

**CITY OF ROME, GEORGIA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2008**

**Prepared By:
Finance Department**

CITY OF ROME, GEORGIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

TABLE OF CONTENTS

	Page No.
INTRODUCTORY SECTION	
Table of Contents.....	i - iv
Letter of Transmittal.....	v - xi
Certificate of Achievement for Excellence in Financial Reporting.....	xii
Organization Chart	xiii
Principal Officials	xiv
FINANCIAL SECTION	
Independent Auditor’s Report	1 and 2
Management’s Discussion and Analysis	3 - 18
Basic Financial Statements:	
Statement of Net Assets	19 and 20
Statement of Activities.....	21
Balance Sheet Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	24 and 25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Net Assets Proprietary Funds	27 and 28
Reconciliation of Proprietary Fund Net Assets to Business Type Activities Statement of Net Assets	29
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds.....	30 and 31

CITY OF ROME, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

	Page No.
FINANCIAL SECTION (Continued)	
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets of Proprietary Funds to the Business Type	
Statement of Activities	32
Statement of Cash Flows Proprietary Funds	33 - 35
Statement of Fiduciary Net Assets Private Purpose Trust Fund.....	36
Statement of Changes in Fiduciary Net Assets Private Purpose Trust Fund.....	37
Notes to the Financial Statements.....	38 - 82
<i>Required Supplementary Information:</i>	
General Fund:	
Schedule of Revenues & Expenditures	
Budget and Actual.....	83 - 92
Notes to the Required Supplemental Information	93
Schedule of Funding Progress.....	94
<i>Supplemental Information:</i>	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	96
Nonmajor Special Revenue Governmental Funds:	
Combining Balance Sheet.....	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	98

CITY OF ROME, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

	Page No.
FINANCIAL SECTION (Continued)	
Special Revenue Funds:	
Schedule of Revenues, Expenditures and	
Changes in Fund Balance – Budget and Actual	99 - 106
Schedule of Projects Constructed with Special Sales Tax Proceeds.....	107 and 108
Nonmajor Proprietary – Enterprise Funds:	
Combining Statement of Net Assets	109 and 110
Combining Statement of Revenues, Expenses and	
Changes in Fund Net Assets.....	111 and 112
Combining Statement of Cash Flows	113 - 115
Internal Service Funds:	
Combining Statement of Net Assets	116
Combining Statement of Revenues, Expenses and	
Changes in Fund Net Assets.....	117
Combining Statement of Cash Flows	118
Component Unit – Greater Rome Convention & Visitors Bureau	
Balance Sheet.....	119
Statement of Revenues, Expenditures and	
Changes in Fund Balance.....	120

CITY OF ROME, GEORGIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

TABLE OF CONTENTS

	Page No.
STATISTICAL SECTION	
Introduction	
Net Assets by Component – Last Six Fiscal Years.....	121
Changes in Net Assets – Last Six Fiscal Years.....	122 - 123
Fund Balances of Governmental Funds – Last Ten Fiscal Years	124
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	125 and 126
General Governmental Tax Revenues By Source – Last Ten Fiscal Years.....	127
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	128
Property Tax Rates – Direct and Overlapping Governments – (Per 1,000 of Assessed Value) – Last Ten Fiscal Years	129
Principal Property Taxpayers	130
Property Tax Levies and Collections – Last Ten Fiscal Years.....	131
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	132
Ratio of Net General Bonded Debt – Last Ten Fiscal Years.....	133
Computation of Direct and Overlapping Governmental Activities Debt.....	134
Legal Debt Margin Information – Last Ten Fiscal Years.....	135
Pledged – Revenue Coverage – Last Ten Fiscal Years.....	136
Demographic and Economic Statistics – Last Ten Fiscal Years.....	137
Principle Employers – Current Year and Four Years Ago	138
Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	139
Operating Indicators by Function – Last Ten Fiscal Years.....	140
Principal Water and Sewer Customers – Current Year and Ten Years Ago	141
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	142



John Bennett
City Manager
P.O. Box 1433
Rome, GA 30162
(706) 236-4400

June 24, 2009

To the Rome City Commission and
the Citizens of the City of Rome, Georgia:

The comprehensive annual financial report of the City of Rome, Georgia for the fiscal year ended December 31, 2008, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2008.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separate report.

Mauldin and Jenkins, Certified Public Accountants, LLC, have issued an unqualified opinion on the City of Rome's financial statements for the year ended December 31, 2008. The independent auditor's report is located at the front of the financial section of this report.

These statements are compiled in accordance with accounting principles generally accepted in the United States of America and offer an overview of the financial position and activities of the City as a whole. Management's Discussion and Analysis can be found on pages 3-18 and contains additional information on the City of Rome's basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Rome is located in the northwestern part of the State of Georgia, which ranks as one of the top growth areas in the state. The City limits incorporate over thirty-one square miles and has a population of approximately 37,000. The City government operates under a commission-manager form of government. There are nine commissioners serving on the City Commission with the Mayor and Mayor Pro Tem elected from within the commission.

The City provides a full range of services. These services include water and sewer, police, building inspection, fire protection, sanitation services, the construction and maintenance of streets, drainage, traffic control, cemetery, community development, transit system, municipal landfill, planning and zoning, recreational activities and cultural events. In addition, the City of Rome includes the Rome Board of Education and the Greater Rome Convention and Visitors Bureau as discretely presented component units in these financial statements because the City has financial accountability for these entities.

The City is required to adopt a final budget by the end of each fiscal year. This annual budget serves as the foundation for the City of Rome's financial planning and control. The budget is prepared by fund, then department. Budgetary control is at the line item level.

LOCAL ECONOMY

The economic condition and outlook of the City has remained fairly stable during the past several years, following several years of slower economic growth attributable to a general decline in manufacturing activity. However, the area has also been impacted by the national economic slowdown and has seen a reduction in workforce in several major manufacturing entities. The community had an 8.0 percent unemployment rate at the end of the year which was slightly under the state average.

Rome does continue to be the medical hub of the northwest Georgia area with more doctors per capita than any county in the state. Three hospitals, with a total of approximately 800 beds, are located in the city limits with many clinics also operating in this area. Redmond Regional Medical Center is the largest taxpayer in the City. The medical industry continues to expand with new expansions at both hospitals and their outlying complexes.

The Rome Braves Minor "A" baseball stadium continues to be an economic draw from surrounding communities.

Rome was the venue for the National NAIA football championship in 2008 and will also host this event in 2009. There are current negotiations for an eight year agreement.

A continuing Education Local Option Sales tax has enabled the school system to make major renovations and improvements to most of the City schools. These projects were completed in 2008. In September, 2008, a new five year E-LOST was approved by the voters and is projected to generate about \$90 million dollars of school improvements into the City and County school systems. A new county school for the eastern part of the county is planned as well as major renovations and additions to the existing Rome High and Middle schools. A thirty nine month SPLOST approved in 2006 for multiple City and County capital projects for recreation, streets, and a community youth center continues to generate a positive economic impact for the city.

Local Option Sales Tax revenue again declined in 2008 by 2% from 2007. This decrease has been an indicator of an economic slowing that mirrors the overall national economy. Several larger construction projects have continued to have a positive economic impact on the local economy. Rising costs of fuel and associated supplies have been a major challenge for the City in 2008. Other declining revenues associated with the national economic issues have challenged the City to look at additional budget cuts and streamlining for the 2009 fiscal year.

This year has also been a challenge for the City and its water utility system due to the extreme drought that has plagued the State of Georgia. Although the City of Rome's water system has remained healthy and viable due to our abundance of available river water, the system has been challenged by the State mandated water restrictions. These restrictions continued throughout 2008, and although the fourth quarter of the year did see some mitigation of these by the state, the system has experienced a significant reduction in revenues for the year.

MAJOR INITIATIVES

For the Year.

Several major road projects have been completed during the year with several more projects still under construction. The Riverside Parkway road widening and improvement has been completed, linking major downtown roads with the perimeter bypass. Construction has started on the State DOT Rome bypass. Within the current SPLOST package, there are approximately 7 million dollars in road improvements to be initiated over the next couple of years, including additional turn lanes, and road and bridge widening projects. One of the turn lanes has been completed, with two more in the construction phase and expected to be completed by mid 2009. The Chatillion bypass connector is close to completion.

As an "Entitlement Community", the City receives grant monies for several capital improvement projects. Projects include street and sidewalk improvements, and several home rehabilitation programs for lower income families. The City of Rome has partnered with the Rome Housing Authority in an expanded housing rehabilitation program with the entitlement funds. The long anticipated "Pedestrian Bridge" was dedicated in early 2008. This bridge spans the Oostanaula River, linking the main downtown area with properties being developed within the TAD district across the river. The bridge has also linked parking facilities which has expanded the available parking for downtown events. The City also acquired three property parcels within this TAD area for future development. As part of a multi-funded effort, the new Rome Boys and Girls Youth Center in South Rome was completed and dedicated in 2008. This facility will be an anchor for the South Rome community.

The South Rome Re-development Agency and Community Development continues its progress with rehabilitation and improvements within the South Rome area of the City. The current SPLOST package includes monies for a major streetscape for South Broad Street and East Main Street.

Another continuing initiative for the City in 2008 was the "Neighborhood Focus". This effort is sponsored by the "Keep Rome/Floyd Beautiful" committee and is a collaborative partnership between the City and the neighborhood communities to help clean up predesignated areas.

Another major accomplishment by the City of Rome in 2008 continues to be a concentrated effort to renovate and replace large older sidewalks around the City. These improvements were partially funded by revenue from the Redlight Enforcement fund.

The City of Rome Downtown Development department has expanded its management of several downtown parking facilities. This effort has allowed more control of revenue generating facilities as well as ensuring optimum use of all parking availability. The new parking deck located at the Forum has been completed and will be opened in early 2009. This will greatly expand the marketability of the downtown area with its additional parking adjacent to the Forum.

The City of Rome has also made a major initiative in urban tree management. The City now has a certified arborist on staff and a concerted effort is being rolled out to inventory, manage and replenish the City of Rome tree population.

The City of Rome Building Inspection Department has also expanded its clean it or lien it efforts by expanding its enforcement more into the environmental court area of our local municipal court. The concentrated effort will result in the clean up of sub standard housing as well as enforcement against non compliant property owners.

The City owned Barron Stadium received a major face-lift with new field sod, painting and restroom renovations.

The Planning department did another county-wide update on their aerial mapping system for the GIS system.

Every year water and sewer projects are being completed and 2008 was no exception. The largest of these is the \$35 million Waste Water Treatment Plant expansion and improvement project. This project went on line in 2008. An enhancement for BioSolids treatment is also under construction which is being funded by the current SPLOST. A major sewer expansion and upgrade on the north side of the county was also completed in 2008. The project will allow more available sewer service for the area as well as upgrading older smaller service lines.

The new SPLOST projects initiated in 2007 include a wide variety of proposed improvements. Projects completed in 2008 include a major renovation to the public swimming center in North Rome, a new Fire training facility, major renovations to three Fire stations, and a new roof for the City Auditorium.

The City also implemented its second red light enforcement camera at a major intersection on Veterans Bypass highway.

For the Future. Transportation is an area that will always receive attention for funding. With the anticipated projects approved with the new SPLOST package, many road expansions and improvements will be completed over the next 3-4 years. The previously mentioned road widening projects head the list of transportation projects. Several major road expansions anticipated in 2009 and beyond include Turner McCall Boulevard Bridge, Primrose Road, US 411, Huffaker Road, and South Broad Street.

A major parcel of property in the west area of the City is being donated by a private company and is currently under proposals for the development of this acreage.

The City will also be seeking bids for construction of a new City owned Mausoleum in Myrtle Hill Cemetery to be managed by the City Cemetery department.

The current site of the Marine Armory will be vacated by the federal government and this facility will be renovated for recreation by SPLOST funding.

The rivers are a major part of this community along with the City's downtown development. The City will continue to focus on the development of the three rivers in downtown Rome. The addition of the pedestrian bridge will be a major draw to the downtown area and the expansion of the river walk trail system continues to be an important initiative for the future. The Town Green area, adjacent to the Forum and the new parking deck is also underway. This will be an interactive park, and pedestrian corridor that will tie in the river walk, pedestrian bridge and downtown area.

Enhancement and progression of technology continues to be a vital goal of the City of Rome. The current website has been redeveloped and online payments for utility billing have been implemented in 2008. The City hopes to move into more e-commerce activities in the coming year.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure 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 with generally accepted 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 evaluation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations that could have a material affect on a major federal program. The results of the City's single audit for the fiscal year ended December 31, 2008 noted no findings in its compliance of major federal programs. There were no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations related to its major federal programs.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. Although not legally required, the City does include adopted annual budgets for its proprietary funds. The level of most of the budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget. The City Manager and Finance Director along with the City Commission Finance Committee review budget comparisons on a monthly basis.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management in uncertain economic times. The year 2008 ended with General Fund revenues under budget some 1.2% and expenditures slightly under budget. This combination generated a (\$485,902) deficit of revenues over expenditures and a decrease to fund balance. The City did see a decrease in ad valorem taxes, sales taxes, and intangible taxes. Interest income also decreased in 2008 because of the continued decline in rates. Expenditures were less or on budget in most all departments due to position vacancy, hiring freezes and the delay of filling open positions. The cost of fuel continues to have a large impact on many departments. This increase in costs will continue to be an issue in 2009. Expenses for the General fund in 2008 increased mainly in the Public Works sector. Total expenditures for 2008 increased 3.2% which is a modest increase considering the impact of significant increases in fuel costs. This modest increase also reflects a conscious effort by the City's departments to hold expenses within budget.

General Fund Fund Balance. The fund balance of the General Fund decreased by \$485,902. The cumulative fund balance of \$11,444,315 still provides the City with a fund balance that is the equivalent of approximately five months of total General fund expenditures and transfers.

Enterprise Operations. The City continues to extend sewer to parts of the City and County that are not presently on the City sewer system. The bond coverage ratio of the Water and Sewerage System continues to exceed the minimum outlined in the bond covenants. For 2008 the coverage was 1.5, which is well above the 1.2 requirement.

Pension Trust Fund Operations. The City contributed 101% of the actuarially determined amount into this fund in 2008. The pension liability continues to remain healthy with an 87.97% funding ratio in 2008. The funding level was 85.3% in 2007. This increase was the result of an increase in the actuarial value of the assets. Beginning in 2001, the City has used a portion of its budgeted retirement contribution to match employee contributions in a 401-A Defined Contribution plan. Currently the city will match up to 2.5% of an employee's contribution.

Debt Administration. The City had water and sewer revenue, golf revenue, and Certificate of Participation bonds outstanding at the end of the fiscal year.

The following is a list of all outstanding bonds, notes payable and capital leases as of December 31, 2008:

ACCOUNT	PRINCIPAL AMOUNT OUTSTANDING
Water & Sewer Revenue Bonds	61,705,000
Notes Payable (GEFA)	10,392,563
Notes Payable (West Third)	1,675,000
Notes Payable (Parking Deck)	3,248,128
Capital Leases (All Funds)	787,127
Golf Revenue Bonds	5,105,000
Certificates of Participation (DFACS and GMA Lease	<u>6,952,000</u>
TOTAL	89,864,818

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, and the State of Georgia Investment Pool. The pension trust fund's investment portfolio, which is managed by the Georgia Municipal Employment Benefits System, also includes corporate bonds. The rate of return on pension fund investments is attributable to the long-term nature of most holdings in its portfolio. The City's investment performance ranks adequately when compared to average yield rates of U.S. Treasury bills and U.S. Treasury notes in 2008. However, as with most investments, interest earnings have seen a decline over the last few years. In 2008, interest earnings were down from 2007. The City earned interest revenue of \$932,093 on all investments, including water and sewer bonds construction interest, excluding pension funds, for the year ended December 31, 2008.

The City's investment policy is to minimize credit and market risks while maximizing a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, the Federal Reserve, or the financial institutions holdings in the state collateral pool.

Risk Management. The City has a risk management program for liability and workers' compensation. Each department has a departmental safety program that aids in reducing losses. At the beginning of 2002, the City of Rome entered into the GMA Workers Compensation Pool and is no longer self insured. The premium paid for Workers' Compensation insurance in 2008 was \$791,381. The City is still liable for all claims prior to January 1, 2002 up to our stop loss insurance limit of \$250,000.

AWARDS AND ACKNOWLEDGEMENTS

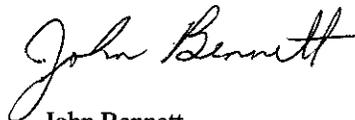
Awards. The City of Rome, Georgia Comprehensive Annual Financial Report for the year ended December 31, 2007, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

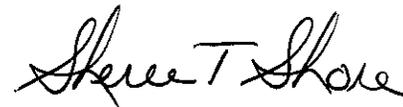
A Certificate of Achievement is valid for a period of one year only. We believe our comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements and we are submitting our comprehensive annual financial report for the current year to the GFOA.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the Finance Committee as well as the entire City Commission for the support they gave the City staff in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



John Bennett
City Manager



Sheree T. Shore
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rome
Georgia

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

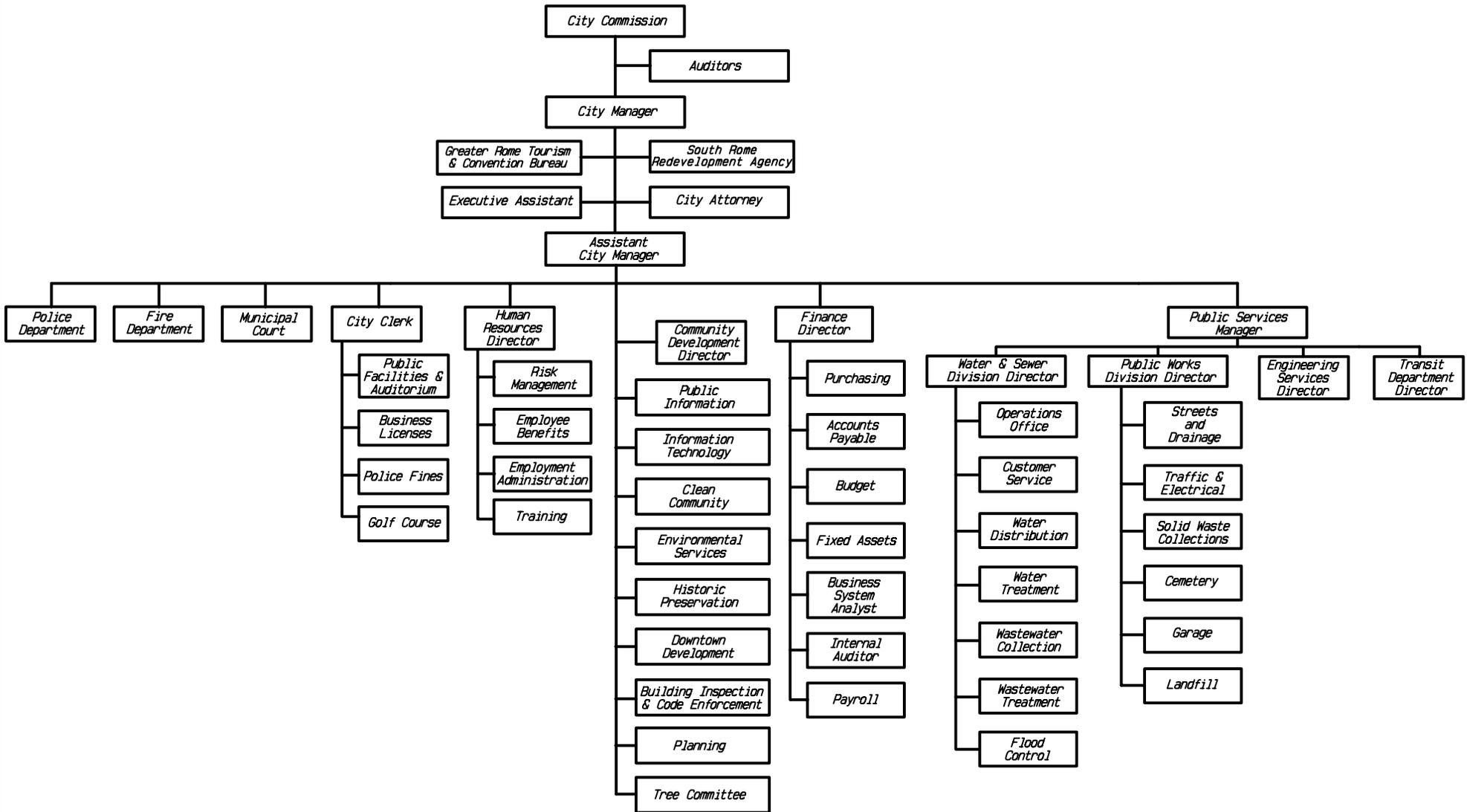
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Rome, Georgia Organization Chart



CITY OF ROME, GEORGIA

**PRINCIPAL OFFICIALS
DECEMBER 31, 2008**

Wright Bagby **Mayor**
Jamie Doss **At Large**
Bill Collins **At Large**
Bill Fricks **At Large**
Milton Slack **At Large**
Kim Canada **At Large**
Howard “Buzz” Wachsteter **At Large**
Evie McNiece **At Large**
Duane Reid **Mayor, Pro-Tem**

John Bennett **City Manager**
Sammy Rich **Assistant City Manager**
Sheree T. Shore **Finance Director**
Toni Rhinehart **Assistant Finance Director**
Joseph F. Smith **City Clerk**
Robert M. Brinson **City Attorney**

FINANCIAL SECTION

The financial section of the Comprehensive Annual Financial Report includes the independent auditor's report, the Management's Discussion and Analysis, the basic financial statements including footnotes, and the supplementary information.



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
City of Rome, Georgia
Rome, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Rome, Georgia** (the “City”) as of and for the year ended December 31, 2008, which collectively comprise the City’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (on pages 3 through 18) and budgetary comparison information (on pages 83 through 92) and schedules of funding progress (on page 94) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and statistical section, as 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 schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. The supplemental information and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Atlanta, Georgia
June 26, 2009

Mauldin & Jenkins, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD & A) is a narrative introduction, overview, and analysis of information presented in the basic financial statements.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

As management of the City of Rome, Georgia, this section of the City's Comprehensive Annual Financial Report offers readers a narrative discussion and analysis of the financial activities of the City of Rome for the fiscal year ended December 31, 2008.

This discussion and analytical information is designed to be used in conjunction with the transmittal letter found on pages v - xi and with the accompanying financial statements and footnote disclosures which follow this section. This discussion focuses on the City's primary government and unless otherwise noted, does not include discretely presented component units which are reported separately.

FINANCIAL HIGHLIGHTS

- The City of Rome's total assets exceeded its total liabilities by \$247,246,754 in 2008, a 6.3% increase from 2007.
- Total Net assets are made up of the following:
 - 1) Capital assets, net of related debt of \$225,516,901 include property, equipment, and infrastructure, net of accumulated depreciation and reduced for related debt.
 - 2) Net assets of \$969,574 are restricted by outside entities either by covenants, grant agreements or external legislation.
 - 3) Unrestricted net assets of \$20,760,279 represent the portion available to maintain the City's ongoing obligations.
- The City's combined governmental funds reported a total ending fund balance of \$18,284,368. Of this amount \$10,710,566 is unreserved and undesignated and available for budgetary spending.
- The City of Rome had an increase in net assets for the year of 2008 of \$14,699,477.
- The City's General Fund showed an unreserved fund balance of \$10,575,432 at the end of the fiscal year, or 64% of current year expenditures before transfers.
- The City has implemented GASB 45 and the actuarially determined amount for health and life insurance post employment benefits has been accrued in the government wide statements in the amount of \$1,316,636.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City of Rome's basic financial statements. The basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also includes supplementary information in addition to these basic financial statements.

Government-wide Financial Statements

The City's report includes two government-wide financial statements. The focus of these statements is on the overall financial position and activities of the City of Rome as a whole, in a manner similar to a private sector business. These statements use the full accrual basis of accounting.

The first government-wide statement is the **Statement of Net Assets**. This is the City-wide statement of position which presents information on all assets and liabilities with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the financial health of the City.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

***Government-wide Financial Statements*– continued**

The second government-wide statement is the **Statement of Activities**. This report presents how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of the timing of related cash flows. A primary purpose of the Statement of Activities is to identify the net costs of various functions and services provided by the City and to determine the extent to which each function is self supporting by program revenues or is subsidized by general revenues.

The governmental activities of the City of Rome include general government, public safety, public works, public facilities, public services, community development and education.

Business type activities include water and sewer, fire services, solid waste commission (landfill), transit operations, building inspection, solid waste management (collections), municipal golf, and public facilities. The government-wide financial statements include not only the funds of the City but also the Greater Rome Convention and Visitors Bureau and the Rome Board of Education for which the City of Rome is financially accountable. Financial information for these component units is reported separately from the primary government, although included on the government-wide statements.

The City's government-wide financial statements are presented on pages 19-21 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accounting entity used to maintain control over resources segregated for specific activities or objectives and to ensure compliance with financial or legal laws and regulations. Major funds are reported in separate columns with all non-major funds reported in the aggregate. Individual financial information for these non-major funds is provided in combining statements in the supplemental information. The City's funds are divided into three categories; governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for basically the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds financial statements focus on short term fiscal accountability as well as balances of expendable resources at the end of the fiscal year.

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 short term financial decisions. Since these statements do have a different perspective and use different accounting methods to generate the financial information, reconciliations of the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance are presented to facilitate this comparison.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FUND FINANCIAL STATEMENTS - continued

Governmental Funds- continued

The City of Rome maintains twelve individual governmental funds. Information is presented separately for the General, Capital and Special Local Option Sales Tax funds, all considered major funds. The other funds are combined into a single aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements on pages 95-106 of the report.

Budgetary comparison schedules are included for the General Fund as required supplementary information immediately after the notes to the financial statements. Budgetary comparison schedules for the special revenue funds are included in the supplemental information section. These schedules demonstrate compliance with the final revised budgets.

The basic governmental fund financial statements are presented on pages 22-26 of this report.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services where the customer is charged a fee or where the determination of an increase or decrease in net assets is appropriate for capital maintenance, public policy, management control or full accountability. There are two types of proprietary funds; enterprise funds and internal service funds.

Enterprise funds essentially encompass the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation, fire services, solid waste commission (landfill), transit operations, building inspection services, solid waste management (collection), municipal golf operations, and public facilities.

The City uses internal services funds to account for health insurance and workers' compensation payments. Because of the nature of these internal service funds, they are consolidated within the business-type activities with their net assets allocated between governmental and business-type activities.

The City reports the water, fire and solid waste commission funds as major funds with the remaining non-major funds presented in the aggregate. Individual data on these non-major funds are presented in the supplemental section of this report.

The City's proprietary funds are presented on pages 27 – 35 with individual data on non-major funds presented in combining statements on pages 109-115.

Fiduciary Funds

Fiduciary funds are used to account for resources for parties outside the government. Fiduciary funds are presented in the fund financial statements but are not included in the government-wide financial statements because the resources of this fund are not available to support the City of Rome's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented on pages 36-37.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FUND FINANCIAL STATEMENTS - continued

Notes to the Financial Statements

The notes to the financial statements 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 are presented on pages 38 to 82.

Required Supplementary Information

The budgetary comparison schedule for the General Fund and footnotes are provided for budget compliance presentation. These are presented on pages 83-92.

Other Supplemental Information

Other supplemental information includes combining individual fund statements for non-major funds aggregated in the basic financial statements. Budgetary comparisons for non-major governmental funds are also presented. This supplemental information is presented on pages 99-106.

The Special Report for Sales Tax proceeds is shown on pages 107-108. This schedule shows expenditures for the 1996, 2003 and 2006 SPLOST issues.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS

The City's overall financial position and operations for this fiscal year is summarized as follows based on information found in the government-wide financial statements on pages 19-21.

City of Rome							
Net Assets (Financial Position)							
	Governmental Activities		Business-Type Activities		Totals		
	2007	2008	2007	2008	2007	2008	Variance
Current assets	\$ 18,839,005	\$ 16,759,839	\$ 11,151,141	\$ 11,313,945	\$ 29,990,146	\$ 28,073,784	\$ (1,916,362)
Capital assets	103,973,335	118,488,893	196,853,309	197,898,386	300,826,644	316,387,279	15,560,635
Other non-current assets	6,686,958	7,204,208	5,138,548	3,891,198	11,825,506	11,095,406	(730,100)
Total Assets	129,499,298	142,452,940	213,142,998	213,103,529	342,642,296	355,556,469	12,914,173
Current liabilities	3,010,062	1,449,516	13,944,978	12,308,189	16,955,040	13,757,705	(3,197,335)
Long-term liabilities	4,638,456	10,660,714	88,501,523	83,891,296	93,139,979	94,552,010	1,412,031
Total Liabilities	7,648,518	12,110,230	102,446,501	96,199,485	110,095,019	108,309,715	(1,785,304)
Net Assets:							
Invested in capital assets, net of related debt	99,276,317	108,946,434	114,968,682	116,570,467	214,244,999	225,516,901	11,271,902
Restricted	631,346	674,296	284,246	295,278	915,592	969,574	53,982
Unrestricted	21,943,117	20,721,980	(4,556,431)	38,299	17,386,686	20,760,279	3,373,593
Total Net Assets	\$ 121,850,780	\$ 130,342,710	\$ 110,696,497	\$ 116,904,044	\$ 232,547,277	\$ 247,246,754	\$ 14,699,477

As noted, the overall assets of the City increased \$12,914,173 from 2007 with the largest increase occurring in capital assets, mainly from construction in progress for several SPLOST projects which include the parking deck, new fire training facility, and renovations to several schools. The City's total liabilities decreased \$1,785,304 due to a decrease in accounts payable at year end. Overall the City's net assets increased \$14,699,477 or 6.3% from 2007. This is a slightly larger increase in net assets than in the previous year. Capital assets additions make up the majority of this amount with most of the increase coming from new construction and improvements. These improvements are financed with a special local option sales tax and bond proceeds. Investment in capital assets, net of related debt is the largest component of total net assets with 83.5% of governmental net assets and 99% of business type net assets. The largest component of restricted net assets is restricted assets held for debt service. Neither of these components of net assets, however, represents available resources for the City, but an investment to provide services to citizens.

The unrestricted portion of net assets of \$20,760,279 which is available for spending is 8.4% of total net assets and increased \$3,373,593 from 2007.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS – continued

The following condensed financial information was taken from the Government-wide Statement of Activities and reflects how the City of Rome's net assets changed during the fiscal year.

