

CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i - vii
GFOA Certificate of Achievement	viii
Principal Officials	ix
Organization Chart	x

FINANCIAL SECTION

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 22
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	23 - 25
Statement of Activities	26
Fund Financial Statements	
Balance Sheet – Governmental Funds	27 and 28
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Governmental Funds	29 and 30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances	
of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – General Fund and Major Special Revenue Fund	32 - 34
Statement of Net Assets – Proprietary Funds	35 - 37
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	38 and 39

CITY OF ALBANY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

Statement of Cash Flows – Proprietary Funds 40 - 42

Statement of Fiduciary Net Assets – Pension Fund 43

Statement of Changes in Fiduciary Net Assets – Pension Fund 44

Notes to Financial Statements 45 - 114

Required Supplementary Information

Schedule of Funding Progress - City of Albany Pension Plan 115

Schedule of Funding Progress - City of Albany Other Post-Employment Benefit Plan 115

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds 116 and 117

Combining Statement of Revenues, Expenditures and Changes in Fund

Balances – Nonmajor Governmental Funds 118 and 119

Budgetary Compliance

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual – Nonmajor Governmental Funds 120 - 123

Nonmajor Enterprise Funds

Combining Statement of Net Assets – Nonmajor Enterprise Funds 124 and 125

Combining Statement of Revenues, Expenses and Changes in Fund

Net Assets – Nonmajor Enterprise Funds 126 and 127

Combining Statement of Cash Flows – Nonmajor Enterprise Funds 128 and 129

CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued)

Internal Service Funds

Combining Statement of Net Assets – Internal Service Funds 130

Combining Statement of Revenues, Expenses and Changes in Fund

Net Assets – Internal Service Funds 131

Combining Statement of Cash Flows – Internal Service Funds 132 and 133

Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds

2005 Special City Sales Tax 134

2000 Special City Sales Tax 135

1995 Special City Sales Tax 136

1990 Special City Sales Tax 137

STATISTICAL SECTION (UNAUDITED)

Government-wide information

Net Assets by Component 138

Changes in Net Assets 139 - 142

Governmental Activities Tax Revenues by Source 143

Fund information

Fund Balances of Governmental Funds 144

Changes in Fund Balances of Governmental Funds 145 and 146

CITY OF ALBANY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

General Governmental Tax Revenues by Source	147
Assessed Value and Estimated Actual Value of Taxable Property	148
Property Tax Rates - Direct and Overlapping Governments	149
Taxable Sales Tax Distribution by Category	150
Principal Property Taxpayers	151
Property Tax Levies and Collections	152
Ratio of Outstanding Debt by Type	153
Ratio of General Bonded Debt Outstanding	154
Direct and Overlapping Governmental Activities Debt	155
Legal Debt Margin	156
Pledged Revenue Coverage	157
Demographic and Economic Statistics	158
Principal Employers	159
Full Time Equivalent City Government Employees by Function	160
Operating Indicators by Function	161
Capital Asset Statistics by Function	162

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 <i>Government Auditing Standards</i>	163 - 165
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CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page

SINGLE AUDIT SECTION (CONTINUED)

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control Over Over Compliance in Accordance with OMB Circular A-133	166 - 168
Schedule of Expenditures of Federal Awards	169 - 173
Notes to Schedule of Expenditures of Federal Awards	174
Schedule of Findings and Questioned Costs	175 - 183
Summary Schedule of Prior Year Findings	184 - 187

SUPPLEMENTAL SECTION

Independent Accountant's Report on Local Assistance Grants	188 and 189
State of Georgia Grant Certification Form	190

INTRODUCTORY SECTION

City of Albany

Post Office Box 447

Albany, Georgia

31702-0447

December 21, 2010

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, 2010. 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, 2010. 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 as 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. As of the 2000 Census, the population of Albany was 76,939.

Albany has developed a diversified industrial economy, which includes companies such as Proctor & Gamble, Miller/Coors, 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 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; road 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 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.

It is anticipated that it will take several years for the state’s economy to recover from the recent recession. Georgia was affected somewhat worse than other states by the recession. This is due primarily to an overdependence on homebuilding. It is anticipated that the manufacturing sector will continue to lose jobs, but at much slower rate. Manufacturing sub-sectors with the best immediate prospects for job growth - or at least job stability - include wood products, nonmetallic mineral products, and transportation equipment. Once the housing market begins to rebound, retiree-based economic development will be an increasingly important factor in Georgia growth.

Albany will see improvements in its local economy more slowly than other areas of the state. Matters that will compound the local economy’s woes are the closing of Cooper Tire plant in 2009, declining retail sales, and a slowly growing population. The Cooper Tire closure caused the loss of approximately 2,400 jobs. Despite this, the City of Albany has managed to maintain a healthy financial position due to our strong fund balance and the amount of cash reserves we accumulated over the past ten years.

The State of Georgia and several local governments have had to eliminate positions during FY 2010 due to continuing budget difficulties. The City of Albany did not eliminate positions nor enact any furloughs in FY 2010. This is due to stringent budget controls and continuous financial monitoring.

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 university 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 University System of Georgia. Students can pursue over 70 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.¹

¹Albany Chamber of Commerce, from www.albanyga.com

FIVE-YEAR STRATEGIC AND FINANCIAL PLAN

In 2005, Albany accepted the challenge of change management. 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 of Albany has committed itself to continually improving the efficiency and effectiveness of the organization. In an effort to maintain this commitment, the City Manager has agreed to update the City's Five-Year Strategic and Financial Plan periodically. The City's staff will perform this task on a biannual basis.

The City outlined six major goals during its most recent strategic plan update:

- Improve Public Safety - reducing the impact of gangs and increasing crime prevention
- Improve City beautification and Code Enforcement efforts
- Improve economic development with emphasis on downtown Albany
- Reduce poverty
- Enhance community, cultural and recreational opportunities
- Storm water system renovation and sewer separation

Major objectives for these goals have also been developed:

- To establish competitive comparisons for pay and benefits
- To develop innovative communication methodologies, such as kiosks or a 311 service
- To create an internal bulletin board or intranet for employee communications
- To develop and practice a "business-friendly" atmosphere
- To improve downtown Albany revitalization efforts
- To establish and maintain a wellness program for employees

These objectives are scheduled to be completed within the next five years.

The City Manager incorporated proven measurement and management practices and tools that addressed improving the services provided to its citizens as well as 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, \$3.57 million to the Albany Civil Rights Museum, and \$8.65 for Riverfront Park. Total revenue generated for fiscal year 2010 for SPLOST program was \$10.2 million with expenditures totaling \$13.6 million. Most projects for this SPLOST series are complete. Therefore, spending should decrease until the end of the SPLOST series. 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, 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 eighteen consecutive fiscal years from 1991 to 2009. 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 awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such 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 award.

In addition, the City received the GFOA Distinguished Budget Award for the seventeenth consecutive year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy 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. This document 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 maintain the daily 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,

A handwritten signature in black ink, appearing to read 'Alfred D. Lott', with a horizontal line extending to the right.

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

A handwritten signature in black ink, appearing to read 'Krista M. Newton', with a horizontal line extending to the right.

Krista M. Newton
Director of Finance

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, 2009

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



President

Executive Director

CITY OF ALBANY, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2010

ELECTED

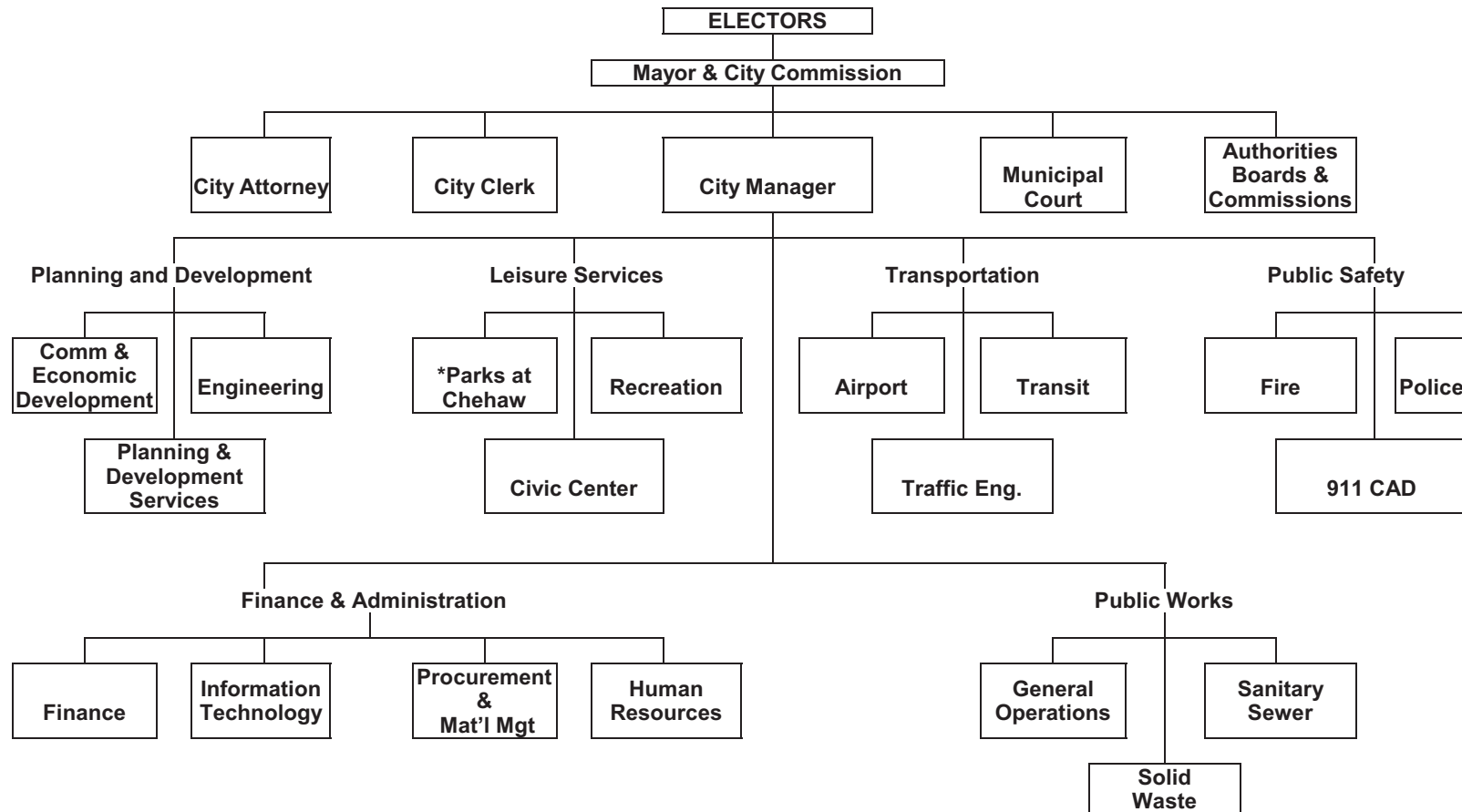
Dr. Willie Adams	At Large	Mayor
Jon B. Howard	Ward I	Commissioner
Dorothy Hubbard	Ward II	Commissioner
Christopher Pike	Ward III	Mayor Pro Tem/Commissioner
Roger B. Marietta	Ward IV	Commissioner
Robert B. Langstaff, Jr.	Ward V	Commissioner
Tommie Postell	Ward VI	Commissioner

STAFF

Alfred Lott	City Manager
Kris Newton	Director of Finance

CITY OF ALBANY, GEORGIA

ORGANIZATION CHART JUNE 30, 2010



*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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Albany, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, Georgia as of June 30, 2010, 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 December 28, 2009, 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.

The Management's Discussion and Analysis on pages 4 through 22 and the Required Supplementary Information on page 113 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, are 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
December 21, 2010

CITY OF ALBANY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2010

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 \$256,259,959. Of this amount, \$58,470,432 (22.8%) 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 \$108,796,120. This represented a decrease of \$741,551 (.67%) 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 \$147,463,839. This represented an increase of \$12,444,325 (9%) 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 \$24,800,532 as of June 30, 2010. Of this amount, \$22,402,480 (90.3%) was unreserved.
- ❑ The General Fund had revenues of \$55,286,344 for the current fiscal year. Of this amount, \$15,317,387 (27.7%) was from property taxes and \$8,619,653 (15.6%) was from sales taxes.

Debt Obligations

- ❑ Long-term debt obligations from primary governmental activities decreased \$5,669,515 (19%) from \$29,914,869 at June 30, 2009, to \$24,245,354 at June 30, 2010.
- ❑ Long-term debt obligations from business type activities decreased \$2,484,854 (6.7%) from \$37,129,280 at June 30, 2009 to \$34,644,426 at June 30, 2010.

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: Seven (7) Special Revenue Funds (Hotel/Motel Tax Fund, ARRA Fund, Tax Allocation District Fund, Computer Aided Dispatch, Albany-Dougherty Inner City Authority, Grant Fund, and Gortatowsky Fund); one (1) Debt Service Fund (Debt Service Fund); and one (1) Capital Projects Fund (Public Improvement Fund). Data on these 9 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 eighth 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 changed 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, 2009 and June 30, 2010, are included in the MD&A.

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 \$256,259,959 as of June 30, 2010.

As shown on Table 1, the largest portion of the City's net assets, \$178.9 million (69.8%), 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, \$18.9 million (7.4%), 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 \$58.5 million (22.8%) 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, 2010, 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current and Other Assets	\$84,571,512	\$78,777,966	\$22,291,542	\$26,926,710	\$106,863,054	\$105,704,676
Capital Assets	98,820,085	96,368,312	123,865,865	123,385,793	222,685,950	219,754,105
TOTAL ASSETS	183,391,597	175,146,278	146,157,407	150,312,503	329,549,004	325,458,781
Current and Other Liabilities	22,124,747	18,816,759	5,877,025	7,023,991	28,001,772	25,840,750
Long Term Liabilities	13,803,011	21,310,005	31,484,262	33,750,841	45,287,273	55,060,846
TOTAL LIABILITIES	35,927,758	40,126,764	37,361,287	40,774,832	73,289,045	80,901,596
Net Assets:						
Invested in capital asset, net of related debt	88,743,491	78,428,752	90,125,991	87,159,039	178,869,482	165,587,791
Restricted	13,177,567	16,456,922	5,742,478	3,009,678	18,920,045	19,466,600
Unrestricted	45,542,781	40,133,840	12,927,651	19,368,954	58,470,432	59,502,794
TOTAL NET ASSETS	\$147,463,839	\$135,019,514	\$108,796,120	\$109,537,671	\$256,259,959	\$244,557,185

In Table 1 (a), the 2010 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. In Table 2(a), the 2009 and 2010 Statement of Activities for the primary government is compared. Revenues increased by \$7.9 million from 2009 to 2010, the total expenditures for the same periods decreased by \$2.7 million.

