

AUGUSTA, GEORGIA

Annual Financial Statements

For the Year Ended December 31, 2005

AUGUSTA, GEORGIA

Annual Financial Report Year Ended December 31, 2005

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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, 2005 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 or Downtown Development Authority. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Health and Downtown Development Authority, is based solely on the reports of the other auditors.

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.

In our opinion, based upon our audit and the report of other auditors, 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, 2005, 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 September 25, 2006 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, 2005, 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.

Chung, Beckett & Holland, LLP.

Augusta, Georgia
September 25, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion & Analysis

The Management's Discussion and Analysis of the Annual Financial Statements of Augusta, Georgia (the "Government") provides an overall narrative and analysis of the Government's financial statements for the fiscal year ended December 31, 2005. 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, 2005 are as follows:

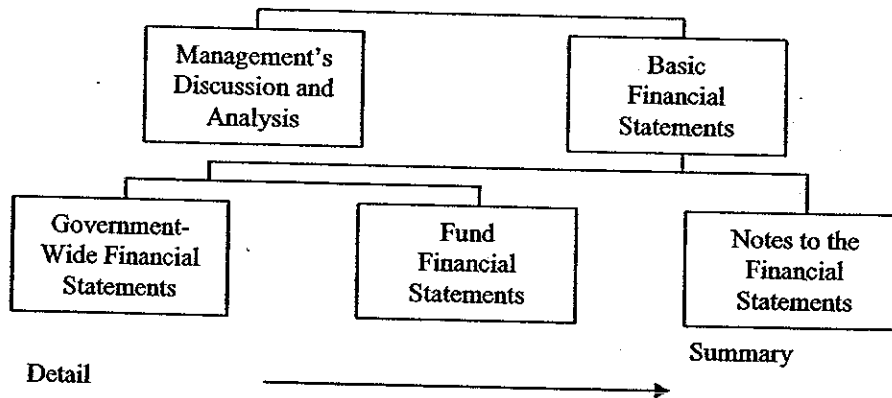
- The Government's combined net assets totaled \$641.3 million.
- The Government's total net assets increased by \$38.6 million, primarily due to capital spending funded by the Special Purpose Local Option Sales Tax revenues, federal aviation grants, and other tax revenues.
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$202.2 million, an increase of \$12.6 million from the prior year. Approximately 93% of this total amount, or \$188.4 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 \$23.2 million, or 22% of total General Fund expenditures for the fiscal year. Of this amount, \$7.2 million has been designated for other purposes, leaving \$16.0 million, or 66% of total General Fund fund balance, as undesignated.
- Combined Revenue totaled \$294.3 million, of which governmental activities totaled \$188.1 million and business-type activities totaled \$106.2 million. Current year revenues increased approximately 11% from those of the prior year.
- Overall expenses totaled \$255.7 million of which governmental activities totaled \$162.7 million and business-type activities totaled \$93.0 million. Current year expenses increased approximately 8% over those of the prior year.
- Expenses of governmental activities exceeded program revenue by \$125.4 million, resulting in the use of general revenues (mostly taxes).
- Total Outstanding Long-Term Debt, excluding compensated absences, increased approximately \$17.6 million mainly due to the issuance of \$19.6 million Airport Passenger Facility Charge and General 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 also component units for which the Government is fiscally responsible.

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, except for the allocation of internal service fund activity.

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, 2005 and 2004
Figure 2

	Governmental Activities 2005	Business-type Activities 2005	Total 2005	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Current and other assets	\$ 251,458,405	\$ 364,135,276	\$ 615,593,681	\$ 235,592,282	\$ 361,214,099	\$ 596,806,381
Capital assets	224,192,436	385,272,573	609,465,009	223,405,241	346,809,475	570,214,716
Total assets	<u>475,650,841</u>	<u>749,407,849</u>	<u>1,225,058,690</u>	<u>458,997,523</u>	<u>708,023,574</u>	<u>1,167,021,097</u>
Long-term liabilities	20,232,853	512,515,078	532,747,931	17,403,442	497,105,102	514,508,544
Other liabilities	29,837,750	21,148,121	50,985,871	31,877,636	17,929,148	49,806,784
Total liabilities	<u>50,070,603</u>	<u>533,663,199</u>	<u>583,733,802</u>	<u>49,281,078</u>	<u>515,034,250</u>	<u>564,315,328</u>
Net assets:						
Invested in capital assets, net of related debt	221,099,127	123,314,401	344,413,528	218,370,055	118,630,240	337,000,295
Restricted	163,891,687	15,481,771	179,373,458	135,934,662	15,214,050	151,148,712
Unrestricted	<u>40,589,424</u>	<u>76,948,478</u>	<u>117,537,902</u>	<u>55,411,728</u>	<u>59,145,034</u>	<u>114,556,762</u>
Total net	<u>\$ 425,580,238</u>	<u>\$ 215,744,650</u>	<u>\$ 641,324,888</u>	<u>\$ 409,716,445</u>	<u>\$ 192,989,324</u>	<u>\$ 602,705,769</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 \$641.3 million as of December 31, 2005.

The largest portion of the Government's net assets, \$344.4 million or 54%, 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, \$179.4 million or 28%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$117.5 million or 18%, 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 in the General Fund.
- Issuance of \$180 million revenue bonds retired with user fees.

The Government's Changes in Net Assets
For the Years Ended December 31, 2005 and 2004
Figure 3

	Governmental Activities 2005	Business-type Activities 2005	Total 2005	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Revenues:						
Program revenues:						
Charges for services	\$ 30,932,803	\$ 85,021,780	\$ 115,954,583	\$ 29,301,638	\$ 77,846,635	\$ 107,148,273
Operating grants and contributions	6,285,773	599,930	6,885,703	6,991,073	67,142	7,058,215
Capital grants and contributions	71,553	9,122,494	9,194,047	171,577	3,390,737	3,562,314
General revenues:						
Property taxes	41,706,778	-	41,706,778	41,963,947	-	41,963,947
Other taxes	99,778,156	-	99,778,156	95,609,158	-	95,609,158
Grants and contributions not restricted to specific programs	985,698	-	985,698	988,266	-	988,266
Unrestricted investment earnings	7,179,887	10,839,456	18,019,343	4,085,420	4,252,262	8,337,682
Gain on sale of assets	-	-	-	114,196	109,314	223,510
Miscellaneous	1,132,239	661,240	1,793,479	332,272	863,312	1,195,584
Total revenues	<u>188,072,887</u>	<u>106,244,900</u>	<u>294,317,787</u>	<u>179,557,547</u>	<u>86,529,402</u>	<u>266,086,949</u>
Expenses:						
General government	36,021,952	-	36,021,952	30,105,905	-	30,105,905
Judicial	14,153,022	-	14,153,022	13,652,452	-	13,652,452
Public safety	69,258,040	-	69,258,040	66,858,662	-	66,858,662
Public works	17,083,761	-	17,083,761	13,508,419	-	13,508,419
Health and welfare	2,296,497	-	2,296,497	3,948,666	-	3,948,666
Culture and recreation	16,810,542	-	16,810,542	16,724,492	-	16,724,492
Housing and development	6,915,284	-	6,915,284	7,218,695	-	7,218,695
Interest on long-term debt	120,177	-	120,177	329,684	-	329,684
Waste management	-	4,141,638	4,141,638	-	4,477,321	4,477,321
Water and sewer	-	59,260,707	59,260,707	-	50,139,547	50,139,547
Airports	-	12,525,408	12,525,408	-	12,112,350	12,112,350
Municipal golf course	-	664,908	664,908	-	651,068	651,068
Transit	-	4,560,558	4,560,558	-	4,271,215	4,271,215
Newman Tennis Center	-	322,711	322,711	-	339,925	339,925
Garbage Collection	-	11,316,057	11,316,057	-	11,283,548	11,283,548
Riverwalk	-	247,406	247,406	-	248,478	248,478
Total expenses	<u>162,659,275</u>	<u>93,039,393</u>	<u>255,698,668</u>	<u>152,346,975</u>	<u>83,523,452</u>	<u>235,870,427</u>
Increase in assets before transfers	25,413,612	13,205,507	38,619,119	27,210,572	3,005,950	30,216,522
Transfers	<u>(9,549,819)</u>	<u>9,549,819</u>	<u>-</u>	<u>(4,629,440)</u>	<u>4,629,440</u>	<u>-</u>
Increase in net assets	15,863,793	22,755,326	38,619,119	22,581,132	7,635,390	30,216,522
Net asset, January 1	<u>409,716,445</u>	<u>192,989,324</u>	<u>602,705,769</u>	<u>387,135,313</u>	<u>185,353,934</u>	<u>572,489,247</u>
Net assets, December 31	<u>\$ 425,580,238</u>	<u>\$ 215,744,650</u>	<u>\$ 641,324,888</u>	<u>\$ 409,716,445</u>	<u>\$ 192,989,324</u>	<u>\$ 602,705,769</u>

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

Changes in Net Assets

Governmental activities. Governmental activities increased the Government's net assets by \$15.9 million, and thereby accounting for 41% 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 75% in 2005, compared to 76% in 2004. Sales tax revenues contributed approximately \$67.5 million to the increase in net assets.

Governmental Functional Expenses: As reflected in the summary of changes in Net Assets, the Government expended 48% 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 52%.

Business-type activities: Business-type activities increased the Government's net assets by approximately \$22.8 million accounting for 59% 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 \$6.8 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 2005.
- The Augusta Regional Airport Fund reported an increase in net assets \$8.8 million. This increase was largely due to intergovernmental revenue received for capital spending.
- Transit Authority net assets increase of \$3.8 million, primarily due to transfers in from the General Fund.

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 \$202.2 million, of which \$161.6 million, or 80%, 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 \$24.1 million, of which \$16.0 million, or 66%, 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, 2005, total unreserved fund balance, both undesignated and designated, represents 22% of total general fund expenditures.

The fund balance of the General Fund decreased \$5.9 million (20%). Key factors to this decrease was the use of fund balance totaling \$3 million to balance the FY 2005 General Fund Budget, and transfers of \$4.2 million to fund other funds operating deficits.

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 revenues/other financing sources by \$2.5 million or 3%.

The actual operating revenues for the General Fund were less than the budgeted amount by (\$2.1 million), or 2%. The individual sources within the revenues fluctuated both positively and negatively. No individual source materially varied from the final budget. In order to balance revenues with expenditures, the Government budgeted as a revenue \$3 million of fund balance to be used for various expenditures.

As a result of sound budget management by all departments of the Government, actual operating expenditures were less than the budgeted amount by \$32 thousand. For the year, actual revenue and other financing sources were under actual expenditures and other financing uses by \$5.9 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. Major funds included in the fund financial statements are the SPLOST Fund Phase III and SPLOST Fund Phase IV. The proceeds of the special purpose 1% sales tax are accounted for in Capital Projects Funds until improvement projects are completed. The SPLOST Fund Phase III fund balance is \$47.4 million, and the SPLOST Fund Phase IV's fund balance is \$101.4 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, \$65.8 million; Augusta Regional Airport, \$5.8 million; Nonmajor Enterprise funds, \$5.4 million. The total growth (reduction) in net assets for previously mentioned funds were \$3.8 million; \$8 million and \$10.1 million, 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, 2005 amounts to \$609.5 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 included construction of infrastructure, buildings, acquisition of public safety vehicles, construction of water and sewerage systems, and construction of a new airport terminal and building.

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, 2005

Figure 4

	Governmental Activities	Business-type Activities	Total
Land	\$ 20,075,644	\$ 14,905,988	\$ 34,981,632
Buildings	54,079,136	20,527,055	74,606,191
Improvements other than buildings	10,232,061	2,544,881	12,776,942
Water and sewerage systems	-	189,414,576	189,414,576
Infrastructure	63,875,574	10,912,260	74,787,834
Vehicles, machinery and equipment	14,892,653	8,330,732	23,223,385
Richmond County Public Facilities	2,109,247	-	2,109,247
Construction in progress	58,928,121	138,637,081	197,565,202
Total	<u>\$ 224,192,436</u>	<u>\$ 385,272,573</u>	<u>\$ 609,465,009</u>

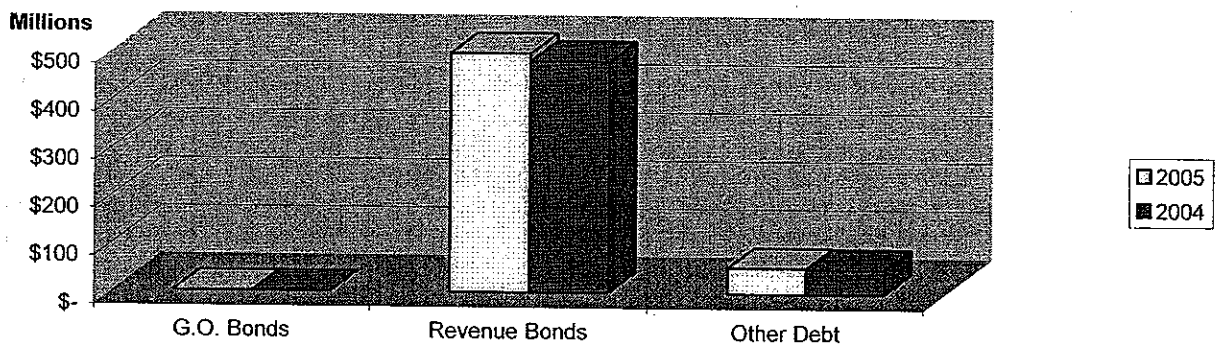
Long-Term Debt

As of December 31, 2005, the Government had a total of \$548.3 million in outstanding long-term debt. Of this amount, \$465.5 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, 2005

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds	262,909	362,804	495,331,828	479,447,271	495,594,737	479,810,075
Other debt	29,459,380	27,544,455	23,226,675	23,314,102	52,686,055	50,858,557
Total debt	<u>\$ 29,722,289</u>	<u>\$ 27,907,259</u>	<u>\$ 518,558,503</u>	<u>\$ 502,761,373</u>	<u>\$ 548,280,792</u>	<u>\$ 530,668,632</u>



The Government has maintained a bond rating of A+ from Standard & Poor's Rating Group and an A1 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 \$430 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 7.1%, slightly higher than the state average of 5.3%.
- The ad valorem tax rate is expected to increase in 2006 by 1.09 mills in the General Fund and 0.5 mills for fire protection..

Budget Highlights for the Fiscal Year Ending December 31, 2006

Governmental Activities: The Ad Valorem Taxes are projected to increase from the 2005 level. The 2006 tax digest has shown a slight increase of less than 2%. Other taxes are expected to increase between 7% and 8% with an expected 10% increase in sales tax revenues. The FY 2006 budget for the general fund is expected to be slightly above the 2005 level due to the full year impact of the 4% cola in 2005. The general economic climate for the city government of 2006 is expected to be stable with an estimated to 20% of fund balance appropriated for budgeted expenditures. As additional savings and increased revenue sources are identified, the Government could modify its estimate to 3% of fund balance appropriated for budget expenditures. The undesignated fund balance should remain at 20% in reserves.

Business – type Activities: Overall Water and Sewer revenue is projected to increase of more than 15% due to the increased rates and usage. Airport revenue is projected to increase based on the 2005 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. Questions concerning any of the information found in this report relating to Augusta Canal Authority should be directed to Augusta Canal Authority, 1450 Greene Street, Suite 400, Augusta, Georgia 30903. Questions concerning any of the information found in this report relating to Downtown Development Authority should be directed to Downtown Development Authority, 111 Tenth Street, Augusta, Georgia 30901.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Augusta, Georgia
Statement of Net Assets
December 31, 2005

	Primary Government			Component Units		
	Governmental Activities	Business Type Activities	Primary Government Total	Department of Health	Augusta Canal Authority	Downtown Development Authority
Assets						
Cash and temporary investments	\$ 198,454,285	\$ 80,124,963	\$ 278,579,248	\$ 1,113,902	\$460,610	\$ 212,563
Receivables (net of allowance for doubtful accounts)						
Taxes	7,473,431	-	7,473,431	-	-	-
Accounts	13,012,557	9,646,383	22,658,940	288,903	59,377	-
Interest	155,366	1,019,412	1,174,778	-	-	-
Notes	5,747,610	500,000	6,247,610	-	-	-
Intergovernmental	-	2,443,907	2,443,907	1,063,497	89,514	-
Prepaid expenses	335,380	-	335,380	-	21,961	-
Inventory	97,709	2,421,017	2,518,726	-	28,127	-
Noncurrent note receivable	-	500,000	500,000	-	-	-
Restricted cash and investments	14,335,475	258,493,927	272,829,402	-	1,757,574	370,000
Due from fiduciary funds	304,648	-	304,648	-	-	-
Internal balances	11,285,224	(11,285,224)	-	-	-	-
Capital assets						
Land and construction in progress	79,003,765	153,543,071	232,546,836	1,437,797	8,333,459	-
Other capital assets, net of accumulated depreciation	145,188,671	231,729,502	376,918,173	5,733,119	4,412,155	3,982,409
Other assets	256,720	20,270,891	20,527,611	-	-	105,501
Total assets	<u>475,650,841</u>	<u>749,407,849</u>	<u>1,225,058,690</u>	<u>9,637,218</u>	<u>15,162,777</u>	<u>4,670,473</u>
Liabilities						
Accounts payable	4,208,620	7,166,848	11,375,468	1,303,313	349,701	22,038
Accrued interest	26,194	4,773,199	4,799,393	-	109,787	-
Accrued salaries and vacation	3,794,709	636,622	4,431,331	117,533	12,848	-
Other accrued liabilities	1,635,252	2,525,488	4,160,740	33,754	-	159,373
Unearned revenue	10,683,539	2,539	10,686,078	-	224,843	-
Liabilities due in less than one year	9,489,436	6,043,425	15,532,861	-	377,077	550,000
Liabilities due in greater than one year	20,232,853	512,515,078	532,747,931	968,461	8,360,000	2,375,000
Total liabilities	<u>50,070,603</u>	<u>533,663,199</u>	<u>583,733,802</u>	<u>2,423,061</u>	<u>9,434,256</u>	<u>3,106,411</u>
Net assets						
Invested in capital assets net of related debt	221,099,127	123,314,401	344,413,528	6,643,856	4,958,265	1,162,910
Restricted for:						
Capital projects	163,553,062	9,041,706	172,594,768	-	489,321	-
Debt service	-	6,440,065	6,440,065	-	-	-
Perpetual care	338,625	-	338,625	-	-	-
Health and welfare	-	-	-	894,488	-	-
Unrestricted	40,589,424	76,948,478	117,537,902	(324,187)	280,935	401,152
Total net assets	<u>\$ 425,580,238</u>	<u>\$ 215,744,650</u>	<u>\$ 641,324,888</u>	<u>\$ 7,214,157</u>	<u>\$ 5,728,521</u>	<u>\$ 1,564,062</u>

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

Augusta, Georgia
Statement of Activities
Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 36,021,952	\$ 13,561,819	\$ 129,228	\$ -
Judicial	14,153,022	8,515,016	215,125	-
Public safety	69,258,040	6,431,075	759,840	45,736
Public works	17,083,761	1,328,376	-	9,994
Health and welfare	2,296,497	124,224	188,563	-
Culture and recreation	16,810,542	972,293	1,503,773	-
Housing and development	6,915,284	-	3,489,244	15,823
Interest on long-term debt	120,177	-	-	-
Total governmental activities	<u>162,659,275</u>	<u>30,932,803</u>	<u>6,285,773</u>	<u>71,553</u>
Business-type activities:				
Waste management	4,141,638	10,221,579	-	-
Water and sewer	59,260,707	53,775,266	-	-
Airports	12,525,408	12,414,781	63,672	7,587,152
Municipal golf course	664,908	508,252	-	-
Transit	4,560,558	703,356	525,409	1,535,342
Newman Tennis Center	322,711	200,434	10,849	-
Garbage Collection	11,316,057	7,156,565	-	-
Riverwalk	247,406	41,547	-	-
Total business-type activities	<u>93,039,393</u>	<u>85,021,780</u>	<u>599,930</u>	<u>9,122,494</u>
Total primary government	<u>\$ 255,698,668</u>	<u>\$ 115,954,583</u>	<u>\$ 6,885,703</u>	<u>\$ 9,194,047</u>
Component units:				
Richmond County Department of Health	\$ 15,407,544	\$ 2,721,767	\$ 10,982,576	\$ -
Augusta Canal Authority	1,080,339	567,925	758,740	173,693
Downtown Development Authority	404,961	1,951	118,477	700,709
Total component units	<u>\$ 16,892,844</u>	<u>\$ 3,291,643</u>	<u>\$ 11,859,793</u>	<u>\$ 874,402</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Unrestricted governmental revenues				
Revenues from use of money and property				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as restated for changes in component unit status				
Prior period adjustments				
Net assets - beginning, as restated				
Net assets - ending				

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

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Department of Health	Augusta Canal Authority	Downtown Development Authority
\$ (22,330,905)	\$ -	\$ (22,330,905)	\$ -	\$ -	\$ -
(5,422,881)	-	(5,422,881)	-	-	-
(62,021,389)	-	(62,021,389)	-	-	-
(15,745,391)	-	(15,745,391)	-	-	-
(1,983,710)	-	(1,983,710)	-	-	-
(14,334,476)	-	(14,334,476)	-	-	-
(3,410,217)	-	(3,410,217)	-	-	-
(120,177)	-	(120,177)	-	-	-
(125,369,146)	-	(125,369,146)	-	-	-
-	6,079,941	6,079,941	-	-	-
-	(5,485,441)	(5,485,441)	-	-	-
-	7,540,197	7,540,197	-	-	-
-	(156,656)	(156,656)	-	-	-
-	(1,796,451)	(1,796,451)	-	-	-
-	(111,428)	(111,428)	-	-	-
-	(4,159,492)	(4,159,492)	-	-	-
-	(205,859)	(205,859)	-	-	-
-	1,704,811	1,704,811	-	-	-
(125,369,146)	1,704,811	(123,664,335)	-	-	-
-	-	-	(1,703,201)	-	-
-	-	-	-	420,019	-
-	-	-	-	-	416,176
-	-	-	(1,703,201)	420,019	416,176
41,706,778	-	41,706,778	-	-	-
67,545,453	-	67,545,453	-	-	-
15,236,933	-	15,236,933	-	-	-
16,995,770	-	16,995,770	-	-	-
985,698	-	985,698	1,372,634	52,495	-
7,179,887	10,839,456	18,019,343	22,167	-	5,532
1,132,239	661,240	1,793,479	-	81,667	-
(9,549,819)	9,549,819	-	-	-	-
141,232,939	21,050,515	162,283,454	1,394,801	134,162	5,532
15,863,793	22,755,326	38,619,119	(308,400)	554,181	421,708
409,716,445	192,989,324	602,705,769	7,442,768	5,174,340	1,142,354
-	-	-	79,789	-	-
409,716,445	192,989,324	602,705,769	7,522,557	5,174,340	1,142,354
\$ 425,580,238	\$ 215,744,650	\$ 641,324,888	\$ 7,214,157	\$ 5,728,521	\$ 1,564,062

FUND FINANCIAL STATEMENTS

Augusta, Georgia
Balance Sheet
Governmental Funds
December 31, 2005

	General	Fire Protection	Special Sales Tax Phase III
Assets			
Cash and temporary investments	\$ 11,067,867	\$ 13,053,613	\$ 47,636,731
Receivables (net of allowance for doubtful accounts)			
Taxes	4,328,956	561,397	-
Accounts	5,217,317	34,380	-
Interest	-	-	72,373
Note	100,000	-	-
Intergovernmental	-	-	-
Prepaid items	335,380	-	-
Inventory	97,709	-	-
Restricted assets			
Reserve account	-	-	-
Perpetual care	-	-	-
Due from other funds	13,526,642	-	-
Total assets	\$ 34,673,871	\$ 13,649,390	\$ 47,709,104
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,932,549	\$ 137,984	\$ 263,141
Due to other funds	-	-	-
Accrued salaries and vacation	2,803,150	690,029	-
Other accrued liabilities	1,599,904	17,840	-
Deferred revenue	4,191,341	10,340,335	-
Total liabilities	10,526,944	11,186,188	263,141
Fund balances:			
Reserved for:			
Encumbrances	451,939	386,247	2,911,165
Project Maintenance	-	-	-
Debt service	-	-	-
Special purposes	106,447	-	-
Inventory/prepaid items	433,089	-	-
Unreserved - designated for:			
Operations	2,500,000	-	-
Risk benefit	4,705,061	250,000	-
Unreserved - undesignated	15,950,391	1,826,955	44,534,798
Unreserved, reported in nonmajor:			
Special revenue	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Permanent	-	-	-
Total fund balances	24,146,927	2,463,202	47,445,963
Total liabilities and fund balances	\$ 34,673,871	\$ 13,649,390	\$ 47,709,104

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

Special Sales Tax Phase IV	Other Governmental Funds	Total Governmental Funds
\$ 99,301,626	\$ 25,922,077	\$ 196,981,914
-	2,583,078	7,473,431
2,777,787	1,783,992	9,813,476
-	82,993	155,366
-	5,647,610	5,747,610
-	-	-
-	-	335,380
-	-	97,709
-	12	12
-	338,625	338,625
-	-	13,526,642
<u>\$ 102,079,413</u>	<u>\$ 36,358,387</u>	<u>\$ 234,470,165</u>

\$ 598,999	\$ 751,547	\$ 3,684,220
-	893,944	893,944
57,680	198,545	3,749,404
-	17,508	1,635,252
-	7,824,849	22,356,525
<u>656,679</u>	<u>9,686,393</u>	<u>32,319,345</u>

2,158,912	1,712,971	7,621,234
-	5,596,460	5,596,460
-	-	-
-	-	106,447
-	-	433,089
-	-	2,500,000
-	-	4,955,061
99,263,822	-	161,575,966

-	9,811,688	9,811,688
-	1,006,180	1,006,180
-	8,046,137	8,046,137
-	498,558	498,558
<u>101,422,734</u>	<u>26,671,994</u>	<u>202,150,820</u>
<u>\$ 102,079,413</u>	<u>\$ 36,358,387</u>	<u>\$ 234,470,165</u>

Augusta, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
December 31, 2005

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

Ending fund balance - governmental funds \$ 202,150,820

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

Historical cost of capital assets	310,945,906
Accumulated depreciation	<u>(86,753,470)</u>
	224,192,436

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

Adjustment of deferred revenue	6,139,718
Long-term notes receivable	3,033,268
Annual pension asset (liability)	<u>256,720</u>
	9,429,706

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.