City of Rome Changes in Net Assets							
	Governmental Activities		Business Type Activities		Total		
	2007	2008	2007	2008	2007	2008	Variance
Revenues:							
Program Revenues							
Charges for services	\$ 3,837,814	\$ 4,037,573	\$ 32,538,066	\$ 32,721,110	\$ 36,375,880	\$ 36,758,683	\$ 382,803
Operating Grants & Contributions	1,024,333	1,841,895	458,313	461,224	1,482,646	2,303,119	820,473
Capital Grants & Contributions	8,740,857	13,432,067	1,640,068	1,365,030	10,380,925	14,797,097	4,416,172
General Revenues							
Property Taxes	10,047,629	8,685,512	-	-	10,047,629	8,685,512	(1,362,117)
Sales Taxes	10,241,852	12,569,442	-	-	10,241,852	12,569,442	2,327,590
Other Taxes	7,252,314	7,306,001	-	-	7,252,314	7,306,001	53,687
Miscellaneous	1,258,451	771,333	847,250	409,543	2,105,701	1,180,876	(924,825)
Total Revenues	42,403,250	48,643,823	35,483,697	34,956,907	77,886,947	83,600,730	5,713,783

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

	Governmental Activities		Business Type Activities		Total		Variance
	2007	2008	2007	2008	2007	2008	
Expenses:							
General Government	3,554,844	5,681,057	-	-	3,554,844	5,681,057	2,126,213
Public Safety	7,416,462	8,751,810	-	-	7,416,462	8,751,810	1,335,348
Public Works	8,564,012	10,589,251	-	-	8,564,012	10,589,251	2,025,239
Public Facilities	1,120,974	1,193,909	-	-	1,120,974	1,193,909	72,935
Public Services	277,712	516,062	-	-	277,712	516,062	238,350
Community Development	1,027,712	1,178,440	-	-	1,027,712	1,178,440	150,728
Education	1,080,435	1,113,725	-	-	1,080,435	1,113,725	33,290
Interest on Debt	245,785	320,402	-	-	245,785	320,402	74,617
Water and Sewer	-	-	16,899,234	17,201,344	16,899,234	17,201,344	302,110
Fire	-	-	10,315,929	10,474,356	10,315,929	10,474,356	158,427
Solid Waste Commission	-	-	3,308,538	2,104,350	3,308,538	2,104,350	(1,204,188)
Transit	-	-	3,107,463	3,236,024	3,107,463	3,236,024	128,561
Building Inspection	-	-	946,142	893,444	946,142	893,444	(52,698)
Solid Waste Management	-	-	3,810,416	3,750,515	3,810,416	3,750,515	(59,901)
Municipal Golf	-	-	1,539,713	1,440,263	1,539,713	1,440,263	(99,450)
Public Facilities	-	-	446,900	456,301	446,900	456,301	9,401
Total Expenses	<u>23,287,936</u>	<u>29,344,656</u>	<u>40,374,335</u>	<u>39,556,597</u>	<u>63,662,271</u>	<u>68,901,253</u>	<u>5,238,982</u>
Increase (decrease) in net assets before transfers	19,115,314	19,299,167	(4,890,638)	(4,599,690)	14,224,676	14,699,477	474,801
Transfers	(9,060,739)	(10,807,237)	9,060,739	10,807,237	-	-	(26,500)
Change in Net Assets	10,054,575	8,491,930	4,170,101	6,207,547	14,224,676	14,699,477	474,801
Beginning Net Assets	111,796,205	121,850,780	106,526,396	110,696,497	218,322,601	232,547,277	14,224,676
Ending Net Assets	<u>\$ 121,850,780</u>	<u>\$ 130,342,710</u>	<u>\$ 110,696,497</u>	<u>\$ 116,904,044</u>	<u>\$ 232,547,277</u>	<u>\$ 247,246,754</u>	<u>\$ 14,699,477</u>
.							

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

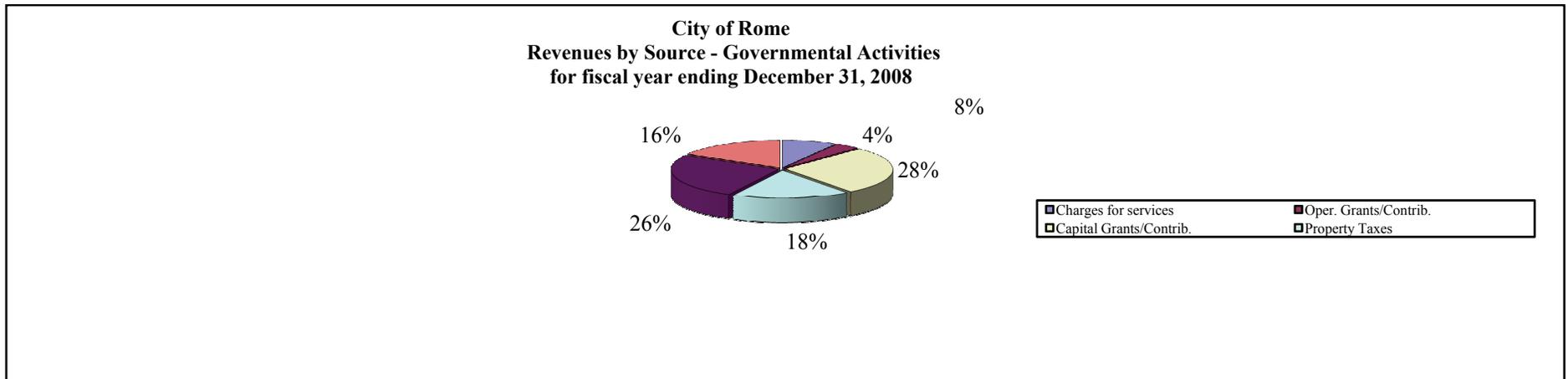
FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS - continued

The City's overall revenue increased \$5,713,783 from 2007 or 7.3%. These increases occurred mainly in capital grants and sales taxes. The capital grants and contributions were for SPLOST contributions and grants associated with the Pedestrian Bridge and the Youth Center. The increase in sales taxes occurred due to the continuation of the 2006 SPLOST. Property and other taxes were less due to the homestead tax relief grant monies held by the state.

Total operational expenses for 2008 only increased \$5,238,982 or a moderate 8.2%. Governmental Activities expenses increased \$6,056,720 from 2007. The majority of this increase was in general government and public works. The majority of the OPEB accrual was in these categories. This is the actuarially determined expense for post employment health benefits offered for current and future retired employees. Business activities expense actually decreased from 2007 showing the impact of declining water and sewer revenues and the continued mitigation of expenses. The Water and Sewer fund had a very modest increase in expenses, coinciding with the lowered revenue stream impacted by the state water restrictions imposed during the 2008 drought. The Solid Waste Commission fund had a decrease in expenses of \$1,204,188 due primarily to a significant decrease in closure and postclosure accruals. The other business type activities showed modest changes mainly associated with the purposeful mitigation of expenses through budget reductions.

The overall change in net assets for 2008 was \$14,699,477 which was a modest \$474,801 increase from 2007. However, given the economic downturn and the decline in most revenues, management feels this increase is reflective of a cooperative effort among City departments to keep expenses within the current revenue stream.

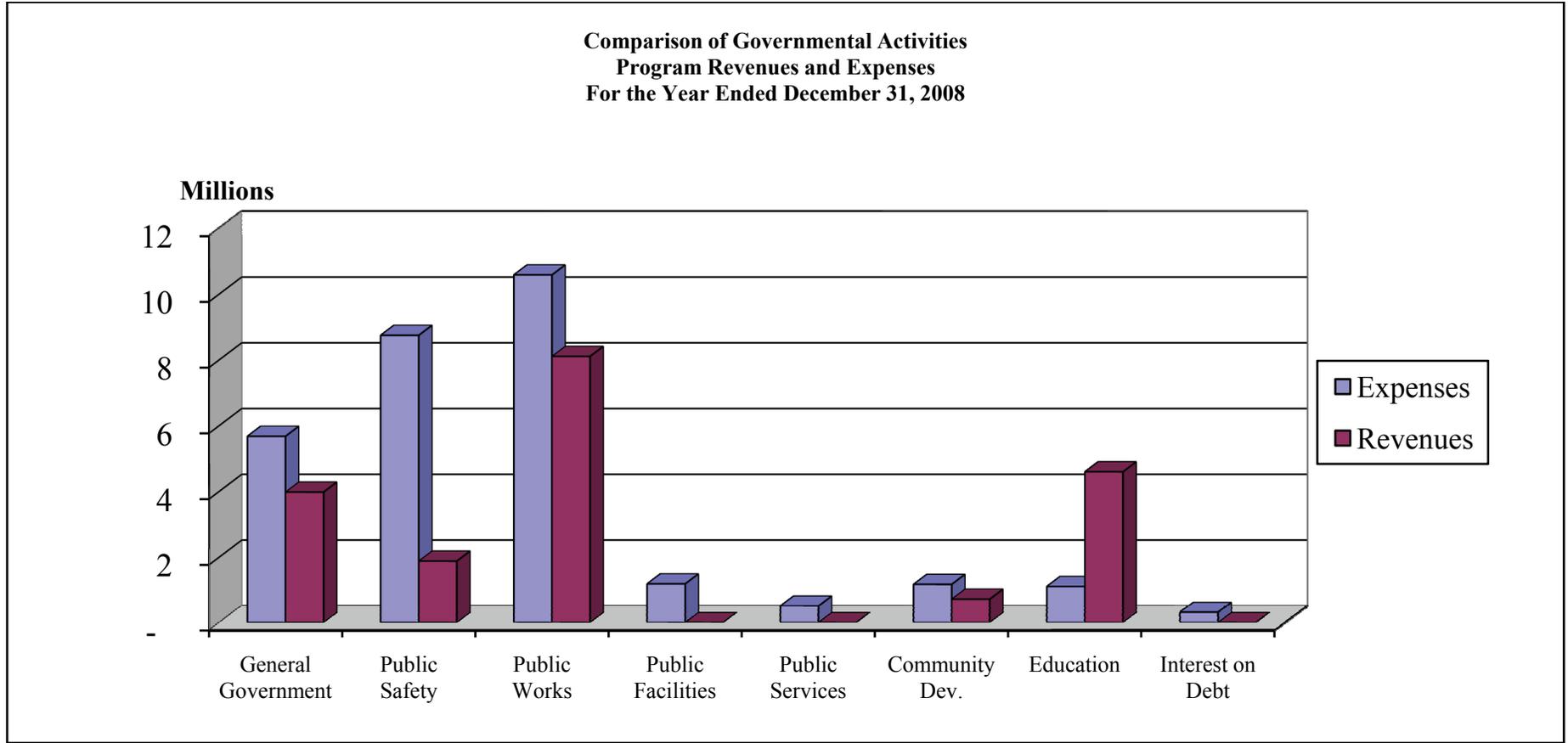
The following chart depicts the allocation by source of all governmental activities revenue.



**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS – continued

The following chart depicts the comparison of functional expenses and program revenues for governmental activities.

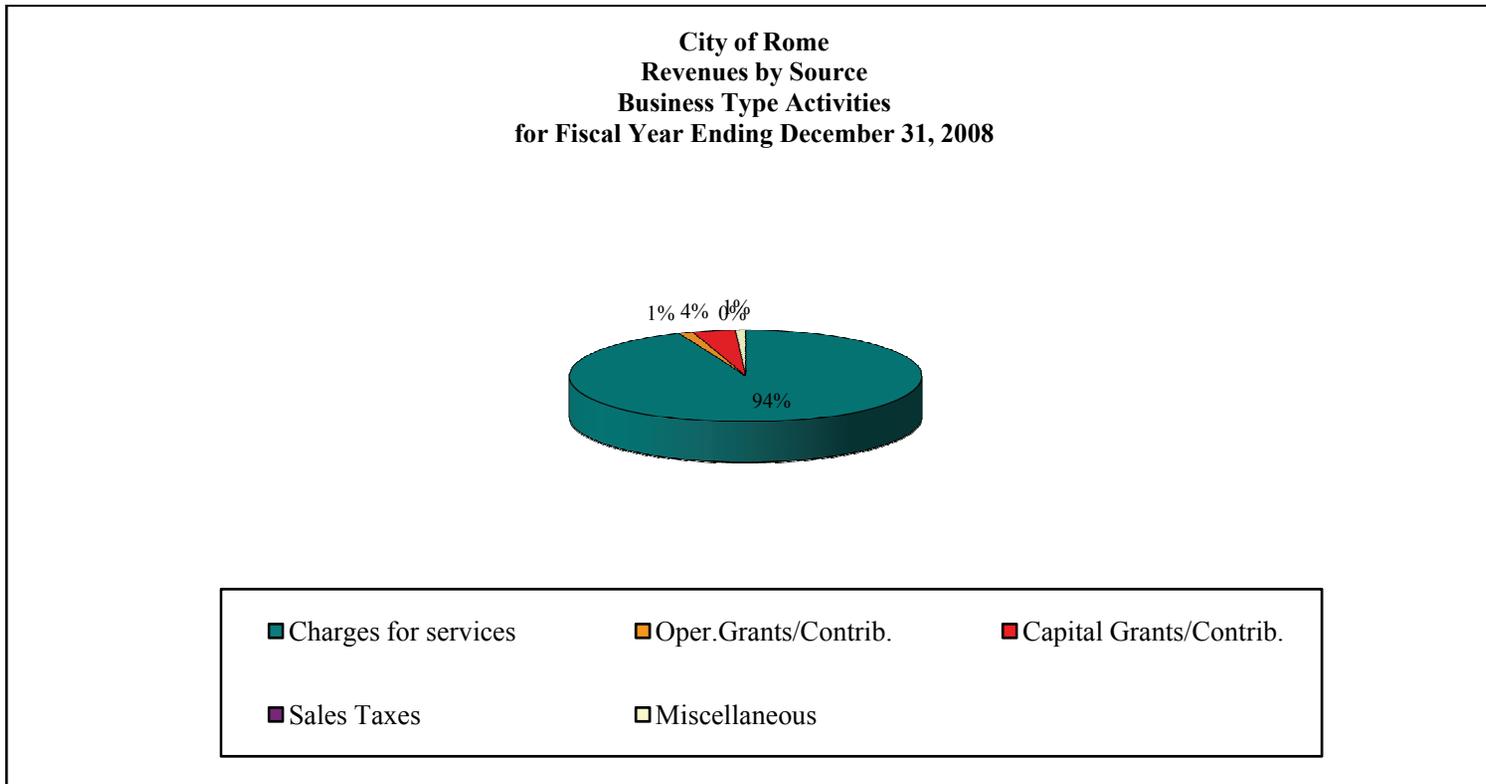


**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS - continued

Business-type activities charges for services account for \$32,721,110 or 94% of total revenues. The Capital grant amount of \$1,365,030 represents capital contributions for transit capital purchases and donated water/sewer infrastructure. Transfers of \$10,807,237 are 31% of total business-type revenues. This increase is due to the transfer in of SPLOST monies for the BioSolids construction project.

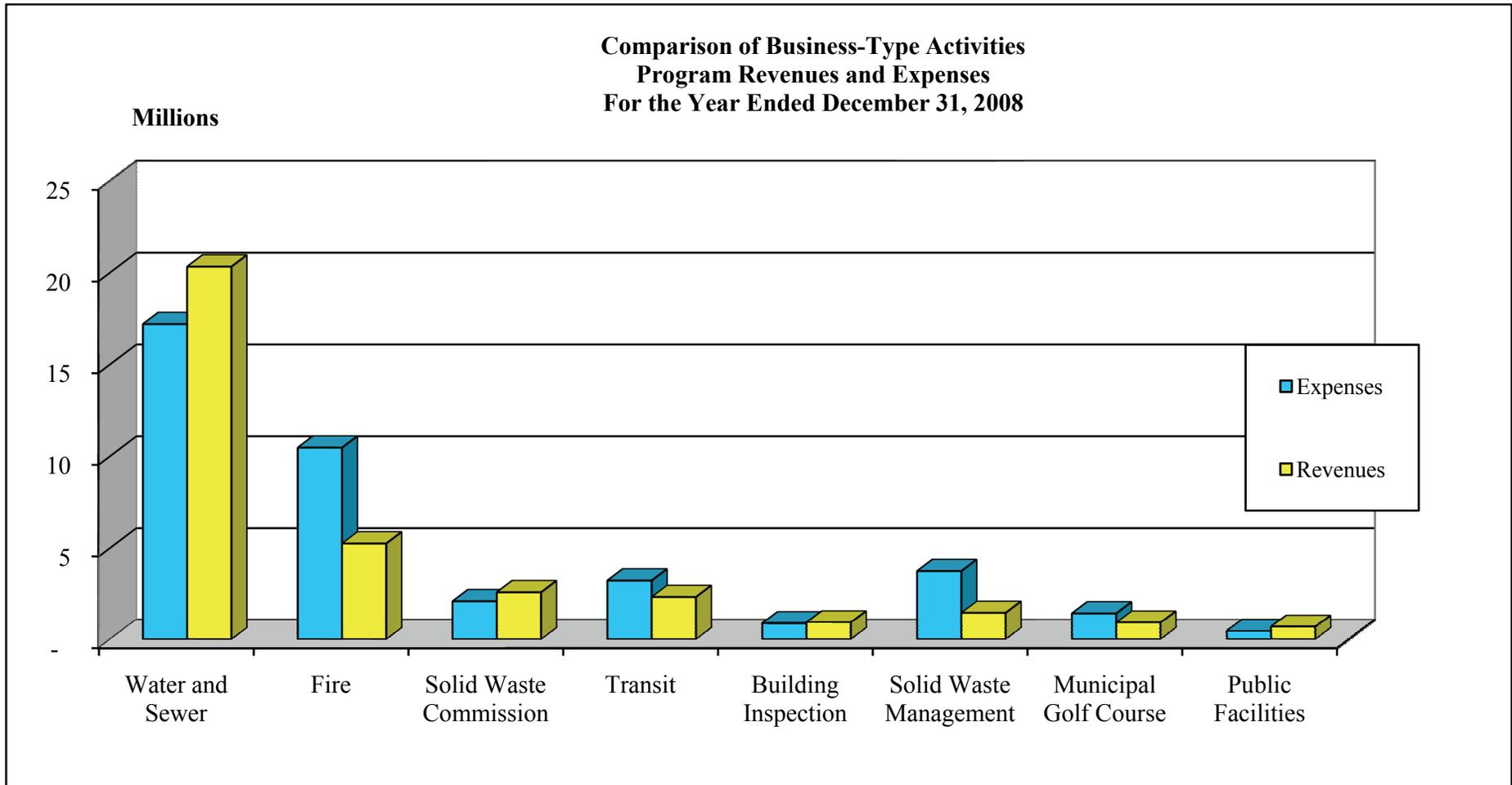
The following chart depicts the allocation by source of all business-type revenues.



**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS - continued

The following chart depicts the comparison of business-type expenses and program revenues of business-type activities.



**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously discussed, the City of Rome uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

As noted, the City of Rome's governmental funds' focus is to provide information on short term inflows and outflows and balances of expendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending. At the end of the fiscal year 2008 the City's governmental funds reported a combined ending fund balance of \$18,284,368. Of this amount, \$15,236,698 is unreserved which is a 2.5% increase from 2007. The General Fund comprises \$10,575,432 or 69% of this unreserved balance. The General Fund is the major source of service delivery in the governmental funds.

General Fund

The General Fund is the City's primary operating fund. At the end of 2008, the fund balance of the General Fund was \$11,444,315 with \$10,575,432 in the unreserved fund balance. Unreserved fund balance represents 59% of total General Fund expenditures while total fund balance represents 64% of the same amount. The reserved General Fund fund balance of \$868,883 represents a) \$673,390 reserved for cemetery maintenance and b) \$195,493 for prepaids and inventories.

The General Fund's fund balance decreased by \$485,902 during fiscal year 2008. Decreased revenue sources of sales tax, franchise taxes, property taxes, and interest earnings, along with an increase in transfers out for the year contributed to this decrease. The City made major expense budget revisions during the year to help mitigate this revenue decrease, but was not able to cover all of the decrease with these reductions. This decrease is more than the budgeted use of fund balance of \$175,000.

Capital Fund

In 2008 the Capital fund had a net increase in fund balance of \$488,882. This decrease was due to increased earnings from the GMA lease pool, and some reimbursements for capital projects not projected within the 2008 budget.

Planning Commission Fund

The Planning Commission fund has a decrease in fund balance of \$28,962. This was more than the budgeted use of fund balance of \$20,000 and was mainly due to not receiving all of the operating grant monies budgeted.

Red Light Enforcement Fund

This fund accounts for the monies collected by the red light cameras at signal intersections. Due to a change in state law, revenues in this fund have dropped some 41% from 2007 and the fund realized a decrease in fund balance of \$94,671.

Hotel/Motel Tax Fund

This fund accounts for the hotel/motel tax levies within the City of Rome. Mirroring the national economic down turn, revenues in this fund also saw a significant decrease in 2008 of some \$78,181 or 12% and also had a decrease in fund balance of \$24,761.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS-Continued

Proprietary Funds

The City of Rome's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total Enterprise Funds showed combined net assets of \$114,507,892 at year end with the Water and Sewer Fund comprising \$105,953,934 or 92.5% of that amount. The Water and Sewer Fund had an increase of \$4,418,357 in net assets for fiscal year 2008. This increase was due to a transfer from the SPLOST fund and capital contributions for donated infrastructure as well as mitigation of operating expenses. The Water and Sewer Fund also had a bond coverage ratio of 1.5 for 2008, which is above the required 1.2. The Fire Fund had an increase in net assets of \$840,702. This was mainly due to a transfer from the SPLOST fund to fund the new fire training facility and station renovations. The Solid Waste Commission Fund had an increase in net assets of \$571,799. This was due to a decrease in accruals for closure and post closure expenses. The Solid Waste Management Fund had a net increase in net assets of \$92,088. This was due to a reduction of expenses.

GENERAL FUND BUDGET HIGHLIGHTS

The original budget for the General Fund was amended twice with commission approval after the beginning of the fiscal year. As noted earlier, due to shortfalls in several revenue items and an increase in transfers out, the City ended the 2008 fiscal year with a \$485,902 decrease to fund balance. The following are highlighted budgetary changes from the original to final budgets.

- Current Year Property Taxes were increased to more accurately reflect projected actual receipts.
- Sales Tax revenue budget was decreased due to decrease in actual receipts for the year.
- Franchise taxes were increased to more accurately reflect actual receipts.
- Police Fines budget was increased due to increase in actual receipts.
- Municipal Court budget was decreased to reflect a decrease in legal fees.
- Finance budget was decreased to account for personnel shortage.
- Information Technology budget was decreased for personnel reductions.
- Public Safety was increased to account for personnel costs increase.
- Street was decreased to reflect personnel reductions.
- Street Lighting was increased to reflect increased usage and rate increase.
- Transfers out were increased due to increase in transfers to Municipal Golf, and Transit fund.
- Many departments' supplies budgets were increased to offset the increase in fuel costs during the year.

Budget to actual Variances within the General fund occur due to unforeseen revenue or expenditures. Significant variances for 2008 include:

- Real and personal property revenues came in under budget due to the state holding the homestead credit monies.
- The Homeowners tax relief grant monies was not budgeted as a separate item; it is usually included with property tax collections.
- Prior year taxes were below budget due to decrease in receipts.
- Local Option Sales tax revenue was under budget due to decrease in actual receipts.
- Police fines and fees were over budgeted amounts due to increase in Environmental Court fees.
- Interest on investments were under budget due to drastic decline in interest rates.

General Fund expenditures ended the year \$21,223 under final budget numbers.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Rome has invested \$225,516,901 in capital assets net of debt, with \$108,946,434 in governmental activities and \$116,570,467 in business-type activities. Capital assets for that calculation include machinery and equipment, buildings, land, and infrastructure. Capital assets held by the City at the end of the current fiscal year are summarized as follows:

**City of Rome
Capital Assets (net of depreciation)
as of December 31, 2008**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 6,741,418	\$ 6,812,188	\$ 7,507,506	\$ 7,510,737	\$ 14,248,924	\$ 14,322,925
Construction in Progress	8,147,268	5,981,295	48,214,876	44,246,858	56,362,144	50,228,153
Buildings	74,683,912	82,875,624	60,358,154	60,358,154	135,042,066	143,233,778
Improvements other than buildings	375,681	509,175	16,988,201	17,353,363	17,363,882	17,862,538
Machinery & Equipment	4,687,280	4,612,133	10,363,459	9,965,686	15,050,739	14,577,819
Vehicles	4,757,576	4,615,195	16,988,389	17,051,396	21,745,965	21,666,591
Infrastructure	106,050,147	119,307,774	118,325,549	129,642,647	224,375,696	248,950,421
Total	205,443,282	224,713,384	278,746,134	286,128,841	484,189,416	510,842,225
Accumulated depreciation	(101,469,947)	(106,224,491)	(81,892,825)	(88,230,455)	(183,362,772)	(194,454,946)
Net Capital Assets	<u>\$ 103,973,335</u>	<u>\$ 118,488,893</u>	<u>\$ 196,853,309</u>	<u>\$ 197,898,386</u>	<u>\$ 300,826,644</u>	<u>\$ 316,387,279</u>

Major capital asset expenditures during the current year for governmental activities included the following:

- Construction of new Boys/Girls club for \$1,226,195
- Construction of new pedestrian bridge of \$315,922
- Chatillion Bypass Road improvements of \$211,939
- North Rome Swim Center improvements of \$358,657
- Construction of Town Green of \$538,765

Major capital asset expenses during the current fiscal year for business-type activities included the following:

- Transit bus fleet replacement of \$303,350
- BioSolids construction in Water/Sewer of \$2,165,262
- Fire station renovations and construction of \$1,083,807

Additional information on the City of Rome's Capital assets can be found in Note III- (C) on pages 50-52.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION - continued

Long-term Debt

At December 31, 2008 the City of Rome had \$90,889,723 in bonds and notes outstanding which is an increase of \$4,110,943 over the prior year. Payments of \$5,412,800 were made to reduce bonds and notes outstanding principal. New debt of \$1,675,000 was issued for the purchase of property on West Third and \$3,248,128 was accrued for the City's portion of its commitment on the debt for the joint City/County parking deck. This is represented by other long-term liabilities. Compensated absences have not been included in these calculations.

City of Rome			
Outstanding Note and Bond Debt			
as of December 31, 2008			
	Governmental	Business-Type	
	Activities	Activities	Total
Bonds	\$ 4,527,000	\$ 70,259,905	\$ 74,786,905
Notes Payable	4,923,128	10,392,563	15,315,691
Capital Leases	92,331	694,796	787,127
	\$ 9,542,459	\$ 81,347,264	\$ 90,889,723

The City currently maintains an Aa2 on its General Obligation bonds and A2 on its Water and Sewer bonds. Additional information on the City's long-term debt can be found in Note III-(E) on pages 58 to 67 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Local Option Sales Tax Revenues again decreased 2% in 2008 over 2007 and prior year taxes and interest earnings decreased significantly from 2007. Intangible taxes and interest and costs also experienced significant decreases. The major expense impact in 2008 was the continued rise in fuel costs and retirement costs. Some personnel vacancies continue to be frozen in 2008 to help offset this increase in expenses. Budgetary factors of concern as the 2009 budgets were prepared are as follows:

- Possible continued decline in revenue expectations in property taxes, sales tax, intangible taxes and business licenses.
- Continued monitoring of vacant personnel positions.
- Projected increases in technology upgrades and improvements.
- Projected uncertainty of fuel costs and associated products.
- Projected increases in retirement and health insurance costs.
- Continued state mandated water restrictions continue to mitigate water sales revenues.
- State of Georgia budget crisis continues to affect local municipalities and funding.
- Pending state legislation could affect taxation for future years.

The City of Rome has been able to weather a decline or stagnation in several major revenue sources. Next year's budgets anticipate a modest increase in revenue sources and expenses have been budgeted accordingly.

**CITY OF ROME, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Rome's finances to all those with an interest in the government. It also is intended to demonstrate fiscal accountability for the monies it receives. Questions concerning this report or requests for additional information should be directed as follows.

CITY OF ROME, GEORGIA
ATTN: FINANCE DEPARTMENT
P. O. BOX 1433
ROME, GA 30162
706-236-4420

BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide statement of net assets and the government-wide statement of activities which include the primary government's governmental and business type activities, and component units. The basic financial statements also include the fund financial statements and the notes to the financial statements.

CITY OF ROME, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Greater Rome	Rome Board
	Activities	Activities		Convention & Visitors Bureau	of Education
ASSETS					
Current Assets:					
Cash	\$ 4,545,394	\$ 10,143,334	\$ 14,688,728	\$ 29,501	\$ 8,503,080
Accounts receivable, net	4,923,014	2,594,398	7,517,412	-	-
Accounts receivable, loans	567,633	-	567,633	-	-
Taxes receivable	1,631,477	-	1,631,477	-	-
Due from primary government	-	-	-	11,358	-
Due from other governments	2,207,591	1,427,663	3,635,254	21,698	7,582,233
Internal balances	3,576,394	(3,576,394)	-	-	-
Due from component units	262	949	1,211	-	-
Inventory	163,743	827,182	990,925	-	63,173
Prepaid items	37,566	56,313	93,879	1,299	-
Total current assets	17,653,074	11,473,445	29,126,519	63,856	16,148,486
Non Current Assets:					
Restricted Assets					
Cash	-	2,528,414	2,528,414	-	-
Investments	2,881,084	-	2,881,084	-	-
Pension asset	3,429,889	-	3,429,889	-	-
Capital Assets					
Non-depreciable assets	12,793,483	51,757,595	64,551,078	-	-
Depreciable assets, net of depreciation	105,695,410	146,140,791	251,836,201	70,974	2,421,198
Deferred charges-bond issuance costs	-	1,203,284	1,203,284	-	68,920
Total noncurrent assets	124,799,866	201,630,084	326,429,950	70,974	2,490,118
TOTAL ASSETS	142,452,940	213,103,529	355,556,469	134,830	18,638,604
LIABILITIES					
Current Liabilities:					
Salaries and benefits payable	-	-	-	-	6,134,791
Accounts payable	321,210	3,612,884	3,934,094	4,809	2,088,129
Accrued liabilities	95,928	1,156,136	1,252,064	155	65,847
Unearned revenues	-	104,829	104,829	-	-
Due to primary government	-	-	-	1,211	-
Due to component units	11,258	100	11,358	-	-
Due to other governments	46,595	-	46,595	-	-
Capital leases payable-current	65,211	279,866	345,077	-	229,421
Bonds payable-current	-	4,490,000	4,490,000	-	-
Closure and postclosure care-current	-	203,618	203,618	-	-
Notes payable-current	133,170	568,639	701,809	-	-
Claims payable	-	540,000	540,000	-	-
Compensated absences payable	776,144	1,352,117	2,128,261	21,457	114,330
Total current liabilities	1,449,516	12,308,189	13,757,705	27,632	8,632,518

See accompanying notes to the basic financial statements.

