

CITY OF ALBANY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION

City of Albany

Post Office Box 447

Albany, Georgia

31702-0447

July 1, 2008

To the Honorable Mayor and Members
Of the City Commission
City of Albany, Georgia

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany, Georgia (the "City") for the fiscal year ended June 30, 2007. The Finance Department is responsible for preparing this report. Management is responsible for the content of the report, accuracy of the presented data, and completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material respects. This belief is based on a comprehensive system of internal controls for this purpose. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Therefore, it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified opinion on the City of Albany's financial statements for the fiscal year ending June 30, 2007. The independent auditor's report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A will complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF GOVERNMENT

Situated in the Plantation Trace region, Albany is the primary trade center for Southwest Georgia. It is the county seat for Dougherty County, Georgia. Incorporated in 1841, the City lies at the head of the Flint River, 145 miles south of Atlanta and 95 miles north of Tallahassee, Florida. The City was laid out in 1836 by Alexander Shotwell and named for Albany, New York. The City of Albany and Dougherty County enjoy a good working relationship. While these two governments are completely separate and distinct, they take undertake many projects jointly as discussed in more detail under Major Initiatives. As of the 2000 Census, the population of Albany was 76,939.¹

Albany has developed a diversified industrial economy, which includes companies such as Proctor & Gamble, Miller Brewing, and Masterfoods. The chief farm products are cotton, peanuts, corn, and tobacco, and to a lesser extent, paper-shell pecans and forest products.

The City of Albany was originally incorporated by an Act of the General Assembly of Georgia on December 27, 1838, and has operated under the Commission-Manager form of government since January 14, 1924. The seven-member commission consists of a Mayor elected at large and six Commissioners elected on a ward basis. The Commission appoints the City Manager, City Clerk, Assistant City Clerk, City Attorney, Municipal Court Judge, City Solicitor, and Public Defender. The City Manager is the Chief Executive Officer (CEO) charged with the enforcement of the laws and ordinances passed by the Commission. The Commission also appoints members to various Boards, Authorities, and other Commissions.

This report includes all funds and account groups of the primary government (City of Albany), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Water, Gas and Light Commission of Albany, the Chehaw Park Authority and the Albany-Dougherty Inner City Authority (ADICA) are independent entities whose financial stability relates to the City's financial health and, accordingly, they have been included as part of the City's reporting entity. The City provides a full range of services including police and fire protection; solid waste services; highway maintenance, streets, storm and sanitary sewers; and recreational activities and cultural events. In addition to these general governmental activities, the City has a transit system, cemetery, airport, civic center, and golf course.

¹Source: Albany Chamber of Commerce www.albanyga.us

ECONOMIC CONDITION AND OUTLOOK

The City of Albany has a diversified industrial economy that has experienced uninspired growth over the past year. The City is the county seat of Dougherty County and serves as the distribution, retail and wholesale trade, communication, and medical center for southwest Georgia, a seven county area. In October 2005, Dougherty County was designated as "Entrepreneur Friendly Community" by the State of Georgia. According to early indicators, it appears that economic growth will show little growth in 2007. The continued rising fuel cost, consumer spending uncertainty, the loss of Bob's Candies Company and the Merck Chemical Company closure in 2007 will have a negative impact on Albany's economy. The Chamber of Commerce is working hard to recruit new businesses into Bob's Candies' and Merck Chemical Company's buildings. The Marine Corps Logistics Base (MCLB) is a vital part of our community and the third largest employer that contributes a large payroll to our local economy. The Base Realignment and Closure (BRAC) was successful in its efforts to keep the base off the closure list and MCLB remains a shining star within the Department of Defense. The Base continues to increase its workforce.

The Albany Metropolitan Area population is growing slowly, but Albany and Dougherty County's population is stagnant. The Albany area's economy is built on agriculture, several major manufacturing operations, three institutions of higher education, and regional health care centers. Albany is known as the health care hub of Southwest Georgia. Sources of strength for Albany include a low cost of doing business, an excellent telecommunications infrastructure, low crime rate, and a low cost of living.

For higher education, Albany has two hometown colleges, a progressive technical college, and a job corps center. Albany State University is a senior unit of the University System of Georgia. With more than 40 major fields of study, the college offers undergraduate and graduate degree programs. The University maintains flexible scheduling for the growing number of non-traditional students. Darton College is a two-year unit of the University System of Georgia. Students can pursue 73 two-year transfer and career associate degrees. Albany Technical College is a unit of the Georgia Department of Technical and Adult Education. Turner Job Corps Center also serves the Albany area as a fully accredited Vocational Education Institute, providing high quality academic and vocational training programs to prepare students (ages 16 – 24) to take their places in today's technical work force. Turner has over 20 vocational trades from which the 930-member student body may choose. The City is also served by 16 public elementary schools, 10 public secondary schools, 1 public alternative school and number of private schools.²

²Albany Chamber of Commerce, from www.albanyga.com. Demographic Profile
Albany Dougherty Economic Development Commission, from www.albanyga.com/edc/edcnews.php3

FIVE YEAR STRATEGIC AND FINANCIAL PLAN

In 2005, Albany accepted the challenge of change management, as the Mayor and Board of City Commissioners hired a management consulting firm to work with staff to develop a comprehensive Five Year Strategic and Financial Plan for the City of Albany. The City developed 134 initiatives to be incorporated over a five year period. This plan was designed to improve the City's operations, while creating new revenue sources that could reduce the financial impact on the City's budget. In March 2005, 59 of the new initiatives were incorporated into the City's Fiscal Year 2007 Annual Operating Budget. The initiatives required fundamental changes to the way the City thinks and conducts business. The Five Year Strategic and Financial Plan were formally adopted in August 2005 by the Mayor and Board of City Commissioners.

The plan incorporated several short term initiatives into 2007 fiscal year budget. These are the most significant changes:

- Change the organizational structure of the City by having two Assistant City Managers in the City Manager's Office. This recommendation requires adding an additional position to the City Manager's Office
- Establish a self-funded Liability Program. This decision resulted in adding three additional positions to the City Attorney's office
- Reducing budgeted positions from 892 to 871
- Transfer Street Sweeping functions from Street Maintenance (General Fund) to the Sanitary Sewer Enterprise Fund
- Transfer Storm Maintenance from the General Fund to the Sanitary Sewer Enterprise Fund
- Outsource the Airport's parking and snack bar functions

The City Manager incorporated proven measurement and management practices and tools that addressed improving the services provided to its citizens, maintaining responsible control of revenues and expenditures without sacrificing quality customer service. To accomplish the goals, two practices were implemented for use by all departments that would put the plans into action and assist in allocating task and responsibilities.

The first practice is project management. Project development, resource allocation, and progress for major City projects are systematically documented. Project managers meet with the City Manager regularly to discuss the progress of each project.

The second practice is staff performance measurement. The City Manager, as well as senior management, believes that every employee should know how their employer rates their performance. The City also affirms that every employee should make a positive contribution to the organization. Each staff member's performance is documented and monitored on a routine basis. Performance evaluations are conducted for every City staff member at least twice a year.

The City uses two software packages for managing these new practices-Microsoft Project and Performance Pro. These packages have been adopted and have transformed the culture throughout the organization. Training is ongoing for the tools and employees' proficiency is steadily improving.

Special Purpose Local Option Sales Tax V- The City of Albany and Dougherty County entered into an intergovernmental sales tax agreement and in November 2004, voters approved the referendum to continue the 1% Special Purpose Local Option Sales Tax (SPLOST). The amount to be collected from the sales and use tax between April 1, 2005 and March 31, 2011 is estimated to be \$108 million. Sixty-two percent, or \$65.87 million, of those funds is to be used for City administered projects and non-profit organizations. The City of Albany projects to be funded through SPLOST V include: \$5.5 million Civic Center debt retirement, \$2.56 million Civic Center infrastructure improvements, \$1.7 million Airport improvement, \$6.8 million upgrade to the 800 MHz radio and tower, \$6.81 million for road improvements, \$4.65 Public Safety equipment and training facility, \$3.14 million for the Recreation Master Plan and facility renovations, \$1.75 traffic improvements and GIS aerial photography, and disparity study for \$350,000. Also included are projects for community organizations and other capital purchases and improvements: \$2 million to the Chehaw Wild Animal Park Authority, \$3.5 million for the Thronateeska Heritage Center improvements, \$3.75 million to the Albany Civil Rights Museum, and \$8.65 for Riverfront Park. Total revenue generated for fiscal year 2007 for SPLOST program was \$13 million with expenditures totaling \$16 million. A complete list of the projects and further details regarding the program is available at www.albany.ga.us.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted and accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROL

The City maintains budgetary controls, the objectives of which are to ensure compliance with Georgia law and administrative policy embodied in the annual appropriated budget duly approved by the City Commission in June of each year. Activities of the General Fund, Special Revenue Funds,

and Debt Service Fund are included in the annual appropriated budget. Long-range capital projects are included in the formal operating budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve in the Capital Projects Funds, that are continuing.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in interest-bearing demand deposits, repurchase agreements, certificates of deposits, and the State of Georgia Local Government Investment Pool. All investments are collateralized as required by law. The Pension Fund assets are invested in common stocks, corporate bonds and U.S. Government securities. The City's investments, exclusive of the Pension Fund investments are classified in the categories of lower credit risk as defined by the Governmental Accounting Standards Board. All of the Pension Fund investments are held in the name of the City's agents for the beneficial ownership of the City of Albany's Pension Plan.

OTHER INFORMATION

Henry Gortatowsky willed to the City various properties from this estate in 1996. The funds remaining in the trust will go towards maintenance of these properties. The financial activity related to the Gortatowsky trust is reported as a special revenue fund.

INDEPENDENT AUDIT

The financial statements have been prepared in compliance with governmental financial reporting guidelines issued by the Government Finance Officers Association of the United States and Canada and generally accepted accounting principles applicable to governmental entities. The City requires an annual audit of all financial records and transactions of the City by an independent certified public accountant selected by the City's Mayor and Board of Commissioners. The accounting firm of Mauldin and Jenkins, LLC and their report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can also be found in this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany, Georgia for its comprehensive annual financial reports for fifteen consecutive fiscal years from 1991 to 2006. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

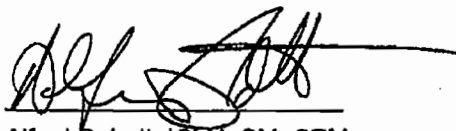
In addition, the City received the GFOA Distinguished Budget Award for the fourteenth consecutive year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a polity document, as an operating guide, as a financial guide, and as a communication device.

ACKNOWLEDEMENTS

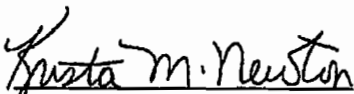
We wish to acknowledge the outstanding accomplishment of the Finance Department staff in the preparation of this report. Their contribution is the culmination of months of hard work and dedication. Additionally, we would like to thank all City departments for their positive attitudes toward budgetary responsibility, as well as, other related entities who daily maintain in the financial records upon which this report is based. Finally, we would like to thank the Mayor and Board of City Commissioners for their valuable contribution in its guidance of the financial affairs and support of the financial operations of the City.

Most of all, we thank the citizens of Albany for their trust, unselfish community involvement, and belief in making Albany an exciting place to live and work.

Respectfully submitted,



Alfred D. Lott, ICMA-CM, CPM
City Manager



Krista M. Newton
Finance Department

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany
Georgia

For its Comprehensive Annual
Financial Report

for the Fiscal Year Ended

June 30, 2006

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers

Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



President

Charles S. Cox

Executive Director

Jeffrey R. Evers

CITY OF ALBANY, GEORGIA

PRINCIPAL OFFICIALS

JUNE 30, 2007

ELECTED

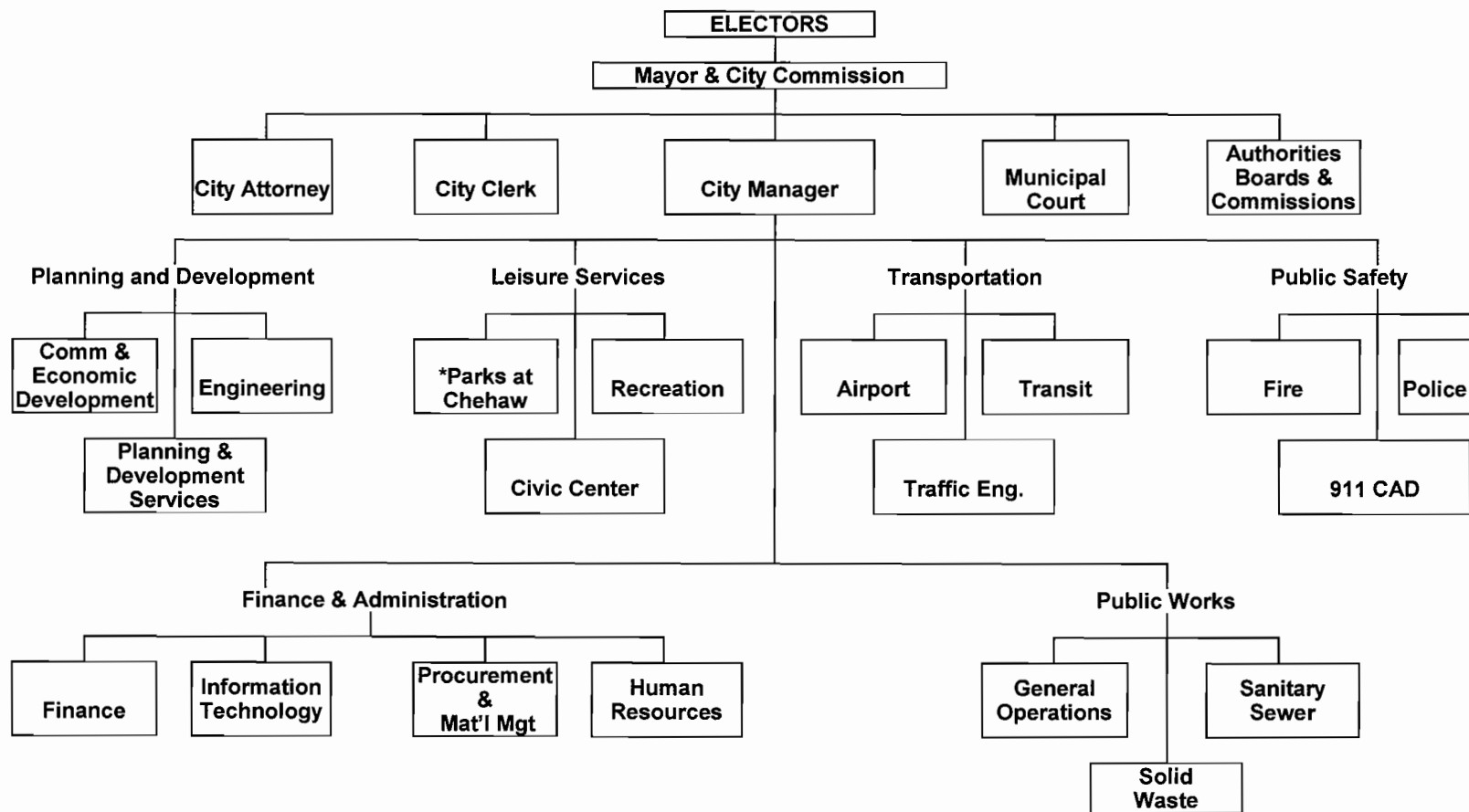
Dr. Willie Adams	At Large	Mayor
Jon B. Howard	Ward I	Commissioner
Dorothy Hubbard	Ward II	Commissioner
Morris Gurr	Ward III	Commissioner
Bo Dorough	Ward IV	Commissioner
Robert B. Langstaff, Jr.	Ward V	Mayor Pro Tem/Commissioner
Tommie Postell	Ward VI	Commissioner

STAFF

Alfred Lott	City Manager
Kris Newton	Director of Finance

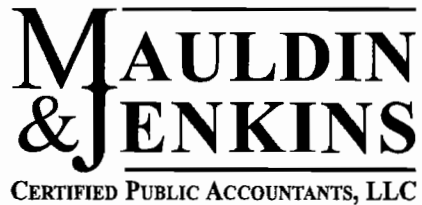
CITY OF ALBANY, GEORGIA

ORGANIZATION CHART JUNE 30, 2007



*The Parks at Chehaw falls under the parks authority and is shown here only as a representation of leisure services.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Commission
City of Albany, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Albany, Georgia**, as of and for the year ended June 30, 2007, which collectively comprise the City of Albany, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Albany, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chehaw Park Authority discretely presented component unit, which represents 6.61% and 4.33% of the assets and revenues of the aggregate discretely presented component units, or the Albany Dougherty Inner City Authority ("ADICA"), which represents 2.38% and 0.55% of the assets and revenues of the Special Revenue Funds, 1.57% and 0% of the assets and revenues of the Debt Service Funds and 0% and 0% of the assets and revenues of the Capital Projects Funds, respectively for the year ended June 30, 2007. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component units is based 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, Georgia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development 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 June 30, 2008, on our consideration of the City of Albany, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Notes 1 and 5, the City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of and for the year ended June 30, 2007.

The Management's Discussion and Analysis on pages 4 through 22 and the Required Supplementary Information on page 111 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albany, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Albany, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121 and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2008

CITY OF ALBANY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

The City of Albany, Georgia's ("the City") Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the City's financial activity; (c) identify changes in the City's financial position; (d) identify any material deviations from the financial plan (the approved budget); and (e) identify individual fund issues or concerns.

Management's Discussion and Analysis ("The MD&A") is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, and Statement No. 38 *Certain Financial Statement Disclosures*, effective July 1, 2002.

The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Government wide Financial Statements

- ❑ At the close of the fiscal year, the assets of the City exceeded its liabilities by \$225,150,330. Of this amount, \$67,691,978 (30%) represents unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.
- ❑ At the close of the current fiscal year, the net assets of the City's *business-type activities* were \$99,777,799. This represented an increase of \$10,826,631 (12.2%) over the prior year's net asset balance for business-type activities.
- ❑ At the close of the current fiscal year, the net assets of the City's *governmental activities* were \$125,372,531. This represented an increase of \$6,370,433 (5%) over the prior year's net asset balance for governmental activities.

Fund Financial Statements

- ❑ The General Fund, the chief operating fund of the City, had a total fund balance of \$24,265,593 as of June 30, 2007. Of this amount, \$23,946,604 (98.7%) was unreserved.
- ❑ The General Fund had revenues of \$49,990,304 for the current fiscal year. Of this amount, \$14,794,429 (29.6%) was from property taxes and \$9,177,213 (18.4%) was from sales taxes.

Debt Obligations

- ❑ Long-term debt obligations from primary governmental activities increased \$12,761,113 (53.0%) from \$24,078,288 at June 30, 2006, to \$36,839,401 at June 30, 2007.
- ❑ Long-term debt obligations from business type activities increased \$26,849,485 (60.8%) from \$44,128,073 at June 30, 2006 to \$70,977,558 at June 30, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) Government-wide financial statements; (2) Fund financial statements; and (3) Notes to the financial statements.

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

The *Statement of Net Assets* presents information on all of the City'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 City is improving or deteriorating.

The Statement of Activities presents information showing how the City'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 result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges

(business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and community development. The business-type activities of the City include sanitary sewer, solid waste, transit, civic center, airport, municipal auditorium, and public employee health plan.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have either the same governing board as the City or a governing board appointed by the City of Albany. The City has two discretely presented component units: (1) Chehaw Park Authority and (2) Water, Gas and Light Commission. These units are excluded from any activities or amounts presented in the "Primary Government".

The government-wide financial statements can be found on pages 23 - 26 of this report.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three (3) major governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Development Fund, and SPLOST Fund.

Other *non-major* governmental funds include: Five (5) Special Revenue Funds (Hotel/Motel Tax Fund, Computer Aided Dispatch, Albany-Dougherty Inner City Authority, Grant Fund, and Gortatowsky Fund); two (2) Debt Service Funds (Debt Service Fund and Albany-Dougherty Inner City Authority); and three (3) Capital Projects Funds (Public Improvement Fund, Flood Recovery Fund, and Albany-Dougherty Inner City Authority). Data on these 10 non-major governmental funds is combined into a single, aggregated presentation in the financial statements. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its general, special revenue, debt service and enterprise funds. The report contains a "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" for the General and Major Special Revenue Funds. However, additional budget information on the non-major funds is contained in the supplementary information. Note that capital additions that are not a part of a separate fund are budgeted for in the General Fund.

The governmental funds financial statements can be found on pages 27 - 34 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for major proprietary funds: the sanitary sewer, solid waste, airport, and public employee deposit funds.

The City maintains six (6) non-major proprietary funds. Three (3) of the non-major proprietary funds are enterprise funds (Transit Fund; Civic Center Fund; and Municipal Auditorium Fund). These three enterprise funds collectively are reflected as "Other Enterprise Funds" on the Proprietary Funds financial statements. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

The remaining three non-major proprietary funds are internal service funds (Self Administered Insurance Fund; Long-term Disability Fund; and Workers' Compensation Fund). These three internal service funds collectively are reflected as "Internal Service Funds" on the Proprietary Funds financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. Individual fund data for both the enterprise funds and the internal service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found at pages 35 - 42 of this report.

Fiduciary Funds. Fiduciary funds, which consist solely of trust and agency funds, are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* included in the government-wide financial statements because the resources are *not* available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

Details of the City's Pension Fund, a fiduciary fund, can be found on pages 43 and 44 of the report.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 45 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the fifth year that the City of Albany has presented its financial statements under the new reporting model required by GASB Statement No. 34. This reporting model changes significantly both the recording and presentation of financial data. However, under this statement, the City is not required to restate prior periods for the purposes of providing comparative information. A comparative analysis of government-wide information for fiscal years ending June 30, 2006 and June 30, 2007, are included in this report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$225,150,330 as of June 30, 2007.

As shown on Table 1, the largest portion of the City's net assets, \$132.6 million (46%), reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. An additional portion of the City's net assets, \$24.8 million (11%), represents resources that are subject to external restrictions on how they may be used. The major restrictions on net assets are funding source restrictions. The remaining balance of total net assets of \$67.7 million (43%) is unrestricted and may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements reflected in the City's fund structure.

At the end of the fiscal year ended June 30, 2007, the City reported positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities.

TABLE 1

City of Albany
Statement of Net Assets - Primary Government

	Governmental Activities		Business-Type Activities		Total	
	<u>FY2007</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2006</u>
Current and Other Assets	\$ 88,532,875	\$ 78,397,853	\$ 21,665,560	\$ 20,131,910	\$ 110,198,435	\$ 98,529,763
Capital Assets	82,618,937	75,190,987	123,808,879	116,375,566	206,427,816	191,566,553
TOTAL ASSETS	<u>171,151,812</u>	<u>153,588,840</u>	<u>145,474,439</u>	<u>136,507,476</u>	<u>316,626,251</u>	<u>290,096,316</u>
Current and Other Liabilities	8,939,880	10,508,454	4,213,917	3,428,235	13,153,797	13,936,689
Long Term Liabilities	36,839,401	24,078,288	41,482,723	44,128,073	78,322,124	68,206,361
TOTAL LIABILITIES	<u>45,779,281</u>	<u>34,586,742</u>	<u>45,696,640</u>	<u>47,556,308</u>	<u>91,475,921</u>	<u>82,143,050</u>
Net Assets:						
Invested in capital asset, net of related debt	50,077,946	75,190,987	82,562,046	73,004,315	132,639,992	148,195,302
Restricted	22,207,175	15,013,027	2,611,185	2,664,869	24,818,360	17,677,896
Unrestricted	53,087,410	28,798,084	14,604,568	13,281,984	67,691,978	42,080,068
TOTAL NET ASSETS	<u>\$ 125,372,531</u>	<u>\$ 119,002,098</u>	<u>\$ 99,777,799</u>	<u>\$ 88,951,168</u>	<u>\$ 225,150,330</u>	<u>\$ 207,953,266</u>

In Table 1 (a), the 2007 Statement of Net Assets is compared to the results for the prior fiscal year. Note that the relationship between the Statement of Net Assets and the Statement of Activities is such that the increase in net assets from one year to the next on Table 1(a) is equal to the change in net assets at the bottom of Table 2 (\$17,197,064). In Table 2(a), the 2006 and 2007 Statement of Activities for the primary government are compared. Revenues increased by \$5.9 million from 2006 to 2007, the total expenditures for the same periods increased by \$13.3 million.

