STATE ROAD AND TOLLWAY AUTHORITY
(A Component Unit of the State of Georgia)

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

STATE ROAD AND TOLLWAY AUTHORITY

FINANCIAL REPORT
JUNE 30, 2008

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the
State Road and Tollway Authority
Atlanta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **State Road and Tollway Authority (the Authority),** a component unit of the State of Georgia, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority'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 standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the State Road and Tollway Authority as of June 30, 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 October 3, 2008, on our consideration of the Authority'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 and the schedule of funding progress on pages 3 – 7 and 46, respectively, 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 State Road and Tollway Authority's basic financial statements. The accompanying supplementary information (Cash and Cash Equivalents Schedule and Investments Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information (Schedule of Expenditures of Federal Awards) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the State Road and Tollway Authority. The accompanying supplementary information (Cash and Cash Equivalents Schedule, Investments Schedule, and Schedule of Expenditures of Federal Awards) has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 3, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008

The following is a Discussion and Analysis of the financial performance of State Road and Tollway Authority (the Authority). It is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position for the fiscal year ended June 30, 2008. The Authority is a public corporation and body corporate. The Authority maintains and operates a toll facility in the State of Georgia and manages a bond financing program to finance transportation projects in the State of Georgia. The Management's Discussion and Analysis is designed to be read in conjunction with the Authority's financial statements.

Financial Highlights

Net Assets: As of the close of fiscal year 2008, the Authority's combined ending net assets totaled $(1,289,524,596). Of this total, $(1,321,847,601) is the net asset balance for Governmental Activities while $31,778,424 is the net asset balance for Business-Type Activities. Net assets are comprised of total assets less total liabilities. The total net capital asset investment is $11,619,243. Total net capital assets are total capital assets less the corresponding accumulated depreciation. The negative ending net assets are discussed in the section "Government-wide Financial Analysis."

Long-term Debt: The Authority's total long-term debt obligations at June 30, 2008, consist of bond indebtedness in the amount of $1,649,635,287. Of this total, $1,618,007,602 is the long-term bond indebtedness for Governmental Activities and $31,778,424 is the long-term bond indebtedness for Business-Type Activities. A definition of these types of activities is provided in the following section.

Revenues: Total revenue for business-type activities decreased by less than 1% from $22,005,296 in FY'07 to $21,840,209 in FY'08 due to a decrease in traffic. Total revenue for government-type activities decreased by 45% from $28,334,728 in FY'07 to $15,626,499 in FY'08 due to a decrease in unrestricted investment earnings.

Expenses: General Government expenses for the General Authority increased by 62% from $3,161,620 in FY'07 to $5,112,873 in FY'08 primarily due to an increase in transportation contract services of approximately $875,000. Total expenses for GA 400 increased by 18% from $12,845,656 in FY'07 to $15,110,291 in FY'08 primarily due to a $500,000 reallocation of salaries from the General Authority, rate increases in benefits amounting to approximately $500,000, advertising costs of $263,000, and repairs and maintenance expenses of $400,000.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of the Authority's finances, in a manner similar to private-sector business reports.

The *Statement of Net Assets* presents information on all the Authority assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the Authority's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements only include the operations of the Authority. The Authority is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority funds can be classified into the category of *governmental funds and proprietary funds.*

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available to be expended in the Authority's normal operations, as well as balances of resources available at the end of the fiscal year. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Authority maintains one individual governmental fund. The General Fund (General Authority Governmental Fund) is the only fund and is used to account for all activities of the Authority not otherwise accounted for by proprietary specific funds.

Proprietary Funds. The Authority only maintains one of the two different types of proprietary funds. The type used by the Authority, *Enterprise Funds,* is used to report the same functions as those presented as *business-type activities* in the government-wide financial statements. The Authority uses an enterprise fund to account for its Tollway operation in Atlanta, Georgia for the Georgia 400 Extension.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Georgia 400 Extension.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the State Road and Tollway Authority.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The reader can think of the Authority's net assets as the difference between its assets (i.e., what the Authority owns) and its liabilities (i.e., what the Authority owes) at the end of a fiscal year. This balance represents one way to measure the Authority's financial health or its financial position. In the case of the State Road and Tollway Authority, liabilities exceeded assets by $1,289,524,596 at the close of the most recent fiscal year.

The negative net asset amount is attributable to the General Authority Governmental Fund and the method of accounting required by Generally Accepted Accounting Principles (GAAP). The General Authority manages the bond financing activities. The General Authority issues bonds for transportation projects in the State of Georgia which are constructed and owned by the Department of Transportation (DOT). A project account is established for each bond issue. The proceeds from the bonds are maintained in the project accounts. The DOT remits invoices to the Authority for payment from the project accounts. The DOT collects motor fuel and federal revenues for State of Georgia transportation projects and is required to remit payments to the Authority for the bond sinking fund debt service requirements. As the project accounts are expended, the total asset amounts are reduced. GAAP does not allow the Authority to reflect a long-term accounts receivable from the DOT. As a result, the project accounts are reduced faster than the receipt of funds from the DOT for payment of the bond debt obligations, which caused a negative net asset balance at June 30, 2008.

The current fiscal year's total assets and total liabilities are higher than the previous year. The increase in assets is primarily due to the proceeds from the issuance of the Reimbursement Revenue Bonds and Grant Anticipation Revenue Bonds. The increase of liabilities is primarily due to the addition of bond indebtedness.

The net assets invested in capital assets for the year was $11,619,243. The book value of the capital assets was more than the previous year which totaled $13,049,985 and represents current year's capital asset acquisitions in excess of accumulated depreciation. The Authority uses these capital assets to provide services to those citizens served by the Authority.

The tabular information below provides a comparison of the Authority's net assets at June 30, 2008 and June 30, 2007. The schedule provides comparative information for both the governmental and business-type activities. For presentation purposes, the amounts shown have been rounded to the nearest dollar.

At the end of the current fiscal year, the Authority is able to report a positive balance in only the Business-Type Activities category of net assets. The Authority as a whole and the Governmental Activities report negative net asset balances which were discussed, previously.

The following table provides a comparison of the changes in the Authority's net assets for the fiscal years ended June 30, 2008 and June 30, 2007. The schedule provides comparative information for both the governmental and business-type activities. For presentation purposes, the amounts shown have been rounded to the nearest dollar.

Comparative Schedule Of SRTA's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2008	FY2007	FY 2008	FY2007	FY 2008	FY2007
Other Assets	$682,488,881	$549,038,347	$66,391,586	$65,943,743	$748,880,467	$614,982,090
Capital Assets	$8,990,498	$10,425,292	$2,628,745	$2,624,693	$11,619,243	$13,049,985
Total Assets	$691,479,379	$559,463,639	$69,020,331	$68,568,436	$760,499,710	$628,032,075
Current Liabilities	$395,319,378	$269,033,427	$4,918,902	$4,435,424	$400,238,280	$273,468,851
Long-Term Liabilities						
Current	$92,980,000	55,620,000	$7,560,000	$7,200,000	$100,540,000	$62,820,000
Noncurrent	$1,525,027,602	$982,372,666	$24,218,424	$31,339,925	$1,549,246,026	$1,013,712,591
Total Liabilities	$2,013,326,980	$1,307,026,093	$36,697,326	$42,975,349	$2,050,024,306	$1,350,001,442
Invested in Capital Assets	$8,990,498	$10,425,292	$2,628,745	$2,624,693	$11,619,243	$13,049,985
Unrestricted	**($1,330,838,099)**	**($757,987,746)**	$29,694,260	$22,968,394	**($1,301,143,839)**	**($735,019,352)**
Total Net Assets	**($1,321,847,601)**	**($747,562,454)**	$32,323,005	$25,593,087	**($1,289,524,596)**	**($721,969,367)**

At the end of the current fiscal year, the Authority is able to report a positive balance in only the Business-Type Activities category of net assets. The Authority as a whole and the Governmental Activities report negative net asset balances which were discussed, previously.

