

AUGUSTA, GEORGIA

Annual Financial Statements

For the Year Ended December 31, 2004

AUGUSTA, GEORGIA
Annual Financial Report
Year Ended December 31, 2004

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FINANCE DEPARTMENT

David Persuad, MPA, CGFM, CPE, Finance Director

June 13, 2005

The Honorable Mayor Bob Young
Members of the Augusta-Richmond County Commission
Augusta, Georgia 30911

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, is hereby submitted the annual financial report of Augusta, Georgia for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of Augusta, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Augusta, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Augusta, Georgia financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Augusta, Georgia comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

Augusta, Georgia financial statements have been audited by Cherry Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Augusta, Georgia for the fiscal year ended December 31, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that Augusta, Georgia's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Augusta, Georgia was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in Augusta, Georgia's Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Augusta, Georgia MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Augusta is located in the east central section of the state on the south bank of the Savannah River, which serves as the boundary between Georgia and South Carolina. Augusta is on the fall line and has landscape dotted with foothills which descend to the coastal plain. Augusta is the head of the navigation on the Savannah River and is 135 miles east of Atlanta, 127 miles northwest of the port of Savannah, and 72 miles southwest of Columbia, South Carolina. Augusta is the trade center for 13 counties in Georgia and five in South Carolina, a section known as the Central Savannah River Area.

The Government was created by legislative act in the State of Georgia in 1995 from the unification of the two governments, the City of Augusta, Georgia and Richmond County, Georgia. On June 20, 1995, the citizens of Richmond County and the City of Augusta voted to consolidate into one government named Augusta, Georgia. The officials for the new government were elected and, based on the charter, took office on January 1, 1996. The unified government combined all functions and began financial operations January 1, 1996.

The Government is governed by a full-time Mayor, with a term of four years, and a ten member Commission, who serve on a part-time basis and are elected to staggered terms of four years. The Mayor and Commission appoint an Administrator who serves as a full-time administrative officer and is responsible for the daily operations of the Government.

Augusta provides a full range of services, including public safety and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events. Sanitation services, water and sewer services, transportation services and other administrative and governmental services are also provided by the Consolidated Government. Augusta also is financially accountable for the legally separate Richmond County Department of Health which is reported separately within

Augusta's financial statements. Additional information on this legally separate entity can be found in Note IB. in the notes to the financial statements.

The annual budget serves as the foundation for Augusta's financial planning and control. All agencies of Augusta are required to submit requests for appropriation to the government's administration before the month of July each year. The government's Administrator uses these requests as the starting point for developing a proposed budget. The government's Administrator then presents this proposed budget to the Commission for review prior to October 31. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of Augusta's fiscal year. The appropriated budget is prepared by fund, function (e.g. Public Safety), and department (Sheriff Road Patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Augusta operates.

Local economy. Augusta, located in the heart of the Southeast, is Georgia's second largest and second oldest city. According to the magazine "Where to Retire", Augusta is ranked number four among the nation's low-cost cities for retirement. This is partially based on a variety of factors including cost of living, transportation, higher education, job outlook, health care, the arts, recreation and climate.

Bolstered by nearly half a million residents, the area's economy as a whole is much like that of its health care sector: clean, high tech and well supplied with skilled workers. In addition to a strong sense of history and related attractions, the city offers a rich variety of sophisticated amenities including a vibrant arts community and a wealth of fine restaurants.

The Augusta's Southern hospitality is evident from the temperate climate to the year-round greenery that reminds residents and visitors alike of Augusta's designation as the Garden City.

The MSA has a strong, stable economy, composed of (1) an extensive base of manufacturers; (2) a core of technology-based employers; and (3) an expanding service sector.

The diverse industrial base includes production of medical products, pharmaceuticals, golf carts, chemicals, industrial tools, textiles among others.

Health care, a technology-based employer in the region, employs more than 25,000 medical professionals. The Medical College of Georgia (MCG) is ranked as one of the top 20 medical schools in the nation and is Georgia's Health Sciences University. MCG has schools of Dentistry, Allied Health Sciences, Nursing and Graduate studies, as well as Medicine. A pioneer in telemedicine, MCG has received national recognition for its efforts in this field. MCG serves patients from all over the southeast, with over 80 clinics centrally located within one building. More than a dozen other major medical facilities are located in the region.

The U.S. Army Signal Center and Fort Gordon, the largest communications electronics training center in the world, rounds out Augusta's technology-based economy. The center has advanced communications technology, adapting the telephone to military usage by incorporating satellite communications and computer technology.

In addition, Fort Gordon is home to the Army's Computer Science School and home to a joint services intelligence organization that supports the Department of Defense. The teaching facilities at Eisenhower Army Medical Center (EAMC) serve as a regional tri-service medical center serving 5 southeastern states and Puerto Rico.

At the center of the technology-based employers is the Savannah River Site (SRS), a U.S. Department of Energy (DOE) facility, which comprises a majority of the MSA's economy with over 13,000 employees. The Site's mission is to reduce nuclear danger by transferring applied environmental technology to government and non-government entities cleaning up the site, managing the waste and forming economic and industrial alliances.

SRS has a significant economic impact across the two states, affecting more than a dozen counties. The current annual budget of SRS is \$1.6 billion, including a payroll of approximately \$900 million.

Westinghouse Savannah River Company (WSRC) is responsible for the day-to-day operations of the nuclear facility. Other major contractors on the site include Bechtel Savannah River Inc., Babcock & Wilcox Group (B & W Savannah River Company) and British Nuclear Fuels Limited (BNFL Savannah River Company).

The economic outlook is sound, with moderate employment gains expected over the short term. The Augusta economy is expected to continue to benefit from a diverse economic base and strategic location in the southeast region.

Augusta is also proud host each spring of the Masters Golf Tournament, the sports most prestigious event. Since 1934, the golf course designed by Bobby Jones and Clifford Roberts has awed spectators for one week each April with its lush and brilliant foliage. There are 7 other private and 16 public golf courses in Augusta.

Long-term financial planning. The governing commission approved the fiscal year 2005 budget totaling \$749 million with emphasis on controlling the cost of government services. The budget will provide the level of services in fiscal year 2005 consistent with fiscal year 2004. More emphasis will be placed on managing for results by utilizing a program performance basis of budgeting in fiscal year 2005. This is a departure from the previous years line-item budgeting approach. The concept of program-performance budgeting will provide department managers with an opportunity to establish program goals and objectives and develop relative performance measures to measure program performance and results.

During fiscal year 2004 the Finance Department revised the comprehensive five year 2005-2009 capital improvements program budget totaling over \$300 million. This long-term fiscal plan is a strategic planning document consisting of an evaluation of all the capital and infrastructure needs and capital improvements necessary to allow the government to plan for capital assets acquisition and replacement for the next five years. The plan is updated annually to reflect the City's infrastructure needs.

The Special Purpose Local Option Sales Tax (SPLOST) for the current period 2001-2005 will generate an estimated \$160 million for capital projects. This dedicated one cent sales tax provides the government with a method of funding essential on-going capital projects and provide funds for major capital needs. Discussions are in place to extend the SPLOST over the next period in the range of 5 to 10 years.

The Augusta Utilities Department owns and operates the water treatment distribution facilities as well as the waste water conveyance and treatment facilities. The current water system serves over 60,305 residential customers and 7,890 commercial and industrial customers. The service area encompasses approximately 210 square miles serving an estimated population in excess of 180,000. Water is supplied by the Savannah River and supplemented by ground water wells through out the county.

The current waste water system serves approximately 47,153 residential and 5,873 commercial and industrial customers. The service area encompasses 106 square miles with an estimated population of 160,000.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit and the State Treasurer's investment pool. The maturities of the investments range from 30 days to 2 years, with an average maturity of 12 months. The average yield on investments was 1.34 percent for the government and an average yield of 6.54 percent for the pension trust fund defined benefit plans. The rate of return for the pension trust fund is attributable to the long-term character of most of its investment holdings and the dismal year for the U.S. equity investors. Investment

income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. In 2003, the Risk Management program was transferred from the Human Resources Department to the Finance Department.

During 2004, Risk Management continued to provide training for safety, substance abuse awareness and driver training education program. Safety initiatives and claims administrative services for workers compensation was successfully bid out to a new firm in 2004. Likewise the commercial property insurance was awarded to another firm through competitive bidding in 2004.

The Loss Control Division introduced the driver training program in 2003 with 467 employees completing the training in 2004 and 577 in 2003. Another successful safety program introduced in 2003 is the safety briefing program. This program involved counseling the injured employee along with the respective supervisor. During 2004, 95 briefings were held with various employees in the City. The program has shown considerable results with decline in accidents and injuries. Reported claims for injuries were 481 in 2001, 486 in 2002, 466 in 2003 and 376 in 2004.

In the area of claims administration for 2004 there were 145 automobile liability claims, 143 claims for damage to city vehicles, 49 general liability claims, 17 property damage claims and 2 law enforcement liabilities claims. These claims were less than the 2003 experience. The Risk Management program also provided random drug testing during the year to enforce a drug free work environment.

The goals outlined for the 2005 Risk Management program will be a continuation of the 2005 programs with focus on safety awareness driver training program and other related training.

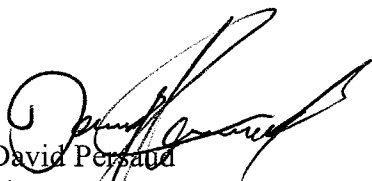
Fleet Management: The Fleet maintenance services are accounted for in an Internal Service Fund with monthly allocations to all user departments. Contract maintenance represented 54% of all costs, non-contract maintenance represented 10%, fuel represented 30% and fleet operating costs represented 6% of the total expenses. Maintenance service was provided by First Vehicle Services. In 2004, 11,752 work orders were completed at a cost of each work order at \$326. In 2003 the average cost per work order was \$313. This is an increase per work order of \$13 due to the increase costs of fuel and inflationary costs for parts. The lease payments to the Georgia Municipal Association for vehicles and equipment of all funds remain relatively constant from year to year. Fleet Management's goals for 2005 are to continue to provide quality repairs at the lowest cost. Specific Goals for FY 2005 includes: (1) Improve maintenance facilities, (2) Implement audit and inspection processes to ensure accountability of parts and parts costs, proper

invoicing for all non-contract cost repairs and (3) provide more accurate budget data to user departments for budget preparation.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the governing commission for their unfailing support for maintaining the highest standards of professionalism in the management of Augusta's finances.

Respectfully submitted,



David Persaud
Finance Director



Elected Officials December 31, 2004

Mayor Bob Young
One Seventh St., Suite 1801
Augusta, Georgia 30909

Betty Beard – District One
One Seventh St., Suite 1703
River Place Condos
Augusta, Georgia 30901
(706) 724-0916 (Home)
(706) 832-8331 (Message Ctr)

Barbara Sims – District Three
10 Retreat Road
Augusta, Georgia 30901
(706) 733-1410 (Home)

Bobby Hankerson – District 5
3312 Balkcom Drive
Augusta, Georgia 30906
(706) 790-9199 (Home)
(706) 855-2401 (Pager)
(706) 771-6006 (Pager)

Tommy Boyles – District 7
2711 Boar's Head Drive
Augusta, Georgia 30907
(706) 863-5249 (Home)
(706) 821-1838 (Fax)
(706) 771-6006 (Pager)

William Mays, III – District 9
Mayor Pro-Tempore
1221 James Brown Blvd.
Augusta, Georgia 30903
(706) 722-6401 (Bus)
(706) 722-7018 (Fax)

Marion Williams – District Two
1941 Kratha Drive
Augusta, Georgia 30906
(706) 733-2128 (Home)
(706) 821-1838 (Fax)

Richard Colclough – District Four
3508 Monte Carlo Drive
Augusta, Georgia 30906
(706) 821-1823 (Bus)
(706) 821-1838 (Fax)

Andy Cheek – District 6
2129 Howard Road
Augusta, Georgia 30906
(706) 798-3890 (Home)

Jimmy Smith – District 8
1332 Brown Road
Augusta, Georgia 30815
(706) 798-3890 (Home)

Don Grantham – District 10
808 Quail Court
Augusta, Georgia 30909
(706) 738-2331 (Home)
(706) 738-7786 (Bus)
(706) 733-4741 (Fax)



Appointed Officials December 31, 2004

Frederick L. Russell
Interim Administrator

530 Greene Street – Rm 801
Augusta, Georgia 30911
(706) 821-2400
(706) 821-2819 (Fax)

Robert Leverett
Interim Deputy Administrator

530 Greene Street – Rm 801
Augusta, Georgia 30911
(706) 821-2400
(706) 821-2819 (Fax)

David Persaud
Finance Director

530 Greene Street – Rm 207
Augusta, Georgia 30911
(706) 821-2429
(706) 821-2502 (Fax)

Tameka Allen
Interim Deputy Administrator

530 Greene Street – Rm 801
Augusta, Georgia 30911
(706) 821-2400
(706) 821-2819 (Fax)

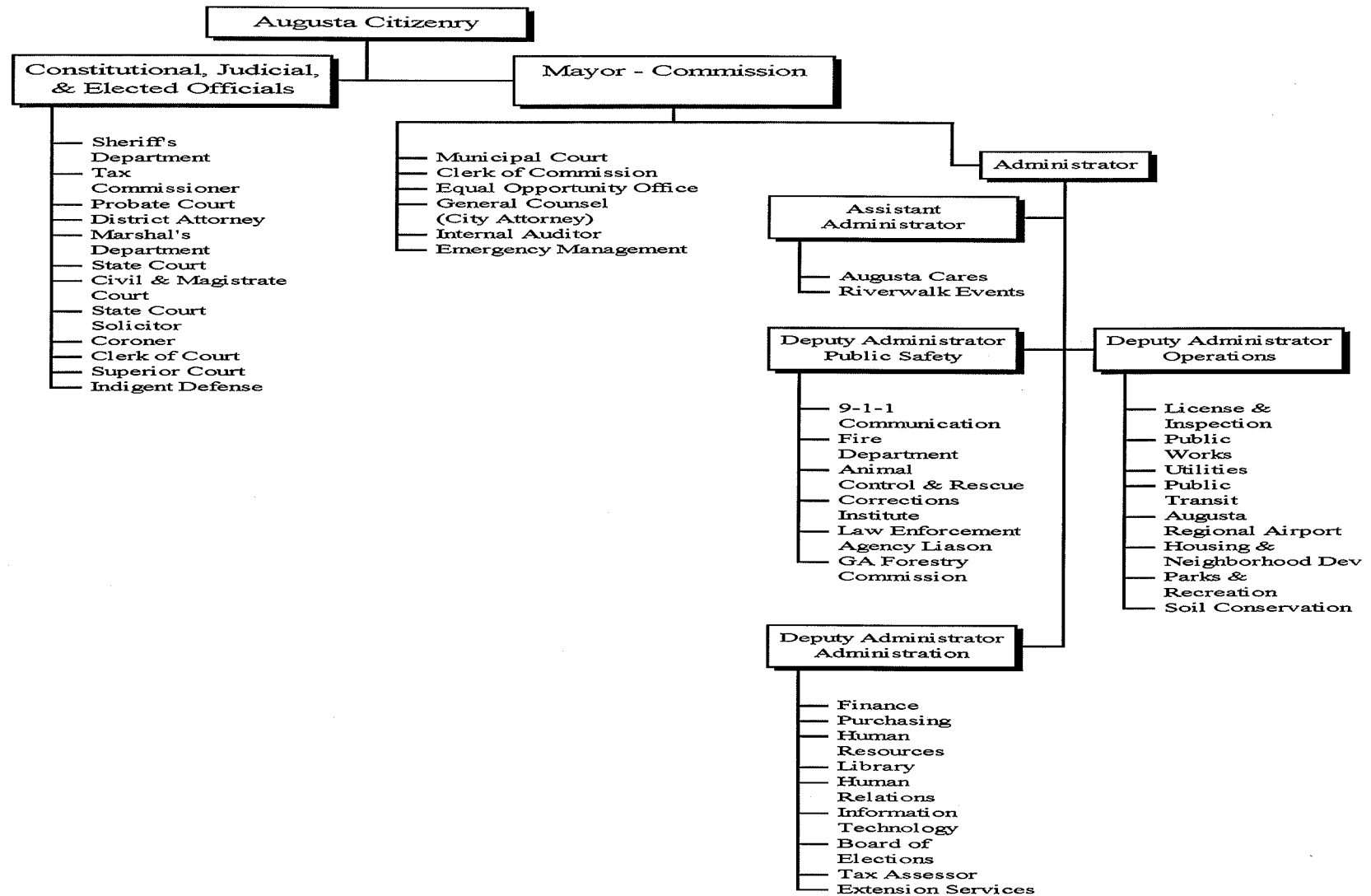
Lena Bonner
Clerk of Commission

530 Greene Street – Rm 806
Augusta, Georgia 30911
(706) 821-1820
(706) 821-1838 (Fax)

Steve Sheperd
County Attorney

701 Greene Street
Augusta, Georgia 30903
(706) 736-8884
(706) 722-4817 (Fax)

Augusta, GA Organizational Chart



FINANCIAL SECTION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Augusta-Richmond County Commissioners
Augusta, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia as of December 31, 2004 and for the year then ended, which collectively comprise Augusta, Georgia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Augusta, Georgia management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Augusta-Richmond County Department of Health. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Health, is based solely on the report of the other auditors.

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

The financial statements of the Downtown Development Authority (DDA) have not been audited, and we were not engaged to audit the DDA financial statements as part of our audit of Augusta, Georgia's basic financial statements. DDA's financial activities are included in Augusta, Georgia's basic financial statements as a discretely presented component unit and represent 17.3 percent, 1.4 percent, and 1.1 percent of the assets, net assets, and revenues, respectively, of Augusta, Georgia's aggregate discretely presented component units.

In our opinion, based upon our audit and the report of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had DDA's financial statements been audited, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Augusta Canal Authority, each major fund and the aggregate remaining fund information of Augusta, Georgia, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund and fire protection fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2005 on our consideration of Augusta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management's Discussion and Analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Augusta, Georgia's basic financial statements. The introductory section, the combining and individual fund statements and the accompanying schedule of expenditures of Federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations for the year ended December 31, 2004, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and the accompanying schedule of expenditures of Federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Cherry, Behar & Holland, L.L.P.

Augusta, Georgia
May 17, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion & Analysis

The Management's Discussion and Analysis of the Comprehensive Annual Financial Report (CAFR) of Augusta, Georgia (the "Government") provides an overall narrative and analysis of the Government's financial statements for the fiscal year ended December 31, 2004. This discussion and analysis is designed to look at the Government's financial performance as a whole. Readers should also review the additional information provided in the transmittal letter, which can be found preceding this narrative, and the complete financial statements, with notes, which follow this narrative, to enhance their understanding of the Government's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2004 are as follows:

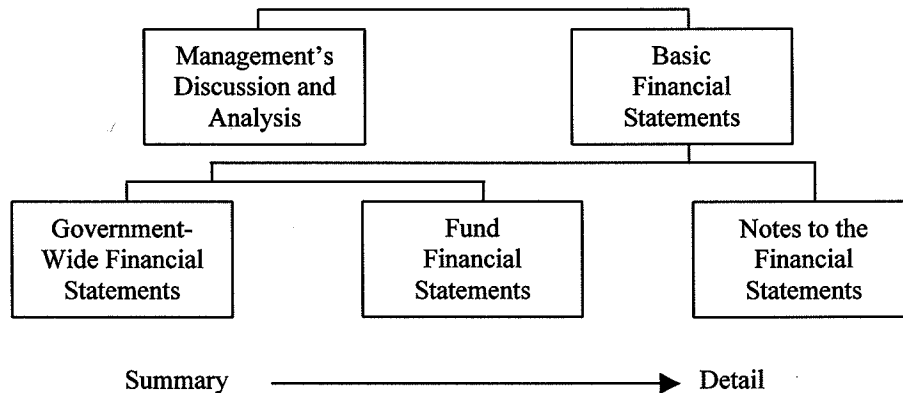
- The Government's combined net assets totaled \$602.7 million.
- The Government's total net assets increased by \$27 million, primarily due to capital spending funded by the Special Purpose Local Option Sales Tax revenues, other tax revenues.
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$190 million, an increase of \$14 million from the prior year. Approximately 86% of this total amount, or \$164 million, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$29 million, or 28% of total General Fund expenditures for the fiscal year. Of this amount, \$17 million has been designated for other purposes, leaving \$22 million, or 22% of total General Fund fund balance, as undesignated.
- Combined Revenue totaled \$266 million, of which governmental activities totaled \$175 million and business-type activities totaled \$91 million. Current year revenues increased approximately 4% from those of the prior year.
- Overall expenses totaled \$236 million of which governmental activities totaled \$152 million and business-type activities totaled \$84 million. Current year expenses increased approximately 3% over those of the prior year.
- Expenses of governmental activities exceeded program revenue by \$116 million, resulting in the use of general revenues (mostly taxes).
- Total Outstanding Long-Term Debt, excluding compensated absences, increased approximately \$186 million mainly due to the issuance of two new debts. The City issued \$160 million Water and Sewer revenue bonds and \$11.5 million Solid Waste Management Revenue Bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Government's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Government through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Government.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Government's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of Augusta, Georgia's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Government's non-major governmental funds and internal service funds, all of which are added together in one column on the appropriate basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad view of the Government's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Government's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include the following two statements:

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

The **Statement of Activities** presents information showing how the Government's net assets changed during the most recent fiscal year. All changes in net assets are reported 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 not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the Government.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include most of the Government's basic services such as general administration, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those services that the Government charges a fee to customers in order to provide. These include Water and Sewer, Augusta Regional Airport, Waste Management, Municipal Golf Course, Transit, Daniel Field Airport, Newman Tennis Center, Garbage Collection, and the Riverwalk. The final category is component units. The Augusta-Richmond County Board of Health is a public health department. Although legally separate from the Government, the Government appoints a voting majority of the board. Augusta Canal Authority and Downtown Development Authority are component units.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Government, reporting the Government's operations in more detail than the government-wide statements. All of the funds of the Government can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the Government are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which focuses on current financial resources. Such information may be useful in evaluating the government's short-term financing requirements. These statements provide a detailed short-term view of the Government's finances that assists in determining whether there will be adequate financial resources available to meet the Government's current needs. The relationship between government activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The Government has five governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds, the Capital Projects Funds, and the Permanent Fund. Only four individual funds are being considered major funds – the General Fund, Fire Protection, Special Purposes Local Option Sales Tax Fund (SPLOST) Phase III and Special Purposes Local Option Sales Tax Fund (SPLOST) Phase IV.

Proprietary Funds

The Government has two types of proprietary funds used to account for activities that operate similar to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are known as Enterprise Funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Funds that charge fees for services provided to departments within the reporting government are known as Internal Service Funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Government has nine enterprise funds: Water and Sewer, Augusta Regional Airport, Waste Management, Municipal Golf Course, Transit, Daniel Field Airport, Newman Tennis Center, Garbage Collection, and the Riverwalk. The Government has seven internal service funds: Risk Management, Fleet Operations, Workers Compensation, Employee Health Benefits, Unemployment, Long-Term Disability Insurance and GMA Leases. The Water and Sewerage Fund and Augusta Regional Airport are the only funds being considered major funds for presentation purposes.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the Government as an agent for individuals, private organizations, other governments and other departments. The Government is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the Government's operations or programs.

Government-wide Financial Analysis

Comparative data for the entity-wide governmental activities and the business-type activities is provided below.

The Government's Net Assets

December 31, 2004 and 2003

Figure 2

| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | 2004 | 2004 | 2004 | 2003 | 2003 | 2003 |
| Current and other assets | \$ 235,592,282 | \$ 361,214,099 | \$ 596,806,381 | \$ 221,272,018 | \$ 217,765,947 | \$ 439,037,965 |
| Capital assets | 223,405,241 | 346,809,475 | 570,214,716 | 218,091,918 | 305,509,501 | 523,601,419 |
| Total assets | <u>458,997,523</u> | <u>708,023,574</u> | <u>1,167,021,097</u> | <u>439,363,936</u> | <u>523,275,448</u> | <u>962,639,384</u> |
| Long-term liabilities | 17,403,442 | 497,105,102 | 514,508,544 | 21,876,904 | 321,369,475 | 343,246,379 |
| Other liabilities | 31,877,636 | 17,929,148 | 49,806,784 | 27,226,754 | 16,552,039 | 43,778,793 |
| Total liabilities | <u>49,281,078</u> | <u>515,034,250</u> | <u>564,315,328</u> | <u>49,103,658</u> | <u>337,921,514</u> | <u>387,025,172</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 218,370,055 | 118,630,240 | 337,000,295 | 210,177,183 | 147,635,885 | 357,813,068 |
| Restricted | 135,934,662 | 15,214,050 | 151,148,712 | 67,963,626 | 7,755,294 | 75,718,920 |
| Unrestricted | <u>55,411,728</u> | <u>59,145,034</u> | <u>114,556,762</u> | <u>112,119,469</u> | <u>29,962,755</u> | <u>142,082,224</u> |
| Total net | <u>\$ 409,716,445</u> | <u>\$ 192,989,324</u> | <u>\$ 602,705,769</u> | <u>\$ 390,260,278</u> | <u>\$ 185,353,934</u> | <u>\$ 575,614,212</u> |

Net Assets

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Government exceeded liabilities by \$602.7 million as of December 31, 2004.

The largest portion of the Government's net assets, \$337 million or 56%, reflects its investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. The Government uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets, \$151 million or 25%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$115 million or 19%, may be used to meet the Government's ongoing obligations to citizens and creditors.

Several particular aspects of the Government's financial operations positively influenced the total *unrestricted governmental net assets*:

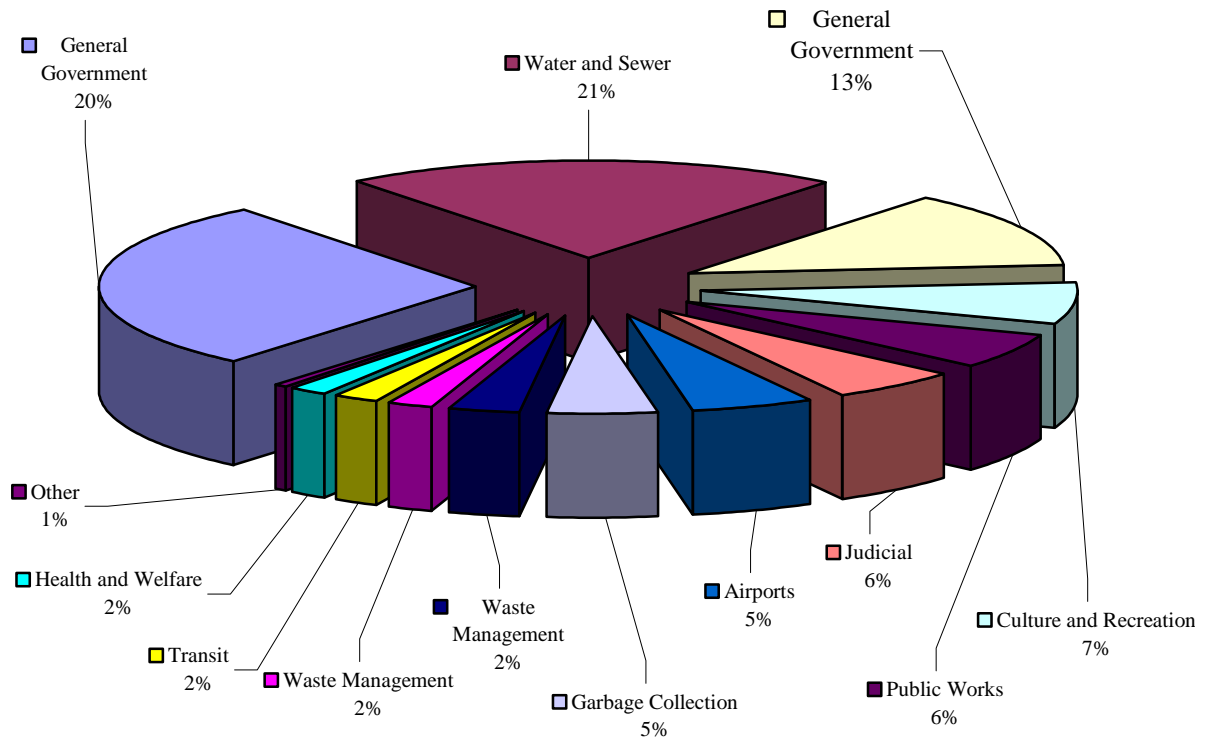
- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99% for real and personal property.
- Continued low cost of debt due to the County's high bond rating.
- Continued diligence in the maintenance of a 75 – 90 day unreserved fund balance designated for operations in the General Fund.
- Issuance of \$180 million revenue bonds retired with user fees.
- Keeping the budgets balanced and containing government spending.

The Government's Changes in Net Assets
For the Years Ended December 31, 2004 and 2003
Figure 2

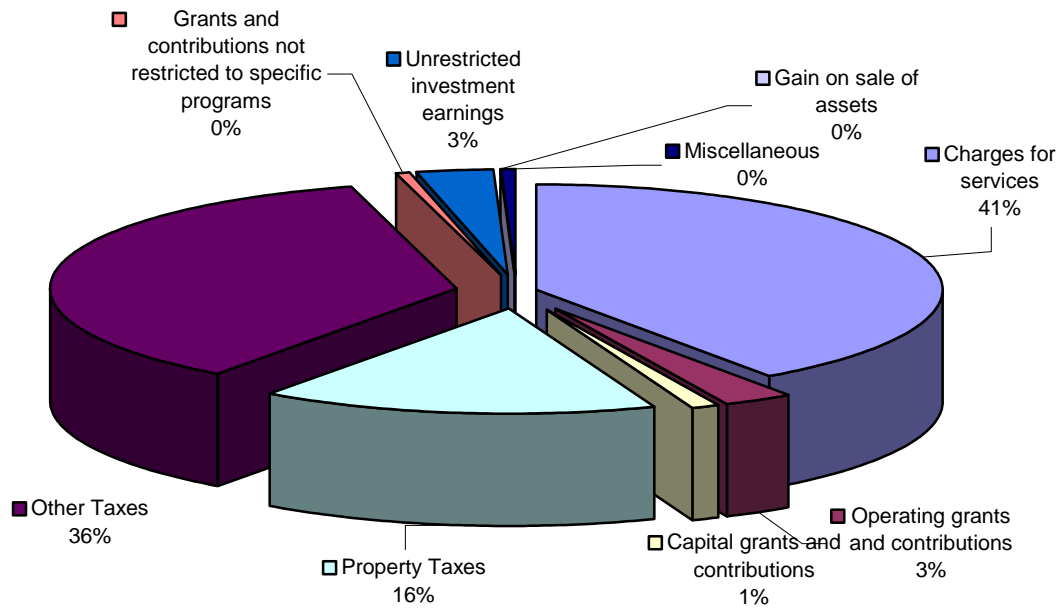
| | Governmental Activities 2004 | Business-type Activities 2004 | Total 2004 | Governmental Activities 2003 | Business-type Activities 2003 | Total 2003 |
|---|------------------------------------|-------------------------------------|-----------------------|------------------------------------|-------------------------------------|-----------------------|
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 29,301,638 | \$ 77,846,635 | \$ 107,148,273 | \$ 31,602,875 | \$ 68,890,739 | \$ 100,493,614 |
| Operating grants and contributions | 6,991,073 | 67,142 | 7,058,215 | 2,614,565 | 1,073,267 | 3,687,832 |
| Capital grants and contributions | 171,577 | 3,390,737 | 3,562,314 | 4,039,755 | 1,750,073 | 5,789,828 |
| General revenues: | | | | | | |
| Property taxes | 41,963,947 | - | 41,963,947 | 39,368,805 | - | 39,368,805 |
| Other taxes | 95,609,158 | - | 95,609,158 | 91,795,110 | - | 91,795,110 |
| Grants and contributions not restricted to specific programs | 988,266 | - | 988,266 | 981,463 | - | 981,463 |
| Unrestricted investment earnings | 4,085,420 | 4,252,262 | 8,337,682 | 3,919,337 | 7,050,734 | 10,970,071 |
| Gain on sale of assets | 114,196 | 109,314 | 223,510 | - | 94,904 | 94,904 |
| Miscellaneous | 332,272 | 863,312 | 1,195,584 | 695,944 | 1,358,408 | 2,054,352 |
| Total revenues | <u>179,557,547</u> | <u>86,529,402</u> | <u>266,086,949</u> | <u>175,017,854</u> | <u>80,218,125</u> | <u>255,235,979</u> |
| Expenses: | | | | | | |
| General government | 30,105,905 | - | 30,105,905 | 29,460,733 | - | 29,460,733 |
| Judicial | 13,652,452 | - | 13,652,452 | 12,450,759 | - | 12,450,759 |
| Public safety | 66,858,662 | - | 66,858,662 | 64,567,666 | - | 64,567,666 |
| Public works | 13,508,419 | - | 13,508,419 | 13,249,489 | - | 13,249,489 |
| Health and welfare | 3,948,666 | - | 3,948,666 | 2,619,851 | - | 2,619,851 |
| Culture and recreation | 16,724,492 | - | 16,724,492 | 16,920,689 | - | 16,920,689 |
| Housing and development | 7,218,695 | - | 7,218,695 | 7,182,503 | - | 7,182,503 |
| Interest on long-term debt | 329,684 | - | 329,684 | 433,690 | - | 433,690 |
| Waste management | - | 4,477,321 | 4,477,321 | - | 4,796,691 | 4,796,691 |
| Water and sewer | - | 50,139,547 | 50,139,547 | - | 50,260,882 | 50,260,882 |
| Airports | - | 12,112,350 | 12,112,350 | - | 11,745,792 | 11,745,792 |
| Municipal golf course | - | 651,068 | 651,068 | - | 649,170 | 649,170 |
| Transit | - | 4,271,215 | 4,271,215 | - | 4,020,263 | 4,020,263 |
| Newman Tennis Center | - | 339,925 | 339,925 | - | 304,677 | 304,677 |
| Garbage Collection | - | 11,283,548 | 11,283,548 | - | 11,030,722 | 11,030,722 |
| Riverwalk | - | 248,478 | 248,478 | - | 250,849 | 250,849 |
| Total expenses | <u>152,346,975</u> | <u>83,523,452</u> | <u>235,870,427</u> | <u>146,885,380</u> | <u>83,059,046</u> | <u>229,944,426</u> |
| Increase in assets before transfers | 27,210,572 | 3,005,950 | 30,216,522 | 28,132,474 | (2,840,921) | 25,291,553 |
| Transfers | <u>(4,629,440)</u> | <u>4,629,440</u> | <u>-</u> | <u>(4,878,890)</u> | <u>4,878,890</u> | <u>-</u> |
| Increase in net assets | 22,581,132 | 7,635,390 | 30,216,522 | 23,253,584 | 2,037,969 | 25,291,553 |
| Net assets, January 1 * | 390,173,484 | 185,353,934 | 575,527,418 | 366,406,138 | 181,694,547 | 548,100,685 |
| Prior period adjustments | <u>(3,038,171)</u> | <u>-</u> | <u>(3,038,171)</u> | <u>600,556</u> | <u>1,621,418</u> | <u>2,221,974</u> |
| Net assets, January 1, as restated | <u>387,135,313</u> | <u>185,353,934</u> | <u>572,489,247</u> | <u>367,006,694</u> | <u>183,315,965</u> | <u>550,322,659</u> |
| Net assets, December 31 | <u>\$ 409,716,445</u> | <u>\$ 192,989,324</u> | <u>\$ 602,705,769</u> | <u>\$ 390,260,278</u> | <u>\$ 185,353,934</u> | <u>\$ 575,614,212</u> |

* 2004 net assets as restated for changes in component unit status

Government-Wide Expenses



Government-Wide Revenues



Changes in Net Assets

Governmental activities. Governmental activities increased the Government's net assets by \$23 million, and thereby accounting for 75% of the total growth in the net assets of the Government. Key elements of this increase are as follows:

Governmental Revenues. Property and tax other taxes continue as the main source of a revenue of the Government amounting to 90% in 2004, compared to 89% in 2003. Sales tax revenues contributed approximately \$ 65 million to the increase in net assets.