TABLE 1 (a)

**City of Albany
Comparison of Net Assets for Primary Government
Fiscal Years 2006 and 2007**

	Total Primary Government FY 2007	Total Primary Government FY 2006	Increase (Decrease)
Current and Other Assets	\$ 110,198,435	\$ 98,529,763	\$ 11,668,672
Capital Assets	206,427,816	191,566,553	14,861,263
TOTAL ASSETS	316,626,251	290,096,316	26,529,935
Current and Other Liabilities	13,153,797	13,936,689	(782,892)
Long Term Liabilities	78,322,124	68,206,361	10,115,763
TOTAL LIABILITIES	91,475,921	82,143,050	9,332,871
Net Assets:			
Invested in capital asset, net of related debt:	132,639,992	148,195,302	(15,555,310)
Restricted	24,818,360	17,677,896	7,140,464
Unrestricted	67,691,978	42,080,068	25,611,910
TOTAL NET ASSETS	\$ 225,150,330	\$ 207,953,266	\$ 17,197,064

TABLE 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 9,360,976	\$ 8,869,045	\$ 42,129,174	\$ 38,441,870	\$ 51,490,150	\$ 47,310,915
Operating Grants and Contributions	13,729,819	14,311,112	2,027,577	3,035,050	15,757,396	17,346,162
Capital Grants and Contributions	2,569,404	4,171,793	9,076,175	477,633	11,645,579	4,649,426
<u>General Revenues:</u>						
Property taxes	14,794,429	14,581,340	-	-	14,794,429	14,581,340
Sales taxes	23,014,619	27,509,223	-	-	23,014,619	27,509,223
Other taxes	7,998,388	8,164,661	-	-	7,998,388	8,164,661
Investment income	2,135,978	1,591,370	792,897	544,211	2,928,875	2,135,581
TOTAL REVENUES	73,603,613	79,198,544	54,025,823	42,498,764	127,629,436	121,697,308
Expenses:						
General government	11,031,409	8,434,146	-	-	11,031,409	8,434,146
Judicial	874,234	699,203	-	-	874,234	699,203
Public safety	26,853,620	25,879,588	-	-	26,853,620	25,879,588
Public works	8,148,684	3,956,468	-	-	8,148,684	3,956,468
Parks and recreation	7,195,375	4,349,931	-	-	7,195,375	4,349,931
Community development	9,283,562	9,925,973	-	-	9,283,562	9,925,973
Community service	341,999	272,044	-	-	341,999	272,044
Interest on long-term debt	1,318,996	1,283,108	-	-	1,318,996	1,283,108
Sewer	-	-	13,400,852	13,561,191	13,400,852	13,561,191
Solid waste	-	-	7,473,428	7,002,226	7,473,428	7,002,226
Airport	-	-	1,557,618	1,764,616	1,557,618	1,764,616
Public Employee Deposit	-	-	17,909,891	15,186,576	17,909,891	15,186,576
Transit	-	-	3,185,794	3,029,095	3,185,794	3,029,095
Civic Center	-	-	1,702,874	1,617,272	1,702,874	1,617,272
Municipal Auditorium	-	-	154,036	182,094	154,036	182,094
TOTAL EXPENSES	65,047,879	54,800,461	45,384,493	42,343,070	110,432,372	97,143,531
Excess Before Transfers	8,555,734	24,398,083	8,641,330	155,694	17,197,064	24,553,777
Transfers	(2,185,301)	(23,352,122)	2,185,301	23,352,122	-	-
Net Assets - Beg. Of Year, Rest.	119,002,098	106,031,054	88,951,168	65,443,352	207,953,266	171,474,406
Net Assets - End Of Year	\$ 125,372,531	\$ 107,077,015	\$ 99,777,799	\$ 88,951,168	\$ 225,150,330	\$ 196,028,183

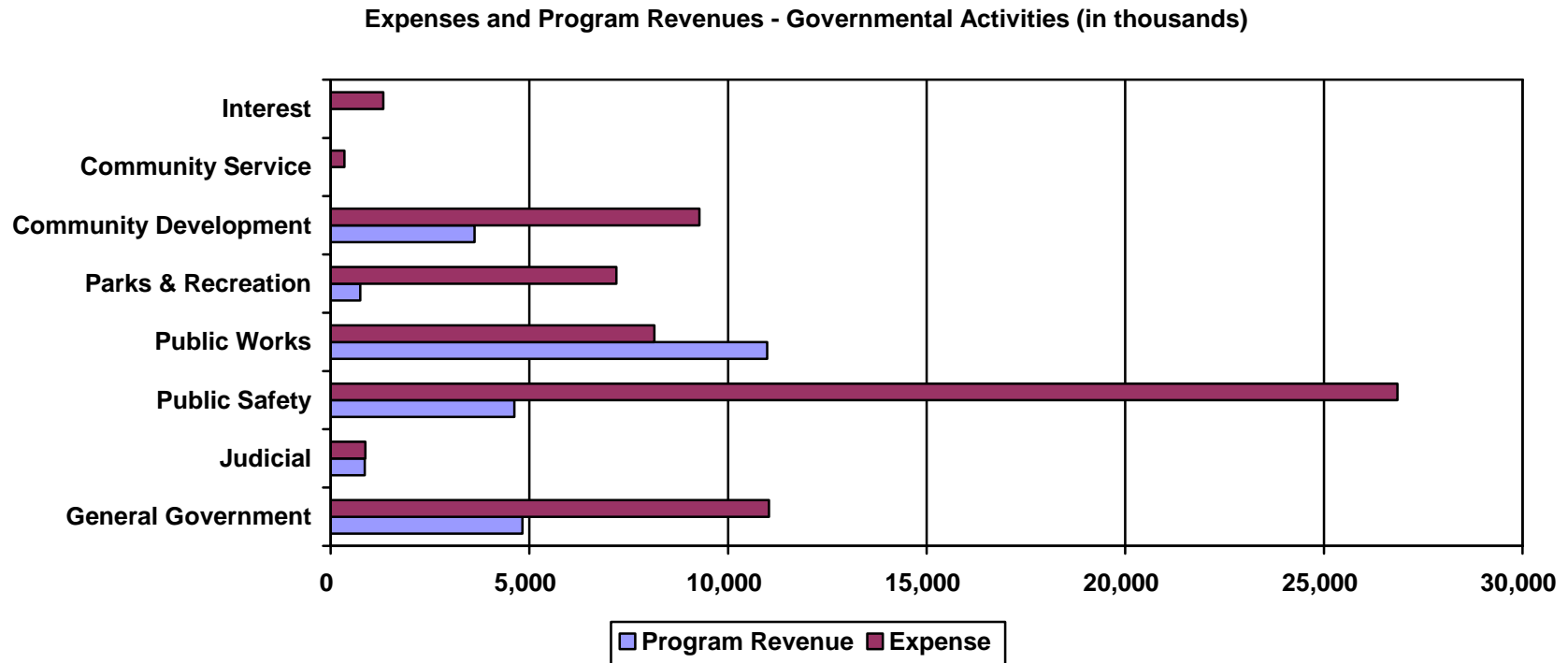
TABLE 2 (a)

City of Albany
Comparison of Statement of Activities for Primary Government
Fiscal Years 2006 and 2007

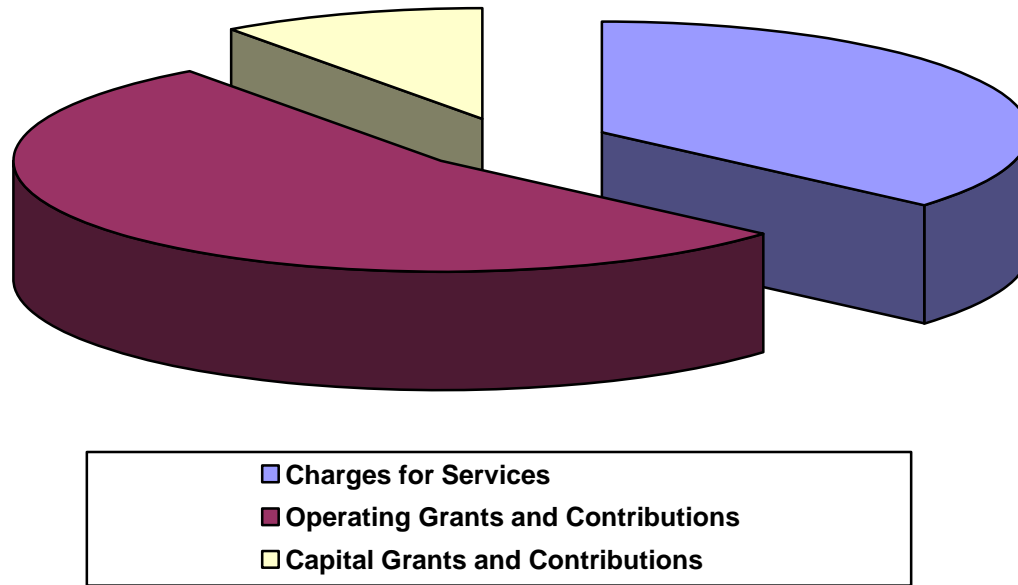
	Total Primary Government Activities- 2006	Total Primary Government Activities- 2007	Increase (Decrease)
Revenues:			
<u>Program Revenues:</u>			
Charges for Services	\$ 47,310,915	\$ 51,490,150	\$ 4,179,235
Operating Grants and Contributions	17,346,162	15,757,396	(1,588,766)
Capital Grants and Contributions	4,649,426	11,645,579	6,996,153
<u>General Revenues:</u>			
Property taxes	14,581,340	14,794,429	213,089
Sales taxes	27,509,223	23,014,619	(4,494,604)
Other taxes	8,164,661	7,998,388	(166,273)
Investment income	2,135,581	2,928,875	793,294
TOTAL REVENUES	<u>121,697,308</u>	<u>127,629,436</u>	<u>5,932,128</u>
Expenses:			
General government	8,434,146	11,031,409	2,597,263
Judicial	699,203	874,234	175,031
Public safety	25,879,588	26,853,620	974,032
Public works	3,956,468	8,148,684	4,192,216
Parks and recreation	4,349,931	7,195,375	2,845,444
Community development	9,925,973	9,283,562	(642,411)
Community service	272,044	341,999	69,955
Interest on long-term debt	1,283,108	1,318,996	35,888
Sewer	13,561,191	13,400,852	(160,339)
Solid waste	7,002,226	7,473,428	471,202
Airport	1,764,616	1,557,618	(206,998)
Public employee deposit	15,186,576	17,909,891	2,723,315
Transit	3,029,095	3,185,794	156,699
Civic Center	1,617,272	1,702,874	85,602
Municipal Auditorium	182,094	154,036	(28,058)
TOTAL EXPENSES	<u>97,143,531</u>	<u>110,432,372</u>	<u>13,288,841</u>
CHANGE IN NET ASSETS	<u>\$ 24,553,777</u>	<u>\$ 17,197,064</u>	<u>\$ (7,356,713)</u>

Governmental Activities

Governmental Activities increased the City of Albany's net assets by \$6,370,433, thereby accounting for 37% of the total growth in the net assets of the City of Albany during the fiscal year. Revenues from governmental activities totaled \$71,418,312; with sales taxes (38%), property taxes (24%), operating grants (23%), and charges for services (15%) contributing over \$60,899,843 of the City's revenues. Expenses for governmental activities were \$65,047,879, of which 34.8% was supported from program revenues and 65.2% from general revenues. Expenses for Public Safety (41%), Community Development (14%), and General Government (17%) make up 72% of the total expense for governmental activities.



Governmental Activities - Breakout of Program Revenue



Business-type Activities

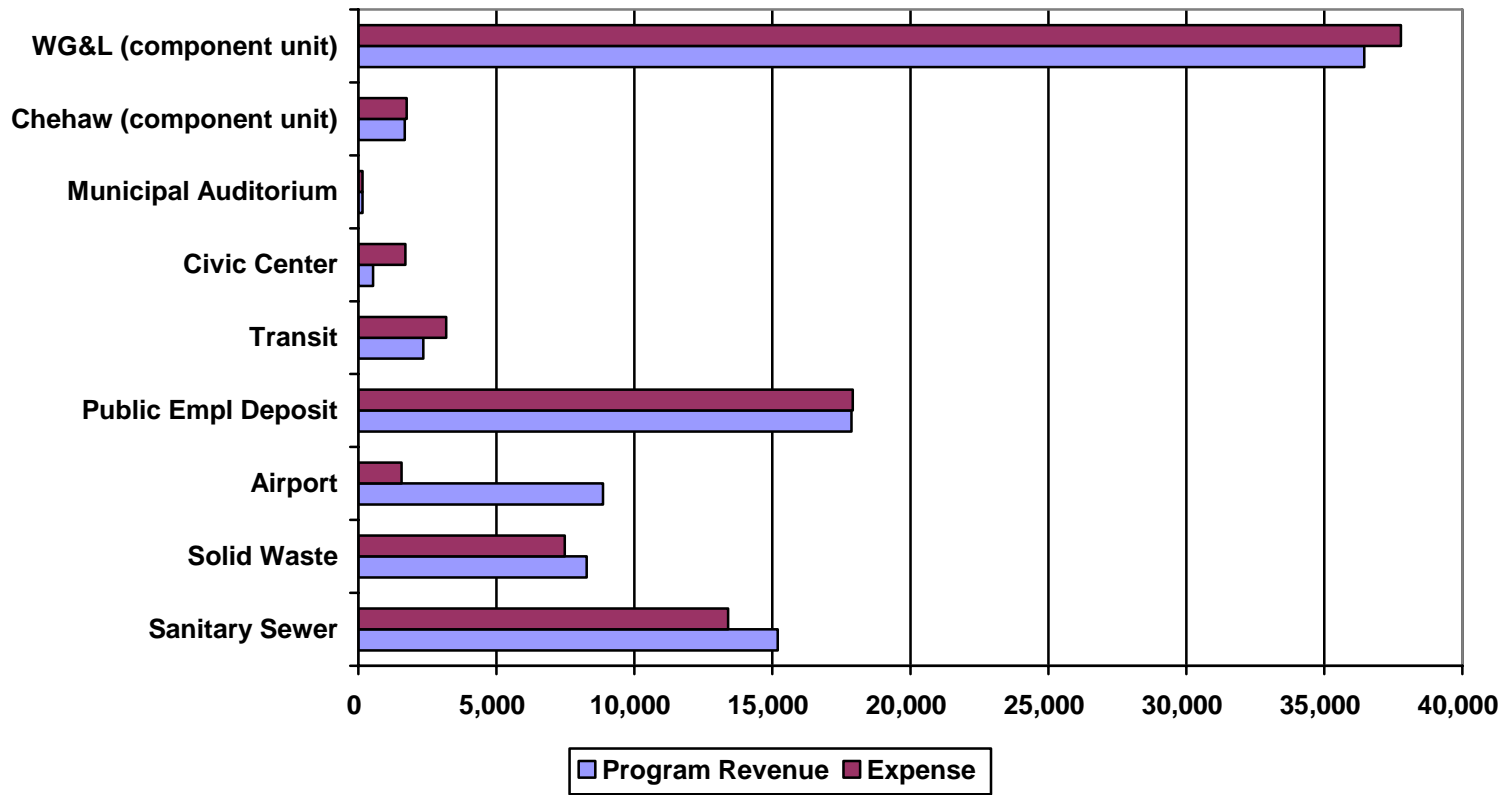
Business-type activities increased the City of Albany's net assets by \$10,826,631, accounting for 63% of the total growth in the government's net assets. As of June 30, 2007, total business-type net assets were \$99,777,799 of which \$82,562,046 was invested in capital assets; \$2,611,185 was restricted; and \$14,604,568 was unrestricted.

Revenues totaled \$56,211,124 with 98.5% of revenues coming from Program Revenues and less than 1.5% coming from General Revenues. (See chart "Business-Type Activities – Breakout of Program Revenues").

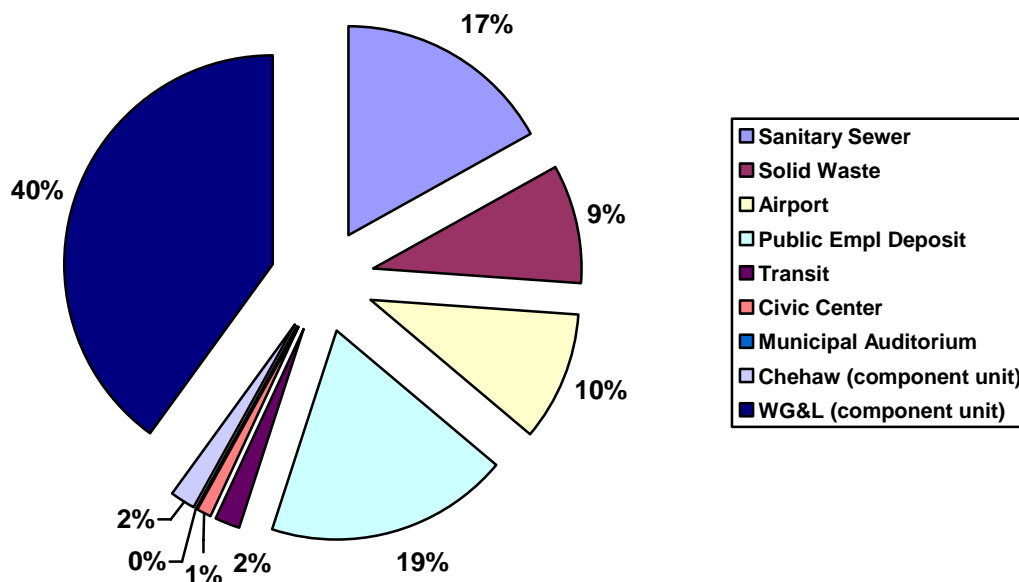
Total expenses were \$45,384,493. The largest expenditures were Public Employee Deposit (39%) and Sewer (30%).

The Water, Gas and Light Commission is a discretely presented component unit and is not reflected in the amounts discussed above.

Expenses and Program Revenues - Business Type Activities (in thousands)



Business Type Activity - Breakout by Revenues



FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Albany's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Albany's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Albany's governmental funds reported combined ending fund balances of \$58,343,642, an increase of \$12,354,436 in comparison with the prior year. Ninety-four percent (\$54,809,084) constituted unreserved fund balance, which is available for spending at the government's discretion. The remaining six percent of the fund balance (\$3,534,558) is reserved to indicate that it is

not available for new spending. This amount has been committed to Inventories (\$271,167); Prepaid Items (\$47,822); Advances to other funds (\$3,166,025); Program expenditures (\$42,676); and Debt Service (\$6,868).

The General Fund is the chief operating fund of the City. As of June 30, 2007, the *unreserved* fund balance in the general fund was \$23,946,604; the total fund balance was \$24,265,593 – an increase of \$2,573,283 over 2006.

The General Fund's liquidity can be measured by comparing both the *unreserved fund balance* and total fund balance to *total fund expenditures*. Unreserved fund balance represents 52.5% of the total general fund expenditures, while total fund balance represents 53.2% of that same amount. When *transfers out* are added to *expenditures*, the unreserved fund balance represents 49.8% of expenditures plus transfers, while the total fund represents 50.4% of this amount.

The general fund had the following transfers in (increases) and transfers out (decreases):

Transfer in From Other funds (\$601,420) represents a transfer of \$590,780 from the Hotel/Motel Tax Fund; Workers' Comp Fund \$230; and \$10,410 from the Flood Recovery Fund.

Transfer in from component units (\$7,085,674) represents 7.5% of the actual metered revenue from the previous calendar year for the Water, Gas and Light Commission. This amount is included in intergovernmental revenues.

Funding for component units (\$1,002,000) represents an agreed payment to Chehaw Park Authority, a separate component unit of the City. The funds are used by Chehaw Park Authority to subsidize the operation of the park. This amount is included as parks and recreation expenditures.

Other transfers out represent General Fund support of the following funds during the fiscal year: Airport Fund (\$412,375); Debt Service Fund (\$176,589); Transit Fund (\$851,410); Civic Center Fund (\$896,654); Auditorium Fund (\$24,862); and, ADICA fund (\$150,000).

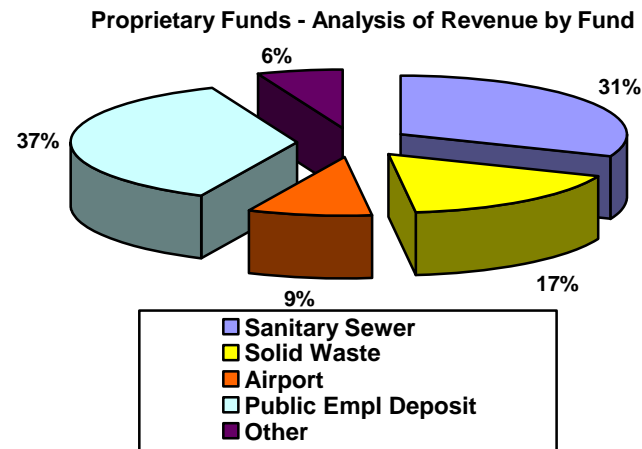
During the fiscal year ended June 30, 2007, the City's General Fund balance increased by \$2,573,283. The following contributed to the increase:

- ❑ Actual revenues exceeded budgeted revenues by \$1,660,660;
- ❑ Total actual revenues for 2007 exceeded 2006 revenues by \$694,958;
- ❑ Actual expenditures were \$614,306 under budgeted expenditures; and
- ❑ Transfers out / transfers in had a positive variance of \$606,357

The primary factors causing General Fund revenues to exceed budget include: Revenues from sales taxes were \$877,213 over budget although they were \$24,489 less than the previous year; Property taxes were \$497,569 over budget; and Interest Income was \$666,682 over budget. Revenues from Other Taxes were \$205,507 under budget; Intergovernmental Revenue was \$118,879; and Fines and Forfeitures Revenue was under budget by \$352,942.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. For the fiscal year ended June 30, 2007, the proprietary funds had total operating revenues of \$41,929,174. Based on revenues, the largest proprietary fund is the Public Employee Deposit Fund (37%) followed by the Sanitary Sewer Fund (31%). See chart below for an overview of revenue by proprietary fund.



The change in net assets for Proprietary Funds was \$10,730,884 (representing a 12.1% increase from the prior year's adjusted net asset balance of \$88,566,677). The \$10,730,883 net change was the result of the following:

Sanitary Sewer Fund	\$	2,509,629
Solid Waste Fund	\$	764,503
Airport Fund	\$	7,708,123
Public Employee Deposit Fund	\$	-
Other Enterprise Funds	\$	(251,371)

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's revenues were 3.4% over the budgeted amount. As a result of the relatively flat economy, the City was conservative in estimating tax and license revenue. Similarly, the City's expenditures were 1.3% under budget. This was the result of the City aggressively monitoring costs.

**CITY OF ALBANY, GEORGIA
GENERAL FUND
Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	\$ 14,296,860	\$ 14,296,860	\$ 14,794,429	\$ 497,569
Sales taxes	8,300,000	8,300,000	9,177,213	877,213
Other taxes	6,753,636	6,896,553	6,691,046	(205,507)
Licenses and permits	2,349,077	2,383,296	2,320,724	(62,572)
Intergovernmental	12,594,761	12,594,761	12,475,882	(118,879)
Charges for services	494,003	494,003	530,157	36,154
Fines and forfeitures	982,300	1,129,210	776,268	(352,942)
Rental and franchise	1,095,370	1,095,370	1,140,268	44,898
Interest income	280,000	280,000	946,682	666,682
Other	859,591	859,591	1,137,635	278,044
TOTAL REVENUES	\$ 48,005,598	\$ 48,329,644	\$ 49,990,304	\$ 1,660,660
Expenditures:				
General government	9,163,140	9,685,765	9,884,562	(198,797)
Judicial	858,538	858,538	819,504	39,034
Public safety	24,566,661	24,744,526	24,439,671	304,855
Public works	6,242,377	6,242,377	5,916,288	326,089
Parks and recreation	4,248,148	4,248,148	4,118,046	130,102
Community svc(Subsidized agencies)	409,907	409,907	341,999	67,908
Debt service interest	-	-	54,885	(54,885)
TOTAL EXPENDITURES	\$ 45,488,771	\$ 46,189,261	\$ 45,574,955	\$ 614,306

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$206,427,816, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles, infrastructure, and construction in progress. Additional information on the City's capital assets can be found in Note 5 on pages 69 – 73 of this report.

TABLE 4

CITY OF ALBANY			
CAPITAL ASSETS (Net of Depreciation)			
JUNE 30, 2007			
	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated:			
Land	\$ 21,425,279	\$ 12,637,234	\$ 34,062,513
Construction in Progress	1,451,494	5,691,986	7,143,480
Total assets not depreciated	22,876,773	18,329,220	41,205,993
Capital assets being depreciated:			
Buildings and improvements	46,997,296	124,737,768	171,735,064
Equipment and vehicles	25,544,425	28,043,816	53,588,241
Infrastructure	64,315,631	28,883,638	93,199,269
Total assets depreciated	136,857,352	181,665,222	318,522,574
Less accumulated depreciation:			
Buildings and improvements	12,284,268	34,342,107	46,626,375
Equipment and vehicles	14,912,406	15,587,861	30,500,267
Infrastructure	49,918,514	26,255,595	76,174,109
Total accumulated depreciation	77,115,188	76,185,563	153,300,751
Total assets depreciated, net	59,742,164	105,479,659	165,221,823
Capital assets, net	\$ 82,618,937	\$ 123,808,879	\$ 206,427,816

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding is \$78.8 million – an increase of \$10.7 million over the previous year. Of this amount, \$2.6 million is due within one year. General obligation bonds (6%) and Revenue Bonds (70%) make up \$59.9 million of the total. The remaining \$19 million is comprised of notes payable, certificates of participation, capital leases and compensated absences. Additional information regarding the City's long-term debt can be found in Note 6 pages 74 – 92.

TABLE 5
CITY OF ALBANY LONG TERM DEBT OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance at June 30, 2007	Percent- age of Total	Due Within One Year
<u>Governmental Activities</u>			
Bonds payable	\$ 19,106,362	24%	\$ 1,150,000
Notes payable	5,025,000	6%	300,000
Certificates of participation	10,000,000	13%	-
Compensated absences	2,708,039	3%	264,407
Governmental long-term liabilities	<u>\$ 36,839,401</u>		<u>\$ 1,714,407</u>
<u>Business-Type Activities</u>			
Bonds Payable:			
Revenue bonds	\$ 39,650,000		\$ 540,000
Add deferred amts unamortized premium	1,141,497		-
Total bonds payable	40,791,497	52%	540,000
Notes payable	283,328	0%	163,470
Capital leases	172,007	0%	113,326
Compensated absences	775,890	1%	77,581
Business-Type long-term liabilities	<u>42,022,722</u>		<u>894,377</u>
Total primary government liabilities	<u>\$ 78,862,123</u>		<u>\$ 2,608,784</u>

The General Obligation Bonds relate to bonds issued for the Municipal Auditorium and the Albany-Dougherty Inner City Authority. The Revenue Bonds relate to sewer system revenue bonds issued in 2001, and 2007. The Certificates of Participation represent the City's purchase of

equipment and vehicles from the Georgia Municipal Association Pooled Bond Funds. The Capital Leases represent the City's acquisition of buses to be used by the Albany Transit System. The Notes Payable represents the City's obligations to the Georgia Environmental Facilities Authority for sewer and solid waste system projects. Compensated absences represent the City's obligation for accrued vacation and sick leave.

Bond Ratings

The following are the financial strength ratings the City has received from Moody's Investors Service, Inc. and S&P (if available):

	<u>Moody's</u>	<u>S&P</u>
General Obligation Bonds (Eames Park)	A-3	-
Sewer Revenue Bonds	Aaa	AAA
ADICA Bonds	A-3	-
WG&L (Water Bonds)	A-3	-

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The attached report provides a variety of economic data that can be used to assess the current and long-term expected economic health of the City. Specifically, the report includes data related to property tax values; property tax rates; property tax levies and collections; special assessment billings and collections; commercial and residential construction activity; bank deposits; principal manufacturing and non-manufacturing employers; assessed and actual real property values; and similar information.

The City is affected by the same economic conditions that influence the State of Georgia and the nation as a whole. Economic conditions were taken into account in developing the City's prior year budget. However, a review of the detailed economic information is useful in assessing specific aspects of the City's economy.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Albany's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Albany, Director of Finance, 222 Pine Avenue, Room 460, Albany, Georgia 31701.

