

DOWNTOWN DEVELOPMENT AUTHORITY OF  
THE CITY OF AUGUSTA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Authority Members  
Downtown Development Authority of the City of Augusta  
Augusta, Georgia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities of Downtown Development Authority of the City of Augusta, a component unit of the City of Augusta, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Basis for Qualified Opinion***

As more fully described in Note 3 to the financial statements, certain properties that are owned by the Downtown Development Authority of the City of Augusta are not reflected as assets in the accompanying financial statements due to the inability to determine the fair market value of the properties at the date they were received. In our opinion, all capital assets should be recorded at cost, if purchased, or at fair value, if donated or contributed, to conform with accounting principles generally accepted in the United States of America, and those amounts should be depreciated over the estimated useful lives of the assets. The effects on the financial statements of the preceding practices are not reasonably determinable.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph and the effects of the other matters discussed in the following paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Downtown Development Authority of the City of Augusta, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Management has omitted the management discussion and analysis and the budgetary comparison statement that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Downtown Development Authority’s basic financial statements. The supplemental schedule of expenses by activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of expenses by activity is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of expenses by activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Serotta Maddocks Evans & Co.*  
SEROTTA MADDOCKS EVANS & CO.

Augusta, Georgia  
May 9, 2013

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012

ASSETS

Unrestricted cash	\$ 171,430
Restricted cash	9,696
Accounts receivable	4,490
Noncurrent assets:	
Capital assets, net	1,103,336
Total Assets	\$ 1,288,952

LIABILITIES

Accounts payable	\$ 9,622
Accrued expenses	40,220
Total Liabilities	49,842

NET POSITION

Net investment in capital assets	1,103,336
Unrestricted	126,078
Restricted	9,696
Total Liabilities and Net Assets	\$ 1,288,952

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2012

<u>FUNCTIONS/PROGRAMS</u>	PROGRAM REVENUES				<u>NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS</u>
	EXPENSES	FUNDRAISING	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities:					
Economic development	\$ 2,095,649	\$ 2,500	197,784	\$ 28,451	\$ (1,866,914)
			General Revenues:		(1,866,914)
			Interest income		972
			Change in net position		(1,865,942)
			Net position - beginning of year		3,105,052
			Net position - end of year		\$ 1,239,110

SEE NOTES TO FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
BALANCE SHEET - GOVERNMENTAL FUND  
DECEMBER 31, 2012

<b>ASSETS</b>	
Cash	\$ 171,430
Restricted cash	9,696
Accounts receivable	4,490
Total Assets	\$ 185,616
 <b>LIABILITIES</b>	
Accounts payable	\$ 9,622
Accrued expenses	40,220
Total Liabilities	49,842
 <b>FUND BALANCE</b>	
Unassigned	126,078
Restricted	9,696
	135,774
Total Liabilities and Fund Balance	\$ 185,616
 <b>GOVERNMENTAL FUND BALANCE</b>	 \$ 135,774
 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.	1,103,336
 <b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	 \$ 1,239,110

SEE NOTES TO FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUND  
 YEAR ENDED DECEMBER 31, 2012

REVENUES	
Operating grants and contributions	\$ 170,410
Capital grants and contributions	28,451
Fees for services	27,374
Event sponsorships	2,500
Miscellaneous income	1,072
Total Revenues	<u>229,807</u>
EXPENDITURES	
Current:	
General government	<u>216,383</u>
Total Expenditures	<u>216,383</u>
Excess of Revenues Over Expenditures	13,424
FUND BALANCE - BEGINNING OF YEAR	<u>122,350</u>
FUND BALANCE - END OF YEAR	<u>\$ 135,774</u>
Net change in fund balance - governmental fund	\$ 13,424
Amounts reported for governmental activities in the statement of activities are different because:	
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.	
Depreciation on governmental assets	(66,766)
Government fund reports proceeds from sale of fixed assets as revenue. However, in the statement of activities these proceeds offset the loss on disposal of fixed assets.	
Proceeds from transfer of fixed asset	(100)
Governmental fund does not report loss on transfer of fixed assets. However, in the statement of activities this loss is reported.	
Loss on transfer of fixed asset	<u>(1,812,500)</u>
Change in net assets of governmental activities	<u>\$ (1,865,942)</u>