TABLE 1 (a)

<p style="text-align: center;">City of Albany Comparison of Net Assets for Primary Government Fiscal Years 2009 and 2010</p>			
	Total Primary Government FY 2010	Total Primary Government FY 2009	Increase (Decrease)
Current and Other Assets	\$106,863,054	\$105,704,676	\$1,158,378
Capital Assets	222,685,950	219,754,105	2,931,845
TOTAL ASSETS	329,549,004	325,458,781	4,090,223
Current and Other Liabilities	28,286,126	25,840,750	2,445,376
Long Term Liabilities	45,002,919	55,060,846	(10,057,927)
TOTAL LIABILITIES	73,059,355	80,901,596	(7,612,551)
Net Assets:			
Invested in capital asset, net of related debt:	178,869,482	165,587,791	13,281,691
Restricted	18,920,045	19,466,600	(546,555)
Unrestricted	58,470,432	59,502,794	(1,032,362)
TOTAL NET ASSETS	\$ 256,489,649	\$ 244,557,185	\$11,932,464

TABLE 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 8,079,075	\$ 6,900,390	\$ 37,434,398	\$ 38,090,115	\$ 45,513,473	\$ 44,990,505
Operating Grants and Contributions	21,613,472	18,090,264	1,175,803	1,678,305	22,789,275	19,768,569
Capital Grants and Contributions	14,719,811	2,033,058	3,114,877	2,872,902	17,834,688	4,905,960
<u>General Revenues:</u>						
Property taxes	15,324,267	13,964,606			15,324,267	13,964,606
Sales taxes	8,932,040	18,269,427			8,932,040	18,269,427
Other taxes	9,402,309	9,513,267			9,402,309	9,513,267
Investment income	874,098	1,163,072	71,199	251,223	945,297	1,414,295
Gain (loss) on sale or disposal of capital assets	-				-	-
Transfers	46,962	(2,883,904)	(46,962)	2,883,904	-	-
TOTAL REVENUES	78,992,034	67,050,180	41,749,315	45,776,449	120,741,349	112,826,629
<u>Expenses:</u>						
General government	10,854,334	12,215,564			10,854,334	12,215,564
Judicial	1,057,836	952,323			1,057,836	952,323
Public safety	31,544,927	31,206,297			31,544,927	31,206,297
Public works	7,393,923	7,695,464			7,393,923	7,695,464
Parks and recreation	6,684,312	9,079,385			6,684,312	9,079,385
Community development	7,447,371	5,591,053			7,447,371	5,591,053
Community service	398,458	399,347			398,458	399,347
Interest on long-term debt	1,166,548	1,549,738			1,166,548	1,549,738
Sewer			14,569,098	14,402,906	14,569,098	14,402,906
Solid waste			8,092,385	8,499,616	8,092,385	8,499,616
Airport			2,626,279	2,415,280	2,626,279	2,415,280
Public Employee Deposit			12,036,183	13,042,126	12,036,183	13,042,126
Transit			3,092,032	2,902,980	3,092,032	2,902,980
Civic Center			1,913,705	1,603,124	1,913,705	1,603,124
Municipal Auditorium			161,184	192,119	161,184	192,119
TOTAL EXPENSES	66,547,709	68,689,171	42,490,866	43,058,151	109,038,575	111,747,322
CHANGE IN NET ASSETS	12,444,325	(1,638,991)	(741,551)	2,718,298	11,702,774	1,079,307
Net Assets - Beg. Of Year	135,019,514	136,658,505	109,537,671	106,819,373	244,557,185	243,477,878
Net Assets - End Of Year	\$ 147,463,839	\$ 135,019,514	\$ 108,796,120	\$ 109,537,671	\$ 256,259,959	\$ 244,557,185

TABLE 2 (a)

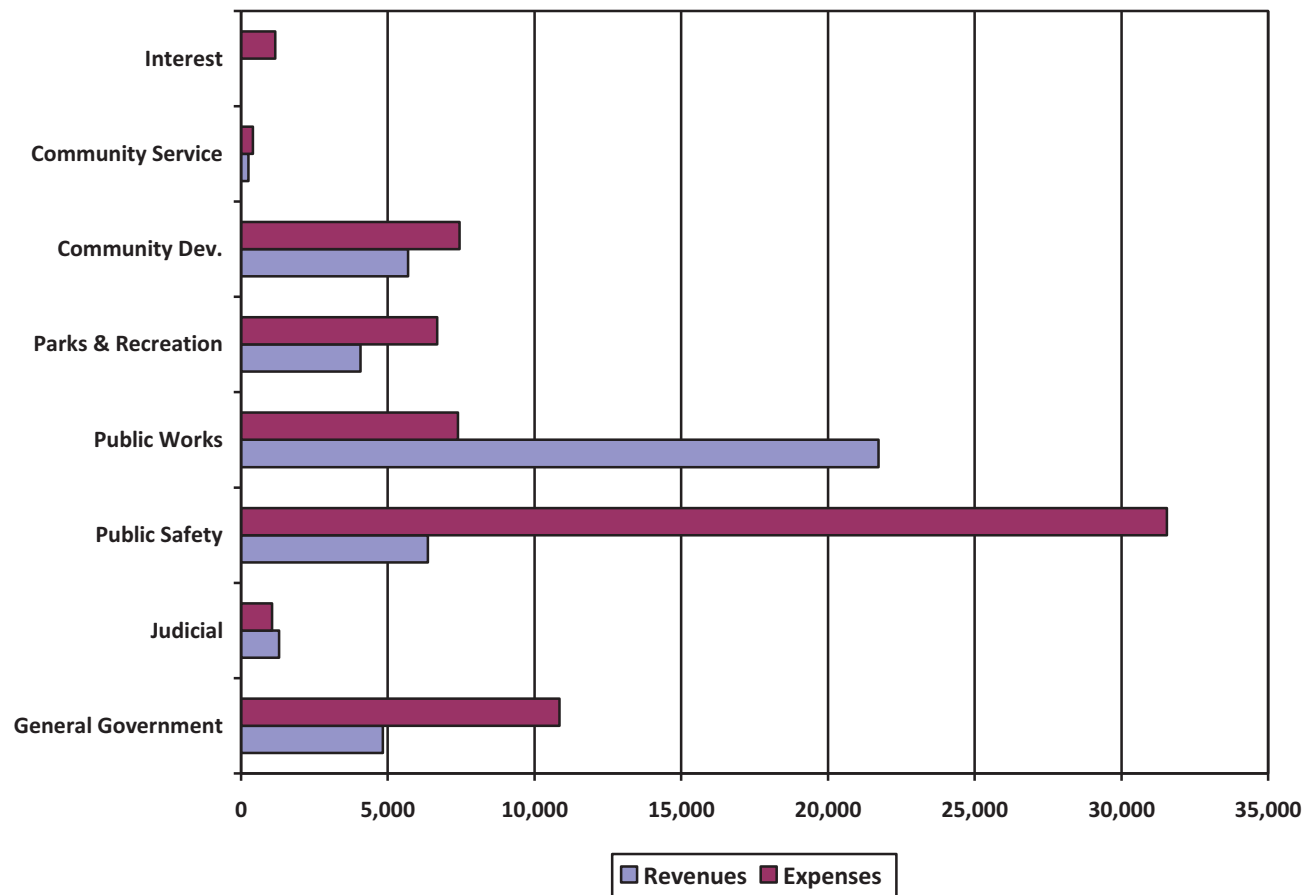
City of Albany
Comparison of Statement of Activities for Primary Government
Fiscal Years 2009 and 2010

	Total Primary Government Activities- 2009	Total Primary Government Activities- 2010	Increase (Decrease)
Revenues:			
<u>Program Revenues:</u>			
Charges for Services	\$ 44,990,505	\$ 45,513,473	\$ 522,968
Operating Grants and Contributions	19,768,569	22,789,275	3,020,706
Capital Grants and Contributions	4,905,960	17,834,688	12,928,728
<u>General Revenues:</u>			
Property taxes	13,964,606	15,324,267	1,359,661
Sales taxes	18,269,427	8,932,040	(9,337,387)
Other taxes	9,513,267	9,402,309	(110,958)
Investment income	1,414,295	945,297	(468,998)
TOTAL REVENUES	112,826,629	120,741,349	7,914,720
Expenses:			
General government	12,215,564	10,854,334	(1,361,230)
Judicial	952,323	1,057,836	105,513
Public safety	31,206,297	31,544,927	338,630
Public works	7,695,464	7,393,923	(301,541)
Parks and recreation	9,079,385	6,684,312	(2,395,073)
Community development	5,591,053	7,447,371	1,856,318
Community service	399,347	398,458	(889)
Interest on long-term debt	1,549,738	1,166,548	(383,190)
Sewer	14,402,906	14,569,098	166,192
Solid waste	8,499,616	8,092,385	(407,231)
Airport	2,415,280	2,626,279	210,999
Public employee deposit	13,042,126	12,036,183	(1,005,943)
Transit	2,902,980	3,092,032	189,052
Civic Center	1,603,124	1,913,705	310,581
Municipal Auditorium	192,119	161,184	(30,935)
TOTAL EXPENSES	111,747,322	109,038,575	(2,708,747)
CHANGE IN NET ASSETS	\$ 1,079,307	\$ 11,702,774	\$ 10,623,467

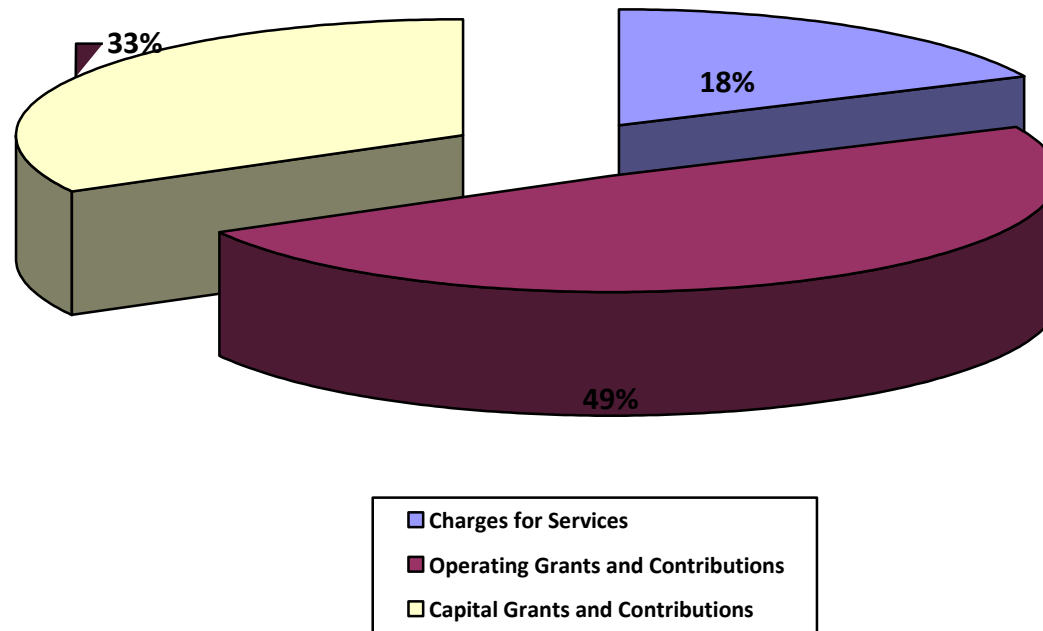
Governmental Activities

Governmental Activities increased the City of Albany's net assets by \$12,444,325. Revenues from governmental activities totaled \$78,992,034; with sales taxes (11.3%), property taxes (19.4%), operating grants (27.4%), other taxes (11.9%), and charges for services (10.2%) contributing over \$63,351,163 of the City's revenues. Expenses for governmental activities were \$66,547,709, of which 67% was supported from program revenues and 33% from general revenues. Expenses for Public Safety (47%), General Government (16%), Public Works Admin & Streets (11%) make up 74% of the total expense for governmental activities.

Expenses and Program Revenues - Governmental Activities (in thousands)



Government Activities - Breakout of Program Revenue



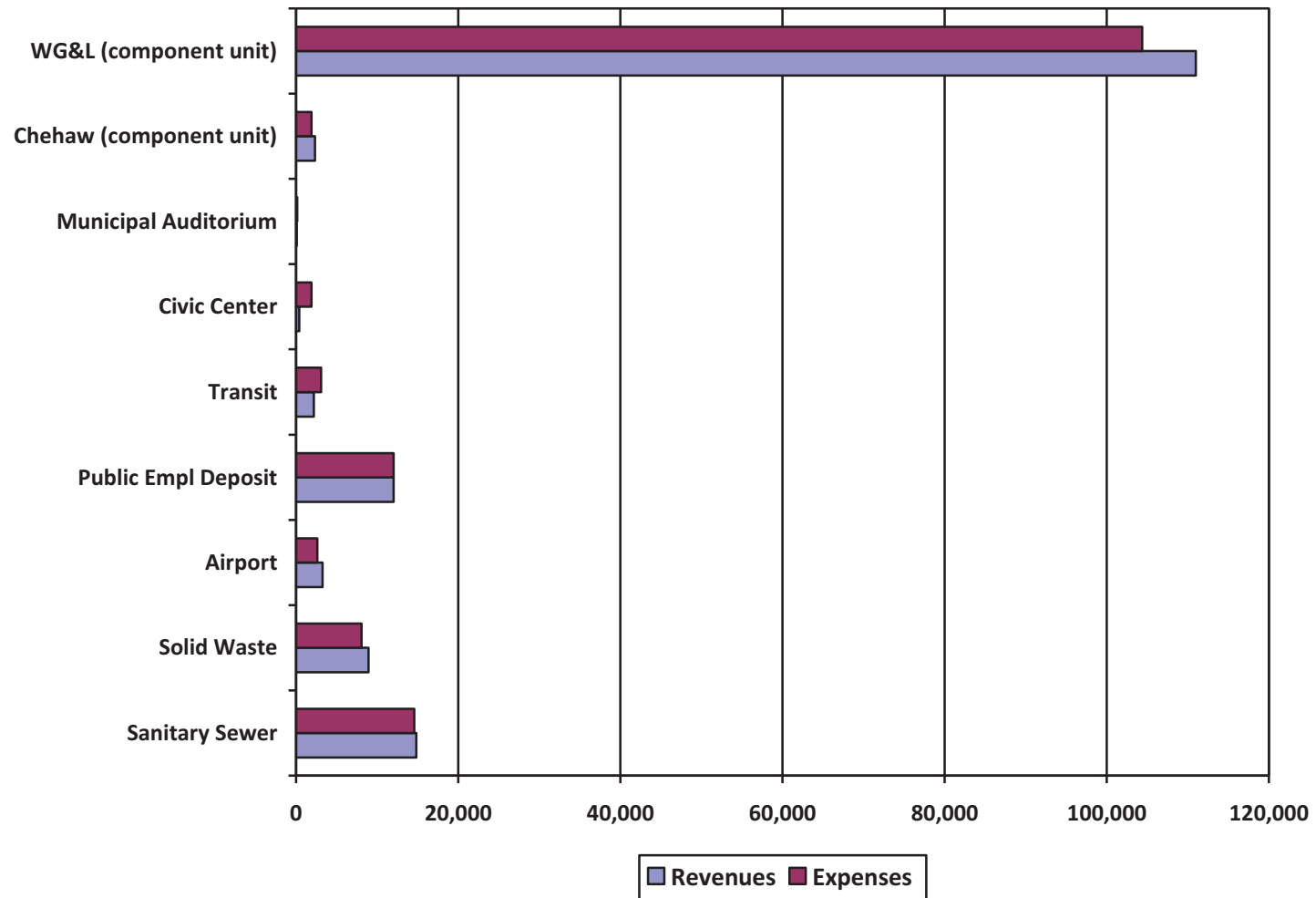
Business-type Activities

Business-type activities decreased the City of Albany's net assets by \$741,551. As of June 30, 2010, total business-type net assets were \$108,796,120 of which \$90,125,991 was invested in capital assets; \$5,742,478 was restricted; and \$12,927,651 was unrestricted.