Governmental Functional Expenses: As reflected in the summary of changes in Net Assets, the Government expended 53% of the appropriations for judicial and public safety expenditures. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenditures accounted for the remaining 47%.

Business-type activities: Business-type activities increased the Government's net assets by approximately \$8 million accounting for 25% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Waste Management Fund reported an increase in net assets of \$2.5 million. This increase was due to increase in user fees for services.
- The Water and Sewer Fund reported an increase in net assets of \$3.8 million. This increase was largely due to an increase in user charges due to the rate increase for new debts in 2004.
- The Augusta Regional Airport Fund reported an increase in net assets \$3.9 million. This increase was largely due to intergovernmental revenue received.
- Transit Authority net assets decrease of \$ 1.4 million, primarily due to operating costs exceeding user charges and grants.

Financial Analysis of the Government's Individual Funds

Augusta, Georgia uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Government's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Government's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$189.6 million, of which \$156.5 million, or 82.5%, is unreserved and undesignated.

General Fund

The General Fund is the primary operating fund of the Government. At the end of the current fiscal year, total fund balance of the General Fund was \$30 million, of which \$28.9 million, or 96%, was unreserved. A portion of the unreserved fund balance in the General Fund is designated for operations and for risk benefit, in the amount of \$2.5 million and \$4.7 million, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated and designated fund balance to total fund expenditures. As of December 31, 2004, total unreserved fund balance, both undesignated and designated, represents 28% of total general fund expenditures.

The fund balance of the General Fund decreased \$2.1 million (-7%). A key factor to this increase was the use of fund balance totaling \$4.6 million to balance the FY 2004 General Fund Budget.

General Fund Budgetary Highlights

During the year, the Government revised the budget on several occasions. Generally, budget amendments fall into one of five categories: 1) amendments to appropriate fund balance for encumbrances from the prior year; 2) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 3) amendments made to recognize

new funding amounts from external sources, such as Federal and State grants; 4) increases in appropriations that become necessary to maintain services; and 5) amendments to transfer appropriations between departments. The fifth category has no effect on the final budget and, therefore, is not addressed in this narrative. For example, included in the original budget for the general government function was a contingency in the amount of approximately \$1 million. During the year, the Government transferred these funds to other functions as needed. Total amendments to the General Fund increased expenditures and revenues/other financing sources by \$8.1 million or 8%.

The actual operating revenues for the General Fund were more than the budgeted amount by \$501,816, or less than 1%. The individual sources within the revenues fluctuated both positively and negatively. No individual source materially varied from the final budget, except for *other revenues*. In order to balance revenues with expenditures, the Government budgeted as a revenue \$4.6 million of fund balance to be used for various expenditures.

As a result of superior budget management by all departments of the Government, actual operating expenditures were less than the budgeted amount by \$1.1 million. For the year, actual revenue and other financing sources were under actual expenditures and other financing uses by \$2.1 million.

Capital Projects Funds

The Government uses Capital Projects Funds to account for the acquisition and construction of major capital facilities that are not financed by Proprietary Funds. A major fund included in the fund financial statements is the 2001-2005 SPLOST Fund. The proceeds of the special purpose 1% sales tax are accounted for in this Capital Projects Fund until improvement projects are completed. The SPLOST Fund's fund balance is \$143.2 million, all of which is held for specific construction and improvement projects and capital acquisitions. .

Proprietary Funds

The activities of the Government that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The Government's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the end of the year were as follows: Water and Sewer System Fund, \$47.8 million; Augusta Regional Airport, \$13.8 million; Nonmajor Enterprise funds, (\$2.3) million. The total growth (reduction) in net assets for previously mentioned funds were \$4 million, \$3.6 million and \$30,152, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

Capital Assets and Debt Administration

Capital Assets

The Government's investment in capital assets for its governmental and business-type activities as of December 31, 2004 amounts to \$570.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the Government, such as roads, bridges, streets and sidewalks, drainage systems and other similar items.

Major capital asset transactions during the year include:

| | |
|--|-------------|
| Animal Services Facility | \$2,261,854 |
| 3 Pierce Dasher Pumper Trucks-Fire | 931,550 |
| Land for Main Library | 656,420 |
| Land for Fire Station #15 | 101,600 |
| Land Hazard Mitigation | 145,277 |
| Greenspace Land | 443,002 |
| Public Safety Vehicles | 2,746,382 |
| Various Computer and Software | 500,097 |
| Decorative Street Lights and Meters Parking Facility | 190,208 |
| New Building Coroner's Office | 287,531 |
| New Elevator Municipal Building | 254,460 |

Additional information on the Government's capital assets can be found in Note 3 of the notes to the financial statements of this report.

The Government's Capital Assets (net of depreciation) December 31, 2004

Figure 3

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|-----------------------|
| Land | \$ 18,000,154 | \$ 14,528,024 | \$ 32,528,178 |
| Buildings | 52,308,327 | 23,192,873 | 75,501,200 |
| Improvements other than buildings | 5,839,849 | 1,547,389 | 7,387,238 |
| Water and sewerage systems | - | 165,269,983 | 165,269,983 |
| Infrastructure | 35,715,461 | 11,506,052 | 47,221,513 |
| Vehicles, machinery and equipment | 13,623,204 | 8,062,400 | 21,685,604 |
| Richmond County Public Facilities | 2,109,247 | - | 2,109,247 |
| Construction in progress | 95,808,999 | 122,702,754 | 218,511,753 |
| Total | <u>\$ 223,405,241</u> | <u>\$ 346,809,475</u> | <u>\$ 570,214,716</u> |

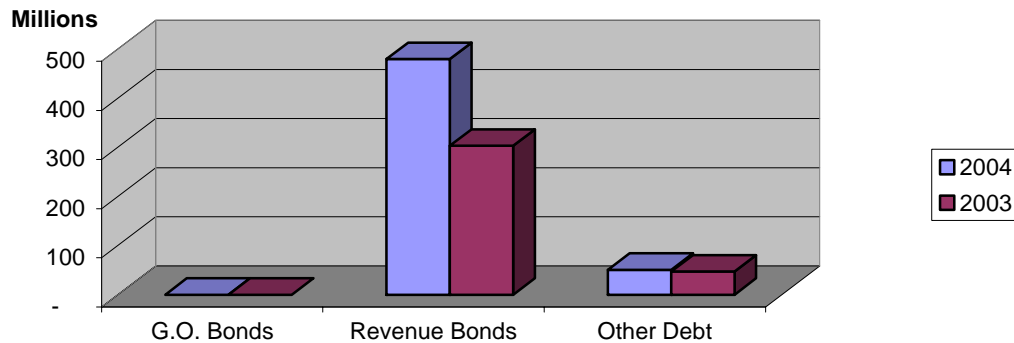
Long-Term Debt

As of December 31, 2004, the Government had a total of \$530 million in outstanding long-term debt. Of this amount, \$479 million consists of revenue bonds backed by the revenues of the water and sewer system.

**The Government's Outstanding Debt
General Obligation and Revenue Bonds
December 31, 2003 and 2002**

Figure 4

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| General obligation bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenue bonds | 362,804 | 457,440 | 479,244,577 | 302,759,183 | 479,607,381 | 303,216,623 |
| Other debt | 27,544,455 | 24,497,594 | 23,307,321 | 22,626,391 | 50,851,776 | 47,123,985 |
| Total debt | <u>\$ 27,907,259</u> | <u>\$ 24,955,034</u> | <u>\$ 502,551,898</u> | <u>\$ 325,385,574</u> | <u>\$ 530,459,157</u> | <u>\$ 350,340,608</u> |



The Government has maintained a bond rating of A+ from Standard & Poor's Rating Group and an A2 rating from Moody's Investor Service. These bond ratings are clear indications of the sound financial condition of the Government. These high ratings are a primary factor in keeping interest costs low on the Government's outstanding debt.

The State of Georgia limits the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Government is \$356 million.

Additional information regarding the Government's long-term debt can be found in Note 3 of the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the Government.

- The Government has an unemployment rate of 5.4%, slightly higher than the state average of 4.7%.
- The ad valorem tax rate is expected to remain level in 2005.

Budget Highlights for the Fiscal Year Ending December 31, 2005

Governmental Activities: The Ad Valorem Taxes are projected to remain at the 2005 level. The 2004 tax digest has shown a slight increase of less than 1% primarily due to account corrections. Other taxes are expected to increase between 1% to 3% with no significant increase in sales tax revenues. The FY 2005 budget for the general fund is expected to be slightly above the 2004 level due to the full year impact of the 3% cola in 2004. The general economic climate for the city government of 2005 is expected to be stable with an estimated to 10% of fund balance appropriated for budgeted expenditures. The undesignated fund balance should remain at 20% in reserves.

Business – type Activities: Overall Water and Sewer revenue is projected to increase 11% due to the \$160 million new debt issued in 2004 and the required rate increase to retire this debt. Airport revenue is projected to increase based on the 2004 landing fees increase.

Requests for Information

This report is designed to provide an overview of the Government's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Augusta-Richmond County, Georgia, 501 Greene Street, Augusta, Georgia 30901. Questions concerning any of the information found in this report relating to the Richmond County Board of Health should be directed to the Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Augusta, Georgia
Statement of Net Assets
December 31, 2004

| | Primary Government | | | Component Units | | |
|---|-------------------------|--------------------------|--------------------------|----------------------|-------------------------|--|
| | Governmental Activities | Business Type Activities | Primary Government Total | Department of Health | Augusta Canal Authority | Downtown Development Authority (Unaudited) |
| Assets | | | | | | |
| Cash and temporary investments | \$ 186,914,908 | \$ 62,765,448 | \$ 249,680,356 | \$ 1,559,315 | \$ 815,595 | \$ 40,677 |
| Receivables (net of allowance for doubtful accounts) | | | | | | |
| Taxes | 4,948,167 | - | 4,948,167 | - | - | - |
| Accounts | 12,464,785 | 9,400,327 | 21,865,112 | 139,713 | 68,743 | - |
| Interest | 165,494 | 862,005 | 1,027,499 | - | - | - |
| Notes | 3,204,483 | 500,000 | 3,704,483 | - | - | - |
| Intergovernmental | 230,328 | 1,677,157 | 1,907,485 | 983,530 | 55,122 | - |
| Prepaid expenses | 36,416 | 4,779 | 41,195 | - | 26,094 | - |
| Inventory | 103,014 | 2,070,542 | 2,173,556 | - | 29,771 | - |
| Noncurrent other assets | - | 1,000,000 | 1,000,000 | - | - | - |
| Restricted cash and investments | 13,873,591 | 275,990,889 | 289,864,480 | - | - | - |
| Due from fiduciary funds | 334,302 | - | 334,302 | - | - | - |
| Internal balances | 13,102,301 | (13,102,301) | - | - | - | - |
| Capital assets | | | | | | |
| Land and construction in progress | 113,809,153 | 137,219,913 | 251,029,066 | - | 5,370,142 | - |
| Other capital assets, net of accumulated depreciation | 109,596,088 | 209,589,562 | 319,185,650 | 7,296,529 | 4,584,706 | 4,323,193 |
| Other assets | 214,493 | 20,045,253 | 20,259,746 | - | - | - |
| Total assets | 458,997,523 | 708,023,574 | 1,167,021,097 | 9,979,087 | 10,950,173 | 4,363,870 |
| Liabilities | | | | | | |
| Accounts payable | 6,054,517 | 4,591,714 | 10,646,231 | 1,341,363 | 761,344 | - |
| Accrued interest | 40,769 | 4,436,061 | 4,476,830 | - | 25,982 | - |
| Due to others | - | 39,000 | 39,000 | - | - | 719,770 |
| Accrued salaries and vacation | 3,752,352 | 658,399 | 4,410,751 | - | 12,146 | - |
| Other accrued liabilities | 1,244,209 | 2,547,103 | 3,791,312 | 75,037 | - | - |
| Unearned revenue | 10,281,971 | 600 | 10,282,571 | - | 265,713 | - |
| Liabilities due in less than one year | 10,503,818 | 5,656,271 | 16,160,089 | - | 377,655 | 575,000 |
| Liabilities due in greater than one year | 17,403,442 | 497,105,102 | 514,508,544 | 1,119,919 | 4,332,993 | 2,885,000 |
| Total liabilities | 49,281,078 | 515,034,250 | 564,315,328 | 2,536,319 | 5,775,833 | 4,179,770 |
| Net assets | | | | | | |
| Invested in capital assets net of related debt | 218,370,055 | 118,216,585 | 336,586,640 | 6,742,674 | 5,261,855 | 863,193 |
| Restricted for: | | | | | | |
| Water and sewer projects | - | 15,214,050 | 15,214,050 | - | - | - |
| Capital projects | 132,609,735 | - | 132,609,735 | - | - | - |
| Debt service | 2,986,302 | - | 2,986,302 | - | - | - |
| Perpetual care | 338,625 | - | 338,625 | - | - | - |
| Health and welfare | - | - | - | 1,002,558 | - | - |
| Downtown development | - | - | - | - | - | - |
| Unrestricted | 55,411,728 | 59,558,689 | 114,970,417 | (302,464) | (87,515) | (679,093) |
| Total net assets | \$ 409,716,445 | \$ 192,989,324 | \$ 602,705,769 | \$ 7,442,768 | \$ 5,174,340 | \$ 184,100 |

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

Augusta, Georgia
Statement of Activities
Year Ended December 31, 2004

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | | | |
|--|------------------|-------------------------|--|--|--|-----------------------------|-----------------|----------------------------|-------------------------------|--------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | | |
| | | | | | Governmental Activities | Business-type Activities | Total | Department of Health | Augusta Canal Authority | Downtown Development Authority |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 30,105,905 | \$ 12,886,463 | \$ 587,578 | \$ - | \$ (16,631,864) | \$ - | \$ (16,631,864) | \$ - | \$ - | \$ - |
| Judicial | 13,652,452 | 8,501,644 | 688,623 | - | (4,462,185) | - | (4,462,185) | - | - | - |
| Public safety | 66,858,662 | 6,298,321 | 576,845 | 35,133 | (59,948,363) | - | (59,948,363) | - | - | - |
| Public works | 13,508,419 | 673,929 | 26,736 | 85,980 | (12,721,774) | - | (12,721,774) | - | - | - |
| Health and welfare | 3,948,666 | 70,383 | 2,169 | - | (3,876,114) | - | (3,876,114) | - | - | - |
| Culture and recreation | 16,724,492 | 870,898 | 1,416,793 | - | (14,436,801) | - | (14,436,801) | - | - | - |
| Housing and development | 7,218,695 | - | 3,692,329 | 50,464 | (3,475,902) | - | (3,475,902) | - | - | - |
| Interest on long-term debt | 329,684 | - | - | - | (329,684) | - | (329,684) | - | - | - |
| Total governmental activities | 152,346,975 | 29,301,638 | 6,991,073 | 171,577 | (115,882,687) | - | (115,882,687) | - | - | - |
| Business-type activities: | | | | | | | | | | |
| Waste management | 4,477,321 | 6,830,855 | 23,647 | - | - | 2,377,181 | 2,377,181 | - | - | - |
| Water and sewer | 50,139,547 | 50,156,007 | - | - | - | 16,460 | 16,460 | - | - | - |
| Airports | 11,698,695 | 12,084,726 | - | 2,658,210 | - | 3,044,241 | 3,044,241 | - | - | - |
| Municipal golf course | 651,068 | 571,049 | - | - | - | (80,019) | (80,019) | - | - | - |
| Transit | 4,271,215 | 733,777 | 36,195 | 732,527 | - | (2,768,716) | (2,768,716) | - | - | - |
| Newman Tennis Center | 339,925 | 228,102 | 7,300 | - | - | (104,523) | (104,523) | - | - | - |
| Garbage Collection | 11,283,548 | 7,189,910 | - | - | - | (4,093,638) | (4,093,638) | - | - | - |
| Riverwalk | 248,478 | 52,209 | - | - | - | (196,269) | (196,269) | - | - | - |
| Total business-type activities | 83,109,797 | 77,846,635 | 67,142 | 3,390,737 | - | (1,805,283) | (1,805,283) | - | - | - |
| Total primary government | \$ 235,456,772 | \$ 107,148,273 | \$ 7,058,215 | \$ 3,562,314 | (115,882,687) | (1,805,283) | (117,687,970) | - | - | - |
| Component units: | | | | | | | | | | |
| Richmond County Department of Health | 14,639,545 | 2,593,689 | 10,658,560 | - | - | - | - | (1,387,296) | - | - |
| Augusta Canal Authority | 1,049,969 | 551,835 | 569,796 | 425,184 | - | - | - | - | 496,846 | - |
| Downtown Development Authority (unaudited) | 395,164 | - | 358,696 | 50,000 | - | - | - | - | - | 13,532 |
| Total component units | \$ 16,084,678 | \$ 3,145,524 | \$ 11,587,052 | \$ 475,184 | - | - | - | (1,387,296) | 496,846 | 13,532 |
| General revenues: | | | | | | | | | | |
| Property taxes | | | | | 41,963,947 | - | 41,963,947 | - | - | - |
| Sales taxes | | | | | 64,892,898 | - | 64,892,898 | - | - | - |
| Franchise taxes | | | | | 15,260,811 | - | 15,260,811 | - | - | - |
| Other taxes | | | | | 15,455,449 | - | 15,455,449 | - | - | - |
| Unrestricted governmental revenues | | | | | 988,266 | - | 988,266 | 1,364,144 | - | - |
| Revenues from use of money and property | | | | | 4,085,420 | 4,252,262 | 8,337,682 | 4,609 | 5,696 | 306 |
| Gain on sale of assets | | | | | 114,196 | 109,314 | 223,510 | - | - | - |
| Miscellaneous | | | | | 332,272 | 863,312 | 1,195,584 | - | 273,831 | - |
| Transfers | | | | | (4,629,440) | 4,629,440 | - | - | - | - |
| Total general revenues and transfers | | | | | 138,463,819 | 9,854,328 | 148,318,147 | 1,368,753 | 279,527 | 306 |
| Change in net assets | | | | | 22,581,132 | 8,049,045 | 30,630,177 | (18,543) | 776,373 | 13,838 |
| Net assets - beginning, as restated for changes in component unit status | | | | | 391,419,403 | 185,353,934 | 576,773,337 | 7,461,311 | 4,397,967 | 250,969 |
| Prior period adjustments | | | | | (4,284,090) | (413,655) | (4,697,745) | - | - | - |
| Net assets - beginning, as restated | | | | | 387,135,313 | 184,940,279 | 572,075,592 | 7,461,311 | 4,397,967 | 250,969 |
| Net assets - ending | | | | | \$ 409,716,445 | \$ 192,989,324 | \$ 602,705,769 | \$ 7,442,768 | \$ 5,174,340 | \$ 264,807 |

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

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FUND FINANCIAL STATEMENTS

Augusta, Georgia
Balance Sheet
Governmental Funds
December 31, 2004

| | General | Fire Protection | Special Sales Tax Phase III | Special Sales Tax Phase IV | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and temporary investments | \$ 17,360,438 | \$ 12,077,857 | \$ 47,373,970 | \$ 79,058,001 | \$ 29,811,158 | \$ 185,681,424 |
| Receivables (net of allowance for doubtful accounts) | | | | | | |
| Taxes | 2,902,247 | 433,920 | - | - | 1,612,000 | 4,948,167 |
| Accounts | 4,969,872 | - | - | 2,657,650 | 1,731,766 | 9,359,288 |
| Interest | - | - | 81,868 | - | 83,626 | 165,494 |
| Note | 100,000 | - | - | - | 213,560 | 313,560 |
| Intergovernmental | 178,392 | - | - | - | 51,936 | 230,328 |
| Prepaid items | 36,416 | - | - | - | - | 36,416 |
| Inventory | 103,014 | - | - | - | - | 103,014 |
| Restricted assets | | | | | | |
| Reserve account | - | - | - | - | 12 | 12 |
| Perpetual care | - | - | - | - | 338,625 | 338,625 |
| Due from other funds | 14,312,588 | - | - | - | - | 14,312,588 |
| Total assets | \$ 39,962,967 | \$ 12,511,777 | \$ 47,455,838 | \$ 81,715,651 | \$ 33,842,683 | \$ 215,488,916 |
| Liabilities and fund balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,000,941 | \$ 162,287 | \$ 457,063 | \$ 1,630,901 | \$ 1,251,290 | \$ 5,502,482 |
| Due to other funds | - | - | - | - | 234,628 | 234,628 |
| Accrued salaries and vacation | 2,807,158 | 646,638 | - | 70,250 | 186,019 | 3,710,065 |
| Other accrued liabilities | 1,181,378 | - | - | - | 17,508 | 1,198,886 |
| Deferred revenue | 3,954,519 | 9,446,129 | - | - | 1,850,065 | 15,250,713 |
| Total liabilities | <u>9,943,996</u> | <u>10,255,054</u> | <u>457,063</u> | <u>1,701,151</u> | <u>3,539,510</u> | <u>25,896,774</u> |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | 865,070 | 285,019 | 3,982,003 | 8,979,314 | 2,655,513 | 16,766,919 |
| Project Maintenance | - | - | - | - | 5,596,460 | 5,596,460 |
| Debt service | - | - | - | - | 2,986,302 | 2,986,302 |
| Special purposes | 106,447 | - | - | - | - | 106,447 |
| Inventory/prepaid items | 139,430 | - | - | - | - | 139,430 |
| Designated for: | | | | | | |
| Operations | 2,500,000 | - | - | - | - | 2,500,000 |
| Risk benefit | 4,705,061 | 250,000 | - | - | - | 4,955,061 |
| Unreserved - undesignated | 21,702,963 | 1,721,704 | 43,016,772 | 71,035,186 | - | 137,476,625 |
| Unreserved, reported in nonmajor: | | | | | | |
| Special revenue | - | - | - | - | 12,277,178 | 12,277,178 |
| Debt service | - | - | - | - | (2,018,654) | (2,018,654) |
| Capital projects | - | - | - | - | 8,303,055 | 8,303,055 |
| Permanent | - | - | - | - | 503,319 | 503,319 |
| Total fund balances | <u>30,018,971</u> | <u>2,256,723</u> | <u>46,998,775</u> | <u>80,014,500</u> | <u>30,303,173</u> | <u>189,592,142</u> |
| Total liabilities and fund balances | \$ 39,962,967 | \$ 12,511,777 | \$ 47,455,838 | \$ 81,715,651 | \$ 33,842,683 | \$ 215,488,916 |

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

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Augusta, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
December 31, 2004

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

| | |
|--|----------------|
| Ending fund balance - governmental funds | \$ 189,592,142 |
|--|----------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | |
|-----------------------------------|---------------------|
| Historical cost of capital assets | 295,273,439 |
| Accumulated depreciation | <u>(71,868,198)</u> |
| | 223,405,241 |

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

| | |
|----------------------------------|----------------|
| Adjustment of deferred revenue | 4,968,742 |
| Long-term notes receivable | 2,890,923 |
| Annual pension asset (liability) | <u>214,493</u> |
| | 8,074,158 |

Internal service funds are used by management to charge the costs of risk management, fleet operations, employee benefits, and GMA lease activity to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

558,324

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

| | |
|-----------------------|-----------------|
| Revenue bonds payable | (362,804) |
| Notes payable | (1,010,000) |
| Compensated absences | (3,796,467) |
| Capital leases | (2,484,623) |
| Claims and judgements | (4,218,757) |
| Accrued interest | <u>(40,769)</u> |
| | (11,913,420) |

| | |
|---------------------------------------|------------------------------|
| Net assets of governmental activities | <u><u>\$ 409,716,445</u></u> |
|---------------------------------------|------------------------------|

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

Augusta, Georgia

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2004

| | General | Fire Protection | Special Sales Tax Phase III | Special Sales Tax Phase IV | Other Governmental Funds | Total Governmental Funds |
|--|---------------|--------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes - property | \$ 27,839,963 | \$ 3,519,665 | \$ - | \$ - | \$ 11,472,920 | \$ 42,832,548 |
| Taxes - other than property | 43,070,088 | 8,384,070 | - | 32,647,090 | 11,541,361 | 95,642,609 |
| Licenses and permits | 1,369,873 | - | - | - | 2,964,458 | 4,334,331 |
| Use of money and property | 1,760,672 | 155,945 | 657,722 | 933,565 | 631,851 | 4,139,755 |
| Charges for current services | 14,690,091 | 15,650 | 250 | 375 | 3,585,683 | 18,292,049 |
| Fines and forfeitures | 6,274,563 | - | - | - | 773,270 | 7,047,833 |
| Intergovernmental | 1,657,314 | 326,727 | 1,215,766 | - | 4,740,491 | 7,940,298 |
| Contributions and donations | - | 2,500 | - | - | 209,758 | 212,258 |
| Other | 6,119 | 2,000 | - | - | 395,586 | 403,705 |
| Total revenues | 96,668,683 | 12,406,557 | 1,873,738 | 33,581,030 | 36,315,378 | 180,845,386 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 23,043,103 | 1,250,879 | 264,860 | 104,627 | 2,287,099 | 26,950,568 |
| Judicial | 11,732,034 | - | - | - | 530,809 | 12,262,843 |
| Public safety | 44,560,608 | 16,495,007 | - | 238,906 | 3,010,064 | 64,304,585 |
| Public works | 5,907,778 | - | 966,192 | 2,555,519 | 3,411,794 | 12,841,283 |
| Health and welfare | 2,192,748 | - | - | 2,246,873 | - | 4,439,621 |
| Culture and recreation | 11,482,858 | - | 140,403 | 495,767 | 3,766,425 | 15,885,453 |
| Housing and development | 1,572,958 | - | - | - | 5,907,554 | 7,480,512 |
| Capital outlay | 1,834,228 | 233,221 | 4,156,914 | 8,533,139 | 3,848,657 | 18,606,159 |
| Debt service | 117,278 | - | - | - | 1,604,612 | 1,721,890 |
| Total expenditures | 102,443,593 | 17,979,107 | 5,528,369 | 14,174,831 | 24,367,014 | 164,492,914 |
| Excess (deficiency) of revenues over (under) expenditures | (5,774,910) | (5,572,550) | (3,654,631) | 19,406,199 | 11,948,364 | 16,352,472 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 2,627,790 | 6,066,700 | 1,756,122 | 421,773 | 515,630 | 11,388,015 |
| Transfers (out) | (515,630) | - | (339,393) | - | (15,162,432) | (16,017,455) |
| Capital lease proceeds | 1,520,927 | 31,802 | - | - | - | 1,552,729 |
| Total other financing sources (uses) | 3,633,087 | 6,098,502 | 1,416,729 | 421,773 | (14,646,802) | (3,076,711) |
| Net change in fund balances | (2,141,823) | 525,952 | (2,237,902) | 19,827,972 | (2,698,438) | 13,275,761 |
| Fund balance - beginning | 32,160,794 | 1,730,771 | 49,236,677 | 60,186,528 | 33,001,611 | 176,316,381 |
| Fund balance - ending | \$ 30,018,971 | \$ 2,256,723 | \$ 46,998,775 | \$ 80,014,500 | \$ 30,303,173 | \$ 189,592,142 |

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

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Augusta, Georgia

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2004**

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

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ 13,275,761 |
| 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 by which capital outlay exceeded depreciation in the current period. | 12,321,086 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (1,055,535) |
| Governmental funds report collections of long-term receivables as revenues. However, in the statement of net assets the receivables are recorded, and collection of those receivables reduce the principal amount recorded. This is the amount of current year collections of notes receivable. | 285,512 |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. | |
| Revenue bonds payable | 94,636 |
| Notes payable | 70,000 |
| Compensated absences | (136,045) |
| Capital leases | (142,328) |
| Claims and judgements | (2,793,573) |
| Accrued interest | 2,683 |
| | <u>(2,904,627)</u> |
| The net revenue of certain activities of the internal service fund is reported with governmental activities. | 658,935 |
| Change in net assets of governmental activities | <u>\$ 22,581,132</u> |

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

Augusta, Georgia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budgeted Amounts | | | Variance with Final Budget - | |
|--|------------------|---------------|-------------------|---------------------------------|----------------|
| Revenues | Original | Final | Actual Amounts | Positive (Negative) | 2003 Actual |
| Taxes - property | \$ 25,570,130 | \$ 27,057,200 | \$ 27,839,963 | \$ 782,763 | \$ 25,264,680 |
| Taxes - other than property | 41,729,810 | 42,558,930 | 43,070,088 | 511,158 | 41,485,449 |
| Licenses and permits | 1,322,660 | 1,350,500 | 1,369,873 | 19,373 | 1,344,602 |
| Use of money and property | 2,214,000 | 1,778,480 | 1,760,672 | (17,808) | 1,959,695 |
| Charges for current services | 14,631,260 | 13,920,955 | 14,690,091 | 769,136 | 16,011,173 |
| Fines and forfeitures | 7,404,640 | 7,113,830 | 6,274,563 | (839,267) | 6,624,414 |
| Intergovernmental | 1,966,620 | 2,343,742 | 1,657,314 | (686,428) | 2,114,173 |
| Contributions and donations | - | 12,500 | - | (12,500) | 8,487 |
| Other | 64,100 | 30,730 | 6,119 | (24,611) | 40,166 |
| Total revenues | 94,903,220 | 96,166,867 | 96,668,683 | 501,816 | 94,852,839 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 22,665,210 | 20,836,071 | 23,043,103 | (2,207,032) | 21,701,088 |
| Judicial | 10,037,530 | 11,752,620 | 11,732,034 | 20,586 | 10,525,575 |
| Public safety | 42,988,350 | 46,669,406 | 44,560,608 | 2,108,798 | 41,986,133 |
| Public works | 6,880,480 | 7,140,260 | 5,907,778 | 1,232,482 | 5,843,146 |
| Health and welfare | 2,049,920 | 2,266,998 | 2,192,748 | 74,250 | 2,049,197 |
| Culture and recreation | 11,213,690 | 11,993,621 | 11,482,858 | 510,763 | 10,796,229 |
| Housing and development | 1,471,530 | 1,897,008 | 1,572,958 | 324,050 | 1,501,551 |
| Capital outlay | 548,930 | 901,539 | 1,834,228 | (932,689) | 3,120,378 |
| Debt service | 147,290 | 117,310 | 117,278 | 32 | 117,392 |
| Total expenditures | 98,002,930 | 103,574,833 | 102,443,593 | 1,131,240 | 97,640,689 |
| Excess (deficiency) of revenues over (under) expenditures | (3,099,710) | (7,407,966) | (5,774,910) | 1,633,056 | (2,787,850) |
| Other financing sources (uses) | | | | | |
| Transfers in | 3,176,910 | 7,949,689 | 2,627,790 | (5,321,899) | 1,805,740 |
| Transfers (out) | (77,200) | (541,723) | (515,630) | 26,093 | (406,831) |
| Capital lease proceeds | - | - | 1,520,927 | 1,520,927 | 2,317,703 |
| Total other financing sources (uses) | 3,099,710 | 7,407,966 | 3,633,087 | (3,774,879) | 3,716,612 |
| Net change in fund balances | \$ - | \$ - | (2,141,823) | \$ (2,141,823) | 928,762 |
| Fund balance - beginning | | | 32,160,794 | | 31,232,032 |
| Fund balance - ending | | | \$ 30,018,971 | | \$ 32,160,794 |

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

Augusta, Georgia
Fire Protection
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budgeted Amounts | | | Variance with Final Budget - | |
|--|------------------|--------------|-------------------|---------------------------------|----------------|
| Revenues | Original | Final | Actual Amounts | Positive (Negative) | 2003 Actual |
| Taxes - property | \$ 3,523,850 | \$ 3,449,460 | \$ 3,519,665 | \$ 70,205 | \$ 3,383,760 |
| Taxes - other than property | 7,770,000 | 8,384,070 | 8,384,070 | - | 7,779,134 |
| Use of money and property | 232,000 | 93,000 | 155,945 | 62,945 | 105,110 |
| Charges for current services | 6,000 | 10,000 | 15,650 | 5,650 | 15,050 |
| Intergovernmental | - | 326,659 | 326,727 | 68 | - |
| Contributions and donations | - | 2,500 | 2,500 | - | - |
| Other | - | - | 2,000 | 2,000 | - |
| Total revenues | 11,531,850 | 12,265,689 | 12,406,557 | 140,868 | 11,283,054 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 658,970 | 882,660 | 1,250,879 | (368,219) | 961,131 |
| Public safety | 16,992,880 | 17,324,676 | 16,495,007 | 829,669 | 16,203,602 |
| Capital outlay | 17,000 | 365,293 | 233,221 | 132,072 | - |
| Total expenditures | 17,668,850 | 18,572,629 | 17,979,107 | 593,522 | 17,164,733 |
| Excess (deficiency) of revenues over (under) expenditures | (6,137,000) | (6,306,940) | (5,572,550) | 734,390 | (5,881,679) |
| Other financing sources (uses) | | | | | |
| Transfers in | 6,137,000 | 6,306,940 | 6,066,700 | (240,240) | 6,012,000 |
| Capital lease proceeds | - | - | 31,802 | 31,802 | - |
| Total other financing sources (uses) | 6,137,000 | 6,306,940 | 6,098,502 | (208,438) | 6,012,000 |
| Net change in fund balances | \$ - | \$ - | 525,952 | \$ 525,952 | 130,321 |
| Fund balance - beginning | | | 1,730,771 | | 1,600,450 |
| Fund balance - ending | | | \$ 2,256,723 | | \$ 1,730,771 |