The following table provides a comparison of the changes in the Authority's net assets for the fiscal years ended June 30, 2008 and June 30, 2007. The schedule provides comparative information for both the governmental and business-type activities. For presentation purposes, the amounts shown have been rounded to the nearest dollar.

Comparative Schedule Of Changes In SRTA's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
Revenues:						
Program Revenues						
Charges for Services	$ -	$ -	$ 20,603,804	$ 20,854,325	$ 20,603,804	$ 20,854,325
General Revenues						
Operating grants and contributions	552,322	244,160	-	-	552,322	244,160
Rents and Royalties	-	-	44,432	47,106	44,432	47,106
Gain on sale of capital assets	228,295	-	-	-	228,295	-
Unrestricted Investment Earnings	14,845,882	28,090,568	1,191,973	1,103,865	16,037,855	29,194,433
Total Revenues	$ 15,626,499	$ 28,334,728	$ 21,840,209	$ 22,005,296	$ 37,466,708	$ 50,340,024
Expenses:						
General Government	5,112,873	$ 3,161,620	$ -	$ -	$ 5,112,873	$ 3,161,620
Interest on Long-Term Debt	50,011,275	50,230,038	-	-	50,011,275	50,230,038
Transportation	634,761,598	309,980,932	-	-	634,761,598	309,980,932
Toll Roads	-	-	15,110,291	12,845,656	15,110,291	12,845,656
Total Expenses	$ 689,885,746	$ 363,372,590	$ 15,110,291	$ 12,845,656	$ 704,996,037	$ 376,218,246
Increase/Decrease in Net Assets Before Other Items	$ (674,259,247)	$ (335,037,862)	$ 6,729,918	$ 9,159,640	$ (667,529,329)	$ (325,878,222)
					-	-
Transfers		4,407,872	-	(4,407,872)	-	-
Payments from State of					-	-
Georgia	99,974,100	89,415,292	-	-	99,974,100	89,415,292
Change in Net Assets	$ (574,285,147)	$ (241,214,698)	$ 6,729,918	$ 4,751,768	$ (567,555,229)	$ (236,462,930)
Net Assets - Beginning	(747,562,454)	(506,347,756)	25,593,087	20,841,319	(721,969,367)	(485,506,437)
Net Assets - Ending	$ (1,321,847,601)	$ (747,562,454)	$ 32,323,005	$ 25,593,087	$ (1,289,524,596)	$ (721,969,367)

As indicated in the "FY 2008 Total" column above, the Authority's net assets decreased from $(721,969,367) to $(1,289,524,596) during the current fiscal year. The change in net assets was $(567,555,229). The principal factors in this decrease for FY 2008 were attributed to the Governmental Activities bond management activities. The financial impact of these transactions on net assets is that the amounts expended to the DOT for transportation expenses and the payments of interest on long-term debt exceeded the transfers-in and payments from the State of Georgia.

Financial Analysis of the Authority's Funds

Governmental Fund, General Fund. The General Fund is the governmental operating fund of the Authority. At June 30, 2008, the General Fund had an unreserved fund balance of $285,871,492 on the Governmental Fund Balance Sheet. This fund balance is attributed to the project funds from the proceeds from the 2008 Reimbursement Revenue Bonds and 2008 Grant Anticipation Revenue Bonds being listed as assets, however, the corresponding bond liabilities are not listed under the modified accrual basis of accounting. The positive fund balance on the Governmental Fund Balance Sheet does not include the bond liabilities which are included on the Statement of Net Assets for Governmental Activities which shows a negative fund balance referenced previously.

Proprietary Funds, Georgia 400 Project. The proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail. The Georgia 400 Project is the proprietary fund of the Authority. The Authority maintained a business-type proprietary fund for toll operations during the fiscal year ending June 30, 2008. The unrestricted net assets of the Georgia 400 Project at June 30, 2008, amounted to $29,694,260.

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets as of June 30, 2008 had a net book value of $11,619,243. This investment in capital assets includes, land, buildings, equipment and software. Actual depreciation charges for the year totaled $886,035. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

Long-Term Debt. At June 30, 2008, the Authority had total long-term debt in the amount of $1,649,786,026 which was comprised of $1,618,007,602, in revenue bonds in the governmental activities and $31,778,424 in revenue bonds in the business-type activities. Additional information on the Authority's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget

The Authority's budget for fiscal year 2009 calculated revenue from operations to be comparable to the actual revenue of fiscal year 2008. The rationale for this revenue calculation is the conservative calculation for operating income which assumes static growth in traffic projections on the Georgia 400 Corridor.

Further Information

This financial report is designed to provide a general overview of the State Road and Tollway Authority's finances for all those individuals having an interest in the Authority's finances. Questions concerning any of the information provided in this report should be addressed to: State Road and Tollway Authority, 101 Marietta Street, Suite 2500, Atlanta, Georgia 30303.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 603,282,096	$ 17,574,652	$ 620,856,748
Accounts receivable (net of allowance for uncollectibles)	197,231	59,702	256,933
Intergovernmental receivable	1,661,274		1,661,274
Inventory	-	1,792,372	1,792,372
Deferred charges	11,298,799	-	11,298,799
Restricted assets:			
Restricted:			
Cash and cash equivalents	66,043,971	6,171,493	72,215,464
Investments	-	18,888,124	18,888,124
Prepaid items	5,510	27,720	33,230
Estate for years, net	-	21,877,523	21,877,523
Capital assets:			
Nondepreciable	8,982,936	-	8,982,936
Depreciable, net of accumulated depreciation	7,562	2,628,745	2,636,307
Total assets	691,479,379	69,020,331	760,499,710
LIABILITIES			
Accounts payable and other current liabilities	386,904	455,422	842,326
Accrued liabilities	-	567,051	567,051
Commercial paper	39,500,000	-	39,500,000
Current liabilities payable from restricted assets:			
Due to State of Georgia	345,431,686	-	345,431,686
Unearned revenues	-	3,032,901	3,032,901
Customer deposits payable	-	105,605	105,605
Accrued interest payable	10,000,788	757,923	10,758,711
Guaranteed refunding revenue bonds payable	-	7,560,000	7,560,000
Bonds payable due within one year	92,980,000	-	92,980,000
Bonds payable due in more than one year	1,524,952,260	24,067,685	1,549,019,945
Compensated absences due within one year	24,312	48,643	72,955
Compensated absences due in more than one year	51,030	102,096	153,126
Total liabilities	2,013,326,980	36,697,326	2,050,024,306
NET ASSETS			
Invested in capital assets	8,990,498	2,628,745	11,619,243
Unrestricted (deficit)	(1,330,838,099)	29,694,260	(1,301,143,839)
Total net assets	$ (1,321,847,601)	$ 32,323,005	$ (1,289,524,596)