SEE NOTES TO FINANCIAL STATEMENTS



DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Downtown Development Authority of the City of Augusta, Georgia (the Authority), a component unit of the City of Augusta, Georgia, conform to generally accepted accounting principles (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. For the year ended December 31, 2003, the Authority adopted the provisions of GASB 33 and 34. These financial statements present only the Authority and are not intended to present fairly the financial position and results of operations of the City of Augusta in conformity with accounting principles generally accepted in the United States of America. The Authority serves to promote, pursue and implement economic development in downtown Augusta, Georgia. The following is a summary of significant accounting policies:

A. Discretely Presented Component Unit

The Authority is a discretely presented component unit of the City of Augusta, Georgia. A discretely presented component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

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

Government-Wide and Fund Financial Statements - The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the Authority. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

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*.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the Authority's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. 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.

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Authority 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.

C. Budgets and Budgetary Accounting

Budgets are adopted by the City of Augusta, Georgia for the Authority on a total revenues and total expenditures basis. All budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America.

D. Accounts Receivable

Accounts receivable are shown net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience. At December 31, 2012, the allowance for doubtful accounts was zero.

E. Capital Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributions of property and equipment are recorded as contributions at fair value at the date the property is contributed. 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.

Estimated useful lives for asset types are as follows:

Buildings	40 years
Furniture and fixtures	5 - 7 years

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fund Equity

The Authority 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 position. Net position is classified as follows:

- Net investment in capital assets - 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.
- Restricted - Restricted net position represents 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 position represents net position that does 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 Authority 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 Authority 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 Authority Board through the adoption of a formal policy. Only the Authority Board may modify or rescind the commitment.
- Assigned - Fund balances are reported as assigned when amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. The authorization to assign fund balance remains with the Authority Board.
- Unassigned - Fund balances are reported as unassigned as the remaining amount when the balances do not meet any of the other classifications. The Authority reports positive fund balance in the general fund only, if applicable. Negative unassigned balances may be reported in all governmental funds.

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Flow Assumptions

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

- Committed
- Assigned
- Unassigned

H. Use of Estimates

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

I. New Accounting Pronouncements Adopted

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 Authority's fiscal year ending December 31, 2012. This statement did not affect the Authority's financial statements for the year ending December 31, 2012.

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 Authority's fiscal year ending December 31, 2012. This statement did not affect the Authority's financial statements for the year ending December 31, 2012.

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 Authority's fiscal year ending December 31, 2012. This statement did not have a material impact on the presentation of the Authority's financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted (continued)

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 Authority's fiscal year ending December 31, 2012 with early implementation permitted. The application of this statement provided changes in terminology but did not require reclassification of assets or liabilities.

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 Authority's fiscal year ending December 31, 2012 with early implementation permitted. This statement did not affect the Authority's financial statements for the year ending December 31, 2012.

J. New Accounting Pronouncements to be Adopted in Future Years

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting: Omnibus - an amendment of GASB Statements 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 Authority's fiscal year ending December 31, 2013. The impact of this pronouncement on the Authority's financial statements has not been determined.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement clarifies items previously reported as assets or liabilities that should be classified as deferred outflows of resources or deferred inflows of resources. The application of this statement is effective for the Authority's fiscal year ending December 31, 2013. When this statement is applied to the Authority's financial statement, certain unearned revenues will be reclassified and presented as deferred inflows of resources.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The application of this statement is effective for the Authority's fiscal year ending December 31, 2013. The impact of this pronouncement on the Authority's financial statements has not been determined.

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The application of this statement is effective for the Authority's fiscal year ending December 31, 2014. The impact of this pronouncement on the Authority's financial statements has not been determined.

In June 2012, the GASB issued Statement No. 68, *Accounting and Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The application of this statement is effective for the Authority's fiscal year ending December 31, 2015. The impact of this pronouncement on the Authority's financial statements has not been determined.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The application of this statement is effective for the Authority's fiscal year ending December 31, 2014. The impact of this pronouncement on the Authority's financial statements has not been determined.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

A government may not report anything as a deferred outflow of resources or a deferred inflow of resources unless it is specifically required by a GASB pronouncement. As of December 31, 2012, GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, requires changes in the fair value of hedging derivative instruments to be reported as deferred outflows of resources or deferred inflows of resources, and GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires deferred inflows of resources to be recognized by a transferor government in a qualifying service concession arrangement. The City does not have any derivative instruments or service concession arrangements.