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

Augusta, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2004

| | Enterprise Funds | | | | Internal Service Funds |
|---|------------------------------|--------------------------------|------------------------------|----------------|------------------------------|
| | Water and Sewer System | Augusta Regional Airport | Other Enterprise Funds | Total | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and temporary investments | \$ 33,640,539 | \$ 14,357,989 | \$ 14,766,920 | \$ 62,765,448 | \$ 1,233,484 |
| Receivables (net of allowance for doubtful accounts) | | | | | |
| Accounts | 6,748,449 | 709,835 | 1,942,043 | 9,400,327 | 3,105,497 |
| Interest | 857,738 | - | 4,267 | 862,005 | - |
| Note receivable | 500,000 | - | - | 500,000 | - |
| Intergovernmental | - | 1,644,320 | 32,837 | 1,677,157 | - |
| Prepaid expenses | 1,131 | - | 3,648 | 4,779 | - |
| Inventory | 1,627,504 | 202,989 | 240,049 | 2,070,542 | - |
| Total current assets | 43,375,361 | 16,915,133 | 16,989,764 | 77,280,258 | 4,338,981 |
| Noncurrent assets | | | | | |
| Restricted cash and investments | 264,609,365 | - | 11,381,524 | 275,990,889 | 13,534,954 |
| Note receivable | 1,000,000 | - | - | 1,000,000 | - |
| Deferred bond issuance costs | 7,142,313 | 186,721 | 320,521 | 7,649,555 | - |
| Prepaid bond interest | 12,395,698 | - | - | 12,395,698 | - |
| Capital assets, net | 310,424,208 | 26,527,585 | 9,857,682 | 346,809,475 | 357,219 |
| Total noncurrent assets | 595,571,584 | 26,714,306 | 21,559,727 | 643,845,617 | 13,892,173 |
| Total assets | 638,946,945 | 43,629,439 | 38,549,491 | 721,125,875 | 18,231,154 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 2,920,758 | 823,431 | 847,525 | 4,591,714 | 552,035 |
| Accrued interest | 4,436,061 | - | - | 4,436,061 | - |
| Due to others | - | 39,000 | - | 39,000 | - |
| Due to other funds | 5,651,048 | 1,806,283 | 5,538,883 | 12,996,214 | 747,444 |
| Accrued salaries and vacation | 751,760 | 239,701 | 341,195 | 1,332,656 | 42,287 |
| Other accrued liabilities | 2,343,117 | - | 203,986 | 2,547,103 | - |
| Deferred revenue | - | - | 600 | 600 | - |
| Current portion of notes payable | 446,353 | - | - | 446,353 | - |
| Current portion of leases payable | 331,164 | - | 419,497 | 750,661 | 45,323 |
| Current portion of revenue bonds payable | 2,340,000 | - | 1,445,000 | 3,785,000 | - |
| Total current liabilities | 19,220,261 | 2,908,415 | 8,796,686 | 30,925,362 | 1,387,089 |
| Noncurrent liabilities | | | | | |
| Closure/postclosure accrual | - | - | 12,421,217 | 12,421,217 | - |
| Revenue bonds payable | 465,429,577 | - | 10,232,694 | 475,662,271 | 16,034,609 |
| Notes payable | 8,265,716 | - | - | 8,265,716 | - |
| Capital leases | 146,629 | - | 609,269 | 755,898 | - |
| Total noncurrent liabilities | 473,841,922 | - | 23,263,180 | 497,105,102 | 16,034,609 |
| Total liabilities | 493,062,183 | 2,908,415 | 32,059,866 | 528,030,464 | 17,421,698 |
| Net assets | | | | | |
| Invested in capital assets, net of related debt | 82,860,084 | 26,527,585 | 8,828,916 | 118,216,585 | 311,896 |
| Restricted | 15,214,050 | - | - | 15,214,050 | - |
| Unrestricted | 47,810,628 | 14,193,439 | (2,339,291) | 59,664,776 | 497,560 |
| Total net assets | \$ 145,884,762 | \$ 40,721,024 | \$ 6,489,625 | \$ 193,095,411 | \$ 809,456 |

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

| | |
|--|---------------|
| Certain internal fund assets and liabilities are included with business-type activities. | \$ (106,087) |
| Total net assets for business-type activities | \$192,989,324 |

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

Augusta, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2004

| | Enterprise Funds | | | | Internal Service Funds |
|--|------------------------------|--------------------------------|------------------------------|----------------|------------------------------|
| | Water and Sewer System | Augusta Regional Airport | Other Enterprise Funds | Total | |
| Operating revenues | | | | | |
| Charges and fees | \$ 50,235,519 | \$ 11,985,376 | \$ 15,705,797 | \$ 77,926,692 | \$ 27,650,321 |
| Total operating revenues | 50,235,519 | 11,985,376 | 15,705,797 | 77,926,692 | 27,650,321 |
| Operating expenses | | | | | |
| Personal services and employee benefits | 8,973,499 | 2,664,417 | 4,263,621 | 15,901,537 | 411,647 |
| Purchased/contracted services | 7,897,127 | 1,350,510 | 12,018,307 | 21,265,944 | 498,133 |
| Supplies | 4,060,557 | 5,396,902 | 1,157,699 | 10,615,158 | 257,350 |
| Repairs and maintenance | 2,922,289 | 278,148 | 545,251 | 3,745,688 | 3,802,863 |
| Interfund/interdepartmental charges | 1,612,383 | 272,700 | 929,546 | 2,814,629 | 5,900 |
| Other costs | - | 64,324 | - | 64,324 | 117,884 |
| Depreciation | 9,849,006 | 1,520,032 | 1,674,554 | 13,043,592 | 63,638 |
| Closure/postclosure accrual | - | - | 697,033 | 697,033 | - |
| Lease expense | - | - | - | - | 1,925,372 |
| Risk benefit charges | - | - | - | - | 986,142 |
| Insurance | - | - | - | - | 18,988,603 |
| Total operating expenses | 35,314,861 | 11,547,033 | 21,286,011 | 68,147,905 | 27,057,532 |
| Operating income (loss) | 14,920,658 | 438,343 | (5,580,214) | 9,778,787 | 592,789 |
| Nonoperating revenue (expense) | | | | | |
| Interest revenue | 3,868,947 | 194,874 | 188,441 | 4,252,262 | 413,450 |
| Sale of property | 42,155 | 45,659 | 21,500 | 109,314 | - |
| Other revenue | - | 658,715 | 93,059 | 751,774 | 115,686 |
| Intergovernmental | - | 2,654,233 | 803,646 | 3,457,879 | - |
| Interest expense | (14,874,725) | - | (125,720) | (15,000,445) | (392,956) |
| Total nonoperating revenue (expense) | (10,963,623) | 3,553,481 | 980,926 | (6,429,216) | 136,180 |
| Income (loss) before transfers | 3,957,035 | 3,991,824 | (4,599,288) | 3,349,571 | 728,969 |
| Transfers in | - | - | 4,711,820 | 4,711,820 | 127,000 |
| Transfers out | - | - | (82,380) | (82,380) | (127,000) |
| Change in net assets | 3,957,035 | 3,991,824 | 30,152 | 7,979,011 | 728,969 |
| Total net assets - beginning | 141,927,727 | 37,142,855 | 6,459,473 | 185,530,055 | 80,487 |
| Prior period adjustment | - | (413,655) | - | (413,655) | - |
| Total net assets - beginning, as restated | 141,927,727 | 36,729,200 | 6,459,473 | 185,116,400 | 80,487 |
| Total net assets - ending | \$ 145,884,762 | \$ 40,721,024 | \$ 6,489,625 | \$ 193,095,411 | \$ 809,456 |

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

Certain internal fund assets and liabilities are included with business-type activities.

Total net assets for business-type activities

(106,087)
\$ 192,989,324

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

Augusta, Georgia
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2004

| | Enterprise Funds | | | | |
|---|---|---|---------------------------------------|-----------------------|---------------------------------------|
| | Water & Sewer System | Augusta Regional Airport | Other Enterprise Funds | Total | Internal Service Funds |
| Operating activities | | | | | |
| Cash received from customers | \$ 49,423,832 | \$ 11,859,259 | \$ 14,850,334 | \$ 76,133,425 | \$ - |
| Cash received from contributions | - | - | - | - | 27,657,410 |
| Cash received as advances from General Fund | - | - | 1,939,046 | 1,939,046 | 269,214 |
| Cash paid to suppliers | (16,678,370) | (9,666,200) | (13,636,457) | (39,981,027) | (26,852,785) |
| Cash paid to employees | (8,929,740) | - | (4,227,974) | (13,157,714) | (405,660) |
| Cash paid for interfund services used | (3,729,342) | - | (897,649) | (4,626,991) | (5,900) |
| Net cash provided by (used in) operating activities | 20,086,380 | 2,193,059 | (1,972,700) | 20,306,739 | 662,279 |
| Noncapital financing activities | | | | | |
| Transfers in | - | - | 4,711,820 | 4,711,820 | - |
| Transfers out | - | - | (82,380) | (82,380) | - |
| Operating grants | - | - | 1,617,244 | 1,617,244 | - |
| Interest expense on operating capital | - | - | (71,006) | (71,006) | (25,914) |
| Other revenue | - | 4,243 | - | 4,243 | 115,686 |
| Net cash provided by noncapital financing activities | - | 4,243 | 6,175,678 | 6,179,921 | 89,772 |
| Capital and related financing activities | | | | | |
| Proceeds from grants | - | 1,363,120 | 34,924 | 1,398,044 | - |
| Proceeds from sale of property | 42,155 | (367,996) | 94,008 | (231,833) | - |
| Proceeds from capital leases | 334,789 | - | 1,159,396 | 1,494,185 | 45,323 |
| Interest on bond funds | 3,543,899 | - | - | 3,543,899 | - |
| Other miscellaneous income | - | 742,952 | 93,059 | 836,011 | - |
| Proceeds from bond issuance | 167,002,581 | - | 11,684,683 | 178,687,264 | - |
| Purchase of capital assets | (49,907,731) | (2,612,250) | (1,896,094) | (54,416,075) | (180,516) |
| Bond issuance costs paid | (3,164,087) | (186,721) | (331,151) | (3,681,959) | - |
| Interest paid on capital debt | (13,923,769) | - | (41,446) | (13,965,215) | (322,126) |
| Principal paid on capital debt | (1,087,524) | - | - | (1,087,524) | - |
| Payments on capital leases | - | - | (228,744) | (228,744) | - |
| Prepaid bond interest | (12,420,000) | - | - | (12,420,000) | - |
| Issuance of receivable | (1,500,000) | - | - | (1,500,000) | - |
| Unamortized refunding interest | 2,343,117 | - | - | 2,343,117 | - |
| Principal paid on revenue bonds | (2,255,000) | - | - | (2,255,000) | - |
| Net cash provided (used) by capital and related financing activities | 89,008,430 | (1,060,895) | 10,568,635 | 98,516,170 | (457,319) |
| Investing activities | | | | | |
| Interest received | 380,545 | 194,874 | 185,486 | 760,905 | 413,450 |
| Net cash provided by investing activities | 380,545 | 194,874 | 185,486 | 760,905 | 413,450 |
| Net increase in cash and cash equivalents/investments | 109,475,355 | 1,331,281 | 14,957,099 | 125,763,735 | 708,182 |
| Cash and cash equivalents/investments | | | | | |
| Beginning of year | 188,774,549 | 13,026,708 | 11,191,345 | 212,992,602 | 14,060,256 |
| End of year | \$ 298,249,904 | \$ 14,357,989 | \$ 26,148,444 | \$ 338,756,337 | \$ 14,768,438 |

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

Augusta, Georgia
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2004

| | Enterprise Funds | | | Total | Internal Service Funds |
|--|----------------------------|--------------------------------|------------------------------|----------------------|------------------------------|
| | Water & Sewer System | Augusta Regional Airport | Other Enterprise Funds | | |
| Reconciliation of operating income (loss) | | | | | |
| to net cash provided by | | | | | |
| (used in) operating activities | | | | | |
| Operating income (loss) | \$ 14,920,658 | \$ 438,343 | \$ (5,580,214) | \$ 9,778,787 | \$ 592,789 |
| Adjustments to reconcile operating income (loss) | | | | | |
| to net cash provided by (used in) operating | | | | | |
| activities: | | | | | |
| Depreciation and amortization | 9,849,006 | 1,520,032 | 1,664,927 | 13,033,965 | 63,638 |
| Closure/post closure costs | - | - | 697,033 | 697,033 | - |
| Change in assets and liabilities | | | | | |
| Accounts receivable | (811,687) | (126,117) | (855,463) | (1,793,267) | (36,845) |
| Due from other funds | - | - | - | - | - |
| Inventory | (192,491) | (21,601) | (1,601) | (215,693) | - |
| Taxes receivable | - | - | - | - | - |
| Prepaid expenses | (1,131) | - | (3,648) | (4,779) | - |
| Accounts payable | (3,148,513) | 382,402 | 105,763 | (2,660,348) | (276,438) |
| Accrued salaries and vacation | 118,535 | - | 35,647 | 154,182 | 5,987 |
| Other accrued liabilities | - | - | 41,079 | 41,079 | - |
| Due to other funds | (51,164) | - | 2,000,349 | 1,949,185 | 313,148 |
| Unearned revenue | - | - | (50) | (50) | - |
| Claims payable | (596,833) | - | - | (596,833) | - |
| Decrease in closure liability | - | - | (76,522) | (76,522) | - |
| Total adjustments | 5,165,722 | 1,754,716 | 3,607,514 | 10,527,952 | 69,490 |
| Net cash provided by (used in) | | | | | |
| operating activities | \$ 20,086,380 | \$ 2,193,059 | \$ (1,972,700) | \$ 20,306,739 | \$ 662,279 |

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

Augusta, Georgia
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

| | Pension Trust Funds | Private-purpose Trust Fund Joseph R. Lamar | Agency Funds |
|--|--------------------------------|---|-------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 5,033,913 | \$ 464 | \$ 5,753,801 |
| Investments | | | |
| U.S. Government securities | 18,889,246 | - | - |
| Corporate bonds | 14,905,021 | - | - |
| Equity securities | 52,692,593 | - | - |
| Real estate | 1,700,000 | - | - |
| Receivables (net of allowance for doubtful accounts) | | | |
| Taxes | - | - | 18,469,758 |
| Interest | 565,281 | - | - |
| Restricted assets | | | |
| Perpetual care | - | 5,000 | - |
| Total assets | <u>93,786,054</u> | <u>5,464</u> | <u>24,223,559</u> |
| Liabilities | | | |
| Accounts payable | 26,238 | - | - |
| Due to others | - | - | 5,753,801 |
| Due to other funds | 334,159 | 143 | - |
| Uncollected taxes | - | - | 18,469,758 |
| Total liabilities | <u>360,397</u> | <u>143</u> | <u>\$ 24,223,559</u> |
| Net assets | | | |
| Held in trust for pension benefits and other purposes (See Schedules of Funding Progress) | <u>\$ 93,425,657</u> | <u>\$ 5,321</u> | |

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

Augusta, Georgia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2004

| | Pension Trust Funds | Private-purpose Trust Fund Joseph R. Lamar |
|--|--------------------------------|---|
| Additions | | |
| Contributions - employer | \$ 2,272,195 | \$ - |
| Contributions - plan member | 1,153,301 | - |
| Net investment income | 5,641,397 | 306 |
| Total additions | <u>9,066,893</u> | <u>306</u> |
| Deductions | | |
| Other | - | 175 |
| Administration | 592,821 | - |
| Benefit payments | 6,133,069 | - |
| Refunds | 305,840 | - |
| Total deductions | <u>7,031,730</u> | <u>175</u> |
| Net increase in plan net assets | 2,035,163 | 131 |
| Total net assets - beginning | <u>91,390,494</u> | <u>5,190</u> |
| Total net assets - ending | <u><u>\$ 93,425,657</u></u> | <u><u>\$ 5,321</u></u> |

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

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Notes to Financial Statements

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AUGUSTA, GEORGIA

Notes to Financial Statements

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies

Augusta, Georgia ("the Government") accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Government's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and in the proprietary fund financial statements, the Government applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Accordingly, the Government has adopted accounting policies, as described below.

A. Reporting entity

Augusta is located in the east central section of the state on the south bank of the Savannah River, which serves as the boundary between Georgia and South Carolina. Augusta is on the fall line and has a landscape dotted with foothills which descend to the coastal plain. Augusta is the head of the navigation on the Savannah River and is 135 miles east of Atlanta, 127 miles northwest of the port of Savannah, and 72 miles southwest of Columbia, South Carolina. Augusta is the trade center for 13 counties in Georgia and five in South Carolina, a section known as the Central Savannah River Area.

The Government was created by legislative act in the State of Georgia in 1995 from the unification of the two governments, the City of Augusta, Georgia and Richmond County, Georgia. On June 20, 1995, the citizens of Richmond County and the City of Augusta voted to consolidate into one government named Augusta, Georgia. The officials for the new government were elected and, based on the charter, took office on January 1, 1996. The unified government combined all functions and began financial operations January 1, 1996.

The Government is governed by a full-time Mayor, with a term of four years, and a ten member Commission, who serve on a part-time basis and are elected to staggered terms of four years. The Mayor and Commission appoint an Administrator who serves as a full-time administrative officer and is responsible for the daily operations of the Government.

The Government's financial statements include the accounts of all Augusta and Richmond County operations. The criteria for including organizations as component units within Augusta's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Government holds the corporate powers of the organization
- the Government appoints a voting majority of the organization's board
- the Government is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Government
- there is fiscal dependency by the organization on the Government

Utilizing the above criteria, the following agencies and commissions were included using the blending method in the financial statements: Augusta Port Authority, due to degree of fiscal dependency on the Government, and Richmond County Public Facilities, Inc. (see Note 4D).

Complete financial statements for the individual component units may be obtained at the following address: Augusta, Georgia, Finance Department, 501 Greene Street, Augusta, Georgia 30901

The Government's other component units, the Department of Health, Augusta Canal Authority, and Downtown Development Authority are included in separate columns in the accompanying government-wide financial statements. These units are reported in separate columns to emphasize that they are legally separate from the Government. Separate financial statements may be obtained from the Richmond County Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901. Separate financial statements for the Downtown Development Authority may be obtained from the Downtown Development Authority at 111 Tenth Street, Augusta, Georgia, 30901. Separate financial statements for the Augusta Canal Authority may be obtained from the Augusta Canal Authority at 1450 Greene Street, Suite 400, Augusta, Georgia, 30903.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

Information for the Downtown Development Authority is presented for the year ended December 31, 2004, and is unaudited.

Information for the Department of Health is presented for the year ended June 20, 2004, which were the latest financial statements available. The Department of Health operates with the June 30 fiscal year end, which is different from the governments fiscal year end.

Augusta Canal Authority – A voting majority of the board is appointed by the Government.

Richmond County Department of Health - A voting majority of the board is appointed by the Government.

Downtown Development Authority – A voting majority of the board is appointed by the Government.

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Government and for each function of the Government's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements: The fund financial statements provide information about the Government's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Government. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety, recreation, street maintenance and improvements, and sanitation services.

Fire Protection Fund – The Fire Protection Fund is a special revenue fund that accounts for the receipts and disbursements of tax revenues restricted for fire protection services in the unincorporated area only. The primary revenue source is ad valorem taxes, and the primary expenditures are for public safety.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

Special Sales Tax Phase III Fund – The Special Sales Tax Phase III Fund is a capital projects fund that accounts for the receipts and disbursements of one percent (1%) sales tax currently collected from 1996 through 2000. The primary revenue sources are sales taxes, and the primary expenditures are capital outlay projects, primarily for public works, recreation and outside agency projects.

Special Sales Tax Phase IV Fund – This fund was established for expenditures specifically budgeted from revenues from the one cent sales tax (Phase IV) collected from the years 2001 – 2005 to be used primarily for public works, recreation and outside agency projects.

The Government reports the following nonmajor governmental funds:

Special Revenue Funds

Urban Services District Fund - This fund accounts for revenue primarily from ad valorem taxes from areas within the former city limits and expenditures related to governmental services such as “Main Street”, “Urban Street Lights”, and “Sanitation”.

Emergency Telephone System Fund - This fund accounts for the receipt and disbursement of revenues of the emergency telephone response system.

Capital Outlay Fund - This fund accounts for the disbursement of revenues for all capital expenditures in General Fund departments. Capital expenditures are defined as any non-disposable item over \$500 which includes vehicles, office and computer equipment, communications equipment, building renovations and office furniture.

Law Enforcement Fund - This fund accounts for revenue and expenditures of the Sheriff's Department and Jail.

Occupational Tax Fund - This fund accounts for the receipt and disbursement of tax revenues restricted for fire protection services in the unincorporated area only.

Special Assessment Fund - This fund accounts for the receipt and disbursement of street light assessment taxes for the installation of street lights in the Government.

Promotion/Tourism Fund - This fund accounts for the receipt and disbursement of hotel/motel and beer/wine tax revenues to the Augusta-Richmond County Convention & Visitors Bureau and the Augusta-Richmond County Coliseum Authority.

Housing and Neighborhood Development Fund - This fund accounts for the financing and construction of various community development projects from grants received from the U.S. Department of Housing and Urban Development.

Urban Development Action Grant (UDAG) Fund - This fund accounts for loan transactions in relation to urban development action grants. Repayments of initial grant revenue loaned to qualified recipients are restricted to additional financing to qualified applicants.

Law Library Fund - This fund accounts for revenue and expenditures of the Law Library.

5% Crime Victim's Assistance Fund - This fund accounts for the 5% surcharge on certain fines with the proceeds used for a victim's assistance program.

Supplemental Juvenile Service Fund - This fund accounts for supervisory fees collected on juvenile cases.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

Weed and Seed Federal Grant Fund - This fund accounts for a grant designed to target high risk areas for teens and weed out the bad influences and sow the seed for a better life.

Wireless Phase Fund - This fund accounts for activities associated with 911 charges for wireless service.

Community Greenspace Fund - This fund is used to acquire real property for the preservation of greenspace, pursuant to the Georgia Greenspace Program as established in OCGA 36-22 et seq.

Perpetual Care I Fund - This fund accounts for monies collected from sale of perpetual care contracts at Government-owned cemeteries after October 1, 1970, as well as receipt of investment earnings on all perpetual care investments and payment of cemetery maintenance expenditures.

Landbank Authority - This fund accounts for property owned by the County for the future progress of Augusta, GA.

Federal Drug Fund - This fund accounts for activities associated with drug education and enforcement.

State Drug Fund - This fund accounts for activities associated with drug education and enforcement.

Canine Forfeitures - This fund accounts for proceeds recovered from drug arrests, which are allocated to the canine unit in return for their assistance.

NPDES Permit Fees - This fund accounts for a per acre environmental fee charged to all contractors who disturb more than one acre of land at a building site.

Debt Service Funds

Debt Service Fund - This fund accounts for general obligation bonds and notes payable and any other debts not recorded in the Enterprise Funds.

Urban Debt Service Fund - This fund accounts for general obligation bonds related to the former City of Augusta.

Capital Projects Funds

Community Development Fund - This fund accounts for the financing and construction of various community development projects. Financing is provided by grants received from the U.S. Department of Housing and Urban Development.

Special Sales Tax Phase I Fund - This fund accounts for financing and construction of various road improvement projects. Financing is provided by receipts from a 1987 special one percent local option sales tax referendum.

Special Sales Tax Phase II Fund - This fund accounts for financing and construction of various construction and road improvements, drainage, jail improvements, and museums. Financing is to be provided by receipts from a 1991 special one percent local option sales tax referendum.

Permanent Fund

Perpetual care II Fund - This fund accounts for the principal originally donated for the sale of perpetual care contracts at government-owned cemeteries after October 1, 1970. The principal must be maintained intact and invested.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

The Government reports the following major enterprise funds:

Water and Sewer System Fund – This fund is used to account for the activity of providing water and sewer services to the residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.

Augusta Regional Airport at Bush Field Fund - This fund accounts for the operations of Augusta Regional Airport at Bush Field, the only airport within the County from which service from the major airlines is available.

The Government reports the following nonmajor enterprise funds:

Waste Management Fund - This fund accounts for the provision of landfill services to residents and industries of the County. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and collection.

Municipal Golf Course Fund - This fund accounts for the operation of the Municipal Golf Course, an 18-hole golf course located within the city limits.

Transit Fund - This fund accounts for the operations of the Augusta Public Transit which provides scheduled bus service within Richmond and Columbia counties.

Daniel Field Airport Fund - This fund accounts for revenue and expenses related to Daniel Field Airport.

Newman Tennis Center Fund - This fund accounts for receipt and expenses related to the operations at Newman Tennis Center.

Garbage Collection Fund - This fund accounts for receipt and expenses related to the Government's garbage collection contract.

Riverwalk Fund - This fund accounts for receipt and expenses related to the Government's Riverwalk.

Additionally, the Government reports the following fund types:

Pension Trust Fund – The Government has pension trust funds that account for the Government's employees' pension plans. The Government maintains the following pension trust funds: 1945 Pension Trust Fund, 1977 Pension Trust Fund, and the General Retirement Fund.

Private Purpose Trust Fund – The Government has a private-purpose trust fund that accounts for resources legally held in trust to finance awards for children attending Joseph R. Lamar School. The principal amount of the gift is to be maintained intact and invested. Investment earnings are used for the awards. The Government maintains the following private-purpose trust fund: Joseph R. Lamar Fund.

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Government holds on behalf of others. The Government maintains the following agency funds: Tax Commissioner, which accounts for tax billings, collections and remittances made by the Tax Commissioner on behalf of the County and other governmental agencies; Probate judge, which accounts for the receipt and disbursement of licenses and other fees collected by the Probate Judge; Sheriff's Department, which accounts for the receipt and disbursement of funds collected by the department from individuals posting bond; Civil Court, which accounts for the receipt and disbursement of court-ordered fines, fees and garnishments made on behalf of third parties; and Clerk of Court, which accounts for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties and traffic violation fines.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary financial statements are reported using the accrual basis on accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Government gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 Government enterprise funds are charges to customers for sales and services. The Government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The Government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, licenses, interest revenues and charges for services. State-shared revenues collected and held by the state at year-end on behalf of the Government also are recognized as revenue. Fines, fees and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Government funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Government's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)

D. Budgets and budgetary accounting

The Government generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgetary hearings are held in October to discuss departmental budgets.
2. The Finance Committee presents the tentative budget to the Commission in November.
3. The permanent budget is legally adopted by the Commission prior to the start of the next fiscal year.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts between object categories within departments requires the approval of the Government's Administrator. The Augusta-Richmond County Commission must approve revisions that alter the total expenditures of any department or fund. Budgets for capital items are reappropriated in the ensuing year's budget. Departments may request for other budget items to be reappropriated in the form of a budget adjustment, contingent of the Commission's approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds.
6. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budget information for expenditures represents the operating budget (as amended) as approved by the Augusta-Richmond County Commission.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, Debt Service and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances for outstanding purchase orders do not lapse at year end. Therefore, they are reported as reservations of fund balance.

F. Cash and cash equivalents

The Government maintains a cash and investment pool in which the General Fund and all funds share. Each fund's portion of the pool is displayed on its respective balance sheet as cash and cash equivalents and includes non-pooled cash and investments separately held. Funds which have an excess of outstanding checks over bank balance have had these balances reclassified as a due to the General Fund for purposes of financial statement presentation. Interest income is allocated to each fund monthly based on its average monthly balance.

For the purposes of financial statement presentation, the Government considers all highly liquid investments with an original maturity of three months or less, or with insignificant early withdrawal penalties, to be cash equivalents. Exceptions include the Government's pension plans which classify only cash as cash equivalents in order to appropriately report investment activity. Cash equivalents include amounts in certificates of deposit, repurchase agreements, and U.S. Treasury bills, and are stated at cost which approximates market. All deposits are stated at cost plus accrued interest, which reasonably estimates fair value.

The State statutes authorize the Government to invest in obligations of the United States government and agencies thereof, general obligations of the State of Georgia or any of its political subdivisions, or banks and savings and loan associations to the extent that they are secured by the Federal Deposit Insurance Corporation.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)**G. Investments**

Investments are reported at fair value. Fair value is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market; fair value of real estate is based on appraised values.

H. Inventories and prepaid expenses

Inventories in the governmental funds are valued at cost using the first-in, first-out method. Inventories in the proprietary funds are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund-type inventories and prepaid expenses are recorded as expenditures when consumed rather than when purchased. Reported inventories and prepaid expenses are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources".

I. Interfund receivables/payable and Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financial statements.

J. Bond discounts and issuance costs

Bond discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds using the effective-interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

K. Restricted assets

Certain assets of the Debt Service Fund and Enterprise Funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

L. Capital assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are \$5,000 for all categories of capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to January 1, 2001, consist of the streets network that were acquired or that received substantial improvements subsequent to January 1, 1980. The streets network is reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is computed using the straight-line method. A summary of the estimated useful lives is as follows:

| | |
|----------------------------|----------|
| Vehicles | 5 years |
| Furniture and fixtures | 7 years |
| Machinery and equipment | 10 years |
| Buildings and improvements | 20 years |
| Water and Sewer systems | 30 years |
| Infrastructure | 30 years |

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 1 - Summary of significant accounting policies (Continued)**M. Compensated absences**

The vacation policy of the Government provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Government's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned. The Government has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

No accrual has been established for accumulated sick leave of employees since it is the Government's policy to record the cost of sick leave only when it is used.

N. Use of estimates

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

Note 2 - Stewardship, compliance and accountability**A. Excess of expenditures over appropriations**

| | Expenditures | | Variance |
|-------------------------------------|---------------|---------------|---------------------|
| | Budget | Actual | Positive (Negative) |
| General Fund | | | |
| General government | \$ 20,836,071 | \$ 23,043,103 | \$ (2,207,032) |
| Capital outlay | 901,539 | 1,834,228 | (932,689) |
| Fire Protection Fund | | | |
| General government | 882,660 | 1,250,879 | (368,219) |
| Nonmajor Governmental Funds | | | |
| Urban Services | | | |
| General government | 1,410,080 | 1,451,110 | (41,030) |
| Urban Development Action Grant Fund | | | |
| Housing and development | 381,290 | 462,732 | (81,442) |
| Law Library | - | 35 | (35) |
| Wireless Phase Fund | | | |
| Public safety | 117,560 | 164,971 | (47,411) |

B. Fund Balance or Net Assets

Following is a detail of funds with deficit fund balances or net assets. The Government plans to fund the deficits through the general operations of the Government.

Nonmajor Governmental Funds

| | |
|------------------------|-------------|
| Occupation Tax Fund | \$ (78,720) |
| Promotion/Tourism Fund | (2,048) |
| Law Library | (22,611) |

Nonmajor Enterprise Funds

| | |
|----------------------|-------------|
| Newman Tennis Center | (229,778) |
| Garbage Collection | (1,574,351) |

Internal Service Funds

| | |
|--------------------------|-----------|
| Fleet Operations | (494,815) |
| Employee Health Benefits | (66,075) |
| GMA Leases | (47,436) |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds

A. Deposits and investments

Primary government

At December 31, 2004, the Government's cash and temporary investments balance on the statement of net assets and balance sheet included demand deposits, certificates of deposit, repurchase agreements, and local government investment pools. The cash balance was secured by Federal Depository Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF) or by collateral held by the agent in the Government's name.

The local government investment pool "Georgia Fund 1", created by O.C.G.A. §36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company; the regulatory oversight of the pool is assigned to the State of Georgia's Office of Treasury and Fiscal Services. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

At December 31, 2004, the carrying amount of the Government's deposits with financial institutions was \$72,251,988 and the bank balance was \$86,153,600.

| | |
|---|----------------------|
| Amount insured by the FDIC | \$ 700,000 |
| Amount collateralized with securities held by pledging institutions in the Government's name | <u>85,453,600</u> |
| Total bank balance of deposits | <u>\$ 86,153,600</u> |

The Government's investments are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities. At December 31, 2004 the County's cash and investment balances were as follows:

| | Category | | | Carrying | Market |
|--|----------------|------------|------|-----------------------|-----------------------|
| | 1 | 2 | 3 | Amount | Value |
| Repurchase agreements | \$ 100,239,344 | \$ - | \$ - | \$ 100,239,344 | \$ 100,239,344 |
| U.S. Government securities | 18,889,246 | 23,596,977 | - | 42,486,223 | 42,486,223 |
| Corporate securities | 14,905,021 | - | - | 14,905,021 | 14,905,021 |
| Equity securities | 52,692,593 | - | - | 52,692,593 | 52,692,593 |
| | | | | <u>210,323,181</u> | <u>210,323,181</u> |
| Local government investment pool | | | | 139,779,263 | 139,779,263 |
| Carrying amount of deposits with financial institutions | | | | 72,251,988 | 72,251,988 |
| Deposits with investment houses | | | | 197,029,662 | 197,029,662 |
| Certificates of deposits held by investment houses | | | | 17,414,776 | 17,414,776 |
| Cash on hand | | | | <u>26,004</u> | <u>26,004</u> |
| | | | | <u>\$ 636,824,874</u> | <u>\$ 636,824,874</u> |

The investments that are represented by specific identifiable investment securities are classified as to credit risk.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

The levels of risk assumed in the various investments are categorized as follows:

- Category 1: includes the investments that are insured or registered or for which the securities are held by the Government or its agent in the Government's name.
- Category 2: includes uninsured and unregistered investments for which the securities are held by the bank's or dealer's trust department or agent in the Government's name.
- Category 3: includes uninsured and unregistered investments for which the securities are held by the bank or dealer, or by its trust department or agent but not in the Government's name.

Department of Health

In addition on June 30, 2004, the carrying amount of the Department of Health's deposits was \$1,767,199 and the bank balance was \$2,333,968. Of the bank balance, \$500,083 was covered by federal depository insurance; the remaining balance of \$1,833,885 was covered by collateral held by the financial institution's agent in the Department's name. The Department's deposits were composed of the following amounts:

| | |
|---|---------------------|
| Governmental activities | \$ 1,559,315 |
| Fiduciary activities – agency funds for the Department of Health | 207,884 |
| | <u>\$ 1,767,199</u> |

Augusta Canal Authority

As of December 31, 2004, the carrying amount of the Authority's bank deposits was \$380,282 and the respective bank balances totaled \$435,520. Of the total bank balance, \$245,102 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$190,418 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the Authority.

At December 31, 2004, the Authority's cash and investment balances were as follows:

| | Category | | | Carrying | Market |
|--|------------|------|------|-------------------|-------------------|
| | 1 | 2 | 3 | Amount | Value |
| Repurchase agreements | \$ 435,041 | \$ - | \$ - | \$ 435,041 | \$ 435,041 |
| Carrying amount of deposits with financial institutions | | | | 380,282 | 380,282 |
| Cash on hand | | | | 272 | 272 |
| | | | | <u>\$ 815,595</u> | <u>\$ 815,595</u> |

B. Receivables

Property taxes are administered on a calendar year basis subject to the following dates:

| | |
|-------------------|----------------------------|
| Lien date | January 1 |
| Levy date | August 15 |
| Collection period | September 15 - November 15 |
| Due date | November 15 |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

Receivables at December 31, 2004, including the applicable allowances for uncollectible accounts, consist of the following:

| | General | Fire Protection | Special Sales Tax Phase III | Special Sales Tax Phase IV | Water and Sewer | Bush Field | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | Total |
|------------------------------------|--------------|-----------------|-----------------------------|----------------------------|-----------------|--------------|-----------------------------|---------------------------|---------------|
| Receivables: | | | | | | | | | |
| Taxes | \$ 3,377,520 | \$ 455,011 | \$ - | \$ - | \$ - | \$ - | \$ 1,704,874 | \$ - | \$ 5,537,405 |
| Accounts | 5,267,591 | - | - | 2,657,650 | 7,018,949 | 809,835 | 1,752,208 | 2,793,765 | 20,299,998 |
| Interest | - | - | 81,868 | - | 857,738 | - | 83,626 | 4,267 | 1,027,499 |
| Note | 100,000 | - | - | - | 500,000 | - | 312,433 | - | 912,433 |
| Intergovernmental | 178,392 | - | - | - | - | 1,644,320 | 51,936 | 32,859 | 1,907,507 |
| Gross receivables | 8,923,503 | 455,011 | 81,868 | 2,657,650 | 8,376,687 | 2,454,155 | 3,905,077 | 2,830,891 | 29,684,842 |
| Less: allowance for uncollectibles | (772,992) | (21,091) | - | - | (270,500) | (100,000) | (212,189) | (851,744) | (2,228,516) |
| Net total receivables | \$ 8,150,511 | \$ 433,920 | \$ 81,868 | \$ 2,657,650 | \$ 8,106,187 | \$ 2,354,155 | \$ 3,692,888 | \$ 1,979,147 | \$ 27,456,326 |

| | Total | Adjustments to Full Accrual | Total |
|-----------------------|---------------|-----------------------------|---------------|
| Taxes | \$ 5,537,405 | \$ - | \$ 5,537,405 |
| Accounts | 20,299,998 | 3,105,497 | 23,405,495 |
| Interest | 1,027,499 | - | 1,027,499 |
| Note | 912,433 | 2,890,923 | 3,803,356 |
| Intergovernmental | 1,907,507 | - | 1,907,507 |
| Allowance | (2,228,516) | - | (2,228,516) |
| Net total receivables | \$ 27,456,326 | \$ 5,996,420 | \$ 33,452,746 |

Adjustments to full accrual relate to long-term notes receivable and internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the internal service funds receivables balances are included in governmental activities on the accompanying government-wide financial statement.

