	6,327	(66)	5,331
Insurance	45,359	45,511	152	41,312
TOTAL UTILITIES ADMINISTRATION	<u>\$ 585,463</u>	<u>\$ 577,295</u>	<u>\$ (8,168)</u>	<u>\$ 587,572</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER OPERATIONS AND MAINTENANCE</u>			
Personal services:				
Salaries and wages	\$ 301,491	\$ 308,080	\$ 6,589	\$ 333,097
Overtime pay	22,000	29,410	7,410	26,794
FICA	24,747	24,317	(430)	25,162
Employee retirement	30,376	31,375	999	32,912
Employee insurance	44,512	43,270	(1,242)	43,857
Workers' compensation	6,952	4,578	(2,374)	5,745
Operating expenses:				
Dues/training	1,250	1,447	197	1,695
Auto operating	37,325	44,385	7,060	37,372
Contracts and repairs	19,670	13,238	(6,432)	16,707
Building material	16,520	13,371	(3,149)	15,809
Uniforms and clothing	2,900	2,854	(46)	2,189
Advertising	300	326	26	152
Professional services	180	80	(100)	133
Special department supplies	63,400	68,985	5,585	44,671
Judgments/settlements	1,000	-	(1,000)	183
Insurance	4,561	4,576	15	4,154
TOTAL WATER OPERATIONS AND MAINTENANCE	<u>\$ 577,184</u>	<u>\$ 590,292</u>	<u>\$ 13,108</u>	<u>\$ 590,632</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>WATER PRODUCTION AND TREATMENT</u>				
Personal services:				
Salaries and wages	\$ 411,890	\$ 385,376	\$ (26,514)	\$ 415,039
Overtime pay	32,000	31,824	(176)	16,770
FICA	33,958	29,908	(4,050)	30,887
Employee retirement	41,681	38,372	(3,309)	39,819
Employee insurance	46,330	45,365	(965)	40,227
Workers' compensation	4,879	3,011	(1,868)	4,776
Operating expenses:				
General supplies	4,700	1,606	(3,094)	2,609
Dues/training	7,200	5,352	(1,848)	3,545
Auto operating	7,850	4,416	(3,434)	3,715
Utility services	345,000	470,406	125,406	462,299
Contracts and repairs	117,500	117,975	475	84,404
Building material	4,500	2,342	(2,158)	1,978
Uniforms and clothing	4,000	2,591	(1,409)	2,073
Professional services	51,000	44,050	(6,950)	45,301
ACPSA treatment charges	4,000	2,768	(1,232)	3,391
Special department supplies	224,300	177,298	(47,002)	173,498
Insurance	3,528	3,540	12	3,213
TOTAL WATER PRODUCTION AND TREATMENT	<u>\$ 1,344,316</u>	<u>\$ 1,366,200</u>	<u>\$ 21,884</u>	<u>\$ 1,333,544</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WASTEWATER OPERATIONS AND MAINTENANCE</u>			
Personal services:				
Salaries and wages	\$ 397,192	\$ 341,834	\$ (55,358)	\$ 318,086
Overtime pay	19,834	18,970	(864)	18,041
FICA	31,902	26,760	(5,142)	23,856
Employee retirement	39,159	33,712	(5,447)	30,580
Employee insurance	57,544	56,280	(1,264)	49,968
Workers' compensation	24,416	17,616	(6,800)	22,596
Unemployment insurance	1,000	-	(1,000)	-
Operating expenses:				
Dues/training	1,100	500	(600)	1,035
Auto operating	29,680	35,339	5,659	28,222
Utility services	76,769	53,757	(23,012)	57,238
Contracts and repairs	40,200	50,751	10,551	61,251
Building material	23,600	26,584	2,984	23,668
Uniforms and clothing	3,750	2,872	(878)	2,229
Advertising	300	379	79	-
Professional services	180	584	404	350
ACPSA treatment charges	2,147,222	1,995,772	(151,450)	2,047,178
Special department supplies	48,830	16,815	(32,015)	53,875
Judgments/settlements	1,000	-	(1,000)	921
Insurance	16,658	17,089	431	22,457
TOTAL WASTEWATER OPERATIONS AND MAINTENANCE	<u>2,960,336</u>	<u>2,695,614</u>	<u>(264,722)</u>	<u>2,761,551</u>
DEPRECIATION AND AMORTIZATION	<u>-</u>	<u>949,288</u>	<u>949,288</u>	<u>941,010</u>
TOTAL OPERATING EXPENSES	<u>\$ 6,005,465</u>	<u>\$ 6,691,759</u>	<u>\$ 686,294</u>	<u>\$ 6,742,633</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 ENTERPRISE FUND - SANITATION SERVICES  
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 966,061	\$ 697,709
Investments	1,932,771	1,927,027
Accounts receivable	620	12,292
TOTAL CURRENT ASSETS	<u>2,899,452</u>	<u>2,637,028</u>
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	91,235	91,235
Depreciable	<u>2,312,475</u>	<u>2,116,076</u>
TOTAL CAPITAL ASSETS	<u>2,403,710</u>	<u>2,207,311</u>
TOTAL ASSETS	<u>\$ 5,303,162</u>	<u>\$ 4,844,339</u>
 <u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 32,493	\$ 33,632
Accrued salaries and wages	37,374	40,394
Accrued vacation	90,840	87,688
Current portion of capital leases payable	179,982	185,109
Accrued interest payable	<u>6,534</u>	<u>6,534</u>
TOTAL CURRENT LIABILITIES	<u>347,223</u>	<u>353,357</u>
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	<u>811,015</u>	<u>442,547</u>
TOTAL LIABILITIES	<u>1,158,238</u>	<u>795,904</u>
 <u>NET ASSETS</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	1,412,713	1,579,655
Unrestricted	<u>2,732,211</u>	<u>2,468,780</u>
TOTAL NET ASSETS	<u>4,144,924</u>	<u>4,048,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,303,162</u>	<u>\$ 4,844,339</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 ENTERPRISE FUND - SANITATION SERVICES  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>OPERATING REVENUES</u>		
Sanitation service fees	\$ 2,442,425	\$ 2,409,742
Recycling fees	486,520	548,427
Sale of recyclables	472,030	426,761
Other	971	4,826
TOTAL OPERATING REVENUES	3,401,946	3,389,756
<u>OPERATING EXPENSES</u>		
Sanitation operations	1,934,801	1,885,931
Material recovery facility	818,884	779,030
Depreciation	452,714	408,755
TOTAL OPERATING EXPENSES	3,206,399	3,073,716
OPERATING INCOME	195,547	316,040
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	5,775	7,725
Interest expense	(16,816)	(13,376)
Gain on disposal of capital assets	54,662	32,796
TOTAL NONOPERATING REVENUES (EXPENSES)	43,621	27,145
INCOME BEFORE OPERATING TRANSFERS	239,168	343,185
<u>TRANSFERS</u>		
Transfers in	-	94
Transfers out	(142,679)	(149,312)
TOTAL TRANSFERS	(142,679)	(149,218)
CHANGE IN NET ASSETS	96,489	193,967
NET ASSETS - BEGINNING OF YEAR	4,048,435	3,854,468
NET ASSETS - END OF YEAR	\$ 4,144,924	\$ 4,048,435

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - SANITATION SERVICES  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers	\$ 3,412,647	\$ 3,421,065
Cash paid to suppliers	(1,037,390)	(973,584)
Cash paid to employees for services	(1,717,305)	(1,678,256)
Other operating cash receipts	971	4,826
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 658,923	 774,051
 <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers out to other funds	(142,679)	(149,312)
 NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	 (142,679)	 (149,312)
 <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds received from sales of capital assets	97,270	46,246
Principal paid on capitalized leases	(328,377)	(260,368)
Interest paid	(16,816)	(13,376)
 NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	 (247,923)	 (227,498)
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest on investments	5,775	7,725
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 274,096	 404,966
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 2,624,736	 2,219,770
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 2,898,832	 \$ 2,624,736

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - SANITATION SERVICES  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 195,547	\$ 316,040
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	452,714	408,755
Change in assets and liabilities:		
Decrease in accounts receivable	11,672	36,135
Decrease in accounts payable	(1,141)	(6,220)
(Decrease) increase in accrued salaries and wages	(3,020)	7,644
Increase in accrued vacation	3,151	11,697
 TOTAL ADJUSTMENTS	 463,376	 458,011
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 658,923	 \$ 774,051
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 691,718	\$ 443,092
Net capital assets transferred out to governmental funds	\$ -	\$ 13,456
Net capital assets transferred in from other enterprise funds	\$ -	\$ 94
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 966,061	\$ 697,709
Investments	1,932,771	1,927,027
	\$ 2,898,832	\$ 2,624,736