BASIC FINANCIAL STATEMENTS

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
ASSETS					
Cash and cash equivalents	\$ 18,951,783	\$ 3,340,782	\$ 22,292,565	\$ 122,050	\$ 36,051
Investments	35,351,849	8,151,161	43,503,010	-	1,407,414
Taxes receivable	40,121	-	40,121	-	-
Accounts receivable, net of allowances	1,641,462	471,995	2,113,457	2,313	14,899,030
Notes receivable	18,385,057	-	18,385,057	-	-
Inventories	271,167	127,636	398,803	14,210	4,044,152
Internal balances	7,021,543	(7,021,543)	-	-	-
Due from other governments	5,762,320	1,962,900	7,725,220	-	-
Due from component unit	808,370	4,052,613	4,860,983	-	-
Due from primary government	-	-	-	4,313	-
Prepaid expenses	47,822	-	47,822	-	103,666
Restricted assets:					
Cash	-	3,755,323	3,755,323	-	776,150
Investments	-	6,247,594	6,247,594	-	12,039,250
Deferred charges	216,642	577,099	793,741	-	443,648
Other assets	34,739	-	34,739	-	20,278
Capital assets:					
Non-depreciable	22,876,773	18,329,220	41,205,993	1,363,324	1,479,157
Depreciable, net of accumulated depreciation	59,742,164	105,479,659	165,221,823	6,721,834	80,979,057
 Total assets	 171,151,812	 145,474,439	 316,626,251	 8,228,044	 116,227,853

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
LIABILITIES					
Accounts payable	\$ 4,810,458	\$ 312,429	\$ 5,122,887	\$ 24,924	\$ 6,274,237
Excess of outstanding checks over bank balance	-	-	-	-	509,244
Retainage payable	395,138	-	395,138	-	-
Accrued expenses	2,489,233	872,854	3,362,087	3,589	637,629
Claims payable	764,855	1,644,000	2,408,855	-	-
Due to other governments	-	-	-	-	-
Due to component units	4,313	-	4,313	-	-
Due to primary government	-	-	-	-	4,860,983
Unearned revenues	475,883	841,661	1,317,544	19,228	-
Other liabilities	-	2,974	2,974	-	-
Payable from restricted assets:					
Advance payments and customer deposits	-	-	-	-	1,757,948
Current maturities of long-term debt	-	540,000	540,000	-	945,000
Accrued interest payable	-	-	-	-	93,800
Non-current liabilities:					
Certificates of participation, due in more than one year	10,000,000	-	10,000,000	-	-
Bonds payable, due within one year	1,150,000	-	1,150,000	-	-
Bonds payable, due more than one year	17,956,362	40,251,497	58,207,859	-	23,115,733
Notes payable, due within one year	300,000	163,470	463,470	-	-
Notes payable, due more than one year	4,725,000	119,859	4,844,859	-	-
Capital leases payable, due within one year	-	113,326	113,326	-	1,228,850
Capital leases payable, due more than one year	-	58,680	58,680	-	7,019,778
Compensated absences payable, due within one year	264,407	77,581	341,988	-	854,271
Compensated absences payable, due more than one year	2,443,632	698,309	3,141,941	-	1,454,571
Other long-term liabilities	-	-	-	-	1,844,404
Total liabilities	45,779,281	45,696,640	91,475,921	47,741	50,596,448

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
NET ASSETS					
Invested in capital assets, net of related debt	\$ 50,077,946	\$ 82,562,046	\$ 132,639,992	\$ 8,085,158	\$ 50,148,853
Restricted for:					
Capital projects	22,200,307	26,621	22,226,928	-	-
Debt service	6,868	2,584,564	2,591,432	-	7,768,395
Unrestricted	53,087,410	14,604,568	67,691,978	95,145	7,714,157
Total net assets	<u>\$ 125,372,531</u>	<u>\$ 99,777,799</u>	<u>\$ 225,150,330</u>	<u>\$ 8,180,303</u>	<u>\$ 65,631,405</u>

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

CITY OF ALBANY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
Primary Government									
Governmental Activities:									
General government	\$ 11,031,409	\$ 2,349,462	\$ 2,473,515	\$ -	\$ (6,208,432)	\$ -	\$ (6,208,432)	\$ -	\$ -
Judicial	874,234	856,868	-	-	(17,366)	-	(17,366)	-	-
Public safety	26,853,620	1,538,804	3,085,043	-	(22,229,773)	-	(22,229,773)	-	-
Public works	8,148,684	2,105,018	7,430,894	1,452,019	2,839,247	-	2,839,247	-	-
Parks and recreation	7,195,375	454,975	290,572	-	(6,449,828)	-	(6,449,828)	-	-
Community development	9,283,562	2,055,849	447,295	1,117,385	(5,663,033)	-	(5,663,033)	-	-
Community service	341,999	-	2,500	-	(339,499)	-	(339,499)	-	-
Interest on long-term debt	1,318,996	-	-	-	(1,318,996)	-	(1,318,996)	-	-
Total governmental activities	65,047,879	9,360,976	13,729,819	2,569,404	(39,387,680)	-	(39,387,680)	-	-
Business-type Activities:									
Sanitary sewer	13,400,852	14,321,155	-	876,306	-	1,796,609	1,796,609	-	-
Solid waste	7,473,428	8,271,443	-	-	-	798,015	798,015	-	-
Airport	1,557,618	757,547	113,325	7,987,076	-	7,300,330	7,300,330	-	-
Public employee deposit	17,909,891	17,868,487	-	-	-	(41,404)	(41,404)	-	-
Transit	3,185,794	436,988	1,914,252	-	-	(834,554)	(834,554)	-	-
Civic Center	1,702,874	446,822	-	84,887	-	(1,171,165)	(1,171,165)	-	-
Municipal Auditorium	154,036	26,732	-	127,906	-	602	602	-	-
Total business-type activities	45,384,493	42,129,174	2,027,577	9,076,175	-	7,848,433	7,848,433	-	-
Total primary government	\$ 110,432,372	\$ 51,490,150	\$ 15,757,396	\$ 11,645,579	\$ (39,387,680)	\$ 7,848,433	\$ (31,539,247)	\$ -	\$ -
Component Units:									
Chehaw Park Authority	1,746,334	629,806	1,006,419	41,408	-	-	-	(68,701)	-
Water, Gas & Light Commission	37,782,016	35,185,101	-	1,267,690	-	-	-	-	(1,329,225)
Total component units	\$ 39,528,350	\$ 35,814,907	\$ 1,006,419	\$ 1,309,098	\$ -	\$ -	\$ -	\$ (68,701)	\$ (1,329,225)
General revenues:									
Property taxes					\$ 14,794,429	\$ -	\$ 14,794,429	\$ -	\$ -
Sales taxes					23,014,619	-	23,014,619	-	-
Franchise taxes					1,047,741	-	1,047,741	-	-
Insurance premium tax					4,042,768	-	4,042,768	-	-
Alcoholic beverage tax					1,402,864	-	1,402,864	-	-
Hotel/Motel tax					1,307,342	-	1,307,342	-	-
Other taxes					197,673	-	197,673	-	-
Investment income					2,135,978	792,897	2,928,875	1,111	656,134
Gain on sale of capital assets					-	-	-	-	447
Transfers					(2,185,301)	2,185,301	-	-	-
Total general revenues and transfers					45,758,113	2,978,198	48,736,311	1,111	656,581
Change in net assets					6,370,433	10,826,631	17,197,064	(67,590)	(672,644)
Net assets - beginning of year, restated					119,002,098	88,951,168	207,953,266	8,247,893	66,304,049
Net assets - end of year					\$ 125,372,531	\$ 99,777,799	\$ 225,150,330	\$ 8,180,303	\$ 65,631,405

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

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2007**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,303,849	\$ 3,585,035	\$ 19,462	\$ 1,496,198	\$ 18,404,544
Investments	8,139,558	-	19,824,159	2,998,981	30,962,698
Receivables, net of allowance:					
Taxes	40,121	-	-	-	40,121
Accounts	676,766	284,478	-	378,536	1,339,780
Notes	-	18,385,057	-	500,000	18,885,057
Due from other funds	7,749,064	-	-	3,058,465	10,807,529
Due from other governments	2,439,023	669,794	1,847,495	806,008	5,762,320
Due from component unit	487,120	-	-	321,250	808,370
Inventories	271,167	-	-	-	271,167
Prepaid items	47,822	-	-	-	47,822
Advance to other funds	-	-	-	3,166,025	3,166,025
Total assets	<u>\$ 33,154,490</u>	<u>\$ 22,924,364</u>	<u>\$ 21,691,116</u>	<u>\$ 12,725,463</u>	<u>\$ 90,495,433</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,389,196	\$ 140,687	265,635	\$ 14,940	\$ 4,810,458
Retainage payable	-	-	395,138	-	395,138
Loan payable	-	-	-	500,000	500,000
Accrued liabilities	2,020,656	241,932	-	-	2,262,588
Due to other funds	2,378,755	847,859	173,016	1,822,747	5,222,377
Due to component unit	4,313	-	-	-	4,313
Deferred revenues	95,977	18,385,057	247,391	228,492	18,956,917
Total liabilities	<u>8,888,897</u>	<u>19,615,535</u>	<u>1,081,180</u>	<u>2,566,179</u>	<u>32,151,791</u>

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2007**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Reserved:					
Reserved for inventories	\$ 271,167	\$ -	\$ -	\$ -	\$ 271,167
Reserved for prepaid items	47,822	-	-	-	47,822
Reserved for advances to other funds	-	-	-	3,166,025	3,166,025
Reserved for program expenditures	-	-	-	42,676	42,676
Reserved for debt service	-	-	-	6,868	6,868
Unreserved, reported in:					
General fund	23,946,604	-	-	-	23,946,604
Special revenue funds	-	3,308,829	-	1,965,516	5,274,345
Capital projects funds	-	-	20,609,936	4,978,199	25,588,135
Total fund balances	<u>24,265,593</u>	<u>3,308,829</u>	<u>20,609,936</u>	<u>10,159,284</u>	<u>58,343,642</u>
Total liabilities and fund balances	<u>\$ 33,154,490</u>	<u>\$ 22,924,364</u>	<u>\$ 21,691,116</u>	<u>\$ 12,725,463</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	82,618,937
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	18,481,034
Contributions to pension trust fund exceeded the annual required contribution and, therefore, a net pension asset is included in the statement of net assets.	34,739
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,743,583
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(36,849,404)
Net assets of governmental activities	<u>\$ 125,372,531</u>

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

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 14,794,429	\$ -	\$ -	\$ -	\$ 14,794,429
Sales taxes	9,177,213	-	12,380,536	1,456,870	23,014,619
Other taxes	6,691,046	-	-	1,307,342	7,998,388
Licenses and permits	2,320,724	-	-	-	2,320,724
Intergovernmental	12,475,882	1,564,680	-	2,258,661	16,299,223
Charges for services	530,157	136,681	-	1,479,169	2,146,007
Fines and forfeitures	776,268	-	-	-	776,268
Rental and franchise	1,140,268	-	-	-	1,140,268
Interest income	946,682	8,134	613,051	374,092	1,941,959
Other	1,137,635	2,463,265	-	47,817	3,648,717
Total revenues	49,990,304	4,172,760	12,993,587	6,923,951	74,080,602
Expenditures:					
Current:					
General government	9,884,562	-	-	90	9,884,652
Judicial	819,504	-	-	35,826	855,330
Public safety	24,439,671	-	-	1,832,331	26,272,002
Public works	5,916,288	-	-	794,846	6,711,134
Parks and recreation	4,118,046	-	-	25,121	4,143,167
Community development	-	3,520,277	-	1,124,152	4,644,429
Community service	341,999	-	-	-	341,999
Capital outlay	-	-	15,626,588	2,852,036	18,478,624
Debt service:					
Principal	-	300,000	-	1,130,000	1,430,000
Interest	54,885	268,086	198,333	733,380	1,254,684
Bond issuance costs	-	-	216,642	-	216,642
Total expenditures	45,574,955	4,088,363	16,041,563	8,527,782	74,232,663
Excess (deficiency) of revenues over expenditures	4,415,349	84,397	(3,047,976)	(1,603,831)	(152,061)

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Proceeds from sale of assets	\$ 68,404	\$ 386,802	\$ -	\$ -	\$ 455,206
Issuance of bonds	-	-	14,000,000	-	14,000,000
Premium on bond issuance	-	-	236,362	-	236,362
Transfers in	601,420	-	-	2,924,820	3,526,240
Transfers out	(2,511,890)	-	(1,323,306)	(1,876,115)	(5,711,311)
Total other financing sources (uses)	<u>(1,842,066)</u>	<u>386,802</u>	<u>12,913,056</u>	<u>1,048,705</u>	<u>12,506,497</u>
 Net change in fund balances	 2,573,283	 471,199	 9,865,080	 (555,126)	 12,354,436
 Fund balances, beginning of year	 <u>21,692,310</u>	 <u>2,837,630</u>	 <u>10,744,856</u>	 <u>10,714,410</u>	 <u>45,989,206</u>
 Fund balances, end of year	 <u>\$ 24,265,593</u>	 <u>\$ 3,308,829</u>	 <u>\$ 20,609,936</u>	 <u>\$ 10,159,284</u>	 <u>\$ 58,343,642</u>

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

CITY OF ALBANY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Net change in fund balances - total governmental funds	\$ 12,354,436
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 outlays exceeded depreciation in the current period.	7,887,387
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(459,437)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,221,877)
The issuance of long-term debt (i.e., 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 items.	(12,589,720)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(19,063)
Internal service funds are used by management to charge the costs of insurance to individual funds.	224,688
The net revenue of certain activities of internal service funds is reported with governmental activities.	194,019
Change in net assets of governmental activities	<u>\$ 6,370,433</u>

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

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:							
Property taxes	\$ 14,296,860	\$ 14,296,860	\$ 14,794,429	\$ 497,569	\$ -	\$ -	\$ -
Sales taxes	8,300,000	8,300,000	9,177,213	877,213	-	-	-
Other taxes	6,753,636	6,896,553	6,691,046	(205,507)	-	-	-
Licenses and permits	2,349,077	2,383,296	2,320,724	(62,572)	-	-	-
Intergovernmental	12,594,761	12,594,761	12,475,882	(118,879)	1,535,820	1,564,680	28,860
Charges for services	494,003	494,003	530,157	36,154	566,990	136,681	(430,309)
Fines and forfeitures	982,300	1,129,210	776,268	(352,942)	-	-	-
Rental and franchise	1,095,370	1,095,370	1,140,268	44,898	-	-	-
Interest income	280,000	280,000	946,682	666,682	-	8,134	8,134
Other	859,591	859,591	1,137,635	278,044	425,190	2,463,265	2,038,075
Total revenues	48,005,598	48,329,644	49,990,304	1,660,660	2,528,000	4,172,760	1,644,760
Expenditures:							
Current:							
General government:							
Legislative	374,274	374,274	317,242	57,032	-	-	-
Administrative	962,177	962,177	923,365	38,812	-	-	-
Human resources	2,182,392	2,703,017	3,252,110	(549,093)	-	-	-
Procurement and materials mgmt.	591,122	591,122	648,283	(57,161)	-	-	-
Printing	193,261	193,261	228,391	(35,130)	-	-	-
Materials management	248,377	248,377	231,276	17,101	-	-	-
Finance	3,457,738	3,457,738	3,258,085	199,653	-	-	-
Information technology	1,153,799	1,155,799	1,025,810	129,989	-	-	-
Total general government	9,163,140	9,685,765	9,884,562	(198,797)	-	-	-
Judicial:							
Municipal court	491,625	491,625	469,947	21,678	-	-	-
City Attorney	366,913	366,913	349,557	17,356	-	-	-
Total judicial	858,538	858,538	819,504	39,034	-	-	-

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Expenditures:							
Current:							
Public safety:							
Police	\$ 13,137,698	\$ 13,315,563	\$ 13,418,231	\$ (102,668)	\$ -	\$ -	\$ -
Fire	9,937,328	9,937,328	9,672,862	264,466	-	-	-
Planning and development services	1,291,240	1,291,240	1,157,821	133,419	-	-	-
Marshal division	200,395	200,395	190,757	9,638	-	-	-
Total public safety	<u>24,566,661</u>	<u>24,744,526</u>	<u>24,439,671</u>	<u>304,855</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public works:							
Administration	317,446	317,446	252,006	65,440	-	-	-
Engineering	3,079,798	3,079,798	3,184,473	(104,675)	-	-	-
Code enforcement	519,137	519,137	565,910	(46,773)	-	-	-
Street maintenance	2,325,956	2,325,956	1,913,899	412,057	-	-	-
Storm drainage and storm stations	40	40	-	40	-	-	-
Total public works	<u>6,242,377</u>	<u>6,242,377</u>	<u>5,916,288</u>	<u>326,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation:							
Administration	281,732	281,732	245,088	36,644	-	-	-
Parks	3,165,620	3,165,620	3,080,778	84,842	-	-	-
Park development and management	73,206	73,206	67,110	6,096	-	-	-
Turner Golf Course	376,392	376,392	397,151	(20,759)	-	-	-
Special services	74,093	74,093	66,562	7,531	-	-	-
Cemetery	277,105	277,105	261,357	15,748	-	-	-
Total parks and recreation	<u>4,248,148</u>	<u>4,248,148</u>	<u>4,118,046</u>	<u>130,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community development	-	-	-	-	1,958,000	3,520,277	(1,562,277)
Community service, various subsidized agencies	<u>409,907</u>	<u>409,907</u>	<u>341,999</u>	<u>67,908</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Expenditures:							
Debt service:							
Principal	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ -
Interest	-	-	54,885	(54,885)	270,000	268,086	1,914
Total expenditures	<u>45,488,771</u>	<u>46,189,261</u>	<u>45,574,955</u>	<u>614,306</u>	<u>2,528,000</u>	<u>4,088,363</u>	<u>(1,560,363)</u>
Excess of revenues over expenditures	<u>2,516,827</u>	<u>2,140,383</u>	<u>4,415,349</u>	<u>2,274,966</u>	<u>-</u>	<u>84,397</u>	<u>3,205,123</u>
Other financing sources (uses):							
Proceeds from sale of assets	-	-	68,404	68,404	-	386,802	-
Transfers in	590,780	590,780	601,420	10,640	-	-	-
Transfers out	(3,107,607)	(3,107,607)	(2,511,890)	595,717	-	-	-
Total other financing sources (uses)	<u>(2,516,827)</u>	<u>(2,516,827)</u>	<u>(1,842,066)</u>	<u>674,761</u>	<u>-</u>	<u>386,802</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (376,444)</u>	<u>2,573,283</u>	<u>\$ 2,949,727</u>	<u>\$ -</u>	<u>471,199</u>	<u>\$ 3,205,123</u>
Fund balance, beginning of year			<u>21,692,310</u>			<u>2,837,630</u>	
Fund balance, end of year			<u>\$ 24,265,593</u>			<u>\$ 3,308,829</u>	

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

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CURRENT ASSETS							
Cash	\$ 1,189,571	\$ 65,497	\$ 949,288	\$ 981,897	\$ 154,529	\$ 3,340,782	\$ 547,239
Restricted cash	3,755,323	-	-	-	-	3,755,323	-
Restricted investments	6,247,594	-	-	-	-	6,247,594	-
Investments	7,847,746	-	-	303,415	-	8,151,161	4,389,151
Accounts receivable, net of allowances	441,892	18,003	-	-	12,100	471,995	-
Inventories	-	-	-	-	127,636	127,636	-
Prepaid expenses	-	-	-	-	-	-	-
Due from other governments	-	114,740	1,149,491	296,413	402,256	1,962,900	-
Due from other funds	50,304	-	-	86,002	-	136,306	-
Due from component unit	2,290,432	1,785,908	-	-	-	4,076,340	-
Total current assets	21,822,862	1,984,148	2,098,779	1,667,727	696,521	28,270,037	4,936,390
NONCURRENT ASSETS							
Deferred bond issuance, unamortized balance	577,099	-	-	-	-	577,099	-
Capital assets:							
Non-depreciable	5,373,525	907,035	8,898,998	-	3,149,662	18,329,220	-
Depreciable, net of accumulated depreciation	75,985,338	3,542,022	13,083,003	-	12,869,296	105,479,659	-
Total noncurrent assets	81,935,962	4,449,057	21,982,001	-	16,018,958	124,385,978	-
Total assets	103,758,824	6,433,205	24,080,780	1,667,727	16,715,479	152,656,015	4,936,390

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES							
CURRENT LIABILITIES							
Payable from current assets:							
Accounts payable	\$ -	\$ 220,432	\$ 91,996	\$ -	\$ -	\$ 312,428	\$ -
Accrued liabilities	534,526	1,337	320,994	-	15,997	872,854	-
Claims payable	-	-	-	1,644,000	-	1,644,000	764,855
Current portion - notes payable	55,035	108,435	-	-	-	163,470	-
Current portion - capital lease payable	-	-	-	-	113,326	113,326	-
Current portion - compensated absences	26,938	30,631	6,159	-	13,853	77,581	-
Due to other funds	1,883,976	612,921	1,364,041	-	611,124	4,472,062	947,714
Due to other governments	-	-	-	-	-	-	-
Due to component unit	-	-	-	23,727	-	23,727	-
Deferred revenues	29,580	-	701,136	-	110,945	841,661	-
Other liabilities	2,974	-	-	-	-	2,974	-
	<u>2,533,029</u>	<u>973,756</u>	<u>2,484,326</u>	<u>1,667,727</u>	<u>865,245</u>	<u>8,524,083</u>	<u>1,712,569</u>
Payable from restricted assets:							
Revenue bonds payable, current	540,000	-	-	-	-	540,000	-
Total current liabilities	<u>3,073,029</u>	<u>973,756</u>	<u>2,484,326</u>	<u>1,667,727</u>	<u>865,245</u>	<u>9,064,083</u>	<u>1,712,569</u>
NONCURRENT LIABILITIES							
Advance from other funds	1,371,435	1,767,625	11,235	-	15,730	3,166,025	-
Revenue bonds payable, net of current portion	40,251,497	-	-	-	-	40,251,497	-
Notes payable, net of current portion	91,938	27,921	-	-	-	119,859	-
Compensated absences, net of current portion	242,440	275,675	55,430	-	124,764	698,309	-
Capital lease payable, net of current portion	-	-	-	-	58,681	58,681	-
Total long-term liabilities	<u>41,957,310</u>	<u>2,071,221</u>	<u>66,665</u>	<u>-</u>	<u>199,175</u>	<u>44,294,371</u>	<u>-</u>
Total liabilities	<u>45,030,339</u>	<u>3,044,977</u>	<u>2,550,991</u>	<u>1,667,727</u>	<u>1,064,420</u>	<u>53,358,454</u>	<u>1,712,569</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
NET ASSETS							
Invested in capital assets, net of related debt	\$ 40,420,393	\$ 4,312,701	\$ 21,982,001	\$ -	\$ 15,846,951	\$ 82,562,046	\$ -
Restricted for capital projects	26,621	-	-	-	-	26,621	-
Restricted for renewal and replacement	3,360,916	-	-	-	-	3,360,916	-
Restricted for debt service	2,584,564	-	-	-	-	2,584,564	-
Unrestricted	12,335,991	(924,473)	(452,212)	-	(195,892)	10,763,414	3,223,821
Total net assets	<u>\$ 58,728,485</u>	<u>\$ 3,388,228</u>	<u>\$ 21,529,789</u>	<u>\$ -</u>	<u>\$ 15,651,059</u>	99,297,561	<u>\$ 3,223,821</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						480,238	
Net assets of business type activities						<u>\$ 99,777,799</u>	

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

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 14,211,264	\$ 8,144,050	\$ 757,547	\$ 17,868,487	\$ 910,542	\$ 41,891,890	\$ 1,666,720
Other	9,891	27,393	-	-	-	37,284	67,265
Total operating revenues	14,221,155	8,171,443	757,547	17,868,487	910,542	41,929,174	1,733,985
Operating expenses:							
Personnel costs	2,990,259	2,132,361	739,527	-	2,200,713	8,062,860	-
General and administrative	-	-	-	1,013,529	-	1,013,529	301,156
Supplies	388,452	117,075	25,604	-	100,169	631,300	-
Operating services and charges	3,327,290	4,300,167	278,838	-	1,473,361	9,379,656	-
Maintenance and repairs	778,657	614,096	72,625	-	428,218	1,893,596	-
Depreciation and amortization	3,449,587	374,940	447,727	-	857,649	5,129,903	-
Claims and damages	-	-	-	16,903,064	-	16,903,064	1,112,164
Total operating expenses	10,934,245	7,538,639	1,564,321	17,916,593	5,060,110	43,013,908	1,413,320
Operating income (loss)	3,286,910	632,804	(806,774)	(48,106)	(4,149,568)	(1,084,734)	320,665
Nonoperating revenues (expenses):							
Interest income	741,744	-	2,121	48,106	926	792,897	194,019
Interest expense and fiscal charges	(2,439,895)	(8,765)	-	-	(11,987)	(2,460,647)	-
Intergovernmental	100,000	100,000	3,658,702	-	1,914,252	5,772,954	-
Gain (loss) on sale of capital assets	(55,436)	40,464	-	-	9,287	(5,685)	-
Total nonoperating revenues (expenses)	(1,653,587)	131,699	3,660,823	48,106	1,912,478	4,099,519	194,019

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Income (loss) before contributions and transfers	\$ 1,633,323	\$ 764,503	\$ 2,854,049	\$ -	\$ (2,237,090)	\$ 3,014,785	\$ 514,684
Capital contributions	876,306	-	4,441,699	-	212,793	5,530,798	-
Transfers							
Transfers in	-	-	412,375	-	1,772,926	2,185,301	-
Transfers out	-	-	-	-	-	-	(230)
Total transfers	-	-	412,375	-	1,772,926	2,185,301	(230)
Change in net assets	2,509,629	764,503	7,708,123	-	(251,371)	10,730,884	514,454
Total net assets, beginning of year	56,218,856	2,623,725	13,821,666	-	15,902,430		2,709,367
Total net assets, end of year	<u>\$ 58,728,485</u>	<u>\$ 3,388,228</u>	<u>\$ 21,529,789</u>	<u>\$ -</u>	<u>\$ 15,651,059</u>		<u>\$ 3,223,821</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						95,747	
Change in net assets of business type activities						<u>\$ 10,826,631</u>	

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

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 13,943,044	\$ 8,060,312	898,431	\$ 16,332,839	\$ 920,566	\$ 40,155,192	\$ -
Receipts from other funds	-	-	-	-	-	-	2,384,213
Payments to suppliers	(3,567,894)	(7,157,481)	962,135	-	(1,580,160)	(11,343,400)	-
Payments to employees	(3,033,711)	(2,070,853)	(408,667)	-	(2,209,459)	(7,722,690)	-
Claims paid	-	-	-	(16,464,971)	-	(16,464,971)	(1,066,050)
Premiums paid	-	-	-	(1,013,529)	-	(1,013,529)	(261,032)
Net cash provided by (used in) operating activities	7,341,439	(1,168,022)	1,451,899	(1,145,661)	(2,869,053)	3,610,602	1,057,131
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	412,375	-	1,772,926	2,185,301	-
Transfers out	-	-	-	-	-	-	(230)
Operating grants received	100,000	100,000	-	-	1,914,252	2,114,252	-
Net cash provided by noncapital financing activities	100,000	100,000	412,375	-	3,687,178	4,299,553	(230)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(1,481,912)	(765,960)	(4,136,712)	-	(646,530)	(7,031,114)	-
Proceeds from capital debt	28,583,755	-	-	-	-	28,583,755	-
Principal paid on bonds	(30,394,988)	-	-	-	-	(30,394,988)	-
Principal paid on notes and capital leases payable	(98,437)	(103,424)	-	-	(108,149)	(310,010)	-
Interest paid	(3,045,840)	(9,585)	-	-	(11,987)	(3,067,412)	-
Advance from other funds	1,371,435	1,767,625	11,235	-	(5,244)	3,145,051	-
Capital contributions	-	-	2,509,211	-	-	2,509,211	-
Proceeds from sale of capital assets	199,064	179,365	-	-	21,641	400,070	-
Net cash provided by (used in) capital and related financing activities	(4,866,923)	1,068,021	(1,616,266)	-	(750,269)	(6,165,437)	-