**CITY OF ROME, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2008**

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Greater Rome	Rome Board
	Activities	Activities		Convention & Visitors Bureau	of Education
Long-Term Liabilities:					
Capital leases payable (net of current portion)	\$ 27,120	\$ 414,930	\$ 442,050	\$ -	\$ 586,181
Closure and postclosure care-long term	-	7,901,882	7,901,882	-	-
Compensated absences payable-long term	-	-	-	3,787	-
Net other post employment benefits obligation	1,316,636	-	1,316,636	-	-
Other long-term liabilities	3,248,128	-	3,248,128	-	-
Notes payable-long term	1,541,830	9,823,924	11,365,754	-	-
Bonds payable (net of current portion)	4,527,000	65,750,560	70,277,560	-	2,000,000
Total long term liabilities	10,660,714	83,891,296	94,552,010	3,787	2,586,181
TOTAL LIABILITIES	12,110,230	96,199,485	108,309,715	31,419	11,218,699
NET ASSETS					
Invested in capital assets, net of related debt	108,946,434	116,570,467	225,516,901	70,974	(394,404)
Restricted for:					
Capital projects	50,584	-	50,584	-	2,841,205
Other purposes:					
Revolving loans	503,399	-	503,399	-	-
Debt service	-	295,278	295,278	-	-
Food services	-	-	-	-	2,147,065
School activities	-	-	-	-	1,039,553
Tourism & forum promotions	120,313	-	120,313	-	-
Unrestricted	20,721,980	38,299	20,760,279	32,437	1,786,486
TOTAL NET ASSETS	\$ 130,342,710	\$ 116,904,044	\$ 247,246,754	\$ 103,411	\$ 7,419,905

**CITY OF ROME, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services, Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Greater Rome Conv/Vis Bureau	Rome Board of Education
PRIMARY GOVERNMENT:									
Governmental Activities:									
General Government	\$ 5,681,057	\$ 1,971,437	\$ 1,174,183	\$ 838,745	\$ (1,696,692)	\$ -	\$ (1,696,692)	\$ -	\$ -
Public Safety	8,751,810	1,886,322	-	-	(6,865,488)	-	(6,865,488)	-	-
Public Works	10,589,251	-	120,051	7,991,425	(2,477,775)	-	(2,477,775)	-	-
Public Facilities	1,193,909	-	-	-	(1,193,909)	-	(1,193,909)	-	-
Public Services	516,062	-	-	-	(516,062)	-	(516,062)	-	-
Community Development	1,178,440	179,814	547,661	-	(450,965)	-	(450,965)	-	-
Education	1,113,725	-	-	4,601,897	3,488,172	-	3,488,172	-	-
Interest on Debt	320,402	-	-	-	(320,402)	-	(320,402)	-	-
Total Governmental Activities	29,344,656	4,037,573	1,841,895	13,432,067	(10,033,121)	-	(10,033,121)	-	-
Business-Type Activities:									
Water and Sewer	17,201,344	19,540,257	-	792,727	-	3,131,640	3,131,640	-	-
Fire	10,474,356	5,253,299	-	-	-	(5,221,057)	(5,221,057)	-	-
Solid Waste Commission	2,104,350	2,596,832	-	-	-	492,482	492,482	-	-
Transit	3,236,024	1,303,350	461,224	572,303	-	(899,147)	(899,147)	-	-
Building Inspection	893,444	937,200	-	-	-	43,756	43,756	-	-
Solid Waste Management	3,750,515	1,471,096	-	-	-	(2,279,419)	(2,279,419)	-	-
Municipal Golf Course	1,440,263	925,316	-	-	-	(514,947)	(514,947)	-	-
Public Facilities	456,301	693,760	-	-	-	237,459	237,459	-	-
Total Business-Type Activities:	39,556,597	32,721,110	461,224	1,365,030	-	(5,009,233)	(5,009,233)	-	-
Total - Primary Government	\$ 68,901,253	\$ 36,758,683	\$ 2,303,119	\$ 14,797,097	\$ (10,033,121)	\$ (5,009,233)	\$ (15,042,354)	\$ -	\$ -
Component Units									
Rome Board of Education	\$ 57,581,519	\$ 1,408,341	\$ 34,664,634	\$ 54,925	-	-	-	\$ -	\$ (21,453,619)
Tourism	522,986	47,530	491,696	-	-	-	-	16,240	-
Total - Component Units	\$ 58,104,505	\$ 1,455,871	\$ 35,156,330	\$ 54,925	-	-	-	\$ 16,240	\$ (21,453,619)
GENERAL REVENUES:									
Taxes:									
Property					\$ 8,685,512	\$ -	\$ 8,685,512	\$ -	\$ 16,374,477
Sales					12,569,442	-	12,569,442	-	5,504,479
Other					7,306,001	-	7,306,001	-	-
Gain on Disposal of Capital Assets					-	71,247	71,247	-	1,045
Interest Earned					593,797	338,296	932,093	823	197,923
Miscellaneous					177,536	-	177,536	-	162,339
Total General Revenues					29,332,288	409,543	29,741,831	823	22,240,263
Transfers					(10,807,237)	10,807,237	-	-	-
Total General Revenues and Transfers					18,525,051	11,216,780	29,741,831	823	22,240,263
Change in Net Assets					8,491,930	6,207,547	14,699,477	17,063	786,644
NET ASSETS BEGINNING OF YEAR					121,850,780	110,696,497	232,547,277	86,348	6,633,261
NET ASSETS END OF YEAR					\$ 130,342,710	\$ 116,904,044	\$ 247,246,754	\$ 103,411	\$ 7,419,905

See accompanying notes to the basic financial statements

**CITY OF ROME, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008**

	Major Governmental Funds			Non-major Governmental Funds	Total Governmental Funds
	General	Capital	Special Local Option Sales Tax		
ASSETS:					
Cash and cash equivalents	\$ 4,048,041	\$ 47,960	\$ 3,417	\$ 445,976	\$ 4,545,394
Taxes receivable, net of allowances for uncollectibles	1,629,763	-	-	1,714	1,631,477
Accounts receivable, net of allowances for uncollectibles	4,538,909	20,363	318,947	44,795	4,923,014
Accounts receivable loans	-	-	-	567,633	567,633
Due from other governments	1,979,845	47,542	140,623	39,581	2,207,591
Due from other funds	1,772,382	1,945,713	-	18,470	3,736,565
Due from component units	96	-	-	166	262
Prepaid items	31,750	-	-	5,816	37,566
Inventories	163,743	-	-	-	163,743
Restricted investments	-	2,881,084	-	-	2,881,084
Advances due from other funds	-	1,504,491	-	-	1,504,491
TOTAL ASSETS	\$ 14,164,529	\$ 6,447,153	\$ 462,987	\$ 1,124,151	\$ 22,198,820
LIABILITIES:					
Accounts payable	\$ 143,315	\$ 66,946	\$ 46,681	\$ 64,268	\$ 321,210
Accrued liabilities	94,735	-	-	1,193	95,928
Deferred revenue	175,073	500	-	-	175,573
Due to other funds	2,273,513	507,391	414,099	68,885	3,263,888
Due to other governments	33,331	10,000	1,957	1,307	46,595
Due to component units	247	-	-	11,011	11,258
TOTAL LIABILITIES	2,720,214	584,837	462,737	146,664	3,914,452
FUND BALANCES:					
Reserved for:					
Cemetery perpetual care	-	-	-	-	-
Prepaid items	31,750	-	-	5,816	37,566
Inventories	163,743	-	-	-	163,743
Revolving loans	-	-	-	503,399	503,399
Tourism and forum promotion	-	-	-	120,313	120,313
Capital improvements	-	-	-	50,584	50,584
Long term advances	-	1,504,491	-	-	1,504,491
Unreserved:					
Designated for grant programs and capital projects reported in:					
Capital Projects Funds	-	4,357,825	250	2	4,358,077
Special Revenue Funds	-	-	-	165,967	165,967
Undesignated, reported in:					
General Fund	11,248,822	-	-	-	11,248,822
Special Revenue Funds	-	-	-	131,406	131,406
TOTAL FUND BALANCES	11,444,315	5,862,316	250	977,487	18,284,368
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,164,529	\$ 6,447,153	\$ 462,987	\$ 1,124,151	\$ 22,198,820

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2008

TOTAL GOVERNMENTAL FUND BALANCES		\$ 18,284,368
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.		
Cost	\$ 224,713,384	
Less accumulated depreciation	<u>(106,224,491)</u>	118,488,893
Internal service funds are used by management to charge the costs of certain activities such as health insurance and workers' compensation to individual funds. Governmental activities net assets have been increased by the effect of the internal service funds net assets.		
	<u>1,599,226</u>	1,599,226
The net pension asset is not a current financial resource and is not recorded in the fund statements.		
	<u>3,429,889</u>	3,429,889
Other long-term assets are not available to pay for current-period expenditures and , therefore, are deferred in the funds.		
Property taxes	<u>175,573</u>	175,573
Net other post employment benefits obligations are not due and payable in the current period and therefore not reported in the funds		
	<u>1,316,636</u>	(1,316,636)
Long-term liabilities, including capital leases, compensated absences, and the GMA lease contract bonds are not due and payable in the current period and therefore are not reported in the fund statements.		
Capital leases	92,331	
Compensated absences	776,144	
Notes payable	1,675,000	
GMA lease pool contract certificates of participation	4,527,000	
Other long-term liabilities	<u>3,248,128</u>	<u>(10,318,603)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 130,342,710</u>

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Major Governmental Funds			Non- major Governmental Funds	Total Governmental Funds
	General	Capital	Special Local Option Sales Tax		
REVENUES:					
Taxes	\$ 19,947,119	\$ 1,925,000	\$ 5,915,522	\$ 597,741	\$ 28,385,382
Licenses and permits	1,737,680	-	-	-	1,737,680
Intergovernmental	1,294,234	814,590	-	1,386,406	3,495,230
Charges for services	233,757	-	-	304,496	538,253
Fines and forfeitures	1,761,640	-	-	-	1,761,640
Interest earned	256,883	310,220	82	26,612	593,797
Miscellaneous	81,749	106,431	-	28,235	216,415
TOTAL REVENUES	25,313,062	3,156,241	5,915,604	2,343,490	36,728,397
EXPENDITURES:					
Current:					
General government	3,584,498	-	-	-	3,584,498
Public safety	7,539,457	-	-	148,070	7,687,527
Public works	5,858,123	-	-	-	5,858,123
Public facilities	419,571	-	-	517,243	936,814
Public services	455,478	-	-	-	455,478
Community development	-	-	-	1,172,343	1,172,343
Capital outlay	-	3,157,487	1,744,745	1,026,222	5,928,454
Debt service					
Principal	-	77,687	-	-	77,687
Interest	-	320,402	-	-	320,402
TOTAL EXPENDITURES	17,857,127	3,555,576	1,744,745	2,863,878	26,021,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,455,935	(399,335)	4,170,859	(520,388)	10,707,071

continued

**CITY OF ROME, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008**

	<u>Major Governmental Funds</u>			<u>Non- major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital</u>	<u>Special Local Option Sales Tax</u>		
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,476,724	\$ 1,121,707	\$ -	\$ 606,500	\$ 3,204,931
Transfers out	(9,418,561)	(280,000)	(4,170,776)	(142,831)	(14,012,168)
Proceeds from sale of capital assets	-	46,510	-	-	46,510
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,941,837)</u>	<u>888,217</u>	<u>(4,170,776)</u>	<u>463,669</u>	<u>(10,760,727)</u>
NET CHANGE IN FUND BALANCES	(485,902)	488,882	83	(56,719)	(53,656)
FUND BALANCES - BEGINNING OF YEAR	<u>11,930,217</u>	<u>5,373,434</u>	<u>167</u>	<u>1,034,206</u>	<u>18,338,024</u>
FUND BALANCES - END OF YEAR	<u>\$ 11,444,315</u>	<u>\$ 5,862,316</u>	<u>\$ 250</u>	<u>\$ 977,487</u>	<u>\$ 18,284,368</u>

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (53,656)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	8,434,216	
Depreciation expense	<u>(5,530,636)</u>	2,903,580

The net effect of the disposal of capital assets is to decrease net assets. (166,754)

Governmental funds do not report the acquisition of capital assets acquired through donations or capital contributions.

However, in the statement of activities, the costs of those assets are reported at the lower of cost or market.

Assets acquired through donation or capital contributions-current year		11,778,732
--	--	------------

Internal service funds are used by management to charge the costs of certain activities such as health insurance and workers' compensation to individual funds. The effect of current year internal service fund income for governmental activities has been included.

27,474

Revenues in the statements of activities that do not provide current financial resources are reported as deferred revenues in the funds.

Property tax deferred revenue		175,573
-------------------------------	--	---------

The receipt and repayment of bonds, notes payable and capital lease principal is a revenue and expenditure in the governmental funds, but the activity increases and decreases long-term liabilities in the statement of net assets.

Issuance of notes payable		(1,675,000)
Issuance of other long-term liabilities		(3,248,128)
Capital lease principal payment		77,687

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

(16,288)

Other post employment benefits obligations did not require the use of current financial resources and therefore were not reported as expenditures in governmental funds in the Statement of Net Assets

(1,316,636)

The increase in the net pension asset is reported in the statement of activities but because it does not affect current financial resources, is not reported in the governmental funds.

5,346

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 8,491,930

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Enterprise Funds					Internal Service Funds
	Major Enterprise Funds			Non-major Enterprise Funds	Total	
	Water & Sewer System	Fire	Solid Waste Commission			
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 593,745	\$ 354,072	\$ 4,987,767	\$ 606,946	\$ 6,542,530	\$ 3,600,804
Restricted cash	2,233,136	-	-	295,278	2,528,414	-
Accounts receivable, net of allowances for uncollectibles	1,923,856	-	226,715	151,458	2,302,029	292,369
Due from other governments	901,495	-	150,000	376,168	1,427,663	-
Due from other funds	168,155	244,879	92,723	147,581	653,338	676,881
Due from component units	-	3	-	289	292	657
Prepaid items	-	37,713	-	7,025	44,738	11,575
Inventories	525,752	24,337	-	277,093	827,182	-
Total Current Assets	6,346,139	661,004	5,457,205	1,861,838	14,326,186	4,582,286
Noncurrent Assets:						
Bond issuance costs, net of amortization	1,037,177	-	-	166,107	1,203,284	-
Capital assets						
Non-depreciable assets	45,054,423	843,237	365,682	5,494,253	51,757,595	-
Depreciable assets, net of accumulated depreciation	131,840,715	3,857,526	4,935,553	5,506,997	146,140,791	-
Total Noncurrent Assets	177,932,315	4,700,763	5,301,235	11,167,357	199,101,670	-
TOTAL ASSETS	184,278,454	5,361,767	10,758,440	13,029,195	213,427,856	4,582,286

See accompanying notes to the basic financial statements

continued

CITY OF ROME, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Enterprise Funds					Internal Service Funds
	Major Enterprise Funds			Non-major Enterprise Funds	Total	
	Water & Sewer System	Fire	Solid Waste Commission			
LIABILITIES						
Current Liabilities:						
Closure and post closure care, current	\$ -	\$ -	\$ 203,618	\$ -	\$ 203,618	\$ -
Revenue bonds, current	3,825,000	-	-	665,000	4,490,000	-
Notes payable, current	568,639	-	-	-	568,639	-
Accounts payable	3,227,700	198,828	33,102	108,002	3,567,632	45,252
Accrued liabilities	801,854	9,416	2,534	342,154	1,155,958	178
Unearned revenue	91,800	-	-	13,029	104,829	-
Due to other funds	422,908	123,769	15,326	1,239,415	1,801,418	1,478
Due to component unit	-	-	-	100	100	-
Compensated absences	272,341	871,092	31,810	176,874	1,352,117	-
Claims payable	-	-	-	-	-	540,000
Capital leases, current	15,027	103,328	-	161,511	279,866	-
Total Current Liabilities	<u>9,225,269</u>	<u>1,306,433</u>	<u>286,390</u>	<u>2,706,085</u>	<u>13,524,177</u>	<u>586,908</u>
Long-Term Liabilities:						
Closure and post closure care	-	-	7,901,882	-	7,901,882	-
Revenue bonds, long-term	59,030,019	-	-	6,720,541	65,750,560	-
Notes payable, long-term	9,823,924	-	-	-	9,823,924	-
Other long term liabilities	-	-	-	-	-	-
Advances due to Capital Fund	229,810	363,605	467,200	443,876	1,504,491	-
Capital leases, long-term	15,498	335,387	-	64,045	414,930	-
Total Long-Term Liabilities	<u>69,099,251</u>	<u>698,992</u>	<u>8,369,082</u>	<u>7,228,462</u>	<u>85,395,787</u>	<u>-</u>
TOTAL LIABILITIES	<u>78,324,520</u>	<u>2,005,425</u>	<u>8,655,472</u>	<u>9,934,547</u>	<u>98,919,964</u>	<u>586,908</u>
NET ASSETS						
Invested in capital assets, net of related debt	103,617,031	4,262,048	5,301,235	3,390,153	116,570,467	-
Restricted for debt service	-	-	-	295,278	295,278	-
Unrestricted	2,336,903	(905,706)	(3,198,267)	(590,783)	(2,357,853)	3,995,378
TOTAL NET ASSETS	<u>\$ 105,953,934</u>	<u>\$ 3,356,342</u>	<u>\$ 2,102,968</u>	<u>\$ 3,094,648</u>	<u>\$ 114,507,892</u>	<u>\$ 3,995,378</u>

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
RECONCILIATION OF PROPRIETARY FUND NET ASSETS TO
BUSINESS TYPE ACTIVITIES STATEMENT OF NET ASSETS
For the Year Ended December 31, 2008

TOTAL PROPRIETARY FUND NET ASSETS	\$ 114,507,892
--	----------------

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

Internal service funds are used by management to charge the costs of certain activities such as health insurance and workers' compensation to individual funds. Business type activities net assets have been increased by the effect of the internal service funds net assets.

2,396,152

NET ASSETS OF BUSINESS TYPE ACTIVITIES

\$ 116,904,044

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Enterprise Funds					
	Major Enterprise Funds			Non-major Enterprise Funds	Total	Internal Service Funds
	Water & Sewer System	Fire	Solid Waste Commission			
OPERATING REVENUES						
Metered sales	\$ 19,128,168	\$ -	\$ -	\$ -	\$ 19,128,168	\$ -
Charges for services	412,089	5,250,000	2,596,832	5,313,339	13,572,260	6,863,270
Miscellaneous	-	3,299	-	17,383	20,682	59
TOTAL OPERATING REVENUES	19,540,257	5,253,299	2,596,832	5,330,722	32,721,110	6,863,329
OPERATING EXPENSES						
Cost of goods sold	-	-	-	100,156	100,156	-
Salaries and employee benefits	4,830,105	9,111,722	610,691	5,610,362	20,162,880	99,160
Supplies	1,297,816	346,798	285,472	985,351	2,915,437	-
Maintenance and repairs	547,207	62,749	103,176	293,378	1,006,510	-
Other services and charges	2,561,156	343,755	328,216	1,276,142	4,509,269	1,017,572
Depreciation	4,967,465	573,844	500,194	1,041,940	7,083,443	-
Claims	-	-	-	-	-	5,023,807
Closure & postclosure costs	-	-	264,165	-	264,165	-
Administrative fees	32,389	-	-	-	32,389	648,812
TOTAL OPERATING EXPENSES	14,236,138	10,438,868	2,091,914	9,307,329	36,074,249	6,789,351
OPERATING INCOME (LOSS)	\$ 5,304,119	\$ (5,185,569)	\$ 504,918	\$ (3,976,607)	\$ (3,353,139)	\$ 73,978

continued

CITY OF ROME, GEORGIA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Enterprise Funds					Internal Service Funds
	Major Enterprise Funds			Non-major Enterprise Funds	Total	
	Water & Sewer System	Fire	Solid Waste Commission			
NON-OPERATING INCOME (EXPENSE)						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 461,224	\$ 461,224	\$ 264,838
Intergovernmental expense	-	-	(12,436)	-	(12,436)	-
Interest income	113,712	15,213	99,392	27,356	255,673	82,623
Interest expense	(3,259,972)	(35,488)	-	(469,218)	(3,764,678)	-
Gain on disposal of capital assets	1,221	10,027	1,349	58,650	71,247	-
TOTAL NON-OPERATING INCOME (EXPENSE)	(3,145,039)	(10,248)	88,305	78,012	(2,988,970)	347,461
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,159,080	(5,195,817)	593,223	(3,898,595)	(6,342,109)	421,439
Transfers in	2,240,550	6,383,807	5,000	3,685,092	12,314,449	-
Transfers out	(774,000)	(347,288)	(26,424)	(45,500)	(1,193,212)	(314,000)
Capital contributions	792,727	-	-	572,303	1,365,030	-
CHANGE IN NET ASSETS	4,418,357	840,702	571,799	313,300	6,144,158	107,439
NET ASSETS - BEGINNING OF YEAR	101,535,577	2,515,640	1,531,169	2,781,348	108,363,734	3,887,939
NET ASSETS - END OF YEAR	\$ 105,953,934	\$ 3,356,342	\$ 2,102,968	\$ 3,094,648	\$ 114,507,892	\$ 3,995,378

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
TO THE BUSINESS TYPE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

CHANGE IN NET ASSETS-PROPRIETARY FUNDS	\$ 6,144,158
---	--------------

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

Internal service funds are used by management to charge the costs of certain activities such as health insurance and workers' compensation to individual funds. The effect of current year internal service fund income for business type activities has been included.

63,389

CHANGE IN NET ASSETS OF BUSINESS TYPE ACTIVITIES

\$ 6,207,547

See accompanying notes to the basic financial statements

**CITY OF ROME, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008**

	Enterprise Funds					Internal Service Funds
	Major Proprietary Funds			Nonmajor Enterprise Funds	Total	
	Water System	Fire	Solid Waste Commission			
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 20,286,505	\$ 5,256,487	\$ 2,634,834	\$ 5,337,331	\$ 33,515,157	\$ 6,848,344
Receipts from interfund services provided	-	-	-	727	727	(174,814)
Payments to suppliers	(5,639,963)	(814,907)	(827,984)	(3,053,047)	(10,335,901)	(1,656,335)
Payments to employees	(4,823,728)	(9,136,892)	(607,943)	(5,612,915)	(20,181,478)	(99,160)
Claims paid	-	-	-	-	-	(5,123,807)
Payments for interfund services used	176,978	(153,327)	(49,390)	239,996	214,257	-
Net cash provided (used) by operating activities	<u>9,999,792</u>	<u>(4,848,639)</u>	<u>1,149,517</u>	<u>(3,087,908)</u>	<u>3,212,762</u>	<u>(205,772)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	2,240,550	6,383,807	5,000	3,685,092	12,314,449	-
Transfer to other funds	(774,000)	(347,288)	(26,424)	(45,500)	(1,193,212)	(314,000)
Advances from other funds	62,671	-	-	-	62,671	-
Repayment of advances from other funds	(146,157)	(187,191)	(29,200)	(211,327)	(573,875)	-
Intergovernmental transfers	-	-	(12,436)	-	(12,436)	264,838
Miscellaneous revenues	-	-	-	-	-	-
Subsidy from federal grant	-	-	-	279,918	279,918	-
Net cash provided (used) by noncapital financing activities	<u>1,383,064</u>	<u>5,849,328</u>	<u>(63,060)</u>	<u>3,708,183</u>	<u>10,877,515</u>	<u>(49,162)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	792,727	-	-	572,303	1,365,030	-
Purchases of capital assets	(6,180,878)	(1,142,314)	(51,550)	(174,596)	(7,549,338)	-
Principal paid on capital debt	(4,277,595)	(99,364)	-	(793,491)	(5,170,450)	-
Interest paid on capital debt	(3,259,972)	(35,488)	-	(469,218)	(3,764,678)	-
Proceeds from sales of capital assets	1,221	10,027	1,349	58,650	71,247	-
Net cash (used) by capital and related financing activities	<u>(12,924,497)</u>	<u>(1,267,139)</u>	<u>(50,201)</u>	<u>(806,352)</u>	<u>(15,048,189)</u>	<u>-</u>

continued

**CITY OF ROME, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008**

	Enterprise Funds					Internal Service Funds
	Major Proprietary Funds			Nonmajor Enterprise Funds	Total	
	Water System	Fire	Solid Waste Commission			
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	\$ 113,712	\$ 15,213	\$ 99,392	\$ 27,356	\$ 255,673	\$ 82,623
Net cash provided by investing activities	113,712	15,213	99,392	27,356	255,673	82,623
Net increase (decrease) in cash and cash equivalents	(1,427,929)	(251,237)	1,135,648	(158,721)	(702,239)	(172,311)
Cash and cash equivalents, January 1	4,254,810	605,309	3,852,119	1,060,945	9,773,183	3,773,115
Cash and cash equivalents, December 31	<u>\$ 2,826,881</u>	<u>\$ 354,072</u>	<u>\$ 4,987,767</u>	<u>\$ 902,224</u>	<u>\$ 9,070,944</u>	<u>\$ 3,600,804</u>
Reconciliation of Cash and Cash Equivalents:						
Cash and cash equivalents	\$ 593,745	\$ 354,072	\$ 4,987,767	\$ 606,946	\$ 6,542,530	\$ 3,600,804
Cash and cash equivalents - restricted	2,233,136	-	-	295,278	2,528,414	-
Total cash and cash equivalents	<u>\$ 2,826,881</u>	<u>\$ 354,072</u>	<u>\$ 4,987,767</u>	<u>\$ 902,224</u>	<u>\$ 9,070,944</u>	<u>\$ 3,600,804</u>

continued

CITY OF ROME, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Enterprise Funds					Internal Service Funds
	Major Proprietary Funds			Nonmajor Enterprise Funds	Total	
	Water System	Fire	Solid Waste Commission			
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 5,304,119	\$ (5,185,569)	\$ 504,918	\$ (3,976,607)	(3,353,139)	\$ 73,978
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	4,967,465	573,844	500,194	1,041,940	7,083,443	-
Amortization expense	20,211	-	-	58,552	78,763	-
(Increase) decrease in accounts receivable	530,518	3,188	(11,145)	29,927	552,488	(14,985)
(Increase) decrease in due from other governments	235,080	-	49,147	(36,347)	247,880	-
(Increase) in due from other funds	(23,646)	(240,246)	(26,445)	(91,853)	(382,190)	(175,581)
(Increase) in prepaid items	-	(37,713)	-	(1,785)	(39,498)	(11,575)
(Increase) decrease in inventories	(1,775)	485	-	(46,727)	(48,017)	-
Increase (decrease) in accounts payable and accrued liabilities	(1,219,831)	(24,377)	153,045	(408,060)	(1,499,223)	(78,376)
Increase (decrease) in compensated absences payable	6,377	(25,170)	2,748	(2,553)	(18,598)	-
Increase (decrease) in unearned revenue	(19,350)	-	-	13,029	(6,321)	-
Increase (decrease) in due to other funds	200,624	86,919	(22,945)	332,576	597,174	767
Total adjustments	<u>4,695,673</u>	<u>336,930</u>	<u>644,599</u>	<u>888,699</u>	<u>6,565,901</u>	<u>(279,750)</u>
Net cash provided (used) by operating activities	<u>\$ 9,999,792</u>	<u>\$ (4,848,639)</u>	<u>\$ 1,149,517</u>	<u>\$ (3,087,908)</u>	<u>\$ 3,212,762</u>	<u>\$ (205,772)</u>
Noncash capital and related financing activities:						
Capital contributions	<u>\$ 792,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,303</u>	<u>\$ 1,365,030</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
December 31, 2008

	<u>Flexible Spending Fund</u>
ASSETS	
Cash	\$ 19,509
TOTAL ASSETS	<u>19,509</u>
NET ASSETS	
Reserved for:	
Claims	<u>19,509</u>
TOTAL NET ASSETS	<u><u>\$ 19,509</u></u>

See accompanying notes to the basic financial statements

CITY OF ROME, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
For the Year Ended December 31, 2008

	Flexible Spending Fund
ADDITIONS	
Contributions	\$ 165,588
Investment earnings	327
Total additions	165,915
 DEDUCTIONS	
Claims paid	154,951
Total deductions	154,951
 NET INCREASE	10,964
 NET ASSETS HELD IN TRUST FOR FLEXIBLE SPENDING	
 NET ASSETS, BEGINNING OF YEAR	8,545
 NET ASSETS, END OF YEAR	\$ 19,509

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements are a part of the basic financial statements and present additional detailed information to amounts presented on the face of the statements.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Rome operates under a Commissioner-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning, and general administrative services. As required by generally accepted accounting principals, these financial statements present the City (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Unless otherwise indicated, the "City" refers to the primary government. The City's blended component units are reported as if they are a part of the City because their sole purpose is to provide services to the City. Discretely presented component units that are presented in the City of Rome financial statements are reported in separate columns in the government wide statements to emphasize that they are legally separate from the City. Each discretely presented component unit has a December 31 year end, except for the Rome Board of Education, which has a June 30 year end.

Blended Component Units

City of Rome Public Facilities, Inc. - This entity is governed by a three member board appointed by the Rome City Commission. Although it is legally separate from the City, it is reported as a proprietary fund type in the City's financial statements. The sole purpose was to finance and construct certain City facilities and to account for their subsequent activities. Separate financial statements are not prepared for this component unit.

City of Rome Recreational Facilities Authority - This entity is governed by a five member board appointed by the Rome City Commission. Although it is legally separate from the City, the Authority's activity is reported within the Municipal Golf Fund, a proprietary fund in the City's financial statements. The main purpose was to refinance the debt of the Stonebridge Golf Club, which is owned and operated by the City. Separate financial statements are not prepared for this component unit.

City of Rome South Rome Redevelopment Agency - This entity is governed by a 13 member board appointed by the Rome City Commission. Although it is legally separate from the City, it is reported as a special revenue fund in the City's financial statements. This entity acts as the City of Rome's agent for transactions for the re-development of the South Rome Area and operates solely to provide services to the City of Rome. Separate financial statements are not prepared for this component unit.

Discretely Presented Component Units

Rome Board of Education - The Rome Board of Education (the "Board") operates the Rome City School System. Financing is provided by property taxes and contributions from the State of Georgia. The Board is fiscally dependent upon the City because the City Commission approves the budgets, provides funding and issues debt on behalf of the Board. The Board is presented as a governmental fund type. Complete financial statements for the Rome Board of Education may be obtained at 508 East 2nd Street, Rome, Georgia 30161.

Greater Rome Convention and Visitors Bureau - The Greater Rome Convention and Visitors Bureau (the "Bureau") promotes tourism and convention activity for the City. Financing is provided by a special hotel/motel tax. The Bureau is fiscally dependent upon the City because the City Commission appoints a voting majority of the board members and approves the budget, but does not control operations of the Bureau. The Bureau is presented as a governmental fund type. Separate component unit financial statements are not prepared for the Greater Rome Convention and Visitors Bureau.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Downtown Development Authority – The Downtown Development Authority promotes the Downtown area of the City of Rome. Financing is provided by special promotional events. The City of Rome funds the Downtown director position. The Downtown Development Authority is fiscally dependent upon the City because the City Commission appoints a voting majority of the board members, and funds the director position. The City does not control operations of the Downtown Development Authority. The financial operations of the Downtown Development Authority for 2008 were not material to the City of Rome financial statements and are not presented in these financial statements.

B. Basis of Presentation

The City's basic financial statements consist of government wide statements, including a statement of net assets and a statement of activities followed by fund financial statements which will provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and City general revenues are reported separately from business type activities which rely to a significant extent on fees and charges for support from external users. Likewise, the primary government is reported separately from any legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of each function of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from the goods, services, or privileges provided by a distinct function 2) operating grants and contributions restricted to the operational needs of a particular function 3) capital grants and contributions restricted for the acquisition or construction of capital assets. Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. This comparison of direct expenses with program revenues does identify the extent to which each governmental function is self financing or is subsidized by general revenues. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements – Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in fund balance.

The City reports the following major governmental funds:

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

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Basis of Presentation – Continued

Capital Fund - This fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

SPLOST Fund - This fund accounts for the acquisition of capital assets or construction of major capital projects being financed by SPLOST proceeds.

The City reports the following major Proprietary Funds:

Water & Sewer Fund - This fund accounts for all activity in the provision of water and sewer services to the residents of the City and County.

Fire Fund - This fund accounts for all activities in the provision of fire protection services to the residents of the City and the County.

Solid Waste Commission Fund - This fund accounts for all activities associated with the provision of solid waste disposal for City and County residents at the Walker Mountain and Berryhill landfills.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - This fund type accounts for capital project expenditures not financed through proprietary or fiduciary funds.

Proprietary Fund Types

Enterprise Funds - This fund type is used to account for operations that (a) are financed and operated in a manner similar to private business enterprise where the intent of the City is that the costs (including depreciation) of providing the goods and services be financed or recovered primarily through user charges or (b) where the City has decided that a periodic determination of an increase or decrease in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - This fund type accounts for the financing of goods or services provided by one department to other departments, agencies, or other governmental units on a cost reimbursement basis. The City accounts for the provision of health care and workers' compensation claims in internal service funds.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fiduciary Fund Type

Trust Fund – This fund type is used to account for assets held by the City as an agent or trustee to be invested and expended in accordance with the conditions of the trustee capacity. The City uses this fund to account for the flexible spending activity through payroll deduction from employees' paychecks and the subsequent payment of medical or dependent care expenses.

C. Measurement Focus

Government-wide Financial Statements – The Government-wide Financial Statements are reported using the economic resources measurements focus and the accrual basis of accounting as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fund Financial Statements – All governmental funds are accounted for using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues available if they are collected within sixty (60) days of the end of the current fiscal period and one year for all other revenue. Revenues generally susceptible to accrual are property taxes, sales taxes, licenses, and other charges for services. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and expenditures related to compensated absences and claims which are normally recorded when payment is due. Governmental fund financial statements therefore include reconciliation to the entity-wide statement to identify these differences.