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - SANITATION SERVICES  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>OPERATING REVENUES</u>			
Sanitation service fees	\$ 2,419,884	\$ 2,442,425	\$ 22,541	\$ 2,409,742
Recycling fees	537,881	486,520	(51,361)	548,427
Sale of recyclables	412,776	472,030	59,254	426,761
Other	34,345	971	(33,374)	4,826
<b>TOTAL OPERATING REVENUES</b>	<b>3,404,886</b>	<b>3,401,946</b>	<b>(2,940)</b>	<b>3,389,756</b>
<u>OPERATING EXPENSES</u>				
Sanitation operations	2,059,798	1,934,801	(124,997)	1,885,931
Material recovery facility	851,246	818,884	(32,362)	779,030
Depreciation	-	452,714	452,714	408,755
<b>TOTAL OPERATING EXPENSES</b>	<b>2,911,044</b>	<b>3,206,399</b>	<b>295,355</b>	<b>3,073,716</b>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	7,000	5,775	(1,225)	7,725
Interest expense	-	(16,816)	(16,816)	(13,376)
Gain on disposal of assets	-	54,662	54,662	32,796
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>7,000</b>	<b>43,621</b>	<b>36,621</b>	<b>27,145</b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b>500,842</b>	<b>239,168</b>	<b>(261,674)</b>	<b>343,185</b>
<u>TRANSFERS</u>				
Transfers in	-	-	-	94
Transfers out	(142,679)	(142,679)	-	(149,312)
<b>TOTAL TRANSFERS</b>	<b>(142,679)</b>	<b>(142,679)</b>	<b>-</b>	<b>(149,218)</b>
<b>NET INCOME</b>	<b>\$ 358,163</b>	<b>\$ 96,489</b>	<b>\$ (261,674)</b>	<b>\$ 193,967</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - SANITATION SERVICES  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<b>SANITATION OPERATIONS</b>			
Personal services:				
Salaries and wages	\$ 998,006	\$ 940,387	\$ (57,619)	\$ 955,318
Overtime pay	7,000	6,042	(958)	6,956
FICA	76,883	69,947	(6,936)	70,009
Employee retirement	94,370	86,850	(7,520)	87,207
Employee insurance	152,800	149,358	(3,442)	133,427
Workers' compensation	38,884	28,277	(10,607)	45,002
Unemployment insurance	4,000	170	(3,830)	1,057
Operating expenses:				
General supplies	3,000	1,673	(1,327)	1,449
Dues/training	1,600	133	(1,467)	48
Auto operating	256,628	253,711	(2,917)	194,597
Utility services	27,500	19,617	(7,883)	23,844
Data processing	5,860	5,543	(317)	6,223
Contracts and repairs	90,230	87,952	(2,278)	89,498
Uniforms and clothing	14,000	9,192	(4,808)	9,269
Advertising	600	1,513	913	568
Professional services	6,680	5,725	(955)	5,804
Special department supplies	247,257	225,043	(22,214)	224,688
Judgments/settlements	500	-	(500)	-
Insurance	34,000	43,668	9,668	30,967
<b>TOTAL SANITATION OPERATIONS</b>	<b>\$ 2,059,798</b>	<b>\$ 1,934,801</b>	<b>\$ (124,997)</b>	<b>\$ 1,885,931</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - SANITATION SERVICES  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>MATERIAL RECOVERY FACILITY</u>				
Personal services:				
Salaries and wages	\$ 307,683	\$ 306,071	\$ (1,612)	\$ 292,007
Overtime pay	10,000	10,726	726	7,183
FICA	24,303	22,993	(1,310)	21,169
Employee retirement	29,830	29,435	(395)	27,121
Employee insurance	44,300	43,059	(1,241)	38,470
Workers' compensation	12,304	24,121	11,817	11,671
Unemployment insurance	1,000	-	(1,000)	1,000
Operating expenses:				
General supplies	2,250	2,048	(202)	1,420
Dues/training	795	808	13	725
Auto operating	51,238	52,088	850	54,086
Utility services	18,500	15,076	(3,424)	14,080
Data processing	2,900	2,021	(879)	-
Contracts and repairs	50,750	49,454	(1,296)	29,847
Building material	1,000	1,802	802	849
Recycling expenses	107,000	106,791	(209)	96,883
Uniforms and clothing	6,900	6,382	(518)	6,589
Advertising	3,000	1,694	(1,306)	1,578
Professional services	73,620	62,553	(11,067)	71,974
Special department supplies	89,873	67,715	(22,158)	89,627
Insurance	14,000	14,047	47	12,751
TOTAL MATERIAL RECOVERY FACILITY	851,246	818,884	(32,362)	779,030
DEPRECIATION	-	452,714	452,714	408,755
TOTAL OPERATING EXPENSES	\$ 2,911,044	\$ 3,206,399	\$ 295,355	\$ 3,073,716

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE BALANCE SHEETS  
 ENTERPRISE FUND - STORMWATER UTILITY FUND  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 318,817	\$ 276,638
Investments	1,184,919	1,181,397
 TOTAL CURRENT ASSETS	 1,503,736	 1,458,035
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	127,665	125,466
Depreciable	806,524	845,081
 TOTAL CAPITAL ASSETS	 934,189	 970,547
 TOTAL ASSETS	 \$ 2,437,925	 \$ 2,428,582
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 563	\$ 21,532
Accrued salaries and wages	10,217	11,287
Accrued vacation	27,420	26,615
Current portion of capital leases payable	7,674	7,473
 TOTAL CURRENT LIABILITIES	 45,874	 66,907
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	-	7,674
 TOTAL LIABILITIES	 45,874	 74,581
<u>NET ASSETS</u>		
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	926,515	955,400
Unrestricted	1,465,536	1,398,601
 TOTAL NET ASSETS	 2,392,051	 2,354,001
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,437,925	 \$ 2,428,582

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, 2011 AND 2010

	2011	2010
<u>OPERATING REVENUES</u>		
Stormwater utility fees	\$ 572,288	\$ 563,305
Other	5,147	5,878
 TOTAL OPERATING REVENUES	 577,435	 569,183
 <u>OPERATING EXPENSES</u>		
Stormwater operations	493,683	483,468
Depreciation	48,832	35,012
 TOTAL OPERATING EXPENSES	 542,515	 518,480
OPERATING INCOME	34,920	50,703
 <u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	3,534	6,372
Interest expense	(404)	(1,001)
TOTAL NONOPERATING REVENUES (EXPENSES)	3,130	5,371
INCOME BEFORE OPERATING TRANSFERS	38,050	56,074
 <u>TRANSFERS</u>		
Transfers out	-	(94)
 CHANGE IN NET ASSETS	 38,050	 55,980
NET ASSETS - BEGINNING OF YEAR	2,354,001	2,298,021
NET ASSETS - END OF YEAR	\$ 2,392,051	\$ 2,354,001

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - STORMWATER UTILITY FUND  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 572,288	\$ 563,305
Cash paid to suppliers	(109,732)	(50,769)
Cash paid to employees	(405,184)	(407,668)
Other operating cash receipts	5,147	5,878
	<u>62,519</u>	<u>110,746</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(12,475)	(352,248)
Principal paid on capitalized leases	(7,473)	(18,504)
Interest paid on capitalized leases	(404)	(1,001)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(20,352)</u>	<u>(371,753)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>3,534</u>	<u>6,372</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,701	(254,635)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,458,035</u>	<u>1,712,670</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,503,736</u>	<u>\$ 1,458,035</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - STORMWATER UTILITY FUND  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 34,920	\$ 50,703
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	48,832	35,012
Change in assets and liabilities:		
(Decrease) increase in accounts payable	(20,968)	21,419
(Decrease) increase in accrued salaries and wages	(1,070)	822
Increase in accrued vacation	805	2,790
TOTAL ADJUSTMENTS	27,599	60,043
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 62,519	\$ 110,746
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Net capital assets transferred out to other enterprise funds	\$ -	\$ 94
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 318,817	\$ 276,638
Investments	1,184,919	1,181,397
	\$ 1,503,736	\$ 1,458,035

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - STORMWATER UTILITY FUND  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Stormwater utility fees	\$ 558,492	\$ 572,288	\$ 13,796	\$ 563,305
Other	4,000	5,147	1,147	5,878
 TOTAL OPERATING REVENUES	 562,492	 577,435	 14,943	 569,183
<u>OPERATING EXPENSES</u>				
Stormwater operations	508,014	493,683	(14,331)	483,468
Drainage projects	53,600	-	(53,600)	-
Depreciation	-	48,832	48,832	35,012
 TOTAL OPERATING EXPENSES	 561,614	 542,515	 (19,099)	 518,480
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest revenue	7,000	3,534	(3,466)	6,372
Interest expense	-	(404)	(404)	(1,001)
 TOTAL NONOPERATING REVENUES (EXPENSES)	 7,000	 3,130	 (3,870)	 5,371
 INCOME BEFORE OPERATING TRANSFERS	 7,878	 38,050	 30,172	 56,074
<u>TRANSFERS</u>				
Transfers out	-	-	-	(94)
 NET INCOME	 \$ 7,878	 \$ 38,050	 \$ 30,172	 \$ 55,980

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL  
ENTERPRISE FUND - STORMWATER UTILITY FUND  
YEAR ENDED DECEMBER 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010

	2011		2010	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<b><u>STORMWATER OPERATIONS</u></b>				
Personal services:				
Salaries and wages	\$ 323,219	\$ 317,686	\$ (5,533)	\$ 325,498
FICA	24,726	23,374	(1,352)	23,478
Employee retirement	30,350	28,958	(1,392)	29,750
Employee insurance	31,832	31,027	(805)	27,842
Workers' compensation	5,213	3,858	(1,355)	4,696
Unemployment insurance	200	16	(184)	16
Operating expenses:				
General supplies	1,400	957	(443)	911
Dues/training	4,425	5,624	1,199	1,656
Auto operating	8,750	11,968	3,218	6,724
Data processing	24,000	20,514	(3,486)	15,089
Contracts and repairs	7,220	4,270	(2,950)	6,786
Uniforms and clothing	2,000	1,637	(363)	1,549
Advertising	11,500	11,309	(191)	7,501
Professional services	23,500	23,091	(409)	23,097
Special department supplies	5,472	5,175	(297)	5,082
Insurance	4,207	4,219	12	3,793
<b>TOTAL STORMWATER OPERATIONS</b>	<b>508,014</b>	<b>493,683</b>	<b>(14,331)</b>	<b>483,468</b>
<b>DRAINAGE PROJECTS</b>	<b>53,600</b>	<b>-</b>	<b>(53,600)</b>	<b>-</b>
<b>DEPRECIATION</b>	<b>-</b>	<b>48,832</b>	<b>48,832</b>	<b>35,012</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 561,614</b>	<b>\$ 542,515</b>	<b>\$ (19,099)</b>	<b>\$ 518,480</b>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
BALANCE SHEETS  
ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND  
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>RESTRICTED CURRENT ASSETS</u>		
Equity in pooled cash	\$ 74,571	\$ 96,566
Investments	<u>915,191</u>	<u>912,472</u>
 TOTAL CURRENT ASSETS	 <u>989,762</u>	 <u>1,009,038</u>
 TOTAL ASSETS	 <u>\$ 989,762</u>	 <u>\$ 1,009,038</u>
<u>NET ASSETS</u>		
<u>NET ASSETS</u>		
Restricted per operating agreement	<u>\$ 989,762</u>	<u>\$ 1,009,038</u>
 TOTAL NET ASSETS	 <u>989,762</u>	 <u>1,009,038</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 989,762</u>	 <u>\$ 1,009,038</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, 2011 AND 2010