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

		Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:						
General government	$ 5,112,873	$ -	$ -	$ (5,112,873)	$ -	$ (5,112,873)
Interest on long-term debt	50,011,275	-	-	(50,011,275)	-	(50,011,275)
Transportation	634,761,598	-	552,322	(634,209,276)	-	(634,209,276)
Total governmental activities	689,885,746	-	552,322	(689,333,424)	-	(689,333,424)
Business-type activity:						
Georgia 400 toll road	15,110,291	20,603,804	-	-	5,493,513	5,493,513
Total	$ 704,996,037	$ 20,603,804	$ 552,322	$ (689,333,424)	$ 5,493,513	$ (683,839,911)
General revenues:						
Rents and royalties				-	44,432	44,432
Unrestricted investment earnings				14,845,882	1,191,973	16,037,855
Payments from the State of Georgia				99,974,100	-	99,974,100
Gain on sale of capital assets				228,295	-	228,295
Total general revenues and transfers				115,048,277	1,236,405	116,284,682
Change in net assets				(574,285,147)	6,729,918	(567,555,229)
Net assets, beginning of year				(747,562,454)	25,593,087	(721,969,367)
Net assets, end of year				$ (1,321,847,601)	$ 32,323,005	$ (1,289,524,596)

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

STATE ROAD AND TOLLWAY AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2008

		General Fund
ASSETS		
Cash and cash equivalents	$	603,282,096
Cash and cash equivalents - restricted:		
Guaranteed revenue bond covenant accounts		66,043,971
Receivables (net of allowance for uncollectibles)		197,231
Intergovernmental receivable		1,661,274
Prepaid items		5,510
Total assets	$	671,190,082
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	213,208
Commercial paper payable		39,500,000
Other liabilities		173,696
Interfund payable		345,431,686
Total liabilities		385,318,590
FUND BALANCE		
Fund balance:		
Unreserved		285,871,492
Total liabilities and fund balance	$	671,190,082

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

STATE ROAD AND TOLLWAY AUTHORITY

RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS JUNE 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balance - governmental fund	$	285,871,492
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land		8,982,936
Land Improvements		7,562
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.		
Deferred charges		13,098,482
Less: Amortization of bond issuance costs		(1,799,683)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Guaranteed revenue bonds payable		(543,335,000)
Premium on guaranteed revenue bonds payable		(32,633,606)
Less: Amortization of premium on guaranteed revenue bonds payable		8,784,591
Grant anticipation revenue bonds payable		(797,105,000)
Premium on grant anticipation revenue bonds payable		(54,473,360)
Less: Amortization of premium on grant anticipation revenue bonds payable		4,761,448
Reimbursement revenue bonds payable		(198,810,000)
Premium on reimbursement revenue bonds payable		(5,404,183)
Less: Amortization of premium on reimbursement revenue bonds payable		282,850
Accrued interest payable		(10,000,788)
Compensated absences		(75,342)
Net assets of governmental activities	$	(1,321,847,601)

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund
REVENUES	
Interest and other investment income	$ 14,827,320
Intergovernmental revenue	552,322
Other income	18,562
Total revenue	15,398,204
EXPENDITURES	
Current:	
General government	9,386,641
Debt service:	
Principal	55,620,000
Interest	50,312,515
Total expenditures	115,319,156
Deficiency of revenues under expenditures	(99,920,952)
OTHER FINANCING SOURCES (USES)	
Proceeds from issuance of debt	639,910,519
Proceeds from sale of capital assets	1,661,274
Transfers in (from Georgia Department of Transportation)	99,974,100
Transfers out (to Georgia Department of Transportation)	(639,821,213)
Total other financing sources (uses)	101,724,680
Net change in fund balance	1,803,728
FUND BALANCE, beginning of year	284,067,764
FUND BALANCE, end of year	$ 285,871,492

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

STATE ROAD AND TOLLWAY AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - governmental fund	$ 1,803,728
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense as no capital outlay was incurred during the year.	(1,815)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(1,432,980)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following amounts are the differences in the treatment of long-term debt:	
Proceeds from issuance of debt	(600,000,000)
Premium on Grant Anticipation Revenue Bonds	(35,627,410)
Premium on Reimbursement Revenue Bonds	(4,283,109)
Grant Anticipation Revenue Bonds Principal Retirement	24,030,000
Reimbursement Revenue Bonds Principal Retirement	6,270,000
Guaranteed Revenue Bonds Principal Retirement	25,320,000
Accrued Interest	301,240
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In the current period, these amounts are:	
Grant Anticipation Revenue Bonds Issuance Costs	4,231,442
Reimbursement Revenue Bonds Issuance Costs	1,320,535
Amortization of Premium of Grant Anticipation Revenue Bonds Payable	2,567,498
Amortization of Premium of Reimbursement Revenue Bonds Payable	151,746
Amortization of Premium of Guaranteed Revenue Bonds Payable	1,631,681
Amortization of Grant Anticipation Revenue Bonds Issuance Costs	(217,718)
Amortization of Reimbursement Revenue Bonds Issuance Costs	(52,955)
Amortization of Guaranteed Revenue Bonds Issuance Costs	(221,688)
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 governmental funds.	(75,342)
Change in net assets of governmental activities	$ (574,285,147)

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

		Georgia 400 Project
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	17,574,652
Accounts receivable (net of allowance for uncollectibles)		59,702
Inventory		1,792,372
Prepaid Items		27,720
Total current assets		19,454,446
NONCURRENT ASSETS		
Restricted:		
Cash and cash equivalents:		
Customer deposits		52,806
Guaranteed refunding revenue bond covenant accounts		6,118,687
Investments:		
Guaranteed refunding revenue bond covenant accounts		18,888,124
Total restricted assets		25,059,617
Estate for years, net		21,877,523
Capital assets:		
Depreciable, net of accumulated depreciation		2,628,745
Total capital assets		2,628,745
Total noncurrent assets		24,506,268
Total assets	$	69,020,331

		Georgia 400 Project
CURRENT LIABILITIES		
Accounts payable	$	455,422
Accrued liabilities		567,051
Compensated absences		48,643
Current liabilities payable from restricted assets:		
Deferred revenue		3,032,901
Customer deposits payable		105,605
Accrued interest payable		757,923
Guaranteed refunding revenue bonds payable		7,560,000
Total current liabilities payable from restricted assets		11,456,429
NONCURRENT LIABILITIES		
Guaranteed refunding revenue bonds payable		24,835,000
Unamortized premium on guaranteed refunding revenue bonds		307,012
Compensated absences		102,096
Deferred amount of refunding		(1,074,327)
Total noncurrent liabilities		24,169,781
Total liabilities		36,648,683
NET ASSETS		
Invested in capital assets		2,628,745
Unrestricted		29,694,260
Total net assets	$	32,323,005

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Georgia 400 Project
OPERATING REVENUES	
Charges for sales and services	
Administrative fees	$ 841,643
Toll fees	
Cash tolls	12,453,762
Cruise cards	7,292,439
Other services	15,960
Total charges for sales and services	20,603,804
Rents and royalties	
Rental income	44,432
Total operating revenues	20,648,236
OPERATING EXPENSES	
Personnel costs	2,659,718
Repairs and maintenance	1,022,649
Depreciation	886,035
Amortization	5,150,183
Other operating expenses	3,875,861
Total operating expenses	13,594,446
Operating income	7,053,790
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,191,973
Bond interest expense	(1,515,845)
Total nonoperating revenues (expenses)	(323,872)
Change in net assets	6,729,918
NET ASSETS, beginning of year	25,593,087
NET ASSETS, end of year	$ 32,323,005