Net assets of internal service funds	1,362,554
Less: cumulative amounts allocated to business-type activities	35,326
Less: capital assets included in adjustment for capital assets	<u>(466,968)</u>
	930,912

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	(262,909)
Compensated absences	(4,004,329)
Capital leases	(2,785,347)
Claims and judgements	(4,044,857)
Accrued interest	<u>(26,194)</u>
	(11,123,636)

Net assets of governmental activities \$ 425,580,238

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, 2005**

	General	Fire Protection	Special Sales Tax Phase III
Revenues			
Taxes - property	\$ 27,457,756	\$ 3,424,774	\$ -
Taxes - other than property	44,234,000	9,086,046	-
Licenses and permits	1,538,827	249	-
Use of money and property	1,855,418	290,067	1,544,690
Charges for current services	14,672,206	56,398	500
Fines and forfeitures	6,050,426	-	-
Intergovernmental	1,865,348	275,027	342,219
Contributions and donations	12,926	1,500	-
Other	289,520	-	-
Total revenues	97,976,427	13,134,061	1,887,409
Expenditures			
Current:			
General government	22,620,588	802,038	78,660
Judicial	12,721,089	-	-
Public safety	46,324,969	17,556,062	-
Public works	6,640,384	-	986,749
Health and welfare	2,419,736	-	-
Culture and recreation	11,594,363	-	231,866
Housing and development	1,688,616	-	-
Capital outlay	-	440,914	701,413
Debt service	117,279	11,130	-
Total expenditures	104,127,024	18,810,144	1,998,688
Excess (deficiency) of revenues over (under) expenditures	(6,150,597)	(5,676,083)	(111,279)
Other financing sources (uses)			
Transfers in	2,517,790	5,882,562	568,467
Transfers (out)	(4,221,551)	-	(10,000)
Capital lease proceeds	1,982,314	-	-
Proceeds from Section 108 loan	-	-	-
Total other financing sources (uses)	278,553	5,882,562	558,467
Net change in fund balances	(5,872,044)	206,479	447,188
Fund balance - beginning	30,018,971	2,256,723	46,998,775
Fund balance - ending	\$ 24,146,927	\$ 2,463,202	\$ 47,445,963

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

Special Sales Tax Phase IV	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 9,653,272	\$ 40,535,802
33,947,169	12,510,941	99,778,156
-	3,076,145	4,615,221
2,707,983	761,252	7,159,410
1,200	5,154,417	19,884,721
-	621,091	6,671,517
287,907	4,555,884	7,326,385
-	2,213	16,639
-	666,847	956,367
36,944,259	37,002,062	186,944,218
268,960	2,987,010	26,757,256
-	366,817	13,087,906
214,223	3,782,621	67,877,875
2,473,433	3,683,828	13,784,394
1,091,018	-	3,510,754
479,790	4,032,280	16,338,299
-	7,741,307	9,429,923
11,289,623	3,282,685	15,714,635
-	2,675,073	2,803,482
15,817,047	28,551,621	169,304,524
21,127,212	8,450,441	17,639,694
863,000	583,551	10,415,370
(581,978)	(15,165,171)	(19,978,700)
-	-	1,982,314
-	2,500,000	2,500,000
281,022	(12,081,620)	(5,081,016)
21,408,234	(3,631,179)	12,558,678
80,014,500	30,303,173	189,592,142
\$ 101,422,734	\$ 26,671,994	\$ 202,150,820

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, 2005

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

Net change in fund balances - total governmental funds \$ 12,558,678

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.

Capital outlay	15,540,864
Depreciation expense	<u>(14,863,418)</u>

677,446

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

1,170,976

The change in the net pension obligation or asset does not affect current financial resources and are not reported as a revenue or expense in the funds.

42,227

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.

142,345

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	1,490,000
Notes payable	1,301,484
Compensated absences	(207,862)
Capital leases	(1,982,313)
Claims and judgements	173,900
Accrued interest	<u>14,575</u>
	789,784

The net revenue of certain activities of the internal service fund is reported with governmental activities.

482,337

Change in net assets of governmental activities

\$ 15,863,793

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, 2005
With comparative amounts for December 31, 2004

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2004 Actual
	Original	Final		Positive (Negative)	
Taxes - property	\$ 27,155,050	\$ 27,527,310	\$ 27,457,756	\$ (69,554)	\$ 27,839,963
Taxes - other than property	43,487,080	43,666,080	44,234,000	567,920	43,070,088
Licenses and permits	1,466,160	1,466,160	1,538,827	72,667	1,369,873
Use of money and property	1,486,880	1,476,880	1,855,418	378,538	1,760,672
Charges for current services	15,059,813	15,905,393	14,672,206	(1,233,187)	14,690,091
Fines and forfeitures	6,900,200	6,939,710	6,050,426	(889,284)	6,274,563
Intergovernmental	1,987,480	3,112,428	1,865,348	(1,247,080)	1,657,314
Contributions and donations	750	3,050	12,926	9,876	-
Other	8,600	8,600	289,520	280,920	6,119
Total revenues	97,552,013	100,105,611	97,976,427	(2,129,184)	96,668,683
Expenditures					
Current:					
General government	23,225,399	19,419,551	22,620,588	(3,201,037)	23,044,294
Judicial	14,008,664	13,782,821	12,721,089	1,061,732	11,732,034
Public safety	47,156,230	47,317,847	46,324,969	992,878	46,233,744
Public works	7,504,670	7,062,864	6,640,384	422,480	6,060,077
Health and welfare	2,231,520	2,589,148	2,419,736	169,412	2,192,748
Culture and recreation	12,381,740	11,737,850	11,594,363	143,487	11,490,460
Housing and development	1,906,168	2,131,794	1,688,616	443,178	1,572,958
Debt service	117,290	117,290	117,279	11	117,278
Total expenditures	108,531,681	104,159,165	104,127,024	32,141	102,443,593
Excess (deficiency) of revenues over (under) expenditures	(10,979,668)	(4,053,554)	(6,150,597)	(2,097,043)	(5,774,910)
Other financing sources (uses)					
Transfers in	3,127,790	6,122,104	2,517,790	(3,604,314)	2,627,790
Transfers (out)	(1,525,630)	(2,068,550)	(4,221,551)	(2,153,001)	(515,630)
Capital lease proceeds		-	1,982,314	1,982,314	1,520,927
Total other financing sources (uses)	1,602,160	4,053,554	278,553	(3,775,001)	3,633,087
Net change in fund balances	\$ (9,377,508)	\$ -	(5,872,044)	\$ (5,872,044)	(2,141,823)
Fund balance - beginning			30,018,971		32,160,794
Fund balance - ending			\$ 24,146,927		\$ 30,018,971

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, 2005
With comparative amounts for December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2004 Actual
	Original	Final		Positive (Negative)	
Revenues					
Taxes - property	\$ 3,449,460	\$ 3,505,670	\$ 3,424,774	\$ (80,896)	\$ 3,519,665
Taxes - other than property	8,593,680	9,086,046	9,086,046	-	8,384,070
Licenses and permits	-	-	249	249	-
Use of money and property	60,700	60,700	290,067	229,367	155,945
Charges for current services	45,700	45,700	56,398	10,698	15,650
Intergovernmental	-	864,582	275,027	(589,555)	326,727
Contributions and donations	-	-	1,500	1,500	2,500
Other	-	-	-	-	2,000
Total revenues	<u>12,149,540</u>	<u>13,562,698</u>	<u>13,134,061</u>	<u>(428,637)</u>	<u>12,406,557</u>
Expenditures					
Current:					
General government	668,590	710,380	802,038	(91,658)	1,250,879
Public safety	17,193,505	18,305,745	17,556,062	749,683	16,495,007
Capital outlay	343,015	861,009	440,914	420,095	233,221
Debt service	-	11,130	11,130	-	-
Total expenditures	<u>18,205,110</u>	<u>19,888,264</u>	<u>18,810,144</u>	<u>1,078,120</u>	<u>17,979,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,055,570)</u>	<u>(6,325,566)</u>	<u>(5,676,083)</u>	<u>649,483</u>	<u>(5,572,550)</u>
Other financing sources (uses)					
Transfers in	6,066,700	6,325,566	5,882,562	(443,004)	6,066,700
Capital lease proceeds	-	-	-	-	31,802
Total other financing sources (uses)	<u>6,066,700</u>	<u>6,325,566</u>	<u>5,882,562</u>	<u>(443,004)</u>	<u>6,098,502</u>
Net change in fund balances	<u>\$ 11,130</u>	<u>\$ -</u>	<u>206,479</u>	<u>\$ 206,479</u>	<u>525,952</u>
Fund balance - beginning			<u>2,256,723</u>		<u>1,730,771</u>
Fund balance - ending			<u>\$ 2,463,202</u>		<u>\$ 2,256,723</u>

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

Augusta, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Enterprise Funds				Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Assets					
Current assets					
Cash and temporary investments	\$ 55,358,604	\$ 4,605,215	\$ 20,161,144	\$ 80,124,963	\$ 1,472,371
Receivables (net of allowance for doubtful accounts)					
Accounts	7,328,593	432,711	1,885,079	9,646,383	3,199,081
Interest	1,011,426	-	7,986	1,019,412	-
Note receivable	500,000	-	-	500,000	-
Intergovernmental	-	2,224,494	219,413	2,443,907	-
Inventory	1,893,005	303,814	224,198	2,421,017	-
Total current assets	66,091,628	7,566,234	22,497,820	96,155,682	4,671,452
Noncurrent assets					
Restricted cash and investments	222,494,427	28,641,500	7,358,000	258,493,927	13,996,838
Note receivable	500,000	-	-	500,000	-
Deferred bond issuance costs	6,892,730	1,068,973	299,153	8,260,856	-
Prepaid bond interest	12,010,035	-	-	12,010,035	-
Capital assets, net	335,435,541	34,646,634	15,190,398	385,272,573	466,968
Total noncurrent assets	577,332,733	64,357,107	22,847,551	664,537,391	14,463,806
Total assets	643,424,361	71,923,341	45,345,371	760,693,073	19,135,258
Liabilities					
Current liabilities					
Accounts payable	4,203,119	2,124,120	839,609	7,166,848	524,400
Accrued interest	4,773,199	-	-	4,773,199	-
Due to other funds	7,675,040	408,504	3,166,354	11,249,898	1,078,152
Accrued salaries and vacation	781,493	290,269	319,977	1,391,739	45,305
Other accrued liabilities	2,245,487	-	280,001	2,525,488	-
Deferred revenue	-	-	2,539	2,539	-
Current portion of notes payable	533,548	-	-	533,548	-
Current portion of leases payable	176,164	-	303,596	479,760	45,323
Current portion of revenue bonds payable	2,785,000	-	1,490,000	4,275,000	-
Total current liabilities	23,173,050	2,822,893	6,402,076	32,398,019	1,693,180
Noncurrent liabilities					
Closure/postclosure accrual	-	-	12,830,455	12,830,455	-
Revenue bonds payable	462,723,113	19,605,000	8,728,715	491,056,828	16,079,524
Notes payable	7,732,168	-	-	7,732,168	-
Capital leases	105,877	-	789,750	895,627	-
Total noncurrent liabilities	470,561,158	19,605,000	22,348,920	512,515,078	16,079,524
Total liabilities	493,734,208	22,427,893	28,750,996	544,913,097	17,772,704
Net assets					
Invested in capital assets, net of related debt	77,434,033	34,646,634	11,233,734	123,314,401	421,645
Restricted	6,440,065	9,036,500	5,206	15,481,771	-
Unrestricted	65,816,055	5,812,314	5,355,435	76,983,804	940,909
Total net assets	\$ 149,690,153	\$ 49,495,448	\$ 16,594,375	\$ 215,779,976	\$ 1,362,554

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)
Certain internal fund expenses are allocated to business-type activities.	70,761
Total net assets for business-type activities	\$ 215,744,650

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, 2005

	Enterprise Funds				Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Operating revenues					
Charges and fees	\$ 53,840,346	\$ 12,345,544	\$ 18,912,022	\$ 85,097,912	\$ 27,013,372
Total operating revenues	53,840,346	12,345,544	18,912,022	85,097,912	27,013,372
Operating expenses					
Personal services and employee benefits	9,483,701	3,290,472	3,688,419	16,462,592	413,568
Purchased/contracted services	7,929,818	1,051,623	11,870,357	20,851,798	519,351
Supplies	4,785,013	5,967,017	1,844,815	12,596,845	206,234
Repairs and maintenance	3,279,013	212,944	525,021	4,016,978	3,974,031
Interfund/interdepartmental charges	1,592,666	269,435	1,058,922	2,921,023	-
Other costs	-	-	360,530	360,530	77,492
Depreciation	10,100,865	1,509,886	898,698	12,509,449	124,677
Closure/postclosure accrual	-	-	570,921	570,921	-
Lease expense	-	-	-	-	2,112,491
Risk benefit charges	-	-	-	-	815,175
Insurance	-	-	-	-	18,350,593
Refunds (T&A)	-	-	-	-	737
Total operating expenses	37,171,076	12,301,377	20,817,683	70,290,136	26,594,349
Operating income (loss)	16,669,270	44,167	(1,905,661)	14,807,776	419,023
Nonoperating revenue (expense)					
Interest revenue	9,252,809	750,969	799,340	10,803,118	580,467
Sale of property	-	43,899	250	44,149	2,500
Other revenue	-	498,237	2,962	501,199	156,634
Intergovernmental	-	7,437,152	2,282,723	9,719,875	-
Interest expense	(22,116,688)	-	(624,683)	(22,741,371)	(619,037)
Total nonoperating revenue (expense)	(12,863,879)	8,730,257	2,460,592	(1,673,030)	120,564
Income (loss) before transfers	3,805,391	8,774,424	554,931	13,134,746	539,587
Transfers in	-	-	9,549,819	9,549,819	106,130
Transfers out	-	-	-	-	(92,619)
Change in net assets	3,805,391	8,774,424	10,104,750	22,684,565	553,098
Total net assets - beginning	145,884,762	40,721,024	6,489,625		809,456
Total net assets - ending	\$ 149,690,153	\$ 49,495,448	\$ 16,594,375		\$ 1,362,554

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

Certain internal fund expenses are allocated to business-type activities.

Total net assets for business-type activities

70,761
\$ 22,755,326

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, 2005

	Enterprise Funds				
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	Internal Service Funds
Operating activities					
Cash received from customers	\$ 53,260,202	\$ 12,622,668	\$ 18,971,486	\$ 84,854,356	\$ -
Cash received from contributions	-	-	-	-	26,540,026
Cash received as advances from General Fund	-	-	74,819	74,819	709,645
Cash paid to suppliers	(12,848,622)	(10,977,840)	(13,791,162)	(37,617,624)	(9,593,572)
Cash paid to employees	(9,453,968)	-	(3,709,637)	(13,163,605)	(16,900,717)
Cash paid for interfund services used	(1,695,905)	-	(4,390,478)	(6,086,383)	-
Net cash provided by (used in) operating activities	29,261,707	1,644,828	(2,844,972)	28,061,563	755,382
Noncapital financing activities					
Transfers in	-	-	9,549,819	9,549,819	106,130
Transfers out	-	-	-	-	(92,619)
Operating grants	-	-	1,874,175	1,874,175	-
Interest expense on operating capital	-	-	(240,769)	(240,769)	(53,692)
Other revenue	-	(97,531)	-	(97,531)	144,641
Net cash provided by noncapital financing activities	-	(97,531)	11,183,225	11,085,694	104,460
Capital and related financing activities					
Proceeds from grants	-	6,856,978	221,972	7,078,950	-
Proceeds from sale of property	-	43,899	-	43,899	2,500
Proceeds from capital leases	135,412	-	600,263	735,675	-
Interest on bond funds	8,104,056	-	-	8,104,056	-
Other miscellaneous income	-	595,768	3,212	598,980	11,993
Proceeds from bond issuance	-	19,605,000	-	19,605,000	-
Purchase of capital assets	(35,112,198)	(9,628,933)	(6,231,413)	(50,972,544)	(234,426)
Bond issuance costs paid	-	(882,252)	(1,445,000)	(2,327,252)	-
Interest paid on capital debt	(21,163,398)	-	(376,525)	(21,539,923)	(520,430)
Payments on capital leases	(777,517)	-	(535,683)	(1,313,200)	-
Collection of receivable	500,000	-	-	500,000	-
Principal paid on revenue bonds	(2,340,000)	-	-	(2,340,000)	-
Net cash provided (used) by capital and related financing activities	(50,653,645)	16,590,460	(7,763,174)	(41,826,359)	(740,363)
Investing activities					
Interest received	995,065	750,969	795,621	2,541,655	580,467
Net cash provided by investing activities	995,065	750,969	795,621	2,541,655	580,467
Net increase in cash and cash equivalents/investments	(20,396,873)	18,888,726	1,370,700	(137,447)	699,946
Cash and cash equivalents/investments					
Beginning of year	298,249,904	14,357,989	26,148,444	338,756,337	14,769,263
End of year	\$ 277,853,031	\$ 33,246,715	\$ 27,519,144	\$ 338,618,890	\$ 15,469,209

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, 2005

	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)	\$ 16,669,270	\$ 44,167	\$ (1,905,661)	\$ 14,807,776	\$ 419,023
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating					
activities:					
Depreciation and amortization	10,100,865	1,509,886	898,698	12,509,449	124,677
Closure/post closure costs	-	-	570,921	570,921	-
Change in assets and liabilities					
Accounts receivable	(580,144)	277,122	56,964	(246,058)	(93,584)
Inventory	(265,501)	(100,825)	15,850	(350,476)	-
Prepaid expenses	1,131	-	3,648	4,779	-
Accounts payable	1,282,361	(85,522)	(7,916)	1,188,923	(27,635)
Accrued salaries and vacation	29,733	-	(21,218)	8,515	3,018
Other accrued liabilities	-	-	76,015	76,015	-
Due to other funds	2,023,992	-	(2,372,529)	(348,537)	329,883
Unearned revenue	-	-	1,939	1,939	-
Decrease in closure liability	-	-	(161,683)	(161,683)	-
Total adjustments	12,592,437	1,600,661	(939,311)	13,253,787	336,359
Net cash provided by (used in)					
operating activities	\$ 29,261,707	\$ 1,644,828	\$ (2,844,972)	\$ 28,061,563	\$ 755,382

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

Augusta, Georgia
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar	Agency Funds
Assets			
Cash and cash equivalents	\$ 4,674,925	\$ 452	\$ 7,072,289
Investments			
U.S. Government securities	20,777,556	-	-
Corporate bonds	13,934,001	-	-
Equity securities	57,713,675	-	-
Receivables (net of allowance for doubtful accounts)			
Taxes	-	-	22,645,698
Interest	543,078	-	-
Restricted assets			
Perpetual care	-	5,000	-
Total assets	<u>97,643,235</u>	<u>5,452</u>	<u>\$ 29,717,987</u>
Liabilities			
Accounts payable	13,072	-	-
Due to others	-	-	7,072,289
Due to other funds	304,648	-	-
Uncollected taxes	-	-	22,645,698
Total liabilities	<u>317,720</u>	<u>-</u>	<u>\$ 29,717,987</u>
Net assets			
Held in trust for pension benefits and other purposes	<u>\$ 97,325,515</u>	<u>\$ 5,452</u>	
(See Schedules of Funding Progress)			

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, 2005

	Pension Trust Funds	Private-purpose Trust Fund Joseph R. Lamar
Additions		
Contributions - employer	\$ 2,487,271	\$ -
Contributions - plan member	1,113,413	-
Net investment income	7,663,758	306
Total additions	<u>11,264,442</u>	<u>306</u>
Deductions		
Other	-	175
Administration	548,922	-
Benefit payments	6,572,355	-
Refunds	243,307	-
Total deductions	<u>7,364,584</u>	<u>175</u>
Net increase in plan net assets	3,899,858	131
Total net assets - beginning	<u>93,425,657</u>	<u>5,321</u>
Total net assets - ending	<u>\$ 97,325,515</u>	<u>\$ 5,452</u>

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

Notes to Financial Statements

AUGUSTA, GEORGIA

Notes to Financial Statements

Year Ended December 31, 2005

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 1 - Summary of significant accounting policies (Continued)

Information for the Department of Health is presented for the year ended June 20, 2005, 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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.

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.

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, 2005

Note 1 - Summary of significant accounting policies (Continued)

Building Inspection Fund - This fund accounts for building inspection licensing and fees revenue and related expenditures.

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.

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.

Downtown Development Fund - This fund accounts for excise taxes collected on rental motor vehicles, and debt payments made and appropriations given to the Downtown Development Authority.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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 of 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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	\$ 19,419,551	\$ 22,620,588	\$ (3,201,037)
Fire Protection Fund			
General government	710,380	802,038	(91,658)
Nonmajor Governmental Funds			
Emergency Telephone System Fund			
General government	217,370	218,109	(739)
Promotion and Tourism Fund			
Culture and Recreation	3,795,550	3,936,228	(140,678)
Housing and Neighborhood Development Fund			
Housing and development	4,922,430	6,682,887	(1,760,457)
State Drug Fund			
Capital outlay	53,743	53,765	(22)
Weed and Seed Federal Grant Fund			
Capital outlay	-	8,925	(8,925)

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	
Downtown Development	\$ (159,634)
Nonmajor Enterprise Funds	
Garbage Collection	(2,606,365)
Internal Service Funds	
Fleet Operations	(6,139)
GMA Leases	(31,800)

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 – Detailed notes on all funds

A. Deposits and investments

Primary government

Deposits:

Custodial Credit Risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. At December 31, 2005 \$12,030,000 of the Government's \$422,870,000 bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

Investments:

In its investment of both public and pension trust funds, the County follows state statutes and adopted investment policies. As of December 31, 2005 the investments of the Government were:

Type of Investment	Fair Value	Maturities in Years		
		4-12 Months	1 – 5 Years	6 – 10 Years
U.S. Government securities	\$ 29,828,364	\$ 12,656,858	\$ 11,810,149	\$ 5,361,357
Corporate securities	13,934,000	4,048,343	8,095,015	1,790,642
		<u>\$ 16,705,201</u>	<u>\$ 19,905,164</u>	<u>\$ 7,151,999</u>
Equity securities	57,713,677			
Georgia Fund 1	122,432,635			
Georgia Extended Asset Pool	10,639,662			
Total investments	<u>\$ 234,548,338</u>			

The exposure of the Government's debt securities to credit quality risk is indicated below (as rated by Standard & Poor's):

Type of investment	Fair Value	AAA	AA	AA-	A+	A
U.S. Government securities	\$ 29,828,364	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate securities	13,934,000	2,004,946	1,405,586	1,475,303	3,979,063	5,069,103
	<u>\$ 43,762,364</u>	<u>\$ 2,004,946</u>	<u>\$ 1,405,586</u>	<u>\$ 1,475,303</u>	<u>\$ 3,979,063</u>	<u>\$ 5,069,103</u>

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. 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. As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

Deposit and investment transactions are subject to a variety of risks. The Government's adopted investment policies seek to promote the safety of principal, provide adequate liquidity for operation needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform with legal requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Government's investment policy states that the Government will structure its portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to their maturity. The policy also emphasizes the purchase of shorter term or more liquid investment. The policy does not place formal limits on investment maturities. The Georgia Fund 1 has an interest rate risk of 24 day weighted average maturity.