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	741,744	-	2,121	48,106	926	792,897	194,019
Net cash provided by investing activities	741,744	-	2,121	48,106	926	792,897	194,019
Increase (decrease) in cash and cash equivalents	3,316,260	(1)	250,129	(1,097,555)	68,782	2,537,615	1,250,920
Cash and cash equivalents:							
Beginning of year	15,723,974	65,497	699,159	2,382,867	85,747	18,957,244	3,685,470
End of year	<u>\$ 19,040,234</u>	<u>\$ 65,496</u>	<u>\$ 949,288</u>	<u>\$ 1,285,312</u>	<u>\$ 154,529</u>	<u>\$ 21,494,859</u>	<u>\$ 4,936,390</u>
Classified as:							
Cash	\$ 1,189,571	\$ 65,497	\$ 949,288	\$ 981,897	\$ 154,529	\$ 3,340,782	\$ 547,239
Investments	7,847,746	-	-	303,415	-	8,151,161	4,389,151
Restricted assets, cash and investments	3,755,323	-	-	-	-	3,755,323	-
	<u>\$ 12,792,640</u>	<u>\$ 65,497</u>	<u>\$ 949,288</u>	<u>\$ 1,285,312</u>	<u>\$ 154,529</u>	<u>\$ 15,247,266</u>	<u>\$ 4,936,390</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Contributions of capital assets from governmental activities	<u>\$ 876,306</u>	<u>\$ -</u>	<u>\$ 4,441,699</u>	<u>\$ -</u>	<u>\$ 212,793</u>	<u>\$ 5,530,798</u>	<u>\$ -</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ 3,286,910	\$ 632,804	\$ (806,774)	\$ (48,106)	\$ (4,149,568)	\$ (1,084,734)	\$ 320,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,449,587	374,940	447,727	-	857,649	5,129,903	-
(Increase) decrease in accounts receivable	(278,111)	(111,131)	-	-	8,086	(381,156)	-
Decrease in inventories	-	-	-	-	4,818	4,818	-
Increase in due from other governments	-	-	-	(296,413)	(189,110)	(485,523)	-
Increase in due from other funds	(50,304)	-	-	(86,002)	-	(136,306)	(297,486)
(Increase) decrease in due from component unit	44,870	(66,082)	-	(321,986)	-	(343,198)	-
Decrease in prepaids and other assets	-	-	-	-	-	-	131,560
Increase (decrease) in accounts payable and other liabilities	(58,452)	281,940	340,956	-	(8,746)	555,698	-
Increase (decrease) in claims payable	-	-	-	438,093	-	438,093	(45,322)
Decrease in due to other governments	-	-	-	(265,014)	-	(265,014)	-
Increase (decrease) in due to other funds	946,939	(2,280,493)	1,329,106	(566,233)	605,964	35,283	947,714
Increase in deferred revenues	-	-	140,884	-	1,854	142,738	-
Net cash provided by (used in) operating activities	<u>\$ 7,341,439</u>	<u>\$ (1,168,022)</u>	<u>\$ 1,451,899</u>	<u>\$ (1,145,661)</u>	<u>\$ (2,869,053)</u>	<u>\$ 3,610,602</u>	<u>\$ 1,057,131</u>

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

CITY OF ALBANY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS PENSION FUND JUNE 30, 2007

ASSETS	
Cash	\$ 5,121,930
Investments at fair value:	
Equity securities	58,917,203
Government securities	8,322,979
Corporate bonds	29,937,242
Other	464,750
Total investments	<u>97,642,174</u>
Interest receivable	263,505
Other assets	<u>75,923</u>
Total assets	<u>103,103,532</u>
LIABILITIES	
Accrued expenses	68,926
Accounts payable	<u>301,682</u>
Total liabilities	<u>370,608</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 102,732,924</u></u>

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

CITY OF ALBANY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ADDITIONS:

Employer contributions	\$ 3,718,916
Investment earnings	
Interest and dividends	4,093,144
Net increase in fair value of investments	10,208,147
Total investment earnings	14,301,291
Less investment expense	731,087
Net investment earnings	13,570,204
 Total additions	 17,289,120

DEDUCTIONS:

Benefit payments	8,120,539
Administrative expense	55,873
 Total deductions	 8,176,412
 Change in net assets	 9,112,708

NET ASSETS, BEGINNING OF YEAR	<u>93,620,216</u>
NET ASSETS, END OF YEAR	<u><u>\$ 102,732,924</u></u>

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

CITY OF ALBANY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Albany, Georgia (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. The Financial Reporting Entity

The City was created by a legislative act of the State of Georgia in 1838. The City is a municipal corporation which operates under the mayor-commission form of government with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; civic center, municipal auditorium; transit system; recreation; parks; zoo (Parks at Cheshaw); cemetery; animal control; emergency management; water, gas and light utilities, sanitary sewer and solid waste.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", the component unit's financial statements have been included as blended or discretely presented. Blended component units, although legally separate entities, are in substance part of the City's operations and so financial data from these units are combined with the financial data of the primary government.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Each discretely presented component unit, on the other hand, is reported separately in the government-wide financial statements to emphasize that it is legally separate from the City. All blended and discretely presented component units have June 30 year-ends.

Blended Component Unit

Albany Dougherty Inner City Authority (ADICA) - The City Commission appoints six of seven members of ADICA's board. Budget requests for ADICA are submitted to the Commission for approval, with the City Commission possessing authority to revise ADICA's budget. The City provides 90% of ADICA's annual budget, primarily under a capital lease arrangement on the Civic Center and Municipal Auditorium whereby the City guarantees payment of bond debt because its primary purpose is to provide services to the City. The City, however, does not participate in the selection or monitoring of management. Complete financial statements for ADICA can be obtained from ADICA's administrative office located at 212½ West Broad Avenue, Albany, Georgia 31701.

Discretely Presented Component Units

Water, Gas and Light Commission (the "Commission") - The City appoints all members of the Water, Gas and Light Commission's Board of Directors. The Commission provides operating income to the City through monthly transfers. Additionally, the Commission collects all sewer and solid waste fees for the City. Complete financial statements for the Water, Gas and Light Commission can be obtained from the Commission's administrative office located at 207 Pine Avenue, Albany, Georgia 31701.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Chehaw Park Authority (“Chehaw Park”) - Chehaw Park provides a variety of family oriented activities including a wild animal park and other exhibits to the citizens of Albany, Georgia. The City Commission appoints all members of the Chehaw Park Board of Directors. The City provides a significant operating subsidy to Chehaw Park, primarily to finance the operations of the park. Complete financial statements for the Chehaw Park Authority can be obtained from Chehaw Park, 105 Chehaw Park Road, Albany, Georgia 31701.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of the government. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from *discretely presented component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program*

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead 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.

C. Retroactive Restatement of Net Assets in Accordance with GASB Statement No. 34

The City has retroactively reported major general infrastructure assets, as allowed for by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments", as amended and interpreted, as of and for the year ended June 30, 2007. This resulted in restating the opening balance of net assets of the government-wide financial statements' governmental activities by an amount of \$11,925,083 from \$107,077,015 to a restated amount of \$119,002,098.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, sales taxes, franchise taxes, charges for services, fines, forfeitures, and interest income. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Community Development Fund** (special revenue fund) accounts for the financial resources to be used for the operations of various community development grant programs.

The **SPLOST Fund** (capital projects fund) accounts for construction or acquisition of major capital facilities financed by Special Purpose Local Option Sales Tax proceeds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds:

The **Sanitary Sewer Fund** accounts for the provision of sewer services to the residents of the City.

The **Solid Waste Fund** accounts for the provisions of solid waste collection and disposal services to the residents of the City.

The **Airport Fund** accounts for the construction, operations, and maintenance of the Albany-Dougherty County Airport and runways.

The **Public Employees Deposit Fund** accounts for employer and employee contributions to be used for the payment of employee health claims. The City, Dougherty County, and Albany Water Gas and Light pool their resources and share the risk.

The City also reports the following fund types:

Special revenue funds account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of the City.

Capital projects funds account for resources provided for acquisition, construction or renovation of major capital facilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Internal service funds account for general liability, long-term disability, and workers' compensation claims. The *pension trust fund* accounts for the activities of the City of Albany Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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 *non-operating* 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 principle operating revenues of the enterprise funds and internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

1. Budget requests are completed in March of each year.
2. Proposed budgets are reviewed and prepared by the City Manager and the Finance Committee for submission to the Mayor and the City Commission in May.
3. Public hearings on the proposed budget are held in May. Individual amendments were not material in relation to the original appropriations.
4. The budget is legally adopted by the Mayor and City Commission in June of each year.
5. The City of Albany's budget amendment/budget transfer process is regulated by the official code of Georgia and local policies. The legal level of budgetary control (the level at which expenditures may not exceed appropriations) for annual budgets is at the fund/department level. Any increase in appropriation in any fund or department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. The City Commission made no supplemental budget appropriations during the year.

The City's Budget Officer can approve budget transfers up to \$10,000 without the City Manager's approval, except that no transfers can be made between the salaries budget and the operations budget. Budget transfers in excess of \$10,000 must be approved by the City Manager.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

6. Annual appropriated budgets are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Special Revenue Funds, and Debt Service Funds. However, a budget was not adopted in fiscal year 2007 for the ADICA Debt Service Fund. An annual budget is also adopted for each grant in the grant fund based on the grant year, and not the City's budget year. Sufficient budgetary control is achieved through restrictions included in the various grant agreements. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes.
7. Revenues and expenditures of the Capital Projects Funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds, which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2007, there were no encumbrances outstanding.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

In the General Fund, expenditures exceeded budget for human resources by \$549,093, procurement and materials management by \$57,161, printing by \$35,130, police by \$102,668, engineering by \$104,675, code enforcement by \$46,773, Turner Golf Course by \$20,759, and debt service by \$54,885 for the fiscal year ended June 30, 2007. In the Community Development Fund, expenditures exceeded budget by \$1,560,363 for the fiscal year ended June 30, 2007. In the Hotel/Motel Tax Fund, expenditures exceeded budget by \$62,890 for the fiscal year ended June 30, 2007. In the Computer Aided Dispatch Fund, expenditures exceeded budget by \$28,331 for the fiscal year ended June 30, 2007. In the ADICA Fund, expenditures exceeded budget by \$51,455 for the fiscal year ended June 30, 2007.

The Grant Fund had a fund balance deficit of \$196,331 at June 30, 2007. The deficit resulted from deficiencies in grant revenues. This deficit will be eliminated through the receipt of Federal and state grants.

F. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. All cash and investments reported in the proprietary funds, including restricted cash and investments, meet this definition and are therefore considered to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Investments

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The 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.

The City only invests in repurchase agreements when collateralized by U.S. Government or agency obligations.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

In accordance with authorized investment laws, investments in the Pension Fund consist of common stocks, corporate bonds and U.S. Government securities. Investments in the Pension Trust Fund are reported at fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventory

Inventory in Proprietary Funds is valued at the lower of cost (first-in, first-out method) or market. Inventory in the General Fund, which is valued at cost (first-in, first-out method) consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Items

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, dams, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental (general) capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the government-wide statement of net assets. The City's capitalization threshold is \$5,000 for all assets other than infrastructure. The capitalization threshold for infrastructure assets (roads, bridges, etc.) is \$100,000. During the current year, the City has retroactively reported major general infrastructure assets. In this case, the City chose to include all items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the Water, Gas and Light Commission (component unit) is included as part of the capitalized value of assets. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2007.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets of the primary government and component units are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Infrastructure	15-50 years
Plant facilities	20-50 years
Equipment and vehicles	5-20 years

L. Compensated Absences

City employees accrue vacation in different amounts, according to whether they work 40-hour weeks or 56-hour weeks. Employees can accrue a maximum of 69 days of vacation, depending on whether the employee works a 40-hour or 56-hour week and whether the employee is exempt or nonexempt. These days can be taken either through time off or by payment upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination if termination is by manner other than death or retirement. Maximum accumulation of sick leave is 135 working days or 1,008 hours.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Post-Retirement Health Care and Life Insurance Benefits

In accordance with a City ordinance, the City's personnel policy provides that all employees who retire under early, normal or disability retirement provisions are eligible for confirmed health care benefits provided by the City. Employees under the age of 65 who retired prior to July 1, 2003, receive the same health insurance benefits as active employees. These retirees pay 25% of the cost of the premiums, with the City paying the remaining 75% of the cost. New "normal" retirees under age 65 who retired effective July 1, 2003, and later pay 40% of the premiums and the City pays the remaining 60%. New "Early" retirees under the age of 65 who retired effective July 1, 2003, and later pay 50% of the premium cost, with the City paying the remaining 50%. At age 65, retired employees are removed from the City's group Health Plan but can purchase a Medicare supplement, which is identical to the health plan offered to active City employees, except that the City becomes secondary payor. This Medicare supplement has a maximum lifetime benefit cap of \$50,000.

Upon retirement, basic life insurance coverage is reduced to 50% of the amount previously allowed under the plan. Optional life insurance and accidental death and dismemberment cease at age 65 or upon retirement, whichever occurs later.

The General Fund pays the total monthly cost of post-retirement coverage, but is reimbursed for that portion of the premium deemed to be the retired employee's share. For the year ended June 30, 2007, the General Fund's net share of the premiums paid for its 242 retired employees was \$588,960. There were no significant changes in the coverage provided.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, issuance costs, and gains or losses on debt refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

O. Fund Equity

In governmental funds, reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific use. Designated fund balances represent tentative plans for future use of financial resources.

P. Management 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$37,066,046 difference are as follows:

Notes payable	\$ 5,025,000
Bonds payable	18,870,000
Unamortized premium on bonds	236,362
Unamortized bond issuance costs	(216,642)
Certificates of participation	10,000,000
Compensated absences	2,708,039
Accrued interest payable	<u>226,645</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$ 36,849,404</u></u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$7,887,387 difference are as follows:

Capital outlay	\$ 11,490,717
Depreciation expense	<u>(3,603,330)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u><u>\$ 7,887,387</u></u>

Another element of that reconciliation explains that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$1,221,877 difference are as follows:

Change in net pension asset	\$ (550,869)
Change in deferred revenue	<u>(671,008)</u>
Net adjustment to decrease <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u><u>\$ (1,221,877)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term" debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$12,589,720 are as follows:

Issuance of general obligation bonds	\$ (14,000,000)
Premium on bond issuance	(236,362)
Bond issuance costs	216,642
Principal repayment on general obligation bonds	<u>1,430,000</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (12,589,720)</u></u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$19,063 difference are as follows:

	\$ 45,249
Compensated absences	<u>(64,312)</u>
Accrued interest	
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (19,063)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, \$2,051,009 of City deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2007, the City had the following investments (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)								Rating
		Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31 - 35	
Government bonds	\$ 8,323	\$ 1,189	\$ 2,094	\$ 4,447	\$ -	\$ 79	\$ 514	\$ -	\$ -	AAA
Common stock	58,917	N/A	-	-	-	-	-	-	-	N/A
Preferred stock	831	N/A	-	-	-	-	-	-	-	N/A
Corporate bonds	1,372	-	488	-	246	-	638	-	-	AAA
Corporate bonds	464	-	-	464	-	-	-	-	-	AA
Corporate bonds	2,695	-	1,582	-	-	1,113	-	-	-	AA-
Corporate bonds	3,531	-	1,520	-	568	618	-	825	-	A+
Corporate bonds	990	-	-	477	-	513	-	-	-	A
Corporate bonds	3,349	-	-	-	757	814	-	992	786	A-
Corporate bonds	2,732	-	921	-	1,239	572	-	-	-	BBB+
Corporate bonds	3,193	-	-	571	-	2,028	-	594	-	BBB
Corporate bonds	1,540	-	-	-	-	1,540	-	-	-	BBB-
Corporate bonds	1,295	-	714	-	-	581	-	-	-	BB+
Corporate bonds	581	581	-	-	-	-	-	-	-	BB
Corporate bonds	1,136	-	-	578	-	285	-	273	-	BB-
Corporate bonds	1,596	-	549	258	-	789	-	-	-	B+
Corporate bonds	1,118	-	-	-	-	1,118	-	-	-	B
Convertible sec.	3,514	-	508	824	-	1,822	360	-	-	N/A
Georgia Fund 1	48,160	N/A	-	-	-	-	-	-	-	AAAm
Other	466	-	-	-	-	-	-	-	466	N/A
Guaranteed Inv. Contract	1,590	-	-	-	-	-	1,590	-	-	AA-
Total fair value	<u>\$ 147,393</u>	<u>\$ 1,770</u>	<u>\$ 8,376</u>	<u>\$ 7,619</u>	<u>\$ 2,810</u>	<u>\$ 11,872</u>	<u>\$ 3,102</u>	<u>\$ 2,684</u>	<u>\$ 1,252</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2007, the Water, Gas and Light Commission (component unit) had the following investments:

Investments	Maturities	Fair Value
U.S. Government Securities	9 year weighted average	\$ 9,411,115
Certificates of deposit	9 month weighted average	2,628,135
MEAG Stabilization	Not applicable	1,407,414
		<u>\$ 13,446,664</u>

The Water, Gas and Light Commission's investments in U.S. Treasuries and municipal bonds were rated AAA by Standard & Poor's.

NOTE 4. RECEIVABLES

Property Taxes

Property taxes were levied on July 16, 2006, on the January 1, 2006 assessed value of all real and personal property including mobile homes and motor vehicles located within the City. Tax bills were mailed on October 17, 2006, and payable before December 20, 2006. The lien date for unpaid taxes was December 21, 2006. After that date, an interest penalty of 18% applies. Property tax revenues are recognized when levied to the extent they result in current receivables.

Tax rates levied during fiscal year 2007 for the City (mill equals \$1 per thousand dollars of assessed value):

City operations	10.80	Mills
Total	<u>10.80</u>	<u>Mills</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Property Taxes (Continued)

The City is permitted by the Municipal Finance Law of the state to levy taxes up to \$20.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general government operations and to pay principal and interest on long-term debt was \$18.15 per \$1,000 of assessed valuation. The rate was reduced by \$8.35 per \$1,000 of funds received from the local option sales tax in 1997, leaving a rate of \$9.80 per \$1,000 of valuation to be used for payment on long-term debt and other General Fund requirements. Prior year levies were recorded using substantially the same principles. The rate remained unchanged until fiscal year 2002, when it was raised by \$1.00 to \$10.80 per \$1,000 of assessed valuation.

Gross property taxes receivable at June 30, 2007 are \$219,977. An allowance of \$179,857 has been established for taxes in dispute and taxes that will not be collected for the year ended June 30, 2007, resulting in a net receivable for property taxes of \$40,121.

Sales Taxes

The City and Dougherty County jointly levy a 1% local option sales tax, of which the proceeds are split, 60% City and 40% Dougherty County. The proceeds are collected by the State of Georgia and remitted to the City. The tax law requires an offsetting reduction in property tax during each subsequent year of assessment equal to the amount of sales tax revenue received in the prior year.

In addition, there is an additional 1% Special Purpose Local Option Sales Tax Program ("SPLOST") which was passed by referendums in 1989 (SPLOST II), 1994 (SPLOST III), 1999 (SPLOST IV), and 2004 (SPLOST V). The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Dougherty County. SPLOST taxes receivable at June 30, 2007 are \$1,847,495.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Accounts Receivable

Accounts receivable of the primary government consisted of the following at June 30, 2007:

	General Fund	Community Development Fund	Sanitary Sewer Fund	Solid Waste Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds
Gross receivables	\$ 2,259,396	\$ 284,478	\$ 441,892	\$ 18,003	\$ 378,536	\$ 12,100
Less allowance for doubtful accounts	<u>(1,582,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 676,766</u>	<u>\$ 284,478</u>	<u>\$ 441,892</u>	<u>\$ 18,003</u>	<u>\$ 378,536</u>	<u>\$ 12,100</u>

The Water, Gas and Light Commission had accounts receivable at June 30, 2007, of \$14,899,030, which is net of an allowance for uncollectible accounts of \$1,574,324.

Notes Receivable

Notes receivable of the primary government consist of community development loans to individuals and businesses. Financing has been provided by various federal and state grants.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

The City's capital asset activity for the year ended June 30, 2007, was as follows:

Primary Government:

	Balance June 30, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 21,244,187	\$ -	\$ (342,160)	\$ 523,252	\$ 21,425,279
Construction in progress	5,364,604	-	-	(3,913,110)	1,451,494
Total assets not depreciated	26,608,791	-	(342,160)	(3,389,858)	22,876,773
Capital assets being depreciated:					
Buildings and improvements	38,976,603	7,205,985	(111,398)	926,106	46,997,296
Equipment and vehicles	23,006,313	3,961,218	(553,731)	(869,375)	25,544,425
Infrastructure	63,994,550	6,694,084	-	(6,373,003)	64,315,631
Total assets depreciated	125,977,466	17,861,287	(665,129)	(6,316,272)	136,857,352
Less accumulated depreciation:					
Buildings and improvements	9,880,705	1,238,454	(64,553)	1,229,662	12,284,268
Equipment and vehicles	15,445,098	1,448,340	(483,299)	(1,497,733)	14,912,406
Infrastructure	52,069,467	916,536	-	(3,067,489)	49,918,514
Total accumulated depreciation	77,395,270	3,603,330	(547,852)	(3,335,560)	77,115,188
Total assets depreciated, net	48,582,196	14,257,957	(117,277)	(2,980,712)	59,742,164
Governmental activities assets, net	\$ 75,190,987	\$ 14,257,957	\$ (459,437)	\$ (6,370,570)	\$ 82,618,937

The net beginning balance of capital assets has been increased by \$11,925,083 to retroactively record the City's infrastructure purchased or constructed prior to the adoption of GASB 34.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government:

	Balance June 30, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 12,581,347	\$ 80,363	\$ -	\$ (24,476)	\$ 12,637,234
Construction in progress	8,459,644	4,061,580	-	(6,829,238)	5,691,986
Total assets not depreciated	<u>21,040,991</u>	<u>4,141,943</u>	<u>-</u>	<u>(6,853,714)</u>	<u>18,329,220</u>
Capital assets being depreciated:					
Buildings and improvements	92,991,199	-	-	31,746,569	124,737,768
Equipment and vehicles	26,546,721	2,039,544	(1,459,549)	917,100	28,043,816
Infrastructure	44,993,502	-	-	(16,109,864)	28,883,638
Total assets depreciated	<u>164,531,422</u>	<u>2,039,544</u>	<u>(1,459,549)</u>	<u>16,553,805</u>	<u>181,665,222</u>
Less accumulated depreciation:					
Buildings and improvements	27,491,651	2,041,087	-	4,809,369	34,342,107
Equipment and vehicles	15,119,015	1,651,845	(1,063,646)	(119,353)	15,587,861
Infrastructure	26,586,181	1,029,909	-	(1,360,495)	26,255,595
Total accumulated depreciation	<u>69,196,847</u>	<u>4,722,841</u>	<u>(1,063,646)</u>	<u>3,329,521</u>	<u>76,185,563</u>
Total assets depreciated, net	<u>95,334,575</u>	<u>(2,683,297)</u>	<u>(395,903)</u>	<u>13,224,284</u>	<u>105,479,659</u>
Business-type activities assets, net	<u>\$ 116,375,566</u>	<u>\$ 1,458,646</u>	<u>\$ (395,903)</u>	<u>\$ 6,370,570</u>	<u>\$ 123,808,879</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 673,161
Judicial	4,192
Public safety	887,491
Public works	1,277,109
Culture and recreation	486,870
Community development	<u>274,507</u>
Total depreciation expense - governmental activities	<u>\$ 3,603,330</u>
Business-type activities:	
Sanitary sewer	\$ 3,042,525
Solid waste	374,940
Transit	325,011
Civic center	418,055
Airport	447,727
Municipal auditorium	<u>114,583</u>
Total depreciation expense - business-type activities	<u>\$ 4,722,841</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units:

Activity for Chehaw Park Authority for the fiscal year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 1,283,104	\$ 80,220	\$ -	\$ 1,363,324
Total assets not depreciated	<u>1,283,104</u>	<u>80,220</u>	<u>-</u>	<u>1,363,324</u>
Capital assets being depreciated:				
Buildings and improvements	8,622,051	-	(80,220)	8,541,831
Equipment and vehicles	453,542	-	(22,816)	430,726
Total assets depreciated	<u>9,075,593</u>	<u>-</u>	<u>(103,036)</u>	<u>8,972,557</u>
Less accumulated depreciation:				
Buildings and improvements	1,725,198	231,700	-	1,956,898
Equipment and vehicles	300,510	12,263	(18,948)	293,825
Total accumulated depreciation	<u>2,025,708</u>	<u>243,963</u>	<u>(18,948)</u>	<u>2,250,723</u>
Total assets depreciated, net	<u>7,049,885</u>	<u>(243,963)</u>	<u>(84,088)</u>	<u>6,721,834</u>
Chehaw Park Authority assets, net	<u>\$ 8,332,989</u>	<u>\$ (163,743)</u>	<u>\$ (84,088)</u>	<u>\$ 8,085,158</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units: Continued

Activity for the Water, Gas and Light Commission for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 1,438,222	\$ 40,935	\$ -	\$ 1,479,157
Total assets not depreciated	<u>1,438,222</u>	<u>40,935</u>	<u>-</u>	<u>1,479,157</u>
Capital assets being depreciated:				
Buildings and improvements	11,093,890	67,682	(130,505)	11,031,067
Equipment	22,727,435	1,774,160	(1,018,810)	23,482,785
Plant facilities	80,590,810	2,242,921	(1,732,839)	81,100,892
Total assets depreciated	<u>114,412,135</u>	<u>4,084,763</u>	<u>(2,882,154)</u>	<u>115,614,744</u>
Less accumulated depreciation:				
Buildings and improvements	2,741,400	431,960	(130,506)	3,042,854
Equipment	6,678,309	2,010,537	(1,014,682)	7,674,164
Plant facilities	22,863,301	2,788,207	(1,732,839)	23,918,669
Total accumulated depreciation	<u>32,283,010</u>	<u>5,230,704</u>	<u>(2,878,027)</u>	<u>34,635,687</u>
Total assets depreciated, net	<u>82,129,125</u>	<u>(1,145,941)</u>	<u>(4,127)</u>	<u>80,979,057</u>
WG&L Commission assets, net	<u>\$ 83,567,347</u>	<u>\$ (1,105,006)</u>	<u>\$ (4,127)</u>	<u>\$ 82,458,214</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Balance, June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2007</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 5,975,000	\$ 14,000,000	\$ 1,105,000	\$ 18,870,000	\$ 1,150,000
Add deferred amounts					
Unamortized premium	-	236,362	-	236,362	-
Total bonds payable	5,975,000	14,236,362	1,105,000	19,106,362	1,150,000
Notes payable	5,350,000	-	325,000	5,025,000	300,000
Certificates of participation	10,000,000	-	-	10,000,000	-
Compensated absences	2,753,288	2,540,690	2,585,939	2,708,039	264,407
Governmental activity long-term liabilities	<u>\$ 24,078,288</u>	<u>\$ 16,777,052</u>	<u>\$ 4,015,939</u>	<u>\$ 36,839,401</u>	<u>\$ 1,714,407</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

	Balance, June 30, 2006	Additions	Reductions	Balance, June 30, 2007	Due Within One Year
<u>Business-type activities</u>					
Bonds Payable:					
Revenue bonds	\$ 44,115,000	\$ 27,745,000	\$ 32,210,000	\$ 39,650,000	\$ 540,000
Add deferred amounts					
Unamortized premium	-	1,141,497	-	1,141,497	
Less deferred amounts					
on refunding:	(1,509,094)	-	(1,509,094)	-	-
Total bonds payable	42,605,906	28,886,497	30,700,906	40,791,497	540,000
Notes payable	485,189	-	201,860	283,329	163,470
Capital leases	280,156	-	108,150	172,006	113,326
Compensated absences	756,822	573,068	554,000	775,890	77,581
Business-type activity					
long-term liabilities	<u>\$ 44,128,073</u>	<u>\$ 29,459,565</u>	<u>\$ 31,564,916</u>	<u>\$ 42,022,722</u>	<u>\$ 894,377</u>

The government-wide statement of net assets includes \$540,000 of the long-term liabilities due within one year for business-type activities in liabilities payable from restricted assets. The remaining amount of \$40,251,497 is displayed as noncurrent liabilities, due in more than one year, on that same statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

For governmental funds, compensated absences are liquidated by the General, Computer Aided Dispatch Fund, Community Development and Grant Funds. For business-type activities, compensated absences are liquidated by the Solid Waste, Transit, Civic Center, Sanitary Sewer, Auditorium and Airport Funds.