For the above-mentioned long-term notes receivable, the bank maintains records that are not recorded in the governmental fund financial statements. These loans represent funds received through HUD's Housing Rehabilitation Program. The Housing Rehabilitation Program is designed to fund improvements to homes owned and occupied by persons in low to moderate-income ranges. In 1993, loans were also made to owners of rental units under a deferred loan arrangement as part of the Housing Rehabilitation Program. Loans made for these projects vary as to amounts and interest rates based on the level of income of the owner/occupiers. In the governmental fund financial statements, repayments of these loans are recorded as other revenue in the Housing and Neighborhood Development Fund, a nonmajor special revenue fund.

Finally, the Fiduciary fund financial statements include \$18,469,758 in taxes receivable recorded in agency funds. This amount is excluded from the foregoing schedule and represents the amount of receivables billed on behalf of other governments in an agency relationship. Also, included in the Fiduciary fund financial statements and excluded from the foregoing schedule are interest receivable totaling \$565,281 in the pension trust fund.

In a prior year, the former City of Augusta entered into an agreement with the Georgia Housing and Finance Authority (GHFA) to aid in the administration of Federal funds granted through the State for HUD's Rental Rehabilitation Program. The Government acts only in an administrative capacity and does not directly receive or disburse any funds related to this project. Therefore, the receipts, disbursements and related notes receivable for the GRFA program have not been included in the financial statements.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

C. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

| | December 31, 2003 | Additions | Disposals | December 31, 2004 |
|---|----------------------|---------------|----------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 16,652,355 | \$ 1,347,799 | \$ - | \$ 18,000,154 |
| Construction in process | 84,335,662 | 16,421,087 | (4,947,750) | 95,808,999 |
| Total capital assets not being depreciated | 100,988,017 | 17,768,886 | (4,947,750) | 113,809,153 |
| Other capital assets: | | | | |
| Land and Site Improvements | 7,161,957 | 417,961 | - | 7,579,918 |
| Buildings | 67,028,220 | 2,267,738 | - | 69,295,958 |
| Building improvements | 6,826,491 | 624,753 | - | 7,451,244 |
| Vehicles | 25,988,947 | 3,219,312 | (1,008,100) | 28,200,159 |
| Machinery and equipment | 7,633,859 | 296,617 | (158,304) | 7,772,172 |
| I T – hardware | 2,334,448 | 425,683 | - | 2,760,131 |
| IT – software | 1,642,150 | 297,429 | - | 1,939,579 |
| Furniture and fixtures | 1,087,487 | 159,779 | - | 1,247,266 |
| Infrastructure | 42,085,998 | 498,232 | - | 42,584,230 |
| Richmond County Public Facilities | 12,655,483 | - | - | 12,655,483 |
| Total other capital assets | 174,445,040 | 8,207,504 | (1,166,404) | 181,486,140 |
| Less accumulated depreciation for: | | | | |
| Land and site improvements | (1,401,600) | (338,469) | - | (1,740,069) |
| Buildings | (20,186,796) | (2,060,175) | - | (22,246,971) |
| Building improvements | (1,853,642) | (338,262) | - | (2,191,904) |
| Vehicles | (16,385,998) | (3,173,053) | 1,008,099 | (18,550,952) |
| Machinery and equipment | (4,799,561) | (624,796) | 152,203 | (5,272,154) |
| I T – hardware | (1,660,673) | (411,293) | - | (2,071,966) |
| IT – software | (1,022,775) | (284,859) | - | (1,307,634) |
| Furniture and fixtures | (1,084,407) | (8,990) | - | (1,093,397) |
| Infrastructure | (5,524,270) | (1,344,499) | - | (6,868,769) |
| Richmond County Public Facilities | (10,546,236) | - | - | (10,546,236) |
| Total accumulated depreciation | (64,465,958) | (8,584,396) | 1,160,302 | (71,890,052) |
| Other capital assets, net | 109,979,082 | (376,892) | (6,102) | 109,596,088 |
| Governmental activities capital assets, net | \$ 210,967,099 | \$ 17,391,994 | \$ (4,953,852) | \$ 223,405,241 |

Depreciation expense was charge to functions as follows:

Governmental activities

| | |
|-------------------------|---------------------|
| General government | \$ 798,504 |
| Judicial | 1,368,594 |
| Public safety | 2,668,459 |
| Public works | 2,276,064 |
| Health and welfare | 90,253 |
| Culture and recreation | 1,300,003 |
| Housing and development | 18,881 |
| Fleet | 44,037 |
| Risk Management | 19,601 |
| | <u>\$ 8,584,396</u> |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

| | Balance December 31, 2003 | Additions | Disposals | Balance December 31, 2004 |
|---|---------------------------------|--------------------|------------------|---------------------------------|
| <u>Water and Sewer</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,026,959 | \$ 200,448 | \$ - | \$ 7,227,407 |
| Construction in progress | 81,582,783 | 36,674,553 | - | * 118,257,336 |
| Total capital assets not being depreciated | <u>88,609,742</u> | <u>36,875,001</u> | <u>-</u> | <u>125,484,743</u> |
| Other capital assets: | | | | |
| Buildings | 39,026,157 | - | - | 39,026,157 |
| Vehicles | 5,207,660 | 346,260 | (236,401) | 5,317,519 |
| Machinery and equipment | 5,995,222 | 427,729 | (24,184) | 6,398,767 |
| Furniture and fixtures | 421,374 | 19,100 | - | 440,474 |
| Other capital | 2,090,076 | 49,921 | - | 2,139,997 |
| Water and sewerage systems | 240,865,301 | 12,189,720 | - | 253,055,021 |
| Contributed water and sewerage systems | 10,563,423 | - | - | 10,563,423 |
| Total capital assets being depreciated | <u>304,169,213</u> | <u>13,032,730</u> | <u>(260,585)</u> | <u>316,941,358</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (20,704,468) | (1,204,300) | - | (21,908,768) |
| Vehicles | (3,500,932) | (809,044) | 236,401 | (4,073,575) |
| Machinery and equipment | (4,791,734) | (428,619) | 24,184 | (5,196,169) |
| Furniture and fixtures | (421,373) | (5,836) | - | (427,209) |
| Other capital | (1,973,491) | (74,220) | - | (2,047,711) |
| Water and sewerage systems | (85,148,238) | (6,818,572) | - | (91,966,810) |
| Contributed water and sewerage systems | (5,873,236) | (508,415) | - | (6,381,651) |
| Total accumulated depreciation | <u>(122,413,472)</u> | <u>(9,849,006)</u> | <u>260,585</u> | <u>(132,001,893)</u> |
| Other capital assets being depreciated, net | <u>181,755,741</u> | <u>3,183,724</u> | <u>-</u> | <u>184,939,465</u> |
| Water and sewer capital assets, net | <u>270,365,483</u> | <u>40,058,725</u> | <u>-</u> | <u>310,424,208</u> |

* Disposals in Construction in progress are shown as additions to Capital assets being depreciated.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

| | Balance December 31, 2003 | Additions | Disposals | Balance December 31, 2004 |
|--|---------------------------------|--------------------|-----------|---------------------------------|
| <u>Augusta Regional Airport</u> | | | | |
| Land | \$ 4,684,256 | \$ - | \$ - | \$ 4,684,256 |
| Construction in progress | 1,117,232 | 2,750,087 | - | * 3,867,319 |
| Total capital assets not being depreciated | <u>5,801,488</u> | <u>2,750,087</u> | <u>-</u> | <u>8,551,575</u> |
| Other capital assets: | | | | |
| Site improvements | 1,667,085 | - | - | 1,667,085 |
| Building improvements | 1,890,479 | - | - | 1,890,479 |
| Buildings | 9,487,642 | - | - | 9,487,642 |
| Vehicles | 2,358,495 | 30,156 | - | 2,388,651 |
| Machinery and equipment | 1,886,525 | 245,662 | - | 2,132,187 |
| Furniture and fixtures | 327,108 | - | - | 327,108 |
| Other capital | 166,145 | - | - | 166,145 |
| Information tech – hardware | 68,468 | - | - | 68,468 |
| Information tech – software | 26,224 | - | - | 26,224 |
| Infrastructure | 21,307,750 | - | - | 21,307,750 |
| Total capital assets being depreciated | <u>39,185,921</u> | <u>275,818</u> | <u>-</u> | <u>39,461,739</u> |
| Less accumulated depreciation for: | | | | |
| Site improvements | (574,994) | (99,099) | - | (674,093) |
| Building improvements | (554,574) | (183,312) | - | (737,886) |
| Buildings | (6,313,815) | (240,763) | - | (6,554,578) |
| Vehicles | (1,538,542) | (136,555) | - | (1,675,097) |
| Machinery and equipment | (594,699) | (167,947) | - | (762,646) |
| Furniture and fixtures | (144,374) | (45,061) | - | (189,435) |
| Other capital | (166,144) | - | - | (166,144) |
| Information tech – hardware | (39,100) | (20,615) | - | (59,715) |
| Information tech – software | (14,379) | (6,179) | - | (20,558) |
| Infrastructure | (10,025,076) | (620,501) | - | (10,645,577) |
| Total capital assets being depreciated | <u>(19,965,697)</u> | <u>(1,520,032)</u> | <u>-</u> | <u>(21,485,729)</u> |
| Other capital assets being depreciated, net | <u>19,220,224</u> | <u>(1,244,214)</u> | <u>-</u> | <u>17,976,010</u> |
| Augusta Regional Airport capital assets, net | <u>25,021,712</u> | <u>1,505,873</u> | <u>-</u> | <u>26,527,585</u> |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

| | Balance December 31, 2003 | Additions | Disposals | Balance December 31, 2004 |
|--|---------------------------------|----------------------|--------------------|---------------------------------|
| <u>Nonmajor enterprise funds</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,616,361 | \$ - | \$ - | \$ 2,616,361 |
| Construction in process | 576,311 | 1,788 | - | 578,099 |
| Total capital assets not being depreciated | <u>3,192,672</u> | <u>1,788</u> | <u>-</u> | <u>3,194,460</u> |
| Other capital assets: | | | | |
| Site and building improvements | 1,729,712 | - | - | 1,729,712 |
| Landfill Cell IIC | 9,399,876 | - | - | 9,399,876 |
| Buildings | 3,212,244 | - | - | 3,212,244 |
| Vehicles | 4,781,408 | 848,458 | (550,429) | 5,079,437 |
| Machinery and equipment | 475,020 | 1,045,847 | - | 1,520,867 |
| Furniture and fixtures | 11,385 | - | - | 11,385 |
| Infrastructure | 1,485,833 | - | - | 1,485,833 |
| IT – hardware | 67,250 | - | - | 67,250 |
| IT - software | 441,734 | - | - | 441,734 |
| Total capital assets being depreciated | <u>21,604,462</u> | <u>1,894,305</u> | <u>(550,429)</u> | <u>22,948,338</u> |
| Less accumulated depreciation for: | | | | |
| Site and building improvements | (1,109,214) | (66,097) | - | (1,175,311) |
| Landfill Cell IIC | (8,459,888) | (939,988) | - | (9,399,876) |
| Buildings | (1,119,913) | (102,505) | - | (1,222,418) |
| Vehicles | (2,970,415) | (475,354) | 477,921 | (2,967,848) |
| Machinery and equipment | (351,244) | (23,780) | - | (375,024) |
| Furniture and fixtures | (759) | (1,139) | - | (1,898) |
| Infrastructure | (592,430) | (49,528) | - | (641,958) |
| IT – hardware | (42,657) | (14,775) | - | (57,432) |
| IT – software | (441,963) | (1,388) | - | (443,351) |
| Total accumulated depreciation | <u>(15,088,483)</u> | <u>(1,674,554)</u> | <u>477,921</u> | <u>(16,285,116)</u> |
| Other capital assets, net | <u>6,515,979</u> | <u>219,751</u> | <u>(72,508)</u> | <u>6,663,222</u> |
| Nonmajor enterprise funds, net | <u>9,708,651</u> | <u>221,539</u> | <u>(72,508)</u> | <u>9,857,682</u> |
| Business-type activities capital assets, net | \$ <u>305,095,846</u> | \$ <u>41,786,137</u> | \$ <u>(72,508)</u> | \$ <u>346,809,475</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|--------------------------|----------------------|
| Waste management | \$ 1,068,003 |
| Water and sewer | 9,849,006 |
| Augusta regional airport | 1,933,687 |
| Municipal golf course | 36,557 |
| Daniel Field airport | 68,552 |
| Transit | <u>501,442</u> |
| | \$ <u>13,457,247</u> |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

Department of Health

Capital asset activity for the Department of Health for the year ended June 30, 2004 was as follows:

| | June 30, 2003 | Additions | Disposals | June 30, 2004 |
|---|------------------|--------------|-----------|------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,437,797 | \$ - | \$ - | \$ 1,437,797 |
| Other capital assets: | | | | |
| Buildings | 5,978,485 | - | - | 5,978,485 |
| Improvements | 595,153 | - | - | 595,153 |
| Equipment | 99,829 | 48,828 | - | 148,657 |
| Vehicles | 132,466 | 18,795 | - | 151,261 |
| | 6,805,933 | 67,623 | - | 6,873,556 |
| Less accumulated depreciation | (807,402) | (207,422) | - | (1,014,824) |
| Other capital assets, net | 5,998,531 | (139,799) | - | 5,858,732 |
| Governmental activities capital assets, net | \$ 7,436,328 | \$ (139,799) | \$ - | \$ 7,296,529 |

Augusta Canal Authority

Capital asset activity for the Augusta Canal Authority for the year ended December 31, 2004 was as follows:

| | December 31, 2003 | Additions | Deletions | December 31, 2004 |
|--|----------------------|--------------|--------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 217,000 | \$ - | \$ - | \$ 217,000 |
| Construction in process | 565,671 | 4,936,006 | (348,535) | 5,153,142 |
| Total capital assets not being depreciated | 782,671 | 4,936,006 | (348,535) | 5,370,142 |
| Capital assets being depreciated: | | | | |
| Leasehold improvements | 3,850,864 | - | - | 3,850,864 |
| Boats | 348,536 | 348,535 | - | 697,071 |
| Vehicles | 19,621 | - | - | 19,621 |
| Machinery and equipment | 15,685 | - | - | 15,685 |
| Computer equipment | 15,761 | - | - | 15,761 |
| Office equipment | 3,799 | - | - | 3,799 |
| Furniture and fixtures | 22,424 | - | - | 22,424 |
| Infrastructure | 274,033 | 20,704 | - | 294,737 |
| Total capital assets being depreciated | 4,550,723 | 369,239 | - | 4,919,962 |
| Less accumulated depreciation for: | | | | |
| Leasehold improvements | (109,780) | (142,543) | - | (252,323) |
| Boats | (4,647) | (24,397) | - | (29,044) |
| Vehicles | (5,232) | (1,962) | - | (7,194) |
| Machinery and equipment | (4,186) | (1,569) | - | (5,755) |
| Computer equipment | (9,249) | (2,239) | - | (11,488) |
| Office equipment | (2,009) | (475) | - | (2,484) |
| Furniture and fixtures | (9,370) | (2,776) | - | (12,146) |
| Infrastructure | (3,654) | (11,168) | - | (14,822) |
| Total accumulated depreciation | (148,127) | (187,129) | - | (335,256) |
| Total capital assets being depreciated - net | 4,402,596 | 182,110 | - | 4,584,706 |
| Governmental activities capital assets, net | \$ 5,185,267 | \$ 5,118,116 | \$ (348,535) | \$ 9,954,848 |

* Disposals in Construction in progress are shown as additions to Capital assets being depreciated.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

Downtown Development Authority (Unaudited)

Capital asset activity for the year ended December 31, 2004 was as follows:

| | December 31, 2003 | Additions | Deletions | December 31, 2004 |
|------------------------------------|----------------------|-----------|-----------|----------------------|
| Capital assets: | | | | |
| Port Royal parking deck | \$ 2,600,000 | \$ - | \$ - | \$ 2,600,000 |
| Riverfront parking deck | 3,816,000 | - | - | 3,816,000 |
| Construction in progress | 16,000 | 41,393 | - | 57,393 |
| Total capital assets | 6,432,000 | 41,393 | - | 6,473,393 |
| Less accumulated depreciation for: | | | | |
| Port Royal parking deck | (910,000) | - | - | (910,000) |
| Riverfront parking deck | (1,240,200) | - | - | (1,240,200) |
| Total accumulated depreciation | (2,150,200) | - | - | (2,150,200) |
| Capital assets, net | \$ 4,281,800 | \$ 41,393 | \$ - | \$ 4,323,193 |

Depreciation expense for the year ended December 31, 2004 was \$0.

D. Accounts payable and accrued liabilities

Payables for the Government at December 31, 2004 were as follows:

| | Governmental Funds | Enterprise Funds | Total | Adjustments To Full Accrual | Total |
|---|-----------------------|---------------------|---------------|--------------------------------|---------------|
| Payables: | | | | | |
| Accounts payable | \$ 5,502,482 | \$ 4,591,714 | \$ 10,094,196 | \$ 552,035 | \$ 10,646,231 |
| Accrued interest | - | 4,436,061 | 4,436,061 | 40,769 | 4,476,830 |
| Accrued salaries and vacation | 3,710,065 | 1,332,656 | 5,042,721 | (631,970) | 4,410,751 |
| Other accrued liabilities | 1,198,886 | 2,547,103 | 3,745,989 | 45,323 | 3,791,312 |
| Total accounts payable and accrued liabilities | \$ 10,411,433 | \$ 12,907,534 | \$ 23,318,967 | \$ 6,157 | \$ 23,325,124 |

Adjustments to full-accrual basis include \$40,769 related to accrued interest on governmental long-term debt, \$674,257 relating to the reclassification of accrued vacation from accrued liabilities to liabilities due within one year, and accounts payable, accrued salaries and vacation, and other accrued liabilities of \$552,035, \$42,287 and \$45,323, respectively, related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accounts payable and accrued liability balances for the internal service funds are included in the governmental activities on the accompanying government-wide financial statement.

Also, the fiduciary fund financial statements include \$26,238 in accounts payable recorded in pension trust funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals or governments.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

E. Deferred/Unearned Revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

| | Deferred Revenue | Unearned Revenue |
|---|---------------------|----------------------|
| Taxes receivable net of allowance – General Fund | \$ 2,758,592 | \$ - |
| Taxes receivable net of allowance – Fire Protection Fund | 360,085 | - |
| Taxes receivable net of allowance – Nonmajor governmental funds | 1,850,065 | - |
| Grant income received in advance of being earned – General Fund | - | 512,517 |
| Grant income received in advance of being earned – Nonmajor governmental funds | - | - |
| Business license income received in advance of being earned – General Fund | - | 683,410 |
| Insurance premium income received in advance of being earned – Fire Protection Fund | - | 9,086,044 |
| Gift certificate purchases – Nonmajor enterprise fund | - | 600 |
| | <u>\$ 4,968,742</u> | <u>\$ 10,282,571</u> |

F. Landfill closure and postclosure costs

State and Federal laws and regulations require the Government to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$12,421,217 as of December 31, 2004, which is based on 93.90% usage (filled) of Cell II C which is operating currently, and 100% usage (filled) of Cells II A and II B. This liability is recorded in the Waste Management Enterprise Fund. It is estimated that an additional \$515,603 will be recognized as closure and postclosure care expenses between the date of the statement of net assets and the date the landfill is expected to be filled to capacity, which is in the next 4 years. The estimated total current cost of the landfill closure and postclosure care, \$12,936,820, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2004. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Government expects to finance the costs for the estimated landfill closure and postclosure care costs as they become due during the coming thirty years through the regular operations of the Government.

G. Long-term debt

Primary government1. Governmental activities

In a prior year, a portion of the Certificates of Participation (Series 1993) was defeased by the creation of an irrevocable trust fund. Original proceeds remaining from the issue were used to purchase U.S. Government securities that were placed in a trust fund. The investments and fixed earnings from the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt is considered defeased and, therefore, not included as a liability in the government-wide financial statements Funds. As of December 31, 2004, the amount of defeased debt outstanding but removed from the governmental debt is \$1,245,000.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds and account groups (Continued)

Notes payable

Housing and Neighborhood Development:

Section 108 loan – due in annual installments of \$65,000 to \$1,010,000, plus interest at 9%, through August 2005.

\$ 1,010,000

Augusta Port Authority:

\$1,200,000 1993 Augusta Port Authority Bonds – due in monthly principal and interest installments of \$9,773 through April 2008.

\$ 362,804

Certificates of Participation

GMA Leases Fund:

\$16,888,000 Certificates of Participation – principal due in a lump sum payment on June 1, 2028.

Interest only payments are due annually at a rate of 4.75%, through June 1, 2028.

Original issue amount

\$ 16,888,000

Original issue discount

(853,392)

Total

\$ 16,034,608

| Year ending December 31 | Notes Payable | | Revenue Bonds | | Certificates of Participation | | Total | |
|----------------------------|---------------------|-------------------|-------------------|------------------|-------------------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$ 1,010,000 | \$ 123,016 | \$ 100,317 | \$ 16,961 | \$ - | \$ 802,180 | \$ 1,110,317 | \$ 942,157 |
| 2006 | - | - | 105,923 | 11,355 | - | 802,180 | 105,923 | 813,535 |
| 2007 | - | - | 111,843 | 5,436 | - | 802,180 | 111,843 | 807,616 |
| 2008 | - | - | 44,721 | 440 | - | 802,180 | 44,721 | 802,620 |
| 2009 | - | - | - | - | - | 802,180 | - | 802,180 |
| 2010-2014 | - | - | - | - | - | 4,010,900 | - | 4,010,900 |
| 2015-2019 | - | - | - | - | - | 4,010,900 | - | 4,010,900 |
| 2020-2024 | - | - | - | - | - | 4,010,900 | - | 4,010,900 |
| 2025 – 2029 | - | - | - | - | 16,888,000 | 2,807,630 | 16,888,000 | 2,807,630 |
| | <u>\$ 1,010,000</u> | <u>\$ 123,016</u> | <u>\$ 362,804</u> | <u>\$ 34,192</u> | <u>\$ 16,888,000</u> | <u>\$ 18,851,230</u> | <u>\$ 18,260,804</u> | <u>\$ 19,008,438</u> |

Certificates of Participation

In June 1998, the Government entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the Government's participation totaling \$16,888,000, shown net of original issue discount of 898,307 at \$15,989,693. The lease pool agreement with the Association provides that the Government owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$16,888,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The Government draws from the investment to lease equipment from the Association. The lease pool agreement requires the Government to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. Equipment in the amount of \$1,784,348 was leased during 2004.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

2. Business-type activities

Revenue bonds

Water and Sewer:

\$160,000,000 2004 Water and Sewer Bonds – due in interest only payments of \$8,400,000 through October 2032. Principal due in annual installments beginning October 2003 through October 2039 From \$19,500,000 to \$26,510,000, plus interest of 5.25%. \$ 160,000,000

\$149,400,000 2002 Water and Sewer Bonds – due in annual installments of \$235,000 to \$20,610,000 starting October 2002 through October 2032, plus interest varying from 2/50% to 5.75% on \$57,840,000 serial bonds, with interest of 5.0% on \$91,560,000 term bonds. 147,335,000

\$97,080,000 2000 Water and Sewer Bonds – due in annual installments of \$355,000 to \$11,105,000, plus interest at 4.4% to 5.25% through October 2030. 97,080,000

\$66,640,000 1996 Water and Sewer Bonds – due in annual installments of \$920,000 to \$4,445,000, plus interest at 3.6% to 6.25% through October 2028 (this liability is reflected in the Water and Sewer Fund net of deferred refunding amount of \$2,020,740). 58,465,000

\$5,910,000 1997 Water and Sewer Bond – due in annual installments of \$100,000 to \$400,000, plus interest at 3.6% to 5.25%, through October 2021. (This liability is reflected in the Water and Sewer Fund net of deferred refunding amount of \$410,549). 4,715,000

| | |
|----------------------------------|-------------|
| Total | 467,595,000 |
| Less: Deferred refunding amounts | (2,232,632) |
| Less: Bond issue discounts | (4,578,619) |
| Add: Bond issue premiums | 6,985,828 |

Total revenue bonds – Water and sewer 467,769,577

Waste Management:

\$11,475,000 Solid Waste Management Authority of Augusta Revenue Bonds, Series 2004 – due in annual installments of \$170,000 to \$1,700,000, starting December 1, 2005 through December 1, 2019, plus interest of 3.0% to 4.0% payable semi-annually on June 1 and December 1, beginning December 1, 2004 11,475,000

| | |
|--|-------------------|
| Add: Bond issue premium | 202,694 |
| Total revenue bonds – Waste Management | <u>11,677,694</u> |

Total revenue bonds \$ 479,447,271

Notes payable

Water and Sewer Fund:

State revolving loan – due in quarterly principal and interest installments of \$94,668, plus interest at 4%, through May 2016. \$ 3,476,890

State revolving loan – principal and interest due in quarterly installments of \$119,392, plus interest at 4%, through July 2019. 5,235,178

Total \$ 8,712,068

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

| Year ending December 31 | Business-type Activities | | | | | |
|----------------------------|--------------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Notes Payable | | Revenue Bonds | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$ 515,424 | \$ 343,511 | \$ 3,785,000 | \$ 22,696,748 | \$ 4,300,424 | \$ 23,040,259 |
| 2006 | 536,353 | 322,692 | 4,275,000 | 24,147,625 | 4,811,353 | 24,470,317 |
| 2007 | 558,131 | 301,028 | 5,490,000 | 23,973,375 | 6,048,131 | 24,274,403 |
| 2008 | 580,793 | 278,484 | 6,410,000 | 23,743,950 | 6,990,793 | 24,022,434 |
| 2009 | 604,376 | 255,025 | 7,225,000 | 23,473,138 | 7,829,376 | 23,728,163 |
| 2010-2014 | 3,410,524 | 888,509 | 40,335,000 | 112,411,455 | 43,745,524 | 113,299,964 |
| 2015-2019 | 2,506,467 | 231,162 | 49,590,000 | 101,744,103 | 52,096,467 | 101,975,265 |
| 2020-2024 | - | - | 62,555,000 | 87,655,597 | 62,555,000 | 87,655,597 |
| 2025-2029 | - | - | 80,495,000 | 69,714,691 | 80,495,000 | 69,714,691 |
| 2030-2034 | - | - | 98,935,000 | 46,992,013 | 98,935,000 | 46,992,013 |
| 2035-2039 | - | - | 119,975,000 | 19,539,713 | 119,975,000 | 19,539,713 |
| | <u>\$ 8,712,068</u> | <u>\$ 2,620,411</u> | <u>\$ 479,070,000</u> | <u>\$ 556,092,408</u> | <u>\$ 487,782,068</u> | <u>\$ 558,712,819</u> |

During 2004, the Government issued \$160 million in Series 2004 Water and Sewerage Revenue bonds for the purpose of financing the costs of making additions, extensions and improvement to the Utilities' water and sewer system.

During 2004, the Government issued \$11,475,000 in Series 2004 Solid Waste Management Authority of Augusta Revenue bonds for the purpose of paying all or a portion of the costs of improving and equipping the Government's municipal solid waste landfill.

During 2002, the Government issued \$149.4 million in Series 2002 Water and Sewerage Revenue bonds. A portion of the proceeds from the sale of these bonds was used to pay the outstanding balance of the Georgia Environmental Facilities Authority revolving loan in the amount of \$8,815,000 with an interest rate of 5.5%. The remaining portion of the bond proceeds \$140,585,000 was issued for the purpose of financing the costs of making additions, extensions and improvements to the Utilities' water and sewer system. A portion of the net proceeds of \$8,692,368 (after payment of \$153,574 of underwriting fees and other issuance costs) was used to repay the Georgia Environmental Facilities Authority revolving loan. The remaining portion of the proceeds of \$125,691,320 (after payment of \$2,748,066 of underwriting fees and other issuance costs) plus an additional \$11,753,672 of funds from a capitalized interest fund is to be used for improvements to the Utilities' water and sewer system.

No difference resulted in the current refunding between the reacquisition price and the net carrying amount of the old debt. The Government completed the refunding to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$792,000.

During 2000, the Government issued \$97.08 million in Series 2000 Water and Sewerage Revenue bonds for the purpose of financing the costs of making additions, extensions and improvements to the Utilities' water and sewer system.

During 1996, the Government issued \$66.6 million in Series 1996 Water and Sewerage revenue bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former City of Augusta's Series 1972 and 1991 Water and Sewerage revenue bonds and the former Richmond County's Series 1987 and 1991 Water and Sewer revenue bonds. Proceeds of \$19.4 million plus an additional \$4.9 million of sinking fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered to be defeased and the liabilities for those bonds have been removed from the Water and Sewer Fund.

In 1997, the Government issued \$5.9 million in Series 1997 Water and Sewerage Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former Richmond County's Series 1986 Water and Sewerage Revenue Bond. Proceeds of approximately \$5.6 million plus an additional \$.9 million of sinking

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered defeased and the liability for those bonds have been removed from the Water and Sewer Fund.

As of December 31, 2004, the amount of these defeased debts outstanding but removed from the Water and Sewer Fund is \$2,710,086.

The advance refunding during 1996 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2.5 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2028 using the effective-interest method. The refunding increased the total debt service payments over the next 30 years by approximately \$8.6 million and produced an economic gain of approximately \$260,000.

The advance refunding during 1997 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$540,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the effective-interest method. The refunding will increase total debt service payments over the next 24 years by approximately \$2.1 million and will produce an economic gain of approximately \$110,000.

Department of Health

The Department of Health's long-term liabilities represent compensated absences. The debt for compensated absences was \$566,064 at June 30, 2004.

Augusta Canal Authority

Notes payable

\$1,800,000 note payable to a bank due in five annual installments of \$360,000, beginning June 2003. The note bears interest at a variable rate equal to 75% of the lender's Prime Rate, which was 3.27% at December 31, 2004, and is paid semi-annually. The note is collateralized by all equipment, furniture, fixtures, and other personal property owned by the Authority and is used or to be used in connection with the Visitors and Interpretive Center; property leased to Standard Textile Augusta, Inc. is not included in the collateral.

Revenue note

\$8,000,000 revenue note payable to a bank due in ten annual installments of \$800,000 beginning April 2007. As of December 31, 2004, \$3,612,993 had been drawn on the note. The note bears interest at a variable rate equal to 65% of the daily floating LIBOR plus 150 basis points. The note is secured by the revenues and proceeds derived from the Consolidated Government of Augusta, Georgia. The Authority entered into an Intergovernmental Agreement with the Consolidated Government. The Consolidated Government's obligation to make all interest and principal payments due on the note is absolute and unconditional.

| Year Ending December 31, | Notes Payable | | Revenue Note | | Total | |
|-----------------------------|---------------------|------------------|---------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$ 360,000 | \$ 29,386 | \$ - | \$ 241,348 | \$ 360,000 | \$ 270,734 |
| 2006 | 360,000 | 17,631 | - | 241,348 | 360,000 | 258,979 |
| 2007 | 360,000 | 5,877 | 800,000 | 214,628 | 1,160,000 | 220,505 |
| 2008 | - | - | 800,000 | 161,188 | 800,000 | 161,188 |
| 2009 | - | - | 800,000 | 107,748 | 800,000 | 107,748 |
| 2010 - 2014 | - | - | 1,212,993 | 68,102 | 1,212,993 | 68,102 |
| | <u>\$ 1,080,000</u> | <u>\$ 52,894</u> | <u>\$ 3,612,993</u> | <u>\$ 1,034,362</u> | <u>\$ 4,692,993</u> | <u>\$ 1,087,256</u> |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 - Detailed notes on all funds (Continued)

Downtown Development Authority (Unaudited)

Development Authority Refunding Revenue Bonds, Series 2003:

In May of 2003, the Development Authority of the City of Augusta issued \$4,035,000 Development Authority Revenue Bonds, Series 2003. The proceeds of these bonds were used to redeem two previous issuances of revenue bonds, Development Authority Parking revenue Bonds, Series 1989 and 1991. The original bond issuances were used to fund the construction of two parking decks in downtown Augusta, Georgia.

The Series 2003 Bonds are limited, special obligations of the Authority and are secured from payments received under an intergovernmental lease between the City of Augusta and the development Authority for use of the two parking decks.

Interest on the Series 2003 development Authority Bonds is paid semi-annually. The interest rate is 2.56%. Principal is due on January 1 of each year as follows:

| <u>Year</u> | <u>Principal Payments</u> |
|-------------|-------------------------------|
| 2005 | \$ 575,000 |
| 2006 | 550,000 |
| 2007 | 575,000 |
| 2008 | 585,000 |
| 2009 - 2010 | <u>1,175,000</u> |
| | <u>\$ 3,460,000</u> |

H. Leases

The Government has entered into several long-term lease agreements for various vehicles and machinery and equipment. Although the leases contain clauses which provide that the leases are cancelable if funds are not appropriated for the periodic payments for any future fiscal periods, the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 *Accounting for Leases* and the National Council on Governmental Accounting Statement No. 5 *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments*.

The Government's lease agreements are through the Georgia Municipal Association and are accounted for in an internal service fund.

Future minimum lease payments under the leases and the net present value of the minimum lease payments as of December 31, 2004 are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|------------------------------------|------------------------------------|-------------------------------------|
| 2005 | \$ 1,378,277 | \$ 750,661 |
| 2006 | 689,329 | 311,316 |
| 2007 | 417,017 | 154,806 |
| 2008 | - | 118,860 |
| 2009 | - | 171,002 |
| Less: Amount representing interest | <u>-</u> | <u>-</u> |
| Present value of lease payments | <u>\$ 2,484,623</u> | <u>\$ 1,506,645</u> |

Interest amounts are not material to the financial statements.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

The Government is lessor of terminal space, land and buildings at Augusta Regional Airport at Bush Field and Daniel Field under various operating leases. Revenues and related expenses for Augusta Regional Airport at Bush Field are recorded in the Augusta Regional Airport at Bush Field Fund while the revenue and related expenses for Daniel Field are recorded in the Daniel Field Airport Fund. Some of the leases provide for additional payments based on usage activity in addition to non-cancelable amounts of fixed rates.

During 2004, rental income totaled approximately \$2.1 million and \$100,000 in the Augusta Regional Airport at Bush Field and Daniel Field Airport Funds, respectively.