Credit Risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Government's investment policy seeks to minimize credit risk through diversification of investments within the choices allowed under state statutes. Investments in all corporate securities are limited to investment grade or higher as rated by a nationally recognized rating agency.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

All of the Government's investments in U.S. Government securities carry the explicit guarantee of the U.S. government. U.S. Agency securities underlie the repurchase agreements.

Foreign currency risk is the risk that exchange rates may effect the valuation of an investment. The Government has no foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The Government does not have a formally adopted policy for managing concentration of credit risk.

There are no limits on fixed income securities issued directly by the U.S. government or any agency thereof.

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

Basic financial statements:

Cash and temporary investments	\$ 278,579,248
Restricted cash and investments	272,829,402
Pension and agency funds	104,172,898
Total	<u>\$ 655,581,548</u>

Notes to the financial statements:

Cash on hand	\$ 26,880
Deposits	421,006,330
Investments	234,548,338
Total	<u>\$ 655,581,548</u>

Department of Health

At June 30, 2005, all of the Department of Health's deposits were either 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.

Augusta Canal Authority

As of December 31, 2005, the bank balance totaled \$237,909. Of the total bank balance, \$218,616 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$19,293 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.

As of December 31, 2005, the only investments of the Authority were repurchase agreements. The fair value of the agreements is \$1,991,431, which are included in cash and cash equivalents. U.S. Agency securities underlie the repurchase agreements.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

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

Receivables at December 31, 2005, 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	\$ 4,804,229	\$ 582,488	\$ -	\$ -	\$ -	\$ -	\$ 2,675,952	\$ -	\$ 8,062,669
Accounts	5,515,036	34,380	-	2,777,787	7,599,093	532,711	1,804,434	2,736,823	21,000,264
Interest	-	-	72,373	-	1,011,426	-	82,993	7,986	1,174,778
Note	100,000	-	-	-	500,000	-	5,746,483	-	6,346,483
Intergovernmental	-	-	-	-	-	2,224,494	-	219,413	2,443,907
Gross receivables	10,419,265	616,868	72,373	2,777,787	9,110,519	2,757,205	10,309,862	2,964,222	39,028,101
Less: allowance for uncollectibles	(772,992)	(21,091)	-	-	(270,500)	(100,000)	(212,189)	(851,744)	(2,228,516)
Net total receivables	\$ 9,646,273	\$ 595,777	\$ 72,373	\$ 2,777,787	\$ 8,840,019	\$ 2,657,205	\$ 10,097,673	\$ 2,112,478	\$ 36,799,585

	Total	Adjustments to Full Accrual	Total
Taxes	\$ 8,062,669	\$ -	\$ 8,062,669
Accounts	21,000,264	3,199,081	24,199,345
Interest	1,174,778	-	1,174,778
Note	6,346,483	-	6,346,483
Intergovernmental	2,443,907	-	2,443,907
Allowance	(2,228,516)	-	(2,228,516)
Net total receivables	\$ 36,799,585	\$ 3,199,081	\$ 39,998,666

Adjustments to full accrual relate to 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 \$22,645,698 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 \$543,078 in the pension trust fund.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

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.

C. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

	December 31, 2004	Additions	Disposals	December 31, 2005
Capital assets, not being depreciated				
Land	\$ 18,000,154	\$ 2,075,490	\$ -	\$ 20,075,644
Construction in process	95,808,999	18,095,523	54,976,401	58,928,121
Total capital assets not being depreciated	113,809,153	20,171,013	54,976,401	79,003,765
Other capital assets:				
Land and Site Improvements	7,579,918	29,406	127,025	7,482,299
Buildings	69,295,958	9,464,655	-	78,760,613
Building improvements	7,451,244	107,946	-	7,559,190
Vehicles	28,200,159	3,698,337	-	31,898,496
Machinery and equipment	7,772,172	1,016,020	-	8,788,192
IT - hardware	2,760,131	171,690	-	2,931,821
IT - software	1,939,579	831,528	-	2,771,107
Furniture and fixtures	1,247,266	71,224	-	1,318,490
Infrastructure	42,584,230	35,192,220	-	77,776,450
Richmond County Public Facilities	12,655,483	-	-	12,655,483
Total other capital assets	181,486,140	50,583,026	127,025	231,942,141
Less accumulated depreciation for:				
Land and site improvements	(1,740,069)	(507,046)	-	(2,247,115)
Buildings	(22,246,971)	(2,434,506)	-	(24,681,477)
Building improvements	(2,191,904)	(370,409)	-	(2,562,313)
Vehicles	(18,550,952)	(3,116,319)	-	(21,667,271)
Machinery and equipment	(5,272,154)	(445,345)	-	(5,717,499)
IT - hardware	(2,071,966)	(430,006)	-	(2,501,972)
IT - software	(1,307,634)	(498,694)	-	(1,806,328)
Furniture and fixtures	(1,093,397)	(28,986)	-	(1,122,383)
Infrastructure	(6,868,769)	(7,032,107)	-	(13,900,876)
Richmond County Public Facilities	(10,546,236)	-	-	(10,546,236)
Total accumulated depreciation	(71,890,052)	(14,863,418)	-	(86,753,470)
Other capital assets, net	109,596,088	35,719,608	127,025	145,188,671
Governmental activities capital assets, net	\$ 223,405,241	\$ 55,890,621	\$ 55,103,426	\$ 224,192,436

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 1,013,194
Judicial	1,325,861
Public safety	3,183,022
Public works	7,986,469
Health and welfare	76,414

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

Culture and recreation	\$ 1,251,735
Housing and development	<u>26,723</u>
	<u>\$ 14,863,418</u>

	Balance December 31, 2004	Additions	Disposals	Balance December 31, 2005
Water and Sewer				
Capital assets, not being depreciated:				
Land	\$ 7,227,407	\$ 365,464	\$ -	\$ 7,592,871
Construction in progress	<u>118,257,336</u>	<u>25,468,903</u>	<u>(23,059,410)</u> *	<u>120,666,829</u>
Total capital assets not being depreciated	<u>125,484,743</u>	<u>25,834,367</u>	<u>(23,059,410)</u>	<u>128,259,700</u>
Other capital assets:				
Buildings	39,026,157	-	-	39,026,157
Vehicles	5,317,519	340,200	-	5,657,719
Machinery and equipment	6,398,767	195,648	-	6,594,415
Furniture and fixtures	440,474	-	-	440,474
Other capital	2,139,997	133,265	-	2,273,262
Water and sewerage systems	253,055,021	31,668,128	-	284,723,149
Contributed water and sewerage systems	<u>10,563,423</u>	<u>-</u>	<u>-</u>	<u>10,563,423</u>
Total capital assets being depreciated	<u>316,941,358</u>	<u>32,337,241</u>	<u>-</u>	<u>349,278,599</u>
Less accumulated depreciation for:				
Buildings	(21,908,768)	(1,203,153)	-	(23,111,921)
Vehicles	(4,073,575)	(709,503)	-	(4,783,078)
Machinery and equipment	(5,196,169)	(432,756)	-	(5,628,925)
Furniture and fixtures	(427,209)	(6,367)	-	(433,576)
Other capital	(2,047,711)	(78,670)	-	(2,126,381)
Water and sewerage systems	(91,966,810)	(7,416,118)	-	(99,382,928)
Contributed water and sewerage systems	<u>(6,381,651)</u>	<u>(254,298)</u>	<u>-</u>	<u>(6,635,949)</u>
Total accumulated depreciation	<u>(132,001,893)</u>	<u>(10,100,865)</u>	<u>-</u>	<u>(142,102,758)</u>
Other capital assets being depreciated, net	<u>184,939,465</u>	<u>22,236,376</u>	<u>-</u>	<u>207,175,841</u>
Water and sewer capital assets, net	<u>\$ 310,424,208</u>	<u>\$ 48,070,743</u>	<u>\$ (23,059,410)</u>	<u>\$ 335,435,541</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, 2005

Note 3 - Detailed notes on all funds (Continued)

	Balance December 31, 2004	Additions	Disposals	Balance December 31, 2005
<u>Augusta Regional Airport</u>				
Capital assets not being depreciated:				
Land	\$ 4,684,256	\$ -	\$ -	\$ 4,684,256
Construction in progress	3,867,319	9,563,728	-	* 13,431,047
Total capital assets not being depreciated	<u>8,551,575</u>	<u>9,563,728</u>	<u>-</u>	<u>18,115,303</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	2,388,651	34,001	-	2,422,652
Machinery and equipment	2,132,187	-	-	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	31,200	-	21,338,950
Total capital assets being depreciated	<u>39,461,739</u>	<u>65,201</u>	<u>-</u>	<u>39,526,940</u>
Less accumulated depreciation for:				
Site improvements	(674,093)	(99,098)	-	(773,191)
Building improvements	(737,886)	(219,749)	-	(957,635)
Buildings	(6,554,578)	(222,000)	-	(6,776,578)
Vehicles	(1,675,097)	(133,426)	-	(1,808,523)
Machinery and equipment	(762,646)	(200,666)	-	(963,312)
Furniture and fixtures	(189,435)	(45,062)	-	(234,497)
Other capital	(166,144)	-	-	(166,144)
Information tech – hardware	(59,715)	(8,753)	-	(68,468)
Information tech – software	(20,558)	(5,666)	-	(26,224)
Infrastructure	(10,645,577)	(575,460)	-	(11,221,037)
Total capital assets being depreciated	<u>(21,485,729)</u>	<u>(1,509,880)</u>	<u>-</u>	<u>(22,995,609)</u>
Other capital assets being depreciated, net	<u>17,976,010</u>	<u>(1,444,679)</u>	<u>-</u>	<u>16,531,331</u>
Augusta Regional Airport capital assets, net	<u>\$ 26,527,585</u>	<u>\$ 8,119,049</u>	<u>\$ -</u>	<u>\$ 34,646,634</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 – Detailed notes on all funds (Continued)

	Balance December 31, 2004	Additions	Disposals	Balance December 31, 2005
Nonmajor enterprise funds				
Capital assets, not being depreciated				
Land	\$ 2,616,361	\$ 12,500	\$ -	\$ 2,628,861
Construction in process	578,099	3,961,106	-	4,539,205
Total capital assets not being depreciated	<u>3,194,460</u>	<u>3,973,606</u>	<u>-</u>	<u>7,168,066</u>
Other capital assets:				
Site and building improvements	1,729,712	233,051	-	1,962,763
Landfill Cell IIC	9,399,876	-	-	9,399,876
Buildings	3,212,244	14,835	-	3,227,079
Vehicles	5,079,437	1,023,665	-	6,103,102
Machinery and equipment	1,520,867	986,257	-	2,507,124
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>22,948,338</u>	<u>2,257,808</u>	<u>-</u>	<u>25,206,146</u>
Less accumulated depreciation for:				
Site and building improvements	(1,175,311)	(69,309)	-	(1,244,620)
Landfill Cell IIC	(9,399,876)	-	-	(9,399,876)
Buildings	(1,222,418)	(102,906)	-	(1,325,324)
Vehicles	(2,967,848)	(571,856)	-	(3,539,704)
Machinery and equipment	(375,024)	(98,555)	-	(473,579)
Furniture and fixtures	(1,898)	-	-	(1,898)
Infrastructure	(641,958)	(49,528)	-	(691,486)
IT – hardware	(57,432)	(6,544)	-	(63,976)
IT – software	(443,351)	-	-	(443,351)
Total accumulated depreciation	<u>(16,285,116)</u>	<u>(898,698)</u>	<u>-</u>	<u>(17,183,814)</u>
Other capital assets, net	<u>6,663,222</u>	<u>1,359,110</u>	<u>-</u>	<u>8,022,332</u>
Nonmajor enterprise funds, net	<u>9,857,682</u>	<u>5,332,716</u>	<u>-</u>	<u>15,190,398</u>
Business-type activities capital assets, net	<u>\$ 346,809,475</u>	<u>\$ 61,522,508</u>	<u>\$ (23,059,410)</u>	<u>\$ 385,272,573</u>

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

Waste management	\$ 187,155
Transit	604,686
Augusta regional airport	71,689
Municipal golf course	<u>35,168</u>
	<u>\$ 898,698</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005 was as follows:

	June 30, 2004	Additions	Disposals	June 30, 2005
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	148,657	53,681	-	202,338
Vehicles	151,261	31,373	31,880	150,754
	6,873,556	85,054	31,880	6,926,730
Less accumulated depreciation for:				
Buildings	(566,671)	(154,565)	-	(721,236)
Improvements	(287,864)	(29,758)	-	(317,622)
Equipment	(73,308)	(15,175)	-	(88,483)
Vehicles	(86,981)	(11,169)	31,880	(66,270)
Total accumulated depreciation	(1,014,824)	(210,667)	31,880	(1,193,611)
Other capital assets, net	5,858,732	(125,613)	-	5,733,119
Governmental activities capital assets, net	\$ 7,296,529	\$ (125,613)	\$ -	\$ 7,170,916

Augusta Canal Authority

Capital asset activity for the Augusta Canal Authority for the year ended December 31, 2005 was as follows:

	December 31, 2004	Additions	Deletions	December 31, 2005
Capital assets not being depreciated:				
Land	\$ 217,000	\$ -	\$ -	\$ 217,000
Construction in process	5,153,142	2,963,317	-	8,116,459
Total capital assets not being depreciated	5,370,142	2,963,317	-	8,333,459
Capital assets being depreciated:				
Leasehold improvements	3,850,864	18,242	-	3,869,106
Boats	697,071	-	-	697,071
Vehicles	19,621	-	-	19,621
Machinery and equipment	15,685	-	-	15,685
Computer equipment	15,761	-	-	15,761
Office equipment	3,799	803	-	4,602
Furniture and fixtures	22,424	-	-	22,424
Infrastructure	294,737	-	-	294,737
Total capital assets being depreciated	4,919,962	19,045	-	4,939,007
Less accumulated depreciation for:				
Leasehold improvements	(252,323)	(143,354)	-	(395,677)
Boats	(29,044)	(27,883)	-	(56,927)
Vehicles	(7,194)	(1,962)	-	(9,156)
Machinery and equipment	(5,755)	(1,569)	-	(7,324)
Computer equipment	(11,488)	(1,721)	-	(13,209)
Office equipment	(2,484)	(542)	-	(3,026)
Furniture and fixtures	(12,146)	(2,776)	-	(14,922)
Infrastructure	(14,822)	(11,789)	-	(26,611)
Total accumulated depreciation	(335,256)	(191,596)	-	(526,852)
Total capital assets being depreciated - net	4,584,706	(172,551)	-	4,412,155
Governmental activities capital assets, net	\$ 9,954,848	\$ 2,790,766	\$ -	\$ 12,745,614

* 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, 2005

Note 3 - Detailed notes on all funds (Continued)

Downtown Development Authority

Capital asset activity for the year ended December 31, 2005 was as follows:

	December 31, 2004	Additions	Deletions	December 31, 2005
Capital assets:				
Port Royal parking deck	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Riverfront parking deck	3,816,000	-	-	3,816,000
Clock	41,393	-	-	41,393
Furniture and equipment	-	3,578	-	3,578
Total capital assets	6,457,393	3,578	-	6,460,971
Less accumulated depreciation for:				
Port Royal parking deck	(975,000)	(65,000)	-	(1,040,000)
Riverfront parking deck	(1,335,600)	(95,400)	-	(1,431,000)
Clock	(3,293)	(4,139)	-	(7,432)
Furniture and equipment	-	(130)	-	(130)
Total accumulated depreciation	(2,313,893)	(164,669)	-	(2,478,562)
Capital assets, net	4,143,500	(161,091)	-	3,982,409
Related debt	(3,460,000)	-	535,000	(2,925,000)
Capital assets, net of related debt	\$ 683,500	\$ (161,091)	\$ 535,000	\$ 1,057,409

Depreciation expense for the year ended December 31, 2005 was \$164,669.

D. Accounts payable and accrued liabilities

Payables for the Government at December 31, 2005 were as follows:

	Governmental Funds	Enterprise Funds	Total	Adjustments To Full Accrual	Total
Payables:					
Accounts payable	\$ 3,684,220	\$ 7,166,848	\$ 10,851,068	\$ 524,400	\$ 11,375,468
Accrued interest	-	4,773,199	4,773,199	26,194	4,799,393
Accrued salaries and vacation	3,749,404	1,391,739	5,141,143	(709,812)	4,431,331
Other accrued liabilities	1,635,252	2,525,488	4,160,740	-	4,160,740
Total accounts payable and accrued liabilities	\$ 9,068,876	\$ 15,857,274	\$ 24,926,150	\$ (159,218)	\$ 24,766,932

Adjustments to full-accrual basis include \$26,194 related to accrued interest on governmental long-term debt, \$755,117 relating to the reclassification of accrued vacation from accrued liabilities to liabilities due within one year, and accounts payable and accrued salaries and vacation of \$524,400 and \$45,305, 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 \$13,072 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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	\$ 3,418,824	\$ -
Taxes receivable net of allowance – Fire Protection Fund	429,313	-
Taxes receivable net of allowance – Nonmajor governmental funds	2,291,581	-
Grant income received in advance of being earned – General Fund	-	102,297
Grant income received in advance of being earned – Fire Protection Fund	-	135,629
Grant income received in advance of being earned – Nonmajor governmental funds	-	-
Business license income received in advance of being earned – General Fund	-	670,220
Housing and Development long-term notes receivable – Nonmajor governmental funds	5,437,741	-
Accounts receivable – Nonmajor governmental funds	95,527	-
Insurance premium income received in advance of being earned – Fire Protection Fund	-	9,775,393
Gift certificate purchases – Nonmajor enterprise fund	-	2,539
	<u>\$ 11,672,986</u>	<u>\$ 10,686,078</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 \$12,830,455 as of December 31, 2005, which is based on 99.54% 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 \$39,707 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 year. The estimated total current cost of the landfill closure and postclosure care, \$12,870,162, 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, 2005. 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 government

1. 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, 2005, the amount of defeased debt outstanding but removed from the governmental debt is \$1,130,000.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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

Notes payable

Housing and Neighborhood Development:

\$1,800,000 Section 108 loan – due in annual installments of \$65,000 to \$1,010,000, plus interest at 9% through August 2005, at which time it was paid in full.

\$ -

\$2,500,000 Section 108 loan for revitalization of locally owned historic hotel due in annual installments of \$170,000 to \$1,700,000, plus interest ranging from 3% to 4%, varying annually through 2019.

2,500,000

\$ 2,500,000

Augusta Port Authority:

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

\$ 262,909

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

(808,476)

Total

\$ 16,079,524

Year ending December 31	Notes Payable		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ -	\$ -	\$ 105,923	\$ 11,355	\$ -	\$ 802,180	\$ 105,923	\$ 813,535
2007	-	-	111,843	5,436	-	802,180	111,843	807,616
2008	-	-	45,143	440	-	802,180	45,143	802,620
2009	-	-	-	-	-	802,180	-	802,180
2010	-	-	-	-	-	802,180	-	802,180
2011 - 2015	676,000	-	-	-	-	4,010,900	676,000	4,010,900
2016 - 2020	823,000	-	-	-	-	4,010,900	823,000	4,010,900
2021 - 2025	1,001,000	-	-	-	-	4,010,900	1,001,000	4,010,900
2026 - 2030	-	-	-	-	16,888,000	1,938,602	16,888,000	1,938,602
	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 262,909</u>	<u>\$ 17,231</u>	<u>\$ 16,888,000</u>	<u>\$ 17,982,202</u>	<u>\$ 19,650,909</u>	<u>\$ 17,999,433</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 \$2,503,380 was leased during 2005.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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 2033 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. 146,385,000

\$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). 57,260,000

\$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). 4,530,000

Total	465,255,000
Less: Deferred refunding amounts	(2,133,303)
Less: Bond issue discounts	(4,398,381)
Add: Bond issue premiums	6,784,797

Total revenue bonds – Water and sewer	465,508,113
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Bush Field

\$8,990,000 2005A Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$462,985 through January 2030. Principal due in annual installments beginning January 2031 ranging from \$540,000 to \$2,275,000 plus interest of 5.15% through January 2035. 8,990,000

\$4,414,000 2005B Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$236,203 through January 2024. Principal due in annual installments beginning January 2025 ranging from \$1,355,000 to \$1,505,000 through January 2027 plus interest of 5.15% and final payment of \$130,000 plus interest of 5.15% due January 2028. 4,415,000

\$6,200,000 2005C Airport Passenger Facility Charge and General Revenue Bonds – due in annual interest only payments of \$337,900 through January 2027. Principal due in annual installments beginning January 2028 through January 2035 ranging from \$1,455,000 to \$1,760,000 plus interest of 5.45% through January 2030 and final payment of \$1,315,000 plus interest of 5.45% due January 2031. 6,200,000

Total revenue bonds – Bush Field	19,605,000
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AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

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	\$ 10,030,000
Add: Bond issue premium	188,715
Total revenue bonds – Waste Management	<u>10,218,715</u>
 Total revenue bonds	 \$ <u>495,331,828</u>

Notes payable

Water and Sewer Fund:

\$5,143,272 State revolving loan – due in quarterly principal and interest installments of \$94,668, plus interest at 4%, through May 2016.	\$ 3,233,676
 \$6,553,217 State revolving loan – principal and interest due in quarterly installments of \$119,392, plus interest at 4%, through July 2019.	 <u>5,032,040</u>
 Total	 \$ <u>8,265,716</u>

Year ending December 31	Business-type Activities					
	Notes Payable		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 533,548	\$ 322,692	\$ 4,275,000	\$ 25,006,103	\$ 4,808,548	\$ 25,328,795
2007	555,212	301,028	5,490,000	25,010,463	6,045,212	25,311,491
2008	577,757	278,484	6,410,000	24,794,540	6,987,757	25,073,024
2009	601,215	255,024	7,225,000	24,510,226	7,826,215	24,765,250
2010	625,627	230,612	8,120,000	24,216,211	8,745,627	24,446,823
2011-2015	3,530,477	750,751	41,180,000	119,752,148	44,710,477	120,502,899
2016-2020	1,841,880	138,308	51,890,000	104,227,325	53,731,880	104,365,633
2021-2025	-	-	67,170,000	90,940,418	67,170,000	90,940,418
2026-2030	-	-	92,585,000	111,111,412	92,585,000	111,111,412
2031-2035	-	-	112,175,000	53,872,580	112,175,000	53,872,580
2036-2040	-	-	98,370,000	13,241,025	98,370,000	13,241,025
	<u>\$ 8,265,716</u>	<u>\$ 2,276,899</u>	<u>\$ 494,890,000</u>	<u>\$ 616,682,451</u>	<u>\$ 503,155,716</u>	<u>\$ 618,959,350</u>

During 2004, the Government issued \$160,000,000 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 \$149,400,000 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 of \$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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

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 \$97,080,000 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 \$66,600,000 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 \$19,400,000 plus an additional \$4,900,000 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 \$5,900,000 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 \$5,600,000 plus an additional \$900,000 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 defeased and the liability for those bonds have been removed from the Water and Sewer Fund.

As of December 31, 2005, 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 \$2,500,000. 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 \$8,600,000 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 \$2,100,000 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 \$587,665 at June 30, 2005.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 - Detailed notes on all funds (Continued)

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
2006	\$ 360,000	\$ 29,376	\$ -	\$ 429,600	\$ 360,000	\$ 458,976
2007	360,000	9,792	800,000	408,120	1,160,000	417,912
2008	-	-	800,000	365,160	800,000	365,160
2009	-	-	800,000	322,200	800,000	322,200
2010	-	-	800,000	279,240	800,000	279,240
2011 - 2015	-	-	4,800,000	773,280	4,800,000	773,280
	<u>\$ 720,000</u>	<u>\$ 39,168</u>	<u>\$ 8,000,000</u>	<u>\$ 2,577,600</u>	<u>\$ 8,720,000</u>	<u>\$ 2,616,768</u>

Downtown Development Authority

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:

Year	Principal Payments
2006	\$ 550,000
2007	575,000
2008	585,000
2009	600,000
2010	615,000
	<u>\$ 2,925,000</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*.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 3 -- Detailed notes on all funds (Continued)

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, 2005 are as follows:

	Governmental Activities	Business-type Activities
2006	\$ 1,048,668	\$ 325,431
2007	944,547	224,785
2008	331,521	166,493
2009	23,970	121,391
Less: Amount representing interest	-	-
Present value of lease payments	\$ <u>2,348,706</u>	\$ <u>838,100</u>

Interest amounts are not material to the financial statements.