As in the government-wide statements, all proprietary fund types are accounted for on an economic resource measurement level. The statement of Net Assets includes all assets and liabilities and the Statement of Changes in Net Assets present increases (i.e., revenues) and decreases (i.e., expenses) in total Net Assets.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that they do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to implement subsequent pronouncements.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule, are user charges between the enterprise funds and other functions of the government whereby exclusion may distort the direct costs and program revenues for the functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses of enterprise funds and internal service funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition and deposits in the Georgia Fund One administered by the State of Georgia.

2. Investments

All investments are recorded at fair value.

3. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. These amounts are eliminated in the governmental and business-type activities column of the Statement of Net Assets except for any net residual amounts due between governmental and business type activities, which are reclassified and presented as internal balances.

4. Inventories

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

5. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, or other external legislation or restrictions. Applicable expenses are paid from restricted assets first.

6. Prepaid Items

Certain payments to vendors reflecting costs applicable to periods beyond December 31, 2008 are recorded as prepaid items.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Equity- Continued

7. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e. g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital equipment assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated life of more than one fiscal year. Such assets are recorded at actual cost or estimated historical cost if actual costs are not available. They are updated for additions and retirements during the year. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are expensed. Improvements to capital assets are capitalized. Interest incurred during the construction of capital assets for business-type activities is capitalized. In 2008, the total interest expense incurred by the Water & Sewer System was \$3,259,972. Of this amount, \$35,510 was included as part of the cost of capital assets under construction in connection with the wastewater treatment facilities construction projects.

Current accounting standards require the City to report and depreciate infrastructure assets. These assets includes roads, bridges, dams & levees, curb & gutters, sidewalks, and traffic signals & signage. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The current financial statements include these infrastructure amounts with applicable accumulated depreciation. All capital assets are depreciated except for land and construction in progress. Estimated useful lives for infrastructure are based on historical records of maintenance and replacement. Infrastructure assets acquired prior to December 31, 1980 are included in the amounts reported. Depreciation is computed using the straight-line method over the estimated useful life.

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Improvements other than buildings	10 – 60 years	10 – 60 years
Buildings	40 – 60 years	40 – 60 years
Machinery and equipment	3 – 15 years	3 – 15 years
Infrastructure	40 – 60 years	20 – 40 years
Vehicles	3 – 5 years	3 – 5 years

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Equity– Continued

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. No liability is reported for unpaid accumulated sick leave. Accumulated unpaid vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. The liability in the proprietary funds is recorded as an expense and a liability in those funds as the benefits are accrued. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with current financial resources.

Sick leave is not paid upon termination, but is applied to the years of service credit used to determine retirement benefits if the employee remains employed by the City until retirement. Accordingly, accumulated unused sick leave is not recorded as a liability. There is no maximum amount of sick leave that may be accumulated.

9. Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. On the governmental fund financial statements, property taxes receivable not collected within sixty (60) days of year end is recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. In the government-wide financial statements, these amounts are recognized to comply with the full accrual measurement criteria.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, all long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund type statement of net assets. Bond premiums, discounts and deferred losses, 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, discounts and deferred loss. Issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs in the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity– Continued

11. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net assets”.

Fund Balance

In the fund financial statements governmental funds reserve portions of the fund balance that are legally segregated and restricted by an outside party or legal mandate. Designations of fund balance represent managements’ intent to set aside these resources for specific uses. At the fund reporting level, fund balance is also reserved for any prepaids and inventories.

Net Assets

Net assets represent the difference between assets and liabilities. Amounts shown as net assets invested in capital assets, net of related debt are made up of capital asset costs, net of accumulated depreciation and any outstanding debt used to acquire, construct or improve the associated assets. Net assets are reported as restricted when there are legal limitations or external restrictions imposed upon their use. All other net assets are reported as unrestricted.

12. Capital Contributions

Capital contributions in the proprietary fund financial statements arise from outside contributions of grants and other financial resources restricted to capital acquisition and construction.

13. Uses of Estimates in the Preparation of Financial Statements

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

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In August of each year, all departments of the City submit a budgetary request to the City Manager. In November, the City Manager presents the proposed budgets to the Finance Committee of the City Commission. The City Commission adopts the final budgets in December of each year. During the year, the City made budgetary amendments totaling \$688,350, (excluding debt service payments) that were approved by the City Commission. The main reason for these amendments was to better align budgeted expenditures with actual revenues. This information was not available during the original budget process.

Budgetary appropriations are made at the object level within each department. The legal level of budgetary control is at the department level. Budget amendments which affect a department's total appropriations or transfers between funds must be authorized by the City Commission through a budget revision. All appropriations lapse at year end.

B. Deficit Fund Equity

Solid Waste Management Fund - The Solid Waste Management Fund had a deficit Net Assets of \$460,432 at December 31, 2008. This deficit resulted primarily from the depreciation of assets purchased by the fund. The City has no immediate plans for eliminating the deficit. This fund can draw from the City's General Fund if needed.

Municipal Golf Fund - The Municipal Golf Fund had a deficit Net Assets of \$17,805 at December 31, 2008. The deficit has resulted mainly from the depreciation of capital assets within the fund. The City continues to monitor the operation closely. Presently, the City contributes the funds necessary on an annual basis to cover the cash deficit of the operations.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Credit Risk. The City and its component units are authorized by state statutes to invest in the securities of the United States Treasury, United States agencies and instrumentalities, repurchase agreements and the Georgia Fund One administered by the State of Georgia. It is the government's policy to limit any investments in these to the top rating issued by NRSROs.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments - Continued

Georgia Fund One, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund One operates in manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. Regulatory oversight of the fund is provided by the Office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share. As of December 31, 2008, the City of Rome's investment in Georgia Fund One was rated AAAM by Standard & Poor's.

The City maintains an account in the State of Georgia, Georgia Fund One that is utilized by all funds and component units except the Board of Education and the Pension Trust Fund. Each fund's or component unit's portion of this pool is displayed on its balance sheet with cash and cash equivalents since this pool has the general characteristics of a demand deposit account.

As of December 31, 2008, the City of Rome had the following investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund One-included in cash	46 day weighted average	\$ 12,572,797
Guaranteed Investment Contract	June 1, 2028	<u>2,881,084</u>
Totals		<u>\$ 15,453,881</u>

Interest rate risk. The City of Rome does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments are reviewed on a monthly basis for interest rate fluctuations and appropriate actions are taken to minimize this risk.

Custodial credit risk-Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that all deposits and investments (other than federal or state government instruments) be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of December 31, 2008, all of the City's bank balances were adequately insured and collateralized as defined by the Governmental Accounting Standards Board.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

B. Receivables

1. Accounts Receivable

Receivables at December 31, 2008 consisted of taxes, loans, and accounts (including billings for user charges and unbilled utility receivables), and intergovernmental receivables. Receivables at December 31, 2008 consist of the following:

<u>Primary Government</u>	Taxes	Loans	Account	Intergov't Receivables	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 3,467,399	\$ -	\$ 4,702,909	\$ 1,979,845	\$ (2,001,636)	\$ 8,148,517
Capital Fund	-	-	58,363	47,542	(38,000)	67,905
SPLOST Fund	-	-	318,947	140,623	-	459,570
Other Governmental Funds	1,714	567,633	468,950	39,581	(424,155)	653,723
Water fund	-	-	2,493,856	901,495	(570,000)	2,825,351
Solid Waste Commission Fund	-	-	238,215	150,000	(11,500)	376,715
Other Proprietary Funds	-	-	191,533	376,168	(40,075)	527,626
Internal Service Funds	-	-	292,369	-	-	292,369
Total Primary Government	3,469,113	567,633	8,765,142	3,635,254	(3,085,366)	13,351,776
Greater Rome CVB	-	-	-	21,698	-	21,698
Rome Board of Education	-	-	-	7,582,233	-	7,582,233
Total Reporting Entity	\$ 3,469,113	\$ 567,633	\$ 8,765,142	\$ 11,239,185	\$ (3,085,366)	\$ 20,955,707

2. Property Taxes

Property taxes were levied on July 24, 2008 and were payable on or before November 15, 2008. An interest penalty of 12% per annum is charged on property taxes paid after that date. Property taxes become an enforceable lien on January 1 each year. City property tax revenues are recognized when levied to the extent that they are collected within the current fiscal year or within 60 days of fiscal year end. During 2000, the City of Rome entered into an agreement with Floyd County and the Floyd County Tax Commissioner to collect the City's property taxes. This agreement allows taxpayers to pay all of their property taxes at one location since the County can now bill all taxes due on one bill. The City pays a fee for this service.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

B. Receivables– Continued

A summary of outstanding delinquent property taxes receivable at December 31, 2008 is as follows:

<u>Tax Year</u>	
2008	\$ 2,644,661
Prior Years	822,738
	<u>3,467,399</u>
Allowance for uncollectible	<u>(1,837,636)</u>
Net taxes receivable	<u>\$ 1,629,763</u>

Remaining page intentionally left blank

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

C. **Capital Assets**

Changes in the City's Capital Assets for the year ended December 31, 2008 are as follows:

<u>Primary Government</u>	<u>Beginning Balance 12/31/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 12/31/2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,741,418	\$ 70,770	\$ -	\$ 6,812,188
Construction in progress	8,147,268	9,006,427	(11,172,400)	5,981,295
Total capital assets, not being depreciated	<u>14,888,686</u>	<u>9,077,197</u>	<u>(11,172,400)</u>	<u>12,793,483</u>
Capital assets, being depreciated:				
Buildings	74,683,912	8,250,035	(58,323)	82,875,624
Improvements other than buildings	375,681	133,494	-	509,175
Machinery and equipment	4,687,280	150,232	(225,379)	4,612,133
Vehicles	4,757,576	392,463	(534,844)	4,615,195
Infrastructure	106,050,147	13,257,627	-	119,307,774
Total capital assets being depreciated	<u>190,554,596</u>	<u>22,183,851</u>	<u>(818,546)</u>	<u>211,919,901</u>
Less accumulated depreciation for:				
Buildings	(14,845,366)	(1,498,359)	15,869	(16,327,856)
Improvements other than buildings	(159,492)	(27,664)	-	(187,156)
Machinery and equipment	(3,749,025)	(362,231)	225,379	(3,885,877)
Vehicles	(3,536,404)	(586,013)	534,844	(3,587,573)
Infrastructure	(79,179,660)	(3,056,369)	-	(82,236,029)
Total accumulated depreciation	<u>(101,469,947)</u>	<u>(5,530,636)</u>	<u>776,092</u>	<u>(106,224,491)</u>
Total capital assets, being depreciated, net	<u>89,084,649</u>	<u>16,653,215</u>	<u>(42,454)</u>	<u>105,695,410</u>
Governmental activities capital assets, net	<u>\$ 103,973,335</u>	<u>\$ 25,730,412</u>	<u>\$ (11,214,854)</u>	<u>\$ 118,488,893</u>
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General Government	\$ 81,331			
Public Safety	587,578			
Public Works	3,455,557			
Public Facilities	258,071			
Public Services	27,545			
Community Development	6,829			
Education	1,113,725			
	<u>\$ 5,530,636</u>			

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

C. Capital Assets – Continued

Capital Assets for the year ended December 31, 2008 are as follows:

	Beginning Balance 12/31/2007	Increases	Decreases	Ending Balance 12/31/2008
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,507,506	\$ 3,231	\$ -	\$ 7,510,737
Construction in progress	48,214,876	4,892,081	(8,860,099)	44,246,858
Total capital assets, not being depreciated	<u>55,722,382</u>	<u>4,895,312</u>	<u>(8,860,099)</u>	<u>51,757,595</u>
Capital assets, being depreciated:				
Buildings	60,358,154	-	-	60,358,154
Improvements other than buildings	16,988,201	365,162	-	17,353,363
Machinery and equipment	10,378,459	104,425	(517,198)	9,965,686
Vehicles	17,198,774	306,622	(454,000)	17,051,396
Infrastructure	118,325,549	11,317,098	-	129,642,647
Total capital assets being depreciated	<u>223,249,137</u>	<u>12,093,307</u>	<u>(971,198)</u>	<u>234,371,246</u>
Less accumulated depreciation for:				
Buildings	(19,981,645)	(1,874,018)	-	(21,855,663)
Improvements other than buildings	(12,056,514)	(289,220)	-	(12,345,734)
Machinery and equipment	(8,215,923)	(727,177)	517,198	(8,425,902)
Vehicles	(12,203,648)	(1,226,875)	454,000	(12,976,523)
Infrastructure	(29,660,480)	(2,966,153)	-	(32,626,633)
Total accumulated depreciation	<u>(82,118,210)</u>	<u>(7,083,443)</u>	<u>971,198</u>	<u>(88,230,455)</u>
Total capital assets, being depreciated, net	<u>141,130,927</u>	<u>5,009,864</u>	<u>-</u>	<u>146,140,791</u>
Business-type activities capital assets, net	<u>\$ 196,853,309</u>	<u>\$ 9,905,176</u>	<u>\$ (8,860,099)</u>	<u>\$ 197,898,386</u>

Depreciation expense was charged to functions/programs of Business-type activities as follows:

Business-type activities:	
Water and Sewer System Fund	\$ 4,967,465
Fire Fund	573,844
Transit Fund	396,290
Building Inspection Fund	16,308
Solid Waste Management Fund	319,802
Municipal Golf Fund	99,835
Solid Waste Commission Fund	500,194
Public Facilities Fund	209,705
	<u>\$ 7,083,443</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

C. Capital Assets – Continued

The following table provides a summary of the City’s investment in capital assets less any related debt. The City had no unspent bond proceeds at the end of the current year.

	Governmental Activities	Business-type Activities	Total
Invested in Capital Assets			
Capital assets, nondepreciable	\$ 12,793,483	\$ 51,757,595	\$ 64,551,078
Capital assets, net	105,695,410	146,140,791	251,836,201
Bonds payable	(4,527,000)	(70,240,560)	(74,767,560)
Capital leases payable	(92,331)	(694,796)	(787,127)
Notes payable	(1,675,000)	(10,392,563)	(12,067,563)
Other long-term liabilities	(3,248,128)	-	(3,248,128)
	<u>\$ 108,946,434</u>	<u>\$ 116,570,467</u>	<u>\$ 225,516,901</u>

<u>Component Units</u>	<u>Beginning Balance 12/31/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 12/31/2008</u>
Greater Rome Convention and Visitors Bureau				
Component unit:				
Capital assets, being depreciated:				
Buildings	\$ 181,429	\$ -	\$ -	\$ 181,429
Machinery and equipment	28,500	-	(6,500)	35,000
Total capital assets being depreciated	<u>209,929</u>	<u>-</u>	<u>(6,500)</u>	<u>216,429</u>
Less accumulated depreciation for:				
Buildings	(106,826)	(3,629)	-	(110,455)
Machinery and equipment	(28,500)	-	6,500	(35,000)
Total accumulated depreciation	<u>(135,326)</u>	<u>(3,629)</u>	<u>6,500</u>	<u>(145,455)</u>
Total capital assets, being depreciated, net	<u>74,603</u>	<u>(3,629)</u>	<u>-</u>	<u>70,974</u>
Greater Rome Convention and Visitors Bureau capital assets, net	<u>\$ 74,603</u>	<u>\$ (3,629)</u>	<u>\$ -</u>	<u>\$ 70,974</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

C. Capital Assets – Continued

<u>Component Units</u>	<u>Beginning Balance 6/30/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/2008</u>
Rome Board of Education				
Component unit:				
Capital assets, being depreciated:				
Buildings and Improvements	\$ 2,051,694	\$ 42,393	\$ -	\$ 2,094,087
Computers and equipment	2,479,953	82,133	417,461	2,144,625
Vehicles	1,169,863	-	-	1,169,863
Total capital assets being depreciated	<u>5,701,510</u>	<u>124,526</u>	<u>417,461</u>	<u>5,408,575</u>
Less accumulated depreciation for:				
Buildings and Improvements	(616,459)	(54,610)	-	(671,069)
Computers and equipment	(1,645,237)	(283,513)	(417,461)	(1,511,289)
Vehicles	(726,691)	(78,328)	-	(805,019)
Total accumulated depreciation	<u>(2,988,387)</u>	<u>(416,451)</u>	<u>(417,461)</u>	<u>(2,987,377)</u>
Total capital assets, being depreciated, net	<u>2,713,123</u>	<u>(291,925)</u>	<u>-</u>	<u>2,421,198</u>
Rome Board of Education capital assets, net	<u>\$ 2,713,123</u>	<u>\$ (291,925)</u>	<u>\$ -</u>	<u>\$ 2,421,198</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

D. Interfund Transactions

Interfund balances at December 31, 2008 consisted of the following amounts and represent charges for services or reimbursable expenditures. These balances result from a timing lag between 1) the date the interfund goods or services are provided 2) transactions are recorded and 3) payments between funds are made. The City expects to repay all interfund balances within one year.

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

	Payable From									Total
	General Fund	Capital Fund	SPLOST Fund	Non-major Governmental Funds	Water & Sewer System Fund	Fire Fund	Solid Waste Commission Fund	Non-major Enterprise Funds	Internal Service Funds	
Payable To:										
General Fund	\$ -	\$ 489,837	\$ 20,290	\$ 34,365	\$ 263,224	\$ 1,253	\$ 7,898	\$ 954,685	\$ 830	\$ 1,772,382
Capital Fund	1,936,546	-	-	8,159	-	-	-	1,008	-	1,945,713
Non-major										
Governmental Funds	1,927	400	-	12,322	2,958	-	-	788	75	18,470
Water & Sewer System Fund	4,292	-	155,083	125	-	5,622	968	1,895	170	168,155
Fire fund	890	2,967	238,726	-	638	-	-	1,383	275	244,879
Solid Waste										
Commission Fund	11,848	3,406	-	-	1,301	-	-	76,168	-	92,723
Non-major										
Enterprise Funds	89,643	10,781	-	7,970	32,918	672	4,265	1,204	128	147,581
Internal Service Funds	228,367	-	-	5,944	121,869	116,222	2,195	202,284	-	676,881
Total	<u>\$ 2,273,513</u>	<u>\$ 507,391</u>	<u>\$ 414,099</u>	<u>\$ 68,885</u>	<u>\$ 422,908</u>	<u>\$ 123,769</u>	<u>\$ 15,326</u>	<u>\$ 1,239,415</u>	<u>\$ 1,478</u>	<u>\$ 5,066,784</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

D. Interfund Transactions - Continued

Interfund receivables and payables for Component Units consist of the following:

	Rome Convention and Visitors Bureau	
	Payable From	Payable To
General Fund	\$ 247	\$ 96
Non-major governmental funds	11,011	166
Fire Fund	-	3
Non-major enterprise funds	100	289
Internal service funds	-	657
Total	\$ 11,358	\$ 1,211

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

D. Interfund Transactions - Continued

Advances to other funds are amounts that are owed, other than for charges for goods and services rendered, to a particular fund by another fund in the government reporting entity and that are not due within one year.

Interfund advances consist of the following:

	Advances From:	
Advances To:	Capital Fund	Total
Water Fund	\$ 229,810	\$ 229,810
Fire Fund	363,605	363,605
Solid Waste Commission Fund	467,200	467,200
Non-major Enterprise Funds	443,876	443,876
Total	<u>\$ 1,504,491</u>	<u>\$ 1,504,491</u>

The Solid Waste Commission Fund, through an intergovernmental agreement with the City of Rome, purchased a partial ownership in a portion of the Joint City-County Landfill. This long term financing balance of \$467,200 is included as an advance from the Capital fund to the Solid Waste Commission Fund.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

D. Interfund Transactions - Continued

Interfund transfers are used to report revenues and expenditures between funds whereby statute or formal budget requires them. These transfers also include revenues collected in the general fund but by budget authorization are transferred to meet expenditures in other funds, segregation of monies for anticipated capital projects, and to provide additional resources for current operations or debt service. All transfers have occurred on a regular basis or are consistent with the purpose of the fund making the transfer. Transfers to component units are reported as expenditures in the financial statements.

Interfund transfers for the year ended December 31, 2008 are as follows:

	Transfers In							Total
	General Fund	Capital Fund	Non-major Governmental Funds	Water & Sewer System Fund	Fire Fund	Solid Waste Commission Fund	Non-major Enterprise Funds	
Transfers Out:								
General Fund	\$ -	\$ 200,000	\$ 553,300	\$ -	\$ 5,250,000	\$ -	\$ 3,415,261	\$ 9,418,561
Capital Fund	-	-	50,000	-	-	-	230,000	280,000
SPLOST Fund	-	921,707	-	2,165,262	1,083,807	-	-	4,170,776
Non-major								
Governmental Funds	135,000	-	-	-	-	-	7,831	142,831
Water & Sewer System Fund	774,000	-	-	-	-	-	-	774,000
Fire Fund	315,000	-	-	32,288	-	-	-	347,288
Solid Waste Commission Fund	26,424	-	-	-	-	-	-	26,424
Non-major								
Enterprise Funds	45,500	-	-	-	-	-	-	45,500
Internal Service Funds	180,800	-	3,200	43,000	50,000	5,000	32,000	314,000
Total	\$ 1,476,724	\$ 1,121,707	\$ 606,500	\$ 2,240,550	\$ 6,383,807	\$ 5,000	\$ 3,685,092	\$ 15,519,380

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt

1. Water and Sewerage System Bonds Payable

Outstanding Water and Sewerage System Bonds were issued as follows:

1999 Issue:	\$28,500,000	in serial bonds maturing through 2014, with interest ranging from 3.90% to 5.25%.
2004 Issue:	\$37,170,000	in serial bonds maturing through 2022, with interest ranging from 2.00% to 4.50%.
2005 Issue:	\$ 9,395,000	in a private placement bond issue, maturing through 2016 at a interest rate of 3.61%

In June 1999, the City issued \$28,500,000 of Water and Sewerage Revenue Refunding and Improvement Bonds, Series 1999. The Series 1999 bonds were issued to (i) prepay \$3,743,179 in aggregate principal amount of loans made by the Georgia Environmental Facilities authority to the City, (ii) to pay the costs of making additions, extensions and improvements to the City's water and sewer system, and (iii) to pay the costs of issuance of the Series 1999 bonds.

In March 2004, the City issued \$37,170,000 of Water and Sewerage Revenue Refunding and Improvement bonds. The 2004 bonds were issued to (i) refund \$3,245,000 in aggregate principal of its 1993-A Water and Sewerage Revenue bonds (ii) pay the costs of improvements to the water and sewer system and wastewater treatment plant and (iii) pay the costs of issuance of the 2004 bonds.

In October 2005, the City of Rome issued \$9,395,000 of Water and Sewerage Revenue Bonds in a private placement. The 2005 bonds were issued to finance the water meter replacement program and the costs of issuance of the 2005 Bonds. This project will replace all water meters over a certain age, and equip all meters with an automatic electronic meter reading system and back flow prevention devices.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

1. Water and Sewerage System Bonds Payable - Continued

The City of Rome follows all of the applicable rules and regulations concerning bond arbitrage as set forth by the Internal Revenue Service.

Bonds outstanding at December 31, 2008 are as follows:

Water and Sewer Bonds - Series 1999	\$ 20,230,000
Water and Sewer Bonds - Series 2004	34,530,000
Water and Sewer Bonds - Series 2005	<u>6,945,000</u>
Subtotal	61,705,000
Less current maturities	<u>3,825,000</u>
Bonds payable, long term	<u><u>\$ 57,880,000</u></u>

Reconciliation of Bonds Payable to Financial Statements:

Current	
Bonds payable in less than one year	<u><u>\$ 3,825,000</u></u>
Long-term	
Bonds payable in more than one year	\$ 57,880,000
Bond discount, net of amortization	(21,407)
Bond premium, net of amortization	1,291,200
Deferred amount on refunding, net of amortization	(119,774)
	<u><u>\$ 59,030,019</u></u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

2. Golf Bonds Payable

In 1999, the City of Rome Recreation Facilities Authority issued \$6,770,000 of Series 1999 Revenue Bonds to refund all of the Series 1992 Revenue Bonds. Refunding was undertaken to defer debt service payments an additional 12 years and to reduce the present value of the future debt service payments. The 1992 bonds were issued to finance the cost of acquiring constructing, furnishing, and equipping a new municipal golf course. The City defeased the 1992 bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2008, \$3,090,000 of bonds outstanding are considered defeased.

The Series 1999 Bonds mature through 2024 with interest ranging from 3.50% to 3.75%. At December 31, 2008, \$5,105,000 of these bonds were outstanding. Bonds payable reflected in the financial statements is net of \$125,113 of unamortized loss on defeasance and \$19,346 of bond discount.

3. Certificates of Participation (COP) Bonds Payable

In October 1998, the City issued \$5,565,000 City of Rome Public Facilities, Inc. Georgia Certificates of Participation Bonds, Series 1998. These bonds were issued to acquire, construct, install and equip a facility to be used as administrative offices for the Floyd County Department of Family and Children Services, Department of Child Support Enforcement, and Department of Rehabilitation Services. These bonds mature through 2013 at a rate of 5.18%. The City entered into an operating lease agreement with the State of Georgia through the Georgia Department of Human Resources with the lease payment from the state being used to repay the bonds. At December 31, 2008, \$2,425,000 of COP bonds were outstanding. These bonds are reported in the Public Facilities Fund.

4. Certificates of Participation – Georgia Municipal Association

In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City of Rome's participation totaling \$4,527,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$4,527,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment account to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

E. Long-Term Debt – Continued

4. Certificates of Participation –Georgia Municipal Association Continued

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semi-annual (and beginning July 1, 2003, a monthly) floating rate of interest based on the TBMA Municipal Swap Index (plus a spread) to, or on behalf of, the Swap Counterparty (the “Swap Payment”); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the Contract times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semi-annual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Under the Swap Agreement, the City’s obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the TBMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028. In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap’s fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength.

5. Debt Service to Maturity for all Bond Issues

	<u>Water and Sewer</u>		<u>Golf</u>		<u>COP</u>		<u>GMA COP</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,995,000	\$ 2,836,812	\$ 225,000	\$ 241,085	\$ 440,000	\$ 241,085	\$ -	\$ 215,032	\$ 4,660,000	\$ 3,534,014
2010	4,175,000	2,653,746	235,000	231,523	460,000	231,523	-	215,032	4,870,000	3,331,824
2011	4,375,000	2,458,046	245,000	221,300	485,000	221,300	-	215,032	5,105,000	3,115,678
2012	4,615,000	2,249,646	255,000	210,520	510,000	210,520	-	215,032	5,380,000	2,885,718
2013	4,835,000	2,029,032	265,000	199,173	530,000	199,173	-	215,032	5,630,000	2,642,410
2014-2018	24,065,000	6,710,929	1,520,000	802,985	-	-	-	1,075,160	25,585,000	8,589,074
2019-2023	15,645,000	1,428,525	1,915,000	406,375	-	-	-	1,075,160	17,560,000	2,910,060
2024-2028	-	-	445,000	22,250	-	-	4,527,000	1,075,160	4,972,000	1,097,410
	<u>\$ 61,705,000</u>	<u>\$ 20,366,736</u>	<u>\$ 5,105,000</u>	<u>\$ 2,335,211</u>	<u>\$ 2,425,000</u>	<u>\$ 1,103,601</u>	<u>\$ 4,527,000</u>	<u>\$ 4,300,640</u>	<u>\$ 73,762,000</u>	<u>\$ 28,106,188</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

E. Long-Term Debt - Continued

6. Notes Payable

In 1990, 1992, 1998, 1999, 2002, 2007, and 2008 the City entered into various agreements with the Georgia Environmental Facilities Authority (GEFA) and the State Revolving Loan Fund to finance the construction and improvements of various water and sewer facilities. As of December 31, 2008 the City had entered into eight (8) such loan agreements with a loan balance of \$10,392,563. In 2008, the City entered into an agreement with Floyd County to repay debt for the Forum parking deck project in the amount of \$7,880,000 at an interest rate between 3.10% to 5.00%. The project was ongoing as of December 31, 2008 and the accrued amount for the City's liability was \$3,248,128. The drawdowns are listed as other long term liabilities. The City has also entered into an agreement with three property owners to purchase property for \$1,675,000 at an interest rate of 5%. The City will make three annual payments with a balloon note payment due August 1, 2012.

Year Issued	Interest Rate (%)	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding	Current	Long-Term
2008	3.62	12/31/2008	1/1/2029	\$ 3,331,693	\$ -	\$ 3,331,693	\$ 106,049	\$ 3,225,644
2007	3.62	4/12/2007	1/1/2028	3,055,798	97,080	2,958,718	109,639	2,849,079
2002	4.36	12/2/2002	2/1/2024	577,441	95,678	481,763	22,779	458,984
2002	4.45	8/12/2002	8/1/2023	1,151,245	211,566	939,679	46,175	893,504
1999	4.10	3/22/1999	3/1/2020	1,918,282	652,492	1,265,790	90,500	1,175,290
1998	4.76	7/1/1998	5/1/2019	1,132,014	407,586	724,428	54,547	669,881
1992	4.00	3/27/1992	1/1/2014	1,004,501	659,108	345,393	78,654	266,739
1990	2.00	11/16/1990	3/1/2013	1,397,879	1,052,780	345,099	60,296	284,803
						<u>\$ 10,392,563</u>	<u>\$ 568,639</u>	<u>\$ 9,823,924</u>

The following is a schedule of the future required principal and interest payments on the notes payable as of December 31, 2008.

Year Ended December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 133,170	\$ 83,750	\$ 216,920	\$ 568,639	\$ 379,015	\$ 947,654
2010	139,829	77,091	216,920	599,720	367,464	967,184
2011	146,820	70,100	216,920	622,402	344,782	967,184
2012	1,255,181	62,759	1,317,940	645,947	321,236	967,183
2013	-	-	-	606,464	296,989	903,453
2014-2018	-	-	-	2,922,179	1,141,151	4,063,330
2019-2023	-	-	-	2,515,569	582,516	3,098,085
2024-2028	-	-	-	1,892,653	167,568	2,060,221
2029	-	-	-	18,990	58	19,048
Total	<u>1,675,000</u>	<u>\$ 293,700</u>	<u>\$ 1,968,700</u>	<u>10,392,563</u>	<u>\$ 3,600,779</u>	<u>\$ 13,993,342</u>
Less current maturities	133,170			568,639		
Long-term	<u>\$ 1,541,830</u>			<u>\$ 9,823,924</u>		

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

7. Capital Leases

The City leases certain equipment. Interest on these leases is paid monthly and principal is paid annually. The City has entered into several lease agreements with BB&T, which is the auxiliary financing party through GMA. These bear interest rates ranging from 2.96% to 3.99%. Interest is paid semiannually and principal is paid annually. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The balances of all leases at December 31, 2008 are \$92,331 and \$694,796 for governmental and business type activities, respectively.

Total assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 494,941	\$ 771,408
Vehicles	1,081,653	4,137,353
Less accumulated depreciation	(973,184)	(2,886,872)
Total	<u>\$ 603,410</u>	<u>\$ 2,021,889</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt – Continued

7. Capital Leases – Continued

The following is a schedule of the future minimum lease payments under the City’s capital leases together with the present value of the net minimum lease payments as of December 31, 2008.

<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2009	\$ 70,699	\$ 307,999	\$ 378,698
2010	28,358	202,862	231,220
2011	-	120,833	120,833
2012	-	120,833	120,833
Total minimum lease payments	99,057	752,527	851,584
Less amounts representing interest	6,726	57,731	64,457
Present value of minimum lease payments	<u>\$ 92,331</u>	<u>\$ 694,796</u>	<u>\$ 787,127</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

7. Capital Leases - Continued

Component Unit - Rome Board of Education

The School system is financing the acquisition of various energy equipment under an agreement that qualifies as a capital lease for accounting purposes. This lease bears interest at 5.43% and is payable in monthly installments of \$22,336 over a term of 10 years.