Long-term liability activity for the Water, Gas and Light Commission (component unit) for the year ended June 30, 2007, was as follows:

	<u>Balance, June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2007</u>	<u>Due Within One Year</u>
Bonds Payable:					
Revenue bonds	\$ 24,925,000	\$ -	\$ 910,000	\$ 24,015,000	\$ 945,000
Less deferred amounts on refunding:	49,710	-	3,977	45,733	-
Total bonds payable	24,974,710	-	913,977	24,060,733	945,000
Capital leases	9,562,160	-	1,313,532	8,248,628	1,228,850
Compensated absences	2,414,637	429,182	534,977	2,308,842	854,271
Business-type activity					
Long-term liabilities	<u>\$ 36,951,507</u>	<u>\$ 429,182</u>	<u>\$ 2,762,486</u>	<u>\$ 34,618,203</u>	<u>\$ 3,028,121</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government

Governmental Activities Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct general obligations of the City either directly or through leases and/or intergovernmental agreements with Albany-Dougherty Inner City Authority (ADICA). General obligation bonds have been issued for general government activities and are reported in the governmental column of the government-wide statements. Principal and interest are payable from an ad valorem tax upon all property of the City.

General obligation bonds outstanding at June 30, 2007, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>
2002 ADICA Refunding Issue	3.00% - 4.00%	\$ 4,870,000
2007 ADICA Issue	4.25%	14,000,000
		<u>\$ 18,870,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

A description of these General obligation bond issues is provided below.

Refunding Revenue Bonds, Series 2002, \$9,590,000 Principal (ADICA)

The Series 2002 Bonds are limited obligations of ADICA and are payable solely from the rental payments received from the City pursuant to a Lease Agreement between ADICA and the City, together with all other rents, revenues and receipts arising out of or in connection with ADICA's ownership of the facilities described herein. The obligation of the City to make rental payments pursuant to the Lease Agreement is absolute and unconditional and will be deemed and construed to be a general obligation of the City.

The proceeds of the Series 2002 Bonds were used to (i) effect a current refunding of ADICA's Refunding Revenue Bonds, Series 1992, and (ii) pay expenses related to the issuance and sale of the Series 2002 Bonds. The 1992 Series was called on June 7, 2002. The Series 2002 bonds are due in annual installments of approximately \$1,150,000 to \$1,290,000 through February 2011 with interest at 3.0% to 4.00%, payable February and August each year.

Revenue Bonds, Series 2007, \$14,000,000 Principal (ADICA)

During the year ended June 30, 2007, the City issued bonds through the Albany-Dougherty Inner City Authority (ADICA) in the amount of \$14,000,000. The bonds bear interest of 4.25% with final maturity in 2011. Proceeds of the bonds were used for the purpose of financing 1) all or a portion of the cost of acquisition, construction, development and equipping various capital outlay projects located within the City; and 2) to pay the costs of issuance of the bonds.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

Revenue Bonds, Series 2007, \$14,000,000 Principal (ADICA)

The bonds are limited obligations of ADICA, payable solely from payments to be made by the City pursuant to an intergovernmental contract between ADICA and the City. The City's obligation under the contract to make payments to ADICA at times and in amounts sufficient to enable ADICA to pay the principal of and interest on the bonds is absolute and unconditional, is secured by a pledge of the City's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. The City intends to make its payments under the contract from its portion of the revenues generated by a one percent special local option sales and use tax (the "SPLOST") imposed in Dougherty County, Georgia, in which the City is located; however, the City's portion of the revenues from the SPLOST are not pledged to such payments or to secure the payment of the bonds.

General obligation bonds debt service requirements to maturity are as follows at June 30, 2007:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2008	\$ 1,150,000	\$ 778,000	\$ 1,928,000
2009	5,700,000	737,750	6,437,750
2010	5,905,000	502,045	6,407,045
2011	6,115,000	256,663	6,371,663
	<u>\$ 18,870,000</u>	<u>\$ 2,274,458</u>	<u>\$ 21,144,458</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable

During fiscal year-ended June 30, 2002, the City incurred debt to a local financial institution for the purchase of a building. The total amount of the note is \$150,000 and is payable in five annual installments of \$25,000 which began on December 31, 2003, and continues through December 31, 2008. The interest rate on this note is 0.00%. The balance was paid in full as of June 30, 2007.

The U.S. Department of Housing and Urban Development has issued to the City, two (2) Section 108 Guaranteed Loans for the purpose of providing subordinated debt financing for the development of the Albany Hilton Garden Inn Hotel and Conference Center.

The City's Section 108 Guaranteed Loans outstanding at June 30, 2007, are as follows:

	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>
HUD Section 108 Loan, B-02-MC-13-0001	\$ 5,500,000	2.00% - 5.00%	\$ 4,675,000
HUD Section 108 Loan, B-99-MC-13-0001	500,000	2.00% - 5.00%	350,000
Total			<u>\$ 5,025,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable (Continued)

Notes payable debt service requirements to maturity, including interest of \$2,362,213, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 300,000	\$ 257,544	\$ 557,544
2009	300,000	245,708	545,708
2010	300,000	232,869	532,869
2011	300,000	219,218	519,218
2012	300,000	204,904	504,904
2013 - 2017	1,500,000	793,297	2,293,297
2018 - 2022	1,475,000	375,907	1,850,907
2023 - 2024	550,000	32,766	582,766
	<u>\$ 5,025,000</u>	<u>\$ 2,362,213</u>	<u>\$ 7,387,213</u>

The Albany Dougherty Inner City Authority is the recipient of an Equity Fund Loan from the One Georgia Authority. The amount of this loan is \$500,000. This is additional funding for the Albany Hilton Garden Inn and Conference Center Project. As of June 30, 2007, the entire \$500,000 has been drawn. The note is to be paid back over a term of 20 years at an interest rate of zero percent. Quarterly payments will begin once the hotel and conference center are generating adequate cash flow to debt service all loans, but not later than five years from the date of the certificate of occupancy. ADICA acts as a pass-through conduit with respect to this One Georgia loan and has received a secured promissory note from Albany Holdings, Inc. in the amount of \$500,000 with terms the same as the terms from the One Georgia loan.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Certificates of Participation

In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City participation totaling \$10,000,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$10,000,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. Annual debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ -	\$ 475,000	\$ 475,000
2009	-	475,000	475,000
2010	-	475,000	475,000
2011	-	475,000	475,000
2012	-	475,000	475,000
2013 - 2017	-	2,375,000	2,375,000
2018 - 2022	-	2,375,000	2,375,000
2023 - 2027	-	2,375,000	2,375,000
2028	10,000,000	475,000	10,475,000
	<u>\$ 10,000,000</u>	<u>\$ 9,975,000</u>	<u>\$ 19,975,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt

Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-like activities and are reported in the business-type column of the government-wide statements. Principal and interest are payable from enterprise fund revenue.

Revenue bonds outstanding at June 30, 2007, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>
2001 Sewerage System Revenue Bonds	4.125% - 5.00%	\$ 11,905,000
2007 Sewerage System Revenue Bonds	4.00% - 5.00%	<u>27,745,000</u>
		39,650,000
Add: Unamortized premium		<u>1,141,497</u>
		<u><u>\$ 40,791,497</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Revenue Bonds (Continued)

A description of each of the outstanding revenue bonds is provided below.

\$13,700,000 Sewerage System Revenue Bonds, Series 2001

On June 14, 2001, the City issued \$13,700,000 in Sewerage System Revenue Bonds, Series 2001 to make additions and improvements to the City's sewerage system.

Interest expense related to the Series 2001 Bonds for the year ended June 30, 2007, was \$554,328. All interest incurred was expensed.

\$27,745,000 Sewerage System Revenue Bonds, Series 2007

On April 17, 2007, the City issued \$27,745,000 in Sewerage System Revenue Bonds, Series with interest rates between 4% and 5%. The City issued the bonds for the purpose of 1) current refunding of \$30,040,000 outstanding Sewerage System Revenue Bonds, Series 1997 maturing on and after July 1, 2008, 2) purchasing a surety bond for the reserve account and a bond insurance policy and 3) paying the cost of issuing the Series 2007 bonds. The City used the net proceeds from the issuance of the revenue bonds to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 1997 issue were called.

The difference between the requisition price and the net carrying amount of the old debt amounted to \$1,141,497.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Revenue Bonds (Continued)

In accordance with GASB No. 23 "Accounting and Financial Refundings of Debt Reported by Proprietary Activities", the advance refunding charge was deferred and is being amortized over the shorter life of the new debt as a component of interest expense. At June 30, 2007, the unamortized balance was \$1,141,497.

Interest expense related to the Series 2007 Bonds for the year ended June 30, 2007, was \$256,770. All interest incurred was expensed.

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 540,000	\$ 1,424,544	\$ 1,964,544
2009	2,440,000	1,732,081	4,172,081
2010	2,525,000	1,632,087	4,157,087
2011	2,620,000	1,528,391	4,148,391
2012	2,725,000	1,420,280	4,145,280
2013 - 2017	15,445,000	5,129,554	20,574,554
2018 - 2022	12,310,000	1,423,853	13,733,853
2023	1,045,000	26,125	1,071,125
	<u>39,650,000</u>	<u>\$ 14,316,915</u>	<u>\$ 53,966,915</u>
Add unamortized premium	1,141,497		
	<u>\$ 40,791,497</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable

The primary government has also incurred debt to the Georgia Environmental Facilities Authority (GEFA) for various sewerage system and solid waste system projects. These notes are as follows at June 30, 2007:

	Original Amount	Outstanding at June 30, 2007
Note payable, instalments of \$15,711, including interest at 6.0%	\$ 729,126	\$ 15,480
Note payable, instalments of \$10,472, including interest at 2.0%	689,107	131,493
Note payable, instalments of \$28,252, including interest at 4.76%	895,023	136,356
		<u>\$ 283,329</u>

GEFA notes payable debt service requirements to maturity, including interest of \$9,787, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 163,470	\$ 7,141	\$ 170,611
2009	68,272	1,870	70,142
2010	41,165	724	41,889
2011	10,422	52	10,474
	<u>\$ 283,329</u>	<u>\$ 9,787</u>	<u>\$ 293,116</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Capital Leases Payable

The City has financed the acquisition of buses to be used by the Albany Transit System. These leases qualify as capital leases, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. Buses leased under capital leases totaled \$959,464.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2007, are as follows:

Fiscal year ending June 30,	
2008	\$ 120,137
2009	60,069
	<u>180,206</u>
Less amount representing interest	(8,200)
Present value of future minimum lease payments	<u>\$ 172,006</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission

Revenue Bonds

Revenue bonds of the Water, Gas and Light Commission (the "Commission") outstanding at June 30, 2007, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>
1998 Water Revenue Bonds	3.20%-5.25%	\$ 10,770,000
2000 Water Revenue Bonds	4.45%-6.00%	6,870,000
2005 Water Revenue Bonds	3.97%	6,375,000
Total		<u>\$ 24,015,000</u>

A description of each of the outstanding revenue bonds is provided below.

2005 Water Revenue Bonds. During the year ended June 30, 2006, the City and Commission issued \$6,410,000 of tax-exempt Water Revenue Bonds, Series 2005 (Series 2005 Bonds). The proceeds from the bonds are to be used for advance refunding of the City and Commission's Series 2000 water revenue bonds. The bonds are limited obligations of the City and the Commission and are payable solely from the net revenues of the Water System.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission (Continued)

Revenue Bonds (Continued)

The Series 2005 Bonds maturing on December 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the City and the Commission, on or after December 1, 2024, in whole or in part (in any order of maturity and by lot within a maturity) at any time, at a price of par plus accrued interest to the redemption date.

2000 Water Revenue Bonds. During the year ended June 30, 2001, the City and the Water, Gas and Light Commission issued \$8,000,000 of tax-exempt Water Revenue Bonds, Series 2000 (Series 2000 Bonds). The proceeds from the bonds are being used for the various purposes of financing the costs of acquiring, constructing and installing certain additions, extensions and improvements to the water system of the City and Commission. The Series 2000 Bonds are limited obligations of the City and the Commission and are payable solely from the net revenues of the water system.

The Series 2000 bonds are due in annual installments of \$210,000 to \$240,000 through December 1, 2009, with a balloon payment of \$6,180,000 due December 1, 2010, and with interest ranging from 4.45% to 6.00%, payable semi-annually on June 1 and December 1.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission (Continued)

Revenue Bonds (Continued)

1998 Water Revenue Bonds. The City and the Commission also have Series 1998 water revenue bonds outstanding at June 30, 2007. The Series 1998 bonds are due in annual installments of \$690,000 to \$1,145,000 through December 1, 2018, with interest ranging from 3.20% to 5.25%, payable semi-annually on June 1 and December 1.

The Series 1998 Bonds maturing on December 1, 2010, and thereafter are subject to redemption prior to maturity, at the option of the City and the Commission, on or after December 1, 2009, in whole or in part (in any order of maturity and by lot within a maturity) at any time, at the following redemption prices (expressed as percentages of the principal amount of the Series 1998 Bonds being redeemed), plus accrued interest to the redemption date:

Dates of Redemption (Inclusive)	Redemption Prices
December 1, 2009 to November 30, 2010	101.0%
December 1, 2010 to November 30, 2011	100.5
December 1, 2011 and thereafter	100.0

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission (Continued)

Revenue Bonds (Continued)

Interest expense related to the Series 2005, Series 2000 and Series 1998 Bonds for the year ended June 30, 2007, was \$1,138,555. No interest was capitalized during the year ended June 30, 2007.

A summary of debt service requirements of bonds payable, Series 2005, Series 2000, and Series 1998, is as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2008	\$ 945,000	\$ 1,105,018	\$ 2,050,018
2009	985,000	1,064,500	2,049,500
2010	1,020,000	1,016,590	2,036,590
2011	7,005,000	776,379	7,781,379
2012	1,135,000	589,410	1,724,410
2013-2017	6,505,000	2,118,004	8,623,004
2018-2022	4,355,000	728,846	5,083,846
2023-2026	2,065,000	161,397	2,226,397
	<u>\$ 24,015,000</u>	<u>\$ 7,560,144</u>	<u>\$ 31,575,144</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission (Continued)

Capital Leases

The Water, Gas and Light Commission has entered into lease agreements as lessee for financing the acquisition of computer equipment and equipment to be used in the Commission's meter reading process. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. Assets under capital lease total \$12,201,822, with accumulated depreciation of \$3,250,332. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Fiscal year ending June 30,	
2008	\$ 1,571,231
2009	1,478,244
2010	1,231,865
2011	1,231,865
2012	1,231,865
2013-2015	<u>2,973,929</u>
Total minimum lease payments	9,718,999
Less: Amount representing interest	<u>(1,470,371)</u>
Present value of minimum lease payments	<u>\$ 8,248,628</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. TAX ANTICIPATION NOTE PAYABLE

During the year ended June 30, 2006, the City obtained a tax anticipation note payable that was reported as a liability of the General Fund. The tax anticipation note was issued February 10, 2006 to provide additional cash flow for the General Fund until tax collections began later in the year. The note matured and was paid on December 31, 2006.

Activity for the tax anticipation note payable (short-term liability) for the year ended June 30, 2007, was as follows:

<u>Balance, June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2007</u>
<u>\$ 3,295,000</u>	<u>\$ -</u>	<u>\$ 3,295,000</u>	<u>\$ -</u>

NOTE 8. RETIREMENT PLANS

A. Defined Contribution Plan

The City of Albany maintains a defined contribution pension plan, the City of Albany Retirement Savings Plan ("the Savings Plan"), which was established by the City of Albany on January 1, 1998 to provide reasonable retirement security for its "Senior Management Employees". The plan is administered by Nationwide Retirement Solutions. At June 30, 2007, there were 2 active participants. Plan participants are required to contribute 5% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the City of Albany Board of Commissioners. For the year ended June 30, 2007, the amount contributed by employees was \$2,502.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan

Plan Description

The City of Albany maintains a multiple-employer cost-sharing defined benefit pension plan, the City of Albany Pension Plan ("the Plan"). The funding methods and determination of benefits payable were established by the legislative acts creating the Plans, as amended, and in general, provide that pension funds are to be accumulated from City contributions and income from the investment of accumulated funds. The plan is administered by a board of trustees, which includes the Mayor, the Chief Financial Officer, two members appointed by the Board of Commissioners, three members elected from active and retired employees and two members selected from the metropolitan Albany area. Separate financial statements are not issued for the City of Albany Pension Plan.

The Plan covers all full-time, permanent employees of the City of Albany and its component units, Water, Gas and Light Commission and the Chehaw Park Authority; as well as the Artesian Federal Credit Union, the Albany Metropolitan Planning Commission, and certain former City employees resulting from the Delineation of Services Agreement. Individuals who were employed by the City prior to January 1, 1982, and who elected to remain in the Plan as then constituted are covered under the "old plan rules". All employees hired on or after January 1, 1982, are covered by the provisions of the "new plan rules". Effective September 1, 1981, employees were no longer required to make contributions to the Plan. The Plan provides pension, death and disability benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

Under the "old plan rules", members may normally retire after obtaining 25 years of service or age 65 with at least five years of service. Early retirement is possible if the member is within five years of his or her Normal Retirement Date and has completed at least five years of service. Benefits are calculated at 1.75% of the member's average monthly salary multiplied by the employee's years of service at normal retirement date. Additionally, the members will receive a 1.5% per year cost-of-living increase in their pensions each year. The average monthly salary is defined as the sum of the participants' reported totals compensation in the three years of employment out of the last five years of employment that produce the highest average, divided by 36. Unless a joint and survivor annuity option is elected by the member, the pension benefits will continue for the lifetime of the member with no residual payments to any beneficiaries. For early retirement, the pension payment is reduced by 5% for each year early retirement precedes normal retirement. Vesting changed from 100% after 10 years to 50% after five years, increasing 10% per year to 100% after 10 years of participation.

Under the "new plan rules", members may retire after obtaining 30 years of service or the attainment of age 60 with five years of service. Early retirement is possible if members are within five years of their Normal Retirement Date, and have completed at least five years of service. Benefits are calculated in the same manner as under the old plan, but at 1.50%. Additionally, the members will receive a 3% per year cost-of-living increase in their pensions each year. All other provisions of the old plan are applicable to the new plan. All modifications to the Plan must be supported by actuarial analysis and must be adopted by at least five members of the Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

Current membership in the Plan is as follows:

Active employees	1,122
Retired participants receiving benefits	722
Terminated vested participants	<u>362</u>
Total membership	<u><u>2,206</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the employers are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized by the Plan when earned. Gains and losses on sales and exchanges are recognized on the trade date. The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the employers are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized by the Plan when earned. Gains and losses on sales and exchanges are recognized on the trade date.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on the national securities markets are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at fair value determined by the trustee on the last reported bid and asked prices. The bonds, government, agency and corporate are reported at their market value as of June 30, 2007. No investment in any one organization represented 5% or more of the net assets available for pension benefits at June 30, 2007. There are no investments in, loans to, or leases with parties related to the pension plan.

Contribution Requirements

The City's funding policy is to contribute a percentage of covered employee payroll as developed in the actuarial valuation for the Plan. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. For the fiscal year ended June 30, 2007, the employers contributed 8.7% of covered payroll. The contribution requirement was established and may be amended by City ordinance.

The 8.7% contribution level was determined with the guidance of actuaries based upon conditions and the census of the employees as they then existed. The actuarial determined contribution amount is the sum of the annual normal cost (determined under the entry age normal method) and the amortization of the unfunded actuarial accrued liability as a level percentage of future payroll. Administrative costs of the Plan are financed through investment income.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Annual Pension Cost and Net Pension Obligation (Asset)

Required contribution	\$ 4,393,736
Interest on net pension obligation	(55,633)
Adjustment to annual required contribution	(68,318)
Annual pension cost	<u>4,269,785</u>
Employer contributions for period ending June 30, 2007	<u>3,718,916</u>
Decrease in net pension obligation	550,869
Net pension obligation (asset) beginning of year	(585,608)
Net pension obligation (asset) end of year	<u><u>\$ (34,739)</u></u>

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2004	\$ 3,127,214	100 %	\$ -
6/30/2005	3,302,662	102	(71,890)
6/30/2006	2,865,837	112	(585,608)
6/30/2007	4,269,785	81	(34,739)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Actuarial Assumptions

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2007
Required contribution	\$4,592,974
Actuarial cost method	Entry Age Normal
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	9.5%
Projected salary increases	2.0% per year
Inflation rate	3.0% per year

As noted above, the actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active participants is then calculated as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Community Development Fund	\$ 847,859
General Fund	Pension Fund	301,682
General Fund	SPLOST	394,819
General Fund	Sanitary Sewer Fund	1,433,162
General Fund	Nonmajor Governmental Funds	1,822,747
General Fund	Internal Service Fund	947,714
General Fund	Solid Waste Fund	43,010
General Fund	Airport Fund	1,352,191
General Fund	Nonmajor Enterprise Fund	605,880
SPLOST Fund	General Fund	221,803
Sanitary Sewer Fund	General Fund	50,304
Nonmajor Governmental Funds	Solid Waste Fund	569,911
Nonmajor Governmental Funds	General Fund	2,020,646
Nonmajor Governmental Funds	Airport Fund	11,850
Nonmajor Governmental Funds	Nonmajor Enterprise Fund	5,244
Nonmajor Governmental Funds	Sanitary Sewer Fund	450,814
Public Employee Deposit Fund	General Fund	86,002

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one month.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Advances to/from other funds result from the use of Public Improvement Fund lease pool proceeds by various funds for capital outlay and the repayment of these funds to the Public Improvement Fund over several years. The composition of advances to/from other funds at June 30, 2007 is as follows:

Advances to/from other funds

Receivable Fund	Payable Fund	
Nonmajor Governmental Funds	Sanitary Sewer Fund	\$ 1,371,435
Nonmajor Governmental Funds	Solid Waste Fund	1,767,625
Nonmajor Governmental Funds	Airport Fund	11,235
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	15,730

Due to/from primary government and component units

Receivable Entity	Payable Entity	
General Fund	Water, Gas & Light Commission	\$ 487,120
Nonmajor Governmental Funds	Water, Gas & Light Commission	321,250
Solid Waste Fund	Water, Gas & Light Commission	1,785,908
Sanitary Sewer Fund	Water, Gas & Light Commission	2,290,432
Water, Gas & Light Commission	Public Employee Deposit Fund	\$ 23,727
Chehaw Park Authority	General Fund	\$ 4,313

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers to	Transfers from	
General Fund	Nonmajor Governmental Fund - Hotel Motel Tax Fund	\$ 590,780
General Fund	Nonmajor Governmental Fund - Flood Recovery Fund	10,410
Airport Fund	General Fund	412,375
Nonmajor Governmental Funds:		
ADICA Debt Service Fund	SPLOST Fund	1,323,306
ADICA Fund	General Fund	150,000
Debt Service Fund	General Fund	176,589
Public Improvement Fund	Nonmajor Governmental Fund -Debt Service Fund	1,274,925
General Fund	Internal Service Fund - Workers' Compensation Fund	230
Nonmajor Business-type Funds		
Transit Fund	General Fund	851,410
Civic Center Fund	General Fund	896,654
Auditorium Fund	General Fund	24,862

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES

Primary Government:

The City is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be estimated.

The City is contingently liable for a \$1,300,000 loan from a local financial institution to the Payroll Development Authority. The outstanding balance of this loan at June 30, 2007, is \$1,191,455.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Water, Gas and Light Commission:

The Water, Gas and Light Commission (a component unit) is currently involved in rate proceedings, most of which are of a routine nature. The Commission is also involved in other litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Commission's management, the resolution of these matters will not have a material adverse affect on the financial condition of the Commission.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

Water, Gas and Light Commission (Continued):

Additionally, the Commission is an electric utility participant in the Municipal Electric Authority of Georgia (MEAG). MEAG is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by state law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

As of June 30, 2007, the Commission is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The Commission has agreed to purchase all of its future power and energy requirements in excess of that received by the Commission through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, the participants have guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the Commission would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$51,856,966 in 2007.

At June 30, 2007, the outstanding debt of MEAG was approximately \$3.6 billion. The Commission's guarantee varies by individual projects undertaken by MEAG and totals approximately \$340 million at June 30, 2007.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

Water, Gas and Light Commission (Continued):

Additionally, the Water, Gas and Light Commission controls a real estate site formerly known as the Albany Manufactured Gas Plant (the "Plant"). The Plant previously used a method of manufacturing gas from coal that interfered with the environment. The Commission is therefore subject to environmental laws and regulations and is exposed to liabilities and compliance costs arising from the past disposal of hazardous waste from the past manufacturing of gas. The Commission has contracted with an engineering and construction firm to prepare a compliance status report for the Georgia Environmental Protection Division. The compliance status report was completed and filed with the Georgia Environmental Protection Division in June 2007. At this time, the Commission anticipates that corrective action will be necessary to bring the Plant into compliance. The total cost of this corrective action is anticipated to range from \$2,000,000 to \$10,000,000. A total of \$2,000,000 is believed by management to be probable. During the year ended June 30, 2007, the Commission incurred costs of \$155,596. The liability has been reduced by these costs, resulting in a liability of \$1,844,404 recorded on the statement of net assets as an other long-term liability.

NOTE 11. COMMITMENTS

In addition to the liabilities enumerated in the balance sheet, at June 30, 2007, the City has contractual commitments on uncompleted construction contracts totaling approximately \$2,785,825.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed for long-term disability claims. The City does purchase commercial insurance for claims in excess of coverage provided by its self insurance for risks of losses to which it is exposed for workmen's compensation and group accident, health, dental and major medical coverage. Settled claims in the past three years have not exceeded the coverages.

The Long-Term Disability Fund (an Internal Service Fund) was established to account for and finance its uninsured risks of loss for group long-term disability. This fund services all claims, and outside commercial coinsurance is not purchased. No liability for unpaid claims existed at June 30, 2006, or June 30, 2007, and therefore no schedule of changes in fund claims liability is presented.