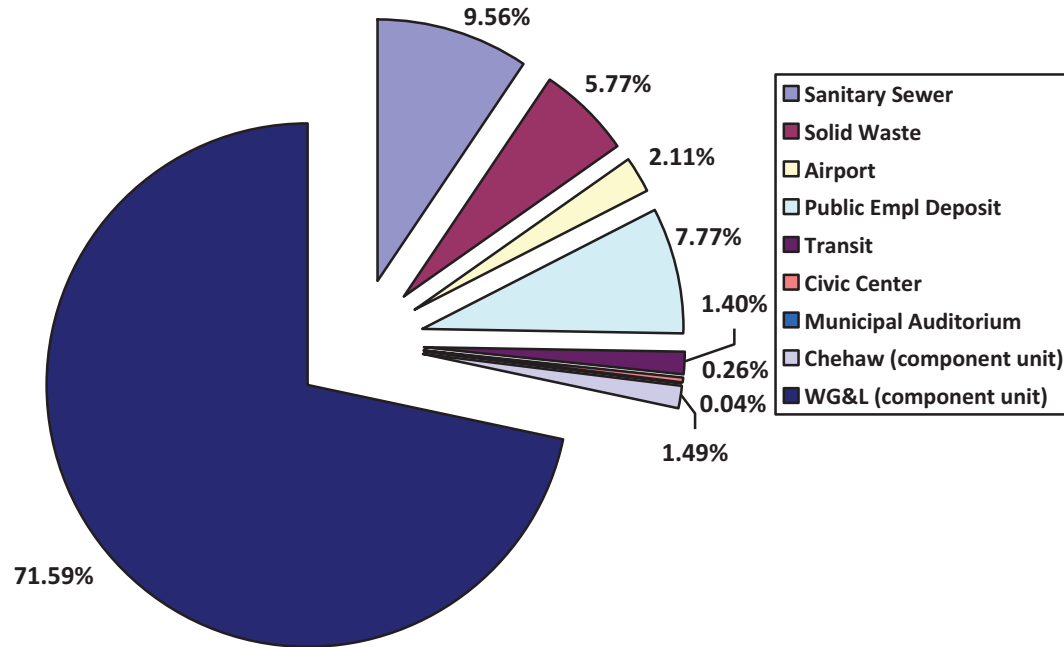
Revenues totaled \$41,749,315 with 99% of revenues coming from Program Revenues and <1% coming from General Revenues. (See chart "Business-Type Activities – Breakout of Program Revenues"). Total expenses were \$42,490,866. The largest expenditures were Public Employee Deposit (28%) and Sewer (34%).

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 Activites (in thousands)



Business Type Activites - Breakout of Program Revenue



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 \$54,030,450 an increase of \$4,152,575 in comparison from the prior year. Ninety-three percent (\$50,441,041) constituted unreserved fund balance, which is available for spending at the government's discretion. The remaining seven percent of the fund balance (\$3,589,409) is reserved to indicate that it is not available for new spending. This amount has been committed to Inventories (\$255,393); Prepaid Items (\$32,241); Advances to other funds (\$3,248,923); Program expenditures (\$46,041); and Debt Service (\$6,811).

The General Fund is the chief operating fund of the City. As of June 30, 2010, the *unreserved* fund balance in the general fund was \$22,402,480; the total fund balance was \$24,800,532 – an increase of \$1,877,762 over 2009.

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 44.2% of the total general fund expenditures, while total fund balance represents 48.9% of that same amount. When *transfers out* are added to *expenditures*, the unreserved fund balance represents 40.5% of expenditures plus transfers, while the total fund represents 44.8% of this amount.

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

Transfer in From Other funds (\$1,524,617) represents a transfer from the Hotel/Motel Tax Fund and the Debt Service Fund. Transfer in from component units (\$7,467,193) 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 (\$488,399); Transit Fund (\$393,531); Civic Center Fund (\$765,871); ADICA (\$350,730); Public Improvement Fund (\$2,191,305) Self-Insurance Fund (\$392,998) and Auditorium Fund (\$19,748).

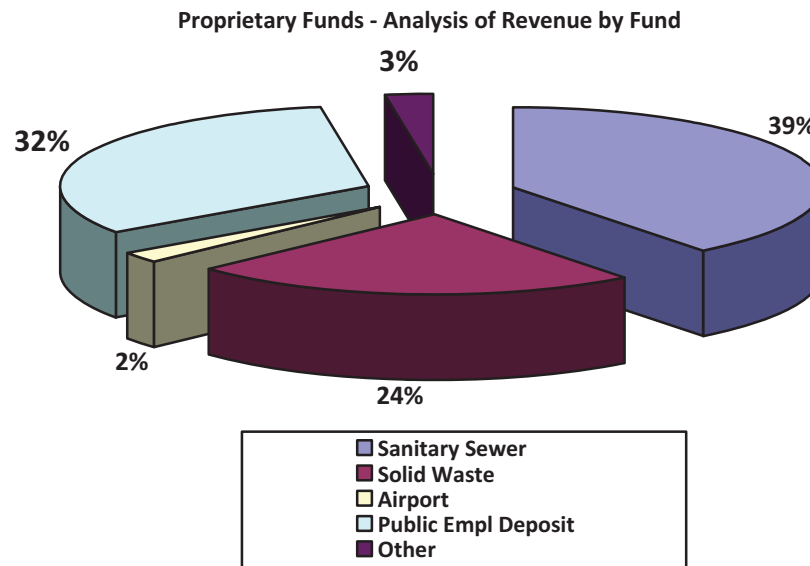
During the fiscal year ended June 30, 2010, the City's General Fund balance increased by \$1,877,762. The following contributed to the change:

- ❑ Actual revenues surpassed budgeted revenues by \$1,677,022;
- ❑ Total actual revenues for 2010 exceeded 2009 revenues by \$3,911,043;
- ❑ Actual expenditures were \$2,245,487 under budgeted expenditures.

The primary factors causing General Fund revenues to surpass budget include: Intergovernmental revenues were \$1,393,098 over budget; Property taxes were \$761,369 over budget as the prior year's contested taxes were paid; and Fines and Forfeitures Revenue were over budget by \$275,954. Revenues from Licenses and Permits were under budget by \$112,697, Sales Taxes were under \$130,347; Charges for Services were under budget by \$148,627 and Other Taxes were \$170,458 under budget.

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, 2010, the proprietary funds had total operating revenues of \$37,434,398. Based on revenues, the largest proprietary fund is the Sanitary Sewer Fund (39%) followed by the Public Employee Deposit Fund (32%). See chart below for an overview of revenue by proprietary fund.



The change in net assets for Proprietary Funds was \$(832,229) (representing a .7% decrease from the prior year's adjusted net asset balance of \$109,173,480. The \$(832,229) net change was the result of the following:

Sanitary Sewer Fund	\$	91,756
Solid Waste Fund	\$	(1,364,146)
Airport Fund	\$	1,135,297
Public Employee Deposit Fund	\$	-
Other Enterprise Funds	\$	(695,136)

The managements of both the Sanitary Sewer Fund and the Solid Waste Fund made the decision to impose lower user fees for 2010 to reduce the impact of the economic downturn on our citizens.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's revenues were 3.1% over the budgeted amount. Because of the relatively flat economy, the City was conservative in estimating tax and license revenue. Similarly, the City's expenditures were 4.2% under budget. This was the result of the City aggressively monitoring costs.

TABLE 3

CITY OF ALBANY, GEORGIA
GENERAL FUND
Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	\$ 14,556,018	14,556,018	15,317,387	\$ 761,369
Sales taxes	8,750,000	8,750,000	8,619,653	(130,347)
Other taxes	8,301,334	8,301,334	8,130,876	(170,458)
Licenses and permits	2,284,286	2,284,286	2,171,589	(112,697)
Intergovernmental	16,568,797	16,568,797	17,961,895	1,393,098
Charges for services	552,738	552,738	404,111	(148,627)
Fines and forfeitures	915,500	915,500	1,191,454	275,954
Interest income	350,000	350,000	264,771	(85,229)
Other	1,330,649	1,330,649	1,224,608	(106,041)
TOTAL REVENUES	\$ 53,609,322	\$ 53,609,322	\$ 55,286,344	\$ 1,677,022
Expenditures:				
General government	9,331,540	10,108,630	9,936,581	172,049
Judicial	1,097,602	1,117,895	987,644	130,251
Public safety	30,130,354	28,895,494	27,334,661	1,560,833
Public works	6,934,538	7,291,289	7,032,597	258,692
Parks and recreation	5,023,027	5,149,774	5,026,116	123,658
Community svc(Subsidized agencies)	469,307	398,462	398,458	4
Debt service interest	-	-	-	-
TOTAL EXPENDITURES	\$ 52,986,368	\$ 52,961,544	\$ 50,716,057	\$ 2,245,487

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, 2010, amounts to \$222,685,950, (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 67 – 71 of this report.

TABLE 4

CITY OF ALBANY			
CAPITAL ASSETS (Net of Depreciation)			
JUNE 30, 2010			
	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated:			
Land	\$ 17,412,048	\$ 10,764,487	\$ 28,176,535
Construction in Progress	4,317,222	3,910,082	8,227,304
Total assets not depreciated	21,729,270	14,674,569	36,403,839
Capital assets being depreciated:			
Buildings and improvements	62,214,160	128,049,542	190,263,702
Equipment and vehicles	26,619,015	29,282,382	55,901,397
Infrastructure	72,157,709	40,726,062	112,883,771
Total assets depreciated	160,990,884	198,057,986	359,048,870
Less accumulated depreciation:			
Buildings and improvements	16,017,237	40,564,245	56,581,482
Equipment and vehicles	14,799,556	17,162,164	31,961,720
Infrastructure	53,083,276	31,140,281	84,223,557
Total accumulated depreciation	83,900,069	88,866,690	172,766,759
Total assets depreciated, net	77,090,815	109,191,296	186,282,111
Capital assets, net	\$ 98,820,085	\$ 123,865,865	\$ 222,685,950

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding is \$57 million – a decrease of \$10 million over the previous year. Of this amount, \$12.4 million is due within one year. General obligation bonds (11%) and Revenue Bonds (59%) make up \$40.2 million of the total. The remaining \$16.8 million is comprised of notes payable, certificates of participation and compensated absences. Additional information regarding the City's long-term debt can be found in Note 6 pages 72 – 92.

TABLE 5

**CITY OF ALBANY LONG TERM DEBT OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Balance at June 30, 2010	Percentage of Total	Due Within One Year
<u>Governmental Activities</u>			
Bonds payable	\$ 6,449,604	11%	\$ 6,115,000
Notes payable	4,625,000	8%	300,000
Certificates of participation	8,137,641	14%	-
Compensated absences	3,170,750	6%	2,853,675
Governmental long-term liabilities	\$ 22,382,995		\$ 9,268,675
<u>Business-Type Activities</u>			
Bonds Payable:			
Revenue bonds	\$ 34,145,000		\$ 2,620,000
Less deferred amts on refunding	(415,547)		-
Total bonds payable	33,729,453	59%	2,620,000
Notes payable	10,421	0%	10,421
Compensated absences	904,552	2%	529,743
Business-Type long-term liabilities	34,644,426		3,160,164
Total primary government liabilities	\$ 57,027,421		\$ 12,428,839

The General Obligation Bonds relate to bonds issued for 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 Notes Payable represents the City's obligations to the Georgia Environmental Facilities Authority for sewer and solid waste system projects, which will be retired in 2011. 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, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
ASSETS					
Cash and cash equivalents	\$ 23,269,575	\$ 15,016,463	\$ 38,286,038	\$ 221,765	\$ 2,583,962
Investments	26,526,590	812,259	27,338,849	-	4,897,894
Taxes receivable	10,598	-	10,598	-	-
Accounts receivable, net of allowances	2,769,504	387,862	3,157,366	1,798	17,551,183
Notes receivable	17,783,321	-	17,783,321	-	-
Inventories	255,393	89,420	344,813	-	3,606,064
Internal balances	7,307,329	(7,307,329)	-	-	-
Due from other governments	4,904,950	884,923	5,789,873	-	-
Due from component unit	1,479,380	4,657,378	6,136,758	-	-
Due from primary government	-	-	-	22,335	-
Prepaid expenses	32,241	27,455	59,696	10,413	179,176
Restricted assets:					
Cash	-	4,561,316	4,561,316	-	486,337
Investments	-	2,774,500	2,774,500	-	7,605,683
Deferred charges	232,631	387,295	619,926	-	357,106
Other assets	-	-	-	-	35,133
Capital assets:					
Non-depreciable	21,729,270	14,674,569	36,403,839	1,973,344	1,453,294
Depreciable, net of accumulated depreciation	77,090,815	109,191,296	186,282,111	6,121,197	76,709,177
 Total assets	 183,391,597	 146,157,407	 329,549,004	 8,350,852	 115,465,009

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
LIABILITIES					
Accounts payable	\$ 4,594,595	\$ 53,106	\$ 4,647,701	\$ 143,845	\$ 6,285,872
Retainage payable	515,628	-	515,628	-	-
Accrued expenses	2,939,352	790,651	3,730,003	44,419	690,332
Claims payable	2,065,139	835,000	2,900,139	-	-
Due to primary government	-	-	-	164,541	5,972,217
Due to component unit	22,335	-	22,335	-	-
Unearned revenues	2,384,419	1,038,104	3,422,523	7,728	-
Payable from restricted assets:					
Advance payments and customer deposits	-	-	-	20,857	1,711,531
Current maturities of long-term debt	-	2,620,000	2,620,000	-	6,850,000
Accrued interest payable	-	-	-	-	70,675
Non-current liabilities:					
Certificates of participation, due in more than one year	8,137,641	-	8,137,641	-	-
Bonds payable, due within one year	6,449,604	-	6,449,604	-	-
Bonds payable, due more than one year	-	31,109,453	31,109,453	-	14,245,524
Notes payable, due within one year	300,000	10,421	310,421	-	-
Notes payable, due more than one year	4,325,000	-	4,325,000	-	-
Capital leases payable, due within one year	-	-	-	-	992,392
Capital leases payable, due more than one year	-	-	-	-	3,946,108
Compensated absences payable, due within one year	2,853,675	814,097	3,667,772	-	1,705,252
Compensated absences payable, due more than one year	317,075	90,455	407,530	-	802,471
Other long-term liabilities	1,023,295	-	1,023,295	-	1,746,782
 Total liabilities	 35,927,758	 37,361,287	 73,289,045	 381,390	 45,019,156

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2010

	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	\$ 88,743,491	\$ 90,125,991	\$ 178,869,482	\$ 8,094,541	\$ 52,128,447
Restricted for:					
Renewal and replacement	-	3,074,831	3,074,831	-	-
Capital projects	13,170,756	-	13,170,756	-	-
Debt service	6,811	2,667,647	2,674,458	-	7,774,846
Unrestricted	45,542,781	12,927,651	58,470,432	(125,079)	10,542,560
Total net assets	<u>\$ 147,463,839</u>	<u>\$ 108,796,120</u>	<u>\$ 256,259,959</u>	<u>\$ 7,969,462</u>	<u>\$ 70,445,853</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, 2010