The following is a schedule, by year, of future minimum lease payments with the present value of the minimum lease payments as of June 30, 2008.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 229,421	\$ 38,605	\$ 268,026
2010	242,184	25,842	268,026
2011	255,656	12,370	268,026
2012	88,341	1,001	89,342
Total lease payments	<u>\$ 815,602</u>	<u>\$ 77,818</u>	<u>\$ 893,420</u>

The total amount of assets acquired through capital leases is \$2,065,037 and are all under the machinery and equipment asset classification.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt – Continued

8. Changes in Long – Term Debt of the City

The following is a summary of changes in long-term debt of the City for fiscal year ended December 31, 2008. The General Fund has typically been used to liquidate the liability for compensated absences, notes payable and other long-term liabilities in the governmental activities. The other long-term liabilities in the business-type activities will be liquidated by the Water & Sewer System Fund.

	<u>Balance</u> <u>12/31/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2008</u>	<u>Due within</u> <u>one year</u>
Governmental Activities:					
Certificates of Participation	\$ 4,527,000	\$ -	\$ -	\$ 4,527,000	\$ -
Capital Lease Obligations	170,018	-	77,687	92,331	65,211
Notes Payable	-	1,675,000	-	1,675,000	133,170
Net OPEB Obligation	-	1,316,636	-	1,316,636	-
Other long-term liabilities	-	3,248,128	-	3,248,128	-
Compensated Absences	759,856	911,881	895,593	776,144	776,144
Total Governmental Activities	<u>\$ 5,456,874</u>	<u>\$ 7,151,645</u>	<u>\$ 973,280</u>	<u>\$ 11,635,239</u>	<u>\$ 974,525</u>
Business-Type Activities:					
Revenue Bonds	\$ 73,695,000	\$ -	\$ 4,460,000	\$ 69,235,000	\$ 4,490,000
Unamortized deferred loss	(285,379)	-	(40,492)	(244,887)	-
Unamortized bond premium	1,390,522	-	99,323	1,291,199	-
Unamortized bond discount	(46,255)	-	(5,503)	(40,752)	-
Notes Payable	7,497,891	3,331,693	437,021	10,392,563	568,639
Capital Lease Obligations	968,225	-	273,429	694,796	279,866
Landfill Closure / Postclosure	7,924,384	181,116	-	8,105,500	203,618
Compensated Absences	1,370,715	1,620,996	1,639,594	1,352,117	1,352,117
Other long-term liabilities	2,752,513	579,180	3,331,693	-	-
Total Business-Type Activities	<u>\$ 95,267,616</u>	<u>\$ 5,712,985</u>	<u>\$ 10,195,065</u>	<u>\$ 90,785,536</u>	<u>\$ 6,894,240</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt – Continued

9. Changes in Long – Term Debt – Continued

Component Unit	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008	Due within one year
Greater Rome Convention and Visitors Bureau					
Compensated Absences	\$ 21,936	\$ 16,494	\$ (13,186)	\$ 25,244	\$ 22,244
Total Greater Rome Convention and Visitors Bureau	<u>\$ 21,936</u>	<u>\$ 16,494</u>	<u>\$ (13,186)</u>	<u>\$ 25,244</u>	<u>\$ 22,244</u>

Component Unit	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008	Due within one year
Rome Board of Education					
Capital leases payable	\$ 1,032,933	\$ -	\$ 217,331	\$ 815,602	\$ 229,421
Compensated Absences	84,743	209,115	179,528	114,330	114,330
Construction Bonds	2,000,000	-	-	2,000,000	-
Total Rome Board of Education	<u>\$ 3,117,676</u>	<u>\$ 209,115</u>	<u>\$ 396,859</u>	<u>\$ 2,929,932</u>	<u>\$ 343,751</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans

1. City of Rome

a) Plan Description

The City participates in a defined benefit agent multiple-employer retirement plan which is administered through the Georgia Municipal Employees Benefit System (GMEBS). The GMEBS acts as a common investment and administrative agent for cities in the State of Georgia. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan benefit provisions are established by the City Commission. Employees are eligible to participate in the Plan after three months of continuous service. Covered employees are not required to contribute to the Plan. Employees become vested after 10 years of service. The benefits of the Plan are paid in the form of a monthly life annuity based on the employees' final average earnings. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement. Normal retirement age is 60 if employed prior to April 1, 1958, 62 if participant has 25 or more years of service, and 65 if employed on or after April 1, 1958 with less than 25 years of service.

As of September 1, 2008, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Retirees and beneficiaries receiving benefits	267
Terminated vested participants not yet receiving benefits	88
Active participants	<u>566</u>
Total membership	<u><u>921</u></u>

b) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue in the period in which the contributions are due. Investment income is recognized by the Plan when earned.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans - Continued

1. City of Rome - Continued

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. No investments represented more than 5% of Plan net assets at December 31, 2008.

c) Funding Policy

City contributions to the Plan are authorized and may be amended by the City Commission. The City's contribution to the Plan are primarily based upon annual actuarial valuations. The City's funding policy provides for annual contributions at actuarially determined rates that are sufficient to accumulate sufficient assets to pay benefits when due. The City's contributions are determined under the projected unit credit actuarial method. The City's funding policy is to contribute the normal cost for the current year plus (1) the amount to amortize the remainder of the initial unfunded actuarial accrued liability over 30 years from 1982 and (2) current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. Significant actuarial assumptions used in the valuation include (a) rate of return on the investment of present and future assets of 8% a year compounded annually (b) projected salary increases of 5.5% a year compounded annually (5% for inflation and 0.5% for merit or seniority) and (c) no postretirement benefit increases. The actuarial value of assets is determined by rolling forward prior year's actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gains (losses) during 10 prior years.

d) Annual Pension Cost

The City's annual pension cost and net pension asset for 2008 were computed as follows:

Annual required contribution	\$ 2,613,319
Interest on net pension asset	(273,963)
Adjustment to annual required contribution	286,812
Annual pension cost	<u>2,626,168</u>
Contributions made	<u>2,631,514</u>
Increase in net pension asset	5,346
Net pension asset beginning of year	<u>\$ 3,424,543</u>
Net pension asset end of year	<u>\$ 3,429,889</u>

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans - Continued

1. City of Rome - Continued

e) Schedule of Employer Contributions

The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

<u>Year Ended December 31,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2006	\$ 1,963,241	100%	\$ 1,976,179	99%	\$ 3,435,286
2007	2,314,904	100%	2,327,793	99%	3,424,543
2008	2,613,319	101%	2,626,168	100%	3,429,889

The net pension asset is recognized for financial reporting purposes only at the government wide financial reporting.

f) Schedule of Funding Progress

As of the most recent valuation date, September 1, 2008, the funded status of the Plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded/ (Surplus) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9/1/2008	\$ 48,388,418	\$ 55,006,811	\$ 6,618,393	87.97%	\$ 22,775,449	29.06%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the plan net assets in increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 1, 2008.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans - Continued

2. City of Rome Defined Contribution Plan

a) Plan Description

The City participates in the Georgia Municipal Association 401(a) Defined Contribution Plan which is administered through the Georgia Municipal Association (GMA). The plan is a governmental qualified defined contribution plan under Sections 401(a) and 414(d) of the Internal Revenue Code.

Employees are eligible to participate in the Plan after three months of continuous service. Covered employees are not required or permitted to contribute to the Plan. Vesting in the employer contribution portion of their accounts is based on years of participation. An employee is 100% vested after five years of participation. The City may amend any of the provisions in the adoption agreement with GMA by an official action from the City Commission and approval of GMA.

The City's contributions will be made to match all or a portion of an employee's contribution to an eligible 457(b) deferred compensation plan, including the GMA Deferred Compensation Plan. For each pay period in which the employee contributes to a 457 Plan of the City, the City will contribute on a dollar for dollar matching basis up to a maximum of 2 ½ % of salary per plan year. City contributions to the plan for the year ended December 31, 2008 totaled \$470,277.

3. Component Unit - Rome Board of Education

Teachers Retirement System of Georgia (TRS)

a) Plan Description

Substantially all teachers, administrative and clerical personnel employed by a local school system are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing multiple employer public employee retirement system.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans - Continued

3. Component Unit - Rome Board of Education – Continued

Teachers Retirement System of Georgia (TRS) – Continued

a) Plan Description– Continued

TRS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for retirement after 30 years of service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service. If an employee retires under this provision, the benefit will be permanently reduced by the lesser of one-twelfth of 7% for each month below age 60, or 7% for each year or fraction of a year less than 30 years of creditable service. Retirement benefits paid to members are equal to 2% of the average of the member's two consecutive highest paid years of service multiplied by the number of years of credible service up to 40 years. The normal retirement pension is payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary on the member's death.

Retirement benefits also include death and disability benefits whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of 10 years) and compensation up to the date of death.

Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by calling (404) 352-6500.

b) Funding Policy

Employees of the School System who are covered by TRS are required to pay 5% of their gross earnings to TRS. The School System makes monthly employer contribution to TRS at rates adopted by the TRS Board of Trustees, as advised by their independent actuary. The employer contribution rate is 9.28% for the years ended June 30, 2008 and 2007, and 9.24% for each of the year ended June 30, 2006.

The School System's actual and required contributions to TRS for the years ended June 30, 2008, 2007 and 2006 were \$2,726,225; \$2,545,905; and \$2,412,966 respectively.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

F. Pension Plans - Continued

3. Component Unit - Rome Board of Education - Continued

Public School Employees Retirement System of Georgia (PSERS)

a) Plan Description

Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by local school systems are covered by the Public School Employees Retirement System of Georgia (PSERS), which is a cost-sharing multiple employer public employee retirement system. All employer contributions are made by the State of Georgia.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of service and retiring between the ages of 60 and 65 receives a reduced benefit. Monthly retirement benefits paid to members are equal to \$8.00 multiplied by the number of years of creditable service. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary on the member's death.

Retirement provisions include death and disability benefits. Disability benefits are the same as if the employee had retired at age 65 as long as the employee has 15 or more years of creditable service. Death benefits are dependent upon the number of years of service. If there are less than 10 years of service, a lump sum refund of the employee's contributions and interest are made to the beneficiary. If there are more than 10 years of service, the beneficiary shall receive for life half of what the employee would have received upon retirement.

Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, nonvesting of employer contributions occurs, but the member's contributions are refunded with interest.

PSERS issues a public available financial report that includes financial statements and required supplementary information. That report may be obtained by calling (404) 352-6500.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

F. Pension Plans - Continued

3. Component Unit - Rome Board of Education - Continued

Public School Employees Retirement System of Georgia (PSERS) - Continued

b) Funding Policy

Covered employees are required by state statute to contribute \$4.00 a month for the nine-month school year. Unlike TRS, the School System makes no contribution to PSERS. The State of Georgia is required by statute to make employer contributions as actuarially determined and approved by the PSERS Board of Trustees. Total actual and required contributions from the State of Georgia to PSERS for the School System for fiscal years ended June 30, 2008, 2007 and 2006 were \$2,800; \$3,068; and \$2,924 respectively.

G. Post-Retirement Health Care and Life Insurance Benefits

In accordance with GASB 45 requirements, the City of Rome is required to attribute the cost of postretirement benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a postretirement benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the City of Rome for the year ended December 31, 2008. The City has elected not to establish a separate trust fund to account for other post-employment benefits, and has not funded the plan as of December 31, 2008.

The Rome City Commission has contracted with the Standard Insurance Company to administer post retirement life insurance benefits to all employees who retire under early or normal retirement provisions. The City's obligation to provide these benefits was created under a City ordinance. At age 65, life insurance coverage is reduced to 65% of the amount previously allowed under the plan and at age 70, the coverage is reduced to 50% of the amount previously allowed under the plan.

The City of Rome currently contracts with Blue Cross Blue Shield to administer the post retirement health care benefits. The City's obligation to provide these benefits was created under a City ordinance. Upon termination of employment, eligible employees are entitled to continue coverage, at their own cost, under the City's medical self-insurance plan (Note H.1). After 15 years of service, the City pays 10% of the retiree's share of charges from the City's medical self-insurance fund and life insurance carriers. The City's portion is increased 1% for each year of service to a maximum of 30%. Currently, 96 retirees are enrolled in post-retirement health care benefits. These post-retirement benefits are funded on a pay-as-you-go-basis. In 2008, the net cost of premiums for providing post-retirement benefits for retirees was approximately \$310,000.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

G. Post-Retirement Health Care and Life Insurance Benefits - Continued

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of September 1, 2008.

Active members	543
Retired members	198
Total	<u>741</u>

Contributions

The City contributed \$0 to the OPEB Health Care Plan in fiscal year 2008. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Commission established and may amend the funding policy for the OPEB Health Care Plan.

FY08 Schedule of Employer Cost and Contributions:

Annual Required Contribution	1,316,636
Annual OPEB Cost	1,316,636
Actual Contribution	-
Percentage of ARC Contributed	0.00%
Net OPEB Liability End of Year	1,316,636

OPEB Health Care Plan

As of the most recent valuation date, September 1, 2008, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Asset	-
Actuarial Accrued Liability (AAL)	12,010,276
Unfunded Actuarial Accrued Liability (UAAL)	12,010,276
Funded Ratio	0.00%
Covered Payroll	20,830,401
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	57.66%

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

G. Post-Retirement Health Care and Life Insurance Benefits - Continued

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at January 1, 2008. The assumptions used in the September 1, 2008 actuarial valuation is as follows:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.00%
Medical Cost Trend Rate	9.00%
Ultimate Medical Cost Trend Rate	5.00%
Year of Ultimate Trend Rate	2017
Amortization Method	Level dollar, closed
Remaining Amortization Period	25 years
Payroll Inflation Rate	3.00%

H. 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. The City purchases commercial insurance for claims in excess of workers' compensation and medical care coverage provided by its internal service funds. The City participates in an insurance pool for all other risks of loss. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City participates in the Georgia Interlocal Risk Management Agency (GIRMA) Fund (the "Fund"). The Fund was established by the Georgia Municipal Association to insure members for property and casualty losses. The Fund is obligated to provide for the cost of property and casualty losses incurred by the City along with the cost of defending such claims and losses. The Fund is intended to be self-sustaining through member premiums. Accordingly, the City is required to pay premiums to the Fund based upon estimated claims and losses incurred by all members of the Fund. The City is responsible for a pro rata share of fund losses that exceed member contributions.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

H. Risk Management - Continued

1. Health Insurance Fund

The Health Insurance Fund was established to provide resources for and payment of employee medical claims. The Fund covers all of the City's employees and employees of the Greater Rome Visitors and Convention Bureau component unit. The City pays approximately 85% of the employee's premiums and approximately 75% of dependent medical premiums. The City's portion of the medical premiums are transferred to the self-insurance fund each month. The employee's portion of the medical premiums are withheld from the employee's payroll and transferred to the self-insurance fund each month. Charges to other funds and the component units are treated as operating revenues in the self-insurance fund.

The self-insurance program is designed so that the City pays actual aggregate claims up to 110% of annual projected claims. Projected claims for the plan year beginning October 1, 2008 total \$4,998,620. After the City's paid claims reach 110% of the annual projected claims, a private insurance carrier will pay the next \$1,000,000 of claims. If the private insurance were to be exhausted, the City would be liable for any additional claims filed during the year. In addition to the annual limit, claims for any one claim which exceed \$150,000 in the annual claims year will be covered by the private insurance carrier. The City has entered into a contract with a third party to administer the program.

The City has accrued a liability for medical claims that were incurred prior to year-end but were not paid or reported during the period. This liability is based upon historical experience and other factors. Changes in the balances of claims liabilities were as follows:

	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal-Year Liability</u>
2007	\$ 350,000	\$ 4,251,342	\$ (4,251,342)	\$ 350,000
2008	350,000	4,542,064	(4,542,064)	350,000

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

H. Risk Management - Continued

2. Workers' Compensation Self-Insurance Fund

The Workers' Compensation Self-Insurance Fund was established to provide resources for payment of workers' compensation claims to the City and Greater Rome Convention and Visitors Bureau component unit employees. Individual departments and component units were charged for workers' compensation based upon previous insurance carriers' cost charges. Charges to other funds and component units are treated as operating revenues in the self-insurance fund. As of January 1, 2002, the City became fully insured through participation in the GMA Workers Compensation risk pool. This pool operates as a common risk management and insurance program for member local governments. As part of this risks pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claims or loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Therefore, the City is not liable for workers' compensation claims occurring subsequent to January 1, 2002. However, the City continues to be responsible for outstanding claims filed prior to January 1, 2002. There is a stop-loss limit of \$250,000 per claim covered through a private insurance carrier. Also, during 2008, the City recorded a reimbursement of \$264,838 from the Subsequent Injury Trust Fund of the state.

The City has accrued a liability for workers' compensation claims that were incurred prior to January 1, 2002, but were not paid as of December 31, 2008. This liability is based upon historical experience and other factors. Changes in the balances of claims liabilities were as follows:

	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal-Year Liability</u>
2007	265,000	537,989	(512,989)	290,000
2008	290,000	481,743	(581,743)	190,000

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

I. Contingent Liabilities

The City is involved in a number of legal matters, which either have or could result in litigation. In the opinion of City management, the ultimate outcome of these contingencies will not have a material impact on the financial position of the City.

J. Landfill Closure and Postclosure Care Cost

The City has closed and placed a final cover on its Walker Mountain Phase I - III landfill site and is currently operating Phases IV, V, VI and VII sites and C&D construction and demolition Phase I site. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at these sites for 30 years after closure. Although these postclosure care costs will be paid only after the date that the landfill stops accepting waste, the City has reported these postclosure care costs as an operating expense in the current and prior years based on landfill capacity used as of each balance sheet date. The \$2,439,515 (\$109,742 current) reported as postclosure care liability at December 31, 2008, represents the cumulative amount reported to date based on the use of 100% of the capacity of Phase I - VI of the landfill and 7% of the capacity of Phase VII. The \$1,159,229 (\$40,258 current) reported as postclosure care liability at December 31, 2008 represents the cumulative amount reported to date based on the use of 96% of the capacity of Phase I of C&D. In addition, \$3,112,474 has been accrued at December 31, 2008 for closure costs for Phases IV, V, VI, and VII and the C&D sites. The estimated remaining life of the Walker Mountain landfill is 50 years.

Under an agreement with Floyd County, the County will provide certain financial resources to the City's Solid Waste Commission Fund and the Solid Waste Commission Fund will pay for the post closure care costs at a landfill site previously operated by the County (Berryhill site). Accordingly, a liability for postclosure costs totaling \$1,394,282 (\$53,618 current) has been recognized in the Solid Waste Commission Fund as of December 31, 2008. This represents approximately 100 percent of the estimated total future postclosure costs for this landfill site.

The liability for closure and postclosure care costs is based on what it would cost to perform all closure and postclosure care as of December 31, 2008 and is subject to changes resulting from inflation, deflation, technology or changes in laws or regulations. These costs are expected to be funded by revenues generated from future landfill operations. The Subtitle D landfill is jointly owned by the City and Floyd County and is operated by the Solid Waste Commission Fund. This fund is intended to be self-supporting by a combination of user fees and special purpose sales tax revenues. However, under a contract between the City and the County, the City and County are each responsible for fifty percent of any costs not funded by user fees and special purpose sales tax revenues.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS - Continued

K. Joint Venture

Under Georgia law, the City in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Coosa Valley Regional Development Center (CVRDC). Membership in a CVRDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CVRDC. Membership in the CVRDC includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CVRDC. During fiscal year 2008, the City paid dues in the amount of \$38,286 to the CVRDC. The financial requirements of the City related to the CVRDC are limited to the amount of its annual dues. Separate financial statements may be obtained from the Coosa Valley Regional Development Center, Jackson Hill, Rome, Georgia 30161.

L. Hotel/Motel Tax

The City of Rome levies a 6% lodging tax. In 1995, the City of Rome and Floyd County imposed a 1% tax for the purpose of promoting tourism, conventions and trade shows. A summary of transactions for the fiscal year ended December 31, 2008 is as follows:

	<u>5% Levy</u>	<u>1% Levy</u>
Balance as of December 31, 2007	\$ 61,719	\$ 26,280
2008 Tax Revenues	458,704	91,743
2008 Interest Revenue	1,695	340
2008 Expenses		
Greater Rome Convention and Visitors Bureau	425,000	22,936
City of Rome	60,000	500
Floyd County	-	68,807
Balance as of December 31, 2008	<u>\$ 37,118</u>	<u>\$ 26,120</u>

Expenditures paid with the 1% hotel/motel tax were used to promote tourism, conventions and trade shows as required by O.C.G.A. 48-13-51. Expenditures of \$92,243 made during 2008 were 100.5% of total 2008 1% tax collections and expenditures of \$485,000 were 105.7% of 2008 5% tax collections.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

M. Related Organizations

The Rome City Commission is responsible for appointing all board members of the City of Rome Housing Authority. However, the City has no further accountability for the Authority.

N. Short Term Debt

In anticipation of tax receipts in November, the City of Rome issued \$6,500,000 of Tax Anticipation Notes in May of 2008. These notes matured on December 31, 2008 and was paid in full on that date. Interest expense of \$86,450 was paid on the borrowing.

<u>Fiscal Year Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Fiscal Year Balance</u>
-	\$6,500,000	\$6,500,000	-

O. Agency Agreement

In May of 2004, the School Building Authority was created by an act of the General Assembly of the State of Georgia. This Authority is a separate legal entity whose sole purpose was to issue Quality Zone Academy Bonds for the School District. In June 2004, the City of Rome, through the City of Rome School Building Authority entered into an agency agreement with the Rome Board of Education.

This agency agreement designates and authorizes the School District as the agent for the Building Authority for the specific purpose of constructing the school improvement projects as outlined in the agreement. The Authority issued \$2 million of QZAB debt in July of 2004. The repayment of these Quality Zone Academy Bonds will be through a forward delivery agreement with Bank of America with five subsequent annual payments. Payments for this debt are to be made from current Education Local Option Sales Tax proceeds, but repayment is guaranteed by the full faith credit and taxing power of the City of Rome and the School District.

The School Building Authority is a blended component unit of the School District and the Quality Zone Academy Bond debt is presented on the School District financial statements. Beginning July 15, 2005, the School District made the first of five annual installments of \$257,531 which are invested into a sinking fund and will be used to retire the bonds at maturity.

P. Subsequent Events

In March, 2009, the City of Rome issued Water/Sewer Revenue Bonds, series 2009 in the amount of \$20,645,000 for the refunding of \$20,230,000 of the 1999 Series Revenue Bonds. The bonds were refunded in order to achieve debt service savings.

City of Rome, Georgia

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE III - DETAILED NOTES ON ALL FUNDS – Continued

Q. Construction Commitments

The City of Rome has several active construction projects as of December 31, 2008. These projects are associated with water and sewer improvements, construction of a pedestrian bridge, and a new youth center being financed with bond proceeds, grants, and special local option sales taxes.

<u>Project</u>	<u>Current Year</u>	<u>Remaining</u>
BioSolids Disposal	\$ 1,985,993	\$ 2,024,919
Wastewater Treatment Plant Improvements-Construction	778,471	80,000
Armuchee Sewer Extension	333,530	-
Pedestrian Bridge	315,922	-
Boys / Girls Club	1,226,195	-

REQUIRED SUPPLEMENTARY INFORMATION

The City of Rome General Fund schedule of revenues and expenditures, budget and actual is presented as required supplementary information to the basic financial statements.

The General Fund is the primary operating fund of the City and is presented as a major fund in the basic financial statements.

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Ad valorem taxes:				
Real and personal property:				
Current year	\$ 6,400,000	\$ 6,475,000	\$ 5,680,159	\$ (794,841)
Prior years	750,000	650,000	249,275	(400,725)
Public utilities	260,000	240,000	239,418	(582)
Motor vehicles	680,000	660,000	654,416	(5,584)
Mobile homes	2,000	2,000	1,089	(911)
Timber tax	1,500	1,500	-	(1,500)
Total ad valorem taxes	<u>8,093,500</u>	<u>8,028,500</u>	<u>6,824,357</u>	<u>(1,202,643)</u>
Other taxes:				
Intangible tax	455,000	300,000	238,267	(61,733)
Insurance premium tax	1,985,000	1,985,000	1,957,768	(27,232)
Franchise tax	3,225,000	3,393,000	3,372,986	(20,014)
Local option sales tax	7,130,000	6,800,000	6,653,920	(146,080)
Real estate transfer tax	50,000	35,000	28,954	(6,046)
Tax on liquor and wine	810,000	810,000	801,433	(8,567)
Mixed drink tax	62,000	67,000	69,434	2,434
Total other taxes	<u>13,717,000</u>	<u>13,390,000</u>	<u>13,122,762</u>	<u>(267,238)</u>
Licenses, permits and fees:				
Business licenses	1,642,000	1,612,000	1,692,969	80,969
Permits and fees	83,350	78,350	44,711	(33,639)
Total licenses, permits and fees	<u>1,725,350</u>	<u>1,690,350</u>	<u>1,737,680</u>	<u>47,330</u>
Intergovernmental:				
Highway maintenance	120,000	120,000	120,051	51
Traffic signals	29,000	29,000	29,000	-
County environmental information	35,000	35,000	35,000	-
Entitlement reimbursement	28,500	28,500	19,571	(8,929)
Housing authority	50,000	30,000	24,665	(5,335)
Homeowners tax relief grant	-	-	1,065,947	1,065,947
Total intergovernmental	<u>262,500</u>	<u>242,500</u>	<u>1,294,234</u>	<u>1,051,734</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Fines and forfeitures:				
Police court fines and fees	\$ 1,582,000	\$ 1,640,000	\$ 1,761,640	\$ 121,640
Total fines and forfeitures	<u>1,582,000</u>	<u>1,640,000</u>	<u>1,761,640</u>	<u>121,640</u>
Other revenues:				
Interest and costs	275,000	225,000	162,772	(62,228)
Cemetery revenue	197,000	197,000	184,946	(12,054)
Rent	23,000	23,000	48,811	25,811
Interest on investments	242,000	180,000	94,111	(85,889)
Miscellaneous revenue	25,000	25,000	81,749	56,749
Total other revenues	<u>762,000</u>	<u>650,000</u>	<u>572,389</u>	<u>(77,611)</u>
TOTAL REVENUES	<u>26,142,350</u>	<u>25,641,350</u>	<u>25,313,062</u>	<u>(326,788)</u>

continued

Remaining page intentionally left blank

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES:				
GENERAL GOVERNMENT				
City Commission:				
Personal services	\$ 139,350	\$ 138,000	\$ 137,691	\$ 309
Supplies	8,730	7,200	7,172	28
Other services and charges	54,550	47,500	47,130	370
Total City Commission	<u>202,630</u>	<u>192,700</u>	<u>191,993</u>	<u>707</u>
Municipal Court:				
Personal services	44,410	43,700	43,617	83
Supplies	50	50	-	50
Other services and charges	79,075	43,000	42,859	141
Total Municipal Court	<u>123,535</u>	<u>86,750</u>	<u>86,476</u>	<u>274</u>
Manager's Office:				
Personal services	264,540	278,500	278,327	173
Supplies	9,550	8,000	7,959	41
Other services and charges	9,250	8,700	8,696	4
Total Manager's Office	<u>283,340</u>	<u>295,200</u>	<u>294,982</u>	<u>218</u>
Clerk's Office:				
Personal services	319,560	321,000	320,706	294
Supplies	13,500	11,800	11,772	28
Other services and charges	17,130	13,000	12,847	153
Total Clerk's Office	<u>350,190</u>	<u>345,800</u>	<u>345,325</u>	<u>475</u>
Finance:				
Personal services	473,190	454,000	453,942	58
Supplies	14,745	13,300	13,206	94
Other services and charges	12,050	10,800	10,568	232
Total Finance	<u>499,985</u>	<u>478,100</u>	<u>477,716</u>	<u>384</u>
				continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Human Resources:				
Personal services	\$ 262,910	\$ 272,200	\$ 272,064	\$ 136
Supplies	18,100	18,500	18,498	2
Other services and charges	49,750	33,700	33,620	80
Total Human Resources	<u>330,760</u>	<u>324,400</u>	<u>324,182</u>	<u>218</u>
Purchasing:				
Personal services	250,650	247,500	247,258	242
Supplies	6,470	5,600	5,594	6
Other services and charges	8,850	5,000	4,967	33
Total Purchasing	<u>265,970</u>	<u>258,100</u>	<u>257,819</u>	<u>281</u>
Information Technology:				
Personal services	223,910	211,000	210,515	485
Supplies	40,850	32,000	31,337	663
Other services and charges	9,550	8,000	7,870	130
Total Information Technology	<u>274,310</u>	<u>251,000</u>	<u>249,722</u>	<u>1,278</u>
Business Systems Analyst:				
Personal services	78,180	77,000	76,813	187
Supplies	140,120	139,000	138,587	413
Other services and charges	3,100	3,500	3,244	256
Total Assistant City Manager	<u>221,400</u>	<u>219,500</u>	<u>218,644</u>	<u>856</u>
Assistant City Manager:				
Personal services	148,240	148,500	148,138	362
Supplies	3,350	1,400	1,382	18
Other services and charges	11,200	12,100	12,083	17
Total Assistant City Manager	<u>162,790</u>	<u>162,000</u>	<u>161,603</u>	<u>397</u>
General Administration:				
Personal services	40,860	40,000	39,650	350
Supplies	28,400	29,000	28,969	31
Other services and charges	915,920	910,400	907,417	2,983
Total General Administration	<u>985,180</u>	<u>979,400</u>	<u>976,036</u>	<u>3,364</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Total General Government:				
Personal services	\$ 2,245,800	\$ 2,231,400	\$ 2,228,721	\$ 2,679
Supplies	283,865	265,850	264,476	1,374
Other services and charges	1,170,425	1,095,700	1,091,301	4,399
TOTAL GENERAL GOVERNMENT	<u>3,700,090</u>	<u>3,592,950</u>	<u>3,584,498</u>	<u>8,452</u>
PUBLIC SAFETY				
Police:				
Personal services	6,613,905	6,642,000	6,641,990	10
Supplies	582,640	567,000	566,297	703
Other services and charges	208,750	228,000	227,060	940
Payments for jail services	70,000	15,000	15,022	(22)
Total Police	<u>7,475,295</u>	<u>7,452,000</u>	<u>7,450,369</u>	<u>1,631</u>
Police Training Center:				
Supplies	46,450	39,000	38,957	43
Other services and charges	78,900	50,500	50,131	369
Total Police Training Center	<u>125,350</u>	<u>89,500</u>	<u>89,088</u>	<u>412</u>
Total Public Safety:				
Personal services	6,613,905	6,642,000	6,641,990	10
Supplies	629,090	606,000	605,254	746
Other services and charges	287,650	278,500	277,191	1,309
Payments	70,000	15,000	15,022	(22)
TOTAL PUBLIC SAFETY	<u>7,600,645</u>	<u>7,541,500</u>	<u>7,539,457</u>	<u>2,043</u>
PUBLIC WORKS				
Public Works Office:				
Personal services	344,520	350,000	349,657	343
Supplies	27,070	28,300	28,144	156
Other services and charges	14,020	14,000	14,002	(2)
Total Public Works Office	<u>385,610</u>	<u>392,300</u>	<u>391,803</u>	<u>497</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Engineering:				
Personal services	\$ 510,450	\$ 492,000	\$ 491,827	\$ 173
Supplies	25,900	24,500	24,239	261
Other services and charges	9,370	5,000	5,101	(101)
Total Engineering	<u>545,720</u>	<u>521,500</u>	<u>521,167</u>	<u>333</u>
Streets and Drainage:				
Personal services	1,849,540	1,671,000	1,670,153	847
Supplies	324,220	357,000	356,601	399
Other services and charges	74,770	79,000	78,515	485
Total Streets and Drainage	<u>2,248,530</u>	<u>2,107,000</u>	<u>2,105,269</u>	<u>1,731</u>
Clean It or Lien It Demolition:				
Supplies	25,000	2,600	2,543	57
Other services and charges	30,000	5,700	5,607	93
Total Clean It or Lien It Demolition	<u>55,000</u>	<u>8,300</u>	<u>8,150</u>	<u>150</u>
Electrical/Traffic Control:				
Personal services	713,190	755,000	754,865	135
Supplies	114,720	102,000	101,443	557
Other services and charges	44,570	60,000	59,625	375
Total Electrical/Traffic Control	<u>872,480</u>	<u>917,000</u>	<u>915,933</u>	<u>1,067</u>
Street Lighting:				
Supplies	4,700	2,000	1,947	53
Other services and charges	672,000	742,000	741,499	501
Total Street Lighting	<u>676,700</u>	<u>744,000</u>	<u>743,446</u>	<u>554</u>
Buildings and Grounds:				
Supplies	4,300	3,300	3,245	55
Other services and charges	1,700	1,000	922	78
Total Buildings and Grounds	<u>6,000</u>	<u>4,300</u>	<u>4,167</u>	<u>133</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Cemetery:				
Personal services	\$ 313,170	\$ 315,000	\$ 314,655	\$ 345
Supplies	31,950	33,000	32,989	11
Other services and charges	20,050	18,500	18,456	44
Payments for inmate charges	39,660	40,000	40,000	-
Total Cemetery	<u>404,830</u>	<u>406,500</u>	<u>406,100</u>	<u>400</u>
Garage:				
Personal services	624,080	627,000	626,557	443
Supplies	81,450	94,500	94,073	427
Other services and charges	40,200	41,500	41,458	42
Total Garage	<u>745,730</u>	<u>763,000</u>	<u>762,088</u>	<u>912</u>
Total Public Works:				
Personal services	4,354,950	4,210,000	4,207,714	2,286
Supplies	639,310	647,200	645,224	1,976
Other services and charges	906,680	966,700	965,185	1,515
Payments	39,660	40,000	40,000	-
TOTAL PUBLIC WORKS	<u>5,940,600</u>	<u>5,863,900</u>	<u>5,858,123</u>	<u>5,777</u>
PUBLIC FACILITIES				
City Auditorium:				
Personal services	171,700	170,500	170,401	99
Supplies	52,750	57,500	57,422	78
Other services and charges	77,140	94,000	93,897	103
Total City Auditorium	<u>301,590</u>	<u>322,000</u>	<u>321,720</u>	<u>280</u>
Civic Center:				
Supplies	11,500	11,000	10,776	224
Other services and charges	15,600	18,500	18,451	49
Total Civic Center	<u>27,100</u>	<u>29,500</u>	<u>29,227</u>	<u>273</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Other Facilities:				
Supplies	\$ 23,150	\$ 29,600	\$ 27,416	\$ 2,184
Other services and charges	34,950	39,500	41,208	(1,708)
Total Other Facilities	<u>58,100</u>	<u>69,100</u>	<u>68,624</u>	<u>476</u>
Total Public Facilities:				
Personal services	171,700	170,500	170,401	99
Supplies	87,400	98,100	95,614	2,486
Other services and charges	127,690	152,000	153,556	(1,556)
TOTAL PUBLIC FACILITIES	<u>386,790</u>	<u>420,600</u>	<u>419,571</u>	<u>1,029</u>
PUBLIC SERVICES				
Community Services:				
Other services and charges	210,000	205,300	204,066	1,234
Total Community Development	<u>210,000</u>	<u>205,300</u>	<u>204,066</u>	<u>1,234</u>
Environmental Information:				
Personal Services	138,170	138,500	138,373	127
Supplies	12,700	5,300	5,211	89
Other services and charges	13,455	13,700	13,622	78
Total Environmental Information	<u>164,325</u>	<u>157,500</u>	<u>157,206</u>	<u>294</u>
Public Information Coordinator:				
Personal services	52,340	53,000	52,663	337
Supplies	2,500	2,500	2,463	37
Other services and charges	3,850	2,500	2,411	89
Total Public Information Coordinator	<u>58,690</u>	<u>58,000</u>	<u>57,537</u>	<u>463</u>
Community Events:				
Supplies	4,750	3,000	2,869	131
Other services and charges	12,700	6,400	6,356	44
Total Community Events	<u>17,450</u>	<u>9,400</u>	<u>9,225</u>	<u>175</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Roman Holiday Boat:				
Supplies	\$ 2,500	\$ 4,500	\$ 4,162	\$ 338
Other services and charges	13,000	18,000	17,260	740
Total Roman Holiday Boat	<u>15,500</u>	<u>22,500</u>	<u>21,422</u>	<u>1,078</u>
Trolley:				
Personal services	3,010	5,000	4,454	546
Supplies	3,250	1,200	1,155	45
Other services and charges	3,200	500	413	87
Total Trolley	<u>9,460</u>	<u>6,700</u>	<u>6,022</u>	<u>678</u>
Total Public Services:				
Personal services	193,520	196,500	195,490	1,010
Supplies	25,700	16,500	15,860	640
Other services and charges	256,205	246,400	244,128	2,272
TOTAL PUBLIC SERVICES	<u>475,425</u>	<u>459,400</u>	<u>455,478</u>	<u>3,922</u>
TOTAL EXPENDITURES	<u>18,103,550</u>	<u>17,878,350</u>	<u>17,857,127</u>	<u>21,223</u>
OTHER FINANCING SOURCES AND USES:				
TRANSFERS IN:				
Water and Sewer Fund	774,000	774,000	774,000	-
Transit Fund	45,500	45,500	45,500	-
Fire Fund	315,000	315,000	315,000	-
Red Light Enforcement Fund	75,000	75,000	75,000	-
Solid Waste Commission Fund	35,000	35,000	26,424	(8,576)
Health Insurance Fund	100,000	165,000	165,000	-
Workers Compensation Fund	-	15,800	15,800	-
Hotel/Motel Tax Fund	30,000	60,000	60,000	-
TOTAL TRANSFERS IN	<u>1,374,500</u>	<u>1,485,300</u>	<u>1,476,724</u>	<u>(8,576)</u>