The assets acquired through capital leases as of December 31, 2004 are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Vehicles | \$ 14,385,159 | \$ 2,944,603 |
| Machinery and equipment | <u>2,495,395</u> | <u>1,766,829</u> |
| Less: accumulated depreciation | <u>(9,067,547)</u> | <u>(1,485,284)</u> |
| Carrying value | \$ <u>7,813,007</u> | \$ <u>3,226,148</u> |

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

I. Changes in long-term liabilities

Primary government

The following is a summary of long-term debt transactions of the year ended December 31, 2004:

| | Beginning Balances | Additions | Reductions | Ending Balances | Current Portion |
|---|-----------------------|-----------------------|---------------------|-----------------------|----------------------|
| Governmental activities: | | | | | |
| Bonds and notes payable: | | | | | |
| Notes payable | \$ 1,080,000 | \$ - | \$ 70,000 | \$ 1,010,000 | \$ 1,010,000 |
| Revenue bonds payable | 457,440 | - | 94,636 | 362,804 | 100,317 |
| Total bonds and notes payable | <u>1,537,440</u> | <u>-</u> | <u>164,636</u> | <u>1,372,804</u> | <u>1,110,317</u> |
| Certificates of participation | 16,888,000 | - | - | 16,888,000 | - |
| Less: original issue discount | (898,307) | - | (44,915) | (853,392) | - |
| Total certificates of participation | <u>15,989,693</u> | <u>-</u> | <u>(44,915)</u> | <u>16,034,608</u> | <u>-</u> |
| Other liabilities: | | | | | |
| Compensated absences | 3,660,422 | 3,258,614 | 3,122,569 | 3,796,467 | 3,796,467 |
| Capital leases | 2,342,295 | 1,545,633 | 1,403,305 | 2,484,623 | 1,378,277 |
| Claims and judgments | 1,425,184 | 3,851,173 | 1,057,600 | 4,218,757 | 4,218,757 |
| Total other liabilities | <u>7,427,901</u> | <u>8,655,420</u> | <u>5,583,474</u> | <u>10,499,847</u> | <u>9,393,501</u> |
| Governmental activities long-term liabilities | <u>\$ 24,955,034</u> | <u>\$ 8,655,420</u> | <u>\$ 5,703,195</u> | <u>\$ 27,907,259</u> | <u>\$ 10,503,818</u> |
| Business-type activities: | | | | | |
| Revenue debt: | | | | | |
| Revenue bonds payable | \$ 309,850,000 | \$ 171,475,000 | \$ 2,255,000 | \$ 479,070,000 | \$ 3,785,000 |
| Less: deferred refunding amounts | (2,331,961) | - | (99,329) | (2,232,632) | (99,329) |
| Less: bond issue discounts | (4,758,856) | - | (180,237) | (4,578,619) | (180,237) |
| Add: bond issue premiums | - | 7,188,522 | - | 7,188,522 | - |
| Total revenue debt | <u>302,759,183</u> | <u>178,663,522</u> | <u>1,975,434</u> | <u>479,447,271</u> | <u>3,505,434</u> |
| Other liabilities: | | | | | |
| Compensated absences | 593,227 | 949,117 | 868,172 | 674,172 | 674,172 |
| Notes payable | 9,207,381 | - | 495,313 | 8,712,068 | 446,353 |
| Capital leases | 1,025,077 | 1,295,744 | 814,176 | 1,506,645 | 1,030,312 |
| Closure/postclosure accrual | 11,800,706 | 697,033 | 76,522 | 12,421,217 | - |
| Total other liabilities | <u>22,626,391</u> | <u>2,941,894</u> | <u>2,254,183</u> | <u>23,314,102</u> | <u>2,150,837</u> |
| Business-type activities long-term liabilities | <u>\$ 325,385,574</u> | <u>\$ 181,605,416</u> | <u>\$ 4,229,617</u> | <u>\$ 502,761,373</u> | <u>\$ 5,656,271</u> |

Typically, the General Fund has been used to liquidate claims and judgments. Compensated absences are liquidated by the fund which recorded the related salary costs. Capital leases are liquidated by the fund which received the benefit of the related asset.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

Augusta Canal Authority

The following is a summary of long-term debt transactions for Augusta Canal Authority of the year ended December 31, 2004:

| | Beginning Balances | Additions | Reductions | Ending Balances | Current Portion |
|--------------------------|-----------------------|---------------------|---------------------|---------------------|--------------------|
| Governmental activities: | | | | | |
| Notes payable: | | | | | |
| Notes payable | \$ 1,440,000 | \$ - | \$ (360,000) | \$ 1,080,000 | \$ 360,000 |
| Revenue payable | - | 3,612,993 | - | 3,612,993 | - |
| Total notes payable | <u>1,440,000</u> | <u>3,612,993</u> | <u>(360,000)</u> | <u>4,692,993</u> | <u>360,000</u> |
| Other liabilities: | | | | | |
| Compensated absences | <u>14,942</u> | <u>8,720</u> | <u>(6,006)</u> | <u>17,656</u> | <u>17,656</u> |
| Total other liabilities | <u>14,942</u> | <u>8,720</u> | <u>(6,006)</u> | <u>17,656</u> | <u>17,656</u> |
| Governmental activities | | | | | |
| Long-term liabilities | \$ <u>1,454,942</u> | \$ <u>3,621,713</u> | \$ <u>(366,006)</u> | \$ <u>4,710,649</u> | \$ <u>377,656</u> |

Downtown Development Authority (Unaudited)

Long-term debt activity for the year ended December 31, 2004 was as follows:

| | General Long-term Debt Development Authority Bonds, Series 2003 |
|---------------------------------------|---|
| Debt outstanding at December 31, 2003 | \$ 4,035,000 |
| Principal payments | <u>(575,000)</u> |
| Debt outstanding at December 31, 2004 | \$ <u>3,460,000</u> |

J. Interfund balances and activitiesDue From/To Other Funds

The composition of interfund balances as of December 31, 2004 are as follows:

| Due from other funds | Due to Other Funds | | | | | | Total |
|-----------------------------|----------------------------|---------------------|--------------------------|------------------------|---------------------|---------------------|----------------------|
| | Water and Sewer Fund | Bush Field | Nonmajor Governmental | Nonmajor Enterprise | Internal Service | Trust and Agency | |
| General Fund | \$ 5,651,048 | \$ 1,806,283 | \$ 234,628 | \$ 5,538,883 | \$ 747,444 | \$ 334,302 | \$ 14,312,588 |
| Total interfund balances | \$ <u>5,651,048</u> | \$ <u>1,806,283</u> | \$ <u>234,628</u> | \$ <u>5,538,883</u> | \$ <u>747,444</u> | \$ <u>334,302</u> | \$ <u>14,312,588</u> |

Amounts were due to other funds primarily for timing of payments from agency funds.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 3 – Detailed notes on all funds (Continued)

Transfers To/From Other Funds

Transfers in (out) for the year ended December 31, 2004 are summarized below:

| <u>Transfers out</u> | <u>General Fund</u> | <u>Fire Protection Fund</u> | <u>Special Sales Tax Phase III</u> | <u>Special Sales Tax Phase IV</u> | <u>Nonmajor Governmental</u> | <u>Nonmajor Enterprise</u> | <u>Total</u> |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|-----------------------------------|------------------------------|----------------------------|-----------------------------|
| General Fund | \$ - | \$ - | \$ - | \$ - | \$ 515,630 | \$ - | \$ 515,630 |
| Special Sales Tax Phase III | - | - | - | 339,393 | - | - | 339,393 |
| Nonmajor Enterprise | - | - | - | 82,380 | - | - | 82,380 |
| Nonmajor governmental | <u>2,627,790</u> | <u>6,066,700</u> | <u>1,756,122</u> | <u>-</u> | <u>-</u> | <u>4,711,820</u> | <u>15,162,432</u> |
| Total transfers | \$ <u>2,627,790</u> | \$ <u>6,066,700</u> | \$ <u>1,756,122</u> | \$ <u>421,773</u> | \$ <u>515,630</u> | \$ <u>4,711,820</u> | \$ <u>16,099,835</u> |

Transfers between the nonmajor governmental funds, the General fund and other nonmajor governmental funds were primarily to support the operation of the funds.

Note 4 - Other information

A. Risk management

The Government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Government is self-insured. The Risk Management Funds (an internal service fund) are utilized by the Government to account for and finance its self-insured risks of loss. The Risk Management Funds are maintained to provide general liability insurance, workers' compensation coverage, and unemployment coverage. The Government is self-insured for workers' compensation coverage through a self-insurance program that is administered under contracts with a third party administrator. Future claims can be paid from designated funds established in 1987 from previously unrestricted-unreserved funds. Balances as of December 31, 2004, include the following:

| | |
|-----------------------|----------------------------|
| General Fund | \$ 4,705,061 |
| Fire Protection Fund | 250,000 |
| Internal Service Fund | <u>200,000</u> |
| Total reserve | \$ <u>5,155,061</u> |

Related liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The following represents the changes in the balance of claim liabilities for the Government from January 1, 2003 to December 31, 2004:

| | |
|---|----------------------------|
| Unpaid claims, January 1, 2003 | \$ 1,064,635 |
| Incurred claims (including IBNRs) | 1,671,958 |
| Claim payments | <u>(1,311,409)</u> |
| Unpaid claims, December 31, 2003 | 1,425,184 |
| Incurred claims (including IBNRs) | 3,851,173 |
| Claim payments | <u>(1,057,600)</u> |
| Unpaid claims, December 31, 2004 | \$ <u>4,218,757</u> |

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 4 – Other information (Continued)

B. Contingent liabilities

Litigation

The Government is party to various legal proceedings which normally occur in governmental operations. The Government follows the practice of recording liabilities resulting from claims and legal actions only when they become probable and measurable. The Government has accrued a liability in the Risk Management Fund (an internal service fund) for all claims for which a loss is probable and measurable.

Possible unasserted claims

The Government participates in a number of Federal and state assisted grant programs, which are subject to program compliance audits under the Single Audit Act Amendments of 1996. An audit of these programs has been performed for the year ended December 31, 2004, in compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133. However, the audit is pending final acceptance by the various grantor agencies. The amount, if any, of expenditures, which may be disallowed by the granting agencies, is expected to be immaterial.

C. Contracts and commitments

Augusta-Richmond County Coliseum Authority

The Government has committed to provide funds to service the Augusta-Richmond County Coliseum Authority's debt to the extent of the 50% Hotel-Motel Excise Tax and 30% of the Beer Tax collected.

D. Richmond County Public Facilities, Inc.

The Richmond County Public Facilities, Inc. is a nonprofit organization, tax exempt under Internal Revenue Code Section 501(c)(3). The purpose of this nonprofit organization is to construct and maintain buildings and equipment to be leased by the Government, the Department of Family and Children Services, and the Richmond County Board of Education. The Richmond County Public Facilities, Inc. is part of the reporting entity of Augusta, Georgia, due to the degree of control the Government has over the Board of Directors of Richmond County Public Facilities, Inc.

Richmond County Public Facilities, Inc. issued Certificates of Participation to provide funds for the Government to refund the 1990 Certificates of Participation issue and for certain capital projects. The related assets are included in the financial statements of the Government in the General Fixed Asset Account Group. The Certificates of Participation were retired during 2001.

In addition, the Richmond County Public Facilities, Inc. issued Certificates of Participation of \$13,240,000 for the Richmond County Board of Education in a prior year. These Certificates of Participation are the sole responsibility of the Richmond County Board of Education and the related assets and liabilities have not been included in the financial statements of the Government.

Note 5 - Pension plans

A. Plan descriptions, contribution information and funding policies

The Government has seven single-employer pension plans and one agent multiple-employer pension plan currently in existence. These plans are defined benefit plans. The Government also has a single-employer, defined contribution plan. The following is a summary of funding policies, contribution methods, and benefit provisions for each plan.

Notes to Financial Statements - Continued

Year Ended December 31, 2004

Note 5 - Pension plans (Continued)Single-employer pension plans1945 Plan

The 1945 Plan was available to all former Richmond County employees hired prior to October 1, 1975 that met the Plan's age and length of service requirements. Participants in the Plan who retired at or after age 60 are entitled to a monthly benefit equal to 2% of average earnings multiplied by years of service. Also, the benefit is not to exceed 60% of the average earnings. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 5% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of ten years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with 5% interest computed from January 1, 1997. After completion of at least ten years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement multiplied by the percentage based on completed years of credited service, as follows: 50% after 10 years, increasing 10% each year to 100% after 15 years of credited service. This is a closed retirement plan (new employees may not participate in the Plan). The 1945 Plan does not issue a stand-alone financial statement report.

1977 Plan

The 1977 Plan was available to all former Richmond County full-time employees who were not participants in the 1945 Plan provided that they were not hired after reaching age 60. Normal retirement for the Plan is age 65 or the date when age 62 is attained and an employee completes 25 years of credited service. At that time, the employee is entitled to a monthly benefit equal to 1% of average earnings multiplied by years of credited service. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 4% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of five years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with interest. After completing at least five years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement. This is a closed retirement plan (new employees may not participate in the Plan). The 1977 Plan does not issue a stand-alone financial statement report.

The funding policies for the 1945 and 1977 Plans provide for actuarially determined periodic contributions at rates that, for individual employees, remain stable over time so that sufficient assets will be available to pay benefits when due. The attained age aggregate cost method has been used to compute the normal cost for the plan. Any unfunded plan costs are spread over the average future working lifetime of the participants as a level percentage of payroll. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

General Pension Plan, Policemen's Pension Plan, Firemen's Pension Plan and the City Employees' Pension Plan

These Plans covered former City of Augusta employees. Policemen and firemen hired before 1945 are covered under the General Pension Plan. Policemen hired between 1945 and 1949 are covered under the Policemen's Pension Plan. Firemen hired between 1945 and 1949 are covered under the Firemen's Pension Plan. Other former City of Augusta employees hired between 1945 and 1949 are covered by the City Employees' Pension Plan. Pension benefits are being paid under these Plans to retired employees and beneficiaries. These are closed retirement plans (new employees may not participate in the plans). These plans do not issue stand-alone financial statement reports.

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 5 - Pension plans (Continued)General Retirement Plan

Employees hired after March 1, 1949 and before March 1, 1987, whose age did not exceed thirty-five years at the time of their employment and are not participants of the 1977 Plan are covered under the General Retirement Plan. Pension benefits vest after an employee is 45 years of age and has 15 years of full-time employment. An employee may retire at age 60 with 25 years of service and receive annual pension benefits equal to 2% of the employee's average salary earned during the last three years of employment, multiplied by the number of full-time years of employment. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. All full-time employees hired before July 1, 1980, must contribute 8% of gross earnings to the Plan, with the Government contributing remaining amounts sufficient to provide future pensions. This is a closed retirement plan (new employees may not participate in the Plan). The General Retirement Plan does not issue a stand-alone financial statement report.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the frozen entry age cost method. The unfunded accrued liability is composed of pieces that are amortized over various periods to comply with Georgia law. When the actuarial value of assets exceeds 150% of the present value of accrued benefits, the Official Code of Georgia Annotated states that there is no minimum required contribution. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

Agent multiple-employer pension planGeorgia Municipal Employees Benefit System (GMEBS)

Employees hired after March 1, 1987 and before consolidation on December 31, 1995, and who were not participants in any other employer-sponsored retirement plan are covered under the Georgia Municipal Employees Benefit System. The Plan provides pension benefits, deferred allowances, and death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. A participant may retire after reaching the age of 65 if the participant is not classified as public safety personnel; participating public safety personnel may retire at age 65 or age 55 with 25 years of total credited service, whichever is earlier. Early retirement may be taken at age 55 with 10 years of credited service. Benefits vest after 10 years of service. Employees who retire at or after age 55 with 10 or more years of service are entitled to pension payments for the remainder of their lives equal to 1 1/4% of their final five-year average salary times the number of years of which they were employed as a participant in the GMEBS. The final five-year average salary is the average salary of the employee during the final five years of full-time employment. Pension provisions include deferred allowances, whereby an employee may terminate his or her employment with the Government after accumulating 10 years of service but before reaching the age of 55. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 55. Employees must contribute 3.5% of their gross earnings to the Plan. In addition, the Government must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as amended by GMEBS. The GMEBS Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law. Since the Government's policy is to contribute the pension expense in each year, the funding strategy should provide sufficient resources to pay employee pension benefits on a timely basis. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

AUGUSTA, GEORGIA

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 5 – Pension plans (Continued)

Membership of the defined benefit plans are as follows:

| | Retirees and beneficiaries receiving benefits | Terminated plan members entitled to but not yet receiving benefits | Active Plan members |
|-------------------------------------|--|--|---------------------------|
| 1945 Plan | 37 | - | 4 |
| 1977 Plan | 76 | 168 | 590 |
| General Pension Plan | 1 | - | - |
| Policemen's Pension Plan | 3 | - | - |
| Firemen's Pension Plan | 8 | - | - |
| City Employees' Pension Plan | 12 | - | - |
| General Retirement Plan (City 1949) | 146 | 10 | 149 |
| GMEBS | 75 | 4 | 215 |
| Total | 358 | 182 | 958 |

The cost of administering the plans are financed through investment earnings.

Actuarial assumptions and other information used to determine the annual required contributions are located in the Supplementary Information section of this report.

Defined contribution plan

Augusta-Richmond County Board of Commissioners Retirement Savings Plan (the "1998 Plan")

All full-time employees with more than one month of service are eligible to participate in the Retirement Savings Plan. The Plan is a defined contribution plan under Section 401(a) of the Internal Revenue Code, and is administered by Nationwide Life Insurance, PPA support. The Plan was organized and may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. Employees contribute four percent (4%) of their salary, and the Government contributes two percent (2%) of the employee's salary. At December 31, 2004, there were approximately 1,272 plan participants. Participants are considered fully vested in the Government's contributions after completing five (5) years of service. For the year ended December 31, 2004, the employees' contributions were approximately \$1,704,963, and the Government's contributions were approximately \$886,318.

Richmond County Department of Health – General Retirement Plan

All current full-time employees of the Department of Health participate in the Employees' Retirement System of Georgia (ERS), which is a cost-sharing multi-employer, defined benefit, public employee retirement system. The Department contributes at a specified percentage of active members payroll determined by actuarial valuation. The contribution requirements of plan members and the Department are established and may be amended by the ERS Board of Trustees. Retirement contributions made on behalf of eligible participants for the year ended June 30, 2004 were \$608,794. Members become fully vested after ten years of service.

Post-employment retirement benefits

The Government provides certain health care and life insurance benefits for retired employees of the Government, as authorized through ordinances adopted by the Government's commission. The Government's employees who are also participants in one of the retirement plans are eligible for these post-employment retirement benefits if they reach normal retirement age or are totally disabled while employed by the Government. The cost of these benefits is recognized as expenditures as claims and premiums are paid. For the year ended December 31, 2004, there were 399 retirees eligible for these post-retirement benefits, which cost approximately \$1,044,979.

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 5 – Pension plans (Continued)

B. Summary of significant accounting policies

Pension trust funds are accounted for on the accrual basis. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Government has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For information relating to reported investment values, see Note 1 G.

C. Concentrations and reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for any plans.

The plans held no individual investments whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

D. Annual pension cost and net pension obligation

The Government's annual pension cost is determined using the calculation methodology defined in GASB Statement No. 27. The annual pension cost equals the Government's annual required contribution, plus any adjustments required to reflect defined minimum and maximum amortization periods and any prior period differences between the actual contribution paid into the plans and the annual pension cost.

AUGUSTA, GEORGIA

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 5 – Pension plans (Continued)

E. Trend information

| | Fiscal Year Beginning | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension (Asset) Obligation |
|--|-----------------------------|---------------------------|----------------------------------|-------------------------------------|--------------------------------------|
| <u>2001</u> | | | | | |
| 1945 Plan | 01/01/2001 | \$ - | \$ - | 100% | \$ - |
| 1977 Plan | 01/01/2001 | 979,131 | 998,983 | 102% | - |
| General Pension Plan | 01/01/2001 | 89,008 | 89,008 | 100% | - |
| Policemen's Pension Plan | 01/01/2001 | 64,863 | 64,863 | 100% | - |
| Firemen's Pension Plan | 01/01/2001 | 214,272 | 214,272 | 100% | - |
| City Employees' Pension Plan | 01/01/2001 | 263,080 | 263,080 | 100% | - |
| General Retirement Plan (City 1949) | 01/01/2001 | - | - | 100% | - |
| GMEBS | 01/01/2001 | 192,622 | 192,622 | 100% | - |
| | Fiscal Year Beginning | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension (Asset) Obligation |
| <u>2002</u> | | | | | |
| 1945 Plan | 01/01/2002 | \$ - | \$ - | 100% | \$ - |
| 1977 Plan | 01/01/2002 | 916,427 | 925,071 | 101% | (54,035) |
| General Pension Plan | 01/01/2002 | 23,348 | 23,348 | 100% | - |
| Policemen's Pension Plan | 01/01/2002 | 66,888 | 66,888 | 100% | - |
| Firemen's Pension Plan | 01/01/2002 | 206,334 | 206,334 | 100% | - |
| City Employees' Pension Plan | 01/01/2002 | 299,512 | 299,512 | 100% | - |
| General Retirement Plan (City 1949) | 01/01/2002 | - | - | 100% | - |
| GMEBS | 01/01/2002 | 168,316 | 168,316 | 100% | - |
| | Fiscal Year Beginning | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension (Asset) Obligation |
| <u>2003</u> | | | | | |
| 1945 Plan | 01/01/2003 | \$ - | \$ - | 100% | \$ - |
| 1977 Plan | 01/01/2003 | 620,596 | 655,871 | 106% | (179,218) |
| General Pension Plan | 01/01/2003 | 24,290 | 24,290 | 100% | - |
| Policemen's Pension Plan | 01/01/2003 | 70,546 | 70,546 | 100% | - |
| Firemen's Pension Plan | 01/01/2003 | 182,862 | 182,862 | 100% | - |
| City Employees' Pension Plan | 01/01/2003 | 285,177 | 285,177 | 100% | - |
| General Retirement Plan (City 1949) | 01/01/2003 | - | - | 100% | - |
| GMEBS | 01/01/2003 | 181,834 | 181,834 | 100% | - |

AUGUSTA, GEORGIA

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 5 – Pension plans (Continued)

| | Fiscal Year Beginning | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension (Asset) Obligation |
|--|-----------------------------|---------------------------|----------------------------------|-------------------------------------|--------------------------------------|
| <u>2004</u> | | | | | |
| 1945 Plan | 01/01/2004 | \$ 170,881 | \$ 170,890 | 100% | \$ - |
| 1977 Plan | 01/01/2004 | 913,601 | 955,819 | 105% | (214,493) |
| General Pension Plan | 01/01/2004 | 25,092 | 25,092 | 100% | - |
| Policemen's Pension Plan | 01/01/2004 | 72,874 | 72,874 | 100% | - |
| Firemen's Pension Plan | 01/01/2004 | 188,896 | 188,896 | 100% | - |
| City Employees' Pension Plan | 01/01/2004 | 249,565 | 249,565 | 100% | - |
| General Retirement Plan (City 1949) | 01/01/2004 | - | - | 100% | - |
| GMEBS | 01/01/2004 | 200,432 | 200,432 | 100% | - |

Note 6 - Joint venture and related organization

Joint venture

Under Georgia law, the Government, in conjunction with the sixteen counties and fifty-four cities in east Georgia known as the Central Savannah River Area (CSRA), is a member of the CSRA Regional Development Center (CSRA RDC). The CSRA RDC is a public organization that assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The operations are mainly financed by membership dues and financial assistance provided by the State of Georgia. Membership in the CSRA RDC is required by the Official Code of Georgia Annotated (O.C.G.A.) §58-8-34 with annual dues based on a per capita amount. During the year ended December 31, 2004, the Government paid \$107,350 in such dues, which was based on a per capita amount of \$.55. The CSRA RDC Board membership is composed of one city official, one county official, and one private sector individual from each county. O.C.G.A. §58-8-39.1 provides that the Government is liable for any debts or obligations of the CSRA RDC. The Comprehensive Annual Financial Report of the CSRA RDC may be obtained from:

CSRA Regional Development Center
3023 River Watch Pkwy
Augusta, Georgia 30907

Related organization

The Government officials are responsible for appointing the members of the boards of another organization, but the Government's accountability for these organizations does not extend beyond making the appointments. The Government commission appoints the voting majority of the members of the Augusta-Richmond County Coliseum Authority.

Note 7 - Hotel/motel lodging tax

The Government has levied a 6% lodging tax. A summary of the transactions for the year ended December 31, 2004 follows:

| | |
|---|--------------------|
| Lodging tax receipts | \$ 2,943,410 |
| Disbursements to the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum for promotion of tourism | <u>(2,943,410)</u> |
| Balance of lodging tax funds on hand at end of year | \$ <u>-</u> |

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 7 – Hotel/motel lodging tax (Continued)

The Government has received audit reports from the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum covering the lodging tax monies. The subcontractor's expenditures were for promotion of tourism as required by O.C.G.A. §48-13-51.

Note 8 – Significant contingencies**Federal and State assisted programs**

The Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Arbitrage

The City's bond issues are subject to federal arbitrage regulations, and the Government has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to the date. Although the actual amount to be paid is not presently determinable, the Government believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

Note 9 – Conduit debt obligations

Conduit debt obligations are limited obligation revenue bonds, certificates of participation, or similar debt instruments issued for the purpose of providing capital financing for a specific third party that is not a part of the Government's financial reporting entity. The Government has no obligation for the debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued.

On December 14, 2000, the Government issued Special Facility Airport Revenue Bonds in the amount of \$3,110,000 which qualifies as a conduit debt obligation. The bonds are payable solely from revenues pledged under a lease agreement. As of December 31, 2004, the amount outstanding on the Special Facility Airport Revenue Bonds is \$3,110,000.

A - Debt service requirements to maturity for bonds payable

The following requirements to amortize debt outstanding as of December 31, 2004, including interest are as follows:

| | Revenue Bonds | |
|------|---------------------|-------------------|
| | Principal | Interest |
| 2005 | \$ - | \$ 152,390 |
| 2006 | - | 152,390 |
| 2007 | - | 152,390 |
| 2008 | - | 152,390 |
| 2009 | - | 152,390 |
| 2010 | <u>3,110,000</u> | <u>152,390</u> |
| | <u>\$ 3,110,000</u> | <u>\$ 914,340</u> |

Notes to Financial Statements - Concluded

Year Ended December 31, 2004

Note 10 – Prior period adjustments

In a prior year, the Government made errors in reporting its capital assets and accumulated depreciation, resulting in an overstatement of capital assets and an overstatement of net assets in the governmental activities and in the business-type activities of \$4,284,090 and \$413,655, respectively. During the current year, an adjustment, which decreased beginning net assets in governmental activities and in business type activities of \$4,284,090 and \$413,655, respectively, was made to correct these errors in the accompanying financial statements.

In prior years, the Government has reported the Downtown Development Authority as a blended component unit and a nonmajor special revenue fund. For the year ended December 31, 2004, the Government has reported the Downtown Development Authority as a discretely presented component unit. Beginning fund balance and net assets for governmental activities have been restated accordingly.

Note 11 – Long-term obligation for Water and Sewer**Swaption**

Object of the swaption – The Utilities entered into a swaption contract that provided the Utilities a nonrefundable premium of \$2,121,000 payable in an up-front payment of \$121,000 and annual option premium payments of \$500,000 payable on October 1, 2004, 2005, 2006 and 2007. This nonrefundable premium has been deferred and is being amortized over the life of the agreement. As a synthetic refunding of its Series 1996A and 1997 bonds, this payment represents the risk-adjusted, present-value savings of a refunding as of October 1, 2006, without issuing refunding bonds at July 2004. The swaption gave the counterparty the option to make the Utilities enter into a floating-to-fixed interest rate swap. If the option is exercised, the Utilities would then expect to issue refunding bonds which the counterparty would underwrite for the Series 1996A and 1997 bonds.

Terms. The swaption was entered into in July 2004. The \$2,121,000 payment was based on a notional amount of \$62,475,000. The counterparty has the option to exercise the agreement on October 1, 2006 – the Utilities' Series 1996A and 1997 bonds' first call date. If the swap is exercised, the swap will also commence October 1, 2006. The fixed swap rate (4.54 percent) was chosen so that the debt service on the resulting swap (including costs of issuance and 26 bps of support costs) is roughly equivalent to a breakeven refunding rate on the Series 1996A and 1997 bonds.

Fair value. As of December 31, 2004, the swap had a negative fair value of \$4,343,859, based on quoted market prices. The negative fair value is a result of changes in interest rates.

Market-access risk. If the option is exercised, the Utilities is indifferent. If the option is not exercised, the Utilities will keep the \$2,121,000 and still retain the right to refund its bonds at some point in the future.

Note 12 – Subsequent events

In February 2005, the Airport issued \$19,605,000 in Airport Revenue Bonds for the purpose of paying the costs of acquiring, constructing and installing a new airline passenger terminal and certain other capital improvements. The bonds are divided into three lots with \$6,200,000 paying 5.45% due on January 1, 2031, \$4,415,000 paying 5.35% due on January 1, 2020, and \$8,990,000 paying 5.15% due on January 1, 2035.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information

December 31, 2004

A. Schedules of funding progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability AAL Entry Age | (Funded) Unfunded AAL (FAAL) UAAL | Funded Ratio | Covered Payroll | (FAAL) UAAL as A % of Covered Payroll |
|---------------------------------|---------------------------------|---|---|-----------------|--------------------|---|
| <u>1945 Plan</u> | | | | | | |
| 01/01/91 | \$ 9,055,522 | \$ 8,084,072 | \$ (971,450) | 112 % | \$ 670,286 | (145) % |
| 01/01/93 | 10,044,942 | 8,595,037 | (1,449,905) | 117 | 620,412 | (234) |
| 01/01/94 | 10,047,526 | 8,927,649 | (1,119,877) | 113 | 606,450 | (185) |
| 01/01/95 | 9,936,022 | 9,440,717 | (495,305) | 105 | 598,795 | (83) |
| 01/01/96 | 11,537,840 | 9,566,390 | (1,971,450) | 121 | 629,034 | (313) |
| 01/01/98 | 13,934,975 | 9,431,701 | (4,503,274) | 148 | 160,888 | (2,799) |
| 01/01/99 | 13,760,620 | 12,535,885 | (1,224,735) | 110 | 598,795 | (205) |
| 01/01/00 | 13,038,384 | 12,251,489 | (786,895) | 106 | 168,818 | (466) |
| 01/01/01 | 12,352,795 | 12,069,544 | (283,251) | 102 | 180,462 | (157) |
| 01/01/02 | 11,023,816 | 10,075,638 | (948,178) | 109 | 184,511 | (514) |
| 01/01/03 | 8,897,080 | 9,878,269 | 981,189 | 90 | 193,921 | 506 |
| 01/01/04 | 9,124,231 | 10,075,778 | 951,547 | 91 | 193,922 | 491 |
| <u>1977 Plan</u> | | | | | | |
| 01/01/91 | \$ 3,018,241 | \$ 1,430,898 | \$ (1,587,343) | 211 % | \$ 3,772,441 | (42) % |
| 01/01/93 | 3,892,816 | 1,937,061 | (1,955,755) | 201 | 4,607,419 | (42) |
| 01/01/94 | 4,262,572 | 2,813,432 | (1,449,140) | 152 | 5,180,438 | (28) |
| 01/01/95 | 4,439,451 | 3,333,577 | (1,105,874) | 133 | 6,797,338 | (16) |
| 01/01/96 | 5,446,380 | 4,332,024 | (1,114,356) | 126 | 8,952,224 | (12) |
| 01/01/97 | 6,285,732 | 5,510,585 | (775,147) | 114 | 11,509,974 | (7) |
| 01/01/99 | 9,976,793 | 14,137,712 | 4,160,919 | 71 | 24,454,857 | 17 |
| 01/01/00 | 10,836,439 | 15,060,421 | 4,223,982 | 72 | 21,709,421 | 19 |
| 01/01/01 | 11,136,602 | 15,575,523 | 4,438,921 | 72 | 21,705,175 | 20 |
| 01/01/02 | 14,065,581 | 16,860,437 | 2,794,856 | 83 | 21,029,237 | 13 |
| 01/01/03 | 12,609,297 | 18,150,192 | 5,540,895 | 69 | 22,187,948 | 25 |
| 01/01/04 | 15,744,214 | 21,606,884 | 5,862,670 | 73 | 22,187,948 | 26 |
| <u>General Pension Plan</u> | | | | | | |
| 12/31/93 | \$ - | \$ 629,859 | \$ 629,859 | - % | \$ - | - % |
| 12/31/94 | - | 619,418 | 619,418 | - | - | - |
| 12/31/95 | - | 587,797 | 587,797 | - | - | - |
| 12/31/96 | - | 564,008 | 564,008 | - | - | - |
| 12/31/97 | - | 637,605 | 637,605 | - | - | - |
| 12/31/98 | - | 533,575 | 533,575 | - | - | - |
| 12/31/99 | - | 511,305 | 511,305 | - | - | - |
| 12/31/00 | - | 524,410 | 524,410 | - | - | - |
| 12/31/01 | - | 525,089 | 525,089 | - | - | - |
| 12/31/02 | - | 114,862 | 114,862 | - | - | - |
| 12/31/03 | - | 98,789 | 98,789 | - | - | - |
| 12/31/04 | - | 81,433 | 81,433 | - | - | - |
| <u>Policemen's Pension Plan</u> | | | | | | |
| 12/31/93 | \$ - | \$ 528,904 | \$ 528,904 | - % | \$ - | - % |
| 12/31/94 | - | 437,814 | 437,814 | - | - | - |
| 12/31/95 | - | 422,070 | 422,070 | - | - | - |
| 12/31/96 | - | 417,725 | 417,725 | - | - | - |
| 12/31/97 | - | 391,153 | 391,153 | - | - | - |
| 12/31/98 | - | 389,072 | 389,072 | - | - | - |
| 12/31/99 | - | 246,783 | 246,783 | - | - | - |
| 12/31/00 | - | 246,217 | 246,217 | - | - | - |
| 12/31/01 | - | 355,840 | 355,840 | - | - | - |
| 12/31/02 | - | 380,143 | 380,143 | - | - | - |
| 12/31/03 | - | 337,186 | 337,186 | - | - | - |
| 12/31/04 | - | 290,791 | 290,791 | - | - | - |

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2004

A. Schedules of funding progress (Continued)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability AAL Entry Age | (Funded) Unfunded AAL (FAAL) UAAL | Funded Ratio | Covered Payroll | (FAAL) UAAL as A % of Covered Payroll |
|--|---------------------------------|--|---|-----------------|--------------------|---|
| <u>Firemen's Pension Plan</u> | | | | | | |
| 12/31/93 | \$ - | \$ 1,475,590 | \$ 1,475,590 | - % | \$ - | - % |
| 12/31/94 | - | 1,342,821 | 1,342,821 | - | - | - |
| 12/31/95 | - | 1,296,843 | 1,296,843 | - | - | - |
| 12/31/96 | - | 1,202,831 | 1,202,831 | - | - | - |
| 12/31/97 | - | 1,507,501 | 1,507,501 | - | - | - |
| 12/31/98 | - | 1,479,472 | 1,479,472 | - | - | - |
| 12/31/99 | - | 1,276,044 | 1,276,044 | - | - | - |
| 12/31/00 | - | 1,258,550 | 1,258,550 | - | - | - |
| 12/31/01 | - | 1,345,133 | 1,345,133 | - | - | - |
| 12/31/02 | - | 1,204,513 | 1,204,513 | - | - | - |
| 12/31/03 | - | 1,110,698 | 1,110,698 | - | - | - |
| 12/31/04 | - | 1,009,371 | 1,009,371 | - | - | - |
| <u>City Employees' Pension Plan</u> | | | | | | |
| 12/31/93 | \$ - | \$ 2,960,183 | \$ 2,960,183 | - % | \$ - | - % |
| 12/31/94 | - | 2,704,129 | 2,704,129 | - | - | - |
| 12/31/95 | - | 2,598,066 | 2,598,066 | - | - | - |
| 12/31/96 | - | 2,584,786 | 2,584,786 | - | - | - |
| 12/31/97 | - | 2,418,723 | 2,418,723 | - | - | - |
| 12/31/98 | - | 2,266,704 | 2,266,704 | - | - | - |
| 12/31/99 | - | 2,060,501 | 2,060,501 | - | - | - |
| 12/31/00 | - | 1,911,904 | 1,911,904 | - | - | - |
| 12/31/01 | - | 1,914,347 | 1,914,347 | - | - | - |
| 12/31/02 | - | 2,063,450 | 2,063,450 | - | - | - |
| 12/31/03 | - | 1,931,942 | 1,931,942 | - | - | - |
| 12/31/04 | - | 1,789,910 | 1,789,910 | - | - | - |
| <u>General Retirement Plan (City 1949)</u> | | | | | | |
| 01/01/93 | \$ 47,314,256 | \$ 38,551,529 | \$ (8,762,727) | 123 % | \$ 7,397,577 | (119) % |
| 01/01/94 | 49,875,350 | 36,456,408 | (13,418,942) | 137 | 7,243,580 | (185) |
| 01/01/95 | 47,710,074 | 39,699,516 | (8,010,558) | 120 | 7,053,091 | (114) |
| 01/01/96 | 56,004,033 | 41,587,715 | (14,416,318) | 135 | 6,345,073 | (227) |
| 01/01/97 | 59,413,476 | 42,712,240 | (16,701,236) | 139 | 5,165,172 | (323) |
| 01/01/99 | 71,138,815 | 51,388,074 | (19,750,741) | 138 | 5,794,554 | (341) |
| 01/01/00 | 70,974,830 | 54,306,953 | (16,667,877) | 131 | 5,112,578 | (326) |
| 01/01/01 | 70,721,724 | 54,824,779 | (15,896,945) | 129 | 5,237,225 | (304) |
| 01/01/02 | 66,542,266 | 52,471,765 | (14,070,501) | 127 | 5,473,137 | (257) |
| 01/01/03 | 59,091,990 | 53,688,662 | (5,403,328) | 110 | 5,774,707 | (94) |
| 01/01/04 | 65,345,259 | 58,984,857 | (6,360,402) | 111 | 5,774,708 | (110) |
| <u>GMEBS</u> | | | | | | |
| 03/01/94 | \$ 2,754,918 | \$ 2,903,208 | \$ 148,290 | 95 % | \$ 10,375,830 | 1.0 % |
| 03/01/95 | 3,351,907 | 3,315,936 | (35,971) | 101 | 10,657,439 | (.3) |
| 03/01/96 | 3,731,118 | 3,568,982 | (162,136) | 105 | 9,369,684 | (2.0) |
| 03/01/97 | 4,144,704 | 5,312,277 | 1,167,573 | 78 | 8,082,062 | 14.0 |
| 03/01/98 | 4,609,848 | 5,756,304 | 1,146,456 | 80 | 8,913,934 | 13.0 |
| 03/01/00 | 5,559,655 | 6,422,501 | 862,846 | 86 | 7,719,739 | 11.2 |
| 03/01/02 | 6,308,424 | 6,887,424 | 579,000 | 91 | 6,913,560 | 8.4 |
| 03/01/03 | 6,477,885 | 7,146,314 | 668,429 | 90 | 6,988,509 | 9.6 |
| 03/01/04 | 6,913,410 | 7,553,911 | 640,501 | 91 | 6,637,655 | 9.6 |
| 03/01/05 | 7,372,466 | 8,036,105 | 663,639 | 92 | 6,641,379 | 10.0 |