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Georgia 400 Project
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 29,207,202
Cash paid to vendors	(5,162,503)
Cash paid to employees	(2,659,718)
Net cash provided by operating activities	21,384,981
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(890,088)
Interest paid on guaranteed refunding revenue bonds	(1,695,845)
Principal paid on guaranteed refunding revenue bonds	(7,200,000)
Net cash used in capital and related financing activities	(9,785,933)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	(11,422,248)
Proceeds from sale and maturity of investments	15,498,566
Investment income received	1,191,973
Net cash provided by investing activities	5,268,291
Net increase in cash and cash equivalents	16,867,339
Cash and cash equivalents, beginning of year	6,878,806
Cash and cash equivalents, end of year	$ 23,746,145

Reconciliation of ending cash and cash equivalents to Statement of Net Assets - Proprietary Fund	
Current Assets:	
Cash and cash equivalents	$ 17,574,652
Noncurrent Assets (Restricted):	
Cash and cash equivalents	52,806
Deposits	6,118,687
Total	$ 23,746,145

	Georgia 400 Project
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 7,053,790
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	886,035
Amortization	5,150,183
Changes in assets and liabilities:	
Increase in inventory	(934,472)
Increase in accounts receivable	(4,240)
Increase in prepaid items	(27,720)
Decrease in due from other fund	8,447,189
Increase in liabilities (other than customer deposits)	698,199
Decrease in customer deposits payable	(7,780)
Increase in deferred revenues	123,797
Net cash provided by operating activities	$ 21,384,981

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State Road and Tollway Authority (the Authority) is an instrumentality of the State of Georgia and a public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Authority consists of five (5) ex-officio members: the Governor, Commissioner of the Department of Transportation, Director of the Office of Planning and Budget, Appointee of Lieutenant Governor and Appointee of Speaker of the House. The Authority is considered a component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

B. Basis Of Presentation

A key feature of the governmental financial reporting model is its unique combination of government-wide and fund financial reporting. This combination of government-wide and fund financial reporting is designed to accomplish two goals: (1) to provide information using the economic resources measurement focus and the accrual basis of accounting functions reported in governmental funds, and (2) to provide net cost information by function for governmental activities. This is accomplished through government-wide financial statements and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all the non-fiduciary activities of the Authority. *Governmental activities*, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from *business-type activities*, which are financed in whole or in part by fees charged to external parties for goods or services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The only exception to this general rule is in those instances where the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

The Authority reports activity in a single governmental fund and a single proprietary fund. Separate financial statements are provided for the governmental fund and proprietary fund.

The Authority reports the following major governmental fund:

The General Fund is used to account for all financial transactions not required to be accounted for in another fund. Operations of the General Fund include accounting for the issuance of bonded debt, which finances State of Georgia transportation infrastructure construction. Funding of the debt service is realized through the remittance of motor fuel tax and/or federal funds by the State of Georgia's Department of Transportation (the GDOT).

The Authority reports the following major proprietary fund:

The Enterprise Fund is used to report activities for which fees are charged to external users for goods or services. This fund is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees. The Authority's Georgia 400 Project Fund is reported as an enterprise fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Revenues are considered to be “measurable” when the amount of the transaction can be determined and “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Major revenue sources susceptible to accrual include interest and other investment income. Expenditures are generally recorded when the related fund liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The Authority has elected to follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) as well as Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority’s enterprise fund are charges to customers for sales and services and rents and royalties. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The Authority also recognizes as operating expense the amortization of the asset “Estate for Years”. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, and the state investment pool that has the general characteristics of demand deposit accounts in that the Authority may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. Funds of the Georgia 400 Project on deposit with the Trustee for the purpose of continual investment are reflected as investments regardless of the term of instrument. The aforementioned definitions were applied in the preparation of the Statement of Cash Flows.

The state investment pool (Georgia Fund 1) is an external investment pool that is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The State of Georgia's Office of Treasury and Fiscal Services (OTFS) manages Georgia Fund 1 in accordance with policies and procedures established by state law and the State Depository Board, the oversight Board for OTFS. This investment is valued at the pool's share price, $1.00 per share.

The Authority does not have any risk exposure related to investments in derivatives or similar investments in Georgia Fund 1, as the investment policy of OTFS does not provide for investments in derivatives or similar investments through the Georgia Fund 1.

Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase. Also reported as investments are funds of the Georgia 400 Project on deposit with the Trustee of the Series 1998 Guaranteed Refunding Revenue Bonds for the purpose of continual investment and certain other securities held for the production of revenue. Investments are stated at amortized cost. Accounting principles generally accepted in the United States of America require that investments be reported at fair value; however, the variance in amortized cost and fair value is deemed immaterial to the financial statements for the majority of the Authority's investments. Any variances in amortized cost and fair value deemed material to the financial statements were reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

Investments (Continued)

The Authority may invest regular funds in such securities and in such manner as it determines to be in its best interest. In addition, the Series 1998 Guaranteed Refunding Revenue Bond, 2006 Grant Anticipation Revenue Bond, 2006 Reimbursement Revenue Bond, 2008A Grant Anticipation Revenue Bond, and the 2008A Reimbursement Revenue Bond covenants restrict the Authority to investment in the state investment pool or to the following forms of investments with maturities not in excess of two (2) years:

(1) Obligations issued by the United States government.

(2) Obligations of any corporation of the United States government fully guaranteed by the United States government.

(3) Obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank or the Central Bank for Cooperatives.

(4) Repurchase Agreements.

The Series 2001 Guaranteed Revenue Bond covenants and the Series 2003 Guaranteed Revenue Bond covenants impose no additional restrictions.

Inventory

Inventory is valued at cost, using the first-in, first-out method. The Authority utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Accounts Receivable

Accounts receivable arising from operations of the Georgia 400 Project are reported net of an allowance for uncollectibles in the amount of $14,037.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

Deferred Charges

Unamortized Bond Issuance Costs for the Series 2001 Guaranteed Revenue Bonds, the Series 2003 Guaranteed Revenue Bonds, the Series 2006 Grant Anticipation Revenue Bonds, Series 2006 Reimbursement Revenue Bonds, the Series 2008A Grant Anticipation Revenue Bonds and the Series 2008A Reimbursement Revenue Bonds are recorded as deferred charges at June 30, 2008.

Restricted Assets

Specific portions of the Authority's cash and cash equivalents and investments are classified as restricted assets on the Statement of Net Assets. Certain guaranteed refunding revenue bond and guaranteed revenue bond proceeds, as well as certain resources set aside for their repayment, are reflected as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

In addition, restricted assets include customer deposits paid to the Authority.

Estate for Years

On July 10, 1991, the GDOT granted to the State Road and Tollway Authority an "Estate for Years" in return for a portion of the proceeds of the sale of the Series 1991 Guaranteed Revenue Bonds in the amount of $67,508,129. This "Estate" entitles the Authority the right to possess and operate the Georgia 400 Project and was continued in force by the Series 1998 Guaranteed Refunding Revenue Bonds, which defeased the Series 1991 Bonds. Upon payment in full of the Series 1998 Guaranteed Refunding Revenue Bonds by the Authority, all rights, title and interest acquired by this agreement shall revert to the State of Georgia Department of Transportation.