The Workers' Compensation Fund (an Internal Service Fund) was established to account for and finance uninsured risks of loss for workers' compensation. The Fund provides coverage for up to a maximum claim of \$275,000. The City purchases commercial coinsurance for claims in excess of coverage provided by the fund and for all other risks of loss up to \$3,000,000.

Changes in the balances of workers' compensation claims liabilities during the past two years are as follows:

	June 30, 2007	June 30, 2006
Unpaid claims, beginning of year	\$ 217,715	\$ 265,001
Incurred claims and changes in estimates	479,874	522,023
Claim payments	(440,557)	(569,309)
Unpaid claims, end of year	<u>\$ 257,032</u>	<u>\$ 217,715</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

The Public Employees Deposit Fund (an Enterprise Fund) was established to account for and finance its uninsured risks of loss for group accident, health, dental and major medical insurance. Participants include the primary government, its component units – the Chehaw Park Authority and the Water, Gas and Light Commission, and Dougherty County. The Public Employee Deposit Fund provides coverage for up to a maximum claim of \$200,000. The City purchases commercial coinsurance for claims in excess of coverage provided by the Fund and for all other risks of loss.

Changes in the balances of the group accident, health, dental and major medical claims liabilities during the past two years are as follows:

	June 30, 2007	June 30, 2006
Unpaid claims, beginning of year	\$ 1,150,000	\$ 1,000,000
Incurred claims and changes in estimates	16,958,971	14,224,341
Claim payments	(16,464,971)	(14,074,341)
Unpaid claims, end of year	<u>\$ 1,644,000</u>	<u>\$ 1,150,000</u>

Operations are charged for estimated claims as incurred for medical insurance. Estimated losses on claims of other self-insurance are charged to expense in the period the loss is determinable. The City does not currently utilize an actuary in estimating claims in the areas of general liability or long-term disability. Actual estimates for incurred but not reported claims are recorded as expenses in the Public Employee Deposit Fund, Self Administered Insurance Fund, and Worker's Compensation Fund. These are the only areas in which the City feels claims can be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Prior to May 1, 2005, the City participated in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund for claims in excess of coverage provided by its self insurance for risks of loss for which it is exposed for general claims liability. The Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund is a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As a part of this risk pool, the City was obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City was also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

The Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The Fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Beginning May 1, 2005, the City is no longer part of the GIRMA risk pool, except that claims incurred prior to this date are still being handled by GIRMA. The City is accounting for and financing its uninsured risks of loss for all claims liability for which the City is exposed through the Self Administered Insurance Fund (an Internal Service Fund). Changes in the balances of the claims liability during the past two years are as follows:

	June 30, 2007	June 30, 2006
Unpaid claims, beginning of year	\$ 592,462	\$ 800,799
Incurred claims and changes in estimates	469,883	670,239
Claim payments	(554,522)	(878,576)
Unpaid claims, end of year	<u>\$ 507,823</u>	<u>\$ 592,462</u>

NOTE 13. RELATED ORGANIZATION

The City's governing board is responsible for all of the board appointments of the Albany Housing Authority. However, the City has no further accountability for this organization.

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. Of this percentage, 2% is allocated each year to the Chamber of Commerce for use in the promotion of the City. For the fiscal year ended June 30, 2007, \$1,307,342 of hotel/motel tax was collected, and \$653,671, or 51.2% of the amount collected was remitted to the Chamber of Commerce.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2007, the city paid \$38,751 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Southwest Georgia Regional Development Center
P. O. Box 346
Camilla, Georgia 31730

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - CITY OF ALBANY PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/01/2002	\$ 105,180,588	\$ 115,587,051	\$ 10,406,463	91%	\$ 32,981,896	32%
7/01/2003	101,234,395	116,585,581	15,351,186	87%	33,873,290	45%
7/01/2004	105,530,007	119,790,054	14,260,047	88%	34,501,482	41%
7/01/2005	98,797,803	124,523,394	25,725,591	79%	37,961,629	68%
7/01/2006	96,875,060	130,509,893	33,634,833	74%	39,616,995	85%
7/01/2007	100,442,613	133,952,447	33,509,834	74%	41,069,169	82%

CITY OF ALBANY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Hotel/Motel Tax Fund

- To account for the collection and disbursement of hotel-motel tax revenue.

Grant Fund

- To account for grant revenues and expenditures related to various short lived projects.

Computer Aided Dispatch Fund

- To account for activities related to enhanced "911" services. Financing is provided from program charges. Revenues are expended for capital assets and system operations.

Albany-Dougherty Inner City Authority (ADICA)

- To account for the activities relative to the promotion of inner city development. Financing is provided by the City. Such contributions can be used only to finance the operations of ADICA.

Gortatowsky Fund

- To account for resources provided by the estate of Henry Gortatowsky which are to be used to maintain the Government Center Fountain.

Debt Service Funds:

Debt Service Fund

- To account for debt service transactions for bonds and debt other than those bonds issued by ADICA.

Albany-Dougherty Inner City Authority (ADICA)

- To account for debt service transactions on bonds issued by ADICA.

CITY OF ALBANY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds:

Public Improvement Fund

- To account for the construction and financing of public improvements and services from general governmental resources.

Flood Recovery Fund

- To account for construction activities related to the flood disaster recovery effort, except for those transactions required to be accounted for in the Enterprise Funds. Financing is provided by various governmental agencies and private insurance carriers.

ADICA

- To account for the construction or acquisition of major capital facilities. Debt proceeds are used to finance these projects.

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2007

ASSETS	Special Revenue Funds					Debt Service Funds	
	Hotel/ Motel Tax	Grant Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Debt Service Fund	ADICA Debt Service Fund
Cash	\$ -	\$ 972,181	\$ 412,032	\$ 102,032	\$ -	\$ 6,760	\$ 108
Investments	-	-	1,365,934	-	42,676	-	-
Accounts receivable, net of allowances	127,853	-	234,463	16,220	-	-	-
Loan receivable	-	-	-	500,000	-	-	-
Due from other funds	138,239	-	-	37,500	-	-	-
Due from other governments	-	625,241	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 266,092</u>	<u>\$ 1,597,422</u>	<u>\$ 2,012,429</u>	<u>\$ 655,752</u>	<u>\$ 42,676</u>	<u>\$ 6,760</u>	<u>\$ 108</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 14,940	\$ -	\$ -	\$ -
Loan payable	-	-	-	500,000	-	-	-
Due to other funds	-	1,565,261	257,486	-	-	-	-
Deferred revenues	-	228,492	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,793,753</u>	<u>257,486</u>	<u>514,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Reserved for advances to other funds	-	-	-	-	-	-	-
Reserved for program expenditures	-	-	-	-	42,676	-	-
Reserved for debt service	-	-	-	-	-	6,760	108
Unreserved:							
Undesignated	266,092	(196,331)	1,754,943	140,812	-	-	-
Total fund balances	<u>266,092</u>	<u>(196,331)</u>	<u>1,754,943</u>	<u>140,812</u>	<u>42,676</u>	<u>6,760</u>	<u>108</u>
Total liabilities and fund balances	<u>\$ 266,092</u>	<u>\$ 1,597,422</u>	<u>\$ 2,012,429</u>	<u>\$ 655,752</u>	<u>\$ 42,676</u>	<u>\$ 6,760</u>	<u>\$ 108</u>

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2007

ASSETS	Capital Projects Funds			Total
	Public Improvement Fund	Flood Recovery Fund	ADICA Fund	
Cash	\$ 2,993	\$ -	\$ 92	\$ 1,496,198
Investments	1,590,371	-	-	2,998,981
Accounts receivable, net of allowances	-	-	-	378,536
Loan receivable	-	-	-	500,000
Due from other funds	2,882,726	-	-	3,058,465
Due from other governments	180,767	-	-	806,008
Due from component unit	321,250	-	-	321,250
Advance to other funds	3,166,025	-	-	3,166,025
Total assets	<u>\$ 8,144,132</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 12,725,463</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 14,940
Loan payable	-	-	-	500,000
Due to other funds	-	-	-	1,822,747
Deferred revenue	-	-	-	228,492
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,566,179</u>
FUND BALANCES				
Reserved for advances to other funds	3,166,025	-	-	3,166,025
Reserved for program expenditures	-	-	-	42,676
Reserved for debt service	-	-	-	6,868
Unreserved:				
Undesignated	4,978,107	-	92	6,943,715
Total fund balances	<u>8,144,132</u>	<u>-</u>	<u>92</u>	<u>10,159,284</u>
Total liabilities and fund balances	<u>\$ 8,144,132</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 12,725,463</u>

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					Debt Service Funds	
	Hotel/ Motel Tax	Grant Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Debt Service Fund	ADICA Debt Service Fund
Revenues:							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,098,501	\$ -
Other taxes	1,307,342	-	-	-	-	-	-
Intergovernmental	-	1,642,415	-	-	-	25,000	-
Charges for services	-	-	1,479,169	-	-	-	-
Other revenues:							
Interest income	-	3,317	86,612	776	2,063	15	-
Other income	-	-	-	47,493	324	-	-
Total revenues	1,307,342	1,645,732	1,565,781	48,269	2,387	1,123,516	-
Expenditures:							
Current:							
General government	-	-	-	-	-	90	-
Judicial	-	35,826	-	-	-	-	-
Public safety	-	367,588	1,464,743	-	-	-	-
Public works	-	794,846	-	-	-	-	-
Parks and recreation	-	25,000	-	-	121	-	-
Community development	653,671	249,806	-	220,675	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	25,000	1,105,000
Interest	-	-	-	-	-	75	218,305
Total expenditures	653,671	1,473,066	1,464,743	220,675	121	25,165	1,323,305
Excess (deficiency) of revenues over expenditures	653,671	172,666	101,038	(172,406)	2,266	1,098,351	(1,323,305)
Other financing sources (uses):							
Transfers in	-	-	-	150,000	-	176,589	1,323,306
Transfers out	(590,780)	-	-	-	-	(1,274,925)	-
Total other financing sources (uses)	(590,780)	-	-	150,000	-	(1,098,336)	1,323,306
Net change in fund balances	62,891	172,666	101,038	(22,406)	2,266	15	1
Fund balances (deficit), beginning of year	203,201	(368,997)	1,653,905	163,218	40,410	6,745	107
Fund balances (deficit), end of year	\$ 266,092	\$ (196,331)	\$ 1,754,943	\$ 140,812	\$ 42,676	\$ 6,760	\$ 108

(Continued)

**CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Capital Projects Funds			
	Public Improvement Fund	Flood Recovery Fund	ADICA Fund	Total
Revenues:				
Sales taxes	\$ 358,369	\$ -	\$ -	\$ 1,456,870
Other taxes	-	-	-	1,307,342
Intergovernmental	587,233	4,013	-	2,258,661
Charges for services	-	-	-	1,479,169
Other revenues:				
Interest income	281,309	-	-	374,092
Other income	-	-	-	47,817
Total revenues	<u>1,226,911</u>	<u>4,013</u>	<u>-</u>	<u>6,923,951</u>
Expenditures:				
Current:				
General government	-	-	-	90
Judicial	-	-	-	35,826
Public safety	-	-	-	1,832,331
Public works	-	-	-	794,846
Parks and recreation	-	-	-	25,121
Community development	-	-	-	1,124,152
Capital outlay	2,852,036	-	-	2,852,036
Debt service:				
Principal	-	-	-	1,130,000
Interest	515,000	-	-	733,380
Total expenditures	<u>3,367,036</u>	<u>-</u>	<u>-</u>	<u>8,527,782</u>
Excess (deficiency) of revenues over expenditures	<u>(2,140,125)</u>	<u>4,013</u>	<u>-</u>	<u>(1,603,831)</u>
Other financing sources:				
Transfers in	1,274,925	-	-	2,924,820
Transfers out	-	(10,410)	-	(1,876,115)
Total other financing sources (uses)	<u>1,274,925</u>	<u>(10,410)</u>	<u>-</u>	<u>1,048,705</u>
Net change in fund balances	(865,200)	(6,397)	-	(555,126)
Fund balances (deficit), beginning of year	<u>9,009,332</u>	<u>6,397</u>	<u>92</u>	<u>10,714,410</u>
Fund balances (deficit), end of year	<u>\$ 8,144,132</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 10,159,284</u>

CITY OF ALBANY, GEORGIA
BUDGETARY COMPLIANCE

Special Revenue Funds

- Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Debt Service Fund

- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

CITY OF ALBANY, GEORGIA
SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Hotel/Motel Tax Fund			Computer Aided Dispatch Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ 1,181,561	\$ 1,307,342	\$ 125,781	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	1,436,412	1,479,169	42,757
Interest income	-	-	-	-	86,612	86,612
Other income	-	-	-	-	-	-
Total revenues	<u>1,181,561</u>	<u>1,307,342</u>	<u>125,781</u>	<u>1,436,412</u>	<u>1,565,781</u>	<u>129,369</u>
Expenditures:						
Current:						
Judicial	-	-	-	-	-	-
Public safety	-	-	-	1,436,412	1,464,743	(28,331)
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	590,781	653,671	(62,890)	-	-	-
Total expenditures	<u>590,781</u>	<u>653,671</u>	<u>(62,890)</u>	<u>1,436,412</u>	<u>1,464,743</u>	<u>(28,331)</u>
Excess (deficiency) of revenues over expenditures	<u>590,780</u>	<u>653,671</u>	<u>62,891</u>	<u>-</u>	<u>101,038</u>	<u>101,038</u>
Other financing sources (uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(590,780)	(590,780)	-	-	-	-
Total other financing sources (uses)	<u>(590,780)</u>	<u>(590,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>62,891</u>	<u>\$ 62,891</u>	<u>\$ -</u>	<u>101,038</u>	<u>\$ 101,038</u>
Fund balances, beginning of year		<u>203,201</u>			<u>1,653,905</u>	
Fund balances, end of year		<u>\$ 266,092</u>			<u>\$ 1,754,943</u>	

(Continued)

CITY OF ALBANY, GEORGIA
SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	ADICA Fund			Gortatowsky Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest income	-	776	776	-	2,063	2,063
Other income	-	47,493	47,493	-	324	324
Total revenues	-	48,269	48,269	-	2,387	2,387
Expenditures:						
Current:						
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	121	(121)
Community development	169,220	220,675	(51,455)	-	-	-
Total expenditures	169,220	220,675	(51,455)	-	121	(121)
Excess (deficiency) of revenues over expenditures	(169,220)	(172,406)	(3,186)	-	2,266	2,266
Other financing sources (uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	150,000	150,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	150,000	150,000	-	-	-	-
Net change in fund balances	\$ (19,220)	(22,406)	\$ (3,186)	\$ -	2,266	\$ 2,266
Fund balances, beginning of year		163,218			40,410	
Fund balances, end of year		\$ 140,812			\$ 42,676	

(Continued)

CITY OF ALBANY, GEORGIA
SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Grant Fund		
	Original and Final Budget	Actual	Variance
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	2,482,964	1,642,415	(840,549)
Charges for services	-	3,317	3,317
Interest income	-	-	-
Other income	-	-	-
Total revenues	<u>2,482,964</u>	<u>1,645,732</u>	<u>(837,232)</u>
Expenditures:			
Current:			
Judicial	84,718	35,826	48,892
Public safety	158,718	367,588	(208,870)
Public works	940,800	794,846	145,954
Parks and recreation	25,000	25,000	-
Community development	1,273,728	249,806	1,023,922
Total expenditures	<u>2,482,964</u>	<u>1,473,066</u>	<u>1,009,898</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>172,666</u>	<u>172,666</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>172,666</u>	<u>\$ 172,666</u>
Fund balances, beginning of year		(368,997)	
Fund balances, end of year		<u>\$ (196,331)</u>	

CITY OF ALBANY, GEORGIA
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Debt Service Fund		
	Original and Final Budget	Actual	Variance
Revenues:			
Taxes	\$ 1,601,003	\$ 1,098,501	\$ (502,502)
Intergovernmental	-	25,000	25,000
Interest income	-	15	15
Total revenues	<u>1,601,003</u>	<u>1,123,516</u>	<u>(477,487)</u>
Expenditures:			
General government	-	90	90
Debt service	<u>109,048</u>	<u>25,075</u>	<u>83,973</u>
Total expenditures	<u>109,048</u>	<u>25,165</u>	<u>84,063</u>
Excess of revenues over expenditures	<u>1,491,955</u>	<u>1,098,351</u>	<u>(393,424)</u>
Other financing sources (uses):			
Transfers in	-	176,589	176,589
Transfers out	<u>(1,491,955)</u>	<u>(1,274,925)</u>	<u>217,030</u>
Total other financing sources (uses):	<u>(1,491,955)</u>	<u>(1,098,336)</u>	<u>393,619</u>
Net change in fund balances	<u>\$ -</u>	<u>15</u>	<u>\$ 195</u>
Fund balance, beginning of year		<u>6,745</u>	
Fund balance, end of year		<u>\$ 6,760</u>	

CITY OF ALBANY, GEORGIA

NONMAJOR ENTERPRISE FUNDS

Transit Fund

- To account for the provision of transit service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Civic Center Fund

- To account for the operations of the James H. Gray Civic Center. All activities necessary to provide such services are accounted for in this fund.

Municipal Auditorium Fund

- To account for the operations of the municipal auditorium. All activities necessary to provide such services are accounted for in this fund.

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007**

ASSETS	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CURRENT ASSETS				
Cash	\$ 100	\$ 117,968	\$ 36,461	\$ 154,529
Accounts receivable, net of allowances	-	5,507	6,593	12,100
Inventories	127,636	-	-	127,636
Due from other governments	402,256	-	-	402,256
Total current assets	529,992	123,475	43,054	696,521
NONCURRENT ASSETS				
Capital Assets				
Non-depreciable	299,901	2,739,908	109,853	3,149,662
Depreciable, net of accumulated depreciation	1,954,844	8,176,517	2,737,935	12,869,296
Total noncurrent assets	2,254,745	10,916,425	2,847,788	16,018,958
Total assets	2,784,737	11,039,900	2,890,842	16,715,479
LIABILITIES				
CURRENT LIABILITIES				
Accrued liabilities	-	15,802	195	15,997
Current portion - compensated absences	9,226	4,627	-	13,853
Current portion - capital lease payable	113,326	-	-	113,326
Due to other funds	605,880	5,244	-	611,124
Deferred revenues	94,433	10,956	5,556	110,945
Total current liabilities	822,865	36,629	5,751	865,245

(Continued)

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	\$ 83,033	\$ 41,647	\$ 84	\$ 124,764
Capital lease payable, net of current portion	58,681	-	-	58,681
Advance from other funds	-	15,730	-	15,730
Total long-term liabilities	<u>141,714</u>	<u>57,377</u>	<u>84</u>	<u>199,175</u>
 Total liabilities	 <u>964,579</u>	 <u>94,006</u>	 <u>5,835</u>	 <u>1,064,420</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,082,738	10,916,425	2,847,788	15,846,951
Unrestricted	(262,580)	29,469	37,219	(195,892)
Total net assets	<u>\$ 1,820,158</u>	<u>\$ 10,945,894</u>	<u>\$ 2,885,007</u>	<u>\$ 15,651,059</u>

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Operating revenues:				
Charges for services	\$ 436,988	\$ 446,822	\$ 26,732	\$ 910,542
Total operating revenues	<u>436,988</u>	<u>446,822</u>	<u>26,732</u>	<u>910,542</u>
Operating expenses:				
Personnel costs	1,487,307	709,792	3,614	2,200,713
Supplies	53,785	44,608	1,776	100,169
Operating services and charges	975,555	466,373	31,433	1,473,361
Maintenance and repairs	346,888	71,998	9,332	428,218
Depreciation	325,011	418,055	114,583	857,649
Total operating expenses	<u>3,188,546</u>	<u>1,710,826</u>	<u>160,738</u>	<u>5,060,110</u>
Operating loss	<u>(2,751,558)</u>	<u>(1,264,004)</u>	<u>(134,006)</u>	<u>(4,149,568)</u>
Nonoperating revenues (expenses):				
Interest income	-	837	89	926
Interest expense	(11,987)	-	-	(11,987)
Intergovernmental	1,914,252	-	-	1,914,252
Gain on sale of assets	8,037	1,250	-	9,287
Total nonoperating revenues (expenses)	<u>1,910,302</u>	<u>2,087</u>	<u>89</u>	<u>1,912,478</u>
Loss before contributions and transfers	<u>(841,256)</u>	<u>(1,261,917)</u>	<u>(133,917)</u>	<u>(2,237,090)</u>

(Continued)

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Capital contributions	\$ -	\$ 84,887	\$ 127,906	\$ 212,793
Transfers in	851,410	896,654	24,862	1,772,926
Change in net assets	10,154	(280,376)	18,851	(251,371)
Total net assets, beginning of year	1,810,004	11,226,270	2,866,156	15,902,430
Total net assets, end of year	<u>\$ 1,820,158</u>	<u>\$ 10,945,894</u>	<u>\$ 2,885,007</u>	<u>\$ 15,651,059</u>

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 436,988	\$ 456,460	\$ 27,118	\$ 920,566
Payments to suppliers	(954,640)	(582,979)	(42,541)	(1,580,160)
Payments to employees	(1,491,781)	(714,343)	(3,335)	(2,209,459)
Net cash used in operating activities	(2,009,433)	(840,862)	(18,758)	(2,869,053)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	851,410	896,654	24,862	1,772,926
Operating grants received	1,914,252	-	-	1,914,252
Net cash provided by noncapital financing activities	2,765,662	896,654	24,862	3,687,178
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(646,530)	-	-	(646,530)
Principal paid on capital leases payable	(108,149)	-	-	(108,149)
Interest paid	(11,987)	-	-	(11,987)
Advance from other funds	-	(5,244)	-	(5,244)
Proceeds from sale of capital assets	10,537	11,104	-	21,641
Net cash provided by (used in) capital and related financing activities	(756,129)	5,860	-	(750,269)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	837	89	926
Net cash provided by investing activities	-	837	89	926

(Continued)

**CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Increase in cash and cash equivalents	\$ 100	\$ 62,489	\$ 6,193	\$ 68,782
Cash and cash equivalents:				
Beginning of year	-	55,479	30,268	85,747
End of year	\$ 100	\$ 117,968	\$ 36,461	\$ 154,529
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating loss	\$ (2,751,558)	\$ (1,264,004)	\$ (134,006)	\$ (4,149,568)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization	325,011	418,055	114,583	857,649
(Increase) decrease in accounts receivable	-	9,633	(1,547)	8,086
Decrease in inventories	4,818	-	-	4,818
(Increase) in due from other governments	(189,110)	-	-	(189,110)
Increase (decrease) in accounts payable and accrued liabilities	(4,474)	(4,551)	279	(8,746)
Increase in due to other funds	605,880	84	-	605,964
Increase (decrease) in deferred revenues	-	(79)	1,933	1,854
Net cash used in operating activities	\$ (2,009,433)	\$ (840,862)	\$ (18,758)	\$ (2,869,053)
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	\$ -	\$ 84,887	\$ 127,906	\$ 212,793

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

- Self-Administered Insurance Fund** - To account for the funding of self-insurance and payment of claims and judgments against all funds of the City, except the Water, Gas and Light component unit.
- Long-Term Disability Fund** - To account for the accumulation of resources for future long-term disability claims.
- Workers' Compensation Fund** - To account for the accumulation of resources for future workers' compensation claims.

**CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
ASSETS				
Cash	\$ 30,305	\$ 8,383	\$ 508,551	\$ 547,239
Investments	1,692,242	279,837	2,417,072	4,389,151
Total assets	1,722,547	288,220	2,925,623	4,936,390
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Claims payable	507,823	-	257,032	764,855
Due to other funds	947,714	-	-	947,714
Total liabilities	1,455,537	-	257,032	1,712,569
NET ASSETS				
Unrestricted	267,010	288,220	2,668,591	3,223,821
Total net assets	\$ 267,010	\$ 288,220	\$ 2,668,591	\$ 3,223,821

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
Operating revenues:				
Charges for services	\$ 822,000	\$ -	\$ 844,720	\$ 1,666,720
Other	-	11,813	55,452	67,265
Total operating revenues	<u>822,000</u>	<u>11,813</u>	<u>900,172</u>	<u>1,733,985</u>
Operating expenses:				
Claims and damages	581,319	70,971	459,874	1,112,164
Administrative	82,390	-	218,766	301,156
Total operating expenses	<u>663,709</u>	<u>70,971</u>	<u>678,640</u>	<u>1,413,320</u>
Operating income (loss)	158,291	(59,158)	221,532	320,665
Interest income	<u>62,341</u>	<u>17,775</u>	<u>113,903</u>	<u>194,019</u>
Net income (loss) before operating transfers	220,632	(41,383)	335,435	514,684
Transfers:				
Transfers out	-	-	(230)	(230)
Total transfers	<u>-</u>	<u>-</u>	<u>(230)</u>	<u>(230)</u>
Change in net assets	220,632	(41,383)	335,205	514,454
Net assets, beginning of year	<u>46,378</u>	<u>329,603</u>	<u>2,333,386</u>	<u>2,709,367</u>
Net assets, end of year	<u><u>\$ 267,010</u></u>	<u><u>\$ 288,220</u></u>	<u><u>\$ 2,668,591</u></u>	<u><u>\$ 3,223,821</u></u>

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds	\$ 1,366,699	\$ 11,813	\$ 1,005,701	\$ 2,384,213
Claims paid	(554,522)	(70,971)	(440,557)	(1,066,050)
Premiums paid	(82,390)	-	(178,642)	(261,032)
Net cash provided by (used in) operating activities	729,787	(59,158)	386,502	1,057,131
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	-	(230)	(230)
Net cash used in investing activities	-	-	(230)	(230)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	62,341	17,775	113,903	194,019
Net cash provided by investing activities	62,341	17,775	113,903	194,019
Increase (decrease) in cash and cash equivalents	792,128	(41,383)	500,175	1,250,920
Cash and cash equivalents:				
Beginning of year	930,419	329,603	2,425,448	3,685,470
End of year	\$ 1,722,547	\$ 288,220	\$ 2,925,623	\$ 4,936,390

(Continued)

**CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Self-Administered Insurance Fund</u>	<u>Long-Term Disability Fund</u>	<u>Workers' Compensation Fund</u>	<u>Totals</u>
Classified as:				
Cash	\$ 30,305	\$ 8,383	\$ 508,551	\$ 547,239
Investments	1,692,242	279,837	2,417,072	4,389,151
	<u>\$ 1,722,547</u>	<u>\$ 288,220</u>	<u>\$ 2,925,623</u>	<u>\$ 4,936,390</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 158,291	\$ (59,158)	\$ 221,532	\$ 320,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in due from other funds	(403,015)	-	105,529	(297,486)
Decrease in other assets	111,436	-	20,124	131,560
Increase (decrease) in claims payable	(84,639)	-	39,317	(45,322)
Increase in due to other funds	947,714	-	-	947,714
Net cash provided by (used in) operating activities	<u>\$ 729,787</u>	<u>\$ (59,158)</u>	<u>\$ 386,502</u>	<u>\$ 1,057,131</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

2005 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Airport Improvements	\$ 1,703,200	\$ 1,703,200	\$ 754,064	\$ 578,296	\$ 1,332,360
Civic Center Improvements	2,560,000	2,560,000	1,156,144	233,982	1,390,126
Engineering	13,850,000	13,750,000	244,394	233,405	477,799
Civic Center Debt Retirement	5,500,000	5,500,000	-	-	-
Fire Department Equipment	1,500,000	1,500,000	-	-	-
Public Safety Communications and Equipment	150,000	150,000	-	-	-
Public Works	6,810,000	6,810,000	204,063	3,295,311	3,499,374
Recreation	5,000,000	5,000,000	34,764	493,449	528,213
800 MHZ Radio Upgrade, Tower	6,800,000	6,800,000	107,719	6,046,030	6,153,749
GPS/GIS Information Infrastructure Mapping	1,500,000	1,500,000	6,833	185,872	192,705
Fire Training Facility	1,500,000	1,500,000	-	-	-
GIS/Color Infrared Photos	750,000	750,000	31,734	59,408	91,142
Disparity Study	350,000	350,000	-	24,634	24,634
Riverfront Development Projects	8,650,000	7,151,425	93,104	842,986	936,090
Thronateeska Improvements	3,500,000	3,900,400	134,567	687,418	821,985
Civil Rights Museum Expansion	3,750,000	4,098,175	99,967	601,955	701,922
Chehaw Park Improvements	2,000,000	2,000,000	-	81,628	81,628
East Broad Lead Clean-up	-	850,000	-	693,492	693,492
Total	\$ 65,873,200	\$ 65,873,200	\$ 2,867,353	\$ 14,057,866	\$ 16,925,219

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

2000 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Law Enforcement Center	\$ 14,500,000	\$ 14,500,000	\$ 1,960,347	\$ 80,903	\$ 2,041,250
Debt Retirement	6,811,094	6,811,094	7,037,929	-	7,037,929
Street Improvements	6,500,000	6,500,000	6,499,803	-	6,499,803
Recreation Improvements	3,150,000	3,150,000	1,349,918	-	1,349,918
Storm Drainage Improvements	3,000,000	3,000,000	458,991	732,486	1,191,477
Fire Station and Equipment	2,000,000	2,000,000	1,947,370	23,578	1,970,948
Traffic Safety	725,000	725,000	713,681	829	714,510
Chehaw Park Improvements	700,000	700,000	193,809	-	193,809
Capital Improvement Project funded by Dougherty County	1,800,000	1,800,000	1,776,726	-	1,776,726
Total	<u>\$ 39,186,094</u>	<u>\$ 39,186,094</u>	<u>\$ 21,938,574</u>	<u>\$ 837,796</u>	<u>\$ 22,776,370</u>

CITY OF ALBANY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1995 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Street and Road Projects	\$ 10,000,000	\$ 10,000,000	\$ 12,364,671	\$ 597,282	\$ 12,961,953
Water and Sewer Extensions	7,200,000	7,200,000	14,543,609	40,083	14,583,692
Fire Station and Equipment	2,500,000	2,500,000	2,503,629	-	2,503,629
Emergency Operations Center	3,000,000	3,000,000	2,942,042	-	2,942,042
Community Policing Centers	1,500,000	1,500,000	1,497,283	-	1,497,283
Recreation Improvements	8,500,000	8,500,000	7,620,243	93,561	7,713,804
Chehaw Park Improvements	1,000,000	1,000,000	1,000,000	-	1,000,000
Downtown Improvements	2,350,000	2,350,000	1,618,433	-	1,618,433
Retirement of Government Center Debt	3,500,000	3,500,000	3,289,863	-	3,289,863
Total	<u>\$ 39,550,000</u>	<u>\$ 39,550,000</u>	<u>\$ 47,379,773</u>	<u>\$ 730,926</u>	<u>\$ 48,110,699</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1990 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Chehaw Park Improvements	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 6,000,000
Albany Street Lights	2,500,000	2,500,000	1,186,584	-	1,186,584
Conference Center	2,500,000	2,500,000	302,227	-	302,227
Total	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 7,488,811</u>	<u>\$ -</u>	<u>\$ 7,488,811</u>

CITY OF ALBANY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
1986 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Streets and Sidewalks	\$ 750,000	\$ 750,000	\$ 956,850	\$ -	\$ 956,850

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	135 - 143
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	144 - 148
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	149 - 153
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	154 and 156
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	157 - 158
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASB 34 in 2003; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

Note: Unless otherwise noted, the financial information in these schedules do not include the City's discretely presented component units.

CITY OF ALBANY, GEORGIA

NET ASSETS BY COMPONENT LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 55,137,111	\$ 61,293,366	\$ 79,137,673	\$ 63,265,904	\$ 50,077,946
Restricted	309,413	51,416	101	15,013,027	22,207,175
Unrestricted	26,826,914	34,523,181	26,893,280	28,798,084	53,087,410
Total governmental activities net assets	<u>\$ 82,273,438</u>	<u>\$ 95,867,963</u>	<u>\$ 106,031,054</u>	<u>\$ 107,077,015</u>	<u>\$ 125,372,531</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 45,691,981	\$ 48,136,706	\$ 49,256,423	\$ 73,004,315	\$ 82,562,046
Restricted	7,503,533	7,885,008	5,287,933	2,664,869	2,611,185
Unrestricted	6,377,188	7,319,208	10,898,996	13,281,984	14,604,568
Total business-type activities net assets	<u>\$ 59,572,702</u>	<u>\$ 63,340,922</u>	<u>\$ 65,443,352</u>	<u>\$ 88,951,168</u>	<u>\$ 99,777,799</u>
Primary government					
Invested in capital assets, net of related debt	\$ 100,829,092	\$ 109,430,072	\$ 128,394,096	\$ 136,270,219	\$ 132,639,992
Restricted	7,812,946	7,936,424	5,288,034	17,677,896	24,818,360
Unrestricted	33,204,102	41,842,389	37,792,276	42,080,068	67,691,978
Total primary government net assets	<u>\$ 141,846,140</u>	<u>\$ 159,208,885</u>	<u>\$ 171,474,406</u>	<u>\$ 196,028,183</u>	<u>\$ 225,150,330</u>

NOTES

Accrual-basis financial information for the city government as a whole is available back to June 30, 2003, the year GASB 34 was implemented.

Amounts presented for fiscal years 2003 - 2005 have been restated for the effects of prior period adjustments recorded in fiscal year 2005.

The City retroactively reported its major general infrastructure assets in fiscal year 2007.

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Primary government:					
Governmental activities:					
General government	\$ 7,262,456	\$ 7,276,172	\$ 8,137,913	\$ 8,434,146	\$ 11,031,409
Judicial	602,121	559,782	534,486	699,203	874,234
Public safety	26,426,783	24,026,801	28,127,098	25,879,588	26,853,620
Public works	3,309,918	6,095,676	4,628,392	3,956,468	8,148,684
Parks and recreation	3,946,885	3,136,304	5,224,944	4,349,931	7,195,375
Community development	12,346,081	17,408,508	17,583,267	9,925,973	9,283,562
Community service	354,501	413,405	387,919	272,044	341,999
Interest and fiscal changes	675,902	593,219	1,144,069	1,283,108	1,318,996
Total governmental activities expenses	<u>54,924,647</u>	<u>59,509,867</u>	<u>65,768,088</u>	<u>54,800,461</u>	<u>65,047,879</u>
Business-type activities:					
Sanitary sewer	11,940,921	11,520,444	11,449,170	13,561,191	13,400,852
Solid waste	6,333,690	6,158,567	6,223,987	7,002,226	7,473,428
Airport	1,292,206	1,197,088	1,602,919	1,764,616	1,557,618
Public employee deposit	15,025,032	15,330,991	13,934,182	15,186,576	17,909,891
Transit	2,749,749	3,108,171	2,649,153	3,029,095	3,185,794
Civic Center	1,605,582	1,469,785	1,500,860	1,617,272	1,702,874
Municipal Auditorium	302,700	216,235	213,443	182,094	154,036
Total business-type activities expenses	<u>39,249,880</u>	<u>39,001,281</u>	<u>37,573,714</u>	<u>42,343,070</u>	<u>45,384,493</u>
Total primary government expenses	<u>94,174,527</u>	<u>98,511,148</u>	<u>103,341,802</u>	<u>97,143,531</u>	<u>110,432,372</u>

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Program revenues					
Primary government:					
Governmental activities:					
Charges for services					
General government	7,614,709	2,673,068	2,523,557	2,339,933	2,349,462
Judicial	1,474,669	1,540,161	1,285,247	1,029,011	856,868
Public safety	2,391,922	1,468,067	1,747,826	1,517,385	1,538,804
Public works	1,045,966	1,080,248	1,401,512	1,242,302	2,105,018
Parks and recreation	358,926	131,136	326,707	362,668	454,975
Community development	3,845,280	3,482,564	8,938,601	2,377,746	2,055,849
Operating grants and contributions	10,687,430	12,845,939	14,014,169	14,311,112	13,729,819
Capital grants and contributions	3,616,653	13,489,455	6,734,862	4,171,793	2,569,404
Total governmental activities program revenues	31,035,555	36,710,638	36,972,481	27,351,950	25,660,199
Business-type activities:					
Charges for services					
Sanitary sewer	11,451,610	11,909,095	12,545,688	13,902,053	14,321,155
Solid waste	6,518,902	6,732,636	7,312,754	7,775,530	8,271,443
Airport	639,012	688,356	728,848	713,386	757,547
Public employee deposit	13,908,768	15,321,954	13,946,036	15,179,150	17,868,487
Transit	362,131	416,702	397,778	417,598	436,988
Civic Center	383,252	453,616	376,832	419,460	446,822
Municipal Auditorium	48,583	35,561	33,719	34,693	26,732
Operating grants and contributions	802,838	2,729,182	1,086,587	3,035,050	2,027,577
Capital grants and contributions	9,672,557	1,741,879	525,111	477,633	9,076,175
Total business-type activities program revenues	43,787,653	40,028,981	36,953,353	41,954,553	53,232,926
Total primary government program revenues	74,823,208	76,739,619	73,925,834	69,306,503	78,893,125

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
General revenues and other changes in net assets					
Primary government:					
Governmental activities:					
Taxes	38,173,693	38,756,600	40,498,497	50,255,224	45,807,436
Investment earnings	268,969	261,691	933,302	1,591,370	2,135,978
Gain on sale of assets	(2,579,721)	-	-	-	-
Transfers	(2,787,436)	(2,624,537)	(2,473,101)	(23,352,122)	(2,185,301)
changes in net assets	<u>33,075,505</u>	<u>36,393,754</u>	<u>38,958,698</u>	<u>28,494,472</u>	<u>45,758,113</u>
Business-type activities:					
Investment earnings	186,037	115,889	249,690	544,211	792,897
Gain on sale of assets	141,972	94	-	-	-
Transfers	2,787,436	2,624,537	2,473,101	23,352,122	2,185,301
changes in net assets	<u>3,115,445</u>	<u>2,740,520</u>	<u>2,722,791</u>	<u>23,896,333</u>	<u>2,978,198</u>
Total primary government general revenues and other changes in net assets	<u>36,190,950</u>	<u>39,134,274</u>	<u>41,681,489</u>	<u>52,390,805</u>	<u>48,736,311</u>
Change in net assets					
Governmental activities	9,186,413	13,594,525	10,163,091	1,045,961	6,370,433
Business-type activities	7,653,218	3,768,220	2,102,430	23,507,816	10,826,631
Total primary government change in net assets	<u>\$ 16,839,631</u>	<u>\$ 17,362,745</u>	<u>\$ 12,265,521</u>	<u>\$ 24,553,777</u>	<u>\$ 17,197,064</u>

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

Fiscal Year				
2003	2004	2005	2006	2007

NOTES

Accrual-basis financial information for the city government as a whole is available back to June 30, 2003, the year GASB 34 was implemented.

Amounts presented for fiscal years 2003 - 2005 have been restated for the effects of prior period adjustments recorded in fiscal year 2005.

The reduction in community development expenses from FY 2005 to FY 2006 is due to the completion of several projects in 2005.

Expenses in the Employee Deposit Fund decreased from FY 2004 to FY 2005 due to a reduction in employee health insurance claims.

The increase in taxes in fiscal year 2006 is due to the new SPLOST commencing April 2005.

CITY OF ALBANY, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST FIVE FISCAL YEARS (Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Hotel Motel Tax	Franchise Tax	Insurance Premium Tax	Alcoholic Beverage Tax	Other Taxes	Total
2003	\$ 14,407,467	\$ 16,357,288	\$ 692,898	\$ 1,992,530	\$ 3,083,865	\$ 1,330,767	\$ 308,878	\$ 38,173,693
2004	14,404,199	16,541,996	769,770	2,070,851	3,320,225	1,371,654	277,905	38,756,600
2005	14,194,137	18,272,298	843,973	2,010,343	3,596,638	1,381,630	199,478	40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	1,047,741	4,042,768	1,402,864	197,673	45,807,436

NOTES

Accrual-basis financial information for the city government as a whole is available back to June 30, 2003, the year GASB 34 was implemented.

The increase in sales tax in fiscal year 2006 is due to the new SPLOST commencing April 2005.

CITY OF ALBANY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 341,529	\$ 2,114,167	\$ 1,336,545	\$ 354,352	\$ 318,989
Unreserved	11,633,185	12,459,929	16,311,481	21,337,958	23,946,604
Total General Fund	<u>\$ 11,974,714</u>	<u>\$ 14,574,096</u>	<u>\$ 17,648,026</u>	<u>\$ 21,692,310</u>	<u>\$ 24,265,593</u>
All Other Governmental Funds					
Reserved	\$ 309,413	\$ 1,821,456	\$ 1,649,736	\$ 659,967	\$ 3,215,569
Unreserved, reported in:					
Special revenue funds	3,551,701	7,061,448	2,737,210	3,876,252	5,274,345
Capital projects funds	971,397	830,905	10,535,048	19,760,677	25,588,135
Total All Other Governmental Funds	<u>\$ 4,832,511</u>	<u>\$ 9,713,809</u>	<u>\$ 14,921,994</u>	<u>\$ 24,296,896</u>	<u>\$ 34,078,049</u>
Total Governmental Funds					
Reserved	\$ 650,942	\$ 3,935,623	\$ 2,986,281	\$ 1,014,319	\$ 3,534,558
Unreserved	16,156,283	20,352,282	29,583,739	44,974,887	54,809,084
Total Governmental Funds	<u>\$ 16,807,225</u>	<u>\$ 24,287,905</u>	<u>\$ 32,570,020</u>	<u>\$ 45,989,206</u>	<u>\$ 58,343,642</u>

NOTES

Amounts presented for fiscal years 2003 and 2004 have been restated for the effects of prior period adjustments recorded in fiscal year 2005.

Due to other changes in the City's fund structure connected with the implementation of GASB 34, comparative fund balance information is not available prior to 2003.

CITY OF ALBANY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues:					
Taxes	\$ 38,173,693	\$ 38,756,600	\$ 40,498,497	\$ 50,255,224	\$ 45,807,436
Licenses and permits	2,401,566	2,364,806	2,456,898	2,318,314	2,320,724
Intergovernmental	14,304,083	25,019,912	20,749,032	18,482,905	16,299,223
Charges for services	2,626,567	2,400,419	2,927,843	2,074,804	2,146,007
Fines, forfeitures, and fees	1,486,248	1,425,568	1,143,169	917,565	776,268
Rental and franchise	105,422	308,479	394,162	415,623	1,140,268
Interest revenues	268,969	248,335	875,573	1,459,136	1,941,959
Other revenues	3,480,258	2,596,440	4,001,631	3,609,044	3,648,717
Total revenues	62,846,806	73,120,559	73,046,805	79,532,615	74,080,602
Expenditures:					
Current:					
General government	5,678,800	7,967,730	7,556,000	8,620,186	9,884,652
Judicial	620,677	551,910	523,917	690,775	855,330
Public safety	24,292,930	27,113,101	26,109,519	24,707,476	26,272,002
Public works	7,981,996	8,234,310	4,565,533	4,150,883	6,711,134
Parks and recreation	5,221,029	5,522,857	4,469,555	4,681,306	4,143,167
Community development	12,023,383	16,668,421	17,292,703	8,816,126	4,644,429
Community service	349,093	408,489	387,919	272,044	341,999
Nondepartmental	5,029,716	-	-	-	-
Capital outlay	-	-	6,296,112	8,322,946	18,478,624
Debt service:					
Principal	2,055,618	2,458,334	1,395,000	3,145,000	1,430,000
Interest and fiscal charges	321,622	625,924	1,158,190	1,212,434	1,254,684
Total expenditures	63,574,864	69,551,076	69,754,448	64,619,176	74,016,021
Excess of revenues over expenditures	(728,058)	3,569,483	3,292,357	14,913,439	64,581
(Continued)					

CITY OF ALBANY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Other financing sources (uses)					
Transfers in	8,191,348	3,700,994	5,609,353	6,258,438	3,526,240
Transfers out	(6,304,179)	(6,267,196)	(7,482,454)	(8,444,077)	(5,711,311)
Capital leases	1,253,387	977,399	-	-	-
Issuance of debt	150,000	5,500,000	-	-	14,236,362
Sale of capital assets	-	-	-	691,386	455,206
Total other financing sources (uses)	3,290,556	3,911,197	(1,873,101)	(1,494,253)	12,506,497
Net change in fund balances	\$ 2,562,498	\$ 7,480,680	\$ 1,419,256	\$ 13,419,186	\$ 12,571,078
Debt service as a percentage of noncapital expenditures	3.74%	4.43%	4.02%	7.74%	4.83%

NOTES

Amounts presented for fiscal years 2003 and 2004 have been restated for the effects of prior period adjustments recorded in fiscal year 2005.

Due to other changes in the City's fund structure connected with the implementation of GASB 34, comparative fund balance information is not available prior to 2003.

The increase in taxes in fiscal year 2006 is due to the new SPLOST commencing April 2005.

The increase in interest revenues in 2005 and 2006 is due to improved interest rates.

The nondepartmental category of expenditures was eliminated after fiscal year 2005 in accordance with the State Uniform Chart of Accounts.

CITY OF ALBANY, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Hotel Motel Tax</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2003	\$ 14,407,467	\$ 16,357,288	\$ 692,898	\$ 1,992,530	\$ 3,083,865	\$ 1,330,767	\$ 308,878	\$ 38,173,693
2004	14,404,199	16,541,996	739,770	2,070,851	3,320,225	1,371,654	277,905	38,726,600
2005	14,194,137	18,272,298	843,973	2,010,343	3,596,638	1,381,630	199,478	40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	1,047,741	4,042,768	1,402,864	197,673	45,807,436

NOTES

Due to other changes in the City's fund structure connected with the implementation of GASB 34, comparative general fund tax revenues are not available prior to 2003.

The increase in sales tax in fiscal year 2006 is due to the new SPLOST commencing April 2005.

CITY OF ALBANY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

(Dollar Amounts Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Exemptions	Total		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value	
1998	\$ 737,376	\$ 1,843,440	\$ 456,006	\$ 1,140,015	\$ 87,403	\$ 1,105,979	\$ 2,764,948	9.80
1999	816,749	2,041,873	460,911	1,152,278	80,787	1,196,873	2,992,183	9.80
2000	831,488	2,078,720	475,704	1,189,260	92,553	1,214,639	3,036,598	9.80
2001	851,080	2,127,700	493,593	1,233,984	89,732	1,254,941	3,137,353	9.80
2002	865,432	2,163,580	526,836	1,317,090	92,923	1,299,345	3,248,362	10.80
2003	930,781	2,326,953	498,843	1,247,108	88,159	1,341,465	3,353,663	10.80
2004	936,278	2,340,695	462,177	1,155,443	73,933	1,324,522	3,311,305	10.80
2005	950,163	2,375,408	456,120	1,140,300	82,598	1,323,685	3,309,213	10.80
2006	961,837	2,404,593	467,731	1,169,327	85,940	1,343,628	3,359,070	10.79
2007	981,349	2,453,374	466,890	1,167,227	99,744	1,348,495	3,620,601	10.78

SOURCE

Dougherty County Tax Department

NOTE

Property is assessed at 40 percent of actual value. Actual taxable value is calculated by dividing assessed value by 40 percent. Tax rates are per \$1,000 of assessed value.

CITY OF ALBANY, GEORGIA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City of Albany Millage</u>			<u>Dougherty County Millage</u>			<u>Board of Education Millage</u>			<u>Other (State of Georgia)</u>	<u>Total</u>
	<u>Operating</u>	<u>Debt Service</u>	<u>Total City</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total County</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total School</u>		
1998	9.340	0.460	9.800	11.100	0.000	11.100	17.700	0.360	18.060	0.25	39.210
1999	9.340	0.460	9.800	11.200	0.000	11.200	17.700	0.000	17.700	0.25	38.950
2000	9.340	0.460	9.800	11.100	0.000	11.100	17.700	0.000	17.700	0.25	39.060
2001	9.800	0.000	9.800	11.100	0.000	11.100	17.700	0.000	17.700	0.25	38.850
2002	10.800	0.000	10.800	11.100	0.000	11.100	17.700	0.000	17.700	0.25	39.850
2003	10.800	0.000	10.800	10.658	0.000	10.658	17.550	0.000	17.550	0.25	39.258
2004	10.800	0.000	10.800	10.658	0.000	10.658	19.000	0.000	19.000	0.25	40.708
2005	10.800	0.000	10.800	13.158	0.000	13.158	19.000	0.000	19.000	0.25	43.208
2006	10.790	0.000	10.790	13.158	0.000	13.158	19.000	0.000	19.000	0.25	43.198
2007	10.777	0.000	10.777	13.147	0.000	13.147	18.984	0.000	18.984	0.25	43.158

SOURCE

Dougherty County Tax Department

NOTE

Tax rates are per \$1,000 of assessed value.

CITY OF ALBANY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND SIX YEARS AGO

Taxpayer	Type of Business	Fiscal Year 2007			Fiscal Year 2001		
		2006 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2000 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Miller Brewing Company	Brewery	\$ 57,056,487	1	3.99 %	\$ 53,944,311	1	4.44 %
BellSouth	Utility	23,131,034	2	1.62	23,016,499	3	1.90
M & M Mars - Div of Mars, Inc.	Confectioner	16,935,046	3	1.18	23,059,706	2	1.89
Coats and Clark	Textiles	16,638,300	4	1.16	5,561,920	9	0.84
Palmyra Medical Center	Hospital	13,078,777	5	0.91	10,225,961	4	0.81
Aronov/Albany Mall LLC	Mall developer	10,006,698	6	0.70	9,892,515	5	0.46
BFS North American Tire	Retailer	8,993,663	7	0.63	-		-
Georgia Pacific Corporation	Manufacturer	7,742,678	8	0.54	-		-
Georgia Power Company	Public Utility	5,502,296	9	0.38	5,662,935	8	0.47
Wal Mart / Sam's Club	Retailer	5,361,053	10	0.38	8,916,266	6	0.73
Carlton Company	Heavy equipment	-		-	7,959,928	7	0.66
Flint River Textiles	Textiles	-		-	5,403,336	10	0.44
		<u>\$ 164,446,032</u>		<u>11.49 %</u>	<u>\$ 153,643,377</u>		<u>12.64 %</u>

SOURCE

Dougherty County Tax Department

Information pertaining to principal property taxpayers was not available prior to fiscal year 2001.

2001 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001

CITY OF ALBANY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts Expressed in Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 10,940	\$ 10,371	94.80 %	\$ 106	\$ 10,477	95.77 %
1999	10,369	10,185	98.23	152	10,337	99.69
2000	10,533	10,498	99.67	93	10,591	100.55
2001	10,836	10,886	100.46	91	10,977	101.30
2002	12,261	11,896	97.02	152	12,048	98.26
2003	12,750	11,616	91.11	109	11,725	91.96
2004	12,684	12,535	98.83	63	12,598	99.32
2005	12,736	12,505	98.19	123	12,628	99.15
2006	12,988	12,791	98.48	95	12,886	99.21
2007	13,077	12,901	98.65	-	12,901	98.65

SOURCE
Dougherty County Tax Department

CITY OF ALBANY, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Notes Payable	Revenue Bonds	Notes Payable	Capital Leases			
2003	\$ 11,110,000	\$ -	\$ 10,000,000	\$ 600,000	\$ 50,020,000	\$ 1,038,517	\$ 575,860	\$ 73,344,377	6.57%	\$ 962.50
2004	9,815,000	-	10,000,000	6,050,000	48,160,000	862,359	481,862	75,369,221	6.92%	988.41
2005	8,470,000	-	10,000,000	6,000,000	46,195,000	678,054	383,366	71,726,420	6.10%	945.04
2006	5,975,000	-	10,000,000	5,350,000	44,115,000	485,189	280,156	66,205,345	4.44%	878.81
2007	4,870,000	14,000,000	10,000,000	5,025,000	69,690,000	283,329	172,006	104,040,335	6.02%	1,379.96

NOTES

Financial information presented as Governmental Activities and Business-Type Activities for the city government as a whole is available back to June 30, 2003, the year GASB 34 was implemented.

Details regarding the City of Albany's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

The amounts shown for the certificates of participation and the capital leases have been restated for the years 2003 and 2004.

CITY OF ALBANY, GEORGIA

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1998	\$ 18,600,000	\$ 1,144,000	\$ 17,456,000	0.63 %	\$ 218
1999	17,605,000	1,344,000	16,261,000	0.54	204
2000	16,560,000	1,654,863	14,905,137	0.49	192
2001	12,380,000	1,699,702	10,680,298	0.34	139
2002	11,905,000	64,305	11,840,695	0.36	155
2003	11,110,000	58,116	11,051,884	0.33	145
2004	9,815,000	69,253	9,745,747	0.29	128
2005	8,470,000	6,831	8,463,169	0.26	112
2006	5,975,000	6,851	5,968,149	0.18	79
2006	4,870,000	6,868	4,863,132	0.13	65

NOTES

Details regarding the City of Albany's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

CITY OF ALBANY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2007

<u>Jurisdiction</u>	<u>Net General Obligation Bond Debt Outstanding</u>	<u>Percentage Applicable to City of Albany</u>	<u>Amount Applicable to City of Albany</u>
Direct, City of Albany	\$ 4,870,000	100 %	\$ 4,870,000
Overlapping, Dougherty County Board of Education	1,090,000	71 %	773,900
	<u>\$ 5,960,000</u>		<u>\$ 5,643,900</u>

SOURCE

Dougherty County Board of Education information provided by the Dougherty County Board of Education.