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	\$ 10,854,334	\$ 2,415,222	\$ 2,414,716	\$ -	\$ (6,024,396)	\$ -	\$ (6,024,396)	\$ -	\$ -
Judicial	1,057,836	1,297,694	-	-	239,858	-	239,858	-	-
Public safety	31,544,927	1,731,747	4,115,564	514,692	(25,182,924)	-	(25,182,924)	-	-
Public works	7,393,923	940,648	12,738,664	8,046,537	14,331,926	-	14,331,926	-	-
Parks and recreation	6,684,312	290,619	314,048	3,645,328	(2,434,317)	-	(2,434,317)	-	-
Community development	7,447,371	1,403,145	1,777,247	2,513,254	(1,753,725)	-	(1,753,725)	-	-
Community service	398,458	-	253,233	-	(145,225)	-	(145,225)	-	-
Interest on long-term debt	1,166,548	-	-	-	(1,166,548)	-	(1,166,548)	-	-
Total governmental activities	66,547,709	8,079,075	21,613,472	14,719,811	(22,135,351)	-	(22,135,351)	-	-
Business-type Activities:									
Sanitary sewer	14,569,098	14,725,910	100,000	-	-	256,812	256,812	-	-
Solid waste	8,092,385	8,844,741	100,000	-	-	852,356	852,356	-	-
Airport	2,626,279	878,643	160,444	2,232,138	-	644,946	644,946	-	-
Public employee deposit	12,036,183	12,042,502	-	-	-	6,319	6,319	-	-
Transit	3,092,032	476,251	815,359	882,739	-	(917,683)	(917,683)	-	-
Civic Center	1,913,705	404,489	-	-	-	(1,509,216)	(1,509,216)	-	-
Municipal Auditorium	161,184	61,862	-	-	-	(99,322)	(99,322)	-	-
Total business-type activities	42,490,866	37,434,398	1,175,803	3,114,877	-	(765,788)	(765,788)	-	-
Total primary government	\$ 109,038,575	\$ 45,513,473	\$ 22,789,275	\$ 17,834,688	\$ (22,135,351)	\$ (765,788)	\$ (22,901,139)	\$ -	\$ -
Component Units:									
Chehaw Park Authority	\$ 1,913,413	\$ 623,222	\$ 1,694,039	\$ -	\$ -	\$ -	\$ -	\$ 403,848	\$ -
Water, Gas & Light Commission	104,393,508	109,980,150	-	1,000,000	-	-	-	-	6,586,642
Total component units	\$ 106,306,921	\$ 110,603,372	\$ 1,694,039	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 403,848	\$ 6,586,642
General revenues:									
Property taxes					\$ 15,324,267	\$ -	\$ 15,324,267	\$ -	\$ -
Sales taxes					8,932,040	-	8,932,040	-	-
Franchise taxes					2,290,921	-	2,290,921	-	-
Insurance premium tax					4,279,238	-	4,279,238	-	-
Alcoholic beverage tax					1,434,095	-	1,434,095	-	-
Hotel/Motel tax					1,271,433	-	1,271,433	-	-
Other taxes					126,622	-	126,622	-	-
Investment income					874,098	71,199	945,297	92	329,650
Gain on sale of assets					-	-	-	-	14,377
Transfers					46,962	(46,962)	-	-	-
Total general revenues and transfers					34,579,676	24,237	34,603,913	92	344,027
Change in net assets					12,444,325	(741,551)	11,702,774	403,940	6,930,669
Net assets - beginning of year, restated					135,019,514	109,537,671	244,557,185	7,565,522	63,515,184
Net assets - end of year					\$ 147,463,839	\$ 108,796,120	\$ 256,259,959	\$ 7,969,462	\$ 70,445,853

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

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2010**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,813,343	\$ 3,211,446	\$ 8,992,936	\$ 2,964,067	\$ 17,981,792
Investments	15,826,349	-	4,637,202	6,062,937	26,526,488
Receivables, net of allowance:					
Taxes	10,598	-	-	-	10,598
Accounts	1,847,203	720	-	921,581	2,769,504
Notes	-	17,765,522	-	17,799	17,783,321
Due from other funds	7,661,801	-	-	3,001,077	10,662,878
Due from other governments	2,145,528	368,364	1,466,069	924,989	4,904,950
Due from component units	1,163,380	-	-	316,000	1,479,380
Inventories	255,393	-	-	-	255,393
Prepaid items	32,241	-	-	-	32,241
Advance to other funds	2,110,418	-	-	1,138,505	3,248,923
Total assets	<u>\$ 33,866,254</u>	<u>\$ 21,346,052</u>	<u>\$ 15,096,207</u>	<u>\$ 15,346,955</u>	<u>\$ 85,655,468</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,163,887	\$ 421,441	\$ 1,756	\$ 7,511	\$ 4,594,595
Retainage payable	-	-	515,628	-	515,628
Accrued liabilities	2,620,139	160,586	-	-	2,780,725
Due to other funds	1,918,451	100,228	1,079,296	1,656,497	4,754,472
Due to component units	-	-	22,335	-	22,335
Deferred revenues	363,245	17,765,522	306,436	522,060	18,957,263
Total liabilities	<u>9,065,722</u>	<u>18,447,777</u>	<u>1,925,451</u>	<u>2,186,068</u>	<u>31,625,018</u>

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2010**

	General	Community	SPLOST	Other	Total
	Fund	Development	Fund	Governmental	Governmental
FUND BALANCES		Fund		Funds	Funds
Reserved:					
Reserved for inventories	\$ 255,393	\$ -	\$ -	\$ -	\$ 255,393
Reserved for prepaid items	32,241	-	-	-	32,241
Reserved for advances to other funds	2,110,418	-	-	1,138,505	3,248,923
Reserved for program expenditures	-	-	-	46,041	46,041
Reserved for debt service	-	-	-	6,811	6,811
Unreserved, reported in:					
General fund	22,402,480	-	-	-	22,402,480
Special revenue funds	-	2,898,275	-	2,765,720	5,663,995
Capital projects funds	-	-	13,170,756	9,203,810	22,374,566
Total fund balances	<u>24,800,532</u>	<u>2,898,275</u>	<u>13,170,756</u>	<u>13,160,887</u>	<u>54,030,450</u>
Total liabilities and fund balances	<u>\$ 33,866,254</u>	<u>\$ 21,346,052</u>	<u>\$ 15,096,207</u>	<u>\$ 15,346,955</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.	98,820,085
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	16,572,844
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.	1,372,746
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(23,332,286)
Net assets of governmental activities	<u>\$ 147,463,839</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, 2010

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 15,317,387	\$ -	\$ -	\$ 6,880	\$ 15,324,267
Sales taxes	8,619,653	-	-	-	8,619,653
Other taxes	8,130,876	-	-	1,271,433	9,402,309
Licenses and permits	2,171,589	-	-	-	2,171,589
Intergovernmental	17,961,895	2,348,846	10,763,310	5,259,232	36,333,283
Charges for services	404,111	806,734	-	1,755,718	2,966,563
Fines and forfeitures	1,191,454	-	-	-	1,191,454
Interest income	264,771	2,751	43,608	552,633	863,763
Other	1,224,608	1,054,807	3,678	1,066	2,284,159
Total revenues	<u>55,286,344</u>	<u>4,213,138</u>	<u>10,810,596</u>	<u>8,846,962</u>	<u>79,157,040</u>
Expenditures:					
Current:					
General government	9,936,581	-	-	-	9,936,581
Judicial	987,644	-	-	68,860	1,056,504
Public safety	27,334,661	-	-	3,090,822	30,425,483
Public works	7,032,597	-	-	36,204	7,068,801
Parks and recreation	5,026,116	-	-	25,349	5,051,465
Community development	-	4,142,385	-	2,854,079	6,996,464
Community service	398,458	-	-	-	398,458
Capital outlay	-	-	7,303,594	2,332,587	9,636,181
Debt service:					
Principal	-	300,000	5,905,000	-	6,205,000
Interest	-	232,869	502,045	521,861	1,256,775
Bond issuance cost	-	-	-	210,330	210,330
Total expenditures	<u>50,716,057</u>	<u>4,675,254</u>	<u>13,710,639</u>	<u>9,140,092</u>	<u>78,242,042</u>
Excess (deficiency) of revenues over expenditures	<u>4,570,287</u>	<u>(462,116)</u>	<u>(2,900,043)</u>	<u>(293,130)</u>	<u>914,998</u>

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Proceeds from sale of assets	\$ 385,440	\$ 160,900	\$ -	\$ -	\$ 546,340
Issuance of bonds payable	-	-	-	310,330	310,330
Transfers in	1,524,617	-	383,302	6,821,489	8,729,408
Transfers out	(4,602,582)	-	-	(1,745,919)	(6,348,501)
Total other financing sources (uses)	<u>(2,692,525)</u>	<u>160,900</u>	<u>383,302</u>	<u>5,385,900</u>	<u>3,237,577</u>
 Net change in fund balances	 1,877,762	 (301,216)	 (2,516,741)	 5,092,770	 4,152,575
 Fund balances, beginning of year	 <u>22,922,770</u>	 <u>3,199,491</u>	 <u>15,687,497</u>	 <u>8,068,117</u>	 <u>49,877,875</u>
 Fund balances, end of year	 <u><u>\$ 24,800,532</u></u>	 <u><u>\$ 2,898,275</u></u>	 <u><u>\$ 13,170,756</u></u>	 <u><u>\$ 13,160,887</u></u>	 <u><u>\$ 54,030,450</u></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, 2010

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

Net change in fund balances - total governmental funds	\$ 4,152,575
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.	5,547,886
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(3,096,113)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(222,303)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,108,883
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.	(711,863)
Internal service funds are used by management to charge the costs of insurance to individual funds.	261,927
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>403,333</u>
Change in net assets of governmental activities	<u>\$ 12,444,325</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, 2010

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:							
Property taxes	\$ 14,556,018	\$ 14,556,018	\$ 15,317,387	\$ 761,369	\$ -	\$ -	\$ -
Sales taxes	8,750,000	8,750,000	8,619,653	(130,347)	-	-	-
Other taxes	8,301,334	8,301,334	8,130,876	(170,458)	-	-	-
Licenses and permits	2,284,286	2,284,286	2,171,589	(112,697)	-	-	-
Intergovernmental	16,568,797	16,568,797	17,961,895	1,393,098	1,812,737	2,348,846	536,109
Charges for services	552,738	552,738	404,111	(148,627)	70,680	806,734	736,054
Fines and forfeitures	915,500	915,500	1,191,454	275,954	-	-	-
Interest income	350,000	350,000	264,771	(85,229)	-	2,751	2,751
Other	1,330,649	1,330,649	1,224,608	(106,041)	821,025	1,054,807	233,782
Total revenues	53,609,322	53,609,322	55,286,344	1,677,022	2,704,442	4,213,138	1,508,696
Expenditures:							
Current:							
General government:							
Legislative	518,013	593,013	531,976	61,037	-	-	-
Administrative	1,161,377	1,237,533	1,054,028	183,505	-	-	-
Human resources	1,831,509	2,229,098	2,576,376	(347,278)	-	-	-
Procurement and materials mgmt.	512,380	536,525	507,350	29,175	-	-	-
Printing	207,794	207,794	276,175	(68,381)	-	-	-
Materials management	275,870	275,870	253,797	22,073	-	-	-
Finance	2,687,644	2,782,556	2,681,889	100,667	-	-	-
Information technology	1,641,404	1,573,701	1,409,278	164,423	-	-	-
Risk management	495,549	495,549	485,534	10,015	-	-	-
311 Customer response management	-	176,991	160,178	16,813	-	-	-
Total general government	9,331,540	10,108,630	9,936,581	172,049	-	-	-
Judicial:							
Municipal court	496,910	516,622	476,862	39,760	-	-	-
City Attorney	600,692	601,273	510,782	90,491	-	-	-
Total judicial	1,097,602	1,117,895	987,644	130,251	-	-	-

(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, 2010

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Expenditures:							
Current:							
Public safety:							
Police	\$ 16,264,697	\$ 14,946,797	\$ 14,030,616	\$ 916,181	\$ -	\$ -	\$ -
Fire	12,035,331	12,086,350	11,633,937	452,413	-	-	-
Planning and development services	1,371,668	1,405,444	1,231,873	173,571	-	-	-
Marshal division	382,958	381,203	372,885	8,318	-	-	-
SWAT Team	75,700	75,700	65,350	10,350	-	-	-
Total public safety	30,130,354	28,895,494	27,334,661	1,560,833	-	-	-
Public works:							
Administration	233,408	339,488	318,725	20,763	-	-	-
Engineering	3,695,751	3,734,910	3,597,431	137,479	-	-	-
Code enforcement	917,630	1,129,142	1,103,433	25,709	-	-	-
Street maintenance	2,087,749	2,087,749	2,013,008	74,741	-	-	-
Total public works	6,934,538	7,291,289	7,032,597	258,692	-	-	-
Parks and recreation:							
Administration	337,842	464,589	477,446	(12,857)	-	-	-
Parks	2,791,671	2,791,671	2,865,425	(73,754)	-	-	-
Park development and management	1,213,874	1,213,874	1,006,218	207,656	-	-	-
Turner Golf Course	420,217	420,217	415,974	4,243	-	-	-
Cemetery	259,423	259,423	261,053	(1,630)	-	-	-
Total parks and recreation	5,023,027	5,149,774	5,026,116	123,658	-	-	-
Community development	-	-	-	-	2,171,573	4,142,385	(1,970,812)
Community service, various subsidized agencies	469,307	398,462	398,458	4	-	-	-

(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, 2010

	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	-	-	-	-	232,869	232,869	-
Total expenditures	<u>52,986,368</u>	<u>52,961,544</u>	<u>50,716,057</u>	<u>2,245,487</u>	<u>2,704,442</u>	<u>4,675,254</u>	<u>(1,970,812)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>622,954</u>	<u>647,778</u>	<u>4,570,287</u>	<u>3,922,509</u>	<u>-</u>	<u>(462,116)</u>	<u>(462,116)</u>
Other financing sources (uses):							
Proceeds from sale of assets	200,000	200,000	385,440	185,440	-	160,900	160,900
Transfers in	-	-	1,524,617	1,524,617	-	-	-
Transfers out	(822,954)	(847,778)	(4,602,582)	(3,754,804)	-	-	-
Total other financing sources (uses)	<u>(622,954)</u>	<u>(647,778)</u>	<u>(2,692,525)</u>	<u>(2,044,747)</u>	<u>-</u>	<u>160,900</u>	<u>160,900</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,877,762</u>	<u>\$ 1,877,762</u>	<u>\$ -</u>	<u>(301,216)</u>	<u>\$ (301,216)</u>
Fund balance, beginning of year			<u>22,922,770</u>			<u>3,199,491</u>	
Fund balance, end of year			<u>\$ 24,800,532</u>			<u>\$ 2,898,275</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, 2010**

ASSETS	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CURRENT ASSETS							
Cash	\$ 13,619,963	\$ 26,291	\$ 1,012,844	\$ 292,275	\$ 65,090	\$ 15,016,463	\$ 5,287,783
Restricted cash	4,561,316	-	-	-	-	4,561,316	-
Restricted investments	2,774,500	-	-	-	-	2,774,500	-
Investments	812,258	-	-	1	-	812,259	102
Accounts receivable, net of allowances	289,343	-	96,308	-	2,211	387,862	-
Inventories	-	-	-	-	89,420	89,420	-
Prepaid expenses	-	-	25,200	2,255	-	27,455	-
Due from other governments	-	-	369,499	-	515,424	884,923	-
Due from other funds	-	-	-	175,467	-	175,467	-
Due from component unit	2,348,399	1,943,977	-	365,002	-	4,657,378	-
Total current assets	24,405,779	1,970,268	1,503,851	835,000	672,145	29,387,043	5,287,885
NONCURRENT ASSETS							
Deferred bond issuance, unamortized balance	387,295	-	-	-	-	387,295	-
Capital assets:							
Non-depreciable	5,988,989	907,035	4,711,159	-	3,067,386	14,674,569	-
Depreciable, net of accumulated depreciation	70,558,252	2,903,197	22,675,224	-	13,054,623	109,191,296	-
Total noncurrent assets	76,934,536	3,810,232	27,386,383	-	16,122,009	124,253,160	-
Total assets	101,340,315	5,780,500	28,890,234	835,000	16,794,154	153,640,203	5,287,885