	2011	2010
<u>OPERATING EXPENSES</u>		
Savannah Bluff Lock and Dam operations	\$ (22,000)	\$ (23,275)
TOTAL OPERATING REVENUES (EXPENSES)	(22,000)	(23,275)
<u>NONOPERATING REVENUES</u>		
Interest revenue	2,724	4,018
TOTAL NONOPERATING REVENUES (EXPENSES)	2,724	4,018
CHANGE IN NET ASSETS	(19,276)	(19,257)
NET ASSETS - BEGINNING OF YEAR	1,009,038	1,028,295
NET ASSETS - END OF YEAR	\$ 989,762	\$ 1,009,038

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash paid to suppliers	\$ (22,000)	\$ (23,275)
NET CASH USED BY OPERATING ACTIVITIES	(22,000)	(23,275)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	2,724	4,018
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,724	4,018
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,276)	(19,257)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,009,038	1,028,295
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 989,762	\$ 1,009,038
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</u>		
OPERATING LOSS	\$ (22,000)	\$ (23,275)
NET CASH USED BY OPERATING ACTIVITIES	\$ (22,000)	\$ (23,275)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash - restricted	\$ 74,571	\$ 96,566
Investments - restricted	915,191	912,472
	\$ 989,762	\$ 1,009,038

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, 2011

CAPITAL ASSETS

Land and improvements	\$ 16,691,654
Construction in progress	3,573,339
Buildings	29,327,336
Machinery and equipment	1,595,156
Furniture and fixtures	1,531,968
Vehicles	4,835,641
Infrastructure	20,035,660
Right of ways	<u>2,533,041</u>
 TOTAL CAPITAL ASSETS	 <u><u>\$ 80,123,795</u></u>

INVESTMENT IN CAPITAL ASSETS FROM

General and Special Revenue Fund revenues	\$ 35,340,216
Capital Projects Fund revenues	25,715,144
State and Federal grants	1,536,727
Contributions from subdividers	16,947,189
Gifts	<u>584,519</u>
 TOTAL INVESTMENT IN CAPITAL ASSETS	 <u><u>\$ 80,123,795</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, 2011

	TOTAL	LAND AND IMPROVEMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	VEHICLES	INFRA-STRUCTURE	RIGHT OF WAYS
<u>GENERAL GOVERNMENT</u>									
Control:									
City Council	\$ 24,866,281	\$ 4,740,864	\$ -	\$ 20,066,694	\$ -	\$ 58,723	\$ -	\$ -	\$ -
City Administration	13,718	-	-	-	-	13,718	-	-	-
TOTAL	24,879,999	4,740,864	-	20,066,694	-	72,441	-	-	-
Staff Agencies:									
Finance	98,920	-	-	-	-	79,716	19,204	-	-
Planning and Economic Development	26,709	-	-	-	-	11,920	14,789	-	-
Building Standards	160,285	-	-	83,000	-	-	77,285	-	-
City Buildings	224,128	-	-	-	224,128	-	-	-	-
TOTAL	510,042	-	-	83,000	224,128	91,636	111,278	-	-
TOTAL GENERAL GOVERNMENT	25,390,041	4,740,864	-	20,149,694	224,128	164,077	111,278	-	-
PUBLIC SAFETY	7,460,373	122,934	615,081	1,504,920	34,526	1,254,605	3,928,307	-	-
<u>PUBLIC WORKS</u>									
Engineering	47,783	-	-	-	-	-	47,783	-	-
Street Light/ Traffic Signals	2,043,554	-	-	-	-	-	-	2,043,554	-
Streets and Drains	22,419,346	483,938	383,416	150,001	454,719	5,129	416,996	17,992,106	2,533,041
TOTAL PUBLIC WORKS	24,510,683	483,938	383,416	150,001	454,719	5,129	464,779	20,035,660	2,533,041
RECREATION AND PARKS	22,762,698	11,343,918	2,574,842	7,522,721	881,783	108,157	331,277	-	-
TOTAL GENERAL CAPITAL ASSETS	\$80,123,795	\$ 16,691,654	\$ 3,573,339	\$29,327,336	\$ 1,595,156	\$ 1,531,968	\$4,835,641	\$ 20,035,660	\$2,533,041

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, 2011

	GENERAL CAPITAL ASSETS 12/31/10	ADDITIONS	DELETIONS	TRANSFERS	GENERAL CAPITAL ASSETS 12/31/11
<u>GENERAL GOVERNMENT</u>					
Control:					
City Council	\$ 24,128,974	\$ 737,307	\$ -	\$ -	\$ 24,866,281
City Administration	13,718	-	-	-	13,718
<b>TOTAL</b>	<b>24,142,692</b>	<b>737,307</b>	<b>-</b>	<b>-</b>	<b>24,879,999</b>
Staff Agencies:					
Finance	98,920	-	-	-	98,920
Planning and Economic Development	26,709	-	-	-	26,709
Building Standards	169,105	-	(8,820)	-	160,285
City Buildings	224,128	-	-	-	224,128
<b>TOTAL</b>	<b>518,862</b>	<b>-</b>	<b>(8,820)</b>	<b>-</b>	<b>510,042</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>24,661,554</b>	<b>737,307</b>	<b>(8,820)</b>	<b>-</b>	<b>25,390,041</b>
<b>PUBLIC SAFETY</b>	<b>6,861,292</b>	<b>818,712</b>	<b>(204,750)</b>	<b>(14,881)</b>	<b>7,460,373</b>
<u>PUBLIC WORKS</u>					
Engineering	47,783	-	-	-	47,783
Street Light/ Traffic Signals	1,903,278	151,406	(11,130)	-	2,043,554
Streets and Drains	21,044,430	1,424,026	(49,110)	-	22,419,346
<b>TOTAL PUBLIC WORKS</b>	<b>22,995,491</b>	<b>1,575,432</b>	<b>(60,240)</b>	<b>-</b>	<b>24,510,683</b>
<b>RECREATION AND PARKS</b>	<b>20,137,597</b>	<b>2,960,006</b>	<b>(349,786)</b>	<b>14,881</b>	<b>22,762,698</b>
<b>TOTAL GENERAL CAPITAL ASSETS</b>	<b>\$ 74,655,934</b>	<b>\$ 6,091,457</b>	<b>\$ (623,596)</b>	<b>\$ -</b>	<b>\$ 80,123,795</b>

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, 2011

Court Fines	
Court fines collected	\$ 451,274
Court fines retained by City	<u>451,274</u>
Court fines remitted to State Treasurer	<u><u>\$ -</u></u>
Court Assessments	
Court assessments collected	\$ 435,285
Court assessments retained by City	<u>49,830</u>
Court assessments remitted to State Treasurer	<u><u>\$ 385,455</u></u>
Court Surcharges	
Court surcharges collected	\$ 216,906
Court surcharges retained by City	<u>20,299</u>
Court surcharges remitted to State Treasurer	<u><u>\$ 196,607</u></u>
Victim Services	
Court assessments allocated to Victim Services	\$ 49,830
Court surcharges allocated to Victim Services	<u>12,713</u>
Funds allocated to Victim Services	62,543
Victim Services Expenditures	<u>65,404</u>
Funds Allocated to Victim Services in Excess of Victim Services Expenditures	(2,861)
Funds available for carryforward - beginning of year	<u>5,461</u>
Funds available for carryforward - end of year	<u><u>\$ 2,600</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-through Grantor Program Title	CFDA Number	Grant Number	Expenditures
U.S. Department of Agriculture (Passed through the South Carolina Forestry Commission) Community Forest Health Enrichment Assistance Program	10.688	P1201URBST10	\$ 9,250
U.S. Department of Transportation (Passed through the South Carolina Department of Public Safety) DUI Enforcement Team Grant	20.601	2H10030	134,130
Law Enforcement Grant	20.600	2JC10002	25,719
			<u>159,849</u>
(Passed through the South Carolina Department of Transportation) Greenway Extension Grant	20.205	02H220MP07024	120,645
Downtown Streetscape, Phase II	20.205	02H220MP05002	52,277
Center Street	20.205	02Q220MP10008	67,290
			<u>240,212</u>
			<u>\$ 409,311</u>

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Augusta, South Carolina and is presented on the accrual basis of accounting.

**NOTE 2 - NON CASH AWARDS**

City of North Augusta, South Carolina did not receive any non-cash federal awards during the year ended December 31, 2011.

Michelle Blinnert, CPA  
Rick L. Evans, CPA  
T. W. Madlocks, CPA  
Jay Sandherr, CPA  
Abram J. Serotta, CPA  
Anniea Usry, CPA  
Paul Wade, CPA



**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, 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, 2011, which collectively comprise the City of North Augusta, South Carolina's basic financial statements and have issued our report thereon dated May 23, 2012. 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

Management of the City of North Augusta, South Carolina, is responsible for establishing and maintaining effective 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 opinion 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 management of the City of North Augusta, South Carolina in a separate letter dated May 23, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

*Serotta Maddocks Evans & Co.*  
SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia  
May 23, 2012

# 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.*

<b>CONTENTS</b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b> <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>	123 – 127
<b>REVENUE CAPACITY</b> <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>	128 – 134
<b>DEBT CAPACITY</b> <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>	135 – 139
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b> <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>	140 – 141
<b>OPERATING INFORMATION</b> <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>	142 – 146

**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.*

North  
Augusta

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*South Carolina's Riverfront*



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

	<b>Year Ending December 31</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 19,926,020	\$ 20,634,218	\$ 20,905,872	\$ 24,475,710	\$ 28,977,233
Restricted	310,683	311,237	310,766	-	4,716,068
Unrestricted	<u>3,753,671</u>	<u>6,345,454</u>	<u>11,869,787</u>	<u>10,125,562</u>	<u>4,389,098</u>
Total governmental activities net assets	<u>\$ 23,990,374</u>	<u>\$ 27,290,909</u>	<u>\$ 33,086,425</u>	<u>\$ 34,601,272</u>	<u>\$ 38,082,399</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 30,773,610	\$ 31,500,099	\$ 31,381,966	\$ 31,498,851	\$ 32,069,057
Restricted	4,239,638	5,099,864	6,366,443	7,265,318	8,263,966
Unrestricted	<u>5,587,488</u>	<u>5,337,025</u>	<u>6,368,190</u>	<u>7,301,925</u>	<u>8,182,270</u>
Total business-type activities net assets	<u>\$ 40,600,736</u>	<u>\$ 41,936,988</u>	<u>\$ 44,116,599</u>	<u>\$ 46,066,094</u>	<u>\$ 48,515,293</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 50,699,630	\$ 52,134,317	\$ 52,287,838	\$ 55,974,561	\$ 61,046,290
Restricted	4,550,321	5,411,101	6,677,209	7,265,318	12,980,034
Unrestricted	<u>9,341,159</u>	<u>11,682,479</u>	<u>18,237,977</u>	<u>17,427,487</u>	<u>12,571,368</u>
Total primary government net assets	<u>\$ 64,591,110</u>	<u>\$ 69,227,897</u>	<u>\$ 77,203,024</u>	<u>\$ 80,667,366</u>	<u>\$ 86,597,692</u>