NOTE

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Albany. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF ALBANY, GEORGIA

LEGAL DEBT MARGIN LAST SIX FISCAL YEARS (Dollar Amounts Expressed in Thousands)

	2002	2003	2004	2005	2006	2007
LEGAL DEBT MARGIN						
Debt limit	\$ 139,227	\$ 142,962	\$ 139,846	\$ 140,628	\$ 142,957	\$ 144,824
Total net debt applicable to limit	11,841	11,052	9,746	8,463	5,968	4,863
Legal debt margin	<u>\$ 127,386</u>	<u>\$ 131,910</u>	<u>\$ 130,100</u>	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 139,961</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>8.50%</u>	<u>7.73%</u>	<u>6.97%</u>	<u>6.02%</u>	<u>4.17%</u>	<u>3.36%</u>
LEGAL DEBT MARGIN CALCULATION						
Assessed value	\$ 1,299,345	\$ 1,341,465	\$ 1,324,522	\$ 1,323,685	\$ 1,343,628	\$ 1,348,495
Add back exempt property	92,923	88,159	73,933	82,598	85,940	99,744
Total assessed value	<u>1,392,268</u>	<u>1,429,624</u>	<u>1,398,455</u>	<u>1,406,283</u>	<u>1,429,568</u>	<u>1,448,239</u>
Debt limit (10% of total assessed value)	139,227	142,962	139,846	140,628	142,957	144,824
Debt applicable to limit						
General obligation bonds	11,905	11,110	9,815	8,470	5,975	4,870
Less amount set aside for repayment of general obligation debt	(64)	(58)	(69)	(7)	(7)	(7)
Total net debt applicable to limit	<u>11,841</u>	<u>11,052</u>	<u>9,746</u>	<u>8,463</u>	<u>5,968</u>	<u>4,863</u>
Legal debt margin	<u>\$ 127,386</u>	<u>\$ 131,910</u>	<u>\$ 130,100</u>	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 139,961</u>

NOTES

Under State of Georgia law, the City of Albany's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

The legal debt margin is the difference between the debt limit and the City's net general obligation debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

CITY OF ALBANY, GEORGIA

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$ 11,177,379	\$ 5,495,481	\$ 5,681,898	\$ 990,000	\$ 1,240,825	2.55
1999	10,715,677	6,130,695	4,584,982	1,180,000	2,224,282	1.35
2000	9,919,390	6,579,283	3,340,107	1,235,000	2,169,317	0.98
2001	10,794,856	5,403,121	5,391,735	1,295,000	2,092,910	1.59
2002	11,939,663	6,067,011	5,872,652	1,350,000	2,692,568	1.45
2003	11,510,470	6,253,648	5,256,822	1,420,000	1,575,161	1.76
2004	11,914,002	6,222,521	5,691,481	1,860,000	2,502,784	1.30
2005	12,681,971	6,255,038	6,426,933	1,965,000	2,417,461	1.47
2006	14,296,012	7,660,827	6,635,185	2,080,000	2,325,789	1.51
2007	14,953,008	7,484,658	7,468,350	2,170,000	2,449,322	1.62

NOTES

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Sewer Charges and Other includes investment earnings.

Operating expenses do not include depreciation and amortization.

CITY OF ALBANY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School (2) Enrollment	(%) Unemployment Rate (3)
1998	79,900	\$ 1,203,534	\$ 15,063 (1)	33.0	12.5	17,802	7.2
1999	79,900	876,503	10,970 (1)	30.0	12.5	17,455	7.3
2000	77,545	835,625	10,776 (1)	30.0	12.5	17,310	5.3
2001	76,939	1,702,045	22,122 (1)	32.2	12.5	17,068	6.2
2002	76,271	971,921	12,743 (4)	31.1	12.5	16,799	6.3
2003	76,202	1,116,283	14,649 (1)	31.1	12.5	16,710	5.6
2004	76,253	1,089,808	14,292 (1)	31.1	12.5	16,607	5.2
2005	75,898	1,175,281	15,485 (1)	31.1	12.5	16,844	6.2
2006	75,335	1,491,558	19,799 (1)	31.1	12.5	16,894	6.1
2007	75,394	1,728,030	22,920 (1)	31.1	12.5	16,668	4.5

SOURCES

- (1) Bureau of Census, Albany Dougherty Chamber of Commerce and Georgia Power Company
- (2) Dougherty County Board of Education
- (3) Bureau of Census/State of Georgia - Department of Human Resources

CITY OF ALBANY, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO

Employer (1)	Fiscal Year 2007			Fiscal Year 2001		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Phoebe Putney Hospital	3,400	1	6.59 %	3,015	1	5.51 %
USMC Logistic Base (Civilian)	3,081	2	5.97	3,175	3	5.81
Dougherty County Board of Education	2,934	3	5.69	2,900	2	5.30
Proctor and Gamble	1,394	4	2.70	1,500	4	2.74
City of Albany	1,387	5	2.69	1,200	6	2.19
Cooper Tire and Rubber Company	1,290	6	2.50	1,234	5	2.26
Dougherty County	669	7	1.30	650	7	1.19
Miller Brewing Company	642	8	1.24	680	8	1.24
Albany State University	550	9	1.07	-	-	-
Teleperformance USA	474	10	0.92	-	-	-
Bobs Candies	-	-	-	638	9	1.17
M&M Mars - Div of Mars, Inc.	-	-	-	600	10	1.10
Totals	15,821		30.66 %	15,592		28.52
Average number of employees (2)	51,609			54,678		

SOURCE

(1) Albany Chamber of Commerce

(2) Georgia Department of Labor

NOTE

Information pertaining to principal employers was not available prior to fiscal year 2001.

CITY OF ALBANY, GEORGIA

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST SIX FISCAL YEARS

	2002	2003	2004	2005	2006	2007
General government	177	177	171	170	170	174
Judicial	6	6	6	8	11	11
Public safety	467	467	464	461	394	404
Public works	164	164	165	165	41	41
Parks and recreation	60	60	60	60	57	57
Community development	12	12	12	12	12	12
Sanitary sewer	59	58	58	59	68	68
Solid waste	48	48	49	52	51	49
Airport	18	18	17	17	14	14
Transit	29	29	29	29	29	29
Civic Center	16	16	16	16	15	16
Auditorium	1	1	1	1	1	-

Source: City of Albany Budget Document

CITY OF ALBANY, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS

Function	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Sanitary sewer						
Average daily treatment (thousands of gallons)	18,295	17,640	18,653	18,653	18,653	16,230
Airport						
Number of daily flights	8	8	8	8	8	8
Number of enplaned passengers	34,336	35,920	35,461	39,954	39,954	37,109
Number of deplaned passengers	34,534	35,094	34,044	38,156	38,156	35,829
Number of based aircraft	52	47	44	40	40	35
Police						
Citations issued	21,650	17,982	18,526	16,090	11,297	10,552
DUI Citations issued	287	269	193	139	96	228
Warnings issued	954	1,423	2,555	3,046	3,424	3,235
Crime Statistics:						
Aggravated Assault	231	233	250	252	284	341
Auto Theft	284	401	349	329	399	379
Murder	7	6	5	8	8	8
Rape	43	37	52	40	31	34
Robbery	210	261	217	216	242	205
Burglary	1,297	1,280	1,576	1,705	1,645	1,558
Theft	3,319	2,967	3,375	2,958	3,239	3,299
Fire						
Incident responses	3,434	1,587	2,959	3,141	2,779	3,706
Public Safety Education						
Events	87	65	73	52	81	61
Persons contacted	108,655	100,563	107,682	123,340	124,086	110,060

SOURCE

Various city departments

NOTE

Operating indicators are not available for the general government function.

CITY OF ALBANY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST FIVE FISCAL YEARS

Function	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Public Safety						
Police						
Fleet size	185	186	186	170	170	170
Fire stations	11	11	11	11	11	11
Public Works						
Miles of streets	430	568	568	559	559	559
Number of street lights	8503	8503	8503	8503	10420	11247
Culture and Recreation						
Park acreage	1104	1104	1104	1104	1300	1300
Parks	45	45	45	45	44	54
Golf course	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1
Tennis courts	17	17	17	17	20	22
Sewerage System						
Miles of sanitary sewer	350	350	350	350	350	350
Miles of storm sewer	400	400	400	400	400	400
Number of treatment plants	1	1	1	1	1	1

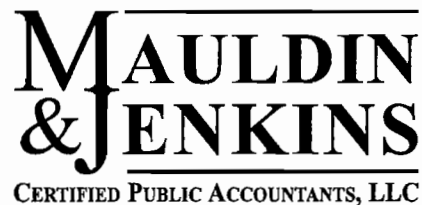
SOURCE

Various City departments

NOTE

Capital asset indicators are not available for the general government function.

SINGLE AUDIT SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and Members
of the City Commission
City of Albany, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Albany, Georgia as of and for the year ended June 30, 2007, which collectively comprise the City of Albany, Georgia's basic financial statements and have issued our report thereon dated June 30, 2008. We did not audit the financial statements of the Albany Dougherty Inner City Authority ("ADICA") or the Chehaw Park Authority. Those financial statements were audited by other auditors, whose reports have been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-7 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-2 through 2007-8 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albany, 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 questioned costs as items 2007-8 and 2007-9.

We also noted certain additional matters that we reported to management of the City of Albany, Georgia in a separate letter dated June 30, 2008.

The City of Albany, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned. We did not audit the City of Albany, Georgia's responses and accordingly, we express no opinion on them.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2008



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

**To the Honorable Mayor and Members
of the City Commission
City of Albany, Georgia**

Compliance

We have audited the compliance of the City of Albany, 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 June 30, 2007. The City of Albany, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Albany, Georgia's management. Our responsibility is to express an opinion on the City of Albany, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis,

evidence about the City of Albany, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Albany, Georgia's compliance with those requirements.

In our opinion, the City of Albany, 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 June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is described in the accompanying schedule of findings and questioned costs as item 2007-10.

Internal Control Over Compliance

The management of the City of Albany, 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 the City of Albany, 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Albany, Georgia's internal control over compliance.

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

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

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

The City of Albany, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Albany, Georgia's responses and, accordingly, we express no opinion on them.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2008

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Direct Awards			
Federal Transit Capital Investment Grant	20.500	PL 0007-00-202	\$ 84,697
Federal Transit Capital Investment Grant	20.500	MTG00-0103-00-001	433,000
Federal Transit Capital Investment Grant	20.500	MTG00-0118-00-001	19,449
Federal Transit Capital Investment Grant	20.500	MTG00-0129-00-001	304,361
Federal Transit Capital Investment Grant	20.500	MTG00-0124-00-006	198,238
Federal Transit Operations Assistance Grant	20.507	MTG00-0129-00-006	815,374
Total U.S. Department of Transportation			<u>1,855,119</u>
Federal Aviation Administration			
Direct Awards			
Airport Improvement Program	20.106	P3-13-0002-25	578,724
Airport Improvement Program	20.106	P3-13-0002-26	2,899,287
Airport Improvement Program	20.106	P3-13-0002-27	57,140
Total Federal Aviation Administration			<u>3,535,151</u>
U.S. Department of Homeland Security			
Direct Awards			
Emergency Management Performance Grant	97.042	E06-8049	26,858
Firefighters Assistance Grant	97.044	2005-GE-T5-0052	85,913
Total U.S. Department of Homeland Security			<u>112,771</u>
U.S. Department of Housing and Urban Development			
Direct Awards			
Community Development Block Grant	14.218	B-05-MC-13-0001	223,346
Community Development Block Grant	14.218	B-06-MC-13-0001	625,728
			<u>849,074</u>

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Awards (Continued)			
HUD-Home Partnership Investment Title II Program	14.239	M-06-MC-13-0205	\$ 26,807
HUD-Home Partnership Investment Title II Program	14.239	M-05-MC-13-0205	43,424
HUD-Home Partnership Investment Title II Program	14.239	M-02-MC-13-0205	304,543
HUD-Home Partnership Investment Title II Program	14.239	M-01-MC-13-0205	42,652
			<u>417,426</u>
Housing Counseling Grant	14.169	HC03-0498-021	7,367
Housing Counseling Grant	14.169	HC06-0498-140	33,794
			<u>41,161</u>
EDI - Special Project Grant	14.246	B-04-SP-GA-0196	42,863
Passed through State of Georgia			
Empowerment Zone/Enterprise Community Program	14.244	2006-01-06E-EO-06C009	24,000
Empowerment Zone/Supportive Housing Program	14.244	2006-02-HTG-ES-06C184	18,863
			<u>42,863</u>
Total U.S. Department of Housing and Urban Development			<u>1,393,387</u>
U.S. Department of Agriculture			
Direct Awards			
School Lunch Bag Program	10.559	S06-08002	124,347
Total U.S. Department of Agriculture			<u>124,347</u>

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Passed-Through State of Georgia			
Bullet Proof Vest Grant	16.607	2002-BU-BX-1172	\$ 10,950
Bullet Proof Vest Grant	16.607	2003-BU-BX-6439	34,240
			<u>45,190</u>
Local Law Enforcement Block Grant	16.592	2005-DJ-BX-1171	14,583
Local Law Enforcement Block Grant	16.592	2006-DJ-BX-1171	21,243
			<u>35,826</u>
Total U.S. Department of Justice			<u>81,016</u>
Total Expenditures of Federal Awards			<u><u>\$ 7,101,791</u></u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF ALBANY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Albany, Georgia (the "City") 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 financial statements.

NOTE 2. SUBRECIPIENTS

During the fiscal year ended June 30, 2007, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	\$ 79,558
HUD-Home Partnership Investment Title II Program	14.239	58,032
		<u>\$ 137,590</u>

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Reportable conditions identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Federal Awards

Internal Control over major programs: Material weaknesses identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs	Unqualified

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS (Continued)

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)?

☒ yes ☐ no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
14.239	HUD - Home Partnership Investment Title II Program
20.500	Transit Capital Improvement Program
20.507	Transit Operations Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2007 - 1. Deferred Revenue

Criteria: Generally accepted accounting principles require recognizing revenue when it is both earned and realized or realizable. All amounts received prior to being earned and realized or realizable should be reported as deferred until such time.

Condition: The City did not properly address the above criteria as of June 30, 2007 as it relates to deferred revenue within the General Fund, Grant Fund, and SPLOST Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of deferred revenue that should be recorded in these funds as of June 30, 2007.

Effect: An adjustment to increase deferred revenue in the amount of \$5,750 and decrease revenue in the same amount was required to be recorded in the General Fund. An adjustment to decrease deferred revenue in the amount of \$2,500 and increase revenue in the same amount was required to be recorded in the Grant Fund. An adjustment to decrease deferred revenue in the amount of \$140,116 and increase revenue in the same amount was required to be recorded in the SPLOST Fund

Cause: Reconciliations of deferred revenues are not being performed on a monthly basis.

Recommendation: We recommend the City implement procedures to reconcile all deferred revenue subsidiary ledgers to the general ledger on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on a monthly basis.

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 2. Management of Due to / from (Internal) Accounts

Criteria: Generally accepted accounting principles require reporting of interfund activity expected to be repaid within a reasonable time as due to/from (interfund receivables and payables) accounts. As part of that process, the City should review the amounts that should be included in due to/from accounts in each fund to determine the proper amounts to be reported at any given time during the fiscal year.

Condition: We noted the City did not properly report the due to/from other funds accounts in the General Fund, Community Development Fund, Flood Recovery Fund, Public Employee Fund, Transit Fund, Airport Fund.

Context: See above condition.

Effect: An adjustment to increase the due to balance in the amount of \$888,340, increase expenditures by \$900,818, and decrease revenues in the amount of \$12,478 was required to be recorded in the General Fund. An adjustment to increase the due to balance in the amount of \$4,081 and to increase revenue in the same amount was required to be recorded in the Community Development Fund. An adjustment to decrease the due from balance in the amount of \$10,410 and to increase transfers out in the same amount was required to be recorded in the Flood Recovery Fund. An adjustment to increase the due from balance in the amount of \$894,775 and to decrease expenses in the same amount was required to be recorded in the Public Employee Deposit Fund. An adjustment to increase the due from balance in the amount of \$2,968 and to decrease expenses in the same amount was required to be recorded in the Transit Fund. An adjustment to increase the due from balance in the amount of \$1,670 and to increase revenue in the same amount was required to be recorded in the Airport Fund.

Cause: All due to/from activity between funds is not being properly recorded at the end of each financial reporting cycle.

Recommendation: We recommend the City implement procedures to properly record, reconcile and review all due to/from activity on a monthly basis.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 2. Management of Due to / from (Internal) Accounts (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur. We will work to record all due to/from transactions at the end of each financial reporting cycle.

2007 - 3. Management of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of June 30, 2007 as it relates to accounts payable items within the SPLOST Fund and Airport Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of June 30, 2007.

Effect: An adjustment to increase accounts payable in the amount of \$265,635 and increase expenditures in the same amount was required to be recorded in the SPLOST Fund. An adjustment to increase accounts payable in the amount of \$21,138 and increase expenses in the same amount was required to be recorded in the Airport Fund.

Cause: Accounts payable procedures did not capture all unpaid invoices for inclusion as a liability at year end.

Recommendation: We recommend the City strengthen procedures to ensure all accounts payable are recorded at year end.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 3. Management of Accounts Payable (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen procedures to ensure all accounts payable are recorded at year end.

2007 - 4. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the City should review all revenue transactions to determine reporting in the proper period.

Condition: The City did not properly adjust assessments receivable in the Sanitary Sewer Fund, due from other governments and due from component units in the Public Employee Deposit Fund, or grants receivable in the Airport Fund as of June 30, 2007.

Effect: An adjustment to increase grants receivable in the amount of \$1,149,491 and to increase revenues in the same amount was required to be recorded in the Airport Fund. An adjustment to increase amounts due from other government in the amount of \$561,428, increase amounts due from component units in the amount \$298,258, and decrease expenses in the amount of \$859,686 was required to be recorded in the Public Employee Deposit Fund. An adjustment to increase solid waste assessments receivable by \$21,260, decrease abeyances-future assessments receivable by \$4,357, decrease the allowance for uncollectible receivables by \$8,360, and increase revenue by \$25,263 was required to be recorded in the Sanitary Sewer Fund.

Cause: The City did not review all revenue transactions after year-end to determine reporting in the proper period.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 4. Management of Accounts Receivable Accounts (Continued)

Recommendation: We recommend that the City establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2007 - 5. Taxes Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The City did not properly record the year end property taxes receivable and local option sales tax receivable in the General Fund and the special purpose local option sales tax receivable in the SPLOST Fund as of June 30, 2007.

Context: We addressed this matter with the City and they were able to determine the appropriate property taxes receivable and special purpose local option sales tax that should be recorded as of June 30, 2007.

Effect: An adjustment to decrease property taxes receivable in the amount of \$71,078 and to decrease property tax revenues in the same amount was required to be recorded in the General Fund. An adjustment to increase due from other governments in the amount of \$1,775,171 and to increase revenues in the same amount was required to be recorded in the SPLOST Fund.

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 5. Taxes Receivable (Continued)

Cause: The City did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend that the City establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2007 - 6. Debt Transactions

Criteria: Government funds use the current financial resources measurement focus to report all debt transactions. Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt. As part of that reporting process, the City should record its issuance of debt and debt related items through the statement of revenues and expenditures for all governmental fund debt. At the same time, the City should record the issuance of debt and debt related items in the statement of net assets for all proprietary funds, and should amortize issuance and defeasance costs over the life of the debt.

Condition: The City did not properly record the issuance of debt and the related transactions in the SPLOST Fund and Sanitary Sewer Fund.

Context: See above condition.

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 6. Debt Transactions (Continued)

Effect: An adjustment to increase cash and investments in the amount of \$14,274,070 and increase other financing sources in the same amount was required to be made in the SPLOST Fund. Additionally, an adjustment to increase interest expense in the amount of \$34,287 and decrease case in the same amount was required to be made by the SPLOST Fund. An adjustment to decrease cash in the amount \$452,845, decrease deferred bond issuance costs in the amount of \$410,235, increase bonds payable in the amount of \$355,591, increase amortization expense by \$407,059, increase interest expense by \$256,770 and decrease accrued interest by \$554,843 was required to be recorded in the Sanitary Sewer Fund.

Cause: See above condition.

Recommendation: We recommend the City record all debt transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all debt transactions appropriately as they occur during the year.

2007 - 7. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the estimated fair value on the date of the donation.

Condition: The City did not properly record contributed capital assets in the Sanitary Sewer Fund or Airport Fund during the year ended June 30, 2007.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 7. Management of Capital Asset Accounts (Continued)

Context: See above condition.

Effect: An audit adjustment to increase capital contributions in the amount of \$265,635 and to increase capital assets by the same amount was required to be recorded in the Sanitary Sewer Fund. An adjustment to increase capital assets in the amount of \$4,451,925, increase capital contributions in the amount of \$4,441,699, and to increase revenue in the amount of \$10,226 was required to be recorded in the Airport Fund.

Recommendation: We recommend the City review all capital asset activity and verify that all assets are being properly recorded.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity and properly record depreciation expense.

2007 - 8. Undercollateralization of City Deposits

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended June 30, 2007, the City's deposits held at one financial institution were under collateralized.

Effect: City accounts were not adequately collateralized at one financial institution, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 8. Undercollateralization of City Deposits

Cause: The financial institution has not appropriately collateralized all City deposits as of June 30, 2007.

Recommendation: We recommend the City periodically review a listing of all accounts opened under the City's federal identification number to determine that all are properly coded as public deposits. Additionally, the City should request from the financial institutions holding City deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds as required by Georgia law.

Views of Responsible Officials and Planned Corrective Action: We concur. This collateralization issue will be resolved for FY 2008. We will begin monitoring the pledging of collateral on a regular basis.

2007 - 9. Debt Service Fund Budget - ADICA

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the general fund, each special revenue fund and each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the year ended June 30, 2007, no budget was adopted for the ADICA Debt Service Fund. Budgets should be adopted for this fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Effect: Because of the failure of ADICA to adopt a budget for its Debt Service Fund, the City is not in compliance with state law.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 9. Debt Service Fund Budget – ADICA (Continued)

Cause: The City's Finance Department does not oversee the operations of ADICA; therefore, a balanced budget was not adopted as required by the Official Code of Georgia.

Recommendation: The City should work with ADICA to adopt a budget for its Debt Service Fund.

Views of Responsible Officials and Planned Corrective Action: We concur. A balanced budget will be adopted for all required funds for the 2008 fiscal year.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2006 - 10. Failure to Complete Repairs in a Timely Manner

Federal Program Information: CFDA No. 14.239
HUD – Home Partnership Investment Title II Program
U.S. Department of Housing and Urban Development
Fiscal Year 2007

Criteria: The HOME Investment Partnership Program established by Title II of the Cranston-Gonzalez National Affordable Housing Act (42 USC 12701-12839 and 3535(d)), requires that any repairs identified during the non-Federal entity's inspection of the property be completed in a timely manner.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

2006 - 10. Failure to Complete Repairs in a Timely Manner (Continued)

Condition: For the year ended June 30, 2007, the need for repairs was identified during the inspection process for eight (8) properties. These repairs were not completed in a timely manner for four (4) of these properties.

Effect: By not making the necessary repairs in a timely manner, the City is not in compliance with the requirement.

Cause: City records were not being reviewed to verify that all repairs were being made in a timely manner; therefore, the required repairs were not completed.

Recommendation: We recommend the City periodically review all property files related to the HOME Investment Partnership Program to verify that all required repairs identified during the inspection process are being completed in a timely manner.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish policies and procedures to follow-up on the status of required repairs identified during inspection of properties.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

2006 - 1. Debt Service Fund Budgets

Condition – For the fiscal year ended June 30, 2006, no budget was adopted for the ADICA Debt Service Fund.

Recommendation – The City should work with ADICA in order to adopt a balanced budget for the ADICA Debt Service Fund.

Status – Unresolved. See current year finding 2007-9.

2006 - 2. Undercollateralization of City Deposits

Condition – For the fiscal year ended June 30, 2006, the City's deposits held at one financial institution were under collateralized.

Recommendation – The City should request from the financial institutions holding City deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds.

Status – This item was not corrected for the fiscal year ending June 30, 2007. This is a repeat finding as indicated in the current year Schedule of Findings and Questioned Costs as item 2007-8.

2006 - 3. Failure to Complete Repairs in a Timely Manner

Condition – For the fiscal year ended June 30, 2006, the need for repairs were identified during the inspection process for three (3) properties. These repairs were not completed in a timely manner.

Recommendation – The City should periodically review all property files related to the HOME Investment Partnership Program to verify that all required repairs identified during the inspection process are being completed in a timely manner.

CITY OF ALBANY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

2006 - 3. Failure to Complete Repairs in a Timely Manner (Continued)

Status – This item was not corrected for the fiscal year ending June 30, 2007. This is a repeat finding as indicated in the current year Schedule of Findings and Questioned Costs as item 2007-10.

**INDEPENDENT ACCOUNTANT'S REPORT
ON LOCAL ASSISTANCE GRANTS**

**To the Honorable Mayor and Members
of the City Commission
City of Albany, Georgia**

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about the City of Albany, Georgia's compliance during the fiscal year ended June 30, 2007, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grants #03-C-L-106, #03-C-L-108, and #07-C-L-214. Management is responsible for the City of Albany, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the City of Albany, Georgia's compliance based on our examination.

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

In our opinion, management's assertion that the City of Albany, Georgia complied with the aforementioned requirement for the fiscal year ended June 30, 2007, is fairly stated, in all material respects.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2008

STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	City of Albany
B	Information for Year Ended	June 30, 2007
C	State Awarding Agency	Georgia Dept. of Community Affairs
D	Grant Identification Number	03-C-L-106
E	Grant Title	Slater King Adult Day Care Center - Local Assistance Grant
F	Grant Award Date	July 1, 2002
G	Grant Amount	\$20,000
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$20,000
I	Grant Receipts or Revenue Recognized	\$ - 0 -
J	Grant Disbursements or Expenditures	\$ - 0 -
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	\$20,000

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. I understand that failure to comply with the provisions of the law applicable to this grant award shall result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official

Date

6/26/08

Signature of Chief Financial Officer

Date

6/20/08

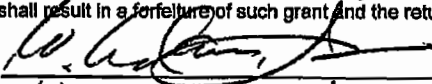
STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	City of Albany
B	Information for Year Ended	June 30, 2007
C	State Awarding Agency	Georgia Dept. of Community Affairs
D	Grant Identification Number	03-C-L-108
E	Grant Title	Albany State University - Local Assistance Grant
F	Grant Award Date	July 1, 2002
G	Grant Amount	\$7,500
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$2,500
I	Grant Receipts or Revenue Recognized	\$ - 0 -
J	Grant Disbursements or Expenditures	\$ - 0 -
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	\$2,500

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. I understand that failure to comply with the provisions of the law applicable to this grant award shall result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official



Date 6/26/08

Signature of Chief Financial Officer

Krista M. Newton

Date 6/20/08

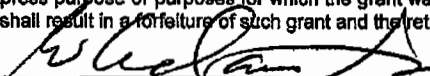
STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	City of Albany
B	Information for Year Ended	June 30, 2007
C	State Awarding Agency	Georgia Dept. of Community Affairs
D	Grant Identification Number	07-C-L-214
E	Grant Title	2006 Special Olympics
F	Grant Award Date	5-Oct-06
G	Grant Amount	\$25,000
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	0
I	Grant Receipts or Revenue Recognized	\$25,000
J	Grant Disbursements or Expenditures	\$25,000
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	\$ - 0 -

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. I understand that failure to comply with the provisions of the law applicable to this grant award shall result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official

 Date 6/26/08

Signature of Chief Financial Officer

Krista M. Newton Date 6/20/08

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