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 2005, 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, 2005 are as follows:

	Governmental Activities	Business-type Activities
Vehicles	\$ 16,087,878	\$ 3,745,264
Machinery and equipment	<u>2,820,314</u>	<u>1,766,829</u>
Less: accumulated depreciation	<u>(10,328,522)</u>	<u>(2,003,352)</u>
Carrying value	\$ <u>8,579,670</u>	\$ <u>3,508,741</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Governmental activities:					
Bonds and notes payable:					
Notes payable	\$ 1,010,000	\$ 2,500,000	\$ 1,010,000	\$ 2,500,000	\$ -
Revenue bonds payable	362,804	-	99,895	262,909	105,923
Total bonds and notes payable	<u>1,372,804</u>	<u>2,500,000</u>	<u>1,109,895</u>	<u>2,762,909</u>	<u>105,923</u>
Certificates of participation	16,888,000	-	-	16,888,000	-
Less: original issue discount	(853,392)	-	(44,916)	(808,476)	(44,916)
Total certificates of participation	<u>16,034,608</u>	<u>-</u>	<u>(44,916)</u>	<u>16,079,524</u>	<u>(44,916)</u>
Other liabilities:					
Compensated absences	3,796,467	4,084,142	3,876,280	4,004,329	4,004,329
Capital leases	2,484,623	2,027,638	1,681,591	2,830,670	1,334,327
Claims and judgments	4,218,757	1,166,142	1,340,042	4,044,857	4,044,857
Total other liabilities	<u>10,499,847</u>	<u>7,277,922</u>	<u>6,897,913</u>	<u>10,879,856</u>	<u>9,383,513</u>
Governmental activities long-term liabilities	<u>\$ 27,907,259</u>	<u>\$ 9,777,922</u>	<u>\$ 7,962,892</u>	<u>\$ 29,722,289</u>	<u>\$ 9,444,520</u>
Business-type activities:					
Revenue debt:					
Revenue bonds payable	\$ 479,070,000	\$ 19,605,000	\$ 3,785,000	\$ 494,890,000	\$ 4,275,000
Less: deferred refunding amounts	(2,232,632)	-	(99,329)	(2,133,303)	(99,329)
Less: bond issue discounts	(4,578,619)	-	(180,238)	(4,398,381)	(180,238)
Add: bond issue premiums	7,188,522	-	215,010	6,973,512	-
Total revenue debt	<u>479,447,271</u>	<u>19,605,000</u>	<u>3,720,443</u>	<u>495,331,828</u>	<u>3,995,433</u>
Other liabilities:					
Compensated absences	674,172	949,117	868,172	755,117	755,117
Notes payable	8,712,068	-	446,352	8,265,716	533,548
Capital leases	1,506,645	800,661	931,919	1,375,387	479,760
Closure/postclosure accrual	12,421,217	570,921	161,683	12,830,455	-
Total other liabilities	<u>23,314,102</u>	<u>2,320,699</u>	<u>2,408,126</u>	<u>23,226,675</u>	<u>1,768,425</u>
Business-type activities long-term liabilities	<u>\$ 502,761,373</u>	<u>\$ 21,925,699</u>	<u>\$ 6,128,569</u>	<u>\$ 518,558,503</u>	<u>\$ 5,763,858</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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental activities:					
Notes payable:					
Notes payable	\$ 1,080,000	\$ -	\$ (360,000)	\$ 720,000	\$ 360,000
Revenue payable	3,612,993	4,387,007	-	8,000,000	-
Total notes payable	<u>4,692,993</u>	<u>4,387,007</u>	<u>(360,000)</u>	<u>8,720,000</u>	<u>360,000</u>
Other liabilities:					
Compensated absences	17,656	7,755	(8,334)	17,077	17,077
Total other liabilities	<u>17,656</u>	<u>7,755</u>	<u>(8,334)</u>	<u>17,077</u>	<u>17,077</u>
Governmental activities long-term liabilities	\$ <u>4,710,649</u>	\$ <u>4,394,762</u>	\$ <u>(368,334)</u>	\$ <u>8,737,077</u>	\$ <u>377,077</u>

Downtown Development Authority

Long-term debt activity for the year ended December 31, 2005 was as follows:

	<u>General Long-term Debt Development Authority Bonds, Series 2003</u>
Debt outstanding at December 31, 2004	\$ 3,460,000
Principal payments	<u>(535,000)</u>
Debt outstanding at December 31, 2005	\$ <u>2,925,000</u>
Current portion	\$ <u>550,000</u>

J. Interfund balances and activities

Due From/To Other Funds

The composition of interfund balances as of December 31, 2005 are as follows:

	<u>Due to Other Funds</u>						
<u>Due from other funds</u>	<u>Water and Sewer Fund</u>	<u>Bush Field</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Pension</u>	<u>Funds Total</u>
General Fund	\$ 7,675,040	\$ 408,504	\$ 893,944	\$ 3,166,354	\$ 1,078,152	\$ 304,648	\$ 13,526,642
Total interfund balances	\$ <u>7,675,040</u>	\$ <u>408,504</u>	\$ <u>893,944</u>	\$ <u>3,166,354</u>	\$ <u>1,078,152</u>	\$ <u>304,648</u>	\$ <u>13,526,642</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, 2005

Note 3 – Detailed notes on all funds (Continued)

Transfers To/From Other Funds

Transfers in (out) for the year ended December 31, 2005 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>Internal Service</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 583,551	\$ 3,638,000	\$ -	\$ 4,221,551
Special Sales Tax Phase III	-	-	10,000	-	-	-	-	10,000
Special Sales Tax Phase IV	-	-	568,467	-	-	-	13,511	581,978
Nonmajor governmental	2,517,790	5,882,562	-	853,000	-	5,911,819	-	15,165,171
Total transfers	\$ 2,517,790	\$ 5,882,562	\$ 578,467	\$ 853,000	\$ 583,551	\$ 9,549,819	\$ 13,511	\$ 19,978,700

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, 2005, 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, 2004 to December 31, 2005:

Unpaid claims, January 1, 2004	\$ 1,425,184
Incurred claims (including IBNRs)	3,851,173
Claim payments	<u>(1,057,600)</u>
Unpaid claims, December 31, 2004	4,218,757
Incurred claims (including IBNRs)	1,166,142
Claim payments	<u>(1,340,042)</u>
Unpaid claims, December 31, 2005	\$ <u>4,044,857</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005, 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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 5 - Pension plans (Continued)

Single-employer pension plans

1945 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.

The annual required contribution is determined as part of a January 1, 2005 actuarial valuation using the attained age aggregate method. The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5%, and (c) a post retirement benefit increase of 5%. An inflation component of 5% is included. The actuarial value of plan assets is determined using market value.

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 annual required contribution is determined as part of a January 1, 2005 actuarial valuation using the attained age aggregate method. The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5%, and (c) a post retirement benefit increase of 5%. An inflation component of 5% is included. The actuarial value of plan assets is determined using market value.

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 5 - Pension plans (Continued)

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.

The annual required contributions for the General Pension Plan, Policemen's Pension Plan, Firemen's Pension Plan and the City Employee's Pension Plan are determined as part of a December 31, 2005 actuarial valuations using the actuarial present value of total projected benefits. This actuarial method does not identify or separately amortize the unfunded actuarial liabilities. The actuarial assumptions included (a) an 8% investment rate of return, (b) no projected future salary adjustment, and (c) no post retirement benefit increase. An adjustment for inflation is not included.

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.

Employer contributions are determined as part of the January 1, 2005 actuarial valuation 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 as a level percentage of payroll. 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.

The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5.5%, and (c) a post retirement benefit increase of 4%. An inflation component of 4% is included. The actuarial value of plan assets is determined with a smoothing method that uses 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.

Agent multiple-employer pension plan

Georgia 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,

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 5 - Pension plans (Continued)

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.

The employer contributions are determined as part of a March 1, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial value of plan assets are computed with a smoothing method that uses a roll forward of prior year's actuarial value with contributions, disbursements, and expended return of investments, plus 10% of investment gains (losses) during 10 prior years. 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. The plan's unfunded actuarial accrued liability is being amortized over 30 years as a level dollar.

The actuarial assumptions included (a) an 8% investment rate of return, (b) projected future salary adjustment of 5.5%, and (c) no post retirement benefit increase. An adjustment for inflation is not included.

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	35	-	4
1977 Plan	85	176	549
General Pension Plan	1	-	-
Policemen's Pension Plan	3	-	-
Firemen's Pension Plan	8	-	-
City Employees' Pension Plan	13	-	-
General Retirement Plan (City 1949)	146	6	141
GMEBS	79	5	207
Total	<u>370</u>	<u>187</u>	<u>901</u>

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.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 5 - Pension plans (Continued)

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. Contribution requirements may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. 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, 2005, the employees' contributions were approximately \$1,612,101, and the Government's contributions were approximately \$806,046.

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, 2005 were \$620,418. 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, 2005, there were retirees eligible for these post-retirement benefits, which cost approximately \$1,153,736.

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 - Continued

Year Ended December 31, 2005

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>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%	-

	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%	-

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 5 -- Pension plans (Continued)

	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2005</u>					
1945 Plan	01/01/2005	\$ 361,352	\$ 361,352	100%	\$ (9)
1977 Plan	01/01/2005	1,036,647	1,087,175	105%	(256,711)
General Pension Plan	01/01/2005	24,752	24,752	100%	-
Policemen's Pension Plan	01/01/2005	72,141	72,141	100%	-
Firemen's Pension Plan	01/01/2005	186,522	186,522	100%	-
City Employees' Pension Plan	01/01/2005	281,140	281,140	100%	-
General Retirement Plan (City 1949)	01/01/2005	-	-	100%	-
GMEBS	01/01/2005	213,565	213,565	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, 2005, 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 do not extend beyond making the appointments. The Government commission appoints the voting majority of the members of the Augusta-Richmond County Coliseum Authority and the Housing Authority of the City of Augusta, Georgia.

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, 2005 follows:

Lodging tax receipts	\$ 2,970,550
Disbursements to the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum for promotion of tourism	<u>(2,970,550)</u>
Balance of lodging tax funds on hand at end of year	\$ <u>-</u>

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005, 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, 2005, including interest are as follows:

	Revenue Bonds	
	Principal	Interest
2006	\$ -	\$ 152,390
2007	-	152,390
2008	-	152,390
2009	-	152,390
2010	3,110,000	152,390
	<u>\$ 3,110,000</u>	<u>\$ 761,950</u>

Note 10 – Prior period adjustments – Department of Health

For the component unit Department of Health, prior period adjustments were made to two beginning fund balances to correct the recognition of funds received from a third party provider, relating to an error made in a previous year in accounting for the Public Health program and the District Dental program. The error resulted in an understatement of net assets of \$79,789. During the year ended June 30, 2005, the error was corrected.

Notes to Financial Statements - Continued

Year Ended December 31, 2005

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, 2005, the swap had a negative fair value of \$5,500,738, 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 – New accounting pronouncements

In August 2004, GASB issued SGAS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and establishes accounting and financial reporting standards for employer costs and obligations relating to postemployment healthcare and other nonpension benefits ("OPEB"). This statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of SGAS No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The earliest that SGAS No. 45 provisions will be effective is for financial statement periods beginning after December 15, 2006. The Government's management has not yet determined the impact that implementation of SGAS No. 45 will have on the Government's financial statements.

Note 13 – Subsequent events

Subsequent to December 31, 2005, the City entered into an interest rate swap transaction in July 2006, which hedges an aggregate principal amount of \$160 million, Series 2004 Water and Sewerage Revenue Bonds. The notional amount is \$160 million, maturing over 33 years from the effective date of the interest rate swap agreement of June 1, 2006. The interest rate swap agreement requires the City to pay to Deutsche Bank AG, the Bond Market Association municipal swap index (BMA) (tax exempt variable rate) and receive in return from Deutsche Bank 75.02% of USDA LIBOR rate. The City considers the credit risk related to the interest rate swap to be low because such instruments are entered into only with financial institutions having a high credit rating and are settled on a net basis. The City is exposed to credit loss in the event of nonperformance by the other party to the interest rate swap agreement. However, the City does not anticipate nonperformance by the counterparty.

Subsequent to December 31, 2005, the City issued General Obligation Sales Tax Bonds of \$44 million in August 2006. Bonds were issued in order to fund certain capital projects in connection with Special Purpose Local Option Sales Tax, Phase V.

AUGUSTA, GEORGIA

Notes to Financial Statements - Continued

Year Ended December 31, 2005

Note 14 – Expenditure of federal grant funds

The City does not have effective management oversight to insure that federal grant funds are expended in accordance with restrictive provisions. General deficiencies applicable to all federal grants have been identified, and specific deficiencies have been identified for grants from the U. S. Department of Housing and Urban Development, U. S. Department of Justice, and the U. S. Department of Transportation, all of which are more fully described in the City's Single Audit report for the year ended December 31, 2005. These deficiencies may result in federal claims for refunds for these grants. The City has not estimated or recorded a liability for any potential claim.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information

December 31, 2005

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
1945 Plan						
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
01/01/05	8,854,874	10,619,028	1,764,154	83	220,633	800
1977 Plan						
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
01/01/05	17,680,815	27,427,503	9,746,688	64	19,071,203	51
General Pension Plan						
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	-	-	-
12/31/05	-	125,270	125,270	-	-	-
Policemen's Pension Plan						
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	-	-	-
12/31/05	-	332,653	332,653	-	-	-

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2005

A. Schedules of funding progress (Continued)

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
Firemen's Pension Plan						
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	-	-	-
12/31/05	-	1,102,891	1,102,891	-	-	-
City Employees' Pension Plan						
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	-	-	-
12/31/05	-	1,999,996	1,999,996	-	-	-
General Retirement Plan (City 1949)						
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)
01/01/05	66,064,583	65,169,939	(894,644)	101	5,714,554	(16)
GMEBS						
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
03/01/06	8,023,690	9,161,600	1,137,910	88	6,985,599	16.3

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2005

B. Schedules of employer contributions

	Fiscal Year	Annual Required Contribution	Percentage Contributed	
<u>1945 Plan</u>				
	1995	\$ -	-	%
	1996	-	-	
	1998	-	-	
	1999	-	-	
	2000	-	-	
	2001	-	-	
	2002	-	-	
	2003	-	-	
	2004	170,881	100	
	2005	361,352	100	
<u>1977 Plan</u>				
	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	
	2005	1,087,175	100	
<u>General Pension Plan</u>				
	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	
	2005	24,752	100	
<u>Policemen's Pension Plan</u>				
	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	
	2005	72,141	100	
<u>Firemen's Pension Plan</u>				
	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	
	2005	186,522	100	

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2005

B. Schedules of employer contributions (Continued)

	Fiscal Year	Annual Required Contribution	Percentage Contributed
<u>City Employees' Pension Plan</u>			
	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
	2005	281,140	100
<u>General Retirement Plan (City 1949)</u>			
	1995	\$ -	- %
	1996	-	-
	1997	-	-
	1998	-	-
	1999	-	-
	2000	-	-
	2001	-	-
	2002	-	-
	2003	-	-
	2004	-	-
	2005	-	-
<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
	2005	213,565	100

C. Notes to required supplementary information

	1945 Plan	1977 Plan
Valuation date	1/1/05	1/1/05
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%

AUGUSTA, GEORGIA

Defined Benefit Pension Trusts - Required Supplementary Information - Continued

December 31, 2005

C. Notes to required supplementary information (Continued)

	General Pension Plan	Policemen's Pension Plan
Valuation date	12/31/05	12/31/05
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	12/31/05	12/31/05
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	01/01/05	03/01/2006
Actuarial cost method	Frozen entry age 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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

Augusta, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Project Funds
Assets			
Cash and temporary investments	\$ 10,072,301	\$ 1,007,866	\$ 14,620,412
Receivables (net of allowance for doubtful accounts)			
Taxes	2,534,668	48,410	-
Accounts	1,772,885	-	11,107
Interest	-	-	82,993
Note	5,647,610	-	-
Reserve account	-	12	-
Perpetual care	-	-	-
Total assets	\$ 20,027,464	\$ 1,056,288	\$ 14,714,512
Liabilities and fund balances (deficits)			
Liabilities:			
Accounts payable	\$ 701,400	\$ -	\$ 50,147
Due to other funds	832,379	-	-
Accrued salaries and vacation	198,545	-	-
Other accrued liabilities	17,508	-	-
Deferred revenue	7,774,741	50,108	-
Total liabilities	9,524,573	50,108	50,147
Fund balances (deficits):			
Reserved for:			
Encumbrances	691,203	-	1,021,768
Project maintenance			5,596,460
Unreserved - undesignated	9,811,688	1,006,180	8,046,137
Total fund balances (deficits)	10,502,891	1,006,180	14,664,365
Total liabilities and fund balances (deficits)	\$ 20,027,464	\$ 1,056,288	\$ 14,714,512

Permanent Fund		Total Nonmajor Governmental Funds	
Perpetual Care - II			
\$	221,498	\$	25,922,077
	-		2,583,078
	-		1,783,992
	-		82,993
	-		5,647,610
	-		12
	338,625		338,625
\$	560,123	\$	36,358,387
\$	-	\$	751,547
	61,565		893,944
	-		198,545
	-		17,508
	-		7,824,849
	61,565		9,686,393
	-		1,712,971
			5,596,460
	498,558		19,362,563
	498,558		26,671,994
\$	560,123	\$	36,358,387

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2005**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds
Revenues			
Taxes - property	\$ 9,645,116	\$ 8,156	\$ -
Taxes - other than property	12,510,941	-	-
Licenses and permits	3,076,145	-	-
Use of money and property	254,300	30,376	476,576
Charges for current services	5,153,942	-	-
Fines and forfeitures	621,091	-	-
Intergovernmental	3,682,237	-	873,647
Contributions and donations	2,213	-	-
Other	666,847	-	-
Total revenues	<u>35,612,832</u>	<u>38,532</u>	<u>1,350,223</u>
Expenditures			
Current:			
General government	2,978,354	-	3,420
Judicial	366,817	-	-
Public safety	3,782,621	-	-
Public works	3,324,563	-	359,265
Culture and recreation	4,032,280	-	-
Housing and development	7,741,307	-	-
Capital outlay	1,449,100	-	1,833,585
Debt service	2,675,073	-	-
Total expenditures	<u>26,350,115</u>	<u>-</u>	<u>2,196,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,262,717</u>	<u>38,532</u>	<u>(846,047)</u>
Other financing sources (uses)			
Transfers in	583,551	-	-
Transfers (out)	(14,312,171)	-	(853,000)
Proceeds from Section 108 loan	2,500,000	-	-
Total other financing sources (uses)	<u>(11,228,620)</u>	<u>-</u>	<u>(853,000)</u>
Net change in fund balances	<u>(1,965,903)</u>	<u>38,532</u>	<u>(1,699,047)</u>
Fund balance - beginning	<u>12,468,794</u>	<u>967,648</u>	<u>16,363,412</u>
Fund balance - ending	<u>\$ 10,502,891</u>	<u>\$ 1,006,180</u>	<u>\$ 14,664,365</u>

Permanent Fund		Total Nonmajor Governmental Funds	
Perpetual Care - II			
\$	-	\$	9,653,272
	-		12,510,941
	-		3,076,145
	-		761,252
	475		5,154,417
	-		621,091
	-		4,555,884
	-		2,213
	-		666,847
	475		37,002,062
	5,236		2,987,010
	-		366,817
	-		3,782,621
	-		3,683,828
	-		4,032,280
	-		7,741,307
	-		3,282,685
	-		2,675,073
	5,236		28,551,621
	(4,761)		8,450,441
	-		583,551
	-		(15,165,171)
	-		2,500,000
	-		(12,081,620)
	(4,761)		(3,631,179)
	503,319		30,303,173
\$	498,558	\$	26,671,994

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Urban Services District	Emergency Telephone System	Capital Outlay	Law Enforcement	Occupational Tax
Assets					
Cash and temporary investments	\$ 245,385	\$ 340,742	\$ 3,574,864	\$ 397,278	\$ -
Receivables (net of allowance for doubtful accounts)					
Taxes	1,909,409	-	625,259	-	-
Accounts	682,889	369,603	-	12,102	-
Note	-	-	-	-	-
Total assets	\$ 2,837,683	\$ 710,345	\$ 4,200,123	\$ 409,380	\$ -
Liabilities and fund balances (deficits)					
Liabilities:					
Accounts payable	\$ 3,696	\$ 12,868	\$ 65,027	\$ 25,601	\$ -
Due to other funds	-	-	-	-	-
Accrued salaries and vacation	8,380	96,555	-	-	-
Other accrued liabilities	17,381	-	-	-	-
Deferred revenue	1,314,675	-	479,851	-	-
Total liabilities	1,344,132	109,423	544,878	25,601	-
Fund balances (deficits):					
Reserved for:					
Encumbrances	1,279	10,763	540,386	-	-
Unreserved - undesignated	1,492,272	590,159	3,114,859	383,779	-
Total fund balances (deficits)	1,493,551	600,922	3,655,245	383,779	-
Total liabilities and fund balances (deficits)	\$ 2,837,683	\$ 710,345	\$ 4,200,123	\$ 409,380	\$ -

Special Assessment	Promotion/ Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ 391,316	\$ 282,393	\$ 1,021,549	\$ 52,394	\$ 246,590	\$ 982,094
-	-	-	-	-	-
499,287	5,775	48,044	2,945	-	-
-	-	5,437,741	209,869	-	-
<u>\$ 890,603</u>	<u>\$ 288,168</u>	<u>\$ 6,507,334</u>	<u>\$ 265,208</u>	<u>\$ 246,590</u>	<u>\$ 982,094</u>
\$ 37,972	\$ 288,168	\$ 104,315	\$ -	\$ -	\$ 144,099
-	-	651,229	-	-	-
8,989	-	39,649	-	-	-
-	-	-	-	-	-
446,947	-	5,437,741	-	-	-
493,908	288,168	6,232,934	-	-	144,099
72,878	-	4,468	-	-	13,304
323,817	-	269,932	265,208	246,590	824,691
396,695	-	274,400	265,208	246,590	837,995
<u>\$ 890,603</u>	<u>\$ 288,168</u>	<u>\$ 6,507,334</u>	<u>\$ 265,208</u>	<u>\$ 246,590</u>	<u>\$ 982,094</u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Continued
December 31, 2005

	Law Library	5% Victim's Crime Assistance	Supplemental Juvenile Services	Building Inspection	Weed and Seed Federal Grant
Assets					
Cash and temporary investments	\$ 17	\$ 216,386	\$ 19,524	\$ 666,942	\$ 19,262
Receivables (net of allowance for doubtful accounts)					
Taxes	-	-	-	-	-
Accounts	-	31,380	300	-	-
Note	-	-	-	-	-
Total assets	\$ 17	\$ 247,766	\$ 19,824	\$ 666,942	\$ 19,262
Liabilities and fund balances (deficits)					
Liabilities:					
Accounts payable	\$ 17	\$ 311	\$ -	\$ 10,429	\$ 2,899
Due to other funds	-	-	-	-	-
Accrued salaries and vacation	-	13,972	-	27,275	3,725
Other accrued liabilities	-	127	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	17	14,410	-	37,704	6,624
Fund balances (deficits):					
Reserved for:					
Encumbrances	-	-	-	20,259	1,459
Unreserved - undesignated	-	233,356	19,824	608,979	11,179
Total fund balances (deficits)	-	233,356	19,824	629,238	12,638
Total liabilities and fund balances (deficits)	\$ 17	\$ 247,766	\$ 19,824	\$ 666,942	\$ 19,262