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	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	\$ 1,472	\$ 1,411	\$ -	\$ -	\$ 50,223	\$ 53,106	\$ -
Accrued liabilities	790,651	-	-	-	-	790,651	-
Claims payable	-	-	-	835,000	-	835,000	2,065,139
Current portion - notes payable	10,421	-	-	-	-	10,421	-
Current portion - compensated absences	319,898	300,763	34,178	-	159,258	814,097	-
Due to other funds	3,260,878	550,403	851,714	-	25,747	4,688,742	1,395,131
Deferred revenues	26,493	-	900,981	-	110,630	1,038,104	-
	<u>4,409,813</u>	<u>852,577</u>	<u>1,786,873</u>	<u>835,000</u>	<u>345,858</u>	<u>8,230,121</u>	<u>3,460,270</u>
Payable from restricted assets:							
Revenue bonds payable, current	<u>2,620,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,620,000</u>	<u>-</u>
Total current liabilities	<u>7,029,813</u>	<u>852,577</u>	<u>1,786,873</u>	<u>835,000</u>	<u>345,858</u>	<u>10,850,121</u>	<u>3,460,270</u>
NONCURRENT LIABILITIES							
Advance from other funds	677,795	2,571,128	-	-	-	3,248,923	-
Revenue bonds payable, net of current portion	31,109,453	-	-	-	-	31,109,453	-
Compensated absences, net of current portion	35,544	33,418	3,798	-	17,695	90,455	-
Total long-term liabilities	<u>31,822,792</u>	<u>2,604,546</u>	<u>3,798</u>	<u>-</u>	<u>17,695</u>	<u>34,448,831</u>	<u>-</u>
Total liabilities	<u>38,852,605</u>	<u>3,457,123</u>	<u>1,790,671</u>	<u>835,000</u>	<u>363,553</u>	<u>45,298,952</u>	<u>3,460,270</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	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	\$ 42,807,367	\$ 3,810,232	\$ 27,386,383	\$ -	\$ 16,122,009	\$ 90,125,991	\$ -
Restricted for renewal and replacement	3,074,831	-	-	-	-	3,074,831	-
Restricted for debt service	2,667,647	-	-	-	-	2,667,647	-
Unrestricted (deficit)	13,937,865	(1,486,855)	(286,820)	-	308,592	12,472,782	1,827,615
Total net assets	<u>\$ 62,487,710</u>	<u>\$ 2,323,377</u>	<u>\$ 27,099,563</u>	<u>\$ -</u>	<u>\$ 16,430,601</u>	<u>108,341,251</u>	<u>\$ 1,827,615</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						454,869	
Net assets of business type activities						<u>\$ 108,796,120</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, 2010**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	\$ 14,439,344	\$ 8,844,741	\$ 878,643	\$ 12,042,502	\$ 942,602	\$ 37,147,832	\$ 1,843,548
Other	286,566	-	-	-	-	286,566	87,308
Total operating revenues	14,725,910	8,844,741	878,643	12,042,502	942,602	37,434,398	1,930,856
Operating expenses:							
Personnel costs	3,620,605	2,107,043	886,326	25,658	2,268,533	8,908,165	-
General and administrative	-	50	-	1,112,178	-	1,112,228	448,482
Supplies	409,625	38,591	24,862	-	72,106	545,184	-
Operating services and charges	4,284,123	4,865,806	303,876	-	1,439,999	10,893,804	-
Maintenance and repairs	1,282,876	680,676	158,048	-	467,073	2,588,673	-
Depreciation and amortization	3,384,319	484,614	1,230,689	-	937,720	6,037,342	-
Claims and damages	-	-	-	10,904,695	-	10,904,695	1,129,769
Total operating expenses	12,981,548	8,176,780	2,603,801	12,042,531	5,185,431	40,990,091	1,578,251
Operating income (loss)	1,744,362	667,961	(1,725,158)	(29)	(4,242,829)	(3,555,693)	352,605
Nonoperating revenues (expenses):							
Interest income	61,801	-	8,300	29	1,069	71,199	10,335
Interest expense and fiscal charges	(1,581,822)	-	-	-	-	(1,581,822)	-
Intergovernmental - operating grants	100,000	100,000	160,444	-	815,359	1,175,803	-
Intergovernmental - capital grants	-	-	2,232,138	-	882,739	3,114,877	-
Gain (loss) on sale of capital assets	(32,931)	52,658	(28,826)	-	(532)	(9,631)	-
Total nonoperating revenues (expenses)	(1,452,952)	152,658	2,372,056	29	1,698,635	2,770,426	10,335

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	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	\$ 291,410	\$ 820,619	\$ 646,898	\$ -	\$ (2,544,194)	\$ (785,267)	\$ 362,940
Capital contributions	1,872,775	22,260	-	-	831,908	2,726,943	-
Transfers							
Transfers in	-	-	488,399	-	1,179,150	1,667,549	392,998
Transfers out	(2,072,429)	(2,207,025)	-	-	(162,000)	(4,441,454)	-
Total transfers	(2,072,429)	(2,207,025)	488,399	-	1,017,150	(2,773,905)	392,998
Change in net assets	91,756	(1,364,146)	1,135,297	-	(695,136)	(832,229)	755,938
Total net assets, beginning of year	62,395,954	3,687,523	25,964,266	-	17,125,737		1,071,677
Total net assets, end of year	<u>\$ 62,487,710</u>	<u>\$ 2,323,377</u>	<u>\$ 27,099,563</u>	<u>\$ -</u>	<u>\$ 16,430,601</u>		<u>\$ 1,827,615</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						90,678	
Change in net assets of business type activities						<u>\$ (741,551)</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, 2010**

	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	\$ 15,039,672	\$ 8,844,741	\$ 862,856	\$ 12,410,194	\$ 999,648	\$ 38,157,111	\$ -
Receipts from other funds	-	-	-	-	-	-	1,298,774
Payments to suppliers	(3,815,733)	(6,362,871)	(449,478)	-	(1,837,900)	(12,465,982)	-
Payments to employees	(3,654,034)	(2,087,061)	(886,672)	(27,008)	(2,343,379)	(8,998,154)	-
Claims paid	-	-	-	(11,326,229)	-	(11,326,229)	(1,436,279)
Premiums paid	-	-	-	(1,112,178)	-	(1,112,178)	(428,482)
Net cash provided by (used in) operating activities	7,569,905	394,809	(473,294)	(55,221)	(3,181,631)	4,254,568	(565,987)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	488,399	-	1,179,150	1,667,549	392,998
Transfers out	(2,072,429)	(2,207,025)	-	-	(162,000)	(4,441,454)	-
Operating grants received	100,000	100,000	160,444	-	815,359	1,175,803	-
Net cash provided by (used in) noncapital financing activities	(1,972,429)	(2,107,025)	648,843	-	1,832,509	(1,598,102)	392,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(1,444,063)	(19,173)	(2,327,124)	-	-	(3,790,360)	-
Principal paid on bonds	(2,525,000)	-	-	-	-	(2,525,000)	-
Principal paid on notes and capital leases payable	(41,165)	-	-	-	-	(41,165)	-
Interest paid	(1,632,811)	(219)	-	-	-	(1,633,030)	-
Advance to other funds	(500,360)	1,625,164	(1,074)	-	(5,244)	1,118,486	-
Capital grants received	-	-	2,225,787	-	882,739	3,108,526	-
Proceeds from sale of capital assets	25,401	106,444	850	-	841	133,536	-
Net cash provided by (used in) capital and related financing activities	(6,117,998)	1,712,216	(101,561)	-	878,336	(3,629,007)	-

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	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	\$ 61,801	\$ -	\$ 8,300	\$ 29	\$ 1,069	\$ 71,199	\$ 10,335
Net cash provided by investing activities	61,801	-	8,300	29	1,069	71,199	10,335
Increase (decrease) in cash and cash equivalents	(458,721)	-	82,288	(55,192)	(469,717)	(901,342)	(162,654)
Cash and cash equivalents:							
Beginning of year	22,226,758	26,291	930,556	347,468	534,807	24,065,880	5,450,539
End of year	<u>\$ 21,768,037</u>	<u>\$ 26,291</u>	<u>\$ 1,012,844</u>	<u>\$ 292,276</u>	<u>\$ 65,090</u>	<u>\$ 23,164,538</u>	<u>\$ 5,287,885</u>
Classified as:							
Cash	\$ 13,619,963	\$ 26,291	\$ 1,012,844	\$ 292,275	\$ 65,090	\$ 15,016,463	\$ 5,287,783
Investments	812,258	-	-	1	-	812,259	102
Restricted assets, cash	4,561,316	-	-	-	-	4,561,316	-
Restricted assets, investments	2,774,500	-	-	-	-	2,774,500	-
	<u>\$ 21,768,037</u>	<u>\$ 26,291</u>	<u>\$ 1,012,844</u>	<u>\$ 292,276</u>	<u>\$ 65,090</u>	<u>\$ 23,164,538</u>	<u>\$ 5,287,885</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Contributions of capital assets from governmental activities	<u>\$ 1,872,775</u>	<u>\$ 22,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 831,908</u>	<u>\$ 2,726,943</u>	<u>\$ -</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	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)	\$ 1,744,362	\$ 667,961	\$ (1,725,158)	\$ (29)	\$ (4,242,829)	\$ (3,555,693)	\$ 352,605
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,384,319	484,614	1,230,689	-	937,720	6,037,342	-
(increase) decrease in accounts receivable	313,762	-	(96,308)	-	21,410	238,864	-
Decrease in inventories	-	-	-	-	27,983	27,983	-
(Increase) decrease in prepaid expenses	-	-	2,300	(2,255)	-	45	-
Decrease in due from other governments	-	-	-	-	92,900	92,900	-
(Increase) decrease in due from other funds	(1,051,042)	-	-	459,131	37,348	(554,563)	-
Increase in due from component unit	(90,794)	(96,252)	-	(89,184)	-	(276,230)	-
Decrease in accounts payable and other liabilities	(171,075)	(232,322)	(53,028)	(1,350)	(74,956)	(532,731)	-
Decrease in claims payable	-	-	-	(421,534)	-	(421,534)	(337,713)
Increase (decrease) in due to other funds	3,440,373	(429,192)	87,690	-	20,505	3,119,376	(580,879)
Increase (decrease) in deferred revenues	-	-	80,521	-	(1,712)	78,809	-
Net cash provided by (used in) operating activities	<u>\$ 7,569,905</u>	<u>\$ 394,809</u>	<u>\$ (473,294)</u>	<u>\$ (55,221)</u>	<u>\$ (3,181,631)</u>	<u>\$ 4,254,568</u>	<u>\$ (565,987)</u>

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

**CITY OF ALBANY, GEORGIA
PENSION FUND**

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

ASSETS	
Cash	\$ 3,855,598
Investments at fair value:	
Equity securities	45,617,023
Government securities	11,715,715
Corporate bonds	24,665,408
Total investments	<u>81,998,146</u>
Interest receivable	<u>208,471</u>
Total assets	<u>86,062,215</u>
LIABILITIES	
Accrued expenses	70
Accounts payable	<u>1,148,629</u>
Total liabilities	<u>1,148,699</u>
NET ASSETS	
Held in trust for pension benefits (A schedule of funding progress is presented on page 113)	<u><u>\$ 84,913,516</u></u>

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

**CITY OF ALBANY, GEORGIA
PENSION FUND**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ADDITIONS:

Employer contributions	\$ 6,821,278
Investment earnings	
Interest and dividends	2,345,848
Net increase in fair value of investments	6,684,330
Total investment earnings	<u>9,030,178</u>
Less investment expense	<u>600,867</u>
Net investment earnings	<u>8,429,311</u>
 Total additions	 <u>15,250,589</u>

DEDUCTIONS:

Benefit payments	9,777,081
Administrative expense	<u>51,216</u>
 Total deductions	 <u>9,828,297</u>

Change in net assets	5,422,292
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NET ASSETS, BEGINNING OF YEAR	<u>79,491,224</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 84,913,516</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ALBANY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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; cemetery; animal control; emergency management; 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. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

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 lease arrangement on the Civic Center whereby the City guarantees payment of bond debt because ADICA's primary purpose is to provide services to the City. The City, however, does not participate in the selection or monitoring of management. Separate financial statements are not prepared for ADICA.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

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)

C. 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)

C. 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)

D. 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.

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. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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, 2010, there were no encumbrances outstanding.

In the General Fund, expenditures exceeded budget for human resources by \$347,278, printing by \$68,381, parks and recreation administration by \$12,857, cemetery by \$1,630, and parks development management by \$73,754 for the fiscal year ended June 30, 2010. In the Community Development Fund, expenditures exceeded budget by \$1,970,812 for the fiscal year ended June 30, 2010. In the Hotel/Motel Tax Fund, expenditures exceeded budget by \$35,717 for the fiscal year ended June 30, 2010. In the Grant Fund, expenditures exceeded budget by \$85,864 for the fiscal year ended June 30, 2010. In the Tax Allocation District Fund expenditures exceeded budget by \$134,507 for the fiscal year ended June 30, 2010. In the blended component unit ADICA, expenditures exceeded budget by \$307,209 for the fiscal year ended June 30, 2010. In all funds, the overexpenditures were funded by greater than anticipated revenues.

The ARRA Fund reported a deficit fund balance of \$3,419 and the Tax Allocation District Fund reported a deficit fund balance of \$127,627 at June 30, 2010. The deficits are intended to be eliminated through transfers from the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

F. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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.

G. 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.

H. 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.

I. 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."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Receivables/Payables (Continued)

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.

J. 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.

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, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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

K. 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)

L. 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.

M. 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.

N. 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 \$25,194,645 difference are as follows:

Notes payable	\$ 4,625,000
Bonds payable	6,425,330
Unamortized bond premium	24,274
Unamortized bond issuance costs	(232,631)
Certificates of participation	8,137,641
Fair market value interest rate hedge - certificate of participation	1,862,359
Compensated absences	3,170,750
Other post-employment benefit obligation	1,023,295
Accrued interest payable	158,627
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 25,194,645</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

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 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 \$5,547,886 difference are as follows:

Capital outlay	\$ 9,381,023
Depreciation expense	<u>(3,833,137)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 5,547,886</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$3,096,113 differences are as follows:

Transfers of capital assets to business-type activities	\$ (2,634,312)
Disposals of capital assets	<u>(461,801)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ (3,096,113)</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 explains 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 \$6,108,883 difference are as follows:

Issuance of bonds	\$ (310,330)
Principal repayment - general obligation bonds	5,905,000
Principal repayment - notes payable	300,000
Amortization of bond issuance costs	(43,861)
Amortization of bond premium	47,744
Bond issuance cost	<u>210,330</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 6,108,883</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 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 \$711,863 difference are as follows:

Compensated absences	\$ (272,899)
Accrued interest	86,344
Other post-employment benefit obligation	<u>(525,308)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (711,863)</u></u>

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 bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2010, \$6,744,500 of the 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, 2010, the City had the following investments (in thousands):

		Investment Maturities (in Years)							
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	Rating
Entity wide:									
Government securities	\$ 21,543	\$ 8,782	\$ 10,122	\$ 899	\$ -	\$ -	\$ 1,108	\$ 632	AAA
Georgia Fund 1	1,680	1,680	-	-	-	-	-	-	AAAm
Guaranteed Inv. Contract	6,063	-	-	-	-	6,063	-	-	AA-
Certificates of deposit	827	327	500						N/A
	<u>30,113</u>	<u>10,789</u>	<u>10,622</u>	<u>899</u>	<u>-</u>	<u>6,063</u>	<u>1,108</u>	<u>632</u>	
Pension Trust Fund:									
Government securities	\$ 11,716	\$ 269	\$ 6,421	\$ 3,775	\$ 828	\$ -	\$ 423	\$ -	AAA
Common stock	45,617	N/A	-	-	-	-	-	-	N/A
Corporate bonds	-	-	-	-	-	-	-	-	AA+
Corporate bonds	191	-	191	-	-	-	-	-	AA
Corporate bonds	1,306	-	1,306	-	-	-	-	-	AA-
Corporate bonds	1,859	-	1,048	-	811	-	-	-	A+
Corporate bonds	2,327	-	1,809	-	-	518	-	-	A
Corporate bonds	3,110	-	1,590	-	518	1,002	-	-	A-
Corporate bonds	2,759	-	641	468	1,083	-	-	567	BBB+
Corporate bonds	781	-	263	-	-	-	-	518	BBB
Corporate bonds	1,324	-	257	-	494	573	-	-	BBB-
Corporate bonds	1,016	-	230	-	270	-	-	516	BB+
Corporate bonds	1,319	-	-	-	250	-	-	1,069	BB
Corporate bonds	1,213	-	1,090	-	-	123	-	-	BB-
Corporate bonds	2,273	-	1,698	-	-	575	-	-	B+
Corporate bonds	1,281	-	1,281	-	-	-	-	-	B
Corporate bonds	3,906	-	2,359	-	-	1,299	-	248	N/A
Total fair value	<u>81,998</u>	<u>269</u>	<u>20,184</u>	<u>4,243</u>	<u>4,254</u>	<u>4,090</u>	<u>423</u>	<u>2,918</u>	
	<u>\$ 112,111</u>	<u>\$ 11,058</u>	<u>\$ 30,806</u>	<u>\$ 5,142</u>	<u>\$ 4,254</u>	<u>\$ 10,153</u>	<u>\$ 1,531</u>	<u>\$ 3,550</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2010, the Water, Gas and Light Commission (component unit) had the following investments:

Investments	Maturities	Fair Value
U.S. Government Securities	5 month weighted average	\$ 6,000,011
Agency Securities	7 month weighted average	840,893
Corporate Bonds	5 month weighted average	267,793
Certificates of Deposit	16 month weighted average	5,394,880
		<u>\$ 12,503,577</u>

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

NOTE 4. RECEIVABLES

Property Taxes

Property taxes were levied on July 21, 2009, on the January 1, 2009 assessed value of all real and personal property including mobile homes and motor vehicles located within the City. Tax bills were mailed on September 16, 2009, and payable before December 20, 2009. The lien date for unpaid taxes was December 21, 2009. After that date, an interest penalty of 18% applies. Property tax revenues are recognized when levied to the extent they result in current receivables.