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS

Credit Risk

The Authority's policy is in accordance with Section 36-83-04 of the State of Georgia Code of Laws which allows for deposits and investments as follows:

- a) Obligations of Georgia or of other states;
- b) Obligations issued by the United States government;
- c) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- d) Obligations of any corporation of the United States government;
- e) Prime bankers' acceptances;
- f) The local government investment pool established by Code Section 36-83-8;
- g) Repurchase agreements;
- h) Obligations of other political subdivisions of Georgia; and
- i) Deposit accounts with eligible depository institutions.

Concentration and Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2012, the carrying amount of the Authority's deposits was approximately \$181,000, and the bank balance was approximately \$182,000 all of which was insured by the Federal Deposit Insurance Corporation.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	BALANCE 12/31/11	ADDITIONS	DISPOSALS	BALANCE 12/31/12
Capital assets:				
Port Royal parking deck	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Riverfront parking deck	3,816,000	-	3,816,000	-
Clock	-	-	-	-
Furniture and equipment	7,920	-	-	7,920
Total capital assets	6,423,920	-	3,816,000	2,607,920
Less accumulated depreciation for:				
Port Royal parking deck	(1,430,000)	(66,664)	-	(1,496,664)
Riverfront parking deck	(2,003,400)	-	2,003,400	-
Furniture and equipment	(7,818)	(102)	-	(7,920)
Total accumulated depreciation	(3,441,218)	(66,766)	(2,003,400)	(1,504,584)
Capital assets, net	\$ 2,982,702	\$ (66,766)	\$(1,812,600)	\$ 1,103,336

DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation expense for the year ended December 31, 2012, was \$66,766.

The Authority owns additional properties which were contributed in prior years. The Authority did not obtain valuations of the properties at the date of contribution and records are not available to reflect the correct fair market value of the properties on the date contributed. Therefore, the Authority's financial statements do not reflect the value of these properties. If the property values were attainable, the net position of the Authority would increase by the respective property values. The assets that are excluded from the financial statements are as follows:

<u>Date Property was Transferred</u>	<u>Property Description</u>
October 18, 1993	18 Eighth Street, Augusta, GA
April 27, 1994	1 Fifth Street, Augusta, GA
November 12, 1999	1 James Brown Blvd., Augusta, GA
December 20, 1999	925 Reynolds Street, Augusta, GA
April 11, 2000	3 Eighth Street, Augusta, GA

NOTE 4 - OPERATING LEASES

The Authority has various operating leases for renting space as well as office equipment. Total rent expense for 2012 was \$6,000.

At December 31, 2012, future minimum lease payments under leases, having initial non-cancelable lease terms in excess of one year are as follows:

2013	\$	10,710
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NOTE 5 - CONTRACTUAL AGREEMENT

On January 31, 2008, the Authority entered into an agreement with Clean Augusta Downtown Initiative (CADI) to provide certain services, personnel and space to CADI in exchange for an administrative fee of \$25,000 per year. The terms of the agreement expired on January 31, 2012 and continued on a month to month basis through February 25, 2013. For the year ending December 31, 2012, the Authority received \$25,000 for this service. Effective February 25, 2013, the Authority's contract with CADI was cancelled. The Augusta-Richmond County Commission did not approve the continuation of the CADI program.



DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF AUGUSTA  
 SUPPLEMENTAL SCHEDULE OF EXPENSES BY ACTIVITY  
 YEAR ENDED DECEMBER 31, 2012

GOVERNMENTAL ACTIVITIES:

Economic Development:

Depreciation	\$ 66,766
Loss on transfer of a fixed asset	1,812,500
Salaries	138,833
Special Purpose Local Option Tax expenses	9,339
Christmas Light-up Spectacular	10,391
Professional fees	15,640
Advertising and marketing	408
Rent	6,000
Sponsorship	864
Telephone	3,558
Insurance	3,254
Utilities	2,461
Copier	2,520
Travel	2,048
Office supplies	2,429
Operating expenses	14,090
Memberships	645
Partnership development	1,249
Training	1,035
Postage	119
Bad debt	1,500

Total Economic Development	2,095,649
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Total Governmental Activities	\$ 2,095,649
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