	<b>Year Ending December 31</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 32,909,692	\$ 37,222,478	\$ 43,873,602	\$ 44,780,462	\$ 48,387,572
Restricted	6,386,196	47,801	9,771	5,461	9,158,402
Unrestricted	<u>8,315,826</u>	<u>14,824,747</u>	<u>12,594,803</u>	<u>15,028,645</u>	<u>6,382,049</u>
Total governmental activities net assets	<u>\$ 47,611,714</u>	<u>\$ 52,095,026</u>	<u>\$ 56,478,176</u>	<u>\$ 59,814,568</u>	<u>\$ 63,928,023</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 33,496,267	\$ 39,260,545	\$ 40,738,413	\$ 41,186,486	\$ 44,889,398
Restricted	9,709,599	8,669,853	9,329,287	10,537,438	9,422,871
Unrestricted	<u>9,426,228</u>	<u>9,366,037</u>	<u>9,289,594</u>	<u>9,417,349</u>	<u>8,342,254</u>
Total business-type activities net assets	<u>\$ 52,632,094</u>	<u>\$ 57,296,435</u>	<u>\$ 59,357,294</u>	<u>\$ 61,141,273</u>	<u>\$ 62,654,523</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 66,405,959	\$ 76,483,023	\$ 84,612,015	\$ 85,966,948	\$ 93,276,970
Restricted	16,095,795	8,717,654	9,339,058	10,542,899	18,581,273
Unrestricted	<u>17,742,054</u>	<u>24,190,784</u>	<u>21,884,397</u>	<u>24,445,994</u>	<u>14,724,303</u>
Total primary government net assets	<u>\$ 100,243,808</u>	<u>\$ 109,391,461</u>	<u>\$ 115,835,470</u>	<u>\$ 120,955,841</u>	<u>\$ 126,582,546</u>

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

	<b>Year Ending December 31</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,769,228	\$ 2,262,082	\$ 2,616,367	\$ 3,256,036	\$ 2,858,015
Public safety	3,837,236	3,979,710	3,978,846	4,294,245	4,624,981
Public works	1,139,090	2,109,252	1,401,228	2,151,023	1,516,253
Recreation and parks	2,766,420	2,473,011	2,524,043	2,488,095	2,928,875
Debt service - interest and fees	86,729	69,765	66,777	18,258	23,700
Total governmental activities expenses	<u>\$ 9,598,703</u>	<u>\$ 10,893,820</u>	<u>\$ 10,587,261</u>	<u>\$ 12,207,657</u>	<u>\$ 11,951,824</u>
Business-type activities:					
Water and sewer	\$ 4,686,426	\$ 5,283,356	\$ 5,115,890	\$ 5,676,796	\$ 6,080,671
Sanitation	2,397,792	2,463,232	2,409,362	2,619,149	2,845,766
Stormwater utility	98,302	225,271	107,852	244,115	276,721
Savannah Bluff Lock and Dam utility	-	-	-	-	-
Total business-type activities expenses	<u>\$ 7,182,520</u>	<u>\$ 7,971,859</u>	<u>\$ 7,633,104</u>	<u>\$ 8,540,060</u>	<u>\$ 9,203,158</u>
Total primary government expenses	<u>\$ 16,781,223</u>	<u>\$ 18,865,679</u>	<u>\$ 18,220,365</u>	<u>\$ 20,747,717</u>	<u>\$ 21,154,982</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 2,491,561	\$ 2,743,750	\$ 3,322,592	\$ 3,816,068	\$ 4,177,540
Public safety	741,508	829,204	935,933	945,723	925,170
Recreation and parks	745,699	779,621	826,673	911,037	915,439
Operating grants and contributions	623,940	627,367	617,063	642,309	690,426
Capital grants and contributions	306,631	1,364,564	1,620,506	1,156,232	1,528,331
Total governmental activities program revenues	<u>\$ 4,909,339</u>	<u>\$ 6,344,506</u>	<u>\$ 7,322,767</u>	<u>\$ 7,471,369</u>	<u>\$ 8,236,906</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 5,804,116	\$ 5,744,963	\$ 6,472,866	\$ 6,762,888	\$ 6,799,406
Sanitation	2,296,467	2,339,469	2,606,515	2,676,653	3,026,197
Stormwater utility	241,537	488,305	500,806	511,239	522,304
Capital grants and contributions	127,669	387,861	-	173,409	687,953
Total business-type activities program revenues	<u>\$ 8,469,789</u>	<u>\$ 8,960,598</u>	<u>\$ 9,580,187</u>	<u>\$ 10,124,189</u>	<u>\$ 11,035,860</u>
Total primary government program revenues	<u>\$ 13,379,128</u>	<u>\$ 15,305,104</u>	<u>\$ 16,902,954</u>	<u>\$ 17,595,558</u>	<u>\$ 19,272,766</u>
Net (expense) / revenue					
Governmental activities	\$ (4,689,364)	\$ (4,549,314)	\$ (3,264,494)	\$ (4,736,288)	\$ (3,714,918)
Business-type activities	1,287,269	988,739	1,947,083	1,584,129	1,832,702
Total primary government net expense	<u>\$ (3,402,095)</u>	<u>\$ (3,560,575)</u>	<u>\$ (1,317,411)</u>	<u>\$ (3,152,159)</u>	<u>\$ (1,882,216)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Ad valorem property taxes	\$ 4,278,898	\$ 4,351,799	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615
Capital projects sales taxes	1,385,000	2,650,000	3,487,905	-	617,589
Local hospitality and accommodations taxes	366,531	390,236	444,861	464,701	499,739
Interest on investments	85,039	81,051	135,688	404,595	591,214
Miscellaneous	270,075	333,723	284,423	404,619	277,895
Transfers	401,685	43,040	269,644	293,231	315,993
Total governmental activities	<u>\$ 6,787,228</u>	<u>\$ 7,849,849</u>	<u>\$ 9,060,010</u>	<u>\$ 6,251,135</u>	<u>\$ 7,196,045</u>
Business-type activities:					
Interest on investments	\$ 160,139	\$ 95,508	\$ 133,242	\$ 365,254	\$ 681,580
Miscellaneous	375,761	295,045	368,930	293,343	250,910
Transfers	(401,685)	(43,040)	(269,644)	(293,231)	(315,993)
Total business-type activities	<u>\$ 134,215</u>	<u>\$ 347,513</u>	<u>\$ 232,528</u>	<u>\$ 365,366</u>	<u>\$ 616,497</u>
Total primary government	<u>\$ 6,921,443</u>	<u>\$ 8,197,362</u>	<u>\$ 9,292,538</u>	<u>\$ 6,616,501</u>	<u>\$ 7,812,542</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 2,097,864	\$ 3,300,535	\$ 5,795,516	\$ 1,514,847	\$ 3,481,127
Business-type activities	1,421,484	1,336,252	2,179,611	1,949,495	2,449,199
Total primary government	<u>\$ 3,519,348</u>	<u>\$ 4,636,787</u>	<u>\$ 7,975,127</u>	<u>\$ 3,464,342</u>	<u>\$ 5,930,326</u>

(continued)