The asset "Estate for Years" is amortized over the payoff period of the refunding revenue bonds. The amortization expense each year is based on the percentage of refunding revenue bonds redeemed in that year to total bonds issued multiplied by the original asset amount of $67,508,129. This amortization method corresponds to the revenue stream projected during the payoff period of the refunding revenue bonds. The amortization expense recognized for the fiscal year 2008 was $4,862,422, which reduced the "Estate for Years" to $21,877,523 as of June 30, 2008.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

Capital Assets

Capital assets, which include property, plant, machinery and equipment, and computer software, are reported in the government-wide financial statements and proprietary fund financial statements at historical cost. Donated capital assets are recorded at fair market value on the date donated and disposals are deleted at recorded cost. Buildings and Improvements Other than Buildings are capitalized when the cost of individual items or projects exceeds $100,000. Machinery and equipment is capitalized when the cost of individual items exceeds $5,000. The Authority has elected to capitalize computer software currently under development. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Applicable capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	7-20
Improvements Other Than Buildings	7-18
Machinery and Equipment	3-9
Land Improvements	7
Computer Software	5-7

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused annual leave benefits. Employees can accumulate up to 360 hours of annual leave. Any hours earned above 360 hours are forfeited. Upon separation, employees are paid for any unused annual leave up to the 360 hour maximum amount. Employees earn annual leave ranging from 10 to 14 hours each month depending upon the employees' length of continuous state service with a maximum accumulation of 360 hours. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in the ERS.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs and the differences between reacquisition price and net carrying amount of refunded revenue bonds ("deferred amount on refunding"), are deferred and amortized over the life of the bonds using the straight-line method or effective-interest method. The straight-line method is used only if the difference between the effective-interest method and straight-line method is immaterial to the financial statements. Bonds payable are reported net of the applicable bond premium, discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets

In the government-wide financial statements and the proprietary fund financial statements, the difference between fund assets and liabilities is reported as net assets. Net assets are reported in three categories:

Invested in Capital Assets consists of capital assets, net of accumulated depreciation.

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

The unrestricted net assets deficit balance in the governmental activities included in the government-wide financial statements is the result of a timing difference in the flow of the Authority's assets (bond proceeds) and liabilities (bond debt).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

Net Assets (Continued)

As mentioned in Note 1 B., the governmental fund issues bonded debt to finance State of Georgia transportation infrastructure construction projects. Bond proceeds are disbursed to the GDOT over a three (3) to five (5) year construction period, whereas the bonded debt obligations generally have maturity periods of twenty (20) years.

Fund Equity

In the governmental fund financial statements, fund balances are classified as either reserved or unreserved. Reserved fund balances are those amounts that are not available for appropriation or are legally restricted by outside parties for a specific use. Unreserved fund balances reflect the balances available for appropriation for the general purposes of the fund.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

NOTE 2. BUDGET

The Authority prepares an internal operations budget for management purposes. The budget is not subject to review or approval by the Legislature of the State of Georgia and, therefore, is a nonappropriated budget.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Bond Covenants

The Authority is subject to certain covenants with regard to the issuance of the Series 1998 Guaranteed Refunding Revenue Bonds (Georgia 400 Project), the Series 2001 Guaranteed Revenue Bonds (Governor's Transportation Choices Initiative), the Series 2003 Guaranteed Revenue Bonds, the Series 2006 Grant Anticipation Revenue Bonds, the Series 2006 Reimbursement Revenue Bonds, the Series 2008A Grant Anticipation Revenue Bonds and the Series 2008A Reimbursement Revenue Bonds.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Compliance With Bond Covenants (Continued)

Funds of the State of Georgia cannot be placed in a depository paying interest longer than 10 days without the depository providing a surety bond to the state. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (OCGA) Section 50-17-59:

(1) Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State of Georgia.

(2) Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State of Georgia.

(3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

(4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

(5) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.

(6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

OCGA Section 45-8-11 provides that the Authority may waive the requirements for security in the case of operating funds placed in demand deposit checking accounts.

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2008, the Authority had the following investments:

Investment	Maturities	Fair Value
Federal Home Loan Bank Bonds	July 1, 2008	$ 2,268,858
U.S. Treasury Bonds	July 24, 2008	9,073,058
U.S. Treasury Bonds	June 4, 2009	80,332
U.S. Treasury Bonds	October 31, 2011	7,465,876
Total		$ 18,888,124

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of the bond held in a portfolio will decline if market interest rates rise. At June 30, 2008, interest rate risk is reported in the above table as "Maturities" for each investment classification.

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 all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2008, the Authority's bank balance of $56,930,195 was uninsured and uncollateralized.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 10,415,915	$ -	$ (1,432,979)	$ 8,982,936
Capital Assets Being Depreciated:				
Land Improvements	12,704	-	-	12,704
Less Accumulated Depreciation For:				
Land Improvements	(3,327)	(1,815)	-	(5,142)
Total Accumulated Depreciation	(3,327)	(1,815)	-	(5,142)
Total Capital Assets Being Depreciated, Net	9,377	(1,815)	-	7,562
Total Governmental Activities Capital Assets	$ 10,425,292	$ (1,815)	$ (1,432,979)	$ 8,990,498

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Business-type Activities:				
Capital Assets Being Depreciated:				
Buildings	$ 4,938,197	$ -	$ -	$ 4,938,197
Improvements Other than Buildings	2,517,311	-	-	2,517,311
Machinery and Equipment	4,787,087	449,522	-	5,236,609
Computer Software	685,429	440,566	-	1,125,995
Total Capital Assets Being Depreciated	12,928,024	890,088	-	13,818,112
Less Accumulated Depreciation For:				
Buildings	(3,825,395)	(289,619)	-	(4,115,014)
Improvements Other than Buildings	(1,944,056)	(137,331)	-	(2,081,387)
Machinery and Equipment	(4,280,924)	(341,422)	-	(4,622,346)
Computer Software	(252,957)	(117,663)	-	(370,620)
Total Accumulated Depreciation	(10,303,332)	(886,035)	-	(11,189,367)
Total Capital Assets Being Depreciated, Net	2,624,692	4,053	-	2,628,745
Total Business-type Activities Capital Assets	$ 2,624,692	$ 4,053	$ -	$ 2,628,745

NOTE 6. INTERFUND PAYABLES AND TRANSFERS

In the fund financial statements, total transfers out are greater than total transfers in because of transfers between the General Fund and the GDOT. The transfers out to the GDOT in the amount of $639,821,213 were transferred from the proceeds of the Guaranteed Revenue Bonds, Series 2001 and Series 2003, the Series 2006 Reimbursement Revenue Bonds, the Series 2006 Grant Anticipation Revenue Bonds, the Series 2008A Reimbursement Revenue Bonds, and the Series 2008A Grant Anticipation Revenue Bonds to reimburse the GDOT for the construction costs related to various transportation projects. At June 30, 2008, $345,431,686 of the total amount transferred to the GDOT is reported as an interfund payable in the Statement of Net Assets and on the Governmental Fund Balance Sheet.

NOTE 7. COMMERCIAL PAPER

On August 31, 2006, the Authority was authorized to issue and sell a maximum of $150,000,000 aggregate principal amount of Federal Highway Reimbursement Revenue Commercial Paper Notes, Series A with an initial issuance of $50,000,000. Maturities are up to 270 days from date of issue. The commercial paper notes were issued to provide interim or short-term financing for the planning, engineering, design, acquisition, and construction of various transportation projects.

Commercial paper is issued as federal tax-exempt notes. The commercial paper notes are sold at par as interest-bearing obligations with a minimum of $100,000 principal and in minimum denominations of $5,000.