continued

**CITY OF ROME, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
TRANSFERS OUT:				
Planning Commission Fund	\$ 197,000	\$ 197,000	\$ 197,000	\$ -
Capital Fund	400,000	200,000	200,000	-
Transit Fund	660,000	750,000	745,461	4,539
Community Development Fund	144,000	144,000	144,000	-
Fire Fund	5,310,000	5,250,000	5,250,000	-
South Rome Redevelopment Agency	67,300	67,300	67,300	-
Golf Fund	375,000	580,000	579,800	200
Solid Waste Management Fund	2,080,000	2,060,000	2,060,000	-
Building Inspection Fund	30,000	30,000	30,000	-
Downtown Development Fund	150,000	145,000	145,000	-
TOTAL TRANSFERS OUT	<u>9,413,300</u>	<u>9,423,300</u>	<u>9,418,561</u>	<u>4,739</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,038,800)</u>	<u>(7,938,000)</u>	<u>(7,941,837)</u>	<u>(3,837)</u>
Net change in fund balance	-	(175,000)	(485,902)	
FUND BALANCE, BEGINNING OF YEAR	<u>12,037,603</u>	<u>12,037,603</u>	<u>11,930,217</u>	
FUND BALANCE, END OF YEAR	<u>\$ 12,037,603</u>	<u>\$ 11,862,603</u>	<u>\$ 11,444,315</u>	

City of Rome, Georgia

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2008

NOTE I – BUDGETARY INFORMATION AND RECONCILIATION

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Capital Projects Funds, which adopt project length budgets.

In August of each year, all departments of the City submit a budgetary request to the City Manager. In November, the City Manager presents the proposed budgets to the Finance Committee of the City Commission. The City Commission adopts the final budgets in December of each year. During the year, the City made budgetary amendments totaling \$688,350, (excluding debt service payments) that were approved by the City Commission. The main reason for these amendments was to better align budgeted expenditures with an increase in actual revenues and to include an approved budget for the SPLOST fund. This information was not available during the original budget process.

Budgetary appropriations are made at the object level within each department. The legal level of budgetary control is at the department level. Budget amendments which affect a department's total appropriations or transfers between funds must be authorized by the City Commission through a budget revision. All appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. All encumbrances lapse at year end.

B. Budget/GAAP Reconciliation

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual are presented as required supplemental information for the General Fund. This fund has an annual budget adopted on a GAAP basis.

Annual budgets are not adopted for the Capital Projects funds since they are controlled by project budgets adopted at the initiation of the project. Annual budgets are adopted for proprietary funds for management control purposes only since they are not legally required.

CITY OF ROME, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2008

SCHEDULE OF FUNDING PROGRESS

GMEBS Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Over (Under) Funded (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
9/1/2004	\$ 37,261,618	\$ 39,080,729	95.35%	\$ 1,819,111	\$ 19,901,418	9.14%
9/1/2005	39,475,090	43,426,011	90.90%	3,950,921	19,900,848	19.85%
9/1/2006	42,081,949	47,593,869	88.42%	5,511,920	21,068,259	26.16%
9/1/2007	45,360,675	53,163,980	85.32%	7,803,305	22,227,916	35.11%
9/1/2008	48,388,418	55,006,811	87.97%	6,618,393	22,775,449	29.06%

Note: See assumptions used for these schedules disclosed in the notes to the financial statements.

OPEB Health Care Plan **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Over (Under) Funded (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
9/1/2008	\$ -	\$ 12,010,276	0.00%	\$ 12,010,276	20,830,401	57.66%

Note: See assumptions used for these schedules disclosed in the notes to the financial statements.

**First year of implementation

**NONMAJOR GOVERNMENTAL FUNDS
COMBINED STATEMENTS**

**CITY OF ROME, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008**

	<u>Nonmajor Governmental Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds (Entitlement Fund)</u>	
ASSETS			
Cash	\$ 445,970	\$ 6	\$ 445,976
Taxes receivable, net of allowance for uncollectibles	1,714	-	1,714
Accounts receivable, net of allowance for uncollectibles	44,795	-	44,795
Accounts receivable loans	567,633	-	567,633
Prepaid items	5,816	-	5,816
Due from other funds	18,014	456	18,470
Due from other governments	12,212	27,369	39,581
Due from component units	166	-	166
Total assets	<u>\$ 1,096,320</u>	<u>\$ 27,831</u>	<u>\$ 1,124,151</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 48,630	\$ 15,638	\$ 64,268
Accrued liabilities	1,193	-	1,193
Due to component unit	11,011	-	11,011
Due to other governments	1,307	-	1,307
Due to other funds	56,694	12,191	68,885
Total liabilities	<u>118,835</u>	<u>27,829</u>	<u>146,664</u>
FUND BALANCES			
Reserved for:			
Prepaid items	5,816	-	5,816
Revolving loans	503,399	-	503,399
Tourism & forum promotion	120,313	-	120,313
Capital improvements	50,584	-	50,584
Designated for grant programs and capital projects	165,967	2	165,969
Undesignated	131,406	-	131,406
Total fund balances	<u>977,485</u>	<u>2</u>	<u>977,487</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,096,320</u>	<u>\$ 27,831</u>	<u>\$ 1,124,151</u>

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	<u>Nonmajor Governmental Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds (Entitlement Fund)</u>	
REVENUES			
Intergovernmental	\$ 547,661	\$ 838,745	\$ 1,386,406
Charges for services	304,496	-	304,496
Taxes	597,741	-	597,741
Interest earned	26,612	-	26,612
Miscellaneous	28,235	-	28,235
TOTAL REVENUES	<u>1,504,745</u>	<u>838,745</u>	<u>2,343,490</u>
EXPENDITURES			
Public safety	148,070	-	148,070
Community development	1,172,343	-	1,172,343
Public facilities	517,243	-	517,243
Capital outlay	187,477	838,745	1,026,222
TOTAL EXPENDITURES	<u>2,025,133</u>	<u>838,745</u>	<u>2,863,878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(520,388)</u>	<u>-</u>	<u>(520,388)</u>
OTHER FINANCING SOURCES AND USES			
Transfers in	606,500	-	606,500
Transfers out	(142,831)	-	(142,831)
	<u>463,669</u>	<u>-</u>	<u>463,669</u>
NET CHANGE IN FUND BALANCES	(56,719)	-	(56,719)
FUND BALANCES - BEGINNING OF YEAR	<u>1,034,204</u>	<u>2</u>	<u>1,034,206</u>
FUND BALANCES - END OF YEAR	<u>\$ 977,485</u>	<u>\$ 2</u>	<u>\$ 977,487</u>

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenue sources that are restricted to expenditures for specific purposes.

- Redlight Enforcement Fund* - to account for funds associated with the Redlight Enforcement cameras.
- Downtown Development Fund* - to account for activities related to improvements and development in the downtown district.
- Community Development Fund* - to account for community development projects generally financed by various grants and entitlements.
- Planning Commission Fund* - to account for activities related to transportation planning, land use planning, and land development regulations for the City of Rome and Floyd County.
- Hotel/Motel Tax Fund* - to account for the collection and disbursement of hotel/motel taxes.
- Business Improvement District Fund* - to account for funds for downtown promotional activities funded by a special millage assessment.
- Tax Allocation District Fund* - to account for funds for improvements within the special tax districts.
- South Rome Redevelopment Agency Fund* - to account for the activities related to development projects in the South Rome area.

**NONMAJOR GOVERNMENTAL FUNDS –
Continued**

Capital Projects Funds are used to account for the acquisition or construction of capital equipment or facilities other than those accounted for in proprietary or trust funds.

Entitlement Fund – to account for capital activities related to The Federal Grant entitlement awards.

**CITY OF ROME, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
December 31, 2008**

	Special Revenue Funds							Total Nonmajor Special Revenue Funds	
	Redlight Enforcement Fund	Downtown Development Fund	Community Development Fund	Planning Commission Fund	Hotel/Motel Tax Fund	Business Improvement District Fund	Tax Allocation District Fund		South Rome Redevelopment Agency Fund
ASSETS									
Cash	\$ 73,081	\$ 111,471	\$ 25,688	\$ 43,592	\$ 73,942	\$ 55,456	\$ 50,433	\$ 12,307	\$ 445,970
Taxes receivable	-	-	-	-	-	1,586	128	-	1,714
Accounts receivable, net of allowance for uncollectibles	-	-	12,191	-	32,039	-	-	565	44,795
Accounts receivable-loans	-	503,399	64,234	-	-	-	-	-	567,633
Prepaid items	257	1,181	1,308	2,547	-	-	-	523	5,816
Due from other funds	2,907	1,870	12,370	867	-	-	-	-	18,014
Due from other governments	-	-	-	11,256	-	933	23	-	12,212
Due from component units	-	116	-	50	-	-	-	-	166
	<u>-</u>	<u>116</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166</u>
Total assets	<u>\$ 76,245</u>	<u>\$ 618,037</u>	<u>\$ 115,791</u>	<u>\$ 58,312</u>	<u>\$ 105,981</u>	<u>\$ 57,975</u>	<u>\$ 50,584</u>	<u>\$ 13,395</u>	<u>\$ 1,096,320</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 41,224	\$ 3,017	\$ 199	\$ 3,290	\$ -	\$ 900.00	\$ -	\$ -	\$ 48,630
Accrued liabilities	91	184	197	605	-	-	-	116	1,193
Due to component unit	-	-	-	75	10,936	-	-	-	11,011
Due to other governments	-	-	-	-	1,307	-	-	-	1,307
Due to other funds	479	8,421	14,101	2,224	30,500	-	-	969	56,694
Total liabilities	<u>41,794</u>	<u>11,622</u>	<u>14,497</u>	<u>6,194</u>	<u>42,743</u>	<u>900</u>	<u>-</u>	<u>1,085</u>	<u>118,835</u>
FUND BALANCES									
Reserved for:									
Prepaid items	257	1,181	1,308	2,547	-	-	-	523	5,816
Revolving loans	-	503,399	-	-	-	-	-	-	503,399
Tourism & forum promotion	-	-	-	-	63,238	57,075	-	-	120,313
Capital improvements	-	-	-	-	-	-	50,584	-	50,584
Unreserved, designated for grant programs and capital projects	34,194	-	99,986	20,000	-	-	-	11,787	165,967
Unreserved, undesignated	-	101,835	-	29,571	-	-	-	-	131,406
Total fund balances	<u>34,451</u>	<u>606,415</u>	<u>101,294</u>	<u>52,118</u>	<u>63,238</u>	<u>57,075</u>	<u>50,584</u>	<u>12,310</u>	<u>977,485</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,245</u>	<u>\$ 618,037</u>	<u>\$ 115,791</u>	<u>\$ 58,312</u>	<u>\$ 105,981</u>	<u>\$ 57,975</u>	<u>\$ 50,584</u>	<u>\$ 13,395</u>	<u>\$ 1,096,320</u>

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Special Revenue Funds							Total Nonmajor Special Revenue Funds	
	Redlight Enforcement Fund	Downtown Development Fund	Community Development Fund	Planning Commission Fund	Hotel/Motel Tax Fund	Business Improvement District Fund	Tax Allocation District Fund		South Rome Redevelopment Agency Fund
REVENUES									
Intergovernmental	\$ -	\$ 8,000	\$ 221,626	\$ 318,035	\$ -	\$ -	\$ -	\$ -	\$ 547,661
Charges for services	124,682	131,821	115	24,281	-	23,597	-	-	304,496
Taxes	-	-	-	-	550,447	25,533	21,761	-	597,741
Interest earned	3,217	16,808	1,691	1,034	2,035	1,006	554	267	26,612
Miscellaneous	-	-	27,649	586	-	-	-	-	28,235
TOTAL REVENUES	<u>127,899</u>	<u>156,629</u>	<u>251,081</u>	<u>343,936</u>	<u>552,482</u>	<u>50,136</u>	<u>22,315</u>	<u>267</u>	<u>1,504,745</u>
EXPENDITURES									
Public safety	148,070	-	-	-	-	-	-	-	148,070
Community development	-	245,455	288,010	523,118	-	45,656	323	69,781	1,172,343
Public facilities	-	-	-	-	517,243	-	-	-	517,243
Capital outlay	-	4,913	84,084	48,480	-	-	-	50,000	187,477
TOTAL EXPENDITURES	<u>148,070</u>	<u>250,368</u>	<u>372,094</u>	<u>571,598</u>	<u>517,243</u>	<u>45,656</u>	<u>323</u>	<u>119,781</u>	<u>2,025,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,171)</u>	<u>(93,739)</u>	<u>(121,013)</u>	<u>(227,662)</u>	<u>35,239</u>	<u>4,480</u>	<u>21,992</u>	<u>(119,514)</u>	<u>(520,388)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	500	146,000	144,000	198,700	-	-	-	117,300	606,500
Transfers out	(75,000)	(7,831)	-	-	(60,000)	-	-	-	(142,831)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,500)</u>	<u>138,169</u>	<u>144,000</u>	<u>198,700</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>117,300</u>	<u>463,669</u>
NET CHANGE IN FUND BALANCES	(94,671)	44,430	22,987	(28,962)	(24,761)	4,480	21,992	(2,214)	(56,719)
FUND BALANCES - BEGINNING OF YEAR	<u>129,122</u>	<u>561,985</u>	<u>78,307</u>	<u>81,080</u>	<u>87,999</u>	<u>52,595</u>	<u>28,592</u>	<u>14,524</u>	<u>1,034,204</u>
FUND BALANCES - END OF YEAR	<u>\$ 34,451</u>	<u>\$ 606,415</u>	<u>\$ 101,294</u>	<u>\$ 52,118</u>	<u>\$ 63,238</u>	<u>\$ 57,075</u>	<u>\$ 50,584</u>	<u>\$ 12,310</u>	<u>\$ 977,485</u>

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Redlight Enforcement			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charges for services	\$ 600,000	\$ 600,000	\$ 124,682	\$ (475,318)
Interest earned	10,000	10,000	3,217	(6,783)
Total revenues	<u>610,000</u>	<u>610,000</u>	<u>127,899</u>	<u>(482,101)</u>
EXPENDITURES				
Public safety	<u>340,000</u>	<u>341,300</u>	<u>148,070</u>	<u>193,230</u>
Total expenditures	<u>340,000</u>	<u>341,300</u>	<u>148,070</u>	<u>193,230</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 270,000	 268,700	 (20,171)	 288,871
OTHER FINANCING USES				
Transfers in	-	-	500	500
Transfers out	<u>(205,000)</u>	<u>(205,000)</u>	<u>(75,000)</u>	<u>130,000</u>
	<u>(205,000)</u>	<u>(205,000)</u>	<u>(74,500)</u>	<u>130,000</u>
NET CHANGE IN FUND BALANCE	65,000	63,700	(94,671)	(158,371)
FUND BALANCE, BEGINNING OF YEAR	<u>129,122</u>	<u>129,122</u>	<u>129,122</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 194,122</u>	<u>\$ 192,822</u>	<u>\$ 34,451</u>	<u>\$ (158,371)</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Downtown Development			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charges for services	\$ 94,500	\$ 94,500	\$ 131,821	\$ 37,321
Interest earned	10,040	17,650	16,808	(842)
Intergovernmental	8,000	8,000	8,000	-
Total revenues	<u>112,540</u>	<u>120,150</u>	<u>156,629</u>	<u>36,479</u>
EXPENDITURES				
Community development	250,540	253,150	245,455	7,695
Capital outlay	5,000	5,000	4,913	87
Total expenditures	<u>255,540</u>	<u>258,150</u>	<u>250,368</u>	<u>7,782</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(143,000)	(138,000)	(93,739)	44,261
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	145,000	146,000	1,000
Transfers out	(7,000)	(7,000)	(7,831)	(831)
	<u>143,000</u>	<u>138,000</u>	<u>138,169</u>	<u>169</u>
NET CHANGE IN FUND BALANCE	-	-	44,430	44,430
FUND BALANCE, BEGINNING OF YEAR	<u>561,985</u>	<u>561,985</u>	<u>561,985</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 561,985</u>	<u>\$ 561,985</u>	<u>\$ 606,415</u>	<u>\$ 44,430</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Community Development			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 115	\$ (9,885)
Intergovernmental	156,000	232,000	221,626	(10,374)
Miscellaneous	-	-	27,649	27,649
Interest earned	-	-	1,691	1,691
Total revenues	<u>166,000</u>	<u>242,000</u>	<u>251,081</u>	<u>9,081</u>
EXPENDITURES				
Community development	260,000	281,000	288,010	(7,010)
Capital outlay	50,000	105,000	84,084	20,916
Total expenditures	<u>310,000</u>	<u>386,000</u>	<u>372,094</u>	<u>13,906</u>
(DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(144,000)	(144,000)	(121,013)	22,987
OTHER FINANCING SOURCES				
Transfers in	144,000	144,000	144,000	-
	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	22,987	22,987
FUND BALANCE, BEGINNING OF YEAR	<u>78,307</u>	<u>78,307</u>	<u>78,307</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 78,307</u>	<u>\$ 78,307</u>	<u>\$ 101,294</u>	<u>\$ 22,987</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Planning Commission			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ 342,000	\$ 332,000	\$ 318,035	\$ (13,965)
Charges for services	30,500	25,000	24,281	(719)
Interest earned	4,750	4,680	1,034	(3,646)
Miscellaneous	-	-	586	586
Total revenues	<u>377,250</u>	<u>361,680</u>	<u>343,936</u>	<u>(17,744)</u>
EXPENDITURES				
Community development	538,250	530,180	523,118	7,062
Capital outlay	56,000	48,500	48,480	20
Total expenditures	<u>594,250</u>	<u>578,680</u>	<u>571,598</u>	<u>7,082</u>
(DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(217,000)	(217,000)	(227,662)	(10,662)
OTHER FINANCING SOURCES				
Transfers in	197,000	197,000	198,700	(1,700)
	<u>197,000</u>	<u>197,000</u>	<u>198,700</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	(28,962)	(8,962)
FUND BALANCE, BEGINNING OF YEAR	<u>81,080</u>	<u>81,080</u>	<u>81,080</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 61,080</u>	<u>\$ 61,080</u>	<u>\$ 52,118</u>	<u>\$ (8,962)</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Hotel/Motel Tax			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 545,000	\$ 580,000	\$ 550,447	\$ (29,553)
Interest earned	3,000	4,000	2,035	(1,965)
Total revenues	<u>548,000</u>	<u>584,000</u>	<u>552,482</u>	<u>(31,518)</u>
 EXPENDITURES				
Public facilities	<u>518,000</u>	<u>524,000</u>	<u>517,243</u>	<u>6,757</u>
Total expenditures	<u>518,000</u>	<u>524,000</u>	<u>517,243</u>	<u>6,757</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 30,000	 60,000	 35,239	 (24,761)
 OTHER FINANCING USES				
Transfers out	<u>(30,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
	<u>(30,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (24,761)	 (24,761)
 FUND BALANCE, BEGINNING OF YEAR	 <u>87,999</u>	 <u>87,999</u>	 <u>87,999</u>	 <u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 87,999</u>	<u>\$ 87,999</u>	<u>\$ 63,238</u>	<u>\$ (24,761)</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Business Improvement District			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Charges for services	\$ 23,500	\$ 23,500	\$ 23,597	\$ 97
Taxes	24,000	24,000	25,533	1,533
Interest earned	1,500	1,500	1,006	(494)
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>50,136</u>	<u>1,136</u>
EXPENDITURES				
Community development	49,000	49,000	45,656	3,344
Total expenditures	<u>49,000</u>	<u>49,000</u>	<u>45,656</u>	<u>3,344</u>
NET CHANGE IN FUND BALANCE	-	-	4,480	4,480
FUND BALANCE, BEGINNING OF YEAR	<u>52,595</u>	<u>52,595</u>	<u>52,595</u>	-
FUND BALANCE, END OF YEAR	<u><u>\$ 52,595</u></u>	<u><u>\$ 52,595</u></u>	<u><u>\$ 57,075</u></u>	<u><u>\$ 4,480</u></u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	Tax Allocation District			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 10,000	\$ 10,000	\$ 21,761	\$ 11,761
Interest earned	1,000	1,000	554	(446)
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>22,315</u>	<u>11,315</u>
EXPENDITURES				
Community development	11,000	11,000	323	10,677
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>323</u>	<u>10,677</u>
NET CHANGE IN FUND BALANCE	-	-	21,992	21,992
FUND BALANCE, BEGINNING OF YEAR	<u>28,592</u>	<u>28,592</u>	<u>28,592</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,592</u>	<u>\$ 28,592</u>	<u>\$ 50,584</u>	<u>\$ 21,992</u>

**CITY OF ROME, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008**

	South Rome Redevelopment Agency			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Interest earned	\$ 500	\$ 1,300	\$ 267	\$ (1,033)
Total revenues	<u>500</u>	<u>1,300</u>	<u>267</u>	<u>(1,033)</u>
EXPENDITURES				
Community development	67,800	69,850	69,781	69
Capital Outlay	-	50,000	50,000	-
Total expenditures	<u>67,800</u>	<u>119,850</u>	<u>119,781</u>	<u>69</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(67,300)	(118,550)	(119,514)	(964)
OTHER FINANCING SOURCES				
Transfers in	67,300	117,300	117,300	-
	<u>67,300</u>	<u>117,300</u>	<u>117,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(1,250)	(2,214)	(964)
FUND BALANCE, BEGINNING OF YEAR	<u>14,524</u>	<u>14,524</u>	<u>14,524</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,524</u>	<u>\$ 13,274</u>	<u>\$ 12,310</u>	<u>\$ (964)</u>

SPECIAL REPORTS

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS

CITY OF ROME, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
December 31, 2008

Project	Total Allocated Splost Costs (Unaudited)	Total Allocated Splost Costs Adjusted (Unaudited)	Expenditures		Total	Estimated Percentage of Completion (Unaudited)
			Prior Years	Current Year		
1996 SPLOST						
<i>Fire Stations:</i>						
John Davenport	\$ 350,000	\$ 413,134	\$ 413,134	\$ -	\$ 413,134	100%
Woods Road	400,000	484,968	484,968	-	484,968	100%
Wilshire Road	350,000	417,960	417,960	-	417,960	100%
Armuchee	450,000	528,158	528,158	-	528,158	100%
Wax Road	450,000	450,000	475	-	475	<1%
Burnett Ferry	450,000	574,696	574,696	-	574,696	100%
	<u>2,450,000</u>	<u>2,868,916</u>	<u>2,419,391</u>	<u>-</u>	<u>2,419,391</u>	
2003 SPLOST						
Armuchee Sewer	3,000,000	3,000,000	2,997,585	-	2,997,585	100%
Blacks Bluff WWTP	8,150,000	8,160,000	8,160,000	-	8,160,000	100%
	<u>11,150,000</u>	<u>11,160,000</u>	<u>11,157,585</u>	<u>-</u>	<u>11,157,585</u>	

continued

CITY OF ROME, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
December 31, 2008

Project	Total Allocated Splost Costs (Unaudited)	Total Allocated Splost Costs Adjusted (Unaudited)	Expenditures			Estimated Percentage of Completion (Unaudited)
			Prior Years	Current Year	Total	
2006 SPLOST						
Second Avenue Levee	\$ 1,955,000	\$ 1,955,000	\$ 216,855	\$ 118,711	\$ 335,566	17%
Boys/Girls Club	2,000,000	2,000,000	1,204,093	921,707	2,125,800	100%
North Fifth Avenue Turn Lane	550,000	550,000	50,179	17,891	68,070	12%
North Broad Turn Lane	330,000	330,000	214,645	-	214,645	100%
Rome High Access Road	2,900,000	2,900,000	-	122,084	122,084	4%
BioSolids Disposal	5,200,000	5,200,000	237,117	2,165,262	2,402,379	46%
Renovate Marine Armory	1,600,000	1,600,000	-	-	-	0%
Redmond Road Turn Lane	1,470,000	1,470,000	-	67,533	67,533	5%
Fire Training Facility	500,000	500,000	8,384	535,439	543,823	100%
Turner McCall Bridge	2,000,000	2,000,000	-	-	-	0%
River Education Center	834,825	834,825	29,555	60,817	90,372	11%
South Broad Corridor	2,000,000	2,000,000	11,580	150,590	162,170	8%
North Rome Swim Center	530,000	530,000	149,456	358,657	508,113	100%
New Tennis Courts	600,000	600,000	5,228	1,203	6,431	1%
City Park Practice Fields	200,000	200,000	101,152	59,725	160,877	80%
Town Green	1,690,000	1,690,000	51,979	538,765	590,744	34%
City Hall/Carnegie Repairs	1,500,000	1,500,000	95,150	248,770	343,920	22%
	<u>25,859,825</u>	<u>25,859,825</u>	<u>2,375,373</u>	<u>5,367,154</u>	<u>7,742,527</u>	
Total Projects	<u>\$ 39,459,825</u>	<u>\$ 39,888,741</u>	<u>\$ 15,952,349</u>	<u>\$ 5,367,154</u>	<u>\$ 21,319,503</u>	
Fire Station Renovations (Floyd County SPLOST)				<u>548,368</u>		
Total SPLOST Expenditures				<u>\$ 5,915,522</u>		

NONMAJOR PROPRIETARY FUNDS
ENTERPRISE FUNDS

Enterprise funds are funds financed and operated in a manner similar to a private business enterprise.

- Transit Fund* – to account for the provision of transit services to residents of the City.
- Building Inspection* – to account for the provision for building inspection services to the City of Rome and Floyd County.
- Solid Waste Management*– to account for the provision of solid waste collection services to the residents of the City.
- Municipal Golf*– to account for the activities related to the City’s golf course.
- Public Facilities Fund* – to account for the operating lease and debt of the public facilities building housing the State of Georgia Department of Family and Children Services.