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

	<b>Year Ending December 31</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,283,604	\$ 2,890,989	\$ 3,646,500	\$ 3,798,574	\$ 3,416,002
Public safety	4,955,943	5,265,573	5,414,709	5,898,849	6,546,364
Public works	1,487,012	2,692,210	1,883,507	1,796,722	2,796,708
Recreation and parks	3,327,793	3,763,461	3,623,796	3,994,496	3,792,045
Debt service - interest and fees	24,001	433,418	476,037	380,060	358,055
Total governmental activities expenses	<u>\$ 13,078,353</u>	<u>\$ 15,045,651</u>	<u>\$ 15,044,549</u>	<u>\$ 15,868,701</u>	<u>\$ 16,909,174</u>
Business-type activities:					
Water and sewer	\$ 6,364,814	\$ 6,694,797	\$ 6,782,763	\$ 6,994,927	\$ 7,220,770
Sanitation	3,066,729	3,239,034	3,012,364	3,054,296	3,168,553
Stormwater utility	281,471	373,803	529,291	519,481	542,919
Savannah Bluff Lock and Dam utility	-	-	6,062	23,275	22,000
Total business-type activities expenses	<u>\$ 9,713,014</u>	<u>\$ 10,307,634</u>	<u>\$ 10,330,480</u>	<u>\$ 10,591,979</u>	<u>\$ 10,954,242</u>
Total primary government expenses	<u>\$ 22,791,367</u>	<u>\$ 25,353,285</u>	<u>\$ 25,375,029</u>	<u>\$ 26,460,680</u>	<u>\$ 27,863,416</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 4,552,001	\$ 4,481,413	\$ 4,344,903	\$ 4,386,190	\$ 4,605,180
Public safety	995,420	897,428	945,905	1,082,900	1,177,117
Recreation and parks	935,166	931,614	921,644	1,110,505	1,060,317
Operating grants and contributions	754,944	856,777	789,968	893,625	1,375,032
Capital grants and contributions	3,477,186	1,768,611	1,813,172	489,270	1,569,830
Total governmental activities program revenues	<u>\$ 10,714,717</u>	<u>\$ 8,935,843</u>	<u>\$ 8,815,592</u>	<u>\$ 7,962,490</u>	<u>\$ 9,787,476</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 7,606,718	\$ 7,537,277	\$ 7,714,553	\$ 8,148,497	\$ 8,450,349
Sanitation	3,306,010	3,308,538	3,182,076	3,384,930	3,400,975
Stormwater utility	536,597	547,766	554,394	563,305	572,288
Capital grants and contributions	1,600,851	3,091,789	955,928	511,472	245,500
Total business-type activities program revenues	<u>\$ 13,050,176</u>	<u>\$ 14,485,370</u>	<u>\$ 12,406,951</u>	<u>\$ 12,608,204</u>	<u>\$ 12,669,112</u>
Total primary government program revenues	<u>\$ 23,764,893</u>	<u>\$ 23,421,213</u>	<u>\$ 21,222,543</u>	<u>\$ 20,570,694</u>	<u>\$ 22,456,588</u>
Net (expense) / revenue					
Governmental activities	\$ (2,363,636)	\$ (6,109,808)	\$ (6,228,957)	\$ (7,906,211)	\$ (7,121,698)
Business-type activities	3,337,162	4,177,736	2,076,471	2,016,225	1,714,870
Total primary government net expense	<u>\$ 973,526</u>	<u>\$ (1,932,072)</u>	<u>\$ (4,152,486)</u>	<u>\$ (5,889,986)</u>	<u>\$ (5,406,828)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Ad valorem property taxes	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545	\$ 6,142,064	\$ 6,294,172
Capital projects sales taxes	4,679,330	3,415,808	3,331,626	3,354,214	3,474,959
Local hospitality and accommodations taxes	537,879	550,501	548,490	555,230	559,853
Interest on investments	964,169	533,146	92,616	54,755	33,350
Miscellaneous	326,658	198,679	106,871	577,187	336,245
Transfers	330,850	396,667	537,959	559,153	536,574
Total governmental activities	<u>\$ 11,892,951</u>	<u>\$ 10,593,120</u>	<u>\$ 10,612,107</u>	<u>\$ 11,242,603</u>	<u>\$ 11,235,153</u>
Business-type activities:					
Interest on investments	\$ 862,217	\$ 400,115	\$ 95,157	\$ 63,562	\$ 42,216
Miscellaneous	248,272	483,157	427,190	263,345	292,738
Transfers	(330,850)	(396,667)	(537,959)	(559,153)	(536,574)
Total business-type activities	<u>\$ 779,639</u>	<u>\$ 486,605</u>	<u>\$ (15,612)</u>	<u>\$ (232,246)</u>	<u>\$ (201,620)</u>
Total primary government	<u>\$ 12,672,590</u>	<u>\$ 11,079,725</u>	<u>\$ 10,596,495</u>	<u>\$ 11,010,357</u>	<u>\$ 11,033,533</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 9,529,315	\$ 4,483,312	\$ 4,383,150	\$ 3,336,392	\$ 4,113,455
Business-type activities	4,116,801	4,664,341	2,060,859	1,783,979	1,513,250
Total primary government	<u>\$ 13,646,116</u>	<u>\$ 9,147,653</u>	<u>\$ 6,444,009</u>	<u>\$ 5,120,371</u>	<u>\$ 5,626,705</u>

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

	Year Ending December 31				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 2,954	\$ 1,829	\$ 2,526	\$ 4,222	\$ 2,433
Unreserved	574,518	323,678	882,068	1,409,691	1,294,516
Total General Fund	<u>\$ 577,472</u>	<u>\$ 325,507</u>	<u>\$ 884,594</u>	<u>\$ 1,413,913</u>	<u>\$ 1,296,949</u>
All Other Governmental Funds					
Reserved, reported in:					
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ 4,716,068
Special Revenue Funds	56,421	35,559	17,474	11,048	7,187
Unreserved, reported in:					
Sales Tax I Fund	1,047,226	2,975,315	6,337,904	3,114,127	2,783,114
Sales Tax II Fund	-	-	-	-	(1,134,125)
Capital Projects Fund	1,105,162	1,539,215	2,235,265	2,545,815	2,802,408
Special Revenue Fund	1,461,073	1,964,096	2,888,316	3,223,659	3,735,686
Total all other governmental funds	<u>\$ 3,669,882</u>	<u>\$ 6,514,185</u>	<u>\$ 11,478,959</u>	<u>\$ 8,894,649</u>	<u>\$ 12,910,338</u>

	Year Ending December 31				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 61,429	\$ 49,883	\$ 10,947	\$ -	\$ -
Unreserved	1,018,244	257,821	595,511	-	-
Nonspendable *	-	-	-	1,319	1,723
Restricted *	-	-	-	5,461	2,600
Committed *	-	-	-	522,008	695,829
Total General Fund	<u>\$ 1,079,673</u>	<u>\$ 307,704</u>	<u>\$ 606,458</u>	<u>\$ 528,788</u>	<u>\$ 700,152</u>
All Other Governmental Funds					
Reserved, reported in:					
Riverfront/Central Core Redevelopment Fund	\$ 6,326,000	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	7,187	7,187	7,187	-	-
Unreserved, reported in:					
Sales Tax I Fund	2,809,915	2,417,057	1,359,545	-	-
Sales Tax II Fund	2,174,841	3,405,202	1,450,018	-	-
Capital Projects Fund	4,852,297	5,697,563	4,943,102	-	-
Riverfront/Central Core Redevelopment Fund	3,025,359	1,632,936	1,664,610	-	-
Special Revenue Fund	1,187,157	1,811,304	3,092,199	-	-
Restricted, reported in: *					
Sales Tax II Fund (Major Fund)	-	-	-	4,301,114	4,964,199
Capital Projects Fund (Major Fund)	-	-	-	2,180,000	2,265,000
Other Special Revenue Funds (Nonmajor Funds)	-	-	-	52,335	65,031
Other Capital Projects Funds (Nonmajor Funds)	-	-	-	1,326,126	1,305,332
Committed, reported in: *					
Capital Projects Fund (Major Fund)	-	-	-	564,750	377,543
Other Capital Projects Funds (Nonmajor Funds)	-	-	-	1,325,639	1,118,263
Other Special Revenue Funds (Nonmajor Funds)	-	-	-	557,038	558,046
Assigned, reported in: *					
Capital Projects Fund (Major Fund)	-	-	-	1,634,864	1,870,059
Other Capital Projects Funds (Nonmajor Funds)	-	-	-	2,133,206	1,921,570
Other Revenue Funds (Nonmajor Funds)	-	-	-	1,043,683	936,643
Unassigned, reported in: *					
Other Capital Projects Funds (Nonmajor Funds)	-	-	-	(58,487)	936,643
Total all other governmental funds	<u>\$ 20,382,756</u>	<u>\$ 14,971,249</u>	<u>\$ 12,516,661</u>	<u>\$ 15,060,268</u>	<u>\$ 16,318,329</u>

\*GASBS 54, Fund Balance Reporting and Governmental Fund Type Definitions, was adopted by the City for Fiscal Year 2011. Fiscal Year 2010 is presented in compliance with GASB Statement No. 54 for comparative purposes.

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

	Year Ending December 31				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Ad valorem taxes	\$ 4,278,898	\$ 4,351,799	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615
Capital projects sales taxes	1,385,000	2,650,000	3,487,905	-	617,589
Local hospitality and accommodations taxes	366,531	390,236	444,861	464,701	499,739
Licenses and permits	2,491,560	2,743,750	3,322,592	3,816,068	4,177,540
Fines and forfeitures	674,568	761,927	868,671	876,282	855,129
Charges for services	812,639	846,898	893,935	980,478	985,480
Intergovernmental	898,571	879,739	967,617	1,168,607	1,242,562
Miscellaneous/interest earnings	355,115	437,564	424,016	809,214	912,490
Contributions	32,000	80,000	50,000	-	-
Grant revenue	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 11,294,882</b>	<b>\$ 13,141,913</b>	<b>\$ 14,897,086</b>	<b>\$ 12,799,339</b>	<b>\$ 14,184,144</b>
<b>Expenditures</b>					
General Government	\$ 1,753,177	\$ 2,178,363	\$ 2,361,881	\$ 2,598,503	\$ 2,739,949
Public Safety	3,771,200	3,815,945	3,751,192	4,029,772	4,365,183
Public Works	1,188,125	1,776,272	825,874	785,659	812,420
Recreation and Parks	1,863,320	2,062,237	2,098,829	2,160,095	2,487,298
Capital Outlay	2,465,156	674,786	1,113,939	5,288,641	5,021,984
Debt Service:					
Principal	240,000	255,000	543,544	959,946	394,662
Interest	86,729	69,765	67,047	18,258	23,700
Intergovernmental	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 11,367,707</b>	<b>\$ 10,832,368</b>	<b>\$ 10,762,306</b>	<b>\$ 15,840,874</b>	<b>\$ 15,845,196</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (72,825)</b>	<b>\$ 2,309,545</b>	<b>\$ 4,134,780</b>	<b>\$ (3,041,535)</b>	<b>\$ (1,661,052)</b>
<b>Other financing sources (uses)</b>					
Proceeds on sale of capital assets	\$ -	\$ -	\$ 841,019	\$ -	\$ -
Capital lease obligations	457,569	239,753	278,418	693,313	313,677
Lease issuance cost	-	-	-	-	-
Proceeds from bond issue	-	-	-	-	4,716,068
Transfers in	858,897	851,939	593,322	1,175,299	1,725,684
Transfers out	(457,212)	(808,899)	(323,678)	(882,068)	(1,409,691)
<b>Total other financing sources (uses)</b>	<b>\$ 859,254</b>	<b>\$ 282,793</b>	<b>\$ 1,389,081</b>	<b>\$ 986,544</b>	<b>\$ 5,345,738</b>
<b>Net change in fund balances</b>	<b>\$ 786,429</b>	<b>\$ 2,592,338</b>	<b>\$ 5,523,861</b>	<b>\$ (2,054,991)</b>	<b>\$ 3,684,686</b>
<b>Debt service as a percentage of noncapital expenditures</b>	3.67%	3.20%	6.33%	9.27%	3.87%