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. A tax rate of 9.16 mills was levied during fiscal year 2010 for the City (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Property Taxes (Continued)

Gross property taxes receivable at June 30, 2010 are \$428,072. An allowance of \$417,474 has been established for taxes in dispute and taxes that will not be collected for the year ended June 30, 2010, resulting in a net receivable for property taxes of \$10,598.

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. These SPLOST programs are administered by Dougherty County. SPLOST taxes receivable at June 30, 2010 are \$1,400,987.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Accounts Receivable

Accounts receivable of the primary government consisted of the following at June 30, 2010:

	General Fund	Community Development Fund	Sanitary Sewer Fund	Airport Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds
Gross receivables	\$ 2,918,471	\$ 720	\$ 289,343	\$ 96,308	\$ 961,581	\$ 2,211
Less allowance for doubtful accounts	(1,060,670)	-	-	-	(40,000)	-
Net receivables	<u>\$ 1,857,801</u>	<u>\$ 720</u>	<u>\$ 289,343</u>	<u>\$ 96,308</u>	<u>\$ 921,581</u>	<u>\$ 2,211</u>

The Water, Gas and Light Commission had accounts receivable at June 30, 2010, of \$17,551,183, which is net of an allowance for uncollectible accounts of \$867,486.

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, 2010, was as follows:

Primary Government:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 18,130,988	\$ -	\$ (56,936)	\$ (662,004)	\$ 17,412,048
Construction in progress	1,721,053	3,370,028	(797)	(773,062)	4,317,222
Total assets not depreciated	<u>19,852,041</u>	<u>3,370,028</u>	<u>(57,733)</u>	<u>(1,435,066)</u>	<u>21,729,270</u>
Capital assets being depreciated:					
Buildings and improvements	61,476,681	792,467	(132,795)	77,807	62,214,160
Equipment and vehicles	24,727,838	2,711,596	(907,095)	86,676	26,619,015
Infrastructure	71,050,842	2,506,932	(72,804)	(1,327,261)	72,157,709
Total assets depreciated	<u>157,255,361</u>	<u>6,010,995</u>	<u>(1,112,694)</u>	<u>(1,162,778)</u>	<u>160,990,884</u>
Less accumulated depreciation:					
Buildings and improvements	14,265,445	1,597,306	(39,492)	193,978	16,017,237
Equipment and vehicles	14,061,082	1,408,803	(661,797)	(8,532)	14,799,556
Infrastructure	52,412,563	827,028	(7,337)	(148,978)	53,083,276
Total accumulated depreciation	<u>80,739,090</u>	<u>3,833,137</u>	<u>(708,626)</u>	<u>36,468</u>	<u>83,900,069</u>
Total assets depreciated, net	<u>76,516,271</u>	<u>2,177,858</u>	<u>(404,068)</u>	<u>(1,199,246)</u>	<u>77,090,815</u>
Governmental activities assets, net	<u><u>\$ 96,368,312</u></u>	<u><u>\$ 5,547,886</u></u>	<u><u>\$ (461,801)</u></u>	<u><u>\$ (2,634,312)</u></u>	<u><u>\$ 98,820,085</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 12,719,132	\$ -	\$ -	\$ (1,954,645)	\$ 10,764,487
Construction in progress	3,023,020	1,664,420	-	(777,358)	3,910,082
Total assets not depreciated	<u>15,742,152</u>	<u>1,664,420</u>	<u>-</u>	<u>(2,732,003)</u>	<u>14,674,569</u>
Capital assets being depreciated:					
Buildings and improvements	127,149,237	-	(2,050)	902,355	128,049,542
Equipment and vehicles	27,625,821	2,218,565	(920,218)	358,214	29,282,382
Infrastructure	36,656,784	-	-	4,069,278	40,726,062
Total assets depreciated	<u>191,431,842</u>	<u>2,218,565</u>	<u>(922,268)</u>	<u>5,329,847</u>	<u>198,057,986</u>
Less accumulated depreciation:					
Buildings and improvements	38,735,680	1,829,241	(676)	-	40,564,245
Equipment and vehicles	15,835,947	2,141,117	(778,432)	(36,468)	17,162,164
Infrastructure	29,216,574	1,923,707	-	-	31,140,281
Total accumulated depreciation	<u>83,788,201</u>	<u>5,894,065</u>	<u>(779,108)</u>	<u>(36,468)</u>	<u>88,866,690</u>
Total assets depreciated, net	<u>107,643,641</u>	<u>(3,675,500)</u>	<u>(143,160)</u>	<u>5,366,315</u>	<u>109,191,296</u>
Business-type activities assets, net	<u><u>\$ 123,385,793</u></u>	<u><u>\$ (2,011,080)</u></u>	<u><u>\$ (143,160)</u></u>	<u><u>\$ 2,634,312</u></u>	<u><u>\$ 123,865,865</u></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	\$ 509,820
Judicial	7,036
Public safety	1,512,878
Public works	1,345,714
Culture and recreation	223,420
Community development	234,269
	<hr/>
Total depreciation expense - governmental activities	<u><u>\$ 3,833,137</u></u>
Business-type activities:	
Sanitary sewer	\$ 3,241,042
Solid waste	484,614
Transit	383,148
Civic center	425,245
Airport	1,230,689
Municipal auditorium	129,327
	<hr/>
Total depreciation expense - business-type activities	<u><u>\$ 5,894,065</u></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, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 1,283,104	\$ -	\$ -	\$ 1,283,104
Construction in progress	104,340	681,255	(95,355)	690,240
Total assets not depreciated	<u>1,387,444</u>	<u>681,255</u>	<u>(95,355)</u>	<u>1,973,344</u>
Capital assets being depreciated:				
Buildings and improvements	8,622,051	95,355	-	8,717,406
Equipment and vehicles	417,867	12,531	-	430,398
Total assets depreciated	<u>9,039,918</u>	<u>107,886</u>	<u>-</u>	<u>9,147,804</u>
Less accumulated depreciation:				
Buildings and improvements	2,487,349	228,136	-	2,715,485
Equipment and vehicles	277,494	33,628	-	311,122
Total accumulated depreciation	<u>2,764,843</u>	<u>261,764</u>	<u>-</u>	<u>3,026,607</u>
Total assets depreciated, net	<u>6,275,075</u>	<u>(153,878)</u>	<u>-</u>	<u>6,121,197</u>
Chehaw Park Authority assets, net	<u>\$ 7,662,519</u>	<u>\$ 527,377</u>	<u>\$ (95,355)</u>	<u>\$ 8,094,541</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, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 1,453,294	\$ -	\$ -	\$ 1,453,294
Total assets not depreciated	<u>1,453,294</u>	<u>-</u>	<u>-</u>	<u>1,453,294</u>
Capital assets being depreciated:				
Buildings and improvements	24,471,717	1,592,280	-	26,063,997
Equipment	11,382,766	467,515	-	11,850,281
Plant facilities	84,048,129	1,339,849	-	85,387,978
Total assets depreciated	<u>119,902,612</u>	<u>3,399,644</u>	<u>-</u>	<u>123,302,256</u>
Less accumulated depreciation:				
Buildings and improvements	9,760,331	2,186,347	-	11,946,678
Equipment	3,867,908	475,996	-	4,343,904
Plant facilities	27,366,756	2,935,741	-	30,302,497
Total accumulated depreciation	<u>40,994,995</u>	<u>5,598,084</u>	<u>-</u>	<u>46,593,079</u>
Total assets depreciated, net	<u>78,907,617</u>	<u>(2,198,440)</u>	<u>-</u>	<u>76,709,177</u>
WG&L Commission assets, net	<u>\$ 80,360,911</u>	<u>\$ (2,198,440)</u>	<u>\$ -</u>	<u>\$ 78,162,471</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

A. Primary Government

	Balance, June 30, 2009	Additions	Reductions	Balance, June 30, 2010	Due Within One Year
Governmental activities					
General obligation bonds	\$ 12,020,000	\$ 310,330	\$ 5,905,000	\$ 6,425,330	\$ 6,115,000
Add deferred amounts					
Unamortized premium	72,018	-	47,744	24,274	-
Total bonds payable	\$ 12,092,018	\$ 310,330	\$ 5,952,744	\$ 6,449,604	\$ 6,115,000
Notes payable	4,925,000	-	300,000	4,625,000	300,000
Certificates of participation	10,000,000	-	-	10,000,000	-
Deferred fair value of interest rate swap	(1,219,098)	(643,261)	-	(1,862,359)	-
Total certificates of participation	8,780,902	(643,261)	-	8,137,641	-
Compensated absences	2,897,851	1,521,734	1,248,835	3,170,750	2,853,675
Governmental activity long-term liabilities	<u>\$ 28,695,771</u>	<u>\$ 1,188,803</u>	<u>\$ 7,501,579</u>	<u>\$ 22,382,995</u>	<u>\$ 9,268,675</u>
Business-type activities					
Revenue bonds	\$ 36,670,000	\$ -	\$ 2,525,000	\$ 34,145,000	\$ 2,620,000
Add deferred amounts					
Unamortized discount	(494,832)	-	(79,285)	(415,547)	-
Total bonds payable	36,175,168	-	2,445,715	33,729,453	2,620,000
Notes payable	51,586	-	41,165	10,421	10,421
Compensated absences	902,526	227,639	225,613	904,552	529,743
Business-type activity long-term liabilities	<u>\$ 37,129,280</u>	<u>\$ 227,639</u>	<u>\$ 2,712,493</u>	<u>\$ 34,644,426</u>	<u>\$ 3,160,164</u>

The beginning balance of governmental activities long-term liabilities has been reduced by \$1,219,098 to properly reflect the City's implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and the recording of the City's interest rate swap agreement..

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The government-wide statement of net assets includes \$2,620,000 of the long-term liabilities due within one year for business-type activities in liabilities payable from restricted assets. The remaining amount of \$31,109,453 is displayed as noncurrent liabilities, due in more than one year, on that same statement.

For governmental funds, compensated absences are liquidated by the General, Computer Aided Dispatch, 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.

Governmental Activities Debt

Notes Payable

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, 2010, are as follows:

	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2010</u>
HUD Section 108 Loan, B-02-MC-13-0001	\$ 5,500,000	2.00% - 5.00%	\$ 3,850,000
HUD Section 108 Loan, B-99-MC-13-0001	500,000	2.00% - 5.00%	275,000
Total			<u>\$ 4,125,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Notes Payable (Continued)

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. 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. This loan is not included in the maturity table below as debt service payments have not yet been determined.

Notes payable debt service requirements to maturity, including interest of \$1,626,092, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 300,000	\$ 219,218	\$ 519,218
2012	300,000	204,904	504,904
2013	300,000	190,023	490,023
2014	300,000	174,708	474,708
2015	300,000	159,055	459,055
2016 - 2020	1,500,000	546,992	2,046,992
2021 - 2024	1,125,000	131,192	1,256,192
	<u>\$ 4,125,000</u>	<u>\$ 1,626,092</u>	<u>\$ 5,751,092</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation

In June 1998, the Government entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the Government's participation totaling \$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 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
2011	\$ -	\$ 475,000	\$ 475,000
2012	-	475,000	475,000
2013	-	475,000	475,000
2014	-	475,000	475,000
2015	-	475,000	475,000
2016 - 2020	-	2,375,000	2,375,000
2021 - 2025	-	2,375,000	2,375,000
2026 - 2028	10,000,000	1,425,000	11,425,000
	<u>\$ 10,000,000</u>	<u>\$ 8,550,000</u>	<u>\$ 18,550,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2010, the floating rate being paid by the City is 0.56% and the market value of this agreement is \$1,862,359, an increase of \$643,261 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2010 based on the derivative contract. This market value is reported as a component of the certificates of participation in long-term debt in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

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, 2010, are as follows:

	Interest Rates	Balance June 30, 2010
2002 ADICA Refunding Issue	3.00% - 4.00%	\$ 1,290,000
2007 ADICA Issue	4.25%	4,825,000
2009 ADICA Issue	6.75%	310,330
		<u>6,425,330</u>
Add: Unamortized premium		24,274
		<u><u>\$ 6,449,604</u></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 \$1,190,000 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 of 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) (Continued)

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"); 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.

Revenue Bonds, Series 2009, \$6,000,000 Principal (ADICA)

During the year ended June 30, 2010, the City issued bonds through the Albany-Dougherty Inner City Authority (ADICA) in an amount authorized up to \$6,000,000. The bonds bear interest of 6.75% with final maturity in 2024. Proceeds from the bonds are for the purpose of financing or refinancing, in whole or in part, the cost of acquiring, constructing, developing and equipping various capital outlay projects located within the City of Albany, Georgia,

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

Revenue Bonds, Series 2009, \$6,000,000 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 ad valorem property tax; however, the City's portion of the revenue from the ad valorem property tax is not pledged to such payments or to secure the payment of the bonds.

The debt service requirement to maturity below does not include provision for the Revenue Bond, Series 2009, of which \$310,330 had been drawn as of June 30, 2010. This obligation is in the drawdown phase as of June 30, 2010, and repayment will be determined when all draws have been made.

General obligation bonds debt service requirements to maturity are as follows at June 30, 2010:

	Principal	Interest	Total
Fiscal year ending June 30, 2011	\$ 6,115,000	\$ 256,663	\$ 6,371,663
Add unamortized premium	24,274		
	<u>\$ 6,139,274</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, 2010, are as follows:

	Interest Rates	Balance June 30, 2010
2001 Sewerage System Revenue Bonds	4.125% - 5.00%	\$ 10,270,000
2007 Sewerage System Revenue Bonds	4.00% - 5.00%	23,875,000
		<u>34,145,000</u>
Less: Unamortized discount		(415,547)
		<u><u>\$ 33,729,453</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, 2010, was \$486,884. 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 \$641,133.

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, 2010, the unamortized balance was \$415,547.