Wireless Phase	Perpetual Care - I	Land Bank Authority	Downtown Development	Canine Forfeitures	NPDES Permit Fees	Total Nonmajor Special Revenue Funds
\$ 920,936	\$ 487,080	\$ 131,469	\$ -	\$ 15,351	\$ 60,729	\$ 10,072,301
-	-	-	-	-	-	2,534,668
-	3,256	-	117,304	-	-	1,772,885
-	-	-	-	-	-	5,647,610
<u>\$ 920,936</u>	<u>\$ 490,336</u>	<u>\$ 131,469</u>	<u>\$ 117,304</u>	<u>\$ 15,351</u>	<u>\$ 60,729</u>	<u>\$ 20,027,464</u>
\$ 4,564	\$ 1,173	\$ -	\$ 261	\$ -	\$ -	\$ 701,400
-	-	-	181,150	-	-	832,379
-	-	-	-	-	-	198,545
-	-	-	-	-	-	17,508
-	-	-	95,527	-	-	7,774,741
<u>4,564</u>	<u>1,173</u>	<u>-</u>	<u>276,938</u>	<u>-</u>	<u>-</u>	<u>9,524,573</u>
-	26,407	-	-	-	-	691,203
<u>916,372</u>	<u>462,756</u>	<u>131,469</u>	<u>(159,634)</u>	<u>15,351</u>	<u>60,729</u>	<u>9,811,688</u>
<u>916,372</u>	<u>489,163</u>	<u>131,469</u>	<u>(159,634)</u>	<u>15,351</u>	<u>60,729</u>	<u>10,502,891</u>
<u>\$ 920,936</u>	<u>\$ 490,336</u>	<u>\$ 131,469</u>	<u>\$ 117,304</u>	<u>\$ 15,351</u>	<u>\$ 60,729</u>	<u>\$ 20,027,464</u>

Augusta, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2005

	Urban Services District	Emergency Telephone System	Capital Outlay	Law Enforcement	Occupational Tax
Revenues					
Taxes - property	\$ 6,505,343	\$ -	\$ 3,139,773	\$ -	\$ -
Taxes - other than property	8,111,185	-	-	-	-
Licenses and permits	-	-	-	-	1,987,189
Use of money and property	46,968	-	7,100	16,047	18,289
Charges for current services	300,773	3,018,609	-	77,200	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	-	9,994	-	-
Contributions and donations	-	-	-	-	-
Other	-	-	-	-	1,996
Total revenues	14,964,269	3,018,609	3,156,867	93,247	2,007,474
Expenditures					
Current:					
General government	1,499,325	218,109	281,919	-	6,192
Judicial	-	-	14,267	-	-
Public safety	-	2,867,941	2,770	198,686	-
Public works	320,316	-	9,622	-	-
Culture and recreation	-	-	76,029	-	-
Housing and development	50,000	-	-	-	-
Capital outlay	-	-	1,122,064	66,714	-
Debt service	-	-	1,558,937	-	-
Total expenditures	1,869,641	3,086,050	3,065,608	265,400	6,192
Excess (deficiency) of revenues over (under) expenditures	13,094,628	(67,441)	91,259	(172,153)	2,001,282
Other financing sources (uses)					
Transfers in	-	18,000	203,290	-	-
Transfers (out)	(12,389,609)	-	-	-	(1,922,562)
Proceeds from Section 108 loan	-	-	-	-	-
Transfers in (out) between nonmajor funds	(2,515,391)	126,000	-	-	-
Total other financing sources (uses)	(14,905,000)	144,000	203,290	-	(1,922,562)
Net change in fund balances (deficits)	(1,810,372)	76,559	294,549	(172,153)	78,720
Fund balance (deficits) - beginning	3,303,923	524,363	3,360,696	555,932	(78,720)
Fund balance (deficits) - ending	\$ 1,493,551	\$ 600,922	\$ 3,655,245	\$ 383,779	\$ -

Special Assessment	Promotion/ Tourism	Housing and Neighborhood Development	Urban Development Action Grant	Federal Drug Fund	State Drug Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,938,276	-	-	-	-
-	-	-	-	-	-
-	-	9,153	22,026	6,255	31,052
1,263,859	-	-	-	-	-
-	-	-	-	114,151	262,368
-	-	3,597,470	-	-	-
-	-	-	-	-	-
-	-	638,260	-	-	-
1,263,859	3,938,276	4,244,883	22,026	120,406	293,420
4,572	-	115,154	6,063	-	-
-	-	-	-	-	-
-	-	-	-	16,120	287,375
2,989,202	-	-	-	-	-
-	3,936,228	-	-	-	-
-	-	6,682,887	106,492	-	-
139,826	-	-	-	33,155	53,765
-	-	1,103,425	-	-	-
3,133,600	3,936,228	7,901,466	112,555	49,275	341,140
(1,869,741)	2,048	(3,656,583)	(90,529)	71,131	(47,720)
315,633	-	-	-	-	-
-	-	-	-	-	-
-	-	2,500,000	-	-	-
1,593,681	-	519,920	6,350	-	-
1,909,314	-	3,019,920	6,350	-	-
39,573	2,048	(636,663)	(84,179)	71,131	(47,720)
357,122	(2,048)	911,063	349,387	175,459	885,715
\$ 396,695	\$ -	\$ 274,400	\$ 265,208	\$ 246,590	\$ 837,995

Augusta, Georgia

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

	Law Library	5% Victim's Crime Assistance	Supplemental Juvenile Services	Building Inspection	Weed and Seed Federal Grant
Revenues					
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - other than property	-	-	-	-	-
Licenses and permits	-	-	-	1,066,734	-
Use of money and property	-	7,149	649	17,428	86
Charges for current services	-	-	10,600	-	500
Fines and forfeitures	-	241,485	-	-	-
Intergovernmental	-	-	-	-	74,773
Contributions and donations	-	-	-	-	2,213
Other	22,611	-	-	-	-
Total revenues	<u>22,611</u>	<u>248,634</u>	<u>11,249</u>	<u>1,084,162</u>	<u>77,572</u>
Expenditures					
Current:					
General government	-	14,580	1,344	26,452	3,671
Judicial	-	329,975	22,575	-	-
Public safety	-	-	-	-	125,309
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	745,594	-
Capital outlay	-	-	-	-	8,925
Debt service	-	-	-	-	-
Total expenditures	<u>-</u>	<u>344,555</u>	<u>23,919</u>	<u>772,046</u>	<u>137,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,611</u>	<u>(95,921)</u>	<u>(12,670)</u>	<u>312,116</u>	<u>(60,333)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	46,628
Transfers (out)	-	-	-	-	-
Proceeds from Section 108 loan	-	-	-	-	-
Transfers in (out) between nonmajor funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,628</u>
Net change in fund balances (deficits)	<u>22,611</u>	<u>(95,921)</u>	<u>(12,670)</u>	<u>312,116</u>	<u>(13,705)</u>
Fund balance (deficits) - beginning	<u>(22,611)</u>	<u>329,277</u>	<u>32,494</u>	<u>317,122</u>	<u>26,343</u>
Fund balance (deficits) - ending	<u>\$ -</u>	<u>\$ 233,356</u>	<u>\$ 19,824</u>	<u>\$ 629,238</u>	<u>\$ 12,638</u>

Wireless Phase	Communtiy Greenspace	Perpetual Care - I	Landbank Authority	Downtown Development	Canine Forefeitures	NPDES Permit Fees	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,645,116
-	-	-	-	461,480	-	-	12,510,941
-	-	-	-	-	-	22,222	3,076,145
24,472	-	42,086	3,585	-	392	1,563	254,300
482,401	-	-	-	-	-	-	5,153,942
-	-	-	-	-	3,087	-	621,091
-	-	-	-	-	-	-	3,682,237
-	-	-	-	-	-	-	2,213
-	-	-	3,980	-	-	-	666,847
506,873	-	42,086	7,565	461,480	3,479	23,785	35,612,832
1,920	-	-	-	799,053	-	-	2,978,354
284,420	-	-	-	-	-	-	366,817
-	-	-	-	-	-	-	3,782,621
-	-	20,023	-	-	-	5,423	3,324,563
-	-	-	1,544	154,790	-	-	4,032,280
-	-	24,651	-	-	-	-	7,741,307
-	-	-	-	12,711	-	-	1,449,100
286,340	-	44,674	1,544	966,554	-	5,423	2,675,073
220,533	-	(2,588)	6,021	(505,074)	3,479	18,362	26,350,115
-	-	-	-	-	-	-	9,262,717
-	-	-	-	-	-	-	583,551
-	-	-	-	-	-	-	(14,312,171)
(76,000)	-	-	-	345,440	-	-	2,500,000
(76,000)	-	-	-	345,440	-	-	-
-	-	-	-	-	-	-	(11,228,620)
144,533	-	(2,588)	6,021	(159,634)	3,479	18,362	(1,965,903)
771,839	-	491,751	125,448	-	11,872	42,367	12,468,794
\$ 916,372	\$ -	\$ 489,163	\$ 131,469	\$ (159,634)	\$ 15,351	\$ 60,729	\$ 10,502,891

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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Taxes - property	\$ 6,767,750	\$ 6,505,343	\$ (262,407)	\$ 6,921,733
Taxes - other than property	8,071,800	8,111,185	39,385	7,799,509
Use of money and property	23,000	46,968	23,968	61,977
Charges for current services	215,000	300,773	85,773	254,069
Contributions and donations	278,840	-	(278,840)	209,738
Total revenues	15,356,390	14,964,269	(392,121)	15,247,026
Expenditures				
Current:				
General government	1,824,100	1,499,325	324,775	1,451,110
Public works	423,040	320,316	102,724	346,441
Housing and development	50,000	50,000	-	15,828
Capital outlay	-	-	-	180,294
Debt service	278,840	-	278,840	209,738
Total expenditures	2,575,980	1,869,641	706,339	2,203,411
Excess (deficiency) of revenues over (under) expenditures	12,780,410	13,094,628	314,218	13,043,615
Other financing sources (uses)				
Transfers in	859,590	-	(859,590)	-
Transfers (out)	(11,299,610)	(12,389,609)	(1,089,999)	(11,299,610)
Transfers in (out) between nonmajor funds	(2,340,390)	(2,515,391)	(175,001)	(2,479,170)
Total other financing sources (uses)	(12,780,410)	(14,905,000)	(2,124,590)	(13,778,780)
Net change in fund balances	<u>\$ -</u>	<u>(1,810,372)</u>	<u>\$ (1,810,372)</u>	<u>(735,165)</u>
Fund balance - beginning		<u>3,303,923</u>		<u>4,039,088</u>
Fund balance - ending		<u>\$ 1,493,551</u>		<u>\$ 3,303,923</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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Charges for current services	\$ 2,686,430	\$ 3,018,609	\$ 332,179	\$ 3,020,288
Other	-	-	-	-
Total revenues	<u>2,686,430</u>	<u>3,018,609</u>	<u>332,179</u>	<u>3,020,288</u>
Expenditures				
Current:				
General government	217,370	218,109	(739)	207,914
Public safety	3,190,357	2,867,941	322,416	2,504,285
Capital outlay	2,020	-	2,020	-
Total expenditures	<u>3,409,747</u>	<u>3,086,050</u>	<u>323,697</u>	<u>2,712,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(723,317)</u>	<u>(67,441)</u>	<u>655,876</u>	<u>308,089</u>
Other financing sources (uses)				
Transfers in	497,317	18,000	(479,317)	200,000
Transfers in (out) between nonmajor funds	226,000	126,000	(100,000)	150,000
Total other financing sources (uses)	<u>723,317</u>	<u>144,000</u>	<u>(579,317)</u>	<u>350,000</u>
Net change in fund balances	<u>\$ -</u>	<u>76,559</u>	<u>\$ 76,559</u>	<u>658,089</u>
Fund balance (deficit) - beginning		<u>524,363</u>		<u>(133,726)</u>
Fund balance (deficit) - ending		<u>\$ 600,922</u>		<u>\$ 524,363</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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Taxes - property	\$ 3,187,920	\$ 3,139,773	\$ (48,147)	\$ 3,232,082
Use of money and property	11,500	7,100	(4,400)	18,200
Intergovernmental	-	9,994	9,994	85,980
Total revenues	<u>3,199,420</u>	<u>3,156,867</u>	<u>(42,553)</u>	<u>3,336,262</u>
Expenditures				
Current:				
General government	835,042	281,919	553,123	475,452
Judicial	82,429	14,267	68,162	89,261
Public safety	2,770	2,770	-	-
Public works	59,437	9,622	49,815	115,414
Culture and recreation	93,557	76,029	17,528	2,594
Capital outlay	3,334,965	1,122,064	2,212,901	1,065,963
Debt service	2,369,369	1,558,937	810,432	1,224,887
Total expenditures	<u>6,777,569</u>	<u>3,065,608</u>	<u>3,711,961</u>	<u>2,973,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,578,149)</u>	<u>91,259</u>	<u>3,669,408</u>	<u>362,691</u>
Other financing sources (uses)				
Transfers in	3,578,149	203,290	(3,374,859)	-
Transfers (out)	-	-	-	(75,000)
Transfers in (out) between nonmajor funds	-	-	-	1,572,077
Total other financing sources (uses)	<u>3,578,149</u>	<u>203,290</u>	<u>(3,374,859)</u>	<u>1,497,077</u>
Net change in fund balances	<u>\$ -</u>	<u>294,549</u>	<u>\$ 294,549</u>	<u>1,859,768</u>
Fund balance - beginning		<u>3,360,696</u>		<u>1,500,928</u>
Fund balance - ending		<u>\$ 3,655,245</u>		<u>\$ 3,360,696</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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Use of money and property	\$ -	\$ 16,047	\$ 16,047	\$ 6,590
Charges for current services	367,611	77,200	(290,411)	92,559
Total revenues	<u>367,611</u>	<u>93,247</u>	<u>(274,364)</u>	<u>99,149</u>
Expenditures				
Current:				
General government	100,000	-	100,000	-
Public safety	200,895	198,686	2,209	12,332
Capital outlay	66,716	66,714	2	24,600
Total expenditures	<u>367,611</u>	<u>265,400</u>	<u>102,211</u>	<u>36,932</u>
Excess (deficiency) of revenues over (under) expenditures	-	(172,153)	(172,153)	62,217
Net change in fund balances	<u>\$ -</u>	<u>(172,153)</u>	<u>\$ (172,153)</u>	<u>62,217</u>
Fund balance - beginning		555,932		493,715
Fund balance - ending		<u>\$ 383,779</u>		<u>\$ 555,932</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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Taxes - other than property	\$ -	\$ -	\$ -	\$ 617
Licenses and permits	2,102,890	1,987,189	(115,701)	2,009,306
Use of money and property	10,000	18,289	8,289	7,264
Other	-	1,996	1,996	3,758
Total revenues	<u>2,112,890</u>	<u>2,007,474</u>	<u>(105,416)</u>	<u>2,020,945</u>
Expenditures				
Current:				
General government	6,190	6,192	(2)	6,300
Total expenditures	<u>6,190</u>	<u>6,192</u>	<u>(2)</u>	<u>6,300</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>2,106,700</u>	<u>2,001,282</u>	<u>(105,418)</u>	<u>2,014,645</u>
Other financing sources (uses)				
Transfers (out)	(2,106,700)	(1,922,562)	184,138	(2,106,700)
Total other financing sources (uses)	<u>(2,106,700)</u>	<u>(1,922,562)</u>	<u>184,138</u>	<u>(2,106,700)</u>
Net change in fund balances	<u>\$ -</u>	<u>78,720</u>	<u>\$ 78,720</u>	<u>(92,055)</u>
Fund balance - beginning		<u>(78,720)</u>		<u>13,335</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ (78,720)</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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Charges for current services	\$ 1,269,590	\$ 1,263,859	\$ (5,731)	\$ 1,299,526
Total revenues	<u>1,269,590</u>	<u>1,263,859</u>	<u>(5,731)</u>	<u>1,299,526</u>
Expenditures				
Current:				
General government	4,570	4,572	(2)	6,411
Public works	3,109,330	2,989,202	120,128	2,803,619
Capital outlay	140,086	139,826	260	25,507
Total expenditures	<u>3,253,986</u>	<u>3,133,600</u>	<u>120,386</u>	<u>2,835,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,984,396)</u>	<u>(1,869,741)</u>	<u>114,655</u>	<u>(1,536,011)</u>
Other financing sources (uses)				
Transfers in	390,716	315,633	(75,083)	315,630
Transfers in (out) between nonmajor funds	1,593,680	1,593,681	1	1,593,680
Total other financing sources (uses)	<u>1,984,396</u>	<u>1,909,314</u>	<u>(75,082)</u>	<u>1,909,310</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>39,573</u>	 <u>\$ 39,573</u>	 <u>373,299</u>
Fund balance - beginning		<u>357,122</u>		<u>(16,177)</u>
Fund balance (deficit) - ending		<u>\$ 396,695</u>		<u>\$ 357,122</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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Taxes - property	\$ -	\$ -	\$ -	\$ 4,302
Taxes - other than property	3,795,550	3,938,276	142,726	3,741,235
Total revenues	<u>3,795,550</u>	<u>3,938,276</u>	<u>142,726</u>	<u>3,745,537</u>
Expenditures				
Current:				
Culture and recreation	3,795,550	3,936,228	(140,678)	3,754,813
Total expenditures	<u>3,795,550</u>	<u>3,936,228</u>	<u>(140,678)</u>	<u>3,754,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,048</u>	<u>2,048</u>	<u>(9,276)</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>2,048</u>	 <u>\$ 2,048</u>	 <u>(9,276)</u>
 Fund balance - beginning		 <u>(2,048)</u>		 <u>7,228</u>
 Fund balance - ending		 <u>\$ -</u>		 <u>\$ (2,048)</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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ -	\$ 9,153	\$ 9,153	\$ 868
Intergovernmental	4,656,100	3,597,470	(1,058,630)	3,809,515
Other	270,000	638,260	368,260	390,559
Total revenues	<u>4,926,100</u>	<u>4,244,883</u>	<u>(681,217)</u>	<u>4,200,942</u>
Expenditures				
Current:				
General government	125,570	115,154	10,416	109,806
Housing and development	4,922,430	6,682,887	(1,760,457)	4,195,878
Debt service	1,133,020	1,103,425	29,595	169,900
Total expenditures	<u>6,181,020</u>	<u>7,901,466</u>	<u>(1,720,446)</u>	<u>4,475,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,254,920)</u>	<u>(3,656,583)</u>	<u>(2,401,663)</u>	<u>(274,642)</u>
Other financing sources (uses)				
Transfers in	1,010,000	-	(1,010,000)	-
Proceeds from Section 108 loan	-	2,500,000	2,500,000	-
Transfers in (out) between nonmajor funds	244,920	519,920	275,000	309,410
Total other financing sources (uses)	<u>1,254,920</u>	<u>3,019,920</u>	<u>1,765,000</u>	<u>309,410</u>
Net change in fund balances	<u>\$ -</u>	<u>(636,663)</u>	<u>\$ (636,663)</u>	<u>34,768</u>
Fund balance - beginning		<u>911,063</u>		<u>876,295</u>
Fund balance - ending		<u>\$ 274,400</u>		<u>\$ 911,063</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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ 40,000	\$ 22,026	\$ (17,974)	\$ 28,995
Total revenues	<u>40,000</u>	<u>22,026</u>	<u>(17,974)</u>	<u>28,995</u>
Expenditures				
Current:				
General government	6,350	6,063	287	-
Housing and development	181,300	106,492	74,808	462,732
Capital outlay	-	-	-	60,654
Total expenditures	<u>187,650</u>	<u>112,555</u>	<u>75,095</u>	<u>523,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(147,650)</u>	<u>(90,529)</u>	<u>57,121</u>	<u>(494,391)</u>
Other financing sources (uses)				
Transfers in	141,300	-	(141,300)	-
Transfers (out)	-	-	-	-
Transfers in (out) between nonmajor funds	6,350	6,350	-	6,290
Total other financing sources (uses)	<u>147,650</u>	<u>6,350</u>	<u>(141,300)</u>	<u>6,290</u>
Net change in fund balances	<u>\$ -</u>	<u>(84,179)</u>	<u>\$ (84,179)</u>	<u>(488,101)</u>
Fund balance - beginning		<u>349,387</u>		<u>837,488</u>
Fund balance - ending		<u>\$ 265,208</u>		<u>\$ 349,387</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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ -	\$ 6,255	\$ 6,255	\$ 2,751
Fines and forfeitures	43,046	114,151	71,105	155,509
Total revenues	43,046	120,406	77,360	158,260
Expenditures				
Current:				
Public safety	16,255	16,120	135	108,309
Capital outlay	33,156	33,155	1	299,454
Total expenditures	49,411	49,275	136	407,763
Excess (deficiency) of revenues over (under) expenditures	(6,365)	71,131	77,496	(249,503)
Other financing sources (uses)				
Transfers in	6,365	-	(6,365)	-
Total other financing sources (uses)	6,365	-	(6,365)	-
Net change in fund balances	\$ -	71,131	\$ 71,131	(249,503)
Fund balance - beginning		175,459		424,962
Fund balance - ending		\$ 246,590		\$ 175,459

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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Use of money and property	\$ -	\$ 31,052	\$ 31,052	\$ 70,612
Fines and forfeitures	393,062	262,368	(130,694)	346,055
Total revenues	<u>393,062</u>	<u>293,420</u>	<u>(99,642)</u>	<u>416,667</u>
Expenditures				
Current:				
Public safety	339,319	287,375	51,944	25,062
Capital outlay	53,743	53,765	(22)	87,521
Total expenditures	<u>393,062</u>	<u>341,140</u>	<u>51,922</u>	<u>112,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(47,720)</u>	<u>(47,720)</u>	<u>304,084</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>(47,720)</u>	 <u>\$ (47,720)</u>	 <u>304,084</u>
Fund balance - beginning		<u>885,715</u>		<u>581,631</u>
Fund balance - ending		<u>\$ 837,995</u>		<u>\$ 885,715</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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ 22,611	\$ 22,611	\$ -
Total revenues	-	22,611	22,611	-
Expenditures				
Current:				
Judicial	-	-	-	35
Total expenditures	-	-	-	35
Excess (deficiency) of revenues over (under) expenditures	-	22,611	22,611	(35)
Net change in fund balances	\$ -	22,611	\$ 22,611	(35)
Fund balance (deficits) - beginning		(22,611)		(22,576)
Fund balance (deficits) - ending		\$ -		\$ (22,611)

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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ 5,000	\$ 7,149	\$ 2,149	\$ 5,061
Charges for current services	11,500	-	(11,500)	6,429
Fines and forfeitures	333,000	241,485	(91,515)	259,909
Intergovernmental	-	-	-	-
Total revenues	<u>349,500</u>	<u>248,634</u>	<u>(100,866)</u>	<u>271,399</u>
Expenditures				
Current:				
General government	14,580	14,580	-	10,420
Judicial	343,220	329,975	13,245	441,840
Total expenditures	<u>357,800</u>	<u>344,555</u>	<u>13,245</u>	<u>452,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,300)</u>	<u>(95,921)</u>	<u>(87,621)</u>	<u>(180,861)</u>
Other financing sources (uses)				
Transfers in	8,300	-	(8,300)	-
Total other financing sources (uses)	<u>8,300</u>	<u>-</u>	<u>(8,300)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(95,921)</u>	<u>\$ (95,921)</u>	<u>(180,861)</u>
Fund balance - beginning		<u>329,277</u>		<u>510,138</u>
Fund balance - ending		<u>\$ 233,356</u>		<u>\$ 329,277</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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Use of money and property	\$ 600	\$ 649	\$ 49	\$ 403
Charges for current services	10,000	10,600	600	8,885
Total revenues	<u>10,600</u>	<u>11,249</u>	<u>649</u>	<u>9,288</u>
Expenditures				
Current:				
General government	1,340	1,344	(4)	-
Judicial	29,260	22,575	6,685	14,545
Total expenditures	<u>30,600</u>	<u>23,919</u>	<u>6,681</u>	<u>14,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,000)</u>	<u>(12,670)</u>	<u>7,330</u>	<u>(5,257)</u>
Other financing sources (uses)				
Transfers in	20,000	-	(20,000)	-
Total other financing sources (uses)	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(12,670)</u>	<u>\$ (12,670)</u>	<u>(5,257)</u>
Fund balance - beginning		<u>32,494</u>		<u>37,751</u>
Fund balance - ending		<u>\$ 19,824</u>		<u>\$ 32,494</u>