	Year Ending December 31				
	2007	2008	2009	2010	2011
<b>Revenues</b>					
Ad valorem taxes	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545	\$ 6,142,064	\$ 6,294,172
Capital projects sales taxes	4,679,330	3,415,808	3,331,626	3,354,214	3,474,959
Local hospitality and accommodations taxes	537,879	550,501	548,490	555,230	559,853
Licenses and permits	4,552,001	4,481,413	4,344,903	4,386,190	4,605,181
Fines and forfeitures	926,477	830,404	880,343	1,017,029	1,113,435
Charges for services	1,004,109	998,638	1,083,661	1,176,376	1,123,999
Intergovernmental	965,087	2,263,544	2,181,554	1,105,430	2,050,355
Miscellaneous/interest earnings	1,574,185	907,236	453,852	513,604	369,594
Contributions	-	57,000	-	-	62,497
Grant revenue	-	304,844	421,586	-	17,563
<b>Total Revenues</b>	<b>\$ 19,293,133</b>	<b>\$ 19,307,707</b>	<b>\$ 19,240,560</b>	<b>\$ 18,250,137</b>	<b>\$ 19,671,608</b>
<b>Expenditures</b>					
General Government	\$ 2,681,386	\$ 2,881,302	\$ 2,921,774	\$ 3,296,614	\$ 2,964,818
Public Safety	4,657,544	4,992,356	5,091,162	5,547,594	6,092,949
Public Works	902,549	1,116,121	1,078,396	1,182,030	1,117,385
Recreation and Parks	2,589,110	2,922,300	2,818,409	2,947,681	2,966,513
Capital Outlay	8,294,272	12,209,020	8,928,503	2,596,756	5,903,648
Debt Service:					
Principal	371,555	906,150	945,126	883,675	974,915
Interest	142,499	433,418	412,307	386,664	361,398
Intergovernmental	-	800,000	-	-	-
<b>Total Expenditures</b>	<b>\$ 19,638,915</b>	<b>\$ 26,260,667</b>	<b>\$ 22,195,677</b>	<b>\$ 16,841,014</b>	<b>\$ 20,381,626</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (345,782)</b>	<b>\$ (6,952,960)</b>	<b>\$ (2,955,117)</b>	<b>\$ 1,409,123</b>	<b>\$ (710,018)</b>
<b>Other financing sources (uses)</b>					
Proceeds on sale of capital assets	\$ 634,442	\$ -	\$ -	\$ 293,749	\$ -
Capital lease obligations	6,689,632	408,499	285,909	217,368	666,226
Lease issuance cost	(24,000)	-	-	-	-
Proceeds from bond issue	-	-	-	-	-
Transfers in	1,625,366	1,439,423	771,195	1,141,208	913,575
Transfers out	(1,294,516)	(1,078,440)	(257,821)	(595,511)	(377,001)
<b>Total other financing sources (uses)</b>	<b>\$ 7,630,924</b>	<b>\$ 769,482</b>	<b>\$ 799,283</b>	<b>\$ 1,056,814</b>	<b>\$ 1,202,800</b>
<b>Net change in fund balances</b>	<b>\$ 7,285,142</b>	<b>\$ (6,183,478)</b>	<b>\$ (2,155,834)</b>	<b>\$ 2,465,937</b>	<b>\$ 492,782</b>
<b>Debt service as a percentage of noncapital expenditures</b>	4.53%	9.53%	10.23%	8.92%	9.23%

**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	
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
2009	2008	55,751,062	1,134,948,515	17,554,767	134,093,840	73,305,829	1,269,042,355	77.20
2010	2009	56,974,481	1,159,853,825	17,939,988	137,036,395	74,914,469	1,296,890,220	77.20
2011	2010	58,409,698	1,188,082,347	18,327,983	140,371,587	76,737,681	1,328,453,934	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	Overlapping Property Tax Rates										Total Direct & Overlapping Rates
		City of North Augusta			County of Aiken			Aiken County School District				
		Operating Millage	Debt Service Millage (b)	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2002	2001	81.08	-	81.08	54.50	7.80	62.30	96.10	26.90	123.00	266.38	
2003	2002	81.08	-	81.08	55.90	6.40	62.30	106.50	26.10	132.60	275.98	
2004	2003	81.08	-	81.08	60.70	5.80	66.50	124.00	23.60	147.60	295.18	
2005	2004	81.08	-	81.08	64.40	2.10	66.50	124.00	23.60	147.60	295.18	
2006	2005	72.13	8.95	81.08	67.20	3.30	70.50	124.00	25.50	149.50	301.08	
2007	2006	72.13	8.95	81.08	67.10	3.40	70.50	126.90	27.80	154.70	306.28	
2008	2007	68.69	8.51	77.20	65.00	9.70	74.70	125.80	29.10	154.90	306.80	
2009	2008	68.69	8.51	77.20	65.80	8.90	74.70	131.00	29.20	160.20	312.10	
2010	2009	68.69	8.51	77.20	67.60	7.10	74.70	137.50	23.50	161.00	312.90	
2011	2010	68.69	8.51	77.20	67.90	6.80	74.70	137.50	23.50	161.00	312.90	

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.

(b) The City had no GOB debt prior to 2006.

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 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**

		2011			2002		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
<b>Taxpayer</b>	<b>Type of Business</b>						
S. C. Electric & Gas Co.	Utility	\$ 2,357,030	1	3.07%	\$ 1,600,937	2	3.05%
Cytec Surface Specialties, Inc.	Manufacturing	1,551,380	2	2.02%	2,582,906	1	4.93%
Halocarbon Chemicals, Inc.	Manufacturing	1,126,210	3	1.47%	1,033,732	4	1.97%
North Augusta Plaza SC, LLC	Real Estate	1,036,660	4	1.35%	537,420	6	1.02%
The Kroger Company	Grocery Store	871,020	5	1.14%			
Bell South Telecommunications	Communication	784,800	6	1.02%	1,131,737	3	2.16%
Wal-Mart, Inc.	Retail Shopping	754,650	7	0.98%			
CVS SC Distribution, Inc.	Warehousing/Distribution	677,280	8	0.88%			
NHC Healthcare	Nursing Home	444,880	9	0.58%			
Lowes Home Centers, Inc.	Retail Contractor Supplies	350,170	10	0.46%			
Ramco-Gershenson Property	Real Estate				625,481	5	1.19%
Trailer Train - Hamburg Industries	Manufacturing				366,132	7	0.70%
North Augusta Business Technology	Real Estate				348,656	8	0.66%
Comcast Cable	Communication				324,766	9	0.62%
Martintown ACD, LLC	Real Estate				241,280	10	0.46%
TOTAL Taxable Assessed							
Value-10 Largest Taxpayers		<u>\$ 9,954,080</u>		<u>12.97%</u>	<u>\$ 8,793,047</u>		<u>16.76%</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 2011 (tax year 2010) 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
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%
2009	2008	5,659,210	5,630,867	99.50%	11,765	5,642,632	99.71%
2010	2009	5,783,397	5,741,980	99.28%	17,759	5,759,739	99.59%
2011	2010	5,924,149	5,883,727	99.32%	28,494	5,912,221	99.80%

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
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
2009	\$ 4,233,899	\$ 869,487,157	1,746
2010	\$ 4,244,590	\$ 808,670,711	1,803
2011	\$ 4,464,424	\$ 846,714,451	1,756

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>
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
2009	7,670	582	8,252	3,023	151	3,174
2010	7,821	581	8,402	3,024	145	3,169
2011	7,987	575	8,562	2,956	147	3,103

<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>
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
2009	9,003	541	9,544	919	28	947
2010	9,215	541	9,756	914	26	940
2011	9,415	534	9,949	900	27	927

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**

<b>Customer Name</b>	<b>Type of Business</b>	<b>2011 Annual Consumption</b>		<b>2002 Annual Consumption</b>	
		<b>Rank</b>	<b>Water Usage</b>	<b>Rank</b>	<b>Water Usage</b>
Breezy Hill Water & Sewer Authority	Water District Provider	1	258,625,200	1	155,104,000
City of North Augusta	Municipal Government	2	60,122,500	2	63,956,600
Halocarbon Chemicals, Inc.	Manufacturing	3	49,861,400	3	40,836,000
Cytec Industries, Inc.	Manufacturing	4	32,309,900	4	26,902,700
Aiken County Schools	School District	5	10,523,600	5	13,785,500
JARS at Breckenridge/Plaza Terrace	Apartments	6	10,329,800	6	12,709,200
Gentry's Mobile Home Park	Mobile Home Park	7	6,810,500		
The Housing Authority	Apartments	8	6,768,300	8	8,961,500
Plaza Place Apartments, LLC	Apartments	9	5,798,000		
UniHealth Post Acute Care	Nursing Home Facility	10	4,382,600		
The Groves Apartments, LLC	Apartments			9	8,769,700
North Augusta Garden Apartments	Apartments			7	9,032,100
Pinecrest Apartments	Apartments			10	7,763,000

**Wastewater Customers**

<b>Customer Name</b>	<b>Type of Business</b>	<b>2011 Annual Consumption</b>		<b>2002 Annual Consumption</b>	
		<b>Rank</b>	<b>Water Usage</b>	<b>Rank</b>	<b>Water Usage</b>
Edgefield County Water & Sewer Authority	Sewer District Provider	1	555,370,000	1	380,001,000
Halocarbon Chemicals, Inc.	Manufacturing	2	49,861,400	2	40,836,000
Cytec Industries, Inc.	Manufacturing	3	18,998,861	3	12,333,393
National Healthcare	Nursing Home Facility	4	11,086,000		
JARS at Breckenridge/Plaza Terrace	Apartments	5	8,662,806	5	10,857,907
Aiken County Schools	School District	6	8,267,406	4	12,223,297
City of North Augusta	Municipal Government	7	8,221,000	8	8,836,800
The Housing Authority	Apartments	8	7,077,306	6	10,073,036
Plaza Place Apartments, LLC	Apartments	9	5,676,997		
Willow Wick Apartments	Apartments	10	4,752,300		
The Groves Apartments, LLC	Apartments			9	7,224,967
North Augusta Garden Apartments	Apartments			7	9,757,525
Pinecrest Apartments	Apartments			10	5,467,994