Interest expense related to the Series 2007 Bonds for the year ended June 30, 2010, was \$1,094,350. 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
2011	\$ 2,620,000	\$ 1,528,391	\$ 4,148,391
2012	2,725,000	1,420,280	4,145,280
2013	2,830,000	1,307,121	4,137,121
2014	2,940,000	1,177,406	4,117,406
2015	3,080,000	1,029,991	4,109,991
2016 - 2020	16,970,000	2,836,513	19,806,513
2021 - 2023	2,980,000	228,500	3,208,500
	34,145,000	\$ 9,528,202	\$ 43,673,202
Less unamortized discount	(415,547)		
	<u>\$ 33,729,453</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Notes Payable

The City has also incurred debt to the Georgia Environmental Facilities Authority (GEFA) for various sewerage system projects. This note is as follows at June 30, 2010:

	Original Amount	Outstanding at June 30, 2010
Note payable, instalments of \$10,473, including interest at 2.0%	\$ 689,107	\$ 10,421

GEFA notes payable debt service requirements to maturity, including interest of \$52, are as follows:

Fiscal Year Ending June 30, 2011	Principal	Interest	Total
	\$ 10,421	\$ 52	\$ 10,473

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission

Long-term liability activity for the Water, Gas and Light Commission (component unit) for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 22,085,000	\$ 8,440,000	(9,635,000)	\$ 20,890,000	\$ 6,850,000
Plus unamortized premiums	37,780	178,300	(10,556)	205,524	-
Revenue bonds, net	22,122,780	8,618,300	(9,645,556)	21,095,524	6,850,000
Capital lease payable	5,997,597	-	(1,059,097)	4,938,500	992,392
Compensated absences	2,476,912	1,181,294	(1,150,483)	2,507,723	1,705,252
Total long-term liabilities	<u>\$ 30,597,289</u>	<u>\$ 9,799,594</u>	<u>(11,855,136)</u>	<u>\$ 28,541,747</u>	<u>\$ 9,547,644</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds

Revenue bonds of the Water, Gas and Light Commission (the "Commission") outstanding at June 30, 2010, are as follows:

	Interest Rates	Balance June 30, 2010
2000 Water Revenue Bonds	4.45%-6.00%	\$ 6,180,000
2005 Water Revenue Bonds	3.97%	6,270,000
2010 Water Revenue Bonds	2.00% - 4.00%	8,440,000
Total		<u>\$ 20,890,000</u>

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

2010 Water Revenue Bonds. The City and Commission have tax-exempt Water Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds) outstanding at June 30, 2010 in the amount of \$8,440,000. The proceeds from the bonds were used to advance refund the City and Commission's Series 1998 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. The Series 2010 Bonds are due in annual installments through December 2018, with interest ranging from 2.00% to 4.00%.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds (Continued)

The Series 2010 Bonds maturing on December 1, 2018 and thereafter are subject to redemption prior to maturity, at the option of the City and the Commission, on or after December 1, 2018, 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.

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 were used to advance refund 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.

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 were 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds (Continued)

The Series 2000 bonds are due in annual installments of \$230,000 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.

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

Interest expense related to the Series 2010, Series 2005, and Series 2000 and Series 1998 Bonds for the year ended June 30, 2010 was \$1,003,038. No interest was capitalized during the year ended June 30, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds (Continued)

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
2011	\$ 6,850,000	\$ 647,963	\$ 7,497,963
2012	1,185,000	483,727	1,668,727
2013	1,225,000	444,545	1,669,545
2014	1,265,000	404,019	1,669,019
2015	1,305,000	362,171	1,667,171
2016-2020	6,095,000	1,106,786	7,201,786
2021-2025	2,415,000	357,399	2,772,399
2026	550,000	10,918	560,918
	<u>\$ 20,890,000</u>	<u>\$ 3,817,528</u>	<u>\$ 24,707,528</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 \$6,189,487. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

Fiscal year ending June 30,	
2011	\$ 1,211,877
2012	1,288,808
2013	1,255,652
2014	1,231,865
2015	510,194
Total minimum lease payments	<u>5,498,396</u>
Less: Amount representing interest	<u>(559,896)</u>
Present value of minimum lease payments	<u><u>\$ 4,938,500</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Albany- Dougherty Inner City Authority (ADICA)

Conduit Debt

From time to time, ADICA has issued revenue bonds to provide financial assistance to both private and public sector entities for the acquisition and construction of commercial facilities deemed to be of public interest. ADICA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Three (3) series of bond issuances have occurred from November 1, 2003 to June 30, 2006, totaling \$46,072,347. The total amount of bonds outstanding at June 30, 2010 is \$44,368,141.

NOTE 7. SHORT-TERM DEBT REVOLVING LINE OF CREDIT

A. Component Unit – Water, Gas and Light Commission

The Commission used a revolving line of credit to finance a variety of projects, including financing of general operations. Short-term debt activity for the year-end June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Line of Credit	\$ 1,374,100	\$ -	\$ 1,374,100	\$ -

NOTES TO FINANCIAL STATEMENTS

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, 2010, there were three active participants. The City is required to contribute 8.9% of each Plan participant compensation. 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, 2010, the City contributed \$83,773 and employees contributed \$13,197.

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 unit, the Water, Gas and Light Commission; 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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

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". The Plan provides pension, death and disability benefits.

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)

Membership in the Plan as of June 30, 2009 is as follows:

Active employees	1,138
Retired participants receiving benefits	710
Terminated vested participants	372
Total membership	<u><u>2,220</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, 2010. No investment in any one organization represented 5% or more of the net assets available for pension benefits at June 30, 2010. 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. Effective July 1, 2007, employees were required to make contributions to the Plan as follows: General Employees – 4% of annual covered payroll; Safety Employees – 7% of annual covered payroll. The participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. 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. Actual Contributions to the plan were \$5,376,948 from the City and \$1,444,330 from Water Gas and Light Commission, a component unit of the City. The City had no net pension obligation as of the fiscal year ended June 30, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

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>
6/30/2008	\$ 3,474,213	131 %	\$ (1,118,600)
6/30/2009	\$ 7,060,720	100 %	\$ -
6/30/2010	\$ 6,821,278	100 %	\$ -

- * During the year ended June 30, 2009, the City changed its accounting and funding policies related to the Plan. The City now has a required contribution which is an actuarially determined percentage of payroll each year as opposed to a required contribution equal to a set dollar amount. This practice is allowed under generally accepted accounting principles and is preferable so the City can ensure a direct correlation of required contributions to actual payroll. As a result of this change in accounting policy, the actual employer contributions should always equal the annual required contribution, which for fiscal year 2010 was required to be 8.9% of payroll for general employees and 11.9% of payroll for public safety employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

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

<u>Schedule of Funding Progress</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of</u>
7/1/2008	\$ 107,485,676	\$ 160,715,933	\$ 53,230,257	70%	\$ 42,310,595	126%

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

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. The period and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

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, 2008
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	24 years
Asset valuation method	10-year smoothed market value
Actuarial assumptions:	
Investment rate of return (includes inflation)	8.50%
Projected salary increases (includes inflation)	4.00%
Inflation	3.00%
Cost-of-living adjustments	
Old Plan Members	1.50% annually
New Plan Members	3.00% annually

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds:	
Receivable Fund	Payable Fund
General Fund	Community Development Fund \$ 100,228
General Fund	SPLOST 1,079,296
General Fund	Sanitary Sewer Fund 2,573,633
General Fund	Nonmajor Governmental Funds 1,656,497
General Fund	Internal Service Fund - Self-Administered Insurance 995,133
General Fund	Internal Service Fund - Workers' Comp 348,795
General Fund	Internal Service Fund - Long-Term Disability 36,605
General Fund	Airport Fund 850,640
General Fund	Nonmajor Enterprise Fund 20,974
Nonmajor Governmental Funds	Solid Waste Fund 550,403
Nonmajor Governmental Funds	General Fund 1,757,582
Nonmajor Governmental Funds	Airport Fund 1,074
Nonmajor Governmental Funds	Nonmajor Enterprise Fund 4,773
Nonmajor Governmental Funds	Sanitary Sewer Fund 687,245
Public Employee Deposit Fund	General Fund 160,869
Public Employee Deposit Fund	Internal Service Fund - Long-Term Disability 14,598

The outstanding balances between funds result mainly from the time-lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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, 2010 is as follows:

Receivable Fund	Payable Fund	
Nonmajor Governmental Funds	Sanitary Sewer Fund	\$ 677,795
Nonmajor Governmental Funds	Solid Waste Fund	460,710
General Fund	Solid Waste Fund	2,110,418

Due to/from primary government and component units

Receivable Entity	Payable Entity	
General Fund	Water, Gas & Light Commission	\$ 998,838
Nonmajor Governmental Funds	Water, Gas & Light Commission	316,000
Solid Waste Fund	Water, Gas & Light Commission	1,943,977
Sanitary Sewer Fund	Water, Gas & Light Commission	2,348,399
Public Employee Deposit Fund	Water, Gas & Light Commission	\$ 365,002
General Fund	Chehaw Park Authority	\$ 164,541
Chehaw Park Authority	SPLOST Fund	\$ 22,335

NOTES TO FINANCIAL STATEMENTS

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

Transfers In	Transfers Out					Total
	General Fund	Nonmajor Governmental Fund	Sanitary Sewer Fund	Solid Waste Fund	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 1,362,617	\$ -	\$ -	\$ 162,000	\$ 1,524,617
SPLOST Fund	-	383,302	-	-	-	383,302
Nonmajor Governmental Funds	2,542,035	-	2,207,025	2,072,429	-	6,821,489
Internal Service Fund - Self Insurance	392,998	-	-	-	-	392,998
Airport Fund	488,399	-	-	-	-	488,399
Nonmajor Enterprise Funds	1,179,150	-	-	-	-	1,179,150
Total	<u>\$ 4,602,582</u>	<u>\$ 1,745,919</u>	<u>\$ 2,207,025</u>	<u>\$ 2,072,429</u>	<u>\$ 162,000</u>	<u>\$ 10,789,955</u>

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES

Primary Government: (Continued)

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, 2010, is \$1,126,684.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

Water, Gas and Light Commission: (Continued)

As of June 30, 2010, 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 \$57,064,684 in 2010.

At June 30, 2010, the outstanding debt of MEAG was approximately \$4 billion. The Commission's guarantee varies by individual projects undertaken by MEAG and totals approximately \$411 million at June 30, 2010.

Additionally, the 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 2008.

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, 2010, the Commission incurred costs of \$7,870, with total incurred cost to date of \$253,218. The liability has been reduced by these costs, resulting in a liability of \$1,746,782 recorded on the statement of net assets as an other long-term liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS

In addition to the liabilities enumerated in the balance sheet at June 30, 2010, the City has contractual commitments on uncompleted construction contracts totaling approximately \$2,020,458.

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, 2010, or June 30, 2009, 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 \$400,000. 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, 2010	June 30, 2009
Unpaid claims, beginning of year	\$ 680,517	\$ 449,601
Incurred claims and changes in estimates	189,592	604,802
Claim payments	(474,470)	(373,886)
Unpaid claims, end of year	<u>\$ 395,639</u>	<u>\$ 680,517</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. 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, 2010	June 30, 2009
Unpaid claims, beginning of year	\$ 1,095,000	\$ 2,025,000
Incurred claims and changes in estimates	10,904,695	12,011,806
Claim payments	(11,164,695)	(12,941,806)
Unpaid claims, end of year	<u>\$ 835,000</u>	<u>\$ 1,095,000</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 Workers' Compensation Fund. These are the only areas in which the City feels claims can be reasonably estimated.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

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.

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, 2010	June 30, 2009
Unpaid claims, beginning of year	\$ 1,722,335	\$ 783,802
Incurred claims and changes in estimates	888,974	1,797,667
Claim payments	(941,809)	(859,134)
Unpaid claims, end of year	<u>\$ 1,669,500</u>	<u>\$ 1,722,335</u>

NOTES TO FINANCIAL STATEMENTS

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, 2010, \$1,271,433 of hotel/motel tax was collected, and \$635,717, or 50% of the amount collected was remitted to the Chamber of Commerce. The remaining balance was used by the City for the promotion of tourism.

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 Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2010, the city paid \$43,062 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P. O. Box 346
Camilla, Georgia 31730

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Albany maintains a cost-sharing multiple employer defined benefit other post-employment benefit plan which was required by GASB 45 and implemented prospectively, The City of Albany Other Post-Employment Benefits Plan ("the OPEB Plan"), which includes retirees from the City of Albany and its component unit, the Water, Gas and Light Commission 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 . 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%. A separate, audited GAAP-basis postemployment benefit plan report is not available for the OPEB Plan.

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.

Retirees also receive life insurance benefits from the City. Current retirees and future retirees who retire at age 65 or older receive life insurance coverage that is reduced upon retirement to 50% of the amount previously allowed under the plan, and is further reduced at age 70 to 65% of the amount of coverage at retirement. Future retirees who retire at ages younger than 65 receive life insurance coverage that is reduced upon retirement to 50% of the amount previously allowed under the plan, and is further reduced at age 65 to 65% of the amount of coverage at retirement, and is further reduced at age 70 to 50% of the amount of coverage at retirement. Optional life insurance and accidental death and dismemberment cease at age 65 or upon retirement, whichever occurs later.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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, 2010, the General Fund's net share of the premiums paid for its 608 retired employees and retired employee's spouses/dependents was \$606,819. There were no significant changes in the coverage provided. Membership in the OPEB Plan as of the most recent actuarial valuation date (July 1, 2008) is as follows:

Active employees	1,145
Retired participants receiving benefits	555
Spouse/dependent of retired participants receiving benefits	<u>53</u>
Total membership	<u><u>1,753</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City contributed \$606,819 to the OPEB Plan in the year ended June 30, 2010. The annual required contribution amount is determined using actuarial methods and assumptions approved by the City Commission. The City Commission establishes and may amend the funding policy for the OPEB Plan.

Annual required employer contribution	\$ 1,131,237
Interest on net OPEB obligation	19,919
Adjustment to annual required contribution	<u>(19,029)</u>
Annual OPEB cost	1,132,127
Employer contributions for period ending June 30, 2010	<u>606,819</u>
Increase in net OPEB obligation	525,308
Net OPEB obligation beginning of year	<u>497,987</u>
Net OPEB obligation end of year	<u><u>\$ 1,023,295</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 1,132,127	54%	\$ 1,023,295
6/30/2009	\$ 1,131,237	56%	\$ 497,987

As of July 1, 2008, the most recent valuation date, the funded status of the OPEB Plan is as follows:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Accrued Liability as a Percentage of Covered</u>
7/1/2008	\$ -	\$ 16,546,482	\$ 16,546,482	0%	\$ 42,570,855	39%

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

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

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

Valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay
Amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (includes inflation)	4.00%
Projected salary increases (includes inflation)	4.00%
Inflation	3.00%
Health Care Trend Rate	10.50%
Ultimate Health Care Trend Rate	5.00%
Year of Ultimate Trend Rate	2016

NOTE 17. RELATED PARTY MATTERS

During the fiscal year ended June 30, 2009, the blended component unit, Albany-Dougherty Inner City Authority provided a loan in the amount of \$50,000 to a Board Member of Albany-Dougherty Inner City Authority. The loan is to be used for the start-up cost related to the member's business, which is located in the City. The loan is due in monthly installments beginning August 1, 2009. The balance outstanding is \$15,000 at June 30, 2010.

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	75%	41,069,169	82%
7/01/2008	107,485,676	160,715,933	53,230,257	70%	42,310,595	126%

SCHEDULE OF FUNDING PROGRESS - CITY OF ALBANY OTHER POST-EMPLOYMENT BENEFIT 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
7/1/2008	\$ -	\$ 16,546,482	\$ 16,546,482	0%	\$ 42,570,855	39%

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.

ARRA Fund

- To account for American Recovery and Reinvestment Act 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.

ADICA

- To account for the activities of the Albany-Dougherty Inner City Authority related to inner city development.

Gortatowsky Fund

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

Tax Allocation District Fund

- To account for revenues and expenditures related to the City tax allocation district.