As of June 30, 2008, the Authority had $39,500,000 in commercial paper obligations recorded as a liability in the General Fund of the Authority. Short-term debt activity for the year ended June 30, 2008, was as follows:

	June 30, 2007	Increases	Decreases	June 30, 2008
Governmental activities:				
Commercial paper payable	$ 45,000,000	$ 50,000,000	$ (55,500,000)	$ 39,500,000
Total governmental debt	$ 45,000,000	$ 50,000,000	$ (55,500,000)	$ 39,500,000

NOTE 8. OPERATING LEASES

Lessee Agreements

The Authority has entered into certain agreements to lease real property and equipment which are classified as operating leases. Amounts are included only for multi-year leases and for cancelable leases for which an option to renew for the subsequent fiscal year has been exercised. Future minimum commitments for operating leases as of June 30, 2008, are as follows:

Fiscal Year Ended June 30		
2009	$	419,798
2010		421,778
2011		426,173
2012		438,958
2013		185,146
Total Minimum Commitments	$	1,891,853

Expenditures for rental of real property and equipment under operating leases for the year ended June 30, 2008, totaled $545,717.

Lessor Agreements

The Authority leases certain parcels of land for use by others for varying terms. The leases are accounted for as operating leases and revenues are recorded when earned. Revenue derived from these leases during fiscal year 2008 amounted to $44,432. Minimum future rentals to be received under operating leases as of June 30, 2008, are as follows:

Fiscal Year Ended June 30		
2009	$	48,587
2010		48,587
2011		48,587
2012		43,874
2013		907
Total Minimum Commitments	$	190,542

NOTE 9. LONG-TERM DEBT

Long-term obligations at June 30, 2008, and changes for the fiscal year then ended are as follows:

	June 30, 2007	Increases	Decreases	June 30, 2008	Amount Due Within One Year
Governmental activities:					
Guaranteed revenue bonds, series 2001	$ 289,525,000	$ -	$ (14,570,000)	$ 274,955,000	$ 15,280,000
Premium on guaranteed revenue bonds	7,020,493	-	(501,464)	6,519,029	-
Guaranteed revenue bonds, series 2003	279,130,000	-	(10,750,000)	268,380,000	11,190,000
Premium on guaranteed revenue bonds	18,460,202	-	(1,130,217)	17,329,985	-
Grant anticipation revenue bonds, series 2006	341,135,000	-	(24,030,000)	317,105,000	25,235,000
Premium on grant anticipation revenue bonds	16,652,001	-	(2,567,498)	14,084,503	-
Reimbursement revenue bonds, series 2006	85,080,000	-	(6,270,000)	78,810,000	6,535,000
Premium on reimbursement revenue bonds	989,970	-	(151,746)	838,224	-
Grant anticipation revenue bonds, series 2008A	-	480,000,000	-	480,000,000	27,420,000
Premium on grant anticipation revenue bonds	-	35,627,410	-	35,627,410	-
Reimbursement revenue bonds, series 2008A	-	120,000,000	-	120,000,000	7,320,000
Premium on reimbursement revenue bonds	-	4,283,109	-	4,283,109	-
Compensated absences	-	75,342	-	75,342	24,312
Governmental activities long-term liabilities	$ 1,037,992,666	$ 639,985,861	$ (59,970,925)	$ 1,618,007,602	$ 93,004,312
Business-type activities:					
Guaranteed refunding revenue bonds, series 1998	$ 39,595,000	$ -	$ (7,200,000)	$ 32,395,000	$ 7,560,000
Premium on guaranteed refunding revenue bonds	422,142	-	(115,131)	307,011	-
Deferred amount on refunding	-1,477,217	-	402,891	(1,074,326)	-
Compensated absences	-	150,739	-	150,739	48,643
Business-type activities long-term liabilities	$ 38,539,925	$ 150,739	$ -6,912,240	$ 31,778,424	$ 7,608,643

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Governmental Activities

On December 1, 2001, the Authority issued $350,000,000 of State of Georgia Guaranteed Revenue Bonds, Series 2001, for the purposes of (1) financing a portion of the Governor's Road Improvement Program, which consists of additions, extensions and improvements to the portion of the state's highway system known as the Developmental Highway System, and to finance certain other road and bridge projects both on and off the state's highway system and (2) to pay the costs of issuance of the bonds. Interest on these bonds is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2.5% to 5.375%. These bonds mature on March 1, 2021. As of June 30, 2008, the outstanding principal balance is $274,955,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the State Transportation Board and the State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $31,086,835 in the State of Georgia guaranteed revenue debt common reserve fund that is on deposit at the Office of Treasury and Fiscal Services.

On October 1, 2003, the Authority issued $309,140,000 of State of Georgia Guaranteed Revenue Bonds, Series 2003, for the purposes of (1) paying costs of certain road and bridge projects of the State of Georgia, (2) initially funding approximately five months of interest on the bonds, and (3) paying the costs of issuing the bonds. Interest on these bonds is payable semiannually on April 1 and October 1 of each year with interest rates ranging from 2.25% to 5.0%. These bonds mature on March 1, 2023. As of June 30, 2008, the outstanding principal balance is $268,380,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the State Transportation Board and the State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $25,633,563 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the Office of Treasury and Fiscal Services.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

On August 8, 2006, the Authority issued Federal Highway Grant Anticipation Revenue Bonds Series 2006 and Federal Highway Reimbursement Revenue Bonds Series 2006 in the amounts of $360,000,000 and $90,000,000, respectively. These bond proceeds will be used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2006 with interest rates ranging from 3.70% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2007 and maturing on June 1, 2018. As of June 30, 2008, the outstanding principal balances for the Series 2006 Grant Anticipation Revenue Bonds and the Series 2006 Reimbursement Revenue Bonds are $317,105,000 and $78,810,000, respectively.

On April 15, 2008, the Authority issued Federal Highway Grant Anticipation Revenue Bonds Series 2008A and Federal Highway Reimbursement Revenue Bonds Series 2008A in the amounts of $480,000,000 and $120,000,000, respectively. These bond proceeds will be used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2008 with interest rates ranging from 3.50% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2009 and maturing on June 1, 2020. As of June 30, 2008, the outstanding principal balances for the Series 2008A Grant Anticipation Revenue Bonds and the Series 2008A Reimbursement Revenue Bonds are $480,000,000 and $120,000,000, respectively.

Business-Type Activities

On February 1, 1998, the Authority issued $89,020,000 of State of Georgia Guaranteed Refunding Revenue Bonds (Georgia 400 Project), Series 1998, for the purpose of financing a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Project. Interest on these bonds is payable semiannually on January 1 and July 1 of each year with interest rates ranging from 3.50% to 5.00%. These bonds mature on July 1, 2011. As of June 30, 2008, the outstanding principal balance is $32,395,000. The toll revenues to be generated from the usage of the Georgia 400 Project secure these bonds. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $9,534,620 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund, which is on deposit at the Office of Treasury and Fiscal Services.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue bonds outstanding at June 30, 2008, are as follows:

Bond Issue	Purpose	Interest Rate		Amount
Governmental activities				
Guaranteed Revenue Bonds, Series 2001	Governor's road improvement program	2.50 - 5.375%	$	274,955,000
Guaranteed Revenue Bonds, Series 2003	Improvement of roads and bridges	2.25 - 5.00%		268,380,000
Federal Highway Grant Anticipation Revenue Bonds, Series 2006	Improvement of roads and bridges	3.80 - 5.00%		317,105,000
Federal Highway Reimbursement Revenue Bonds, Series 2006	Improvement of roads and bridges	3.70 - 5.00%		78,810,000
Federal Highway Grant Anticipation Revenue Bonds, Series 2008A	Improvement of roads and bridges	5.00%		480,000,000
Federal Highway Reimbursement Revenue Bonds, Series 2008A	Improvement of roads and bridges	3.50 - 5.00%		120,000,000
			$	1,539,250,000
Business-type activities				
Guaranteed Refunding Revenue Bonds, Series 1998	Georgia 400 Project	3.50 - 5.00%	$	32,395,000