CITY OF ROME, GEORGIA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
December 31, 2008**

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,299	\$ 279,979	\$ 1,868	\$ 33,834	\$ 289,966	\$ 606,946
Restricted cash	-	-	-	-	295,278	295,278
Accounts receivable, net of allowance for uncollectibles	12,359	-	138,456	643	-	151,458
Due from other governments	376,168	-	-	-	-	376,168
Due from other funds	93,392	5,093	48,286	7	803	147,581
Due from component units	-	267	22	-	-	289
Prepaid items	-	3,941	-	3,084	-	7,025
Inventories	255,401	-	-	21,692	-	277,093
Total current assets	<u>738,619</u>	<u>289,280</u>	<u>188,632</u>	<u>59,260</u>	<u>586,047</u>	<u>1,861,838</u>
Non-current Assets:						
Deferred bond issuance, net of accumulated amortization	-	-	-	107,919	58,188	166,107
Capital assets:						
Non-depreciable assets	334,600	-	-	4,609,653	550,000	5,494,253
Depreciable assets, net of accumulated depreciation	1,977,116	25,860	888,468	343,750	2,271,803	5,506,997
Total long-term assets	<u>2,311,716</u>	<u>25,860</u>	<u>888,468</u>	<u>5,061,322</u>	<u>2,879,991</u>	<u>11,167,357</u>
TOTAL ASSETS	<u>\$ 3,050,335</u>	<u>\$ 315,140</u>	<u>\$ 1,077,100</u>	<u>\$ 5,120,582</u>	<u>\$ 3,466,038</u>	<u>\$ 13,029,195</u>

continued

CITY OF ROME, GEORGIA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
December 31, 2008**

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
LIABILITIES						
Current Liabilities:						
Revenue bonds, current	\$ -	\$ -	\$ -	\$ 225,000	\$ 440,000	\$ 665,000
Accounts payable	12,426	1,078	44,710	34,802	14,986	108,002
Accrued liabilities	23,015	160,267	20,351	128,821	9,700	342,154
Due to other funds	501,868	4,299	732,154	1,094	-	1,239,415
Due to component unit	-	-	-	100	-	100
Unearned revenue	-	-	-	13,029	-	13,029
Compensated absences	75,755	30,234	70,885	-	-	176,874
Capital leases, current	-	-	161,511	-	-	161,511
Total current liabilities	<u>613,064</u>	<u>195,878</u>	<u>1,029,611</u>	<u>402,846</u>	<u>464,686</u>	<u>2,706,085</u>
Long-term Liabilities:						
Revenue bonds, long-term, net	-	-	-	4,735,541	1,985,000	6,720,541
Advances due to Capital Fund	-	-	443,876	-	-	443,876
Capital leases, long term	-	-	64,045	-	-	64,045
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>507,921</u>	<u>4,735,541</u>	<u>1,985,000</u>	<u>7,228,462</u>
TOTAL LIABILITIES	<u>613,064</u>	<u>195,878</u>	<u>1,537,532</u>	<u>5,138,387</u>	<u>2,449,686</u>	<u>9,934,547</u>
NET ASSETS						
Invested in capital assets, net of related debt	2,311,716	25,860	662,912	(7,138)	396,803	3,390,153
Restricted for debt service	-	-	-	-	295,278	295,278
Unrestricted	125,555	93,402	(1,123,344)	(10,667)	324,271	(590,783)
TOTAL NET ASSETS	<u>\$ 2,437,271</u>	<u>\$ 119,262</u>	<u>\$ (460,432)</u>	<u>\$ (17,805)</u>	<u>\$ 1,016,352</u>	<u>\$ 3,094,648</u>

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services	\$ 1,299,917	\$ 937,134	\$ 1,462,728	\$ 919,800	\$ 693,760	\$ 5,313,339
Miscellaneous	3,433	66	8,368	5,516	-	17,383
TOTAL OPERATING REVENUES	<u>1,303,350</u>	<u>937,200</u>	<u>1,471,096</u>	<u>925,316</u>	<u>693,760</u>	<u>5,330,722</u>
OPERATING EXPENSES						
Cost of goods sold	-	-	-	100,156	-	100,156
Salaries and employee benefits	2,013,193	760,405	2,346,370	490,394	-	5,610,362
Supplies	447,921	31,044	291,237	172,117	43,032	985,351
Maintenance and repairs	80,010	2,269	152,571	31,076	27,452	293,378
Operating services and charges	298,610	83,418	603,724	249,158	41,232	1,276,142
Depreciation	396,290	16,308	319,802	99,835	209,705	1,041,940
TOTAL OPERATING EXPENSES	<u>3,236,024</u>	<u>893,444</u>	<u>3,713,704</u>	<u>1,142,736</u>	<u>321,421</u>	<u>9,307,329</u>
OPERATING INCOME (LOSS)	<u>(1,932,674)</u>	<u>43,756</u>	<u>(2,242,608)</u>	<u>(217,420)</u>	<u>372,339</u>	<u>(3,976,607)</u>
NON-OPERATING INCOME (EXPENSE)						
Intergovernmental	461,224	-	-	-	-	461,224
Interest income	2	7,703	1,357	4,085	14,209	27,356
Interest expense	-	-	(36,811)	(297,527)	(134,880)	(469,218)
Gain on sale of capital assets	-	-	58,650	-	-	58,650
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>461,226</u>	<u>7,703</u>	<u>23,196</u>	<u>(293,442)</u>	<u>(120,671)</u>	<u>78,012</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(1,471,448)</u>	<u>51,459</u>	<u>(2,219,412)</u>	<u>(510,862)</u>	<u>251,668</u>	<u>(3,898,595)</u>

continued

**CITY OF ROME, GEORGIA
 COMBINING STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
 For the Year Ended December 31, 2008**

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
Transfers in	\$ 760,292	\$ 33,500	\$ 2,311,500	\$ 579,800	\$ -	\$ 3,685,092
Transfers out	(45,500)	-	-	-	-	(45,500)
Capital contributions	572,303	-	-	-	-	572,303
	<u>1,287,095</u>	<u>33,500</u>	<u>2,311,500</u>	<u>579,800</u>	<u>-</u>	<u>4,211,895</u>
CHANGE IN NET ASSETS	(184,353)	84,959	92,088	68,938	251,668	313,300
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>2,621,624</u>	<u>34,303</u>	<u>(552,520)</u>	<u>(86,743)</u>	<u>764,684</u>	<u>2,781,348</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ 2,437,271</u></u>	<u><u>\$ 119,262</u></u>	<u><u>\$ (460,432)</u></u>	<u><u>\$ (17,805)</u></u>	<u><u>\$ 1,016,352</u></u>	<u><u>\$ 3,094,648</u></u>

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 1,254,644	\$ 937,200	\$ 1,503,370	\$ 948,357	\$ 693,760	\$ 5,337,331
Receipts from interfund services provided	-	-	-	727	-	727
Payments to suppliers	(903,615)	(457,780)	(1,097,713)	(508,760)	(85,179)	(3,053,047)
Payments to employees	(2,020,282)	(761,916)	(2,340,323)	(490,394)	-	(5,612,915)
Payments for interfund services used	276,259	(5,676)	(30,587)	-	-	239,996
Net cash provided (used) by operating activities	<u>(1,392,994)</u>	<u>(288,172)</u>	<u>(1,965,253)</u>	<u>(50,070)</u>	<u>608,581</u>	<u>(3,087,908)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	760,292	33,500	2,311,500	579,800	-	3,685,092
Transfer to other funds	(45,500)	-	-	-	-	(45,500)
Advances from other funds	-	-	-	-	-	-
Repayment of advances from other funds	-	-	(211,327)	-	-	(211,327)
Intergovernmental transfers	-	-	-	-	-	-
Subsidy from federal grant	279,918	-	-	-	-	279,918
Net cash provided by noncapital financing activities	<u>994,710</u>	<u>33,500</u>	<u>2,100,173</u>	<u>579,800</u>	<u>-</u>	<u>3,708,183</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	572,303	-	-	-	-	572,303
Purchases of capital assets	(174,596)	-	-	-	-	(174,596)
Proceeds from the sale of capital assets	-	-	58,650	-	-	58,650
Principal paid on capital debt	-	-	(158,491)	(215,000)	(420,000)	(793,491)
Interest paid on capital debt	-	-	(36,811)	(297,527)	(134,880)	(469,218)
Net cash provided (used) by capital and related financing activities	<u>397,707</u>	<u>-</u>	<u>(136,652)</u>	<u>(512,527)</u>	<u>(554,880)</u>	<u>(806,352)</u>

continued

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	2	7,703	1,357	4,085	14,209	27,356
Net cash provided by investing activities	<u>2</u>	<u>7,703</u>	<u>1,357</u>	<u>4,085</u>	<u>14,209</u>	<u>27,356</u>
Net increase (decrease) in cash and cash equivalents	(575)	(246,969)	(375)	21,288	67,910	(158,721)
Cash and cash equivalents, January 1	<u>1,874</u>	<u>526,948</u>	<u>2,243</u>	<u>12,546</u>	<u>517,334</u>	<u>1,060,945</u>
Cash and cash equivalents, December 31	<u>\$ 1,299</u>	<u>\$ 279,979</u>	<u>\$ 1,868</u>	<u>\$ 33,834</u>	<u>\$ 585,244</u>	<u>\$ 902,224</u>
Reconciliation of Cash and Cash Equivalents:						
Cash and cash equivalents	\$ 1,299	\$ 279,979	\$ 1,868	\$ 33,834	\$ 289,966	\$ 606,946
Cash and cash equivalents - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,278</u>	<u>295,278</u>
Total cash and cash equivalents	<u>\$ 1,299</u>	<u>\$ 279,979</u>	<u>\$ 1,868</u>	<u>\$ 33,834</u>	<u>\$ 585,244</u>	<u>\$ 902,224</u>

continued

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
For the Year Ended December 31, 2008

	<u>Transit Fund</u>	<u>Building Inspection Fund</u>	<u>Solid Waste Management Fund</u>	<u>Municipal Golf Fund</u>	<u>Public Facilities Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (1,932,674)	\$ 43,756	\$ (2,242,608)	\$ (217,420)	\$ 372,339	\$ (3,976,607)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	396,290	16,308	319,802	99,835	209,705	1,041,940
Amortization expense	-	-	-	44,005	14,547	58,552
(Increase) decrease in accounts receivable	(12,359)	-	32,274	10,012	-	29,927
(Increase) in due from other governments	(36,347)	-	-	-	-	(36,347)
(Increase) in due from other funds	(66,163)	(3,344)	(22,346)	-	-	(91,853)
(Increase) decrease in prepaid items	-	(3,941)	-	2,156	-	(1,785)
(Increase) decrease in inventories	(49,944)	-	-	3,217	-	(46,727)
Increase (decrease) in accounts payable and accrued liabilities	(27,130)	(337,108)	(50,181)	(5,631)	11,990	(408,060)
Increase (decrease) in compensated absences payable	(7,089)	(1,511)	6,047	-	-	(2,553)
Increase in unearned revenue	-	-	-	13,029	-	13,029
Increase (decrease) in due to other funds	342,422	(2,332)	(8,241)	727	-	332,576
Total adjustments	<u>539,680</u>	<u>(331,928)</u>	<u>277,355</u>	<u>167,350</u>	<u>236,242</u>	<u>888,699</u>
Net cash provided (used) by operating activities	<u>\$ (1,392,994)</u>	<u>\$ (288,172)</u>	<u>\$ (1,965,253)</u>	<u>\$ (50,070)</u>	<u>\$ 608,581</u>	<u>\$ (3,087,908)</u>
Noncash capital and related financing activities:						
Capital contributions	<u>\$ 572,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 572,303</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursed basis.

Health Insurance Fund – to account for all revenues and expenses related to group health and life benefits for employees of the City.

Workers' Compensation Fund – to account for all revenues and expenses related to workers' compensation claims for the City.

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2008

	Health Insurance Fund	Workers' Compensation Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,104,120	\$ 496,684	\$ 3,600,804
Accounts receivable, net	27,531	264,838	292,369
Due from other funds	676,881	-	676,881
Due from component unit	657	-	657
Prepaid items	11,575	-	11,575
TOTAL ASSETS	3,820,764	761,522	4,582,286
LIABILITIES			
Current Liabilities			
Accounts payable	7,582	37,670	45,252
Accrued liabilities	178	-	178
Claims payable	350,000	190,000	540,000
Due to other funds	1,478	-	1,478
TOTAL LIABILITIES	359,238	227,670	586,908
NET ASSETS			
Unrestricted	3,461,526	533,852	3,995,378
TOTAL NET ASSETS	\$ 3,461,526	\$ 533,852	\$ 3,995,378

CITY OF ROME, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Health Insurance Fund	Workers' Compensation Fund	Total
OPERATING REVENUES			
Charges for services	\$ 5,762,402	\$ 1,100,868	\$ 6,863,270
Miscellaneous income	59	-	59
TOTAL OPERATING REVENUES	5,762,461	1,100,868	6,863,329
OPERATING EXPENSES			
Salaries and employee benefits	99,160	-	99,160
Other services and charges	226,191	791,381	1,017,572
Claims	4,542,064	481,743	5,023,807
Administrative fees	639,224	9,588	648,812
TOTAL OPERATING EXPENSES	5,506,639	1,282,712	6,789,351
OPERATING INCOME (LOSS)	255,822	(181,844)	73,978
OTHER INCOME			
Intergovernmental	-	264,838	264,838
Interest income	75,239	7,384	82,623
INCOME BEFORE TRANSFERS	331,061	90,378	421,439
Transfers Out	(269,000)	(45,000)	(314,000)
CHANGE IN NET ASSETS	62,061	45,378	107,439
NET ASSETS - BEGINNING OF YEAR	3,399,465	488,474	3,887,939
NET ASSETS - END OF YEAR	\$ 3,461,526	\$ 533,852	\$ 3,995,378

CITY OF ROME, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2008

	Health Insurance Fund	Workers' Compensation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 5,755,836	\$ 1,092,508	\$ 6,848,344
Payments for interfund services provided	(174,814)	-	(174,814)
Payments to suppliers	(871,225)	(785,110)	(1,656,335)
Payments to employees	(99,160)	-	(99,160)
Claims paid	(4,542,064)	(581,743)	(5,123,807)
Net cash provided (used) by operating activities	<u>68,573</u>	<u>(274,345)</u>	<u>(205,772)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	-	264,838	264,838
Transfer out	(269,000)	(45,000)	(314,000)
Net cash provided (used) by non capital financing activities	<u>(269,000)</u>	<u>219,838</u>	<u>(49,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	75,239	7,384	82,623
Net cash provided by investing activities	<u>75,239</u>	<u>7,384</u>	<u>82,623</u>
Net decrease in cash and cash equivalents	(125,188)	(47,123)	(172,311)
Cash and cash equivalents, January 1	<u>3,229,308</u>	<u>543,807</u>	<u>3,773,115</u>
Cash and cash equivalents, December 31	<u>\$ 3,104,120</u>	<u>\$ 496,684</u>	<u>\$ 3,600,804</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 255,822	\$ (181,844)	\$ 73,978
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) in accounts receivable	(6,625)	(8,360)	(14,985)
Increase in prepaids	(11,575)	-	(11,575)
Increase in due from other funds	(175,581)	-	(175,581)
Increase (decrease) in accounts and claims payable	5,765	(84,141)	(78,376)
Increase in due to other funds	767	-	767
Total adjustments	<u>(187,249)</u>	<u>(92,501)</u>	<u>(279,750)</u>
Net cash provided (used) by operating activities	<u>\$ 68,573</u>	<u>\$ (274,345)</u>	<u>\$ (205,772)</u>

COMPONENT UNIT
GREATER ROME CONVENTION AND VISITORS BUREAU

Greater Rome Convention and Visitors Bureau- to account for the activities associated with the promotion of tourism and conventions for the City of Rome.

**CITY OF ROME, GEORGIA
BALANCE SHEET
COMPONENT UNIT- GREATER ROME CONVENTION & VISITORS BUREAU
December 31, 2008**

	<u>Greater Rome Convention & Visitors Bureau</u>
ASSETS	
Cash	\$ 29,501
Due from other governments	21,698
Due from primary government	11,358
Prepaid items	1,299
Total assets	<u>\$ 63,856</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 4,809
Accrued liabilities	155
Due to primary government	1,211
Total liabilities	<u>6,175</u>
 FUND BALANCE	
Undesignated	<u>57,681</u>
Total fund balance	<u>57,681</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 63,856</u>

CITY OF ROME, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT- GREATER ROME CONVENTION & VISITORS BUREAU
For the Year Ended December 31, 2008

	Greater Rome Convention & Visitors Bureau
REVENUES	
Intergovernmental	\$ 491,696
Interest earned	823
Contributions	47,530
TOTAL REVENUES	540,049
EXPENDITURES	
Personal services	360,978
Supplies	23,795
Other services and charges	131,169
Capital outlay	107
TOTAL EXPENDITURES	516,049
NET CHANGE IN FUND BALANCE	24,000
FUND BALANCE - BEGINNING OF YEAR	33,681
FUND BALANCE - END OF YEAR	\$ 57,681

STATISTICAL SECTION

This part of the City of Rome's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; the schedules presenting government – wide information include information beginning in that year.

City of Rome, Georgia
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 83,080	\$ 88,931	\$ 85,540	\$ 89,494	\$ 99,276	\$ 108,946
Restricted	4,190	4,059	326	326	631	675
Unrestricted	10,486	11,421	21,444	21,976	21,943	20,722
Total governmental activities net assets	<u>\$ 97,756</u>	<u>\$ 104,411</u>	<u>\$ 107,310</u>	<u>\$ 111,796</u>	<u>\$ 121,850</u>	<u>\$ 130,343</u>
Business - type activities						
Invested in capital assets, net of related debt	\$ 66,758	\$ 68,369	\$ 75,743	\$ 112,572	\$ 114,969	\$ 116,571
Restricted	-	-	582	249	284	295
Unrestricted	1,951	5,407	22,276	(6,294)	(4,556)	38
Total business - type activities net assets	<u>\$ 68,709</u>	<u>\$ 73,776</u>	<u>\$ 98,601</u>	<u>\$ 106,527</u>	<u>\$ 110,697</u>	<u>\$ 116,904</u>
Primary government						
Invested in capital assets, net of related debt	\$ 149,838	\$ 157,300	\$ 161,283	\$ 202,066	\$ 214,245	\$ 225,517
Restricted	4,190	4,059	908	575	915	970
Unrestricted	12,437	16,828	43,720	15,682	17,387	20,760
Total primary government net assets	<u>\$ 166,465</u>	<u>\$ 178,187</u>	<u>\$ 205,911</u>	<u>\$ 218,323</u>	<u>\$ 232,547</u>	<u>\$ 247,247</u>

City of Rome, Georgia
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses:						
Governmental activities:						
General government	\$ 3,453	\$ 3,673	\$ 3,248	\$ 3,446	\$ 3,555	\$ 5,681
Public safety	6,924	6,932	7,228	7,605	7,416	8,752
Public Works	11,957	7,360	8,459	9,019	8,564	10,590
Public Facilities	1,149	880	1,068	1,316	1,121	1,194
Public Services	733	131	399	420	278	516
Community Development	1,129	1,365	1,218	1,568	1,028	1,178
Education	1,214	758	898	1,059	1,080	1,114
Interest on debt	282	88	249	326	246	320
Total governmental activities expenses	<u>26,841</u>	<u>21,187</u>	<u>22,767</u>	<u>24,759</u>	<u>23,288</u>	<u>29,345</u>
Business - type activities:						
Water and Sewer	12,526	14,295	14,353	14,711	16,899	17,201
Fire	8,501	9,126	9,143	9,411	10,316	10,474
Solid Waste Commission	3,730	3,158	3,907	2,270	3,309	2,104
Transit	2,312	2,397	2,460	2,843	3,107	3,236
Building Inspection	681	748	776	849	946	894
Solid Waste Management	3,038	3,136	3,391	3,598	3,810	3,751
Municipal Golf Fund	1,367	1,436	1,525	1,557	1,540	1,440
Public Facilities	547	536	524	492	447	456
Total business - type activities expenses	<u>32,702</u>	<u>34,832</u>	<u>36,079</u>	<u>35,731</u>	<u>40,374</u>	<u>39,556</u>
Total primary government expenses	<u>\$ 59,543</u>	<u>\$ 56,019</u>	<u>\$ 58,846</u>	<u>\$ 60,490</u>	<u>\$ 63,662</u>	<u>\$ 68,901</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General Government	\$ 1,346	\$ 1,803	\$ 1,509	\$ 1,569	\$ 1,823	\$ 1,972
Public Safety	1,431	1,420	1,668	1,512	1,779	1,886
Public Works	170	312	302	378	-	-
Public Facilities	44	51	71	90	-	-
Community Development	46	57	-	259	236	180
Education	-	-	173	-	-	-
Operating grants and contributions	449	3,094	312	343	1,024	1,842
Capital grants and contributions	2,916	6,660	10,191	6,530	8,741	13,432
Total governmental activities program revenues	<u>6,402</u>	<u>13,397</u>	<u>14,226</u>	<u>10,681</u>	<u>13,603</u>	<u>19,312</u>
Business - type activities:						
Charges for services:						
Water and Sewer	16,236	18,312	17,921	18,571	20,071	19,540
Fire	4,374	4,527	4,678	4,856	5,063	5,254
Solid Waste Commission	3,428	4,071	3,600	2,281	2,311	2,597
Transit	611	692	951	1,193	1,172	1,303
Building Inspection	702	831	741	781	790	937
Solid Waste Management	1,089	1,107	1,276	1,392	1,477	1,471
Municipal Golf Fund	781	884	991	1,057	1,006	925
Public Facilities	603	603	603	603	648	694
Operating grants and contributions	511	568	643	701	458	461
Capital grants and contributions	818	640	1,494	1,916	1,640	1,365
Total business-type activities program revenues	<u>29,153</u>	<u>32,235</u>	<u>32,898</u>	<u>33,351</u>	<u>34,636</u>	<u>34,547</u>
Total primary government program revenues	<u>\$ 35,555</u>	<u>\$ 45,632</u>	<u>\$ 47,124</u>	<u>\$ 44,032</u>	<u>\$ 48,239</u>	<u>\$ 53,859</u>

Continued

City of Rome, Georgia
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (expense)/ revenue						
Governmental activities	\$ (20,439)	\$ (7,790)	\$ (8,541)	\$ (14,078)	\$ (9,685)	\$ (10,033)
Business- type activities	(3,549)	(2,597)	(3,181)	(2,380)	(5,738)	(5,009)
Total primary government net expense	<u>\$ (23,988)</u>	<u>\$ (10,387)</u>	<u>\$ (11,722)</u>	<u>\$ (16,458)</u>	<u>\$ (15,423)</u>	<u>\$ (15,042)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 8,930	\$ 9,486	\$ 9,702	\$ 10,441	\$ 10,048	\$ 8,685
Sales taxes	5,571	6,094	6,483	8,709	10,242	12,570
Other taxes	5,840	5,546	6,361	6,686	7,252	7,306
Gain on Sale of Capital Assets	15	-	521	-	218	-
Interst Earnings	52	83	449	578	731	594
Miscellaneous	353	22	227	221	309	177
Transfers	(3,331)	(6,785)	(6,773)	(9,059)	(9,061)	(10,807)
Total governmental activities	<u>17,430</u>	<u>14,446</u>	<u>16,970</u>	<u>17,576</u>	<u>19,739</u>	<u>18,525</u>
Business- type activities:						
Sales taxes	-	-	8,150	-	-	-
Gain on Sale of Capital Assets	93	217	15	37	12	71
Investment earnings	117	542	1,090	1,209	835	339
Miscellaneous	307	93	8	-	-	-
Transfers	6,700	6,812	6,773	9,059	9,061	10,807
Total business- type activities	<u>7,217</u>	<u>7,664</u>	<u>16,036</u>	<u>10,305</u>	<u>9,908</u>	<u>11,217</u>
Total primary government	<u>\$ 24,647</u>	<u>\$ 22,110</u>	<u>\$ 33,006</u>	<u>\$ 27,881</u>	<u>\$ 29,647</u>	<u>\$ 29,742</u>
Change in Net Assets						
Governmental activities	\$ (3,009)	\$ 6,656	\$ 8,429	\$ 3,498	\$ 10,054	\$ 8,492
Business- type activities	3,668	5,067	12,855	7,925	4,170	6,208
Total primary government	<u>\$ 659</u>	<u>\$ 11,723</u>	<u>\$ 21,284</u>	<u>\$ 11,423</u>	<u>\$ 14,224</u>	<u>\$ 14,700</u>

City of Rome, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund										
Reserved	\$ 2,201	\$ 905	\$ 486	\$ 527	\$ 551	\$ 593	\$ 597	\$ 776	\$ 816	\$ 869
Unreserved	4,879	6,292	9,549	9,360	9,281	9,409	11,007	11,261	11,114	10,575
Total general fund	<u>\$ 7,080</u>	<u>\$ 7,197</u>	<u>\$ 10,035</u>	<u>\$ 9,887</u>	<u>\$ 9,832</u>	<u>\$ 10,002</u>	<u>\$ 11,604</u>	<u>\$ 12,037</u>	<u>\$ 11,930</u>	<u>\$ 11,444</u>
All other governmental funds										
Reserved	\$ 83	\$ 7,676	\$ 1,184	\$ 1,373	\$ 203	\$ 4	\$ 2,623	\$ 2,399	\$ 2,653	\$ 2,179
Unreserved, reported in:										
Special revenue funds	170	170	(160)	226	-	124	520	445	403	303
Capital projects funds	-	666	-	-	1,172	1,647	3,638	3,422	3,352	4,358
Total all other governmental funds	<u>\$ 253</u>	<u>\$ 8,512</u>	<u>\$ 1,024</u>	<u>\$ 1,599</u>	<u>\$ 1,375</u>	<u>\$ 1,775</u>	<u>\$ 6,781</u>	<u>\$ 6,266</u>	<u>\$ 6,408</u>	<u>\$ 6,840</u>

City of Rome, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 18,239	\$ 19,422	\$ 19,022	\$ 19,539	\$ 20,310	\$ 21,175	\$ 22,540	\$ 25,844	\$ 27,525	\$ 28,385
Licenses and permits	1,108	1,155	1,283	1,333	1,375	1,524	1,500	1,582	1,599	1,738
Intergovernmental	4,010	1,978	2,020	1,637	701	696	1,883	2,790	3,916	3,495
Charges for services	18	17	22	32	221	416	549	682	674	538
Grant Revenue	-	-	-	-	518	600	-	-	-	-
Fines	1,203	1,394	1,443	1,323	1,431	1,290	1,478	1,331	1,565	1,762
Investment earnings	-	-	-	-	52	83	449	578	732	594
Miscellaneous	900	1,582	903	616	388	3,505	172	147	309	216
Total revenues	25,478	25,548	24,693	24,480	24,996	29,289	28,571	32,954	36,320	36,728
Expenditures										
General government	2,201	2,443	2,652	2,605	2,460	2,574	3,070	3,351	3,491	3,584
Public safety	4,857	5,292	5,572	5,769	6,100	6,343	6,782	7,140	7,493	7,688
Public works	3,948	4,176	4,364	4,490	4,717	4,939	5,306	5,557	5,531	5,858
Public facilities	392	442	462	458	307	332	836	880	926	937
Public services	580	561	585	594	616	64	395	436	458	456
Community development	368	222	1,580	765	760	799	764	825	1,024	1,172
Other services and charges	316	330	315	578	377	840	-	-	-	-
Intergovernmental	249	322	233	200	150	143	-	-	-	-
Claims paid	82	109	106	98	-	-	-	-	-	-
Capital outlay	10,222	3,039	1,681	2,084	2,549	3,273	3,357	5,363	8,303	5,928
Debt service										
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Principal	918	1,654	3,318	3,421	3,646	2,927	69	71	91	78
Interest	549	617	690	520	337	146	249	326	246	320
Total expenditures	24,682	19,207	21,558	21,582	22,019	22,380	20,828	23,949	27,563	26,021
Excess of revenues over (under) expenditures	796	6,341	3,135	2,898	2,977	6,909	7,743	9,005	8,757	10,707

Continued

City of Rome, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)										
Transfers in	2,135	2,227	1,950	2,112	1,959	2,380	2,179	2,249	3,654	3,205
Transfers out	(7,359)	(7,863)	(7,813)	(8,440)	(8,668)	(9,165)	(8,952)	(11,308)	(12,714)	(14,012)
Transfers to component units	(315)	(2,863)	(8,317)	(360)	(375)	-	-	-	-	-
Transfers from component units	-	991	3,793	3,776	3,754	-	-	-	-	-
Proceeds from sale of bonds	14	10,000	-	-	-	-	-	-	-	-
Certificates of participation bond proceeds	-	-	-	-	-	-	-	-	-	-
Capital leases	335	42	221	441	73	448	620	110	-	-
Sale of capital assets	-	-	-	-	-	-	-	23	338	47
Total other financing sources (uses)	<u>(5,190)</u>	<u>2,534</u>	<u>(10,166)</u>	<u>(2,471)</u>	<u>(3,257)</u>	<u>(6,337)</u>	<u>(6,153)</u>	<u>(8,926)</u>	<u>(8,722)</u>	<u>(10,760)</u>
Net change in fund balances	<u>\$ (4,394)</u>	<u>\$ 8,875</u>	<u>\$ (7,031)</u>	<u>\$ 427</u>	<u>\$ (280)</u>	<u>\$ 572</u>	<u>\$ 1,590</u>	<u>\$ 79</u>	<u>\$ 35</u>	<u>\$ (53)</u>
Debt service as a percentage of noncapital expenditures	10.1%	14.0%	20.1%	20.2%	20.4%	25.7%	1.8%	2.0%	1.9%	2.2%

City of Rome, Georgia
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Other Taxes</u>	<u>Total</u>
1999	5,616	5,363	2,467	1,233	824	2,736	18,239
2000	6,379	5,637	2,391	1,310	846	2,859	19,422
2001	5,930	5,592	2,406	1,271	841	2,982	19,022
2002	6,205	5,692	2,454	1,394	831	2,963	19,539
2003	6,585	5,571	2,491	1,503	848	3,312	20,310
2004	6,874	6,094	2,442	1,628	857	3,280	21,175
2005	7,027	6,484	2,807	1,752	836	3,634	22,540
2006	8,424	*	8,709	2,973	1,833	834	25,844
2007	8,397	*	10,242	3,166	1,912	857	27,525
2008	7,738	*	12,569	3,373	1,958	871	28,385
% change between 1999 & 2008	37.78%	134.37%	36.72%	58.80%	5.70%	45.84%	55.63%

(*) Includes Special Purpose Local Option Sales Tax.

City of Rome, Georgia
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property	Personal Property	Public Utilities	Motor Vehicles	Mobile Homes	Total Assessed Value City	Less School Tax Exemption	Total Assessed Value School	Total Direct Tax Rate	Estimated Actual Value	Assessed Value to Estimated Actual Value
1999	486,199,259	176,761,458	26,231,846	58,570,563	290,225	748,053,351	(25,397,010)	722,656,341	9.43	1,806,640,853	40%
2000	546,541,411	193,881,935	28,637,952	62,315,472	(1) 48,820	831,425,589	(16,048,006)	815,377,583	9.12	2,038,443,960	40%
2001	579,718,068	(2) 192,232,826	25,172,692	69,914,938	117,501	867,156,023	(17,828,104)	849,327,919	8.35	2,123,319,802	40%
2002	612,419,119	171,457,195	23,926,804	71,020,473	117,089	878,940,680	(18,951,556)	859,989,124	8.44	2,149,972,810	40%
2003	637,357,052	173,963,932	25,890,000	72,821,900	113,540	909,602,250	(3) (51,290,256)	864,972,386	8.67	2,162,430,965	40%
2004	680,968,036	172,075,125	22,275,000	72,715,870	188,399	948,222,430	(63,159,822)	903,668,752	8.66	2,259,171,880	40%
2005	714,751,021	188,013,500	23,613,000	72,071,960	207,546	998,657,027	(65,263,380)	960,343,305	8.58	2,400,858,263	40%
2006	765,223,983	196,925,161	25,439,000	67,836,580	204,266	1,055,628,990	(67,313,704)	1,023,822,767	8.45	2,559,556,918	40%
2007	801,947,393	197,628,142	27,215,000	76,976,990	179,621	1,103,947,146	(69,130,918)	1,074,634,142	8.48	2,686,585,355	40%
2008	839,467,255	189,522,031	25,717,175	77,543,520	169,428	1,132,419,409	(70,163,632)	1,109,377,341	8.48	2,773,443,353	40%

Source-Floyd County Tax Assessors Office

- (1) Denotes change in tax assessment calculation from prior years
- (2) Personal Property assessments declined due to large mfg company closed
- (3) School Tax Exemptions increased to reflect new changes in state law

Properties in the City are reassessed on a rotating basis by the county tax assessment office. The county assessed all property at 40% of actual value. Estimated actual value is calculated by dividing assessed value by 40%.