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 Obligation Bonds	Municipal Center Lease	Capital Leases	Revenue Bonds	Capital Leases			
2002	\$ -	\$ -	\$ 593,323	\$ 7,567,326	\$ 310,439	\$ 8,471,088	17,992	\$ 470.83
2003	-	-	587,977	7,198,121	326,403	8,112,501	18,222	445.20
2004	-	-	592,581	6,809,958	607,291	8,009,830	18,502	432.92
2005	-	-	905,948	6,391,710	666,924	7,964,582	18,712	425.64
2006	4,716,068	-	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
2009	4,239,853	5,787,235	673,937	4,738,669	693,750	16,133,444	20,025	805.67
2010	3,964,448	5,490,399	579,468	4,278,251	783,249	15,095,815	21,348 (a)	707.13
2011	3,684,043	5,182,756	858,422	1,609,835	1,178,361	12,513,417	21,766	574.91

(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**  
**Ratios of General Bonded Debt Outstanding**  
**Last Six Fiscal Years**  
**Unaudited**

Year Ended December 31	General Obligation Bonds	Estimated Actual Taxable Value (1) of Property	% of Estimated Actual Taxable Value of Property	Population (2)	Per Capita
2006	\$ 4,716,068	\$ 988,952,904	0.48%	18,992	\$248.32
2007	\$ 4,716,068	\$ 1,003,566,986	0.47%	19,322	\$244.08
2008	\$ 4,716,068	\$ 1,165,866,070	0.40%	19,866	\$237.39
2009	\$ 4,239,853	\$ 1,269,042,355	0.33%	20,025	\$211.73
2010	\$ 3,964,448	\$ 1,296,890,220	0.31%	21,348	\$185.71
2011	\$ 3,684,043	\$ 1,328,453,934	0.28%	21,766	\$169.26

Note: Details regarding the City's outstanding GOB debt can be found in the notes to the financial statements.  
The City had no GOB debt prior to 2006.

(1) City of North Augusta tax records

(2) Population estimates for the years 2006 thru 2009 and 2011 are provided by the City of North Augusta's Planning and Economic Development Department. The population for year 2010 is provided by the US Census Bureau.

**City of North Augusta, South Carolina  
Computation of Direct and Overlapping Debt  
As of December 31, 2011  
Unaudited**

<u>Jurisdiction</u>	<u>Debt Outstanding @ December 31, 2011</u>	<u>Percent Applicable to City of North Augusta</u>	<u>Amount Applicable to City of North Augusta</u>
<b>Direct Debt</b>			
City of North Augusta	\$ 9,725,221	100.00%	\$ 9,725,221
<b>Overlapping Debt</b>			
County of Aiken	\$ 18,857,029	13.50%	\$ 2,545,699
Aiken County School District	<u>43,805,000</u>	<u>13.50%</u>	<u>5,913,675</u>
Sub-total - Overlapping Debt	<u>\$ 62,662,029</u>	13.50%	<u>\$ 8,459,374</u>
Total	<u><u>\$ 72,387,250</u></u>		<u><u>\$ 18,184,595</u></u>

\* Includes GOB, Municipal Center Lease and Capital 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 4,194,964	\$ 4,253,619	\$ 4,346,216	\$ 4,565,320	\$ 4,775,193
Total net debt applicable to limit	-	-	-	-	4,716,068
Legal debt margin	<u>\$ 4,194,964</u>	<u>\$ 4,253,619</u>	<u>\$ 4,346,216</u>	<u>\$ 4,565,320</u>	<u>\$ 59,125</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	98.76%

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 4,855,899	\$ 5,472,536	\$ 5,864,466	\$ 5,993,158	\$ 6,139,015
Total net debt applicable to limit	4,716,068 *	4,491,068 *	4,239,853 *	3,964,448 *	3,684,043
Legal debt margin	<u>\$ 139,831</u>	<u>\$ 981,468</u>	<u>\$ 1,624,613</u>	<u>\$ 2,028,710</u>	<u>\$ 2,454,972</u>
Total net debt applicable to the limit as a percentage of debt limit	97.12%	82.07%	72.30%	66.15%	60.01%

\* 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	Average Annual Remaining Debt Service			Coverage Ratio
				Revenue Bond Principal	Revenue Bond Interest	Total Debt Service	
2002	\$ 6,125,276	\$ 3,678,366	\$ 2,446,910	\$ 509,829	\$ 196,663	\$ 706,492	3.46
2003	5,977,344	4,072,138	1,905,206	479,874	185,452	665,326	2.86
2004	6,677,953	3,919,906	2,758,047	486,426	174,025	660,451	4.18
2005	6,963,475	4,505,524	2,457,951	491,670	162,522	654,192	3.76
2006	6,977,744	4,924,535	2,053,209	496,117	151,038	647,155	3.17
2007	7,796,719	5,213,116	2,583,603	508,152	139,451	647,603	3.99
2008	7,940,478	5,403,826	2,536,652	517,443	127,524	644,967	3.93
2009	7,983,471	5,623,673	2,359,798	526,519	115,282	641,801	3.68
2010	8,401,138	5,801,623	2,599,515	534,781	102,697	637,478	4.08
2011	8,736,969	5,742,471	2,994,498	268,305	38,028	306,333	9.78

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).

**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>
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%
2007	152,333	\$4,760,916	\$31,253	9.9%
2008	154,601	\$5,079,467	\$32,855	7.9%
2009	156,017	\$5,329,058	\$34,157	8.6%

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 2010 and 2011

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 2010 as follows. Population estimates for the year 2011 are provided by the City's Planning and Economic Development Department.

<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
2010	21,348	160,099
2011	21,766	162,068

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

<b>Employer</b>	<b>Location</b>	<b>Service or Product</b>	<b>2011</b>		<b>2002</b>	
			<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Savannah River Site - see detail below (1)	Out	Materials for Nuclear Defense	11,669	1	13,492	1
Aiken County Public Schools	In / Out	School District	3,569	2	3,421	2
Kimberly-Clark Corp.	Out	Tissue Products	1,857	3	1,200	4
Aiken Regional Medical Center	Out	Hospital	1,005	4	**	**
Bridgestone-Firestone	Out	Car and Truck Tires	1,000	5	898	6
Aiken County Government	Out	County Government	883	6	763	7
Advanced Glassfiber Yarn	Out	Glass Fiber	770	7	1,125	5
Shaw Industries	Out	Carpet Yarns	625	8	530	8
United Parcel Service	Out	International Customhouse Brokerage	514	9	*	*
Washington Safety Management Solutions	Out	Engineering Consulting Firm	500	10	274	13
City of Aiken	Out	Municipal Government	450	11	403	10
Automatic Switch Co.	Out	Aluminum Valves	416	12	370	11
Carlisle Tire & Wheel Company	Out	Rims and Tires for Riding Mowers	370	13	432	9
Hubbell Power Systems/Ohio Brass	Out	High Voltage Insulators and Arrestors	340	14	287	12
PACTIVE Corp.	Out	Plastic Food Service Plates	250	15	260	14
City of North Augusta	In	Municipal Government	213	16	179	17
Glaxo Smith Kline	Out	Proprietary Drugs	210	17	250	16
Harvey Industries/Phelon Electronics	Out	Aluminum Die Casting, Ignition Systems	200	18	251	15
Newman Technology SC, Inc.	Out	Exhaust Systems and Parts	167	19	*	*
BAE Systems	Out	Machine Parts - Track Vehicles	152	20	175	18
Halocarbon Chemicals, Inc.	In	Industrial Chemicals	150	**	140	**
Cytec Industries, Inc.	In	Specialty Chemicals	121	**	124	**
Avondale Mills, Inc.	Out	Textiles	**	**	2,920	3

Source: Economic Development Partnership, Various Employers, and South Carolina Employment Commission

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

\* not in business at this time  
\*\* information not available

(1) SRNS/SRR, including 287 subcontractors and 901 temporary construction workers	7,736
Department of Energy	314
MOX Service	2,127
WSI-SRS Team (formerly Wackenhut)	679
Parsons	466
Savannah River Ecology Lab	57
US Forestry Service	75
URS	38
Other Subcontractors	<u>177</u>
	<b><u>11,669</u></b>

Savannah River Nuclear Solutions/Savannah River Remediation Company employees live in 7 counties in South Carolina and 2 in Georgia with less than 8% scattered in other areas.

<b>County</b>	<b># of workers</b>	<b>%</b>
Aiken County, South Carolina	4,146	53.59%
Columbia County, Georgia	1,053	13.61%
Richmond County, Georgia	899	11.62%
Barnwell County, South Carolina	519	6.71%
Edgefield County, South Carolina	199	2.57%
Orangeburg County, South Carolina	98	1.27%
Bamberg County, South Carolina	97	1.25%
Lexington County, South Carolina	77	1.00%
Allendale County, South Carolina	60	0.78%
Other	<u>588</u>	<u>7.60%</u>
	<b><u>7,736</u></b>	<b>100.00%</b>

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

<b>Fund / Function / Department</b>	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General Fund</b>										
<b>General Government</b>										
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
Community Promotion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
Finance / IT	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5
Building Standards	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	4.0	3.0
Economic & Community Development	4.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	4.0	3.0
City Buildings	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0	3.0	3.0
<b>Public Safety</b>	<b>66.0</b>	<b>65.0</b>	<b>65.0</b>	<b>65.0</b>	<b>67.0</b>	<b>68.0</b>	<b>69.0</b>	<b>72.0</b>	<b>72.0</b>	<b>76.5</b>
<b>Public Works</b>										
Engineering	2.0	2.0	2.0	2.0	3.0	3.0	3.0	2.5	2.5	1.5
Streets & Drains	13.0	13.0	9.0	9.0	8.0	9.0	9.0	9.0	9.0	9.0
<b>Parks, Recreation &amp; Tourism</b>										
Recreation	6.0	6.0	7.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Parks	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Property Maintenance	0.0	0.0	4.0	9.0	11.0	12.0	13.0	13.0	13.0	13.0
Community Center	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
RVP Activities	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Sub-total</b>	<b>115.0</b>	<b>117.0</b>	<b>119.0</b>	<b>123.0</b>	<b>127.0</b>	<b>130.0</b>	<b>133.0</b>	<b>138.5</b>	<b>134.5</b>	<b>135.5</b>
<b>Stormwater Fund</b>										
<b>Stormwater</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	<b>5.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>Sub-total</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	<b>5.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>Sanitation Fund</b>										
<b>Public Works</b>										
Sanitation	22.5	23.5	24.5	24.5	24.5	24.5	26.5	26.5	26.0	26.0
Material Recovery Center	5.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
<b>Sub-total</b>	<b>28.0</b>	<b>30.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>34.0</b>	<b>34.0</b>	<b>33.5</b>	<b>33.5</b>
<b>Water &amp; Wastewater Fund</b>										
<b>Public Utilities</b>										
Utilities Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Utilities Administration	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	8.0	7.5
Water Operations	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	8.0
Water Production	8.0	8.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Wastewater Operations	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0
<b>Sub-total</b>	<b>37.0</b>	<b>37.0</b>	<b>38.0</b>	<b>37.0</b>	<b>37.0</b>	<b>39.0</b>	<b>39.0</b>	<b>38.5</b>	<b>39.0</b>	<b>37.5</b>
<b>TOTAL</b>	<b>180.0</b>	<b>185.0</b>	<b>190.0</b>	<b>194.0</b>	<b>199.0</b>	<b>204.0</b>	<b>211.0</b>	<b>217.0</b>	<b>213.0</b>	<b>212.5</b>