Augusta, Georgia
Building Inspection
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Licenses and permits	\$ 901,250	\$ 1,066,734	\$ 165,484	\$ 913,043
Use of money and property	1,500	17,428	15,928	4,052
Total revenues	<u>902,750</u>	<u>1,084,162</u>	<u>181,412</u>	<u>917,095</u>
Expenditures				
Current:				
General government	116,430	26,452	89,978	24,170
Housing and development	793,320	745,594	47,726	768,431
Capital outlay	193,000	-	193,000	-
Total expenditures	<u>1,102,750</u>	<u>772,046</u>	<u>330,704</u>	<u>792,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,000)</u>	<u>312,116</u>	<u>512,116</u>	<u>124,494</u>
Other financing sources (uses)				
Transfers in	200,000	-	(200,000)	-
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>312,116</u>	<u>\$ 312,116</u>	<u>124,494</u>
Fund balance - beginning		<u>317,122</u>		<u>192,628</u>
Fund balance - ending		<u>\$ 629,238</u>		<u>\$ 317,122</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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	-	86	86	(800)
Charges for current services	3,500	500	(3,000)	-
Intergovernmental	\$ 124,820	\$ 74,773	\$ (50,047)	\$ 188,828
Contributions and donations	400	2,213	1,813	-
Total revenues	<u>128,720</u>	<u>77,572</u>	<u>(51,148)</u>	<u>188,028</u>
Expenditures				
Current:				
General government	3,680	3,671	9	-
Public safety	171,670	125,309	46,361	174,136
Capital outlay	-	8,925	(8,925)	20,380
Total expenditures	<u>175,350</u>	<u>137,905</u>	<u>37,445</u>	<u>194,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,630)</u>	<u>(60,333)</u>	<u>(13,703)</u>	<u>(6,488)</u>
Transfers in	46,630	46,628	(2)	-
Total other financing sources (uses)	<u>46,630</u>	<u>46,628</u>	<u>(2)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(13,705)</u>	<u>\$ (13,705)</u>	<u>(6,488)</u>
Fund balance - beginning		<u>26,343</u>		<u>32,831</u>
Fund balance - ending		<u>\$ 12,638</u>		<u>\$ 26,343</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, 2005
With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ 4,300	\$ 24,472	\$ 20,172	\$ 9,859
Charges for current services	340,000	482,401	142,401	202,628
Total revenues	344,300	506,873	162,573	212,487
Expenditures				
Current:				
General government	149,870	1,920	147,950	720
Public safety	284,430	284,420	10	164,971
Total expenditures	434,300	286,340	147,960	165,691
Excess (deficiency) of revenues over (under) expenditures	(90,000)	220,533	310,533	46,796
Other financing sources (uses)				
Transfers in	166,000	-	(166,000)	-
Transfers in (out) between nonmajor funds	(76,000)	(76,000)	-	-
Total other financing sources (uses)	90,000	(76,000)	(166,000)	-
Net change in fund balances	<u>\$ -</u>	<u>144,533</u>	<u>\$ 144,533</u>	<u>46,796</u>
Fund balance - beginning		<u>771,839</u>		<u>725,043</u>
Fund balance - ending		<u>\$ 916,372</u>		<u>\$ 771,839</u>

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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ 1,601
Intergovernmental	-	-	-	476,589
Total revenues	-	-	-	478,190
Expenditures				
Current:				
Housing and development	-	-	-	41,087
Capital outlay	-	-	-	443,002
Total expenditures	-	-	-	484,089
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(5,899)
 Net change in fund balances	 \$ -	 -	 \$ -	 (5,899)
Fund balance - beginning		-		5,899
Fund balance - ending		\$ -		\$ -

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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ 19,000	\$ 42,086	\$ 23,086	\$ 18,326
Contributions and donations	-	-	-	20
Total revenues	19,000	42,086	23,086	18,346
Expenditures				
Current:				
Culture and recreation	68,200	20,023	48,177	9,018
Capital outlay	29,800	24,651	5,149	-
Total expenditures	98,000	44,674	53,326	9,018
Excess (deficiency) of revenues over (under) expenditures	(79,000)	(2,588)	76,412	9,328
Other financing sources (uses)				
Transfers in	79,000	-	(79,000)	-
Transfers in (out) between nonmajor funds	-	-	-	(216,518)
Total other financing sources (uses)	79,000	-	(79,000)	(216,518)
Net change in fund balances	\$ -	(2,588)	\$ (2,588)	(207,190)
Fund balance - beginning		491,751		698,941
Fund balance - ending		\$ 489,163		\$ 491,751

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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ -	\$ 3,585	\$ 3,585	\$ 114,196
Other	-	3,980	3,980	1,269
Total revenues	-	7,565	7,565	115,465
Expenditures				
Housing and development	-	1,544	(1,544)	-
Total expenditures	-	1,544	(1,544)	-
Excess (deficiency) of revenues over (under) expenditures	-	6,021	6,021	115,465
Net change in fund balances	\$ -	6,021	\$ 6,021	115,465
Fund balance - beginning		125,448		9,983
Fund balance - ending		\$ 131,469		\$ 125,448

Augusta, Georgia
 Downtown Development Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Taxes - other than property	\$ 437,000	\$ 461,480	\$ 24,480	\$ 418,017
Total revenues	<u>437,000</u>	<u>461,480</u>	<u>24,480</u>	<u>418,017</u>
Expenditures				
Current:				
General government	623,150	799,053	(175,903)	670,936
Housing and development	154,790	154,790	-	154,791
Debt service	4,500	12,711	(8,211)	5,663
Total expenditures	<u>782,440</u>	<u>966,554</u>	<u>(184,114)</u>	<u>831,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,440)</u>	<u>(505,074)</u>	<u>(159,634)</u>	<u>(413,373)</u>
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	345,440	345,440		419,790
Total other financing sources (uses)	<u>345,440</u>	<u>345,440</u>	<u>-</u>	<u>419,790</u>
Net change in fund balances	<u>\$ -</u>	<u>(159,634)</u>	<u>\$ (159,634)</u>	<u>6,417</u>
Fund balance - beginning		<u>-</u>		<u>(86,795)</u>
Fund balance - ending		<u>\$ (159,634)</u>		<u>\$ (80,378)</u>

Augusta, Georgia
 Canine Forfeitures
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Use of money and property	\$ -	\$ 392	\$ 392	\$ 75
Fines and forfeitures	-	3,087	3,087	11,797
Total revenues	-	3,479	3,479	11,872
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	3,479	3,479	11,872
Net change in fund balances	\$ -	3,479	\$ 3,479	11,872
Fund balance - beginning		11,872		-
Fund balance - ending		\$ 15,351		\$ 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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Licenses and permits	\$ 35,000	\$ 22,222	\$ (12,778)	\$ 42,109
Use of money and property	100	1,563	1,463	258
Charges for current services	12,000	-	(12,000)	-
Total revenues	<u>47,100</u>	<u>23,785</u>	<u>(23,315)</u>	<u>42,367</u>
Expenditures				
Current:				
General government	4,497	-	4,497	-
Public works	42,603	5,423	37,180	-
Total expenditures	<u>47,100</u>	<u>5,423</u>	<u>41,677</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>18,362</u>	<u>18,362</u>	<u>42,367</u>
Net change in fund balances	<u>\$ -</u>	<u>18,362</u>	<u>\$ 18,362</u>	<u>42,367</u>
Fund balance - beginning		<u>42,367</u>		<u>-</u>
Fund balance - ending		<u>\$ 60,729</u>		<u>\$ 42,367</u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2005

	<u>Debt Service</u>	<u>Urban Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets			
Cash and temporary investments	\$ 749,083	\$ 258,783	\$ 1,007,866
Receivables (net of allowance for doubtful accounts)			
Taxes	29,249	19,161	48,410
Reserve account	12	-	12
Total assets	<u><u>\$ 778,344</u></u>	<u><u>\$ 277,944</u></u>	<u><u>\$ 1,056,288</u></u>
Liabilities and fund balances			
Liabilities:			
Deferred revenue	31,107	19,001	50,108
Total liabilities	<u>31,107</u>	<u>19,001</u>	<u>50,108</u>
Fund balances:			
Unreserved - undesignated	747,237	258,943	1,006,180
Total fund balances	<u>747,237</u>	<u>258,943</u>	<u>1,006,180</u>
Total liabilities and fund balances	<u><u>\$ 778,344</u></u>	<u><u>\$ 277,944</u></u>	<u><u>\$ 1,056,288</u></u>

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2005**

	<u>Debt Service</u>	<u>Urban Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues			
Taxes - property	\$ 3,405	\$ 4,751	\$ 8,156
Use of money and property	22,611	7,765	30,376
Total revenues	<u>26,016</u>	<u>12,516</u>	<u>38,532</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,016</u>	<u>12,516</u>	<u>38,532</u>
Net change in fund balances	26,016	12,516	38,532
Fund balance - beginning	<u>721,221</u>	<u>246,427</u>	<u>967,648</u>
Fund balance - ending	<u>\$ 747,237</u>	<u>\$ 258,943</u>	<u>\$ 1,006,180</u>

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, 2005
 With comparative amounts for December 31, 2004

	Budget	Actual	Variance with Final Budget - Positive (Negative)	2004 Actual
Revenues				
Taxes - property	\$ -	\$ 3,405	\$ 3,405	\$ 7,283
Use of money and property	-	22,611	22,611	9,337
Total revenues	-	26,016	26,016	16,620
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	26,016	26,016	16,620
Other financing sources (uses)				
Transfers in (out) between nonmajor funds	-	-	-	(1,572,077)
Total other financing sources (uses)	-	-	-	(1,572,077)
Net change in fund balances	\$ -	26,016	\$ 26,016	(1,555,457)
Fund balance - beginning		721,221		2,276,678
Fund balance - ending		\$ 747,237		\$ 721,221

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, 2005
With comparative amounts for December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2004 Actual</u>
Revenues				
Taxes - property	\$ -	\$ 4,751	\$ 4,751	\$ 7,994
Use of money and property	-	7,765	7,765	3,148
Total revenues	-	12,516	12,516	11,142
Expenditures				
Debt service	-	-	-	87
Total expenditures	-	-	-	87
Excess (deficiency) of revenues over (under) expenditures	-	12,516	12,516	11,055
Net change in fund balances	<u>\$ -</u>	<u>12,516</u>	<u>\$ 12,516</u>	<u>11,055</u>
Fund balance - beginning		<u>246,427</u>		<u>253,372</u>
Fund balance - ending		<u>\$ 258,943</u>		<u>\$ 264,427</u>

Augusta, Georgia
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2005

	<u>Community Development</u>	<u>Special Sales Tax Phase I</u>	<u>Special Sales Tax Phase II</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets				
Cash and temporary investments	\$ 135,761	\$ 3,370,508	\$ 11,114,143	\$ 14,620,412
Receivables (net of allowance for doubtful accounts)				
Accounts	-	-	11,107	11,107
Interest	-	-	82,993	82,993
Total assets	<u>\$ 135,761</u>	<u>\$ 3,370,508</u>	<u>\$ 11,208,243</u>	<u>\$ 14,714,512</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 50,147	\$ 50,147
Total liabilities	<u>-</u>	<u>-</u>	<u>50,147</u>	<u>50,147</u>
Fund balances:				
Encumbrances	-	-	1,021,768	1,021,768
Project maintenance	-	2,000,000	3,596,460	5,596,460
Unreserved - undesignated	135,761	1,370,508	6,539,868	8,046,137
Total fund balances	<u>135,761</u>	<u>3,370,508</u>	<u>11,158,096</u>	<u>14,664,365</u>
Total liabilities and fund balances	<u>\$ 135,761</u>	<u>\$ 3,370,508</u>	<u>\$ 11,208,243</u>	<u>\$ 14,714,512</u>

Augusta, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2005**

	Community Development	Special Sales Tax Phase I	Special Sales Tax Phase II	Total Nonmajor Capital Project Funds
Revenues				
Use of money and property	\$ 330	\$ 109,306	\$ 366,940	\$ 476,576
Intergovernmental	-	-	873,647	873,647
Total revenues	330	109,306	1,240,587	1,350,223
Expenditures				
Current:				
General government	420	1,416	1,584	3,420
Public works	-	-	359,265	359,265
Capital outlay	-	135,000	1,698,585	1,833,585
Total expenditures	420	136,416	2,059,434	2,196,270
Excess (deficiency) of revenues over (under) expenditures	(90)	(27,110)	(818,847)	(846,047)
Other financing sources (uses)				
Transfers (out)	-	-	(853,000)	(853,000)
Transfers in (out) between nonmajor funds	-	(445,000)	445,000	-
Total other financing sources (uses)	-	(445,000)	(408,000)	(853,000)
Net change in fund balances	(90)	(472,110)	(1,226,847)	(1,699,047)
Fund balance - beginning	135,851	3,842,618	12,384,943	16,363,412
Fund balance - ending	\$ 135,761	\$ 3,370,508	\$ 11,158,096	\$ 14,664,365

NONMAJOR ENTERPRISE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005

Assets	Waste Management	Municipal Golf Course	Transit
Current assets			
Cash and temporary investments	\$ 19,475,155	\$ 938	\$ 150
Receivables			
Accounts	937,722	-	51,622
Interest	-	-	-
Intergovernmental	-	-	219,413
Inventory	-	9,740	201,665
Total current assets	20,412,877	10,678	472,850
Noncurrent assets			
Restricted cash and investments	7,358,000	-	-
Deferred bond issuance costs	299,153	-	-
Capital assets, net	8,144,246	1,479,551	4,225,886
Total noncurrent assets	15,801,399	1,479,551	4,225,886
Total assets	36,214,276	1,490,229	4,698,736
Liabilities			
Current liabilities			
Accounts payable	75,123	23,338	23,749
Due to other funds	-	-	115,841
Accrued salaries and vacation	48,981	20,034	216,051
Other accrued liabilities	279,823	-	-
Current portion of leases payable	303,596	-	-
Deferred revenue	-	39	-
Current portion of revenue bonds payable	1,490,000	-	-
Total current liabilities	2,197,523	43,411	355,641
Noncurrent liabilities			
Closure/postclosure accrual	12,830,455	-	-
Revenue bonds payable	8,728,715	-	-
Capital leases	789,750	-	-
Total noncurrent liabilities	22,348,920	-	-
Total liabilities	24,546,443	43,411	355,641
Net assets			
Invested in capital assets, net of related debt	4,187,582	1,479,551	4,225,886
Restricted	5,206	-	-
Unrestricted	7,475,045	(32,733)	117,209
Total net assets	\$ 11,667,833	\$ 1,446,818	\$ 4,343,095

Daniel Field Airport	Newman Tennis Center	Garbage Collection	Riverwalk	Total Nonmajor Enterprise Funds
\$ 568,146	\$ 879	\$ 50,283	\$ 65,593	\$ 20,161,144
-	-	895,735	-	1,885,079
7,986	-	-	-	7,986
-	-	-	-	219,413
-	12,793	-	-	224,198
576,132	13,672	946,018	65,593	22,497,820
-	-	-	-	7,358,000
-	-	-	-	299,153
1,340,715	-	-	-	15,190,398
1,340,715	-	-	-	22,847,551
1,916,847	13,672	946,018	65,593	45,345,371
853	2,147	705,747	8,652	839,609
212,469	-	2,838,044	-	3,166,354
11,844	7,477	8,592	6,998	319,977
-	178	-	-	280,001
-	-	-	-	303,596
-	2,500	-	-	2,539
-	-	-	-	1,490,000
225,166	12,302	3,552,383	15,650	6,402,076
-	-	-	-	12,830,455
-	-	-	-	8,728,715
-	-	-	-	789,750
-	-	-	-	22,348,920
225,166	12,302	3,552,383	15,650	28,750,996
1,340,715	-	-	-	11,233,734
-	-	-	-	5,206
350,966	1,370	(2,606,365)	49,943	5,355,435
\$ 1,691,681	\$ 1,370	\$ (2,606,365)	\$ 49,943	\$ 16,594,375

Augusta, Georgia

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Nonmajor Enterprise Funds

Year Ended December 31, 2005

	Waste Management	Municipal Golf Course	Transit
Operating revenues			
Charges and fees	\$ 10,221,579	\$ 509,142	\$ 703,356
Total operating revenues	<u>10,221,579</u>	<u>509,142</u>	<u>703,356</u>
Operating expenses			
Personal services and employee benefits	684,046	242,999	2,470,100
Purchased/contracted services	411,136	90,387	72,824
Supplies	644,639	206,621	805,769
Repairs and maintenance	255,570	22,000	226,319
Interfund/interdepartmental charges	692,584	62,856	246,690
Other costs	360,530	-	-
Depreciation	187,155	35,168	604,686
Closure/postclosure accrual	570,921	-	-
Total operating expenses	<u>3,806,581</u>	<u>660,031</u>	<u>4,426,388</u>
Operating income (loss)	<u>6,414,998</u>	<u>(150,889)</u>	<u>(3,723,032)</u>
Nonoperating revenue (expense)			
Interest revenue	789,499	-	-
Sale of property	-	-	-
Other revenue	79	57	1,640
Intergovernmental	-	-	2,060,751
Interest expense	(378,033)	(5,881)	(132,949)
Total nonoperating revenue (expense)	<u>411,545</u>	<u>(5,824)</u>	<u>1,929,442</u>
Income (loss) before transfers	6,826,543	(156,713)	(1,793,590)
Transfers in	-	242,000	5,630,899
Transfers out	-	-	-
Change in net assets	6,826,543	85,287	3,837,309
Total net assets - beginning	<u>4,841,290</u>	<u>1,361,531</u>	<u>505,786</u>
Total net assets - ending	<u>\$ 11,667,833</u>	<u>\$ 1,446,818</u>	<u>\$ 4,343,095</u>

Daniel Field Airport	Newman Tennis Center	Garbage Collection	Riverwalk	Total
\$ 76,850	\$ 202,983	\$ 7,156,565	\$ 41,547	\$ 18,912,022
76,850	202,983	7,156,565	41,547	18,912,022
25,843	101,658	88,115	75,658	3,688,419
12,462	102,642	11,122,553	58,353	11,870,357
9,221	79,796	5,267	93,502	1,844,815
15,109	3,685	-	2,338	525,021
11,840	27,348	-	17,604	1,058,922
-	-	-	-	360,530
71,689	-	-	-	898,698
-	-	-	-	570,921
146,164	315,129	11,215,935	247,455	20,817,683
(69,314)	(112,146)	(4,059,370)	(205,908)	(1,905,661)
8,118	-	-	1,723	799,340
-	250	-	-	250
1,036	-	-	150	2,962
213,672	8,300	-	-	2,282,723
-	(7,626)	(100,194)	-	(624,683)
222,826	924	(100,194)	1,873	2,460,592
153,512	(111,222)	(4,159,564)	(204,035)	554,931
-	342,370	3,127,550	207,000	9,549,819
-	-	-	-	-
153,512	231,148	(1,032,014)	2,965	10,104,750
1,538,169	(229,778)	(1,574,351)	46,978	6,489,625
\$ 1,691,681	\$ 1,370	\$ (2,606,365)	\$ 49,943	\$ 16,594,375

Augusta, Georgia

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2005

	Waste Management	Municipal Golf Course	Transit
Operating activities			
Cash received from customers	\$ 10,459,573	\$ 509,142	\$ 651,734
Cash received as advances from General Fund	-	-	-
Cash paid to suppliers	(1,767,473)	(319,119)	(1,082,713)
Cash paid to employees	(717,519)	(242,804)	(2,463,157)
Cash paid for interfund services used	(692,584)	(182,636)	(3,458,466)
Net cash provided by (used in) operating activities	7,281,997	(235,417)	(6,352,602)
Noncapital financing activities			
Transfers in	-	242,000	5,630,899
Operating grants	-	-	1,874,175
Interest expense on operating capital	-	-	(132,949)
Net cash provided by noncapital financing activities	-	242,000	7,372,125
Capital and related financing activities			
Proceeds from grants	-	-	-
Other miscellaneous income	79	57	1,640
Proceeds from capital leases	600,263	-	-
Payments on capital leases	(535,683)	-	-
Payment of bond issue costs	(1,445,000)	-	-
Purchase of capital assets	(4,980,767)	-	(1,021,163)
Interest paid on capital debt	(370,644)	(5,881)	-
Net cash provided (used) by capital and related financing activities	(6,731,752)	(5,824)	(1,019,523)
Investing activities			
Interest received	789,499	-	-
Sale of property	-	-	-
Net cash provided by investing activities	789,499	-	-
Net increase (decrease) in cash and cash equivalents/investments	1,339,744	759	-
Cash and cash equivalents/investments			
Beginning of year	25,493,411	179	150
End of year	\$ 26,833,155	\$ 938	\$ 150

Daniel Field Airport	Newman Tennis Center	Garbage Collection	Riverwalk	Total Nonmajor Enterprise Funds
\$ 76,850	\$ 205,483	\$ 7,027,157	\$ 41,547	\$ 18,971,486
74,819	-	-	-	74,819
(36,286)	(419,928)	(10,016,383)	(149,260)	(13,791,162)
(24,943)	(100,822)	(85,486)	(74,906)	(3,709,637)
(11,840)	(27,348)	-	(17,604)	(4,390,478)
78,600	(342,615)	(3,074,712)	(200,223)	(2,844,972)
-	342,370	3,127,550	207,000	9,549,819
-	-	-	-	1,874,175
-	(7,626)	(100,194)	-	(240,769)
-	334,744	3,027,356	207,000	11,183,225
213,672	8,300	-	-	221,972
1,036	250	-	150	3,212
-	-	-	-	600,263
-	-	-	-	(535,683)
-	-	-	-	(1,445,000)
(229,483)	-	-	-	(6,231,413)
-	-	-	-	(376,525)
(14,775)	8,550	-	150	(7,763,174)
4,399	-	-	1,723	795,621
-	-	-	-	-
4,399	-	-	1,723	795,621
68,224	679	(47,356)	8,650	1,370,700
499,922	200	97,639	56,943	26,148,444
\$ 568,146	\$ 879	\$ 50,283	\$ 65,593	\$ 27,519,144

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Nonmajor Enterprise Funds
Year Ended December 31, 2005

	<u>Waste Management</u>	<u>Municipal Golf Course</u>	<u>Transit</u>
Reconciliation of operating income (loss)			
to net cash provided by			
(used in) operating activities			
Operating income (loss)	\$ 6,414,998	\$ (150,889)	\$ (3,723,032)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating			
activities:			
Depreciation and amortization	187,155	35,168	604,686
Closure/post closure costs	570,921	-	-
Change in assets and liabilities			
Accounts receivable	237,994	-	(51,622)
Inventory	-	(1,761)	18,157
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Accounts payable	(14,222)	3,996	4,042
Accrued salaries and vacation	(33,473)	195	6,943
Other accrued liabilities	80,307	(1,785)	-
Due to other funds	-	(119,780)	(3,211,776)
Unearned revenue	-	(561)	-
Decrease in closure liability	(161,683)	-	-
Total adjustments	<u>866,999</u>	<u>(84,528)</u>	<u>(2,629,570)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 7,281,997</u></u>	<u><u>\$ (235,417)</u></u>	<u><u>\$ (6,352,602)</u></u>

Noncash investing, capital, and financing activities:

<u>Daniel Field Airport</u>	<u>Newman Tennis Center</u>	<u>Garbage Collection</u>	<u>Riverwalk</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ (69,314)	\$ (112,146)	\$ (4,059,370)	\$ (205,908)	(1,905,661)
71,689	-	-		898,698
-	-	-		570,921
-	-	(129,408)	-	56,964
-	(546)	-	-	15,850
-	-	3,648	-	3,648
-	-	-	-	-
506	(903)	(6,268)	4,933	(7,916)
900	836	2,629	752	(21,218)
-	(2,507)	-	-	76,015
74,819	(229,849)	1,114,057	-	(2,372,529)
-	2,500	-	-	1,939
-	-	-	-	(161,683)
<u>147,914</u>	<u>(230,469)</u>	<u>984,658</u>	<u>5,685</u>	<u>(939,311)</u>
\$ 78,600	\$ (342,615)	\$ (3,074,712)	\$ (200,223)	\$ (2,844,972)

INTERNAL SERVICE FUNDS

Augusta, Georgia
Combining Statement of Net Assets
Internal Service Funds
December 31, 2005

	<u>Risk Management</u>	<u>Fleet Operations</u>	<u>Workers Compensation</u>
Assets			
Current assets			
Cash and temporary investments	\$ 1,061,208	\$ 189,727	\$ 205,779
Accounts receivable	-	2,303	-
Total current assets	<u>1,061,208</u>	<u>192,030</u>	<u>205,779</u>
Noncurrent assets			
Restricted investments	-	-	67,740
Capital assets, net	236,093	230,875	-
Total noncurrent assets	<u>236,093</u>	<u>230,875</u>	<u>67,740</u>
Total assets	<u>1,297,301</u>	<u>422,905</u>	<u>273,519</u>
Liabilities			
Current liabilities			
Accounts payable	34,218	371,569	118,613
Due to other funds	-	-	-
Accrued salaries and vacation	33,153	12,152	-
Current portion of leases payable	-	45,323	-
Total current liabilities	<u>67,371</u>	<u>429,044</u>	<u>118,613</u>
Noncurrent liabilities			
Revenue bonds payable	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>67,371</u>	<u>429,044</u>	<u>118,613</u>
Net assets			
Invested in capital assets, net of related debt	236,093	185,552	-
Unrestricted	993,837	(191,691)	154,906
Total net assets	<u>\$ 1,229,930</u>	<u>\$ (6,139)</u>	<u>\$ 154,906</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ -	\$ -	\$ 15,657	\$ -	\$ 1,472,371
-	-	-	3,196,778	3,199,081
-	-	15,657	3,196,778	4,671,452
-	-	-	13,929,098	13,996,838
-	-	-	-	466,968
-	-	-	13,929,098	14,463,806
-	-	15,657	17,125,876	19,135,258
-	-	-	-	524,400
-	-	-	1,078,152	1,078,152
-	-	-	-	45,305
-	-	-	-	45,323
-	-	-	1,078,152	1,693,180
-	-	-	16,079,524	16,079,524
-	-	-	16,079,524	16,079,524
-	-	-	17,157,676	17,772,704
-	-	-	-	421,645
-	-	15,657	(31,800)	940,909
\$ -	\$ -	\$ 15,657	\$ (31,800)	\$ 1,362,554