City of Rome, Georgia
Property Tax Rates-Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Year</u>	<u>City of Rome</u>			<u>Overlapping Rates</u>				
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service</u>	<u>City Schools</u>	<u>Total</u>	<u>Floyd County</u>	<u>State of Georgia</u>	<u>Total</u>
1999	6.47	1.71	1.25	15.04	24.47	10.860	0.25	35.58
2000	6.30	1.65	1.17	14.98	24.10	9.780	0.25	34.13
2001	6.70	1.65	* -	14.98	23.33	8.505	0.25	32.09
2002	6.80	1.64	-	15.54	23.98	8.100	0.25	32.33
2003	6.80	1.87	-	15.93	24.60	8.200	0.25	33.05
2004	6.79	1.87	-	16.04	24.70	8.200	0.25	33.15
2005	6.68	1.90	-	16.00	24.58	7.968	0.25	32.80
2006	6.60	1.85	-	16.00	24.45	7.968	0.25	32.67
2007	6.58	1.90	-	15.95	24.43	8.100	0.25	32.78
2008	6.63	1.85	-	15.95	24.43	8.767	0.25	33.45

Source-City of Rome Finance Department
Floyd County Finance Office

* City of Rome retired its debt in 2000

Overlapping rates are those of county and state governments that apply to taxpayers within the City of Rome

**City of Rome, Georgia
Principal Property Taxpayers
Current Year and Ten Years Ago
(amounts expressed in thousands)**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Redmond Regional Medical Center	\$ 43,002	1	3.80%	\$ 25,696	1	3.21%
Bekaert Corporation	16,922	2	1.49%	23,713	2	2.96%
Keebler Company	15,204	3	1.34%			
Walmart Stores	15,081	4	1.33%	7,686	9	0.96%
Southeastern Mills	14,291	5	1.26%	21,825	3	2.72%
Larry Martin	14,129	6	1.25%			
Georgia Power	13,586	7	1.20%	11,491	5	1.43%
Harbin Properties, LLC	13,510	8	1.19%			
Mount Berry Square Mall, LLC	11,129	9	0.98%	9,416	6	1.17%
River Roots Partners, LLC	8,731	10	0.77%			
General Electric Company				7,733	8	0.96%
Zartic				8,059	7	1.01%
Bellsouth Telecommuncations				11,927	4	1.55%
Lester Precision Die Casting, Inc.				6,722	10	0.8%
Totals	\$ 165,585		14.6%	\$ 134,268		16.81%

Source-Floyd County Tax Assessor Office

City of Rome, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	16,453	15,285	92.9%	1,112	16,397	99.7%
2000	17,944	16,106	89.8%	1,829	17,935	99.9%
2001	17,702	16,275	91.9%	1,416	17,691	99.9%
2002	18,825	17,448	92.7%	1,354	18,802	99.9%
2003	19,862	18,530	93.3%	1,310	19,840	99.9%
2004	20,990	19,240	91.7%	1,690	20,930	99.7%
2005	22,019	20,188	91.7%	1,756	21,944	99.7%
2006	23,544	21,492	91.3%	1,833	23,325	99.1%
2007	24,528	23,067	94.0%	1,046	24,113	98.3%
2008	25,372	** 21,661	85.4%	143	21,804	85.9%

**Denotes Homeowners tax relief credit monies held by State of Georgia until subsequent year

City of Rome, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business- Type Activities			Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)	
	General Obligation Bonds	Notes Payable	Special Assessment Bonds	Capital Leases	Bonded Debt	Notes Payable				Capital Leases
1999	3,845	-	-	417	57,060	6,039	3,141	70,502	10.12%	2,341
2000	12,460	-	-	300	54,290	6,094	3,061	76,205	9.37%	2,179
2001	9,345	-	-	318	51,390	5,829	2,836	69,718	7.90%	1,944
2002	6,080	-	-	602	48,355	6,457	2,757	64,251	7.03%	1,781
2003	2,655	-	-	453	45,175	5,481	2,509	56,273	6.00%	1,621
2004	-	-	-	630	75,805	5,389	2,234	84,058	8.51%	2,382
2005	-	-	4,527	223	82,030	5,085	703	92,568	9.24%	2,517
2006	-	-	4,527	261	77,965	4,770	897	88,420	8.57%	2,461
2007	-	-	4,527	170	73,695	7,498	968	89,356	8.39%	2,522
2008	-	4,923	4,527	92	69,235	10,393	695	89,865	8.06%	2,424

Note-Additional information regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographics and Economic Statistics for personal income and population data

City of Rome, Georgia
Ratio of Net General Bonded Debt
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u> **	<u>Per Capita</u> ***
1999	3,845	-	3,845	0.5	123
2000	* 12,460	-	12,460	1.5	356
2001	9,345	-	9,345	1.1	267
2002	6,080	-	6,080	0.7	174
2003	2,655	-	2,655	0.3	75
2004	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A

* Includes 2000 issue of \$10,000,000 E-LOST bonds.

** See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

*** Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Rome, Georgia
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2008

<u>Governmental Unit</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Other Debt Outstanding</u>	<u>Percent Applicable to City of Rome</u>	<u>Amount Applicable to City of Rome</u>
Rome Board of Education-Quality Zone Academy Bonds	\$ -	\$ 2,000,000	100%	\$ 2,000,000
	<u>\$ -</u>	<u>\$ 2,000,000</u>		<u>\$ 2,000,000</u>

Source-Rome Board of Education

Note-Overlapping governments are those that may coincide, at least in part, with the geographic boundaries of the city. This schedule shows the portion of the overlapping debt by the Rome Board of Education that is obligated to the taxpayers of the City of Rome. Although this debt payment is funded by Educational Special Local Option funds, the outstanding balance is obligated to the City of Rome and its taxpayers.

City of Rome, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 74,805,335	\$ 83,142,559	\$ 86,715,603	\$ 87,894,068	\$ 90,960,225	\$ 94,822,243	\$ 99,865,703	\$ 105,562,899	\$ 110,394,715	\$ 113,238,941
Total net debt applicable to limit	<u>3,845,000</u>	<u>12,460,000</u>	<u>9,345,000</u>	<u>6,080,000</u>	<u>2,655,000</u>	-	-	-	-	-
Legal debt margin	<u>\$ 70,960,335</u>	<u>\$ 70,682,559</u>	<u>\$ 77,370,603</u>	<u>\$ 81,814,068</u>	<u>\$ 88,305,225</u>	<u>\$ 94,822,243</u>	<u>\$ 99,865,703</u>	<u>\$ 105,562,899</u>	<u>\$ 110,394,715</u>	<u>\$ 113,238,941</u>
Total net debt applicable to the limit as a percentage of debt limit	5.14%	14.99%	10.78%	6.92%	2.92%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2008

Total assessed value	\$ 1,132,389,409
Debt limit (10% of total assessed value)	113,238,941
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 113,238,941</u>

Note: Under state finance law, any outstanding general obligation debt of the City of Rome should not exceed 10 percent of total assessed property value.
By law, any general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Rome, Georgia
Pledged - Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Water & Sewer Revenue Bonds						
Fiscal Year	Water & Sewer Charges & Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	14,003,708	6,007,297	7,996,411	2,365,000	1,676,223	2.0
2000	15,675,894	6,282,017	9,393,877	2,045,000	2,171,582	2.2
2001	14,735,720	6,719,064	8,016,656	2,135,000	2,079,435	1.9
2002	16,000,194	6,691,239	9,308,955	2,230,000	1,982,935	2.2
2003	16,538,349	7,018,260	9,520,089	2,335,000	1,878,888	2.3
2004	17,705,484	7,792,756	9,912,728	2,765,000	2,928,532	1.7
2005	18,738,678	8,041,271	10,697,407	2,615,000	3,083,046	1.8
2006	19,404,739	8,681,217	10,723,522	3,485,000	3,354,631	1.6
2007	20,449,671	8,718,404	11,731,267	3,665,000	3,166,379	1.7
2008	19,653,969	9,268,673	10,385,296	3,825,000	3,010,552	1.5

(1) Includes interest income

(2) Excludes depreciation expense

City of Rome, Georgia
Demographics and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	Personal Income (in thousands)	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
1999	31,200 *	696,571	22,326	5,106	4.1%
2000	34,980 **	812,935	23,240	5,239	5.0%
2001	35,821 *	882,056	24,624	5,381	5.6%
2002	36,271 *	914,174	25,204	5,257	6.1%
2003	36,388 *	938,010	25,778	5,315	5.7%
2004	36,431 *	987,572	27,108	5,305	4.7%
2005	36,399 *	1,001,482	27,514	5,346	5.3%
2006	36,524 *	1,031,182	28,233	5,239	4.3%
2007	36,463 *	1,064,683	29,199	5,235	4.7%
2008	37,067 *	1,113,715	30,046	5,612	8.0%

Data Sources:

- (1) Rome/Floyd County Planning Commission
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Rome Board of Education
- (4) State Department of Labor
- * Trend Estimate
- ** 2000 Census

**City of Rome, Georgia
Principal Employers
Current Year and Four Years Ago**

Employer	2008			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Floyd Medical Center	2,000	1	11.54%	1,880	1	10.50%
Harbin Clinic	1,230	2	7.10%	749	5	4.19%
Mohawk Carpet	1,174	3	6.77%	607	8	3.39%
Redmond Regional Medical Center	1,167	4	6.73%	1,050	2	5.87%
Northwest GA Regional Hospital	840	5	4.85%			
Floyd County Government	725	6	4.18%	710	6	3.97%
Rome City Schools	665	7	3.84%			
City of Rome	649	8	3.74%	676	7	3.78%
Kellogg's	646	9	3.73%	762	4	4.26%
Sara Lee Food Services	300	10	1.73%			
Zartic Corporation				804	3	4.49%
				N/A	9	N/A
				N/A	10	N/A
Totals	<u>9,396</u>		<u>54.2%</u>	<u>7,238</u>		<u>40.44%</u>

Source-Rome Chamber of Commerce

**Only four years comparison shown due to unavailability of data prior to that date.

Data specifically for top 10 City of Rome employers not available.

City of Rome, Georgia
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	28	27	27	27	28	28	28	29	29	29
Legislative and judicial										
Commission	9	9	9	9	9	9	9	9	9	9
Municipal court	1	1	1	1	2	2	2	2	2	2
Attorney	1	1	1	1	1	1	1	1	1	1
Public safety										
Police										
Officers	93	97	97	98	98	98	98	98	98	98
Civilians	11	11	11	11	11	11	11	11	11	11
Public services	7	7	7	7	7	8	8	10	7	7
Public facilities	4	4	4	4	4	4	4	4	4	4
Fire										
Firefighters and officers	7	7	7	7	7	7	7	7	7	7
Civilians	146	146	146	146	146	146	146	146	146	146
Public works										
Public works office	4	4	4	4	4	4	4	4	5	5
Engineering	7	7	8	8	8	8	8	8	8	8
Street	42	42	42	42	42	42	43	43	46	46
Traffic	12	12	12	12	12	12	12	12	12	12
Cemetery	7	7	7	7	7	7	7	7	7	7
Garage	13	14	13	13	13	13	13	13	13	13
Building inspection	10	9	12	12	11	12	12	12	12	12
Transit	40	40	40	40	41	41	41	43	43	43
Planning commission	-	5	7	7	7	7	7	6	6	7
Solid Waste Management	71	71	71	71	71	71	72	72	72	71
Culture and recreation	5	6	6	6	6	6	6	12	12	12
Water and sewer	112	112	113	113	115	116	116	116	120	120
Total	630	639	645	646	650	653	655	665	670	670

Source-City of Rome Human Resource Department

City of Rome, Georgia
Operating Indicators by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Police arrests	3,427	3,936	2,698	2,461	2,465	2,131	2,026	1,845	2,267	2,388
Parking/Traffic violations	15,257	15,869	15,859	14,031	14,437	14,407	16,602	14,173	17,349	18,797
Public Works:										
Street resurfacing (miles)	15.82	6.13	6.22	8.17	8.54	7.30	6.35	5.26	4.77	0.40
Public Facilities:										
Rentals-Aud/Civic Center	58,660	53,787	54,265	50,321	40,398	47,132	46,215	48,328	45,645	41,754
Senior Citizen Center	3,940	6,334	5,540	4,980	3,213	3,881	2,975	2,357	1,550	2,333
Education:										
School Enrollment	5,106	5,239	5,381	5,257	5,315	5,305	5,346	5,239	5,235	5,612
Water and Sewer:										
Customers										
Water	17,795	18,074	18,322	18,625	18,923	19,163	19,501	19,734	19,875	20,006
Sewer	18,649	18,856	19,091	19,372	19,709	20,046	20,484	20,769	20,952	21,069
Water - (millions of gallons)										
Average daily production	12.2	11.0	11.2	10.1	9.8	10.1	9.7	9.7	9.0	8.1
Maximum daily production	15.6	16.2	13.0	13.7	12.8	13.9	13.6	13.9	14.3	11.0
Wastewater - (millions of gallons)										
Average daily sewage treatment	12.6	10.4	12.9	13.3	15.1	12.6	13.4	10.3	8.1	9.0
Maximum daily sewage treatment	27.2	27.7	28.6	37.1	(1) 46.9	33.6	28.6	25.6	21.1	27.4
Fire										
Number of responses	4,257	4,340	4,475	4,422	4,236	4,651	4,394	4,705	4,784	4,294
Inspections	1,045	1,243	1,151	761	660	1,321	1,563	1,584	1,424	1,224
Solid Waste Management:										
Refuse collected (tons)										
Inert	6,195	6,474	7,578	5,194	5,542	5,878	4,976	4,603	6,229	6,967
Trash	2,024	1,595	2,133	2,300	2,840	2,879	2,647	2,453	2,447	2,200
Garbage	16,270	15,982	16,539	14,618	15,759	16,220	16,113	16,225	15,361	14,539
Recycling	895	1,038	1,083	1,127	1,106	922	956	869	994	960
Transit:										
Transit miles	479,208	487,827	492,010	496,324	519,867	525,160	539,745	573,884	586,643	589,640
Transit passengers	741,651	770,745	781,403	809,002	826,945	839,484	857,276	879,394	893,268	967,390
Building Inspection:										
Permits	745	436	497	510	395	394	553	360	344	228
Solid Waste Commission:										
Inert tonnage	6,681	2,787	1,177	1,887	658	544	992	(2) 377	353	241
C&D tonnage	-	-	-	-	-	-	12,494	11,750	16,117	17,527
Garbage tonnage	130,971	107,880	74,513	83,463	88,548	104,429	100,624	59,304	54,821	85,360
Municipal Golf:										
Rounds played	30,499	30,159	27,744	25,247	22,390	27,892	28,677	31,311	31,893	32,714

Source: City of Rome Trends Publication

Note: Operating indicators are not available for General Government, Public Services, and Community Development

(1) Sharp increase in maximum daily sewage treatment due to very wet year and increase in commercial users

(2) Tonnage in landfill decreased between 2005 and 2006 because of loss of major commercial user, also C&D landfill opened in 2005

**City of Rome, Georgia
Principal Water and Sewer Customers
Current Year and Ten Years Ago**

Principal Water Customers (in descending order):

	2008		1999
1)	Floyd County Wholesale		1) Image Carpets
2)	Zartic		2) Floyd County Wholesale
3)	Rome Housing Authority		3) Bekaert Steel
4)	Bekaert Steel		4) Zartic
5)	Floyd Medical Center		5) Floyd Medical Center
6)	Kelloggs		6) Rome Housing Authority
7)	Floyd County Government		7) Floyd County Government
8)	Mohawk Industries		8) Redmond Regional Medical Center
9)	Redmond Regional Medical Center		9) Southeastern Mills
10)	Northwest GA Regional		10) Rentex

Principal Sewer Customers (in descending order):

1)	Zartic		1) Image Carpets
2)	Berry College		2) Greenwood Industries
3)	Rome Housing Authority		3) Galey & Lord
4)	Bekaert		4) Bekaert Steel
5)	Floyd Medical Center		5) Zartic
6)	Kellogs		6) Floyd Medical Center
7)	Crothall		7) Rome Housing Authority
8)	Marglen Industries		8) Floyd County Government
9)	Floyd County Government		9) Redmond Regional Medical Center
10)	Metal Container		10) Southeastern Mills

City of Rome, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Vehicles	84	84	85	86	86	86	86	86	81	70
Public Works:										
Streets (miles)	248.90	250.77	251.89	254.74	256.12	258.83	261.29	262.81	269	273
Street lights	4,185	4,217	4,260	4,292	4,321	4,369	4,369	4,425	4,425	4,959
Traffic signals	*	*	*	*	*	91	91	92	92	91
Signage	*	*	*	*	*	10,000	10,100	10,106	10,203	10,248
Public Facilities:										
Parks	22	22	22	22	22	22	22	22	22	22
Auditoriums and Civic Centers	3	3	3	3	3	3	3	3	3	3
Public Services:										
Volumes in Library	242,000	275,000	300,000	335,765	342,907	321,197	320,471	322,000	332,378	344,692
Water:										
Water mains (miles)	250	253	267	267	284	270	270	284	285	285
Fire hydrants	1,266	1,266	1,339	1,416	1,417	1,461	1,585	1,643	1,627	1,648
Sewer:										
Sanitary sewers (miles)	367	370	373	373	376	376	414	408	410	399
Storm sewers (miles)										
Fire:										
Fire stations	10	10	10	10	10	10	10	10	10	10
Solid Waste Management:										
Collection Vehicles	32	36	36	42	42	42	42	42	40	41
Transit:										
Buses	38	40	40	41	41	42	42	42	43	44

Source: City of Rome Trends Publication
City of Rome Finance Department

Note: Capital Asset indicators are not available for the General Government, Community Development, Education, Building Inspection, Solid Waste Commission, and Municipal Golf Course functions.

CITY OF ROME, GEORGIA

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH THE SINGLE AUDIT ACT AND
*GOVERNMENT AUDITING STANDARDS***

DECEMBER 31, 2008

CITY OF ROME, GEORGIA
SINGLE AUDIT OF FEDERAL PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1 and 2
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>OMB CIRCULAR A-133</i>	3 and 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	7 and 8
SCHEDULE OF PRIOR YEAR FINDINGS	9

**INDEPENDENT AUDITOR'S 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***

**Board of Commissioners
City of Rome, Georgia
Rome, Georgia**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rome, Georgia as of and for the year ended December 31, 2008, which collectively comprise the City of Rome, Georgia's basic financial statements and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 26, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

**Board of Commissioners
City of Rome, Georgia
Rome, Georgia**

Compliance

We have audited the compliance of the City of Rome, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City of Rome, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Rome, Georgia's management. Our responsibility is to express an opinion on the City of Rome, Georgia's compliance based on our audit.

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

In our opinion, the City of Rome, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City of Rome, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants

applicable to federal programs. In planning and performing our audit, we considered City of Rome, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rome, Georgia's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rome, Georgia, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 26, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise City of Rome, Georgia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 26, 2009

CITY OF ROME, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

<u>Federal Grantor/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Grantor Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation:			
Metropolitan Transportation Planning Services Program	20.505	PL-0008-00(508)	\$ 105,969
Highway Planning and Construction Program	20.205	GA-80-0004	45,082
Subtotal Highway Planning and Construction Program			<u>151,051</u>
Federal Transit - Capital Investment Grant	20.500	GA-90-0209	36,311
Federal Transit - Capital Investment Grant	20.500	GA-90-0223	114,338
Federal Transit - Urbanized Area Formula Grant	20.507	GA-90-0242	95,605
Federal Transit - Urbanized Area Formula Grant	20.507	GA-90-0254	240,237
Federal Transit - Urbanized Area Formula Grant	20.507	GA-90-X222	420,000
Subtotal Federal Transit Cluster			<u>906,491</u>
Total U.S. Department of Transportation			<u>1,057,542</u>
U.S. Department of Justice			
Passed through the Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	16.607	2008BUBX08043628	3,976
Subtotal Bureau of Justice Assistance			<u>3,976</u>
Passed through Floyd County, Georgia			
Edward Byrne Memorial Justice Grant	16.592	2007-DJ-BX-0553	30,262
Edward Byrne Memorial Justice Grant	16.592	2008-DJ-BX-0260	4,980
Subtotal Floyd County, Georgia			<u>35,242</u>
Total U.S. Department of Justice			<u>39,218</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant -			
Entitlement Grant	14.218	B-06-MC-13-0014	181,363
Entitlement Grant	14.218	B-07-MC-13-0014	436,290
Entitlement Grant	14.218	B-08-MC-13-0014	221,093
			<u>838,746</u>
Community Development Block Grant -			
Boys and Girls Club	14.219	05p-y-057-1-3095	29,710
Total Small Cities Cluster			<u>29,710</u>
Community Home Investment Partnerships Program	14.239	01m-x-057-2-2551	1,750
Community Home Investment Partnerships Grant - Pennington Place	14.239	07m-x-057-2-2966	60,461
Community Home Investment Partnerships Downpayment Assistance Program	14.239	05m-x-057-2-2920	31,171
Total U.S. Department of Housing and Urban Development			<u>961,838</u>
Total Expenditures of Federal Awards			<u>\$ 2,058,598</u>

CITY OF ROME, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2008

BASIS OF PRESENTATION

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

CITY OF ROME, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes no

Type of auditor's report issued on compliance for
major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.219	Community Development Block Grant Cluster
20.500, 20.507	Federal Transit Cluster

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF ROME, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Section II – Financial Statement Findings and Responses

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.

CITY OF ROME, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2008

2007-01: Cash Management – Highway Planning & Construction (CFDA 20.205)

Condition and Context: The City is not properly segregating duties in regards to draw down requests in that the draw down requests reviewed for the year ended December 31, 2007 were prepared and authorized by the same person.

Status: This has been resolved as of December 31, 2008.

2007- 02: Receipt of Reimbursement of Grant Funds in Excess of Grant Expenditures - Highway Planning & Construction (CFDA 20.205)

Condition: The City incorrectly requested and received grant funds under the Highway Planning & Construction Grant (CFDA 20.205) in excess of expenditures.

Status: This has been resolved as of December 31, 2008.

2007- 03: Period of Availability - Highway Planning & Construction (CFDA 20.205)

Condition: The City incorrectly requested and received grant funds under the Highway Planning & Construction Grant (CFDA 20.205) for expenditures not incurred during the funding period.

Status: This has been resolved as of December 31, 2008.

INDEPENDENT ACCOUNTANT'S REPORT

**Board of Commissioners
City of Rome, Georgia
Rome, Georgia**

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about the City of Rome, Georgia's compliance during the fiscal year ended December 31, 2008 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for the following grant awards: Grant No. 08-C-L-174 and Grant No. 07-C-L-302. Management is responsible for the City of Rome, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the City of Rome, Georgia's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Rome, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Rome, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that the City of Rome, Georgia complied with the aforementioned requirement for the fiscal year ended December 31, 2008 is fairly stated in all material respects.

This report is intended solely for the information and use of the Rome City Commission and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 26, 2009

**State of Georgia Grant Certification Form
Local Government Recipient (with subrecipient)**

LINE

A	Local Government	City of Rome, Georgia
B	State Awarding Agency	Department of Community Affairs
C	Grant Identification Number	08-C-L-174
D	Grant Title	Support the Family Resource Center
E	Grant Award Date	8/21/2007
F	Grant Amount	\$25,000.00
G	Subrecipient Name	The Exchange Club Family Resource Center
H	Amount of Subrecipient Contract	\$25,000.00

	COLUMN 1 Current Year Activity For the Year Ended:	COLUMN 2 Cumulative Grant Activity Through the Year Ended:
I	12/31/2008	12/31/2008
J	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	
	-\$6,250.00	
K	Grant Receipts or Revenue Recognized	\$25,000.00
	\$6,250.00	
L	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	\$25,000.00
	\$0.00	
M	Disbursements or Expenditures for Audit Fees	\$0.00
	\$0.00	
N	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line J (col 1 only) + Line K - Line L - Line M]	\$0.00
	\$0.00	

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line N equals Column 2, Line N.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date is Provided in Line I, Column 1.
Date is Provided in Line I, Column 2.
Year End Dates On Line I Agree.
Column 1, Line N Foots Correctly.
Column 2, Line N Foots Correctly.
Audit Fee is Within Legal Limit (\$250).

Line A is Completed.
Line B is Completed.
Line C is Completed.
Line D is Completed.
Line E is Completed.
Line F is Completed.
Line G is Completed.
Line H is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. Further, the City of Rome Georgia ("Recipient") has contracted with the Rome Area Council of the Arts ("Subrecipient") as required by the Grant, and Subrecipient has applied Grant Funds paid to it toward services for Recipient in accord with the Grant Purpose and the Agreement between Recipient and Subrecipient.

Signature of Chief Elected Official _____

Date

4-20-09

Signature of Chief Financial Officer _____

Date

4-17-09

Affidavit under O.C.G.A. §36-81-8.1

Given on behalf of Family Resource Center (Subrecipient)

LINE	
A Local Government.....	City of Rome, Georgia
B State Awarding Agency	Department of Community Affairs
C Grant Identification Number	08-C-L-174
D Grant Title	Support the Family Resource Center
E Grant Award Date	8/21/2007
F Grant Amount	\$25,000.00
Total Amount Contracted to be Paid to Subrecipient.....	\$25,000.00

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended:	Through the Year Ended:
H	12/31/2008	12/31/2008
I	Subrecipient's Balance - Prior Year (Cash or Accrued or Deferred Revenue) -\$6,250.00	
J	Grant Receipts or Revenue Recognized \$6,250.00	\$25,000.00
K	Grant Disbursements or Expenditures \$0.00	\$25,000.00
L	Subrecipient's Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line I (col 1 only) + Line J - Line K) \$0.00	\$0.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

- | | |
|---|----------------------|
| Column 1, Line L equals Column 2, Line L. | Line A is Completed. |
| Grant Receipts/Revenue Does Not Exceed Grant Award. | Line B is Completed. |
| Date is Provided in Line H, Column 1. | Line C is Completed. |
| Date is Provided in Line H, Column 2. | Line D is Completed. |
| Year End Dates On Line H Agree. | Line E is Completed. |
| Column 1, Line L Foots Correctly. | Line F is Completed. |
| Column 2, Line L Foots Correctly. | Line G is Completed. |

I have reviewed the information presented above and certify under oath that it is accurate and correct.

I further certify under oath:

- that the City of Rome entered into an agreement with the Chieftain's Museum ("Subrecipient") dated 9/12/06 by which Subrecipient has undertaken to perform services for Recipient for the purposes of the local assistance grant identified above, in consideration of which Recipient has paid or is paying Subrecipient the amount shown above from grant proceeds, and
- that the proceeds of the grant award identified above paid to Subrecipient and expended by it have been used solely for the express purpose or purposes for which the grant was made in accord with the agreement. We understand that any balance of the amount paid to Subrecipient must also be so spent.

I hereby declare under penalty of perjury that the foregoing is true and correct.

Name: Jeno Chandler
 Title: Executive Director

Sworn to and subscribed before me
 this 4th day of April, 2008.
Sharon Pasley
 Notary Public
 My Commission expires: 4-24-10

(Notary Seal)



**State of Georgia Grant Certification Form
Local Government Recipient (with subrecipient)**

LINE	
A Local Government	City of Rome, Georgia
B State Awarding Agency	Department of Community Affairs
C Grant Identification Number	07-C-L-302
D Grant Title	Reconstruction of Roman Arches in Rome
E Grant Award Date	9/12/2006
F Grant Amount	\$70,000.00
G Subrecipient Name	Rome Area Council of the Arts (RACA)
H Amount of Subrecipient Contract	\$70,000.00

	COLUMN 1 Current Year Activity For the Year Ended:	COLUMN 2 Cumulative Grant Activity Through the Year Ended:
I	12/31/2008	12/31/2008
J	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$67,500.00	
K	Grant Receipts or Revenue Recognized \$0.00	\$70,000.00
L	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$67,500.00	\$70,000.00
M	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
N	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line J (col 1 only) + Line K - Line L - Line M] \$0.00	\$0.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

- | | |
|---|----------------------|
| Column 1, Line N equals Column 2, Line N. | Line A is Completed. |
| Grant Receipts/Revenue Does Not Exceed Grant Award. | Line B is Completed. |
| Date is Provided in Line I, Column 1. | Line C is Completed. |
| Date is Provided in Line I, Column 2. | Line D is Completed. |
| Year End Dates On Line I Agree. | Line E is Completed. |
| Column 1, Line N Foots Correctly. | Line F is Completed. |
| Column 2, Line N Foots Correctly. | Line G is Completed. |
| Audit Fee is Within Legal Limit (\$250). | Line H is Completed. |

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. Further, the City of Rome Georgia ("Recipient") has contracted with the Rome Area Council of the Arts ("Subrecipient") as required by the Grant, and Subrecipient has applied Grant funds paid to toward services for Recipient in accord with the Grant Purpose and the Agreement between Recipient and Subrecipient.

Signature of Chief Elected Official _____

Date

4-20-09

Signature of Chief Financial Officer _____

Date

4-17-09

Affidavit under O.C.G.A. §36-81-8.1

Given on behalf of Roman Arches (Subrecipient)

LINE	
A Local Government.....	City of Rome, Georgia
B State Awarding Agency	Department of Community Affairs
C Grant Identification Number	07-C-L-302
D Grant Title	Reconstruction of Roman Arches in Rome
E Grant Award Date	9/12/2006
F Grant Amount	\$70,000.00
Total Amount Contracted to be Paid to Subrecipient.....	\$70,000.00

	COLUMN 1 Current Year Activity	COLUMN 2 Cumulative Grant Activity
	For the Year Ended:	Through the Year Ended:
H	12/31/2008	12/31/2008
I	Subrecipient's Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$67,500.00	
J	Grant Receipts or Revenue Recognized \$0.00	\$70,000.00
K	Grant Disbursements or Expenditures \$67,500.00	\$70,000.00
L	Subrecipient's Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line I (col 1 only) + Line J - Line K) \$0.00	\$0.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

- | | |
|---|----------------------|
| Column 1, Line L equals Column 2, Line L. | Line A is Completed. |
| Grant Receipts/Revenue Does Not Exceed Grant Award. | Line B is Completed. |
| Date is Provided in Line H, Column 1. | Line C is Completed. |
| Date is Provided in Line H, Column 2. | Line D is Completed. |
| Year End Dates On Line H Agree. | Line E is Completed. |
| Column 1, Line L Foots Correctly. | Line F is Completed. |
| Column 2, Line L Foots Correctly. | Line G is Completed. |

I have reviewed the information presented above and certify under oath that it is accurate and correct.

I further certify under oath:

- that the City of Rome entered into an agreement with the Chieftain's Museum ("Subrecipient") dated 9/12/06 by which Subrecipient has undertaken to perform services for Recipient for the purposes of the local assistance grant identified above, in consideration of which Recipient has paid or is paying Subrecipient the amount shown above from grant proceeds, and
- that the proceeds of the grant award identified above paid to Subrecipient and expended by it have been used solely for the express purpose or purposes for which the grant was made in accord with the agreement. We understand that any balance of the amount paid to Subrecipient must also be so spent.

I hereby declare under penalty of perjury that the foregoing is true and correct.

Name: Rebecca D. Koontz
 Title: Executive Director



Sworn to and subscribed before me this 16th day of April, 2009.

Sharon Pasley
 Notary Public
 My Commission expires: 4/24/10

(Notary Seal)