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

<u>Function / Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Government</b>										
Size of City (square miles)	18.555	19.480	19.493	19.560	19.753	20.050	20.670	20.676	20.723	20.769
Annexations approved by City Council	1	8	3	4	4	10	5	3	4	4
Building permits issued	642	761	629	724	726	845	799	684	815	627
Plumbing permits issued	541	506	560	458	612	654	496	283	349	341
Mechanical permits issued	348	366	441	396	405	471	432	333	467	323
Electrical permits issued	645	710	710	689	822	733	622	335	443	521
Business licenses issued	1,597	1,660	1,673	1,680	1,700	1,736	1,822	1,746	1,803	1,756
<b>Police</b>										
Total calls for service	46,781	48,740	50,716	52,137	54,167	51,071	47,189	46,956	50,349	50,356
Criminal arrests	1,443	1,444	1,583	1,449	1,476	1,861	1,833	2,405	2,024	1,800
Incident reports (police action required)	3,202	3,257	3,105	2,970	3,145	3,205	3,238	3,051	3,277	3,228
Accident reports (collisions)	940	1,046	1,059	1,113	1,166	1,127	1,069	1,105	1,068	1,041
Traffic offenses (resulting in fine)	6,251	6,446	6,385	6,695	6,913	6,884	5,858	5,224	6,590	8,652
Drug offenses	89	121	109	90	155	249	202	145	260	231
Burglaries reported	310	303	255	235	265	224	298	385	408	333
<b>Fire</b>										
Actual fire calls - Inside City	129	126	135	123	116	146	133	276	192	150
Actual fire calls - Outside City	42	30	39	35	44	33	34	25	13	23
<b>Solid Waste</b>										
Garbage Refuse Collected (tons) - Residential	9,876	10,591	10,292	9,526	9,470	9,246	9,544	10,606	10,618	10,402
Garbage Refuse Collected (tons) - Commercial	5,308	4,891	4,633	5,310	6,031	6,876	6,740	6,494	6,049	6,625
Recyclables Collected (tons)	1,506	1,647	1,712	1,509	1,423	1,583	2,119	2,804	3,055	5,617
<b>Property Maintenance</b>										
Tree trimming hours	20	30	80	80	100	130	227	185	198	260
Mowing hours	2,052	2,736	7,280	10,032	11,856	11,998	13,198	12,200	12,800	13,250
Planting hours	720	1,080	2,880	3,648	4,303	4,330	5,412	5,400	5,500	5,600
<b>Streets and Drains</b>										
Pothole patching / asphalt tons	100	256	364	330	373	324	280	236	191	254
Curb, gutter & sidewalk repair / CY	357	72	134	185	159	181	192	152	199	324
Storm drain inlets cleaned	No data	No data	No data	261	259	378	275	221	224	307
Street sweeping / miles	2,803	2,385	3,017	3,336	2,973	2,400	2,827	2,139	2,168	2,670
<b>Parks and Recreation</b>										
Baseball / Number of Players	586	686	677	868	825	781	782	747	786	784
Youth Softball / Number of Players	237	386	278	284	171	302	289	292	261	270
Spring Soccer / Number of Players	572	540	528	440	427	404	436	566	513	527
Youth Basketball / Number of Players	734	845	751	749	767	707	576	554	581	595
Youth Football / Number of Players	478	374	397	412	411	429	328	358	346	313
Youth Cheerleading / Number of Participants	308	237	234	222	185	188	128	128	153	165
<b>Water</b>										
New water services	146	189	119	211	178	133	57	52	103	101
Water lines installed / L.F.	3,585	7,984	1,083	5,196	10,361	6,089	7,626	13,221	3,766	4,662
Water line leaks repaired	8	5	11	15	9	27	14	15	17	12
Average daily water pumped	4,236,000	3,553,000	3,917,000	3,696,000	4,444,000	4,608,000	4,226,000	3,771,000	4,246,000	4,330,000
Daily peak demand (gallons per day)	8,225,000	5,589,000	7,549,000	6,319,000	8,655,000	8,915,000	7,830,000	7,722,000	7,593,000	7,888,000
Peak day	8/13/2002	6/25/2003	7/21/2004	9/17/2005	5/29/2006	8/15/2007	6/9/2008	7/3/2009	7/9/2010	8/5/2011
<b>Wastewater</b>										
New sewer taps	245	272	227	256	238	268	94	83	140	122
Wastewater lines installed / L.F.	1,194	456	2452	525	292	2,052	1,922	2,901	0	1,425
Wastewater lines repaired / L.F.	50	40	67	58	62	29	37	38	54	64
Wastewater lines cleaned / L.F.	16,103	13,931	27,377	34,990	44,970	56,895	77,402	39,468	67,029	57,810

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**

<b>Function / Program</b>	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Public Safety</b>										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Public Safety Officers	49	48	48	48	50	51	52	52	55	55
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	19	19	19	24	24	24	26	26	30
Number of Fire Hydrants										
Inside City	691	706	711	716	742	774	778	781	792	795
Outside City	144	144	146	148	148	148	149	149	149	149
<b>Public Works</b>										
Miles of Streets	123.76	126.23	128.64	129.61	131.16	135.88	135.88	137.05	137.77	138.81
Street Lights	1,502	1,535	1,535	1,535	1,641	1,668	1,718	1,740	1,750	1,763
<b>Parks, Recreation &amp; Tourism</b>										
Number of Parks	18	18	18	18	19	20	22	22	22	22
Park Acreage	313	313	313	313	463	463	550	550	550	550
Miles of Paved Greenway	8.8	8.8	8.8	9.5	9.5	11.0	12.5	12.5	14.0	14.0
Number of Picnic Shelters	3	3	4	4	4	4	8	8	8	8
Baseball / Softball Diamonds	9	9	9	9	9	9	9	9	9	10
Football / Lions Field	1	1	1	1	1	1	1	2	2	2
Soccer Fields	3	3	3	6	6	6	6	6	6	6
Tennis Courts	9	9	9	9	9	9	9	9	9	11
Multi-purpose Fields	1	3	3	3	3	3	3	3	3	3
Skate Park	0	0	1	1	0	0	0	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
<b>Water</b>										
Miles of Water Mains	165.60	166.74	167.13	167.29	169.12	170.78	189.85	194.00	194.78	195.15
Maximum Pumping Capacity (gallons per day)	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Sewer</b>										
Miles of Wastewater Lines	214.18	217.36	218.51	219.64	221.00	225.90	226.09	226.63	227.46	227.72
<b>Stormwater</b>										
Miles of Storm Sewer	31.06	32.71	33.48	34.33	35.69	43.18	56.80	57.28	57.77	58.22

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, 2011  
Unaudited**

**Water Rate in effect December 31, 2011**

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	\$7.73	\$11.63	\$5.85	\$17.41	\$23.26
1 Inch	6,000 gallons	3.90	12.69	16.59	5.85	27.33	33.18
1 1/2 Inch	9,000 gallons	3.90	17.33	21.23	5.85	36.61	42.46
2 Inch	15,000 gallons	3.90	26.72	30.62	5.85	55.39	61.24
3 Inch	24,000 gallons	3.90	40.94	44.84	5.85	83.83	89.68
4 Inch	30,000 gallons	3.90	50.42	54.32	5.85	102.79	108.64
6 Inch	90,000 gallons	3.90	145.28	149.18	5.85	292.51	298.36

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, 2011**

Base Rates	Base Rates / Inside City Limits			Base Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
	\$2.53	\$8.19	\$10.72	\$5.06	\$9.19	\$14.25

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 15,000,000 gallons/month	\$0.62	\$2.12	\$2.74	\$1.24	\$2.16	\$3.40
All Additional Usage	0.59	1.65	2.24	0.59	1.65	2.24

**Sanitation Service Charges in effect December 31, 2011**

	Inside City	Outside City	Recycling
Residential (monthly)	\$15.30	\$22.95	\$3.00

	Base Fee In and Out City	Volume Charge (per cubic yard)		Recycling
		Inside City	Outside City	
Commercial (monthly)				
2 cubic yard container	\$46.41	\$2.08	\$3.12	\$3.00
3 cubic yard container	48.74	2.08	3.12	3.00
4 cubic yard container	51.05	2.08	3.12	3.00
6 cubic yard container	56.16	2.08	3.12	3.00
8 cubic yard container	61.77	2.08	3.12	3.00

**Stormwater Management Service Charges in effect December 31, 2011**

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  
Last Ten Fiscal Years Through December 31, 2011  
Unaudited**

**History of Water Rate Changes (past 10 years)**

- 1/1/2009 O & M Minimum Base Rate increased by \$38 per month inside city limits and \$.76 per month outside city limits
- 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)**

- 7/1/2010 O & M Minimum Base Rate increased by \$.50 per month inside and outside city limits  
O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits
- 7/1/2009 O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits (PSA)
- 1/1/2009 O & M Minimum Base Rate increased by \$1.00 per month outside city limits  
O & M Volume Rate increased by \$.06 per 1,000 gallons inside and \$.10 per 1,000 gallons outside city limits
- 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)**

- 1/1/2009 Residential Service Charge increased by \$.30 inside city limits and \$.45 outside city limits  
Commercial Rates increased by 2%
- 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