Augusta, Georgia

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

Year Ended December 31, 2005

	Risk Management	Fleet Operations	Workers Compensation
Operating revenues			
Charges and fees	\$ 1,397,484	\$ 4,934,245	\$ 1,675,336
Total operating revenues	<u>1,397,484</u>	<u>4,934,245</u>	<u>1,675,336</u>
Operating expenses			
Personal services and employee benefits	304,074	109,494	-
Purchased/contracted services	431,197	23,383	-
Supplies	18,340	187,894	-
Repairs and maintenance	-	3,974,031	-
Interfund/interdepartmental charges	-	-	-
Other costs	7,102	70,390	-
Depreciation	50,757	73,920	-
Closure/postclosure accrual	-	-	-
Lease expense	-	11,025	-
Risk benefit charges	803,031	-	636
Insurance	-	-	1,674,618
Administration (T&A)	-	-	-
Benefit Payments (T&A)	-	-	-
Refunds (T&A)	-	-	-
Total operating expenses	<u>1,614,501</u>	<u>4,450,137</u>	<u>1,675,254</u>
Operating income (loss)	<u>(217,017)</u>	<u>484,108</u>	<u>82</u>
Nonoperating revenue (expense)			
Interest revenue	56,940	-	858
Sale of property	-	2,500	-
Other revenue	142,842	11,993	-
Interest expense	-	(9,925)	-
Total nonoperating revenue (expense)	<u>199,782</u>	<u>4,568</u>	<u>858</u>
Income (loss) before transfers	<u>(17,235)</u>	<u>488,676</u>	<u>940</u>
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>(17,235)</u>	<u>488,676</u>	<u>940</u>
Total net assets - beginning	<u>1,247,165</u>	<u>(494,815)</u>	<u>153,966</u>
Total net assets - ending	<u>\$ 1,229,930</u>	<u>\$ (6,139)</u>	<u>\$ 154,906</u>

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total
\$ 16,642,006	\$ -	\$ 202,161	\$ 2,162,140	\$ 27,013,372
16,642,006	-	202,161	2,162,140	27,013,372
-	-	-	-	413,568
64,771	-	-	-	519,351
-	-	-	-	206,234
-	-	-	-	3,974,031
-	-	-	-	-
-	-	-	-	77,492
-	-	-	-	124,677
-	-	-	-	-
-	-	-	2,101,466	2,112,491
10,176	-	1,332	-	815,175
16,414,446	76,669	184,860	-	18,350,593
-	-	-	-	-
-	-	-	-	-
737	-	-	-	737
16,490,130	76,669	186,192	2,101,466	26,594,349
151,876	(76,669)	15,969	60,674	419,023
-	1,593	769	520,307	580,467
-	-	-	-	2,500
-	-	1,799	-	156,634
(43,767)	-	-	(565,345)	(619,037)
(43,767)	1,593	2,568	(45,038)	120,564
108,109	(75,076)	18,537	15,636	539,587
32,048	74,082	-	-	106,130
(74,082)	-	(18,537)	-	(92,619)
66,075	(994)	-	15,636	553,098
(66,075)	994	15,657	(47,436)	809,456
\$ -	\$ -	\$ 15,657	\$ (31,800)	\$ 1,362,554

Augusta, Georgia
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2005

	Risk Management	Fleet Operations	Workers Compensation
Operating activities			
Cash received from contributions	\$ 1,397,484	\$ 4,660,034	\$ 1,634,345
Cash received as advances from General Fund	-	-	-
Cash paid to suppliers	(1,255,957)	(4,279,876)	(1,646,455)
Cash paid to employees	(300,164)	(110,386)	-
Net cash provided (used) by operating activities	(158,637)	269,772	(12,110)
Noncapital financing activities			
Transfers in (out)	-	-	-
Interest expense on operating capital	-	(9,925)	-
Other miscellaneous income	142,842	-	-
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	142,842	(9,925)	-
Capital and related financing activities			
Proceeds from sale of property	-	2,500	-
Other miscellaneous income	-	11,993	-
Purchase of capital assets	(149,813)	(84,613)	-
Interest paid on capital debt	-	-	-
Net cash provided (used) by capital and related financing activities	(149,813)	(70,120)	-
Investing activities			
Interest received	56,940	-	858
Net cash provided by investing activities	56,940	-	858
Net increase (decrease) in cash and cash equivalents	(108,668)	189,727	(11,252)
Cash and cash equivalents/investments			
Beginning of year	1,169,876	-	284,771
End of year	\$ 1,061,208	\$ 189,727	\$ 273,519

Employee Health Benefits	Unemployment	Long-term Disability Insurance	GMA Leases	Total Internal Service Funds
\$ 16,575,143	\$ -	\$ 202,161	\$ 2,070,859	\$ 26,540,026
-	-	-	709,645	709,645
-	(123,626)	(186,192)	(2,101,466)	(9,593,572)
(16,490,167)	-	-	-	(16,900,717)
84,976	(123,626)	15,969	679,038	755,382
32,048	74,082	-	-	106,130
(43,767)	-	-	-	(53,692)
-	-	1,799	-	144,641
(74,082)	-	(18,537)	-	(92,619)
(85,801)	74,082	(16,738)	-	104,460
-	-	-	-	2,500
-	-	-	-	11,993
-	-	-	-	(234,426)
-	-	-	(520,430)	(520,430)
-	-	-	(520,430)	(740,363)
-	1,593	769	520,307	580,467
-	1,593	769	520,307	580,467
(825)	(47,951)	-	678,915	699,946
825	47,951	15,657	13,250,183	14,769,263
\$ -	\$ -	\$ 15,657	\$ 13,929,098	\$ 15,469,209

Augusta, Georgia
Combining Statement of Cash Flows - Continued
Internal Service Funds
Year Ended December 31, 2005

	<u>Risk Management</u>	<u>Fleet Operations</u>	<u>Workers Compensation</u>
Reconciliation of operating income (loss)			
to net cash provided by			
(used in) operating activities			
Operating income (loss)	\$ (217,017)	\$ 484,108	\$ 82
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating			
activities:			
Depreciation and amortization	50,757	73,920	-
Change in assets and liabilities:			
Accounts receivable	-	(2,303)	-
Accounts payable	3,713	(13,153)	28,799
Accrued salaries and vacation	3,910	(892)	-
Due to other funds	-	(271,908)	(40,991)
Total adjustments	<u>58,380</u>	<u>(214,336)</u>	<u>(12,192)</u>
 Net cash provided (used) by operating activities	 <u>\$ (158,637)</u>	 <u>\$ 269,772</u>	 <u>\$ (12,110)</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>
\$ 151,876	\$ (76,669)	\$ 15,969	\$ 60,674	\$ 419,023
-	-	-	-	124,677
(37)	(46,957)	-	(91,281)	(93,584)
-	-	-	-	(27,635)
(66,863)	-	-	-	3,018
(66,900)	(46,957)	0	709,645	329,883
		-	618,364	336,359
<u>\$ 84,976</u>	<u>\$ (123,626)</u>	<u>\$ 15,969</u>	<u>\$ 679,038</u>	<u>\$ 755,382</u>

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Augusta, Georgia
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
December 31, 2005

	1945 Plan	1977 Plan	General Retirement	Total
Assets				
Cash and cash equivalents	\$ 1,225,890	\$ 1,903,819	\$ 1,545,216	\$ 4,674,925
Investments				
U.S. Government securities	1,359,085	4,500,311	14,918,160	20,777,556
Corporate bonds	1,873,620	3,412,041	8,648,340	13,934,001
Equity securities	5,055,799	10,267,964	42,389,912	57,713,675
Receivables (net of allowance for doubtful accounts)				
Interest	56,316	116,619	370,143	543,078
Total assets	<u>9,570,710</u>	<u>20,200,754</u>	<u>67,871,771</u>	<u>97,643,235</u>
Liabilities				
Accounts payable	3,036	3,697	6,339	13,072
Due to other funds	-	-	304,648	304,648
Total liabilities	<u>3,036</u>	<u>3,697</u>	<u>310,987</u>	<u>317,720</u>
Net assets				
Reserved for employees' retirement benefits	<u>\$ 9,567,674</u>	<u>\$ 20,197,057</u>	<u>\$ 67,560,784</u>	<u>\$ 97,325,515</u>

Augusta, Georgia
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended December 31, 2005

	1945 Plan	1977 Plan	General Retirement	Total
Additions				
Contributions - employer	\$ -	\$ 1,034,318	\$ 1,452,953	\$ 2,487,271
Contributions - plan member	10,640	738,443	364,330	1,113,413
Net investment income	808,819	1,445,147	5,409,792	7,663,758
Total additions	<u>819,459</u>	<u>3,217,908</u>	<u>7,227,075</u>	<u>11,264,442</u>
Deductions				
Administration	55,853	92,187	400,882	548,922
Benefit payments	946,911	708,400	4,917,044	6,572,355
Refunds	-	243,307	-	243,307
Total deductions	<u>1,002,764</u>	<u>1,043,894</u>	<u>5,317,926</u>	<u>7,364,584</u>
Net increase (decrease) in plan net assets	(183,305)	2,174,014	1,909,149	3,899,858
Total net assets - beginning	<u>9,750,979</u>	<u>18,023,043</u>	<u>65,651,635</u>	<u>93,425,657</u>
Total net assets - ending	<u><u>\$ 9,567,674</u></u>	<u><u>\$ 20,197,057</u></u>	<u><u>\$ 67,560,784</u></u>	<u><u>\$ 97,325,515</u></u>

AGENCY FUNDS

Augusta, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
December 31, 2005

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
<u>Tax Commissioner</u>				
Assets				
Cash and cash equivalents	\$ 2,106,408	\$ 74,194,032	\$ 75,459,298	\$ 841,142
Receivables (net of allowance for doubtful accounts)				
Taxes	18,469,758	128,288,400	124,112,460	22,645,698
Total assets	<u>\$ 20,576,166</u>	<u>\$ 202,482,432</u>	<u>\$ 199,571,758</u>	<u>\$ 23,486,840</u>
Liabilities				
Due to others	\$ 2,106,408	\$ 74,194,032	\$ 75,459,298	\$ 841,142
Uncollected taxes	18,469,758	128,288,400	124,112,460	22,645,698
Total liabilities	<u>\$ 20,576,166</u>	<u>\$ 202,482,432</u>	<u>\$ 199,571,758</u>	<u>\$ 23,486,840</u>
<u>Probate</u>				
Assets				
Cash and cash equivalents	\$ 8,815	\$ 111,786	\$ 112,363	\$ 8,238
Total assets	<u>\$ 8,815</u>	<u>\$ 111,786</u>	<u>\$ 112,363</u>	<u>\$ 8,238</u>
Liabilities				
Due to others	\$ 8,815	\$ 111,786	\$ 112,363	\$ 8,238
Total liabilities	<u>\$ 8,815</u>	<u>\$ 111,786</u>	<u>\$ 112,363</u>	<u>\$ 8,238</u>
<u>Sheriff</u>				
Assets				
Cash and cash equivalents	\$ 1,475,655	\$ 3,214,253	\$ 2,975,346	\$ 1,714,562
Total assets	<u>\$ 1,475,655</u>	<u>\$ 3,214,253</u>	<u>\$ 2,975,346</u>	<u>\$ 1,714,562</u>
Liabilities				
Due to others	1,475,655	3,214,253	2,975,346	1,714,562
Total liabilities	<u>\$ 1,475,655</u>	<u>\$ 3,214,253</u>	<u>\$ 2,975,346</u>	<u>\$ 1,714,562</u>
<u>Civil Court</u>				
Assets				
Cash and cash equivalents	\$ 418,643	\$ 1,625,434	\$ 1,613,944	\$ 430,133
Total assets	<u>\$ 418,643</u>	<u>\$ 1,625,434</u>	<u>\$ 1,613,944</u>	<u>\$ 430,133</u>
Liabilities				
Due to others	\$ 418,643	\$ 1,625,434	\$ 1,613,944	\$ 430,133
Total liabilities	<u>\$ 418,643</u>	<u>\$ 1,625,434</u>	<u>\$ 1,613,944</u>	<u>\$ 430,133</u>

Augusta, Georgia

Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued

Agency Funds

December 31, 2005

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
<u>Clerk of Court</u>				
Assets				
Cash and cash equivalents	\$ 1,744,280	\$ 8,864,412	\$ 6,530,478	\$ 4,078,214
Total assets	<u>\$ 1,744,280</u>	<u>\$ 8,864,412</u>	<u>\$ 6,530,478</u>	<u>\$ 4,078,214</u>
Liabilities				
Due to others	\$ 1,744,280	\$ 8,864,412	\$ 6,530,478	\$ 4,078,214
Total liabilities	<u>\$ 1,744,280</u>	<u>\$ 8,864,412</u>	<u>\$ 6,530,478</u>	<u>\$ 4,078,214</u>
<u>TOTAL ALL AGENCY FUNDS:</u>				
Assets				
Cash and cash equivalents	\$ 5,753,801	\$ 88,009,917	\$ 86,691,429	\$ 7,072,289
Receivables				
(net of allowance for doubtful accounts)				
Taxes	18,469,758	128,288,400	124,112,460	22,645,698
Total assets	<u>\$ 24,223,559</u>	<u>\$ 216,298,317</u>	<u>\$ 210,803,889</u>	<u>\$ 29,717,987</u>
Liabilities				
Due to others	\$ 5,753,801	\$ 88,009,917	\$ 86,691,429	\$ 7,072,289
Uncollected taxes	18,469,758	128,288,400	124,112,460	22,645,698
Total liabilities	<u>\$ 24,223,559</u>	<u>\$ 216,298,317</u>	<u>\$ 210,803,889</u>	<u>\$ 29,717,987</u>

COMPLIANCE SECTION

AUGUSTA, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2005

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-05-MC-13-0004	1,960,395
Emergency Shelter Grant	14.231	S-05-MC-13-0004	97,741
Home Investment Partnerships Program	14.239	M-05-MC-13-0206	1,493,020
Supporting Housing Program	14.235	GA01B304-001	94,582
Neighborhood Initiative Program	14.246	B-02-NI-GA-AU-0002	79,111
Housing Opportunities for Persons with AIDS	14.241	GAH05F002	240,602
Total U.S. Department of Housing and Urban Development			3,965,451
<u>U.S. Department of Justice</u>			
<Direct Programs>			
Local Law Enforcement Block Grant	16.592	2002-LB-BX-0588	234,837
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0448	177,411
BJA Congressionally Mandated Award	16.592	2005-DD-BX-1031	87,512
		Total CFDA #16.592	499,760
Juvenile Accountability Incentive Block Grant	16.523	03B-FM-0001	13,563
Purchase of Services for Juvenile Offenders Program	16.523	03B-ST-0001/04B-ST-0001	6,793
		Total CFDA #16.523	20,356
<Pass-through from the Office of the Governor>			
Criminal Justice Coordinating Council			
Drug Control and System Improvement			
Victim Assistance Grants	16.575	C03-8-201	28,969
Victim Assistance Grants	16.575	C-04-8-170	10,727
Victim Assistance Grants	16.575	C-05-8-008	41,014
		Total CFDA #16.575	80,710
Region #3 K9 Task Force	16.579	B04-8-005	2,182
Region #3 K9 Task Force	16.579	B03-8-099	42,395
		Total CFDA #16.579	44,577
Executive Office for Weeds & Seed	16.595	01-WS-QX-0124	61,902
Total U.S. Department of Justice			707,305

AUGUSTA, GEORGIA
Schedule of Expenditures of Federal Awards - Continued
Year Ended December 31, 2005

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
<Direct Programs>			
Urban Mass Transportation Capital and Operating Assistance Grants	20.507	GA-90-X153	481,302
	20.507	GA-90-X166	181,854
	20.507	GA-90-X200	681,862
	20.507	GA-90-X216	260,578
	Total CFDA #20.507		1,605,596
Airport Improvement Program Grants	20.106	3-13-0011-25	498,525
	20.106	3-13-0011-26	1,627,767
	20.106	3-13-0011-27	4,165,578
	20.106	3-13-0011-28	1,145,281
	20.106	3-13-0012-10	150,000
	Total CFDA #20.106		7,587,151
Highway Safety Grant	20.600	GA-2006-000-00491	321
Total U.S. Department of Transportation			9,193,068
<u>U.S. Environmental Protection Agency</u>			
Brownfields Cooperative Agreement	66.811	BF-97493603-0	14,410
<u>Emergency Management Agency</u>			
Pre Disaster Mitigation Grant	83.548	17PDMC03014245	22,500
Assistance to Firefighters Grant Program	83.554	EMW-FG-06457	
	83.554	EMW-2004-FP-01864	50,541
	83.554	EMW-2004-FG-13230	88,139
	Total CFDA #83.554		138,680
State Homeland Security Grant Program	83.xxx	2005-GE-T5-0052	34,380
Total Emergency Management Agency			195,560
<u>Department of Health and Human Services</u>			
Nutrition Services Incentive Program	93.053		107,394
<u>U.S. Department of Homeland Security</u>			
<Direct Programs>			
Reimbursable Agreement Security Requirements after September 11, 2001	97.xxx	HSTS01-04-A-LEF003	123,031
Total Federal Expenditures			\$ 14,306,219

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2005

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 did not receive any non-cash federal awards during the year ended December 31, 2005.

Summary Schedule of Prior Audit Findings and Questioned Costs

Year Ended December 31, 2005

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.

Summary Schedule of Prior Audit Findings and Questioned Costs - Continued

Year Ended December 31, 2005

Current status

There were departments with budget overages in 2005; repeat finding this fiscal year.

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.

Current status

Repeat finding this fiscal year.

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.

Summary Schedule of Prior Audit Findings and Questioned Costs - Continued

Year Ended December 31, 2005

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.

Current status

Repeat finding 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, 2005, and have issued our report thereon dated September 25, 2006. 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in our design or operations of the internal control over financial reporting that, in our judgment, could adversely affect Augusta, Georgia's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of Findings and Questioned Costs as items 05-FS-01.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition 05-FS-01 to be a material weakness.

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 05-01, 05-02, 05-03 and 05-04.

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.

Cheney, Bekant & Holland, LLP

Augusta, Georgia

September 25, 2006



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
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, 2005. 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 of Augusta, Georgia's compliance with those requirements.

As described in items 05-05, 05-06, and 05-07 in the accompanying schedule of findings and questioned costs, Augusta, Georgia did not comply with requirements regarding Sub-recipient Monitoring that are applicable to its Community Development Block Grant, HOME Investment Partnerships, and Housing Opportunities for Persons with AIDS Programs, and with requirements regarding Period of Availability that are applicable to its Local Law Enforcement Block Grant Program. Compliance with such requirements is necessary, in our opinion, for Augusta, Georgia to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2005. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Cost Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-08, 05-09, 05-10, 05-11, 05-12, 05-13, 05-14, and 05-15.

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Augusta, Georgia's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-01, 05-02, 05-03, and 05-04.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-01 and 05-02 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.

Cheney, Bekart & Holland, L.L.P.

Augusta, Georgia
September 25, 2006

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2005

I. Summary of the Auditor's Results

Financial Statements

The auditor's report expresses unqualified opinions on the financial statements of the Augusta, Georgia as of and for the year ended December 31, 2005.

A reportable condition in internal control over financial reporting was disclosed by the audit as required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* as Finding Number 05-FS-01. This reportable condition, Findings 05-FS-01 was considered to be a material weakness.

No instances of noncompliance material to the financial statements of Augusta, Georgia, which would be required to be reported in accordance with Government Auditing Standards, were disclosed by the audit.

Federal Awards

Reportable conditions in internal control over compliance applicable to major federal award programs were disclosed by the audit as required to be reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in accordance with OMB Circular A-133 as Finding Number 05-01, 05-02, 05-03, and 05-04. Of these reportable conditions, Findings 05-01 and 05-02 were considered to be material weaknesses.

The auditor's report expresses a qualified opinion on compliance for major programs of Augusta, Georgia as of and for the year ended December 31, 2005.

The audit disclosed findings required to be reported in accordance with OMB Circular A-133, Section 510(a) as Finding Numbers 05-05, 05-06, 05-07, 05-08, 05-09, 05-10, 05-11, 05-11, 05-12, 05-13, 05-14, 05-14, and 05-15.

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>U.S. Department of Housing and Urban Development</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
	<u>U.S. Department of Justice</u>
16.592	Local Law Enforcement Block Grant
	<u>U.S. Department of Transportation</u>
20.106	Airport Improvement Program

We used a threshold of \$429,187 to distinguish between Type A and Type B programs.

Augusta, Georgia qualified as a low-risk auditee.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

II. Findings in Relation to the Audit of the Financial Statements

Consideration of Internal Control over Financial Reporting – Material Weakness

Finding 05-FS-01

CONDITION:

During our audit procedures, we noted the following deficiencies in the City's controls and control environment.

- Absence of appropriate reviews and approvals of transactions, accounting entries, or systems output, as evidenced by the significant audit adjustments required to correct errors in the City's accounting records.
- Evidence that the system fails to provide complete and accurate output consistent with the City's control objectives because of the misapplication of control procedures.
- Evidence of failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not prepared in a timely manner, and not maintaining documentation to support transactions and accounting entries, as evidenced by inaccurate internal financial reporting, significant client adjusting entries after the year-end closing of the trial balance, lack of documentation to support payroll disbursements, and failure to properly report capital lease activity in the accounting records.
- Absence of a sufficient level of control consciousness within the organization.
- Significant deficiencies in the design or operation of internal controls that could result in violations of laws and regulations having a direct and material effect on the financial statements.
- Failure to follow up and correct previously identified deficiencies in internal controls.

CAUSE:

The City does not have sufficient resources devoted to financial reporting nor personnel with the appropriate financial reporting knowledge level in order to properly prepare and review financial statements and schedules.

The City did not have a formal documentation policy relating to authorized rates of pay and any changes to the rate of pay for employees.

The City did not have a reconciliation process in place to timely perform a reconciliation of capital expenditures to the additions to the capital asset system. The City also did not enforce the closing out of projects from construction in progress to the capitalization in the capital asset system.

RECOMMENDATIONS:

We recommend that tasks that are part of internal controls, such as reconciliations of assets and liabilities to supporting documentation for all funds, be performed on a regular basis not less frequently than monthly. We recommend that appropriate reviews and approvals of transactions, accounting entries, and systems output be performed and documented on a regular basis not less frequently than daily. We recommend that management develop a corrective action plan to follow up and correct all identified deficiencies in internal controls, and that progress on the plan be monitored and documented.

We recommend the City develop and implement a formal documentation policy for authorized pay rates and authorized changes to pay rates.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

III. Federal Awards Findings and Questioned Costs

Consideration of Internal Control over Compliance – Material Weakness

Finding 05-01

Federal Agency:

Federal Program: CFDA # All City Federal Grants

Compliance Requirement: Grants Management

CONDITION:

The City has several federal, state and local grants as well as many other revenue sources. The City does not designate anyone to oversee the accounting and management of the grants and contracts. Each of the City's departments that receives federal grants is responsible for all aspects of the related grant administration. This includes the application, the requests for draws, the spending of the funds, the monitoring, the reporting, and the compliance with federal requirements. This results in a decentralized and inadequate grants management process.

The Finance Department is unaware of all the federal grants that the City receives. There is little, if any, communication between the departments receiving the grants and the Finance Department. There is no management oversight that the departments are in compliance with federal grant requirements.

The City was unable to provide a summary of all grants received during 2005. There is no method of ensuring that all grants are properly reported on the Schedule of Expenditures of Federal Awards in the City's Single Audit Report. This schedule is used to report federal expenditures to the Federal Clearing House and is required to be tested to determine compliance with federal laws. The City was unable to timely reconcile grant expenditures per the Schedule of Expenditures of Federal Awards or the various federal financial reports to the general ledger. The general ledger also cannot be reconciled to federal reporting systems such as the IDIS system maintained by HUD.