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
Governmental Activities			
2009	$ 92,980,000	$ 79,486,277	$ 172,466,277
2010	101,135,000	71,325,615	172,460,615
2011	106,200,000	66,262,198	172,462,198
2012	111,305,000	61,105,609	172,410,609
2013	117,425,000	55,503,446	172,928,446
2014-2018	677,465,000	184,829,905	862,294,905
2019-2023	308,930,000	36,973,574	345,903,574
2024	23,810,000	595,250	24,405,250
	$ 1,539,250,000	$ 556,081,874	$ 2,095,331,874

Fiscal Year	Guaranteed Refunding Revenue Bonds, Series 1998		
Ended June 30	Principal	Interest	Total
Business-type activities			
2009	7,560,000	1,357,058	8,917,058
2010	7,880,000	1,001,325	8,881,325
2011	8,270,000	597,575	8,867,575
2012	8,685,000	195,413	8,880,413
	$ 32,395,000	$ 3,151,371	$ 35,546,371

NOTE 10. RELATED PARTIES

The Georgia Department of Transportation and the State Road and Tollway Authority are considered to be related parties due to certain common management personnel. The Commissioner of the Department of Transportation serves as one of five (5) members of the State Road and Tollway Authority.

NOTE 11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The State of Georgia utilizes self-insurance programs established by individual agreement, statute or administrative action to provide property insurance covering fire and extended coverage and automobile insurance and to pay losses that might occur from such causes; liability insurance for employees against personal liability for damages arising out of performance of their duties; survivors' benefits for eligible members of the Employees' Retirement System; consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor; and workers' compensation statutes of the State of Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the state for injuries and property damage.

Financial information relative to self-insurance funds is presented in the financial reports of the Department of Administrative Services and the Employees' Retirement System for the year ended June 30, 2008.

For its employee health insurance coverage, the Authority is a participant in the State of Georgia's Health Benefit Plan (the "Plan"), a public entity risk pool operated by the state for the benefit of employees of the State of Georgia, county governments and local education agencies located within the state. The Plan is funded by participants covered in the Plan, by employers' contributions paid by the various units of government participating in the Plan, and appropriations by the General Assembly of Georgia. The State Personnel Board, Merit System of Personnel Administration, which administers the Plan, has contracted with Blue Cross Blue Shield of Georgia to process claims in accordance with the Plan as established by the State Personnel Board. Financial information relative to the Plan is presented in the financial report of the State Personnel Board, Merit System of Personnel Administration for the year ended June 30, 2008.

NOTE 12. RETIREMENT SYSTEMS

Employees’ Retirement System of Georgia

Plan Description

The Authority participates in the Employees’ Retirement System of Georgia (“ERS”), a single-employer, defined benefit plan established by the Georgia General Assembly for the purpose of providing retirement allowances for employees of the State of Georgia. Financial statements and required information for ERS may be obtained from the Employees’ Retirement System of Georgia.

Benefits

The benefit structure of ERS was significantly modified on July 1, 1982. Unless elected otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982, is an “old Plan” member subject to the Plan provisions in effect prior to July 1, 1982. All other members are “new Plan” members subject to the modified Plan provisions.

Under both the old plan and the new plan, members become vested after ten (10) years of creditable service. A member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty-five (65). If ten (10) years of service is completed and age sixty (60) is reached, the member may retire with a reduced benefit. Additionally, there are certain provisions allowing for retirement after twenty-five (25) years of service regardless of age.

Retirement benefits paid to members are based upon a formula which considers the monthly average of the member’s highest twenty-four (24) consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member’s monthly pension at reduced rates to a designated beneficiary upon the member’s death. Death and disability benefits are also available through ERS.

In addition, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan (SRBP) effective January 1, 1998. The SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC 415.

The ERS issues a financial report each fiscal year which may be obtained through ERS.

NOTE 12. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Funding Policy

As established by state statute, all full-time employees of the State of Georgia and its political subdivision, who are not members of other state retirement systems, are eligible to participate in the ERS. Both employer and employee contributions are established by state statute. The Authority's payroll for the year ended June 30, 2008, for employees covered by ERS was $2,396,257. The Authority's total payroll for all employees was $2,426,507.

Under the old plan, member contributions consist of four percent (4%) of annual compensation up to $4,200 and six percent (6%) of annual compensation in excess of $4,200. Of these member contributions, the employee pays the first one and one-quarter percent (1.25%) and the employer pays the remainder on behalf of the employee. Under the new plan, member contributions consist solely of one and one-quarter percent (1.25%) of annual compensation paid by employee. The Authority also is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation. For the year ended June 30, 2008, the ERS employer contribution rate for the Authority amounted to 10.41% of covered payroll and included the amounts contributed on behalf of the employee under the old plan referred to above. Employer contributions are also made on amounts paid for accumulated leave to retiring employees.

Employer contributions made to the plan during fiscal year 2008 amounted to $262,888. These contributions met the requirements of the plan. Employee contributions were not available. There is no net pension obligation for the plan. Employer contributions (annual pension cost) for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	$ 262,888	100%	N/A
2007	221,694	100%	N/A
2006	225,668	100%	N/A
2005	219,797	100%	N/A

NOTE 12. RETIREMENT PLANS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Funding Policy (Continued)

The required contribution for 2008 was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 5.45% to 9.25% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the actuarial accrued funding excess within 15 years based upon the actuarial valuation at June 30, 2007.

Actuarial and Trend Information

Actuarial and historical trend information was obtained from the ERS' Report of the Actuary on the Valuation prepared as of June 30, 2007 (issued June 30, 2008 relative to fiscal year 2008) which may be obtained through ERS.

NOTE 13. POST-EMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund:

Plan Description:

The Authority contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

NOTE 13. POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia Retiree Health Benefit Fund: (Continued)

Funding Policy:

The contribution requirements of plan members and participating employers are established and may be amended by the Board of Community Health (the "Board"). Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

Participating state employers are statutorily required to contribute in accordance with the employer contribution rate established by the Board. This contribution rate is established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The combined rate for the active and retiree plans (pay-as-you go basis) for the fiscal year ended June 30, 2008, was 18.534% of covered payroll. An additional contribution of 4.309% of covered payroll based on available funding as set forth in the Appropriation Act was required by the Board for fiscal year 2008; 11 months of this additional contribution will be deposited into the OPEB fund to prefund retiree benefits (such additional contribution amounts are determined annually).

The Authority's contribution to the health insurance plans for the fiscal year ended June 30, 2008, was $ 593,511, which equaled the required contribution.

State Employees' Assurance Department - OPEB:

Plan Description:

State Employees' Assurance Department – OPEB ("SEAD-OPEB") is a single-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems. Pursuant to Title 47 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees' and Judicial Retirement Systems. The Employees' Retirement System of Georgia (ERS) issues a publicly available financial report that includes financial statements and required supplementary information for SEAD-OPEB. That report may be obtained from the Employees' Retirement System of Georgia, Two Northside 75, Suite 300, Atlanta, Georgia 30318-7778.