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2004

B. Schedules of employer contributions

| | Fiscal Year | Annual Required Contribution | Percentage Contributed | |
|---------------------------------|----------------|---------------------------------|---------------------------|---|
| <u>1945 Plan</u> | | | | |
| | 1994 | \$ - | - | % |
| | 1995 | - | - | |
| | 1996 | - | - | |
| | 1998 | - | - | |
| | 1999 | - | - | |
| | 2000 | - | - | |
| | 2001 | - | - | |
| | 2002 | - | - | |
| | 2003 | - | - | |
| | 2004 | 170,881 | 100 | |
| <u>1977 Plan</u> | | | | |
| | 1994 | \$ - | - | % |
| | 1995 | - | - | |
| | 1996 | - | - | |
| | 1997 | 600,260 | 100 | |
| | 1998 | 897,930 | 100 | |
| | 1999 | 1,124,928 | 100 | |
| | 2000 | 940,054 | 100 | |
| | 2001 | 979,131 | 100 | |
| | 2002 | 746,287 | 100 | |
| | 2003 | 787,672 | 100 | |
| | 2004 | 955,819 | 100 | |
| <u>General Pension Plan</u> | | | | |
| | 1994 | \$ 111,109 | 100 | % |
| | 1995 | 125,174 | 100 | |
| | 1996 | 125,874 | 100 | |
| | 1997 | 139,861 | 100 | |
| | 1998 | 107,338 | 100 | |
| | 1999 | 113,807 | 100 | |
| | 2000 | 102,476 | 100 | |
| | 2001 | 89,008 | 100 | |
| | 2002 | 23,348 | 100 | |
| | 2003 | 24,290 | 100 | |
| | 2004 | 25,092 | 100 | |
| <u>Policemen's Pension Plan</u> | | | | |
| | 1994 | \$ 80,866 | 100 | % |
| | 1995 | 69,407 | 100 | |
| | 1996 | 69,407 | 100 | |
| | 1997 | 79,952 | 100 | |
| | 1998 | 63,169 | 100 | |
| | 1999 | 53,823 | 100 | |
| | 2000 | 44,880 | 100 | |
| | 2001 | 64,863 | 100 | |
| | 2002 | 66,888 | 100 | |
| | 2003 | 70,546 | 100 | |
| | 2004 | 72,874 | 100 | |
| <u>Firemen's Pension Plan</u> | | | | |
| | 1994 | \$ 212,392 | 100 | % |
| | 1995 | 204,492 | 100 | |
| | 1996 | 200,757 | 100 | |
| | 1997 | 249,706 | 100 | |
| | 1998 | 237,914 | 100 | |
| | 1999 | 240,623 | 100 | |
| | 2000 | 205,435 | 100 | |
| | 2001 | 214,272 | 100 | |
| | 2002 | 206,334 | 100 | |
| | 2003 | 182,862 | 100 | |
| | 2004 | 188,896 | 100 | |

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2004

B. Schedules of employer contributions (Continued)

| | Fiscal Year | Annual Required Contribution | Percentage Contributed |
|--|----------------|---------------------------------|---------------------------|
| <u>City Employees' Pension Plan</u> | | | |
| | 1994 | \$ 415,480 | 100 % |
| | 1995 | 408,999 | 100 |
| | 1996 | 369,477 | 100 |
| | 1997 | 409,881 | 100 |
| | 1998 | 331,619 | 100 |
| | 1999 | 348,792 | 100 |
| | 2000 | 302,169 | 100 |
| | 2001 | 263,080 | 100 |
| | 2002 | 299,512 | 100 |
| | 2003 | 285,177 | 100 |
| | 2004 | 249,565 | 100 |
| <u>General Retirement Plan (City 1949)</u> | | | |
| | 1994 | \$ - | - % |
| | 1995 | - | - |
| | 1996 | - | - |
| | 1997 | - | - |
| | 1998 | - | - |
| | 1999 | - | - |
| | 2000 | - | - |
| | 2001 | - | - |
| | 2002 | - | - |
| | 2003 | - | - |
| | 2004 | - | - |
| <u>GMEBS</u> | | | |
| | 1994 | \$ 232,298 | 100 % |
| | 1995 | 106,440 | 100 |
| | 1996 | 187,548 | 100 |
| | 1997 | 197,167 | 100 |
| | 1998 | 214,536 | 100 |
| | 1999 | 191,385 | 100 |
| | 2000 | 204,576 | 100 |
| | 2001 | 192,622 | 100 |
| | 2002 | 168,316 | 100 |
| | 2003 | 181,834 | 100 |
| | 2004 | 200,432 | 100 |

C. Notes to required supplementary information

| | 1945 Plan | 1977 Plan |
|-----------------------------------|---------------------------------|---------------------------------|
| Valuation date | 1/1/04 | 1/1/04 |
| Actuarial cost method | Attained age aggregate | Attained age aggregate |
| Amortization method | Level percentage of payroll | Level of percentage of pay |
| Amortization period | Average future working lifetime | Average future working lifetime |
| Actuarial asset valuation method | Market value | Market value |
| Actuarial assumptions: | | |
| Investment rate of return | 8.0% | 8.0% |
| Projected salary increases | 5.0% | 5.0% |
| Post retirement benefit increases | 5.0% | 5.0% |
| Inflation | 5.0% | 5.0% |

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2004

C. Notes to required supplementary information (Continued)

| | General Pension Plan | Policemen's Pension Plan |
|-----------------------------------|---|--|
| Valuation date | 12/31/04 | 12/31/04 |
| Actuarial cost method | Actuarial present value of total Projected benefits | Actuarial present value of total Projected benefits |
| Amortization method | N/A | N/A |
| Amortization period | N/A | N/A |
| Actuarial asset valuation method | N/A | N/A |
| Actuarial assumptions: | | |
| Investment rate of return | 8.0% | 8.0% |
| Projected salary increases | N/A | N/A |
| Post retirement benefit increases | N/A | N/A |
| Inflation | N/A | N/A |
| | Firemen's Pension Plan | City Employees' Pension Plan |
| Valuation date | 12/31/04 | 12/31/04 |
| Actuarial cost method | Actuarial present value of total Projected benefits | Actuarial present value of total Projected benefits |
| Amortization method | N/A | N/A |
| Amortization period | N/A | N/A |
| Actuarial asset valuation method | N/A | N/A |
| Actuarial assumptions: | | |
| Investment rate of return | 8.0% | 8.0% |
| Projected salary increases | N/A | N/A |
| Post retirement benefit increases | N/A | N/A |
| Inflation | N/A | N/A |
| | General Retirement Pension Plan (City 1949) | GMEBS |
| Valuation date | 01/01/04 | 03/01/2005 |
| Actuarial cost method | Aggregate cost method | Projected unit credit |
| Amortization method | Level percentage of payroll | Level dollar |
| Amortization period | Various periods to comply with state law | 30 years open |
| Actuarial asset valuation method | The sum of the actuarial value of assets on the preceding valuation date, net contributions and disbursements during the preceding year, interest on the items calculated using the valuation investment return assumption, and 20% of the difference between the market value of assets on the current valuation date and the sum of the first three items. | Roll forward prior year's actuarial value with contributions, disbursements, and expended return of investments, plus 10% of investment gains (losses) during 10 prior years. |
| Actuarial assumptions: | | |
| Investment rate of return | 8.0% | 8.0% |
| Projected salary increases | 5.5% | 5.5% |
| Post retirement benefit increases | 4.0% | None |
| Inflation | 4.0% | None |

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COMBINING AND INDIVIDUAL
FUND STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

Augusta, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Permanent Fund Perpetual Care - II | Total Nonmajor Governmental Funds |
|---|--------------------------------------|-----------------------------------|--------------------------------------|---|--|
| Assets | | | | | |
| Cash and temporary investments | \$ 11,850,555 | \$ 970,171 | \$ 16,763,698 | \$ 226,734 | \$ 29,811,158 |
| Receivables (net of allowance for doubtful accounts) | | | | | |
| Taxes | 1,558,098 | 53,902 | - | - | 1,612,000 |
| Accounts | 1,731,766 | - | - | - | 1,731,766 |
| Interest | - | - | 83,626 | - | 83,626 |
| Note | 213,560 | - | - | - | 213,560 |
| Intergovernmental | 51,936 | - | - | - | 51,936 |
| Reserve account | - | 12 | - | - | 12 |
| Perpetual care | - | - | - | 338,625 | 338,625 |
| Total assets | \$ 15,405,915 | \$ 1,024,085 | \$ 16,847,324 | \$ 565,359 | \$ 33,842,683 |
| Liabilities and fund balances (deficits) | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 767,378 | \$ - | \$ 483,912 | \$ - | \$ 1,251,290 |
| Due to other funds | 172,588 | - | - | 62,040 | 234,628 |
| Accrued salaries and vacation | 186,019 | - | - | - | 186,019 |
| Other accrued liabilities | 17,508 | - | - | - | 17,508 |
| Deferred revenue | 1,793,628 | 56,437 | - | - | 1,850,065 |
| Total liabilities | 2,937,121 | 56,437 | 483,912 | 62,040 | 3,539,510 |
| Fund balances (deficits): | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 191,616 | - | 2,463,897 | - | 2,655,513 |
| Project maintenance | | | 5,596,460 | | 5,596,460 |
| Debt service | - | 2,986,302 | - | - | 2,986,302 |
| Designated for: | | | | | |
| Unreserved - undesignated | 12,277,178 | (2,018,654) | 8,303,055 | 503,319 | 19,064,898 |
| Total fund balances (deficits) | 12,468,794 | 967,648 | 16,363,412 | 503,319 | 30,303,173 |
| Total liabilities and fund balances (deficits) | \$ 15,405,915 | \$ 1,024,085 | \$ 16,847,324 | \$ 565,359 | \$ 33,842,683 |

Augusta, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2004

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Permanent Fund Perpetual Care - II | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------|-----------------------------|--|---|
| Revenues | | | | | |
| Taxes - property | \$ 11,457,643 | \$ 15,277 | \$ - | \$ - | \$ 11,472,920 |
| Taxes - other than property | 11,541,361 | - | - | - | 11,541,361 |
| Licenses and permits | 2,964,458 | - | - | - | 2,964,458 |
| Use of money and property | 351,088 | 12,485 | 263,258 | 5,020 | 631,851 |
| Charges for current services | 3,584,858 | - | - | 825 | 3,585,683 |
| Fines and forfeitures | 773,270 | - | - | - | 773,270 |
| Intergovernmental | 4,560,912 | - | 179,579 | - | 4,740,491 |
| Contributions and donations | 209,758 | - | - | - | 209,758 |
| Other | 395,586 | - | - | - | 395,586 |
| Total revenues | 35,838,934 | 27,762 | 442,837 | 5,845 | 36,315,378 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 2,284,329 | - | 2,770 | - | 2,287,099 |
| Judicial | 530,809 | - | - | - | 530,809 |
| Public safety | 3,008,933 | - | 1,131 | - | 3,010,064 |
| Public works | 3,265,474 | - | 146,320 | - | 3,411,794 |
| Culture and recreation | 3,766,425 | - | - | - | 3,766,425 |
| Housing and development | 5,907,554 | - | - | - | 5,907,554 |
| Capital outlay | 2,207,375 | - | 1,641,282 | - | 3,848,657 |
| Debt service | 1,604,525 | 87 | - | - | 1,604,612 |
| Total expenditures | 22,575,424 | 87 | 1,791,503 | - | 24,367,014 |
| Excess (deficiency) of revenues over (under) expenditures | 13,263,510 | 27,675 | (1,348,666) | 5,845 | 11,948,364 |
| Other financing sources (uses) | | | | | |
| Transfers in | 515,630 | - | - | - | 515,630 |
| Transfers (out) | (13,481,310) | - | (1,681,122) | - | (15,162,432) |
| Transfers in (out) between nonmajor funds | 1,355,559 | (1,572,077) | - | 216,518 | - |
| Total other financing sources (uses) | (11,610,121) | (1,572,077) | (1,681,122) | 216,518 | (14,646,802) |
| Net change in fund balances | 1,653,389 | (1,544,402) | (3,029,788) | 222,363 | (2,698,438) |
| Fund balance - beginning | 10,815,405 | 2,512,050 | 19,393,200 | 280,956 | 33,001,611 |
| Fund balance - ending | \$ 12,468,794 | \$ 967,648 | \$ 16,363,412 | \$ 503,319 | \$ 30,303,173 |

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

| | Urban Services District | Emergency Telephone System | Capital Outlay | Law Enforcement | Occupational Tax | Special Assessment | Promotion/ Tourism | Housing and Neighborhood Development | Urban Development Action Grant | Federal Drug Fund | State Drug Fund |
|---|----------------------------|----------------------------------|---------------------|--------------------|---------------------|-----------------------|-----------------------|--|--------------------------------------|-------------------------|-----------------------|
| Assets | | | | | | | | | | | |
| Cash and temporary investments | \$ 2,633,787 | \$ 86,906 | \$ 3,397,795 | \$ 544,300 | \$ - | \$ 448,877 | \$ 293,942 | \$ 941,764 | \$ 189,307 | \$ 188,719 | \$ 893,445 |
| Receivables (net of allowance for doubtful accounts) | | | | | | | | | | | |
| Taxes | 1,101,436 | - | 456,662 | - | - | - | - | - | - | - | - |
| Accounts | 653,311 | 525,422 | - | 11,632 | - | 488,958 | 4,215 | 16,475 | - | - | - |
| Note | - | - | - | - | - | - | - | - | 213,560 | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 4,388,534 | \$ 612,328 | \$ 3,854,457 | \$ 555,932 | \$ - | \$ 937,835 | \$ 298,157 | \$ 958,239 | \$ 402,867 | \$ 188,719 | \$ 893,445 |
| Liabilities and fund balances (deficits) | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 104,649 | \$ 5,492 | \$ 100,538 | \$ - | \$ 1,000 | \$ 127,015 | \$ 300,205 | \$ 7,715 | \$ - | \$ 13,260 | \$ 7,730 |
| Due to other funds | - | - | - | - | 77,720 | - | - | - | 53,480 | - | - |
| Accrued salaries and vacation | 9,123 | 82,473 | - | - | - | 6,751 | - | 39,461 | - | - | - |
| Other accrued liabilities | 17,381 | - | - | - | - | - | - | - | - | - | - |
| Deferred revenue | 953,458 | - | 393,223 | - | - | 446,947 | - | - | - | - | - |
| Total liabilities | 1,084,611 | 87,965 | 493,761 | - | 78,720 | 580,713 | 300,205 | 47,176 | 53,480 | 13,260 | 7,730 |
| Fund balances (deficits): | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | |
| Encumbrances | 1,020 | 14,246 | 149,907 | - | - | - | - | 614 | - | 6,365 | - |
| Unreserved - undesignated | 3,302,903 | 510,117 | 3,210,789 | 555,932 | (78,720) | 357,122 | (2,048) | 910,449 | 349,387 | 169,094 | 885,715 |
| Total fund balances (deficits) | 3,303,923 | 524,363 | 3,360,696 | 555,932 | (78,720) | 357,122 | (2,048) | 911,063 | 349,387 | 175,459 | 885,715 |
| Total liabilities and fund balances (deficits) | \$ 4,388,534 | \$ 612,328 | \$ 3,854,457 | \$ 555,932 | \$ - | \$ 937,835 | \$ 298,157 | \$ 958,239 | \$ 402,867 | \$ 188,719 | \$ 893,445 |

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

| | Law Library | 5% Victim's Crime Assistance | Supplemental Juvenile Services | Building Inspection | Weed and Seed Federal Grant | Wireless Phase | Communtiy Greenspace | Perpetual Care - I | Land Bank Authority | Canine Forfeitures | NPDES Permit Fees | Total Nonmajor Special Revenue Funds |
|---|------------------------|---|---|--------------------------------|--|---------------------------|---------------------------------|-------------------------------|--------------------------------|-------------------------------|------------------------------|---|
| Assets | | | | | | | | | | | | |
| Cash and temporary investments | \$ - | \$ 317,720 | \$ 32,757 | \$ 351,015 | \$ - | \$ 856,912 | \$ - | \$ 493,622 | \$ 125,448 | \$ 11,872 | \$ 42,367 | \$ 11,850,555 |
| Receivables (net of allowance for doubtful accounts) | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | 1,558,098 |
| Accounts | 3,104 | 28,649 | - | - | - | - | - | - | - | - | - | 1,731,766 |
| Note | - | - | - | - | - | - | - | - | - | - | - | 213,560 |
| Intergovernmental | - | - | - | - | 51,936 | - | - | - | - | - | - | 51,936 |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 3,104 | \$ 346,369 | \$ 32,757 | \$ 351,015 | \$ 51,936 | \$ 856,912 | \$ - | \$ 493,622 | \$ 125,448 | \$ 11,872 | \$ 42,367 | \$ 15,405,915 |
| Liabilities and fund balances (deficits) | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | \$ 35 | \$ 249 | \$ 263 | \$ 5,874 | \$ 6,409 | \$ 85,073 | \$ - | \$ 1,871 | \$ - | \$ - | \$ - | \$ 767,378 |
| Due to other funds | 25,680 | - | - | - | 15,708 | - | - | - | - | - | - | 172,588 |
| Accrued salaries and vacation | - | 16,716 | - | 28,019 | 3,476 | - | - | - | - | - | - | 186,019 |
| Other accrued liabilities | - | 127 | - | - | - | - | - | - | - | - | - | 17,508 |
| Deferred revenue | - | - | - | - | - | - | - | - | - | - | - | 1,793,628 |
| Total liabilities | 25,715 | 17,092 | 263 | 33,893 | 25,593 | 85,073 | - | 1,871 | - | - | - | 2,937,121 |
| Fund balances (deficits): | | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | | |
| Encumbrances | - | - | 143 | 19 | 19,262 | - | - | 40 | - | - | - | 191,616 |
| Unreserved - undesignated | (22,611) | 329,277 | 32,351 | 317,103 | 7,081 | 771,839 | - | 491,711 | 125,448 | 11,872 | 42,367 | 12,277,178 |
| Total fund balances (deficits) | (22,611) | 329,277 | 32,494 | 317,122 | 26,343 | 771,839 | - | 491,751 | 125,448 | 11,872 | 42,367 | 12,468,794 |
| Total liabilities and fund balances (deficits) | \$ 3,104 | \$ 346,369 | \$ 32,757 | \$ 351,015 | \$ 51,936 | \$ 856,912 | \$ - | \$ 493,622 | \$ 125,448 | \$ 11,872 | \$ 42,367 | \$ 15,405,915 |

Augusta, Georgia

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2004

| | Urban Services District | Emergency Telephone System | Capital Outlay | Law Enforcement | Occupational Tax | Special Assessment | Promotion/ Tourism | Housing and Neighborhood Development | Urban Development Action Grant | Federal Drug Fund | State Drug Fund | Law Library | 5% Victim's Crime Assistance |
|--|----------------------------|----------------------------------|-------------------|--------------------|---------------------|-----------------------|-----------------------|--|--------------------------------------|-------------------------|-----------------------|----------------|------------------------------------|
| Revenues | | | | | | | | | | | | | |
| Taxes - property | \$ 6,921,733 | \$ - | \$ 3,232,082 | \$ - | \$ - | \$ 1,299,526 | \$ 4,302 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Taxes - other than property | 7,799,509 | - | - | - | 617 | - | 3,741,235 | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | 2,009,306 | - | - | - | - | - | - | - | - |
| Use of money and property | 61,977 | - | 18,200 | 6,590 | 7,264 | - | - | 868 | 28,995 | 2,751 | 70,612 | - | 5,061 |
| Charges for current services | 254,069 | 3,020,288 | - | 92,559 | - | - | - | - | - | - | - | - | 6,429 |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - | 155,509 | 346,055 | - | 259,909 |
| Intergovernmental | - | - | 85,980 | - | - | - | - | 3,809,515 | - | - | - | - | - |
| Contributions and donations | 209,738 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | 3,758 | - | - | 390,559 | - | - | - | - | - |
| Total revenues | 15,247,026 | 3,020,288 | 3,336,262 | 99,149 | 2,020,945 | 1,299,526 | 3,745,537 | 4,200,942 | 28,995 | 158,260 | 416,667 | - | 271,399 |
| Expenditures | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | 1,451,110 | 188,876 | 490,324 | - | 6,300 | 6,411 | - | 105,998 | - | - | - | - | 10,420 |
| Judicial | - | - | 74,389 | - | - | - | - | - | - | - | - | 35 | 441,840 |
| Public safety | - | 2,523,323 | - | 12,332 | - | - | - | - | - | 108,309 | 25,062 | - | - |
| Public works | 346,441 | - | 115,414 | - | - | 2,803,619 | - | - | - | - | - | - | - |
| Culture and recreation | - | - | 2,594 | - | - | - | 3,754,813 | - | - | - | - | - | - |
| Housing and development | 435,618 | - | - | - | - | - | - | 4,199,686 | 462,732 | - | - | - | - |
| Capital outlay | 180,294 | - | 1,065,963 | 24,600 | - | 25,507 | - | - | 60,654 | 299,454 | 87,521 | - | - |
| Debt service | 209,738 | - | 1,224,887 | - | - | - | - | 169,900 | - | - | - | - | - |
| Total expenditures | 2,623,201 | 2,712,199 | 2,973,571 | 36,932 | 6,300 | 2,835,537 | 3,754,813 | 4,475,584 | 523,386 | 407,763 | 112,583 | 35 | 452,260 |
| Excess (deficiency) of revenues over (under) expenditures | 12,623,825 | 308,089 | 362,691 | 62,217 | 2,014,645 | (1,536,011) | (9,276) | (274,642) | (494,391) | (249,503) | 304,084 | (35) | (180,861) |
| Other financing sources (uses) | | | | | | | | | | | | | |
| Transfers in | - | 200,000 | - | - | - | 315,630 | - | - | - | - | - | - | - |
| Transfers (out) | (11,299,610) | - | (75,000) | - | (2,106,700) | - | - | - | - | - | - | - | - |
| Transfers in (out) between nonmajor funds | (2,059,380) | 150,000 | 1,572,077 | - | - | 1,593,680 | - | 309,410 | 6,290 | - | - | - | - |
| Total other financing sources (uses) | (13,358,990) | 350,000 | 1,497,077 | - | (2,106,700) | 1,909,310 | - | 309,410 | 6,290 | - | - | - | - |
| Net change in fund balances (deficits) | (735,165) | 658,089 | 1,859,768 | 62,217 | (92,055) | 373,299 | (9,276) | 34,768 | (488,101) | (249,503) | 304,084 | (35) | (180,861) |
| Fund balance (deficits) - beginning | 4,039,088 | (133,726) | 1,500,928 | 493,715 | 13,335 | (16,177) | 7,228 | 876,295 | 837,488 | 424,962 | 581,631 | (22,576) | 510,138 |
| Fund balance (deficits) - ending | \$ 3,303,923 | \$ 524,363 | \$ 3,360,696 | \$ 555,932 | \$ (78,720) | \$ 357,122 | \$ (2,048) | \$ 911,063 | \$ 349,387 | \$ 175,459 | \$ 885,715 | \$ (22,611) | \$ 329,277 |

Augusta, Georgia

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2004

| | Supplemental Juvenile Services | Building Inspection | Weed and Seed Federal Grant | Wireless Phase | Communtiy Greenspace | Perpetual Care - I | Landbank Authority | Canine Forefeitures | NPDES Permit Fees | Total Nonmajor Special Revenue Funds |
|--|--------------------------------------|------------------------|-----------------------------------|-------------------|-------------------------|-----------------------|-----------------------|------------------------|----------------------|--|
| Revenues | | | | | | | | | | |
| Taxes - property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 11,457,643 |
| Taxes - other than property | - | - | - | - | - | - | - | - | - | 11,541,361 |
| Licenses and permits | - | 913,043 | - | - | - | - | - | - | 42,109 | 2,964,458 |
| Use of money and property | 403 | 4,052 | - | 9,859 | 1,601 | 18,326 | 114,196 | 75 | 258 | 351,088 |
| Charges for current services | 8,885 | - | - | 202,628 | - | - | - | - | - | 3,584,858 |
| Fines and forfeitures | - | - | - | - | - | - | - | 11,797 | - | 773,270 |
| Intergovernmental | - | - | 188,828 | - | 476,589 | - | - | - | - | 4,560,912 |
| Contributions and donations | - | - | - | - | - | 20 | - | - | - | 209,758 |
| Other | - | - | - | - | - | - | 1,269 | - | - | 395,586 |
| Total revenues | 9,288 | 917,095 | 188,828 | 212,487 | 478,190 | 18,346 | 115,465 | 11,872 | 42,367 | 35,838,934 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | 24,170 | - | 720 | - | - | - | - | - | 2,284,329 |
| Judicial | 14,545 | - | - | - | - | - | - | - | - | 530,809 |
| Public safety | - | - | 174,936 | 164,971 | - | - | - | - | - | 3,008,933 |
| Public works | - | - | - | - | - | - | - | - | - | 3,265,474 |
| Culture and recreation | - | - | - | - | - | 9,018 | - | - | - | 3,766,425 |
| Housing and development | - | 768,431 | - | - | 41,087 | - | - | - | - | 5,907,554 |
| Capital outlay | - | - | 20,380 | - | 443,002 | - | - | - | - | 2,207,375 |
| Debt service | - | - | - | - | - | - | - | - | - | 1,604,525 |
| Total expenditures | 14,545 | 792,601 | 195,316 | 165,691 | 484,089 | 9,018 | - | - | - | 22,575,424 |
| Excess (deficiency) of revenues over (under) expenditures | (5,257) | 124,494 | (6,488) | 46,796 | (5,899) | 9,328 | 115,465 | 11,872 | 42,367 | 13,263,510 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | 515,630 |
| Transfers (out) | - | - | - | - | - | - | - | - | - | (13,481,310) |
| Transfers in (out) between nonmajor funds | - | - | - | - | - | (216,518) | - | - | - | 1,355,559 |
| Total other financing sources (uses) | - | - | - | - | - | (216,518) | - | - | - | (11,610,121) |
| Net change in fund balances (deficits) | (5,257) | 124,494 | (6,488) | 46,796 | (5,899) | (207,190) | 115,465 | 11,872 | 42,367 | 1,653,389 |
| Fund balance (deficits) - beginning | 37,751 | 192,628 | 32,831 | 725,043 | 5,899 | 698,941 | 9,983 | - | - | 10,815,405 |
| Fund balance (deficits) - ending | \$ 32,494 | \$ 317,122 | \$ 26,343 | \$ 771,839 | \$ - | \$ 491,751 | \$ 125,448 | \$ 11,872 | \$ 42,367 | \$ 12,468,794 |

Augusta, Georgia
Urban Services District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------------|---------------------|---|------------------------|
| Revenues | | | | |
| Taxes - property | \$ 6,754,530 | \$ 6,921,733 | \$ 167,203 | \$ 6,899,261 |
| Taxes - other than property | 7,770,800 | 7,799,509 | 28,709 | 7,464,281 |
| Use of money and property | 12,000 | 61,977 | 49,977 | 30,650 |
| Charges for current services | 201,890 | 254,069 | 52,179 | 223,747 |
| Contributions and donations | 238,510 | 209,738 | (28,772) | 269,437 |
| Total revenues | <u>14,977,730</u> | <u>15,247,026</u> | <u>269,296</u> | <u>14,887,376</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,410,080 | 1,451,110 | (41,030) | 1,337,100 |
| Public works | 409,950 | 346,441 | 63,509 | 1,753,201 |
| Housing and development | 437,690 | 435,618 | 2,072 | 28,344 |
| Capital outlay | 185,790 | 180,294 | 5,496 | - |
| Debt service | 238,510 | 209,738 | 28,772 | 296,004 |
| Total expenditures | <u>2,682,020</u> | <u>2,623,201</u> | <u>58,819</u> | <u>3,414,649</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,295,710</u> | <u>12,623,825</u> | <u>328,115</u> | <u>11,472,727</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,063,280 | - | (1,063,280) | - |
| Transfers (out) | (11,299,610) | (11,299,610) | - | (10,449,060) |
| Transfers in (out) between nonmajor funds | (2,059,380) | (2,059,380) | | (495,940) |
| Total other financing sources (uses) | <u>(12,295,710)</u> | <u>(13,358,990)</u> | <u>(1,063,280)</u> | <u>(10,945,000)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(735,165)</u> | <u>\$ (735,165)</u> | <u>527,727</u> |
| Fund balance - beginning | | <u>4,039,088</u> | | <u>3,511,361</u> |
| Fund balance - ending | | <u>\$ 3,303,923</u> | | <u>\$ 4,039,088</u> |

Augusta, Georgia
Emergency Telephone System Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Charges for current services | \$ 2,575,000 | \$ 3,020,288 | \$ 445,288 | \$ 2,461,649 |
| Other | 85,000 | - | (85,000) | - |
| Total revenues | <u>2,660,000</u> | <u>3,020,288</u> | <u>360,288</u> | <u>2,461,649</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 210,000 | 188,876 | 21,124 | 200,842 |
| Public safety | 2,727,671 | 2,523,323 | 204,348 | 2,275,532 |
| Capital outlay | 72,329 | - | 72,329 | - |
| Total expenditures | <u>3,010,000</u> | <u>2,712,199</u> | <u>297,801</u> | <u>2,476,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(350,000)</u> | <u>308,089</u> | <u>658,089</u> | <u>(14,725)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 200,000 | 200,000 | - | - |
| Transfers in (out) between nonmajor funds | 150,000 | 150,000 | | - |
| Total other financing sources (uses) | <u>350,000</u> | <u>350,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>658,089</u> | <u>\$ 658,089</u> | <u>(14,725)</u> |
| Fund balance (deficit) - beginning | | <u>(133,726)</u> | | <u>(119,001)</u> |
| Fund balance (deficit) - ending | | <u>\$ 524,363</u> | | <u>\$ (133,726)</u> |

Augusta, Georgia
Capital Outlay Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|--------------------|---------------------|---|------------------------|
| Revenues | | | | |
| Taxes - property | \$ 3,133,330 | \$ 3,232,082 | \$ 98,752 | \$ 3,161,535 |
| Use of money and property | 1,340 | 18,200 | 16,860 | 94,585 |
| Charges for current services | - | - | - | 175 |
| Intergovernmental | 100,000 | 85,980 | (14,020) | - |
| Other | - | - | - | 30,325 |
| Total revenues | <u>3,234,670</u> | <u>3,336,262</u> | <u>101,592</u> | <u>3,286,620</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,035,992 | 490,324 | 545,668 | 879,694 |
| Judicial | 106,727 | 74,389 | 32,338 | 51,738 |
| Public safety | - | - | - | 2,983 |
| Public works | 133,962 | 115,414 | 18,548 | 238,449 |
| Culture and recreation | 14,250 | 2,594 | 11,656 | 34,695 |
| Capital outlay | 3,923,708 | 1,065,963 | 2,857,745 | 975,589 |
| Debt service | 1,746,842 | 1,224,887 | 521,955 | 2,148,398 |
| Total expenditures | <u>6,961,481</u> | <u>2,973,571</u> | <u>3,987,910</u> | <u>4,331,546</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,726,811)</u> | <u>362,691</u> | <u>4,089,502</u> | <u>(1,044,926)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,231,061 | - | (2,231,061) | 13,996 |
| Transfers (out) | (75,000) | (75,000) | - | - |
| Transfers in (out) between nonmajor funds | 1,570,750 | 1,572,077 | 1,327 | - |
| Total other financing sources (uses) | <u>3,726,811</u> | <u>1,497,077</u> | <u>(2,229,734)</u> | <u>13,996</u> |
| Net change in fund balances | <u>\$ -</u> | <u>1,859,768</u> | <u>\$ 1,859,768</u> | <u>(1,030,930)</u> |
| Fund balance - beginning | | <u>1,500,928</u> | | <u>2,531,858</u> |
| Fund balance - ending | | <u>\$ 3,360,696</u> | | <u>\$ 1,500,928</u> |

Augusta, Georgia
Law Enforcement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 6,590 | \$ 6,590 | \$ 5,294 |
| Charges for current services | 110,872 | 92,559 | (18,313) | 103,287 |
| Total revenues | <u>110,872</u> | <u>99,149</u> | <u>(11,723)</u> | <u>108,581</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 110,872 | 12,332 | 98,540 | 32,712 |
| Capital outlay | 250,000 | 24,600 | 225,400 | 28,656 |
| Total expenditures | <u>360,872</u> | <u>36,932</u> | <u>323,940</u> | <u>61,368</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(250,000)</u> | <u>62,217</u> | <u>312,217</u> | <u>47,213</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 250,000 | - | (250,000) | - |
| Total other financing sources (uses) | <u>250,000</u> | <u>-</u> | <u>(250,000)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>62,217</u> | <u>\$ 62,217</u> | <u>47,213</u> |
| Fund balance - beginning | | <u>493,715</u> | | <u>446,502</u> |
| Fund balance - ending | | <u>\$ 555,932</u> | | <u>\$ 493,715</u> |