In addition, the Housing and Economic Development Department (HED) of the City maintains an inadequate filing system and documentation retention. The information contained in the project files is unorganized and incomplete.

CRITERIA:

According to the Office of Budget and Management Circular A-102, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, the City is required to maintain accurate and complete accounting records which identify the source of and application for federal funds. In addition, OMB A-102 states that the grantee must establish reasonable control procedures which ensure the accuracy of such records. All grant revenue sources need to be identified and properly reported on the Schedule of Expenditures of Federal Awards.

EFFECTS:

- Federal grants may not be properly reported on the Schedule of Federal Awards in the Single Audit report.
- Departments may not be aware of or be in compliance with federal laws concerning the management, spending, and reporting of the grants.

As a result, all federal grants may be in jeopardy for future funding.

QUESTIONED COSTS:

Undetermined

CAUSE:

The City has a systematic problem in that it does not have a grants management position that could centralize the information and management of the grants received by the City.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

RECOMMENDATIONS:

To improve the management of the City's grants, we recommend the City create a grants' manager position that would be responsible for organizing and maintaining all grant information for the City as a whole. This position should also be responsible for researching federal laws and regulations related to grant programs and ensuring compliance with these laws and regulations. This position should maintain a summary of all federal funds received, all pertinent information related to the grant program, such as CFDA number and codes of federal regulations. This position should also be responsible for ensuring a reconciliation is prepared between the federal financial reporting and the City's general ledger.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-02

Federal Agency:

U.S. Department of Housing and Urban Development

Federal Program:

CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS

Compliance Requirement: Grants Management

CONDITION:

The Housing and Economic Development Department of the City of Augusta is responsible for the management of the Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), and Housing Opportunities for Persons with AIDS Program (HOPWA). Job Ledgers are set up to record activity for various individual projects funded through these programs. No reconciliation is performed between the job ledgers and the trial balance. No reconciliation is performed between the job ledgers or the trial balance with HUD's IDIS system. We noted several problems between these reports, namely:

- o Miscodings of job ledger numbers on the trial balance, both within and outside of each program, (i.e., CDBG draws posted to HOME projects or other CDBG projects.)
- o Journal entries posted to the financial statements in error, (i.e., expenditures recorded in general fund for a project while the revenue recorded in HED fund.)
- o Program income received and program income used is not tracked on the job ledger.
- o Expenditures and grant revenues are not separated as to which federal program on the general ledger.
- o No reconciliation between the job ledgers, the general ledger, and the IDIS HUD draws systems.
- o Complete information related to a project, i.e., draws and expense support, is not maintained in the project files.

Management chose to rely on HUD's report of draws to report federal expenditures for the CDBG, HOME, and HOPWA programs during the year.

CRITERIA:

According to the Office of Budget and Management Circular A-102, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, the City is required to maintain accurate and complete accounting records which identify the source of and application for federal funds. In addition, OMB A-102 states that the grantee must establish reasonable control procedures which ensure the accuracy of such records.

EFFECTS:

The City does not have a grants management process that meets the administrative requirements of OMB Circular A-102.

QUESTIONED COSTS:

Undetermined

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

Undetermined

CAUSE:

Personnel turnover and lack of adequate policies and procedures regarding grants management resulted in a systematic problem related to the management of HUD grants.

RECOMMENDATIONS:

To improve the grants management process, we recommend reconciliations be performed monthly between the HUD IDIS system and the City's general ledger. We also recommend job ledgers be reconciled monthly and reviewed timely for proper transaction postings.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Consideration of Internal Control over Compliance -- Reportable Conditions

Finding 05-03

Federal Agency:

U.S. Department of Housing and Urban Development

Federal Program:

CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS

Compliance Requirement: Eligibility, Program Income

CONDITION:

The City contracts with sub-recipients to carry out the performance of the grant programs. The use of sub-recipients does not relieve the City of ensuring that federal funds are used in accordance with all program requirements. This includes compliance with eligibility and program income requirements. The City did not perform any review of sub-recipients' eligibility records during 2005. The City also did not review program income to insure proper reporting was made to reduce grant draws. The lack of sub-recipient monitoring is a Compliance Finding related to the Housing and Urban Development federal programs. This leads to an Internal Control Finding as it relates to Eligibility and Program Income requirements because we rely on Sub-recipient Monitoring to test compliance with these requirements.

CRITERIA:

According to 24 CFR (HUD) 85.40(a), *Monitoring by grantees*, Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities and must monitor these activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Furthermore, 24 CFR (HUD) 92.504(a) states that the participating jurisdiction is responsible for managing the day to day operations of its HOME program, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. The use of State recipients, sub-recipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and sub-recipient must be reviewed at least annually.

EFFECTS:

Failure to monitor the sub-recipients to insure their compliance with applicable Federal requirements, including the eligibility of recipients of federal funding and the receipt and recording of program income, is a material non-compliance with program requirements for Housing and Economic Development programs. Lack of monitoring could

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

result in questioned costs spent by the sub-recipient that would have to be returned to the federal agency. Future funding could be in jeopardy.

QUESTIONED COSTS:

Undetermined

CAUSE:

Lack of oversight in the Housing and Economic Development Department to insure sub-recipients are in compliance with requirements such as eligibility and the reporting and treatment of program income resulted in a systematic problem related to the control over eligibility and program income of the HUD programs.

RECOMMENDATIONS:

We recommend the City establish policies and procedures for monitoring sub-recipients. These procedures should include tests of eligibility and program income to insure they are in compliance with federal requirements specific to the programs.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-04

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement: Allowable Costs

CONDITION:

CDBG, HOME, and HOPWA grant programs allow for administrative costs to be charged to the program. Salaries and Wages are charged to the grants based upon an allocation of employees' time. Many are charged 100% to a program because they only work on that program. Others are charged 50/50, 60/40, etc. Personnel are required to keep a daily log of how their time is spent. These logs, however, are not used in the allocation of the personnel wages charged to the programs either on an actual daily basis or in supporting the percentages of salaries charged.

CRITERIA:

In accordance with OMB Circular A-87, monthly effort reports of actual time spent on federal programs are required for employees engaged in two or more federal programs or activities and semi-annual reports are required for employees engaged in only one federal program or other project or activity that could affect the charges to federal programs. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of the actual activity of each employee. The documentation must account for the total activity for which each employee is compensated, must be prepared at least monthly, must coincide with one or more pay periods, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

EFFECTS:

Administrative costs submitted for reimbursement is unsupported and may be inaccurately reported. Failure to document time or failure to use documented time in the allocation of administrative charges to grant programs could result in questioned costs. Though payroll charges are allowable grant expenditures, administrative charges may be overdrawn on some federal programs and under drawn on other federal programs.

QUESTIONED COSTS:

It was not practical to extend our auditing procedures to determine if any questioned costs resulted from this finding.

CAUSE:

Lack of procedures to certify payrolls or track payroll charges by federal program resulted in a systematic problem related to allowable costs charged to HUD programs.

RECOMMENDATIONS:

We recommend the City use the time logs currently being completed in calculating the administrative charges to the various grant programs in accordance with OMB Circular A-87.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Consideration of Compliance- Material Non-Compliance

Finding 05-05

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program:	CFDA # 14.218 Community Development Block Grant
Compliance Requirement:	Sub-recipient Monitoring

CONDITION:

Contracts for Facade grants funded with federal funds include a Promissory note between the City and the recipient. The promissory note bears no interest and is written off 20% per year. The abatement is conditional on the borrower both properly maintaining the facade and continuing to own the loan that secures the note. The project files do not contain supporting documentation that the facade is monitored for proper maintenance nor do the files contain written documentation of the abatement of principal.

CRITERIA:

According to the Promissory Note between the City and the facade grant recipient, no amount of the debt shall abate without written notification from the note holder who shall be responsible for reviewing compliance with the conditions of the security deed within 30 days of each anniversary of said security deed for the period of 5 years.

EFFECTS:

The City's lack of monitoring sub-recipient contracts could result in the sub-recipient's non-compliance with federal program activities which could require the return of funds to the federal agency.

QUESTIONED COSTS:

Undetermined

CAUSE:

The lack of a policy to monitor the facade grant recipients once the project is complete resulted in a systematic problem related to the sub-sequent monitoring of loan abatements.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

RECOMMENDATIONS:

We recommend procedures be put in place to monitor the facade grants and any other loans that are abated according to the Loan Agreements.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-06

Federal Agency:

U.S. Department of Housing and Urban Development

Federal Program:

CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME Investment Partnerships Program; CFDA #14.241 Housing Opportunities for Persons with AIDS

Compliance Requirement: Sub-recipient Monitoring

CONDITION:

In our sample of CDBG, HOME, and HOPWA projects, we selected one CDBG project, three HOME projects, and two HOPWA projects in which contracts were entered into with sub-recipients. We noted no on-site programmatic monitoring of any of these sub-recipients had been performed by the City. Audited financial statements from the sub-recipients, as required by the sub-recipient contracts, had only been received from the sub-recipient under the CDBG program.

CRITERIA:

The City is responsible for monitoring sub-recipients to provide reasonable assurance that they expend federal funds in compliance with Federal and contractual requirements. According to 24 CFR (HUD) 85.40(a) and 24 CFR (HUD) 92.504(a), Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Appropriate action must be taken when performance problems arise. Grantee monitoring must cover each program, function or activity. The use of State recipients, subrecipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and subrecipient must be reviewed at least annually.

EFFECTS:

Failure to monitor the performance of sub-recipients is a material non-compliance with program requirements for Housing and Urban Development programs. Lack of monitoring could result in questioned costs spent by the sub-recipient that would have to be returned to the federal agency. Future funding could be in jeopardy.

QUESTIONED COSTS:

Undetermined

CAUSE:

Lack of oversight in the Housing and Economic Development Department to insure compliance requirements are communicated to the staff and are carried out resulted in a systematic problem related to compliance with sub-recipient monitoring.

RECOMMENDATIONS:

We recommend the City establish policies and procedures for monitoring sub-recipients. These procedures should include identification of all contracts and sub-recipients, the preparation of annual monitoring schedules, check lists of federal compliance requirements and contract requirements that need to be monitored and tested on the sub-recipient level, guidance on written documentation that must be maintained to support the monitoring, and follow-up procedures for noted deficiencies or concerns.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-07

Federal Agency: U.S. Department of Justice
Federal Program: CFDA # 16.592 Local Law Enforcement Block Grant
Compliance Requirement: Period of Availability

CONDITION:

The City received funding from the Local Law Enforcement Block grant for the acquisition of equipment. The grant has very specific periods in which these funds must be obligated and expended or returned to the federal agency. The City obligated the funds one day prior to the end of the grant award period and liquidated (expended) the funds two months after the period of availability ended.

CRITERIA:

According to the Dept. of Justice Financial Guide, block, formula, and discretionary funds which have been properly obligated by the end of the award period will have 90 days in which to be liquidated (expended). Any funds not liquidated at the end of the 90-day period will lapse and revert to the awarding agency, unless a grant adjustment notice extending the liquidation period has been approved. For LLEBG Block Grants, all Federal funds including interest, revenue, dividend, and match must be spent within 2 years (24 months) from the date the grant payment is made to the jurisdiction. There are no extensions of the obligation/expenditure period of the award.

EFFECTS:

Grant funds were not liquidated within the period of availability and should be returned to the Dept. of Justice – Office of Justice Programs.

QUESTIONED COSTS:

\$241,695 calculated as \$234,837 (grant award drawn) plus interest earned on the grant funds in the amount of \$6,858.

CAUSE:

The City had two years with which to spend the funds, but did not issue the purchase order until the day before the obligation period expired. The vendor encountered problems with delivering the equipment in a timely manner. Thus, the funds were not expended during the time period allowed.

RECOMMENDATIONS:

We recommend the City create a grants management position to oversee and ensure compliance with federal laws and regulations for all grants the City acquires rather than relying on individual departments to manage all aspects of the grants. This position should oversee periods of availability to insure the timely expenditure of grant funds so funds will not lapse.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

Consideration of Compliance- Non-Material Non-Compliance

Finding 05-08

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant; CFDA #14.239 HOME
Investment Partnerships Program
Compliance Requirement: Cash Management and Program Income

CONDITION:

The City was not in compliance with requirements relating to cash draws and the use of program income. Program income was not reported to HUD through the IDIS system throughout the year. In addition, program income was not consistently deducted from federal draws to ensure compliance with federal cash management requirements. This resulted in funds being drawn prior to using all available program income. Subsequent to year end, program income reported on the IDIS system was reconciled to the program income deposits recorded on the City's general ledger. All missing income on the IDIS system was subsequently reported.

CRITERIA:

According to CFR 24 Part 570.504 (CDBG), the receipt and expenditure of program income must be recorded as part of the financial transactions of the grant program. It also states that substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the US Treasury. CFR 24 Part 92.508 requires that the jurisdiction maintain records identifying the source and application of program income, repayments, and recaptured funds.

EFFECTS:

Failure to properly account for program income results in draw downs in excess of cash needs for the CDBG and HOME programs.

QUESTIONED COSTS:

Undetermined

CAUSE:

The Housing and Economic Development Finance Officer's position was vacant for approximately six months during the year. During this absence, the City did not have a system in place to provide for the accurate recording and use of program income.

RECOMMENDATIONS:

We recommend the City establish policies to properly record and apply program income. Program income reported in the City's general ledger should be reconciled to program income reported on the IDIS system.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

Finding 05-09

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant
Compliance Requirement: Matching

CONDITION:

Contracts between the City and recipients of federal funds for Facade grants state that the recipient must match the amount of the facade grant with an equal amount spent on the interior of the building. This match is neither being documented nor monitored. The one facade grant sampled did not contain any documentation regarding the recipient's compliance with the matching requirement. Subsequent correspondence from the recipient indicated that half of the match had been expended on the facade. There was no indication that any funds had been expended on the interior of the building.

CRITERIA:

Contract between the City and the facade grant recipient stated that the recipient must match the amount of the facade grant with an equal amount spent on the interior of the building. No documentation was available to indicate that this requirement was met.

EFFECTS:

The City's lack of monitoring sub-recipient contracts could result in the sub-recipient's non-compliance with federal program activities which could require the return of funds to the federal agency.

QUESTIONED COSTS:

Undetermined

CAUSE:

Lack of internal controls over monitoring facade grant recipients resulted in a systematic problem related to compliance with the grant requirements.

RECOMMENDATIONS:

We recommend procedures be implemented to monitor and document facade grant recipients' match of grant expenditures.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-10

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant; CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement: Reporting

CONDITION:

The City did not file any SF-272, *Federal Cash Transactions Reports*, for the Community Development Block Grant during 2005. These reports are required to be filed no later than 15 working days following the end of each quarter. The Community Development Block Grant's annual performance and evaluation reports that must be submitted within 90 days after the end of a grantee's program year were submitted over 180 after year-end. Furthermore, the annual report could not be reconciled to either the City's general ledger or HUD's IDIS system.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

The Housing Opportunities for Persons with AIDS' Annual Progress Report, HUD-4410, must be submitted within 90 days after the close of the grantee's program year. The financial portion of this report could not be reconciled to either the City's general ledger or HUD's IDIS system.

CRITERIA:

According to 24 CFR 85.41(c), the grantee must submit the Standard Form 272 no later than 15 working days following the end of the quarter.

In addition, 24 CFR 91.520 states that each jurisdiction that has an approved consolidated plan shall annually review and report, in a form prescribed by HUD, on the progress it has made in carrying out its strategic plan and its action plan. This performance report shall be submitted to HUD within 90 days after the close of the jurisdiction's program year.

EFFECTS:

Failure to submit required reports is a non-compliance with federal requirements. HUD shall review the performance report and determine whether it is satisfactory. If a satisfactory report is not submitted in a timely manner, HUD may suspend funding until a satisfactory report is submitted, or may withdraw and reallocate funding if HUD determines, after notice and opportunity for a hearing, that the jurisdiction will not submit a satisfactory report.

QUESTIONED COSTS:

Undetermined

CAUSE:

Management was unaware of the requirement for the Cash Transaction Reports. The performance reports were difficult to complete due to the poor condition of the financial records necessary to prepare the reports.

RECOMMENDATIONS:

We recommend that all required reports be filed within the specified time frame. We also recommend that the City reconcile the information entered into the IDIS system to the City's general ledger to ensure the accuracy of the information submitted on the reports.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-11

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA #14.241 Housing Opportunities for Persons with AIDS
Compliance Requirement: Sub-recipient Monitoring

CONDITION:

Expenditures related to the Housing Opportunities for Persons with AIDS (HOPWA) program are associated with cost-reimbursement contracts between the City and sub-recipients. For many of the federal expenditures sampled, there was an unclear rationale for what documentation supported the amount of the draw. Examples include

- Supporting documents in excess of draw amount
- Draw amount in excess of supporting documents
- Documentation covering a period of several months
- Documentation containing late fees and service charges, which are not allowable costs under OMB Circular A-87
- Documentation consisting of only a vendor statement rather than an invoice

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

- Duplicate documentation
- Reimbursement of payroll not consistent, sometimes based upon net payroll and sometimes based upon gross payroll
- Immaterial mathematical errors between supporting documentation and draw amount

Furthermore, good internal controls dictate that before payments are made to a sub-recipient, the invoices should be reviewed carefully to determine that the costs are not only allowable, but that invoices have not been previously paid. This is especially important when multiple invoices are submitted together and cover an extended period. The current controls in place to detect and prevent duplicate draws consist of the program administrator performing a cursory review of check numbers issued by the sub-recipient, supporting payment made by the sub-recipient. Due to the condition of the records, this control does not appear to be adequate.

Due to the lack of reconciliation between the supporting documentation and the draw, we could not determine if the unallowable costs, such as late fees and duplicate payments, were actually drawn.

CRITERIA:

OMB Circular A-87 (A-87) establishes principles and standards for determining allowable direct and indirect costs for Federal awards. To be allowable under Federal awards, costs must be adequately documented.

EFFECTS:

Draw down of federal funds not adequately supported could result in draws for unallowable costs, including excess and duplicate draws.

QUESTIONED COSTS:

It was not practical to extend our auditing procedures to determine if any questioned costs resulted from this finding.

CAUSE:

Lack of internal controls to ensure proper support is received from the sub-recipient and reviewed by the grantee resulted in a systematic problem related to compliance with sub-recipient monitoring.

RECOMMENDATIONS:

We recommend that control procedures be developed to ensure grant draws are adequately supported. For draws supported by an accumulation of documents, a schedule should be prepared that details the individual supporting documents and totals the amount of the draw. This detail should also be cross checked with prior draws to ensure no duplicate payments.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-12

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA #14.239 HOME Investment Partnerships Program
Compliance Requirement: Earmarking

CONDITION:

The City may use up to 10% of its HOME Investment Partnerships Program (HOME) allocation plus any funds received as program income for administrative and planning costs in carrying out the HOME program. The annual

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

performance report for 2005 reported the City spent 13.1% of its total annual allocation and program income on administrative and planning costs.

CRITERIA:

According to 24 CFR 92.207, a participating jurisdiction may expend, for payment of reasonable administrative and planning costs of the HOME program, an amount of HOME funds that is not more than ten percent of the sum of the Fiscal Year HOME basic formula allocation plus program income deposited into its local account or received and reported by its sub-recipients during the program year to meet or exceed participation threshold requirements that Fiscal Year. A participating jurisdiction may expend such funds directly or may authorize its sub-recipients, if any, to expend all or a portion of such funds, provided total expenditures for planning and administrative costs do not exceed the maximum allowable amount.

EFFECTS:

The City is not in compliance with the federal earmarking requirements. The City could be liable for any disallowed costs associated with excess administrative costs.

QUESTIONED COSTS:

\$50,664 calculated as the difference between the 10% administrative costs allowed and the 13.1% administrative costs expended in 2005.

CAUSE:

The lack of procedures to review administrative cost allowances allowed and those costs incurred resulted in the City's noncompliance with federal earmarking requirements.

RECOMMENDATIONS:

We recommend the City develop procedures for reviewing administrative cost caps allowed and compare these amounts to administrative costs incurred to ensure these caps are not exceeded.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-13

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: CFDA # 14.218 Community Development Block Grant
Compliance Requirement: Procurement

CONDITION:

No documentation exists that procurement procedures were followed when using federal funds to purchase \$25,772.86 in supplies for a Community Development Block Grant sponsored project.

CRITERIA:

24 CFR 85.36 on Procurement states that grantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. The Grantees must maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. All required records must be retained for three years after grantees make final payments and all other pending matters are closed.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

EFFECTS:

The City is not in compliance with the procurement requirements of the federal award and could result in questioned costs.

QUESTIONED COSTS:

\$25,772.86 computed as the invoice paid for which procurement records could not be found.

CAUSE:

Lack of internal controls to ensure procurement procedures are followed and procurement records are maintained for the required period.

RECOMMENDATIONS:

We recommend the City maintain proper documentation of procurement procedures followed for the time period as required by federal guidelines.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-14

Federal Agency:	U.S. Department of Justice; U.S. Department of Transportation
Federal Program:	CFDA #16.592 Local Law Enforcement Block Grant; CFDA # 20.106 Airport Improvements Program
Compliance Requirement:	Real Property and Equipment Maintenance

CONDITION:

The City of Augusta maintains a capital asset detail for all City property. This listing does not maintain the source of the funds used to purchase the equipment on the asset schedule. Thus, there is no tracking of equipment purchased with federal funds. No periodic inventory is taken and reconciled to the capital asset detail.

CRITERIA:

Local governments shall follow the A-102 Common Rule for equipment acquired under Federal awards received directly from a Federal awarding agency. The A-102 Common Rule includes the requirement that:

- Equipment records shall be maintained. These records shall include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- A physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records.
- An appropriate control system shall be used to safeguard equipment.
- Equipment shall be adequately maintained.
- When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value.

EFFECTS:

Lack of a physical inventory on equipment puts the City at risk of misappropriation of assets and that the equipment will not be properly maintained. Lack of tracking the source used to purchase equipment puts the City at risk that should equipment bought with Federal funds be sold, the federal agency will not be informed and have the right to a proportionate share of the funds.

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Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

QUESTIONED COSTS:

Undetermined

CAUSE:

The City's capital asset system is not maintained with appropriate information regarding the source of the funds used to purchase equipment. Inventories are not conducted and reconciled to the fixed asset system.

RECOMMENDATIONS:

We recommend inventory records be updated with the appropriate information, including the source of the funds. A physical inventory of equipment should be performed and reconciled to the property records at least every two years.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.

Finding 05-15

Federal Agency: U.S. Department of Transportation
Federal Program: CFDA # 20.106 Airport Improvements Program
Compliance Requirement: Special Tests and Provisions

CONDITION:

The City contracts with a third party to prepare the Cost Allocation Plan (CAP). Both a full cost CAP and an OMB-87 CAP are prepared. The OMB-87 CAP excluded such costs as those incurred by the Mayor and the Commissioners. Though the OMB-87 CAP was prepared, the full cost report was used in allocating indirect costs to Bush Field and Daniel Field airports.

CRITERIA:

OMB Compliance Supplement for CFDA 20.106 has a Special Provision for recipients of Federal Aviation funds. The Compliance Requirement, Revenue Diversion, states that all revenues generated by a public airport must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and are directly and substantially related to the actual air transportation of passengers or property. Penalties imposed for revenue diversion may be up to three times the amount of the revenues that are used in violation of the requirement. Indirect costs charged to the airport from the cost allocation plan are allocated in accordance with the FAA policy on cost allocation. For central service costs to be allowable in the CAP, they must be allowable costs under OMB-87.

EFFECTS:

Airport Revenue may be diverted and used for expenditures not directly and substantially related to the actual air transportation of passengers or property related as required under the Special Provision of the Airport Improvements Program. It could result in penalties imposed up to three times the amount of the revenues that are used in violation of the requirement.

QUESTIONED COSTS:

\$28,316 calculated as the difference between the indirect cost allocation calculated for Bush Field Airport and Daniel Field Airport per the OMB-87 CAP and the full cost CAP that was charged to the airports.

CAUSE:

Management made the decision to charge the full cost CAP amounts to the City's funds regardless of federal regulations.

AUGUSTA, GEORGIA

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2005

RECOMMENDATIONS:

We recommend the City use the OMB-87 Cost Allocation Plan when allocating indirect costs to departments that receive federal funds.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

Management concurs with the finding and has already taken steps to implement the recommendations as practically possible within the City's resources.