NOTE 13. POST-EMPLOYMENT BENEFITS (CONTINUED)

State Employees' Assurance Department - OPEB: (Continued)

Funding Policy:

Contributions by plan members are established by the Boards of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The Boards of Trustees of the Employees' and Judicial Retirement Systems establish employer contribution rates, such rates when, when added to members' contributions, shall not exceed one percent (1%) of earnable compensation. For the fiscal year ended June 30, 2008, contributions of ERS "old plan" members were one-half of one percent (0.5%) of earnable compensation, one-quarter of one percent (0.25%) of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were one-quarter of one percent (0.25%) of earnable compensation.

The Authority is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The ARC for the year ended June 30, 2008, was zero.

Annual OPEB Cost:

For the fiscal year ended June 30, 2008, the Authority had no annual OPEB cost for SEAD-OPEB (the ARC was zero).

Funding Status and Funding Progress:

The funding status of SEAD-OPEB as of June 30, 2007, was as follows:

Actuarial accrued liability (AAL)	$	642,530,433
Actuarial value of plan assets		778,048,000
Unfunded actuarial accrual liability (UAAL) (funding excess)	$	(135,517,567)
Funded ratio (actuarial value of plan assets / AAL)		121.09%
Covered payroll (active plan members)	$	2,720,771,905
UAAL (funding excess) as a percentage of covered payroll		(4.98%)

NOTE 13. POST-EMPLOYMENT BENEFITS (CONTINUED)

State Employees' Assurance Department - OPEB: (Continued)

Funding Status and Funding Progress: (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return, which includes a 3.75% inflation assumption. The actuarial value of SEAD-OPEB assets was determined using market value. SEAD-OPEB's funding excess is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007, was 36 years.

NOTE 14. CONTINGENCIES

Litigation, claims and assessments filed against the Authority, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2008.

NOTE 15. SUBSEQUENT EVENTS

Commercial Paper

The State Road and Tollway Authority paid off the commercial paper notes of $39,500,000 on July 10, 2008. The Authority still maintains an available credit line of $150,000,000, but does not currently plan to issue additional commercial paper notes.

State Infrastructure Bank

In April 2008, House Bill 1019 was signed into law providing for the establishment of a Transportation Infrastructure Bank within the State Road and Tollway Authority. Through the Governor's State Infrastructure Bank Initiative, this program will be created and funded to provide government loans for a wide variety of transportation projects to help address the growing needs of the State of Georgia.

The State Infrastructure Bank is a revolving infrastructure investment fund, much like a bank, that can be used to offer financial assistance to the State of Georgia, regional and local government entities to fund needed transportation projects. The law allows government units such as cities, counties and local tax-improvement districts to borrow funds from the new bank under the direction of the State Road and Tollway Authority.

It is envisioned that the State Infrastructure Bank may provide loans to government entities for transportation projects that demonstrate finance ability as well as transportation merit, engineering merit, economic merit, project feasibility, and innovative concepts. Eligible projects for the State Infrastructure Bank will include highways, bridges, air transport and airport facilities, rails, or transit and bicycle facility projects which provide public benefits by either: enhancing mobility and safety, promoting economic development, or increasing the quality of life and general welfare of the public. The State Road and Tollway Authority is to receive $28,100,000 from the FY09 Motor Fuel Appropriation, $5,353,034 from Georgia Highway Authority transfer, and $5,000,000 from the CID Congestion Mitigation Fund.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

State Employees' Assurance Department – OPEB

Schedule of Funding Progress

(in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/2006 (*)	$ 689,372	$ 568,476	$ (120,896)	121.3%	$ 2,667,159	(4.5%)
6/30/2007	$ 778,048	$ 642,530	$ (135,518)	121.1%	$ 2,720,772	(5.0%)

(*) Hypothetical valuation results based on the June 30, 2006, valuation report (the allocation and transfer of assets took place subsequent to the actuarial valuation date).

SUPPLEMENTARY INFORMATION

STATE ROAD AND TOLLWAY AUTHORITY

CASH AND CASH EQUIVALENTS SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

INTEREST BEARING ACCOUNTS			
Bank of America, N.A.,			
Atlanta, Georgia		$ 3,640,813	
The Bank of New York,			
Atlanta, Georgia			
Cash Investing Accounts			
Guaranteed Refunding Revenue Bond Covenant Accounts			
1998 S/F Interest	$ 381,178		
1998 S/F Principal	5,733,048		
1998 Oper. & Maint. Fund	575		
1998 Toll Facility Removal Fund	439		
1998 Resurfacing Fund	814		
1998 Rebate Fund	2,467		
1998 Debt Retirement Fund	166		
Money Market Accounts			
RRBs 2006 Debt Service	1,010,258		
Series A CP Gen Interest Inv Account	926,849		
GARBs 2008-A COI Inv Account	223,219		
GARBs 2008-A Refunding Inv Account	31,920,332		
RRBs 2008-A COI Inv Account	50,730		
RRBs 2008-A Refunding Inv Account	7,980,083	48,230,158	
Wachovia Bank, N.A.,			
Charlotte, North Carolina			
Cash Investment Accounts			
Guaranteed Revenue Bond Covenant Accounts			
Bid Good Faith Fund	83,752		
US Bank			
Money Market Accounts			
Guaranteed Revenue Bond Covenant Accounts			
2003 General Account Inv Fund	0		
2003 Sinking Fund Inv Account	14,468,332		
2001 General Account Inv Fund	0		
2001 Revenue Fund	0	14,552,084	
Funds on Deposit with Office of Treasury and Fiscal Services			
2001 Sinking Fund		10,390,674	
Georgia 400 Account		29,695,925	
Series 2006 GARB Account		473,143,795	
Series 2006 RRB Account		4	
Series 2008-A GARB Account		20	
Series 2008-A RRB Account		113,381,697	
			$ 693,035,169
OTHER			
Cash on Hand			37,043
			$ 693,072,212

STATE ROAD AND TOLLWAY AUTHORITY

INVESTMENTS SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FUND/INVESTMENT TYPE	PURCHASE DATE	MATURITY DATE		
GEORGIA 400 PROJECT				
Restricted				
Funds Held by Guaranteed Revenue Bond Trustee				
The Bank of New York, Atlanta, Georgia				
Toll Facility Removal Fund				
U.S. Treasury Bill	June 19, 2008	July 24, 2008	$ 690,013	
U.S. Treasury Bill	June 26, 2008	July 24, 2008	9,989	
			700,002	
Sinking Fund Interest				
U.S. Treasury Bill	June 19, 2008	July 1, 2008	252,844	
U.S. Treasury Bill	June 25, 2008	July 1, 2008	125,965	
			378,809	
Sinking Fund Principal				
U.S. Treasury Bill	June 19, 2008	July 1, 2008	1,260,222	
U.S. Treasury Bill	June 25, 2008	July 1, 2008	629,827	
			1,890,049	
Resurfacing Fund				
U.S. Treasury Bill	June 19, 2008	July 24, 2008	6,462,750	
U.S. Treasury Bill	June 19, 2008	July 24, 2008	110,881	
			6,573,631	
Rebate Fund				
U.S. Treasury Notes	June 30, 2008	June 4, 2009	80,332	
Maintenance Fund				
U.S. Treasury Notes	June 19, 2008	July 24, 2008	1,799,425	
Debt Retirement Fund				
U.S. Treasury Notes	November 15, 2006	October 31, 2011	7,465,876	18,888,124
				$ 18,888,124