Augusta, Georgia
Occupation Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|--------------------|--------------------|---|------------------------|
| Revenues | | | | |
| Taxes - other than property | \$ - | \$ 617 | \$ 617 | \$ 766 |
| Licenses and permits | 2,100,000 | 2,009,306 | (90,694) | 2,057,093 |
| Use of money and property | 13,000 | 7,264 | (5,736) | 8,493 |
| Other | - | 3,758 | 3,758 | 1,926 |
| Total revenues | <u>2,113,000</u> | <u>2,020,945</u> | <u>(92,055)</u> | <u>2,068,278</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | <u>6,300</u> | <u>6,300</u> | - | <u>6,000</u> |
| Total expenditures | <u>6,300</u> | <u>6,300</u> | - | <u>6,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,106,700</u> | <u>2,014,645</u> | <u>(92,055)</u> | <u>2,062,278</u> |
| Other financing sources (uses) | | | | |
| Transfers (out) | <u>(2,106,700)</u> | <u>(2,106,700)</u> | - | <u>(2,052,000)</u> |
| Total other financing sources (uses) | <u>(2,106,700)</u> | <u>(2,106,700)</u> | - | <u>(2,052,000)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(92,055)</u> | <u>\$ (92,055)</u> | <u>10,278</u> |
| Fund balance - beginning | | <u>13,335</u> | | <u>3,057</u> |
| Fund balance - ending | | <u>\$ (78,720)</u> | | <u>\$ 13,335</u> |

Augusta, Georgia
Special Assessment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|--------------------|--------------------|---|------------------------|
| Revenues | | | | |
| Taxes - property | \$ 1,257,020 | \$ 1,299,526 | \$ 42,506 | \$ 1,264,935 |
| Total revenues | <u>1,257,020</u> | <u>1,299,526</u> | <u>42,506</u> | <u>1,264,935</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 153,910 | 6,411 | 147,499 | 3,240 |
| Public works | 2,867,420 | 2,803,619 | 63,801 | 1,476,233 |
| Capital outlay | 145,000 | 25,507 | 119,493 | 45,656 |
| Total expenditures | <u>3,166,330</u> | <u>2,835,537</u> | <u>330,793</u> | <u>1,525,129</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,909,310)</u> | <u>(1,536,011)</u> | <u>373,299</u> | <u>(260,194)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 315,630 | 315,630 | - | 315,635 |
| Transfers in (out) between nonmajor funds | 1,593,680 | 1,593,680 | - | - |
| Total other financing sources (uses) | <u>1,909,310</u> | <u>1,909,310</u> | <u>-</u> | <u>315,635</u> |
| Net change in fund balances | <u>\$ -</u> | 373,299 | <u>\$ 373,299</u> | 55,441 |
| Fund balance - beginning | | <u>(16,177)</u> | | <u>(71,618)</u> |
| Fund balance (deficit) - ending | | <u>\$ 357,122</u> | | <u>\$ (16,177)</u> |

Augusta, Georgia
Promotion/Tourism Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2003 Actual</u> |
|--|------------------|--------------------|---|------------------------|
| Revenues | | | | |
| Taxes - property | \$ - | \$ 4,302 | \$ 4,302 | \$ 11,952 |
| Taxes - other than property | 3,780,000 | 3,741,235 | (38,765) | 3,572,554 |
| Total revenues | <u>3,780,000</u> | <u>3,745,537</u> | <u>(34,463)</u> | <u>3,584,506</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | 3,780,000 | 3,754,813 | 25,187 | 3,595,654 |
| Total expenditures | <u>3,780,000</u> | <u>3,754,813</u> | <u>25,187</u> | <u>3,595,654</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(9,276)</u> | <u>(9,276)</u> | <u>(11,148)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(9,276)</u> | <u>\$ (9,276)</u> | <u>(11,148)</u> |
| Fund balance - beginning | | <u>7,228</u> | | <u>18,376</u> |
| Fund balance - ending | | <u>\$ (2,048)</u> | | <u>\$ 7,228</u> |

Augusta, Georgia
Housing and Neighborhood Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 868 | \$ 868 | \$ 1,686 |
| Intergovernmental | 4,826,160 | 3,809,515 | (1,016,645) | 3,686,192 |
| Other | 293,000 | 390,559 | 97,559 | 465,402 |
| Total revenues | <u>5,119,160</u> | <u>4,200,942</u> | <u>(918,218)</u> | <u>4,153,280</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 134,780 | 105,998 | 28,782 | 122,330 |
| Housing and development | 5,098,720 | 4,199,686 | 899,034 | 4,636,892 |
| Debt service | 195,070 | 169,900 | 25,170 | 170,880 |
| Total expenditures | <u>5,428,570</u> | <u>4,475,584</u> | <u>952,986</u> | <u>4,930,102</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(309,410)</u> | <u>(274,642)</u> | <u>34,768</u> | <u>(776,822)</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) between nonmajor funds | 309,410 | 309,410 | | 490,150 |
| Total other financing sources (uses) | <u>309,410</u> | <u>309,410</u> | <u>-</u> | <u>490,150</u> |
| Net change in fund balances | <u>\$ -</u> | <u>34,768</u> | <u>\$ 34,768</u> | <u>(286,672)</u> |
| Fund balance - beginning | | <u>876,295</u> | | <u>1,162,967</u> |
| Fund balance - ending | | <u>\$ 911,063</u> | | <u>\$ 876,295</u> |

Augusta, Georgia
Urban Development Action Grant Fund (UDAG)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|----------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ 75,000 | \$ 28,995 | \$ (46,005) | \$ 14,410 |
| Total revenues | <u>75,000</u> | <u>28,995</u> | <u>(46,005)</u> | <u>14,410</u> |
| Expenditures | | | | |
| Current: | | | | |
| Housing and development | 381,290 | 462,732 | (81,442) | 364,136 |
| Capital outlay | <u>60,655</u> | <u>60,654</u> | <u>1</u> | <u>-</u> |
| Total expenditures | <u>441,945</u> | <u>523,386</u> | <u>(81,441)</u> | <u>364,136</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(366,945)</u> | <u>(494,391)</u> | <u>(127,446)</u> | <u>(349,726)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 360,655 | - | (360,655) | 5,790 |
| Transfers (out) | - | - | - | (100,000) |
| Transfers in (out) between nonmajor funds | <u>6,290</u> | <u>6,290</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>366,945</u> | <u>6,290</u> | <u>(360,655)</u> | <u>(94,210)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(488,101)</u> | <u>\$ (488,101)</u> | <u>(443,936)</u> |
| Fund balance - beginning | | <u>837,488</u> | | <u>1,281,424</u> |
| Fund balance - ending | | <u>\$ 349,387</u> | | <u>\$ 837,488</u> |

Augusta, Georgia
Federal Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 2,751 | \$ 2,751 | \$ 4,652 |
| Fines and forfeitures | 71,598 | 155,509 | 83,911 | 612,129 |
| Total revenues | <u>71,598</u> | <u>158,260</u> | <u>86,662</u> | <u>616,781</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 320,125 | 108,309 | 211,816 | 119,616 |
| Capital outlay | 299,455 | 299,454 | 1 | 72,203 |
| Total expenditures | <u>619,580</u> | <u>407,763</u> | <u>211,817</u> | <u>191,819</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(547,982)</u> | <u>(249,503)</u> | <u>298,479</u> | <u>424,962</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 547,982 | - | (547,982) | - |
| Total other financing sources (uses) | <u>547,982</u> | <u>-</u> | <u>(547,982)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(249,503)</u> | <u>\$ (249,503)</u> | <u>424,962</u> |
| Fund balance - beginning | | <u>424,962</u> | | <u>-</u> |
| Fund balance - ending | | <u>\$ 175,459</u> | | <u>\$ 424,962</u> |

Augusta, Georgia
State Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 70,612 | \$ 70,612 | \$ 72,267 |
| Fines and forfeitures | 176,712 | 346,055 | 169,343 | 549,007 |
| Total revenues | <u>176,712</u> | <u>416,667</u> | <u>239,955</u> | <u>621,274</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 338,539 | 25,062 | 313,477 | 34,343 |
| Capital outlay | 88,173 | 87,521 | 652 | 5,300 |
| Total expenditures | <u>426,712</u> | <u>112,583</u> | <u>314,129</u> | <u>39,643</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(250,000)</u> | <u>304,084</u> | <u>554,084</u> | <u>581,631</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 250,000 | - | (250,000) | - |
| Total other financing sources (uses) | <u>250,000</u> | <u>-</u> | <u>(250,000)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>304,084</u> | <u>\$ 304,084</u> | <u>581,631</u> |
| Fund balance - beginning | | <u>581,631</u> | | <u>-</u> |
| Fund balance - ending | | <u>\$ 885,715</u> | | <u>\$ 581,631</u> |

Augusta, Georgia
Law Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2003 Actual</u> |
|--|---------------|--------------------|---|------------------------|
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | 35 | (35) | 15 |
| Total expenditures | - | 35 | (35) | 15 |
| Excess (deficiency) of revenues over (under) expenditures | - | (35) | (35) | (15) |
| Net change in fund balances | <u>\$ -</u> | <u>(35)</u> | <u>\$ (35)</u> | <u>(15)</u> |
| Fund balance (deficits) - beginning | | <u>(22,576)</u> | | <u>(22,561)</u> |
| Fund balance (deficits) - ending | | <u>\$ (22,611)</u> | | <u>\$ (22,576)</u> |

Augusta, Georgia
5% Victim's Crime Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|------------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ 6,000 | \$ 5,061 | \$ (939) | \$ 5,776 |
| Charges for current services | - | 6,429 | 6,429 | 7,272 |
| Fines and forfeitures | 333,000 | 259,909 | (73,091) | 324,903 |
| Intergovernmental | - | - | - | 29,690 |
| Total revenues | <u>339,000</u> | <u>271,399</u> | <u>(67,601)</u> | <u>367,641</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 10,420 | 10,420 | - | - |
| Judicial | 467,370 | 441,840 | 25,530 | 397,654 |
| Total expenditures | <u>477,790</u> | <u>452,260</u> | <u>25,530</u> | <u>397,654</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(138,790)</u> | <u>(180,861)</u> | <u>(42,071)</u> | <u>(30,013)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 138,790 | - | (138,790) | - |
| Total other financing sources (uses) | <u>138,790</u> | <u>-</u> | <u>(138,790)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(180,861)</u> | <u>\$ (180,861)</u> | <u>(30,013)</u> |
| Fund balance - beginning | | <u>510,138</u> | | <u>540,151</u> |
| Fund balance - ending | | <u>\$ 329,277</u> | | <u>\$ 510,138</u> |

Augusta, Georgia
Supplemental Juvenile Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|-----------------|------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ 1,000 | \$ 403 | \$ (597) | \$ 429 |
| Charges for current services | 15,000 | 8,885 | (6,115) | 8,950 |
| Total revenues | <u>16,000</u> | <u>9,288</u> | <u>(6,712)</u> | <u>9,379</u> |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 56,000 | 14,545 | 41,455 | 18,501 |
| Total expenditures | <u>56,000</u> | <u>14,545</u> | <u>41,455</u> | <u>18,501</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(40,000)</u> | <u>(5,257)</u> | <u>34,743</u> | <u>(9,122)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 40,000 | - | (40,000) | - |
| Total other financing sources (uses) | <u>40,000</u> | <u>-</u> | <u>(40,000)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(5,257)</u> | <u>\$ (5,257)</u> | <u>(9,122)</u> |
| Fund balance - beginning | | <u>37,751</u> | | <u>46,873</u> |
| Fund balance - ending | | <u>\$ 32,494</u> | | <u>\$ 37,751</u> |

Augusta, Georgia
Weed and Seed Federal Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|-----------------|--------------------|---|------------------------|
| Revenues | | | | |
| Intergovernmental | \$ 225,000 | \$ 188,828 | \$ (36,172) | \$ 217,306 |
| Contributions and donations | - | - | - | 301 |
| Total revenues | <u>225,000</u> | <u>188,828</u> | <u>(36,172)</u> | <u>217,607</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 195,690 | 174,936 | 20,754 | 218,731 |
| Capital outlay | 29,310 | 20,380 | 8,930 | - |
| Total expenditures | <u>225,000</u> | <u>195,316</u> | <u>29,684</u> | <u>218,731</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(6,488)</u> | <u>(6,488)</u> | <u>(1,124)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(6,488)</u> | <u>\$ (6,488)</u> | <u>(1,124)</u> |
| Fund balance - beginning | | <u>32,831</u> | | <u>33,955</u> |
| Fund balance - ending | | <u>\$ 26,343</u> | | <u>\$ 32,831</u> |

Augusta, Georgia
Wireless Phase Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------|---------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ 6,000 | \$ 9,859 | \$ 3,859 | \$ 4,289 |
| Charges for current services | 255,000 | 202,628 | (52,372) | 343,178 |
| Total revenues | 261,000 | 212,487 | (48,513) | 347,467 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 143,440 | 720 | 142,720 | 10,000 |
| Public safety | 117,560 | 164,971 | (47,411) | 46,977 |
| Total expenditures | 261,000 | 165,691 | 95,309 | 56,977 |
| Excess (deficiency) of revenues over (under) expenditures | - | 46,796 | 46,796 | 290,490 |
| Net change in fund balances | \$ - | 46,796 | \$ 46,796 | 290,490 |
| Fund balance - beginning | | 725,043 | | 434,553 |
| Fund balance - ending | | \$ 771,839 | | \$ 725,043 |

Augusta, Georgia
Community Greenspace Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------|----------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 1,601 | \$ 1,601 | \$ 5,899 |
| Intergovernmental | - | 476,589 | 476,589 | 206,900 |
| Total revenues | - | 478,190 | 478,190 | 212,799 |
| Expenditures | | | | |
| Current: | | | | |
| Housing and development | 45,500 | 41,087 | 4,413 | 1,500 |
| Capital outlay | 638,000 | 443,002 | 194,998 | 205,400 |
| Total expenditures | 683,500 | 484,089 | 199,411 | 206,900 |
| Excess (deficiency) of revenues over (under) expenditures | (683,500) | (5,899) | 677,601 | 5,899 |
| Other financing sources (uses) | | | | |
| Transfers in | 683,500 | - | (683,500) | - |
| Total other financing sources (uses) | 683,500 | - | (683,500) | - |
| Net change in fund balances | <u>\$ -</u> | <u>(5,899)</u> | <u>\$ (5,899)</u> | <u>5,899</u> |
| Fund balance - beginning | | <u>5,899</u> | | <u>-</u> |
| Fund balance - ending | | <u>\$ -</u> | | <u>\$ 5,899</u> |

Augusta, Georgia
Perpetual Care - I Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2003 Actual</u> |
|--|-----------------|-------------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ 44,000 | \$ 18,326 | \$ (25,674) | \$ 40,844 |
| Charges for current services | 2,000 | - | (2,000) | - |
| Contributions and donations | - | 20 | 20 | - |
| Other | - | - | - | - |
| Total revenues | <u>46,000</u> | <u>18,346</u> | <u>(27,654)</u> | <u>40,844</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | 30,200 | 9,018 | 21,182 | 20,042 |
| Capital outlay | <u>94,800</u> | <u>-</u> | <u>94,800</u> | <u>-</u> |
| Total expenditures | <u>125,000</u> | <u>9,018</u> | <u>115,982</u> | <u>20,042</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(79,000)</u> | <u>9,328</u> | <u>88,328</u> | <u>20,802</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 79,000 | - | (79,000) | - |
| Transfers in (out) between nonmajor funds | <u>-</u> | <u>(216,518)</u> | <u>(216,518)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>79,000</u> | <u>(216,518)</u> | <u>(295,518)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(207,190)</u> | <u>\$ (207,190)</u> | <u>20,802</u> |
| Fund balance - beginning | | <u>698,941</u> | | <u>678,139</u> |
| Fund balance - ending | | <u>\$ 491,751</u> | | <u>\$ 698,941</u> |

Augusta, Georgia
Landbank Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------|---------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 114,196 | \$ 114,196 | \$ 9,897 |
| Other | - | 1,269 | 1,269 | 86 |
| Total revenues | - | 115,465 | 115,465 | 9,983 |
| Expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | 115,465 | 115,465 | 9,983 |
| Net change in fund balances | \$ - | 115,465 | \$ 115,465 | 9,983 |
| Fund balance - beginning | | 9,983 | | - |
| Fund balance - ending | | \$ 125,448 | | \$ 9,983 |

Augusta, Georgia
Canine Forfeitures
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------|---------------|---|------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ 75 | \$ 75 | \$ - |
| Fines and forfeitures | - | 11,797 | 11,797 | - |
| Total revenues | - | 11,872 | 11,872 | - |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 5,000 | - | 5,000 | - |
| Total expenditures | 5,000 | - | 5,000 | - |
| Excess (deficiency) of revenues over (under) expenditures | (5,000) | 11,872 | 16,872 | - |
| Other financing sources (uses) | | | | |
| Transfers in | 5,000 | - | (5,000) | - |
| Total other financing sources (uses) | 5,000 | - | (5,000) | - |
| Net change in fund balances | \$ - | 11,872 | \$ 11,872 | - |
| Fund balance - ending | | \$ 11,872 | | \$ - |

Augusta, Georgia
NPDES Permit Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|---------------|---------------|---|------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ 42,109 | \$ 42,109 | \$ - |
| Use of money and property | - | 258 | 258 | - |
| Total revenues | - | 42,367 | 42,367 | - |
| Expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | 42,367 | 42,367 | - |
| Net change in fund balances | \$ - | 42,367 | \$ 42,367 | - |
| Fund balance - ending | | \$ 42,367 | | \$ - |

Augusta, Georgia
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004

| | <u>Debt Service</u> | <u>Urban Debt Service</u> | <u>Total Nonmajor Debt Service Funds</u> |
|--|--------------------------|-------------------------------|--|
| Assets | | | |
| Cash and temporary investments | \$ 722,939 | \$ 247,232 | \$ 970,171 |
| Receivables (net of allowance for doubtful accounts) | | | |
| Taxes | 32,032 | 21,870 | 53,902 |
| Reserve account | 12 | - | 12 |
| Total assets | <u><u>\$ 754,983</u></u> | <u><u>\$ 269,102</u></u> | <u><u>\$ 1,024,085</u></u> |
| Liabilities and fund balances | | | |
| Liabilities: | | | |
| Deferred revenue | 33,762 | 22,675 | 56,437 |
| Total liabilities | <u>33,762</u> | <u>22,675</u> | <u>56,437</u> |
| Fund balances: | | | |
| Debt service | 2,986,302 | - | 2,986,302 |
| Unreserved - undesignated | (2,265,081) | 246,427 | (2,018,654) |
| Total fund balances | <u>721,221</u> | <u>246,427</u> | <u>967,648</u> |
| Total liabilities and fund balances | <u><u>\$ 754,983</u></u> | <u><u>\$ 269,102</u></u> | <u><u>\$ 1,024,085</u></u> |

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2004**

| | Debt Service | Urban Debt Service | Total Nonmajor Debt Service Funds |
|--|---------------------|-------------------------------|--|
| Revenues | | | |
| Taxes - property | \$ 7,283 | \$ 7,994 | \$ 15,277 |
| Use of money and property | 9,337 | 3,148 | 12,485 |
| Total revenues | 16,620 | 11,142 | 27,762 |
| Expenditures | | | |
| Debt service | - | 87 | 87 |
| Total expenditures | - | 87 | 87 |
| Excess (deficiency) of revenues over (under) expenditures | 16,620 | 11,055 | 27,675 |
| Other financing sources (uses) | | | |
| Transfers in (out) between nonmajor funds | (1,572,077) | - | (1,572,077) |
| Total other financing sources (uses) | (1,572,077) | - | (1,572,077) |
| Net change in fund balances | (1,555,457) | 11,055 | (1,544,402) |
| Fund balance - beginning | 2,276,678 | 235,372 | 2,512,050 |
| Fund balance - ending | \$ 721,221 | \$ 246,427 | \$ 967,648 |

Augusta, Georgia
 Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Funds
 Year Ended December 31, 2004
 With comparative amounts for December 31, 2003

| | Budget | Actual | Variance with Final Budget - Positive (Negative) | 2003 Actual |
|--|-------------|-------------|---|----------------|
| Revenues | | | | |
| Taxes - property | \$ - | \$ 7,283 | \$ 7,283 | \$ 18,739 |
| Use of money and property | - | 9,337 | 9,337 | 150,839 |
| Other | - | - | - | 1,131 |
| Total revenues | - | 16,620 | 16,620 | 170,709 |
| Expenditures | | | | |
| Debt service | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | 16,620 | 16,620 | 170,709 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,572,077 | - | (1,572,077) | - |
| Transfers in (out) between nonmajor funds | (1,572,077) | (1,572,077) | - | - |
| Total other financing sources (uses) | - | (1,572,077) | (1,572,077) | - |
| Net change in fund balances | \$ - | (1,555,457) | \$ (1,555,457) | 170,709 |
| Fund balance - beginning | | 2,276,678 | | 2,105,969 |
| Fund balance - ending | | \$ 721,221 | | \$ 2,276,678 |

Augusta, Georgia
Urban Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2004
With comparative amounts for December 31, 2003

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2003 Actual</u> |
|--|---------------|---------------|---|------------------------|
| Revenues | | | | |
| Taxes - property | \$ - | \$ 7,994 | \$ 7,994 | \$ 13,399 |
| Use of money and property | - | 3,148 | 3,148 | 5,593 |
| Total revenues | - | 11,142 | 11,142 | 18,992 |
| Expenditures | | | | |
| Debt service | 400 | 87 | 313 | 366,935 |
| Total expenditures | 400 | 87 | 313 | 366,935 |
| Excess (deficiency) of revenues over (under) expenditures | (400) | 11,055 | 11,455 | (347,943) |
| Other financing sources (uses) | | | | |
| Transfers in | 400 | - | (400) | - |
| Total other financing sources (uses) | 400 | - | (400) | - |
| Net change in fund balances | \$ - | 11,055 | \$ 11,055 | (347,943) |
| Fund balance - beginning | | 235,372 | | 583,315 |
| Fund balance - ending | | \$ 246,427 | | \$ 235,372 |

Augusta, Georgia
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2004

| | Community Development | Special Sales Tax Phase I | Special Sales Tax Phase II | Total Nonmajor Capital Project Funds |
|--|----------------------------------|--------------------------------------|---------------------------------------|---|
| Assets | | | | |
| Cash and temporary investments | \$ 135,851 | \$ 3,842,618 | \$ 12,785,229 | \$ 16,763,698 |
| Receivables (net of allowance for doubtful accounts) | | | | |
| Interest | - | - | 83,626 | 83,626 |
| Total assets | \$ 135,851 | \$ 3,842,618 | \$ 12,868,855 | \$ 16,847,324 |
| Liabilities and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 483,912 | \$ 483,912 |
| Total liabilities | - | - | 483,912 | 483,912 |
| Fund balances: | | | | |
| Encumbrances | 11,606 | 10 | 2,452,281 | 2,463,897 |
| Project maintenance | - | 2,000,000 | 3,596,460 | 5,596,460 |
| Unreserved - undesignated | 124,245 | 1,842,608 | 6,336,202 | 8,303,055 |
| Total fund balances | 135,851 | 3,842,618 | 12,384,943 | 16,363,412 |
| Total liabilities and fund balances | \$ 135,851 | \$ 3,842,618 | \$ 12,868,855 | \$ 16,847,324 |

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2004**

| | Community Development | Special Sales Tax Phase I | Special Sales Tax Phase II | Total Nonmajor Capital Project Funds |
|--|----------------------------------|--------------------------------------|---------------------------------------|---|
| Revenues | | | | |
| Use of money and property | \$ 983 | \$ 52,479 | \$ 209,796 | \$ 263,258 |
| Intergovernmental | - | - | 179,579 | 179,579 |
| Total revenues | 983 | 52,479 | 389,375 | 442,837 |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | 2,770 | 2,770 |
| Public safety | 1,131 | - | - | 1,131 |
| Public works | 4,581 | 4,510 | 137,229 | 146,320 |
| Capital outlay | 13,000 | - | 1,628,282 | 1,641,282 |
| Total expenditures | 18,712 | 4,510 | 1,768,281 | 1,791,503 |
| Excess (deficiency) of revenues over (under) expenditures | (17,729) | 47,969 | (1,378,906) | (1,348,666) |
| Other financing sources (uses) | | | | |
| Transfers (out) | - | (549,192) | (1,131,930) | (1,681,122) |
| Total other financing sources (uses) | - | (549,192) | (1,131,930) | (1,681,122) |
| Net change in fund balances | (17,729) | (501,223) | (2,510,836) | (3,029,788) |
| Fund balance - beginning | 153,580 | 4,343,841 | 14,895,779 | 19,393,200 |
| Fund balance - ending | \$ 135,851 | \$ 3,842,618 | \$ 12,384,943 | \$ 16,363,412 |

NONMAJOR ENTERPRISE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004

| | Waste Management | Municipal Golf Course | Transit | Daniel Field Airport | Newman Tennis Center | Garbage Collection | Riverwalk | Total Nonmajor Enterprise Funds |
|---|-----------------------------|--------------------------------------|----------------|-------------------------------------|-------------------------------------|-------------------------------|------------------|--|
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and temporary investments | \$ 14,111,887 | \$ 179 | \$ 150 | \$ 499,922 | \$ 200 | \$ 97,639 | \$ 56,943 | \$ 14,766,920 |
| Receivables | | | | | | | | |
| Accounts | 1,175,716 | - | - | - | - | 766,327 | - | 1,942,043 |
| Interest | - | - | - | 4,267 | - | - | - | 4,267 |
| Intergovernmental | - | - | 32,837 | - | - | - | - | 32,837 |
| Prepaid expenses | - | - | - | - | - | 3,648 | - | 3,648 |
| Inventory | - | 7,980 | 219,822 | - | 12,247 | - | - | 240,049 |
| Total current assets | 15,287,603 | 8,159 | 252,809 | 504,189 | 12,447 | 867,614 | 56,943 | 16,989,764 |
| Noncurrent assets | | | | | | | | |
| Restricted cash and investments | 11,381,524 | - | - | - | - | - | - | 11,381,524 |
| Deferred bond issuance costs | 320,521 | - | - | - | - | - | - | 320,521 |
| Capital assets, net | 3,350,634 | 1,514,718 | 3,809,409 | 1,182,921 | - | - | - | 9,857,682 |
| Total noncurrent assets | 15,052,679 | 1,514,718 | 3,809,409 | 1,182,921 | - | - | - | 21,559,727 |
| Total assets | 30,340,282 | 1,522,877 | 4,062,218 | 1,687,110 | 12,447 | 867,614 | 56,943 | 38,549,491 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable | 89,345 | 19,342 | 19,707 | 347 | 3,050 | 712,015 | 3,719 | 847,525 |
| Due to other funds | - | 119,780 | 3,327,617 | 137,650 | 229,849 | 1,723,987 | - | 5,538,883 |
| Accrued salaries and vacation | 82,454 | 19,839 | 209,108 | 10,944 | 6,641 | 5,963 | 6,246 | 341,195 |
| Other accrued liabilities | 199,516 | 1,785 | - | - | 2,685 | - | - | 203,986 |
| Current portion of leases payable | 419,497 | - | - | - | - | - | - | 419,497 |
| Deferred revenue | - | 600 | - | - | - | - | - | 600 |
| Current portion of revenue bonds payable | 1,445,000 | - | - | - | - | - | - | 1,445,000 |
| Total current liabilities | 2,235,812 | 161,346 | 3,556,432 | 148,941 | 242,225 | 2,441,965 | 9,965 | 8,796,686 |
| Noncurrent liabilities | | | | | | | | |
| Closure/postclosure accrual | 12,421,217 | - | - | - | - | - | - | 12,421,217 |
| Revenue bonds payable | 10,232,694 | - | - | - | - | - | - | 10,232,694 |
| Capital leases | 609,269 | - | - | - | - | - | - | 609,269 |
| Total noncurrent liabilities | 23,263,180 | - | - | - | - | - | - | 23,263,180 |
| Total liabilities | 25,498,992 | 161,346 | 3,556,432 | 148,941 | 242,225 | 2,441,965 | 9,965 | 32,059,866 |
| Net assets | | | | | | | | |
| Invested in capital assets, net of related debt | 2,321,868 | 1,514,718 | 3,809,409 | 1,182,921 | - | - | - | 8,828,916 |
| Unrestricted | 2,519,422 | (153,187) | (3,303,623) | 355,248 | (229,778) | (1,574,351) | 46,978 | (2,339,291) |
| Total net assets | \$ 4,841,290 | \$ 1,361,531 | \$ 505,786 | \$ 1,538,169 | \$ (229,778) | \$ (1,574,351) | \$ 46,978 | \$ 6,489,625 |

Augusta, Georgia

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2004

| | Waste Management | Municipal Golf Course | Transit | Daniel Field Airport | Newman Tennis Center | Garbage Collection | Riverwalk | Total |
|---|---------------------|-----------------------------|-------------|----------------------------|----------------------------|-----------------------|-----------|---------------|
| Operating revenues | | | | | | | | |
| Charges and fees | \$ 6,830,855 | \$ 571,594 | \$ 733,777 | \$ 99,350 | \$ 228,102 | \$ 7,189,910 | \$ 52,209 | \$ 15,705,797 |
| Total operating revenues | 6,830,855 | 571,594 | 733,777 | 99,350 | 228,102 | 7,189,910 | 52,209 | 15,705,797 |
| Operating expenses | | | | | | | | |
| Personal services and employee benefits | 1,034,015 | 259,213 | 2,657,567 | 21,496 | 109,989 | 103,725 | 77,616 | 4,263,621 |
| Purchased/contracted services | 638,404 | 79,939 | 67,708 | 15,311 | 118,527 | 11,034,348 | 64,070 | 12,018,307 |
| Supplies | 352,848 | 190,983 | 410,388 | 4,830 | 78,642 | 14,616 | 105,392 | 1,157,699 |
| Repairs and maintenance | 119,182 | 22,697 | 389,498 | 7,346 | 5,139 | - | 1,389 | 545,251 |
| Interfund/interdepartmental charges | 506,654 | 60,850 | 224,571 | 10,153 | 24,818 | 102,500 | - | 929,546 |
| Depreciation | 1,068,004 | 36,557 | 501,442 | 68,551 | - | - | - | 1,674,554 |
| Closure/postclosure accrual | 697,033 | - | - | - | - | - | - | 697,033 |
| Total operating expenses | 4,416,140 | 650,239 | 4,251,174 | 127,687 | 337,115 | 11,255,189 | 248,467 | 21,286,011 |
| Operating income (loss) | 2,414,715 | (78,645) | (3,517,397) | (28,337) | (109,013) | (4,065,279) | (196,258) | (5,580,214) |
| Nonoperating revenue (expense) | | | | | | | | |
| Interest revenue | 184,070 | - | - | 3,848 | - | - | 523 | 188,441 |
| Sale of property | - | - | 21,500 | - | - | - | - | 21,500 |
| Other revenue | 2,312 | 308 | 89,477 | 962 | - | - | - | 93,059 |
| Intergovernmental | 23,647 | - | 768,722 | 3,977 | 7,300 | - | - | 803,646 |
| Interest expense | (54,714) | (1,342) | (38,535) | - | (2,788) | (28,341) | - | (125,720) |
| Total nonoperating revenue (expense) | 155,315 | (1,034) | 841,164 | 8,787 | 4,512 | (28,341) | 523 | 980,926 |
| Income (loss) before transfers | 2,570,030 | (79,679) | (2,676,233) | (19,550) | (104,501) | (4,093,620) | (195,735) | (4,599,288) |
| Transfers in | - | - | 1,300,900 | - | 76,370 | 3,127,550 | 207,000 | 4,711,820 |
| Transfers out | - | - | (82,380) | - | - | - | - | (82,380) |
| Change in net assets | 2,570,030 | (79,679) | (1,457,713) | (19,550) | (28,131) | (966,070) | 11,265 | 30,152 |
| Total net assets - beginning | 2,271,260 | 1,441,210 | 1,963,499 | 1,557,719 | (201,647) | (608,281) | 35,713 | 6,459,473 |
| Total net assets - ending | \$ 4,841,290 | \$ 1,361,531 | \$ 505,786 | \$ 1,538,169 | \$ (229,778) | \$ (1,574,351) | \$ 46,978 | \$ 6,489,625 |

Augusta, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2004

| | Waste Management | Municipal Golf Course | Transit | Daniel Field Airport | Newman Tennis Center | Garbage Collection | Riverwalk | Total Nonmajor Enterprise Funds |
|---|----------------------|-----------------------------|--------------------|-------------------------|----------------------------|-----------------------|------------------|---------------------------------------|
| Operating activities | | | | | | | | |
| Cash received from customers | \$ 6,108,769 | \$ 571,594 | \$ 734,196 | \$ 99,350 | \$ 228,102 | \$ 7,056,114 | \$ 52,209 | \$ 14,850,334 |
| Cash received as advances from General Fund | - | - | 789,829 | 121,913 | - | 1,027,304 | - | 1,939,046 |
| Cash paid to suppliers | (1,122,924) | (283,483) | (879,674) | (50,466) | (174,690) | (10,949,229) | (175,991) | (13,636,457) |
| Cash paid to employees | (1,028,953) | (258,124) | (2,637,107) | (10,552) | (109,476) | (105,969) | (77,793) | (4,227,974) |
| Cash paid for interfund services used | (506,654) | (28,953) | (224,571) | (10,153) | (24,818) | (102,500) | - | (897,649) |
| Net cash provided by (used in) operating activities | 3,450,238 | 1,034 | (2,217,327) | 150,092 | (80,882) | (3,074,280) | (201,575) | (1,972,700) |
| Noncapital financing activities | | | | | | | | |
| Transfers in | - | - | 1,300,900 | - | 76,370 | 3,127,550 | 207,000 | 4,711,820 |
| Operating grants | - | - | 1,617,244 | - | - | - | - | 1,617,244 |
| Interest expense on operating capital | - | (1,342) | (38,535) | - | (2,788) | (28,341) | - | (71,006) |
| Transfers out | - | - | (82,380) | - | - | - | - | (82,380) |
| Net cash provided by noncapital financing activities | - | (1,342) | 2,797,229 | - | 73,582 | 3,099,209 | 207,000 | 6,175,678 |
| Capital and related financing activities | | | | | | | | |
| Proceeds from grants | 23,647 | - | - | 3,977 | 7,300 | - | - | 34,924 |
| Proceeds from sale of property | - | - | 94,008 | - | - | - | - | 94,008 |
| Other miscellaneous income | 2,312 | 308 | 89,477 | 962 | - | - | - | 93,059 |
| Proceeds from capital leases | 1,159,396 | - | - | - | - | - | - | 1,159,396 |
| Payments on capital leases | (228,744) | - | - | - | - | - | - | (228,744) |
| Proceeds from bond issue | 11,684,683 | - | - | - | - | - | - | 11,684,683 |
| Payment of bond issue costs | (331,151) | - | - | - | - | - | - | (331,151) |
| Purchase of capital assets | (1,132,707) | - | (763,387) | - | - | - | - | (1,896,094) |
| Interest paid on capital debt | (41,446) | - | - | - | - | - | - | (41,446) |
| Net cash provided (used) by capital and related financing activities | 11,135,990 | 308 | (579,902) | 4,939 | 7,300 | - | - | 10,568,635 |
| Investing activities | | | | | | | | |
| Interest received | 184,070 | - | - | 893 | - | - | 523 | 185,486 |
| Net cash provided by investing activities | 184,070 | - | - | 893 | - | - | 523 | 185,486 |
| Net increase (decrease) in cash and cash equivalents/investments | 14,770,298 | - | - | 155,924 | - | 24,929 | 5,948 | 14,957,099 |
| Cash and cash equivalents/investments | | | | | | | | |
| Beginning of year | 10,723,113 | 179 | 150 | 343,998 | 200 | 72,710 | 50,995 | 11,191,345 |
| End of year | \$ 25,493,411 | \$ 179 | \$ 150 | \$ 499,922 | \$ 200 | \$ 97,639 | \$ 56,943 | \$ 26,148,444 |

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Nonmajor Enterprise Funds
Year Ended December 31, 2004

| | Waste Management | Municipal Golf Course | Transit | Daniel Field Airport | Newman Tennis Center | Garbage Collection | Riverwalk | Total Nonmajor Enterprise Funds |
|--|-----------------------------|--------------------------------------|------------------------------|---------------------------------|-------------------------------------|-------------------------------|----------------------------|--|
| Reconciliation of operating income (loss) | | | | | | | | |
| to net cash provided by | | | | | | | | |
| (used in) operating activities | | | | | | | | |
| Operating income (loss) | \$ 2,414,715 | \$ (78,645) | \$ (3,517,397) | \$ (28,337) | \$ (109,013) | \$ (4,065,279) | \$ (196,258) | (5,580,214) |
| Adjustments to reconcile operating income (loss) | | | | | | | | |
| to net cash provided by (used in) operating | | | | | | | | |
| activities: | | | | | | | | |
| Depreciation and amortization | 1,058,377 | 36,557 | 501,442 | 68,551 | - | - | - | 1,664,927 |
| Closure/post closure costs | 697,033 | - | - | - | - | - | - | 697,033 |
| Change in assets and liabilities | | | | | | | | |
| Accounts receivable | (722,086) | - | 419 | - | - | (133,796) | - | (855,463) |
| Inventory | - | 860 | - | - | (2,461) | - | - | (1,601) |
| Prepaid expenses | - | - | - | - | - | (3,648) | - | (3,648) |
| Accounts payable | 35,619 | 7,685 | (12,080) | (22,979) | (725) | 103,383 | (5,140) | 105,763 |
| Accrued salaries and vacation | 5,062 | 1,089 | 20,460 | 10,944 | 513 | (2,244) | (177) | 35,647 |
| Other accrued liabilities | 38,040 | 1,641 | - | - | 1,398 | - | - | 41,079 |
| Due to other funds | - | 31,897 | 789,829 | 121,913 | 29,406 | 1,027,304 | - | 2,000,349 |
| Unearned revenue | - | (50) | - | - | - | - | - | (50) |
| Decrease in closure liability | (76,522) | - | - | - | - | - | - | (76,522) |
| Total adjustments | <u>1,035,523</u> | <u>79,679</u> | <u>1,300,070</u> | <u>178,429</u> | <u>28,131</u> | <u>990,999</u> | <u>(5,317)</u> | <u>3,607,514</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ 3,450,238</u></u> | <u><u>\$ 1,034</u></u> | <u><u>\$ (2,217,327)</u></u> | <u><u>\$ 150,092</u></u> | <u><u>\$ (80,882)</u></u> | <u><u>\$ (3,074,280)</u></u> | <u><u>\$ (201,575)</u></u> | <u><u>\$ (1,972,700)</u></u> |

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INTERNAL SERVICE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Internal Service Funds
December 31, 2004

| | Risk Management | Fleet Operations | Workers Compensation | Employee Health Benefits | Unemployment | Long-term Disability Insurance | GMA Leases | Total |
|---|----------------------------|-----------------------------|---------------------------------|-------------------------------------|---------------------|---|-----------------------|-------------------|
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and temporary investments | \$ 1,169,876 | \$ - | \$ - | \$ - | \$ 47,951 | \$ 15,657 | \$ - | \$ 1,233,484 |
| Accounts receivable | - | - | - | - | - | - | 3,105,497 | 3,105,497 |
| Total current assets | 1,169,876 | - | - | - | 47,951 | 15,657 | 3,105,497 | 4,338,981 |
| Noncurrent assets | | | | | | | | |
| Restricted investments | - | - | 284,771 | - | - | - | 13,250,183 | 13,534,954 |
| Capital assets, net | 137,037 | 220,182 | - | - | - | - | - | 357,219 |
| Total noncurrent assets | 137,037 | 220,182 | 284,771 | - | - | - | 13,250,183 | 13,892,173 |
| Total assets | 1,306,913 | 220,182 | 284,771 | - | 47,951 | 15,657 | 16,355,680 | 18,231,154 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable | 30,505 | 384,722 | 89,814 | 37 | 46,957 | - | - | 552,035 |
| Due to other funds | - | 271,908 | 40,991 | 66,038 | - | - | 368,507 | 747,444 |
| Accrued salaries and vacation | 29,243 | 13,044 | - | - | - | - | - | 42,287 |
| Current portion of leases payable | - | 45,323 | - | - | - | - | - | 45,323 |
| Total current liabilities | 59,748 | 714,997 | 130,805 | 66,075 | 46,957 | - | 368,507 | 1,387,089 |
| Noncurrent liabilities | | | | | | | | |
| Revenue bonds payable | - | - | - | - | - | - | 16,034,609 | 16,034,609 |
| Total noncurrent liabilities | - | - | - | - | - | - | 16,034,609 | 16,034,609 |
| Total liabilities | 59,748 | 714,997 | 130,805 | 66,075 | 46,957 | - | 16,403,116 | 17,421,698 |
| Net assets | | | | | | | | |
| Invested in capital assets, net of related debt | 137,037 | 174,859 | - | - | - | - | - | 311,896 |
| Unrestricted | 1,110,128 | (669,674) | 153,966 | (66,075) | 994 | 15,657 | (47,436) | 497,560 |
| Total net assets | \$ 1,247,165 | \$ (494,815) | \$ 153,966 | \$ (66,075) | \$ 994 | \$ 15,657 | \$ (47,436) | \$ 809,456 |

Augusta, Georgia

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended December 31, 2004

| | Risk Management | Fleet Operations | Workers Compensation | Employee Health Benefits | Unemployment | Long-term Disability Insurance | GMA Leases | Total |
|---|--------------------|---------------------|-------------------------|-----------------------------|--------------|--------------------------------------|---------------|---------------|
| Operating revenues | | | | | | | | |
| Charges and fees | \$ 2,322,165 | \$ 4,203,190 | \$ 1,836,139 | \$ 17,177,686 | \$ - | \$ 201,439 | \$ 1,909,702 | \$ 27,650,321 |
| Total operating revenues | 2,322,165 | 4,203,190 | 1,836,139 | 17,177,686 | - | 201,439 | 1,909,702 | 27,650,321 |
| Operating expenses | | | | | | | | |
| Personal services and employee benefits | 301,287 | 110,360 | - | - | - | - | - | 411,647 |
| Purchased/contracted services | 407,585 | 30,540 | - | 60,008 | - | - | - | 498,133 |
| Supplies | 42,151 | 215,199 | - | - | - | - | - | 257,350 |
| Repairs and maintenance | - | 3,802,863 | - | - | - | - | - | 3,802,863 |
| Interfund/interdepartmental charges | 5,900 | - | - | - | - | - | - | 5,900 |
| Other costs | 2,294 | 115,590 | - | - | - | - | - | 117,884 |
| Depreciation | 19,601 | 44,037 | - | - | - | - | - | 63,638 |
| Lease expense | - | 15,670 | - | - | - | - | 1,909,702 | 1,925,372 |
| Risk benefit charges | 986,142 | - | - | - | - | - | - | 986,142 |
| Insurance | - | - | 1,683,056 | 16,977,192 | 126,873 | 201,482 | - | 18,988,603 |
| Total operating expenses | 1,764,960 | 4,334,259 | 1,683,056 | 17,037,200 | 126,873 | 201,482 | 1,909,702 | 27,057,532 |
| Operating income (loss) | 557,205 | (131,069) | 153,083 | 140,486 | (126,873) | (43) | - | 592,789 |
| Nonoperating revenue (expense) | | | | | | | | |
| Interest revenue | 11,100 | - | - | - | 749 | 43 | 401,558 | 413,450 |
| Sale of property | - | - | - | - | - | - | - | - |
| Other revenue | 114,802 | 884 | - | - | - | - | - | 115,686 |
| Interest expense | - | (5,439) | (3,085) | (17,390) | - | - | (367,042) | (392,956) |
| Total nonoperating revenue (expense) | 125,902 | (4,555) | (3,085) | (17,390) | 749 | 43 | 34,516 | 136,180 |
| Income (loss) before transfers | 683,107 | (135,624) | 149,998 | 123,096 | (126,124) | - | 34,516 | 728,969 |
| Transfers in | - | - | - | - | 127,000 | - | - | 127,000 |
| Transfers out | - | - | - | (127,000) | - | - | - | (127,000) |
| Change in net assets | 683,107 | (135,624) | 149,998 | (3,904) | 876 | - | 34,516 | 728,969 |
| Total net assets - beginning | 564,058 | (359,191) | 3,968 | (62,171) | 118 | 15,657 | (81,952) | 80,487 |
| Total net assets - ending | \$ 1,247,165 | \$ (494,815) | \$ 153,966 | \$ (66,075) | \$ 994 | \$ 15,657 | \$ (47,436) | \$ 809,456 |

Augusta, Georgia
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2004

| | Risk Management | Fleet Operations | Workers Compensation | Employee Health Benefits | Unemployment | Long-term Disability Insurance | GMA Leases | Total Internal Service Funds |
|---|----------------------------|-----------------------------|---------------------------------|-------------------------------------|---------------------|---|-----------------------|---|
| Operating activities | | | | | | | | |
| Cash received from contributions | \$ 2,322,165 | \$ 4,244,047 | \$ 1,836,139 | \$ 17,180,783 | \$ - | \$ 201,419 | \$ 1,872,857 | \$ 27,657,410 |
| Cash received as advances from General Fund | - | - | 40,991 | - | - | - | 228,223 | 269,214 |
| Cash paid to suppliers | (1,592,371) | (4,122,795) | (1,726,614) | (17,037,218) | (143,031) | (201,482) | (2,029,274) | (26,852,785) |
| Cash paid to employees | (296,231) | (109,429) | - | - | - | - | - | (405,660) |
| Cash paid for interfund services used | (5,900) | - | - | - | - | - | - | (5,900) |
| Net cash provided by (used in) operating activities | 427,663 | 11,823 | 150,516 | 143,565 | (143,031) | (63) | 71,806 | 662,279 |
| Noncapital financing activities | | | | | | | | |
| Transfers in (out) | - | - | - | (127,000) | 127,000 | - | - | - |
| Interest expense on operating capital | - | (5,439) | (3,085) | (17,390) | - | - | - | (25,914) |
| Other revenue | 114,802 | 884 | - | - | - | - | - | 115,686 |
| Net cash provided (used) by noncapital financing activities | 114,802 | (4,555) | (3,085) | (144,390) | 127,000 | - | - | 89,772 |
| Capital and related financing activities | | | | | | | | |
| Proceeds from capital leases | - | 45,323 | - | - | - | - | - | 45,323 |
| Purchase of capital assets | (127,925) | (52,591) | - | - | - | - | - | (180,516) |
| Interest paid on capital debt | - | - | - | - | - | - | (322,126) | (322,126) |
| Net cash provided (used) by capital and related financing activities | (127,925) | (7,268) | - | - | - | - | (322,126) | (457,319) |
| Investing activities | | | | | | | | |
| Interest received | 11,100 | - | - | - | 749 | 43 | 401,558 | 413,450 |
| Net cash provided by investing activities | 11,100 | - | - | - | 749 | 43 | 401,558 | 413,450 |
| Net increase (decrease) in cash and cash equivalents | 425,640 | - | 147,431 | (825) | (15,282) | (20) | 151,238 | 708,182 |
| Cash and cash equivalents/investments | | | | | | | | |
| Beginning of year | 744,236 | - | 137,340 | 825 | 63,233 | 15,677 | 13,098,945 | 14,060,256 |
| End of year | \$ 1,169,876 | \$ - | \$ 284,771 | \$ - | \$ 47,951 | \$ 15,657 | \$ 13,250,183 | \$ 14,768,438 |

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Internal Service Funds
Year Ended December 31, 2004

| | <u>Risk Management</u> | <u>Fleet Operations</u> | <u>Workers Compensation</u> | <u>Employee Health Benefits</u> | <u>Unemployment</u> | <u>Long-term Disability Insurance</u> | <u>GMA Leases</u> | <u>Total Internal Service Funds</u> |
|---|-----------------------------------|------------------------------------|--|--|--------------------------------|--|------------------------------|--|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | | | | |
| Operating income (loss) | \$ 557,205 | \$ (131,069) | \$ 153,083 | \$ 140,486 | \$ (126,873) | \$ (43) | \$ - | \$ 592,789 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | |
| Depreciation and amortization | 19,601 | 44,037 | - | - | - | - | - | 63,638 |
| Change in assets and liabilities: | | | | | | | | |
| Accounts receivable | - | - | - | - | - | - | (36,845) | (36,845) |
| Accounts payable | (154,199) | 57,067 | (43,558) | (18) | (16,158) | - | (119,572) | (276,438) |
| Accrued salaries and vacation | 5,056 | 931 | - | - | - | - | - | 5,987 |
| Due to other funds | - | 40,857 | 40,991 | 3,097 | - | (20) | 228,223 | 313,148 |
| Total adjustments | <u>(129,542)</u> | <u>142,892</u> | <u>(2,567)</u> | <u>3,079</u> | <u>(16,158)</u> | <u>(20)</u> | <u>71,806</u> | <u>69,490</u> |
| Net cash provided by (used in) operating activities | <u>\$ 427,663</u> | <u>\$ 11,823</u> | <u>\$ 150,516</u> | <u>\$ 143,565</u> | <u>\$ (143,031)</u> | <u>\$ (63)</u> | <u>\$ 71,806</u> | <u>\$ 662,279</u> |

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FIDUCIARY FUNDS

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PENSION TRUST FUNDS

Augusta, Georgia
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
December 31, 2004

| | 1945 Plan | 1977 Plan | General Retirement | Total |
|--|----------------------|----------------------|-------------------------------|----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,427,311 | \$ 1,791,194 | \$ 1,815,408 | \$ 5,033,913 |
| Investments | | | | |
| U.S. Government securities | 1,855,567 | 3,615,294 | 13,418,385 | 18,889,246 |
| Corporate bonds | 1,545,541 | 3,334,865 | 10,024,615 | 14,905,021 |
| Equity securities | 4,875,487 | 9,187,756 | 38,629,350 | 52,692,593 |
| Real estate | - | - | 1,700,000 | 1,700,000 |
| Receivables (net of allowance for doubtful accounts) | | | | |
| Interest | 54,792 | 106,046 | 404,443 | 565,281 |
| Total assets | <u>9,758,698</u> | <u>18,035,155</u> | <u>65,992,201</u> | <u>93,786,054</u> |
| Liabilities | | | | |
| Accounts payable | 7,719 | 12,112 | 6,407 | 26,238 |
| Due to other funds | - | - | 334,159 | 334,159 |
| Total liabilities | <u>7,719</u> | <u>12,112</u> | <u>340,566</u> | <u>360,397</u> |
| Net assets | | | | |
| Reserved for employees' retirement benefits | <u>\$ 9,750,979</u> | <u>\$ 18,023,043</u> | <u>\$ 65,651,635</u> | <u>\$ 93,425,657</u> |

Augusta, Georgia
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended December 31, 2004

| | 1945 Plan | 1977 Plan | General Retirement | Total |
|---|----------------------|----------------------|-------------------------------|----------------------|
| Additions | | | | |
| Contributions - employer | \$ 170,890 | \$ 726,255 | \$ 1,375,050 | \$ 2,272,195 |
| Contributions - plan member | 10,507 | 779,220 | 363,574 | 1,153,301 |
| Net investment income | 590,621 | 1,141,600 | 3,909,176 | 5,641,397 |
| Total additions | <u>772,018</u> | <u>2,647,075</u> | <u>5,647,800</u> | <u>9,066,893</u> |
| Deductions | | | | |
| Administration | 64,596 | 105,050 | 423,175 | 592,821 |
| Benefit payments | 882,334 | 651,561 | 4,599,174 | 6,133,069 |
| Refunds | - | 185,109 | 120,731 | 305,840 |
| Total deductions | <u>946,930</u> | <u>941,720</u> | <u>5,143,080</u> | <u>7,031,730</u> |
| Net increase (decrease) in plan net assets | (174,912) | 1,705,355 | 504,720 | 2,035,163 |
| Total net assets - beginning | <u>9,925,891</u> | <u>16,317,688</u> | <u>65,146,915</u> | <u>91,390,494</u> |
| Total net assets - ending | <u>\$ 9,750,979</u> | <u>\$ 18,023,043</u> | <u>\$ 65,651,635</u> | <u>\$ 93,425,657</u> |

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AGENCY FUNDS

Augusta, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

| | <u>January 1, 2004</u> | <u>Additions</u> | <u>Deductions</u> | <u>December 31, 2004</u> |
|---|------------------------|-----------------------|-----------------------|--------------------------|
| <u>Tax Commisioner</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,059,569 | \$ 80,542,760 | \$ 80,495,921 | \$ 2,106,408 |
| Receivables (net of allowance for doubtful accounts) | | | | |
| Taxes | 24,807,936 | 127,447,014 | 133,785,192 | 18,469,758 |
| Total assets | <u>\$ 26,867,505</u> | <u>\$ 207,989,774</u> | <u>\$ 214,281,113</u> | <u>\$ 20,576,166</u> |
| Liabilities | | | | |
| Due to others | \$ 2,059,569 | \$ 80,542,760 | \$ 80,495,921 | \$ 2,106,408 |
| Uncollected taxes | 24,807,936 | 127,447,014 | 133,785,192 | 18,469,758 |
| Total liabilities | <u>\$ 26,867,505</u> | <u>\$ 207,989,774</u> | <u>\$ 214,281,113</u> | <u>\$ 20,576,166</u> |
| <u>Probate</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 5,104 | \$ 102,855 | \$ 99,144 | \$ 8,815 |
| Total assets | <u>\$ 5,104</u> | <u>\$ 102,855</u> | <u>\$ 99,144</u> | <u>\$ 8,815</u> |
| Liabilities | | | | |
| Due to others | \$ 5,104 | \$ 102,855 | \$ 99,144 | \$ 8,815 |
| Total liabilities | <u>\$ 5,104</u> | <u>\$ 102,855</u> | <u>\$ 99,144</u> | <u>\$ 8,815</u> |
| <u>Sheriff</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,289,203 | \$ 2,872,656 | \$ 2,686,204 | \$ 1,475,655 |
| Total assets | <u>\$ 1,289,203</u> | <u>\$ 2,872,656</u> | <u>\$ 2,686,204</u> | <u>\$ 1,475,655</u> |
| Liabilities | | | | |
| Due to others | 1,289,203 | 2,872,656 | 2,686,204 | 1,475,655 |
| Total liabilities | <u>\$ 1,289,203</u> | <u>\$ 2,872,656</u> | <u>\$ 2,686,204</u> | <u>\$ 1,475,655</u> |
| <u>Civil Court</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 445,020 | \$ 1,608,862 | \$ 1,635,239 | \$ 418,643 |
| Total assets | <u>\$ 445,020</u> | <u>\$ 1,608,862</u> | <u>\$ 1,635,239</u> | <u>\$ 418,643</u> |
| Liabilities | | | | |
| Due to others | \$ 445,020 | \$ 1,608,862 | \$ 1,635,239 | \$ 418,643 |
| Total liabilities | <u>\$ 445,020</u> | <u>\$ 1,608,862</u> | <u>\$ 1,635,239</u> | <u>\$ 418,643</u> |

Augusta, Georgia

Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued

Agency Funds

December 31, 2004

| | <u>January 1, 2004</u> | <u>Additions</u> | <u>Deductions</u> | <u>December 31, 2004</u> |
|--|------------------------|-----------------------|-----------------------|--------------------------|
| <u>Clerk of Court</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,473,996 | \$ 4,944,066 | \$ 5,673,782 | \$ 1,744,280 |
| Total assets | <u>\$ 2,473,996</u> | <u>\$ 4,944,066</u> | <u>\$ 5,673,782</u> | <u>\$ 1,744,280</u> |
| Liabilities | | | | |
| Due to others | \$ 2,473,996 | \$ 4,944,066 | \$ 5,673,782 | \$ 1,744,280 |
| Total liabilities | <u>\$ 2,473,996</u> | <u>\$ 4,944,066</u> | <u>\$ 5,673,782</u> | <u>\$ 1,744,280</u> |
| <u>TOTAL ALL AGENCY FUNDS:</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 6,272,892 | \$ 90,071,199 | \$ 90,590,290 | \$ 5,753,801 |
| Receivables | | | | |
| (net of allowance for doubtful accounts) | | | | |
| Taxes | 24,807,936 | 127,447,014 | 133,785,192 | 18,469,758 |
| Total assets | <u>\$ 31,080,828</u> | <u>\$ 217,518,213</u> | <u>\$ 224,375,482</u> | <u>\$ 24,223,559</u> |
| Liabilities | | | | |
| Due to others | \$ 6,272,892 | \$ 90,071,199 | \$ 90,590,290 | \$ 5,753,801 |
| Uncollected taxes | 24,807,936 | 127,447,014 | 133,785,192 | 18,469,758 |
| Total liabilities | <u>\$ 31,080,828</u> | <u>\$ 217,518,213</u> | <u>\$ 224,375,482</u> | <u>\$ 24,223,559</u> |

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COMPLIANCE SECTION

AUGUSTA, GEORGIA

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2004

| Federal Grantor / Pass-through Grantor / Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Direct Programs | | | |
| Community Development Block Grant | 14.218 | B-03-MC-13-0003 | \$ 2,085,708 |
| Emergency Shelter Grant | 14.231 | S-03-MC-13-0004 | 123,931 |
| HOME Investment Partnerships Program | 14.239 | M-03-MC-13-0206 | 1,016,027 |
| Supporting Housing Program | 14.235 | GA01B104-002 | 68,809 |
| Neighborhood Initiative Program | 14.246 | B-02-NI-GA-AU-0002 | 332,998 |
| Housing Opportunities for persons with AIDS | 14.241 | GAH04F002 | 51,419 |
| Total U.S. Department of Housing and Urban Development | | | <u>3,678,892</u> |
| <u>U.S. Department of Justice</u> | | | |
| Direct Programs | | | |
| Local Law Enforcement Block Grant | 16.592 | 03-LB-BX-0448 | 114,935 |
| Juvenile Accountability Incentive Block Grant | 16.523 | 02B-FM-0006 | 32,694 |
| | 16.523 | 03B-FM-0001 | 6,367 |
| Purchase of Services for Juvenile Offenders Program | 16.523 | 02B-ST-0006 | 10,503 |
| | 16.523 | 03B-ST-0001/04B-ST-0001 | 612 |
| Subtotal 16.523 | | | <u>50,176</u> |
| Pass-through from the Office of the Governor | | | |
| Criminal Justice Coordinating Council | | | |
| Drug Control and System Improvement | | | |
| Victim Assistance Grants | 16.575 | 2003-VA-GX-0002 | 29,060 |
| | 16.575 | C03-8-201 | 10,668 |
| | 16.575 | C-03-8-008 | 30,559 |
| | 16.575 | C-04-8-001 | 7,640 |
| Subtotal 16.575 | | | <u>77,927</u> |
| Formula Grants | 16.579 | B01-8-004 | 30,153 |
| | 16.579 | B02-8-006 | 10,049 |
| Subtotal 16.579 | | | <u>40,202</u> |
| Children and Youth Coordinating Council Grant | 15.540 | J02030012 | 16,500 |
| Executive Office For Weed and Seed | 16.595 | 01-WS-QX-0124 | 206,327 |
| Total U.S. Department of Justice | | | <u>506,067</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Direct Programs | | | |
| Urban Mass Transportation Capital and Operating | | | |
| Assistance Grants | 20.507 | GA-90-X153 | 44,522 |
| | 20.507 | GA-90-X166 | 593,767 |
| Subtotal 20.507 | | | <u>638,289</u> |
| | 21.507 | GA-90-X200 | 15,826 |

AUGUSTA, GEORGIA

Schedule of Expenditures of Federal Awards - Continued

Year Ended December 31, 2004

| Federal Grantor / Pass-through Grantor / Program Title | Federal FDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|--------------------------|-------------------------------------|-------------------------|
| <u>U.S. Department of Transportation</u> | | | |
| Direct Programs | | | |
| Federal Aviation Administration | | | |
| Airport Improvement Program Grants | 20.106 | 3-13-0011-20 | \$ 27,228 |
| | 20.106 | 3-13-0011-22 | 125,653 |
| | 20.106 | 3-13-0011-25 | 1,274,151 |
| | 20.106 | 3-13-0011-26 | 1,165,772 |
| | 20.106 | 3-13-0011-27 | 211,501 |
| | 20.106 | 3-13-0012-09 | 3,977 |
| | Subtotal 20.106 | | <u>2,808,282</u> |
| Total U.S. Department of Transportation | | | <u>3,462,397</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Direct Programs | | | |
| Reimbursable Agreement Security Requirements | | HSTS01-04-A-LEF003 | |
| After September 11, 2001 | | | <u>68,616</u> |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Direct Programs | | | |
| Brownfield Pilots Cooperative Agreements | 66.811 | BP984866-99-0 | <u>26,736</u> |
| <u>Emergency Management Agency</u> | | | |
| Pass-through from the Georgia Emergency | | | |
| Management Agency | | | |
| Hazard Mitigation Grant | 83.548 | 1311-0002 | 118,050 |
| Local Emergency Operation Plan | 53.562 | EMA-202-GR-5072 | 2,169 |
| Assistance to Firefighters Grant Program | 83.554 | EMW-FG-06457 | 220,678 |
| State Homeland Security Grant Program | | 2003-MU-T3-0010 | 28,065 |
| | | 2003-MU-T3-0011 | 36,092 |
| Total Emergency Management Agency | | | <u>405,054</u> |
| <u>U.S. Department of Interior</u> | | | |
| Historic Preservation Fund Grant-in-Aid Program | 15.904 | 13-03-18210-01 | <u>6,000</u> |
| Total | | | \$ <u>8,153,762</u> |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

AUGUSTA, GEORGIA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2004

Note 1 - Basis of presentation

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

Note 2 – Reporting entity

The accompanying schedule of expenditures of federal awards includes the accounts of all Augusta and Richmond County operations. The Government uses the criteria for including organizations as component units within Augusta's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Excluded from the accompanying schedule of federal awards is the Government's discretely presented component unit, Richmond County Department of Health. Separate financial statements may be obtained from the Richmond County Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901.

Note 3 - Non-cash awards

Augusta, Georgia received non-cash federal awards of surplus military equipment totaling \$137,000 during the year ended December 31, 2004.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2004

I. Findings related to Financial Statements

Finding 03-1

Budgetary compliance

Criteria

The State of Georgia local government budgets and audits code states that the legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is prepared (Article 1 section 14).

Condition noted

We noted that several departments across the government had expenditures above appropriations for the fiscal year.

Recommendation

Augusta-Richmond County should increase the budget level of control to the department level.

Current Status

Repeat finding this fiscal year.

II. Findings and Questioned Costs for Major Federal Award Programs Audit

Finding 00-1 (repeat finding)

U.S. Department of Justice CFDA 16.592; Local Law Enforcement Block Grant

Criteria

The Grant Award Letter Special Conditions number 8 states, "the recipient agrees to establish a trust fund in which all payment received under this program, including match, must be deposited. For purposes of this grant, a trust fund is an interest-bearing account that is specifically designated for this program..."

Condition noted

Augusta, Georgia did not establish a specifically designated trust fund for receipts under this program. Receipts were deposited in the pooled cash account of Augusta, Georgia and were initially recorded as receipts on the trial balance of another fund.

Recommendation

Augusta, Georgia should set up a separate interest-bearing account for Local Law Enforcement Block Grant receipts, transfer any unexpended grant balances to this account and notify the Department of Justice to, in the future, wire advances to this account for Local Law Enforcement Block Grant funds only.

Current Status

Corrected during this fiscal year.

AUGUSTA, GEORGIA

Summary Schedule of Prior Audit Findings - Continued

Year Ended December 31, 2004

Finding 03-2

U.S. Department of Transportation DTSA20-03-P-5041; MOU – Security Reimbursements

Criteria

OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments Section C(1)(h), “Factors Affecting Allowability of Costs – Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period.”

Condition noted

The City’s Augusta Regional Airport at Bush Field requested security cost reimbursements for \$39,000 of known questioned costs under the DTSA20-03-P-5041 Memorandum of Understanding that had previously been reimbursed under the Airport Improvement Program grant. Controls over record keeping for the initial period of eligibility under the Memorandum of Understanding were not sufficient to ensure that funds were not previously drawn under the AIP grant.

Recommendation

The City’s Augusta Regional Airport at Bush Field should develop controls over record keeping that include review and approval of reimbursement requests by both the Security Program Director and the Finance Director to assure proper administration of Federal Awards.

Current Status

Corrected during this fiscal year.



Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Augusta-Richmond County Commission
Augusta, Georgia

We have audited the financial statements of Augusta, Georgia as of and for the year ended December 31, 2004, and have issued our report thereon dated May 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Augusta-Richmond County Department of Health or the Downtown Development Authority. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Department of Health or the Downtown Development Authority, is based solely on the reports of other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Augusta, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Augusta, Georgia in a separate letter dated May 17, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Augusta, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 04-1.

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

Cherry, Bekaert & Holland, L.L.P.

Augusta, Georgia
May 17, 2005



**Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Augusta-Richmond County Commission
Augusta, Georgia

Compliance

We have audited the compliance of Augusta, Georgia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Augusta, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Augusta, Georgia's management. Our responsibility is to express an opinion on Augusta, Georgia's compliance based on our audit.

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

In our opinion, Augusta, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as items 04-2 and 04-3.

Internal Control Over Compliance

The management of Augusta, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Augusta, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Cherry, Behant & Halland, L.L.P.

Augusta, Georgia

May 17, 2005

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2004

I. Summary of the Auditor's Results

The auditor's report expresses unqualified opinions on the financial statements of Augusta, Georgia as of and for the year ended December 31, 2004.

No material weaknesses were identified. No reportable conditions in internal control were identified.

No reportable conditions in internal control over major federal award programs were disclosed by the audit as required to be reported in accordance with OMB Circular A-133.

The auditor's report expresses an unqualified opinion on compliance for major federal award programs for Augusta, Georgia as of and for the year ended December 31, 2004.

The audit disclosed findings required to be reported in accordance with OMB Circular A-133, Section 510(a) as Finding Numbers 04-2 and 04-3.

Identification of Major Programs

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 14.239 | <u>U.S. Department of Housing and Urban Development</u> |
| 14.246 | HOME Investment Partnerships Program |
| | Neighborhood Initiative Grant |
| 16.595 | <u>U.S. Department of Justice</u> |
| | Weed and Seed Grant |
| 20.507; 21.507 | <u>U.S. Department of Transportation</u> |
| | Federal Transit Grant |
| 83.554 | <u>Emergency Management Agency</u> |
| | Assistance to Firefighters Grant |

We used a threshold of \$300,000 to distinguish between Type A and Type B programs.

Augusta, Georgia is a low-risk auditee.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2004

I. Findings related to Financial Statements

Finding 04-1 (repeat finding)

Budgetary compliance

Criteria

The State of Georgia local government budgets and audits code states that the legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is prepared (Article 1 section 14).

Condition noted

We noted that several departments across the government had expenditures above appropriations for the fiscal year.

Recommendation

Augusta-Richmond County should increase the budget level of control to the department level.

Views of responsible officials and planned corrective actions

The departments that exceeded their budgets for fiscal year 2004 included the following. These overruns occurred because of various reasons as explained below. In addition, the General fund contingency was depleted in December 2004 and a budget amendment would have had to be done after December 2004 to appropriate fund balance reserve.

1. Legal Indigent Defense expenditures exceeded the budget by \$320,214. The Finance Department did not have accurate estimates of the potential expenditure in 2004 even after additional appropriation of fund balance of \$460,000 in September 2004. The Finance Department is looking closely at the expenditures in 2005.
2. Employee Health Insurance Benefit fund expenditures exceeded the budget because claims expense in 2004 was higher than anticipated. A new insurance company has been selected for FY 2005 and it is expected to show a decrease in expenditures.
3. Hotel-Motel Tax fund – The collections in 2004 were over budget and as a result the disbursements were over budget. The expenditures exceeded the budget only because of the fact that we collected more and paid out more. In FY 2005 Finance staff will monitor the collections to ensure the budget is amended to reflect that the projected collections agree to the budgeted collections and disbursements.
4. The Law Department FY 2004 expenditures exceeded the budget by \$158,318. These expenditures exceeded the budget because of an increase in legal fees.
5. The Solicitor General expenditures exceeded the budget by \$50,329 because of salaries.
6. The Phinzy Road Jail expenditures exceeded the budget by \$161,300 due to increase in inmates medical services.
7. There are some other departments where the expenditures exceeded the budget because of indirect cost allocations, workers compensation and employee health insurance expenditures were higher than budgeted expenditures. The Finance Department is closely monitoring these expenditures in 2005 to ensure that the FY 2005 expenditures do not exceed the budget.
8. Overall, the General Fund expenditures for 2004 were under budget by \$1,131,240.

The Finance Department will continue to monitor FY 2005 budget and expenditures and ensure that the appropriate budget amendments are done in 2005 to avoid the expenditures exceeding the budget. It may be necessary to amend the budget after December 31, 2005 if there are Departments that have expenditures exceeding the budget since we continue to recognize accruals for expenditures after December 31, 2005. In some cases these expenditures are mandated, however, the proper budget amendment to increase reserve or revenues and appropriations as necessary would be done.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2004

II. Findings and Questioned Costs for Major Federal Award Programs Audit

Finding 04-2

U.S. Department of Housing and Urban Development – CFDA 14.239 – HOME Investment Partnership Program

Criteria

OMB A-133 (.400(d)) states that a pass-through entity shall monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition noted

Insufficient resources were dedicated to sub-recipient monitoring.

Recommendation

We recommend that the HOME program of Augusta, Georgia implement the following controls:

- A. Review required sub-recipient reports and follow up on areas of concern.
- B. Perform site visits to sub-recipients to review financial and programmatic records and observe operations.
- C. Draft written policies which establish the following:
 - communication of Federal award requirements to sub-recipients;
 - responsibilities for monitoring sub-recipients;
 - process and procedures for monitoring;
 - methodology for resolving findings of sub-recipient noncompliance or weaknesses in internal control;
 - and requirements for and processing sub-recipient audits.
- D. All of these recommendations should be documented.

Views of responsible officials and planned corrective actions

The Finance Department concurs with these findings. The Housing and Economic Development Department is currently addressing these problems. Discussions are underway to hire a grant accountant to work with the Finance Department to develop written policies and procedures to ensure better accountability and management of these grant related funds.

Finding 04-3

U.S. Department of Housing and Urban Development - CFDA 14.246 – Neighborhood Initiative Grant

Criteria

The grant agreement states in Article IV that each recipient shall submit a progress report every six months after the effective date of the grant agreement. Progress reports shall include reports on both performance and financial progress and shall conform with 24 CFR 85.40 and 85.41 or 24 CFR Sections 84.50 through 84.53, as applicable.

Condition noted

No controls existed at year-end to meet the reporting requirements of the Neighborhood Initiative Grant; therefore, no reports were submitted to the awarding agency to track the progress of the grant.

Recommendation

We recommend that the Neighborhood Initiative Program of Augusta, Georgia implement the following controls:

- A. Draft written policies that establish responsibility and provide the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
- B. Setup a tracking system that reminds staff when reports are due.
- C. Setup supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2004

Views of responsible officials and planned corrective actions

The Finance Department concurs with these findings. The Housing and Economic Development Department is currently addressing these problems. Discussions are underway to hire a grant accountant to work with the Finance Department to develop written policies and procedures to ensure better accountability and management of these grant related funds.