Debt Service Funds:

Debt Service Fund

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

Capital Projects Funds:

Public Improvement Fund

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

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

**COMBINING BALANCE SHEET
JUNE 30, 2010**

ASSETS	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Cash	\$ -	\$ 320,622	\$ 473,725	\$ 2,038,642	\$ 68,020	\$ 45,744	\$ -
Investments	-	-	-	130	-	-	-
Accounts receivable, net of allowances	112,252	-	429,377	376,777	3,175	-	-
Loan receivable	-	-	-	-	17,799	-	-
Due from other funds	145,858	-	-	110,289	-	297	-
Due from other governments	-	853,307	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 258,110</u>	<u>\$ 1,173,929</u>	<u>\$ 903,102</u>	<u>\$ 2,525,838</u>	<u>\$ 88,994</u>	<u>\$ 46,041</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 4,497	\$ -	\$ -	\$ 1,199	\$ -	\$ -
Due to other funds	-	1,089,118	439,752	-	-	-	127,627
Deferred revenues	-	55,291	466,769	-	-	-	-
Total liabilities	-	1,148,906	906,521	-	1,199	-	127,627
FUND BALANCES (DEFICIT)							
Reserved for advances to other funds	-	-	-	-	-	-	-
Reserved for program expenditures	-	-	-	-	-	46,041	-
Reserved for debt service	-	-	-	-	-	-	-
Unreserved:							
Undesignated	258,110	25,023	(3,419)	2,525,838	87,795	-	(127,627)
Total fund balances	<u>258,110</u>	<u>25,023</u>	<u>(3,419)</u>	<u>2,525,838</u>	<u>87,795</u>	<u>46,041</u>	<u>(127,627)</u>
Total liabilities and fund balances	<u>\$ 258,110</u>	<u>\$ 1,173,929</u>	<u>\$ 903,102</u>	<u>\$ 2,525,838</u>	<u>\$ 88,994</u>	<u>\$ 46,041</u>	<u>\$ -</u>

(Continued)

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

**COMBINING BALANCE SHEET
JUNE 30, 2010**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Debt Service Fund</u>	<u>Public Improvement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 6,811	\$ 10,503	\$ 2,964,067
Investments	-	6,062,807	6,062,937
Accounts receivable, net of allowances	-	-	921,581
Loan receivable	-	-	17,799
Due from other funds	-	2,744,633	3,001,077
Due from other governments	-	71,682	924,989
Due from component unit	-	316,000	316,000
Advance to other funds	-	1,138,505	1,138,505
	<u>6,811</u>	<u>10,344,130</u>	<u>15,346,955</u>
Total assets	<u>\$ 6,811</u>	<u>\$ 10,344,130</u>	<u>\$ 15,346,955</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,815	\$ 7,511
Due to other funds	-	-	1,656,497
Deferred revenue	-	-	522,060
	<u>-</u>	<u>-</u>	<u>522,060</u>
Total liabilities	<u>-</u>	<u>1,815</u>	<u>2,186,068</u>
FUND BALANCES (DEFICIT)			
Reserved for advances to other funds	-	1,138,505	1,138,505
Reserved for program expenditures	-	-	46,041
Reserved for debt service	6,811	-	6,811
Unreserved:			
Undesignated	-	9,203,810	11,969,530
Total fund balances	<u>6,811</u>	<u>10,342,315</u>	<u>13,160,887</u>
Total liabilities and fund balances	<u>\$ 6,811</u>	<u>\$ 10,344,130</u>	<u>\$ 15,346,955</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, 2010**

	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,880
Other taxes	1,271,433	-	-	-	-	-	-
Intergovernmental	-	1,910,935	1,226,448	82,012	250,000	-	-
Charges for services	-	-	-	1,679,424	76,294	-	-
Other revenues:							
Interest income	-	-	-	16,216	100	98	-
Other income	-	-	-	768	-	298	-
Total revenues	<u>1,271,433</u>	<u>1,910,935</u>	<u>1,226,448</u>	<u>1,778,420</u>	<u>326,394</u>	<u>396</u>	<u>6,880</u>
Expenditures:							
Current:							
Judicial	-	68,860	-	-	-	-	-
Public safety	-	376,955	1,164,574	1,549,293	-	-	-
Public works	-	36,204	-	-	-	-	-
Parks and recreation	-	25,349	-	-	-	-	-
Community development	635,717	1,378,544	65,293	-	646,879	-	127,646
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Interest	-	-	-	-	-	-	6,861
Bond issuance cost	-	-	-	-	210,330	-	-
Total expenditures	<u>635,717</u>	<u>1,885,912</u>	<u>1,229,867</u>	<u>1,549,293</u>	<u>857,209</u>	<u>-</u>	<u>134,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>635,716</u>	<u>25,023</u>	<u>(3,419)</u>	<u>229,127</u>	<u>(530,815)</u>	<u>396</u>	<u>(127,627)</u>
Other financing sources (uses):							
Issuance of bonds payable	-	-	-	-	310,330	-	-
Transfers in	-	-	-	-	350,730	-	-
Transfers out	(600,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661,060</u>	<u>-</u>	<u>-</u>
Net change in fund balances	35,716	25,023	(3,419)	229,127	130,245	396	(127,627)
Fund balances (deficit), beginning of year	<u>222,394</u>	<u>-</u>	<u>-</u>	<u>2,296,711</u>	<u>(42,450)</u>	<u>45,645</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 258,110</u>	<u>\$ 25,023</u>	<u>\$ (3,419)</u>	<u>\$ 2,525,838</u>	<u>\$ 87,795</u>	<u>\$ 46,041</u>	<u>\$ (127,627)</u>

(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, 2010**

	Debt Service Funds	Capital Projects Fund	
	Debt Service Fund	Public Improvement Fund	Total
Revenues:			
Property taxes	\$ -	\$ -	\$ 6,880
Other taxes	-	-	1,271,433
Intergovernmental	-	1,789,837	5,259,232
Charges for services	-	-	1,755,718
Other revenues:			
Interest income	3	536,216	552,633
Other income	-	-	1,066
Total revenues	<u>3</u>	<u>2,326,053</u>	<u>8,846,962</u>
Expenditures:			
Current:			
Judicial	-	-	68,860
Public safety	-	-	3,090,822
Public works	-	-	36,204
Parks and recreation	-	-	25,349
Community development	-	-	2,854,079
Capital outlay	-	2,332,587	2,332,587
Debt service:			
Interest	-	515,000	521,861
Bond issuance cost	-	-	210,330
Total expenditures	<u>-</u>	<u>2,847,587</u>	<u>9,140,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3</u>	<u>(521,534)</u>	<u>(293,130)</u>
Other financing sources (uses):			
Issuance of bonds payable	-	-	310,330
Transfers in	-	6,470,759	6,821,489
Transfers out	(762,617)	(383,302)	(1,745,919)
Total other financing sources (uses)	<u>(762,617)</u>	<u>6,087,457</u>	<u>5,385,900</u>
Net change in fund balances	(762,614)	5,565,923	5,092,770
Fund balances (deficit), beginning of year	<u>769,425</u>	<u>4,776,392</u>	<u>8,068,117</u>
Fund balances (deficit), end of year	<u>\$ 6,811</u>	<u>\$ 10,342,315</u>	<u>\$ 13,160,887</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
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					
	Hotel/Motel Tax Fund			Computer Aided Dispatch Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ 1,200,000	\$ 1,271,433	\$ 71,433	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	73,000	82,012	9,012
Charges for services	-	-	-	1,555,603	1,679,424	123,821
Interest income	-	-	-	40,000	16,216	(23,784)
Other income	-	-	-	-	768	768
Total revenues	1,200,000	1,271,433	71,433	1,668,603	1,778,420	109,817
Expenditures:						
Current:						
Judicial	-	-	-	-	-	-
Public safety	-	-	-	1,753,967	1,549,293	204,674
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	600,000	635,717	(35,717)	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	600,000	635,717	(35,717)	1,753,967	1,549,293	204,674
Excess (deficiency) of revenues over expenditures	600,000	635,716	35,716	(85,364)	229,127	314,491
Other financing sources (uses):						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	770,707	-	770,707
Transfers out	(600,000)	(600,000)	-	(685,343)	-	(685,343)
Total other financing sources (uses)	(600,000)	(600,000)	-	85,364	-	85,364
Net change in fund balances	\$ -	35,716	\$ 35,716	\$ -	229,127	\$ 229,127
Fund balances (deficit), beginning of year		222,394			2,296,711	
Fund balance (deficit), end of year		\$ 258,110			\$ 2,525,838	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					
	Grant Fund			ARRA Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,800,048	1,910,935	110,887	1,453,953	1,226,448	(227,505)
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>1,800,048</u>	<u>1,910,935</u>	<u>110,887</u>	<u>1,453,953</u>	<u>1,226,448</u>	<u>(227,505)</u>
Expenditures:						
Current:						
Judicial	172,045	68,860	103,185	-	-	-
Public safety	39,000	376,955	(337,955)	1,368,631	1,164,574	204,057
Public works	46,000	36,204	9,796	-	-	-
Parks and recreation	75,000	25,349	49,651	-	-	-
Community development	1,468,003	1,378,544	89,459	85,322	65,293	20,029
Debt service	-	-	-	-	-	-
Total expenditures	<u>1,800,048</u>	<u>1,885,912</u>	<u>(85,864)</u>	<u>1,453,953</u>	<u>1,229,867</u>	<u>224,086</u>
Excess (deficiency) of revenues over expenditures	-	25,023	25,023	-	(3,419)	(3,419)
Other financing sources (uses):						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>25,023</u>	<u>\$ 25,023</u>	<u>\$ -</u>	<u>(3,419)</u>	<u>\$ (3,419)</u>
Fund balances (deficit), beginning of year		<u>-</u>			<u>-</u>	
Fund balance (deficit), end of year		<u>\$ 25,023</u>			<u>\$ (3,419)</u>	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					
	Tax Allocation District Fund			Gortatowsky Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ 6,880	\$ 6,880	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	98	98
Other income	-	-	-	-	298	298
Total revenues	-	6,880	6,880	-	396	396
Expenditures:						
Current:						
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	127,646	(127,646)	-	-	-
Debt service	-	6,861	(6,861)	-	-	-
Total expenditures	-	134,507	(134,507)	-	-	-
Excess (deficiency) of revenues over expenditures	-	(127,627)	(127,627)	-	396	396
Other financing sources (uses):						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ -	(127,627)	\$ (127,627)	\$ -	396	\$ 396
Fund balances (deficit), beginning of year		-			45,645	
Fund balance (deficit), end of year		\$ (127,627)			\$ 46,041	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			Debt Service Fund		
	ADICA					
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	550,000	250,000	(300,000)	-	-	-
Charges for services	-	76,294	76,294	-	-	-
Interest income	-	100	100	-	3	3
Other income	-	-	-	-	-	-
Total revenues	550,000	326,394	(223,606)	-	3	3
Expenditures:						
Current:						
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	550,000	646,879	(96,879)	-	-	-
Debt service	-	210,330	(210,330)	-	-	-
Total expenditures	550,000	857,209	(307,209)	-	-	-
Excess (deficiency) of revenues over expenditures	-	(530,815)	(530,815)	-	3	3
Other financing sources (uses):						
Issuance of bonds payable	-	310,330	310,330	-	-	-
Transfers in	-	350,730	350,730	-	-	-
Transfers out	-	-	-	-	(762,617)	(762,617)
Total other financing sources (uses):	-	661,060	661,060	-	(762,617)	(762,617)
Net change in fund balances	\$ -	130,245	\$ 130,245	\$ -	(762,614)	\$ (762,614)
Fund balances (deficit), beginning of year		(42,450)			769,425	
Fund balance (deficit), end of year		\$ 87,795			\$ 6,811	

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, 2010

ASSETS	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CURRENT ASSETS				
Cash	\$ -	\$ 36,140	\$ 28,950	\$ 65,090
Accounts receivable, net of allowances	-	-	2,211	2,211
Inventories	89,420	-	-	89,420
Due from other governments	515,424	-	-	515,424
Total current assets	604,844	36,140	31,161	672,145
NONCURRENT ASSETS				
Capital assets				
Non-depreciable	217,625	2,739,908	109,853	3,067,386
Depreciable, net of accumulated depreciation	2,394,954	7,976,506	2,683,163	13,054,623
Total noncurrent assets	2,612,579	10,716,414	2,793,016	16,122,009
Total assets	3,217,423	10,752,554	2,824,177	16,794,154
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	11,548	35,190	3,485	50,223
Current portion - compensated absences	109,567	49,691	-	159,258
Due to other funds	-	25,747	-	25,747
Deferred revenues	94,433	9,503	6,694	110,630
Total current liabilities	215,548	120,131	10,179	345,858

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	\$ 12,174	\$ 5,521	\$ -	\$ 17,695
Total long-term liabilities	<u>12,174</u>	<u>5,521</u>	<u>-</u>	<u>17,695</u>
Total liabilities	<u>227,722</u>	<u>125,652</u>	<u>10,179</u>	<u>363,553</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,612,579	10,716,414	2,793,016	16,122,009
Unrestricted (deficit)	377,122	(89,512)	20,982	308,592
Total net assets	<u>\$ 2,989,701</u>	<u>\$ 10,626,902</u>	<u>\$ 2,813,998</u>	<u>\$ 16,430,601</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, 2010

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Operating revenues:				
Charges for services	\$ 476,251	\$ 404,489	\$ 61,862	\$ 942,602
Total operating revenues	<u>476,251</u>	<u>404,489</u>	<u>61,862</u>	<u>942,602</u>
Operating expenses:				
Personnel costs	1,515,366	753,167	-	2,268,533
Supplies	32,199	38,073	1,834	72,106
Operating services and charges	770,086	643,651	26,262	1,439,999
Maintenance and repairs	396,208	60,757	10,108	467,073
Depreciation and amortization	383,148	425,245	129,327	937,720
Total operating expenses	<u>3,097,007</u>	<u>1,920,893</u>	<u>167,531</u>	<u>5,185,431</u>
Operating loss	<u>(2,620,756)</u>	<u>(1,516,404)</u>	<u>(105,669)</u>	<u>(4,242,829)</u>
Nonoperating revenues (expenses):				
Interest income	-	717	352	1,069
Intergovernmental - operating grants	815,359	-	-	815,359
Intergovernmental - capital grants	882,739	-	-	882,739
Gain (loss) on sale of assets	(1,373)	841	-	(532)
Total nonoperating revenues (expenses)	<u>1,696,725</u>	<u>1,558</u>	<u>352</u>	<u>1,698,635</u>
Loss before contributions and transfers	<u>(924,031)</u>	<u>(1,514,846)</u>	<u>(105,317)</u>	<u>(2,544,194)</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, 2010

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Capital contributions	\$ 517,821	\$ 314,087	\$ -	\$ 831,908
Transfers				
Transfers in	393,531	765,871	19,748	1,179,150
Transfers out	-	-	(162,000)	(162,000)
Total transfers	393,531	765,871	(142,252)	1,017,150
Change in net assets	(12,679)	(434,888)	(247,569)	(695,136)
Total net assets, beginning of year	3,002,380	11,061,790	3,061,567	17,125,737
Total net assets, end of year	<u>\$ 2,989,701</u>	<u>\$ 10,626,902</u>	<u>\$ 2,813,998</u>	<u>\$ 16,430,601</u>

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 513,599	\$ 410,047	\$ 76,002	\$ 999,648
Payments to suppliers	(1,077,610)	(721,976)	(38,314)	(1,837,900)
Payments to employees	(1,527,718)	(815,661)	-	(2,343,379)
	<u>(2,091,729)</u>	<u>(1,127,590)</u>	<u>37,688</u>	<u>(3,181,631)</u>
Net cash provided by (used in) operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	393,531	765,871	19,748	1,179,150
Transfers out	-	-	(162,000)	(162,000)
Operating grants received	815,359	-	-	815,359
	<u>1,208,890</u>	<u>765,871</u>	<u>(142,252)</u>	<u>1,832,509</u>
Net cash provided by (used in) noncapital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Advance from other funds	-	(5,244)	-	(5,244)
Proceeds from sale of capital assets	-	841	-	841
Capital grants received	882,739	-	-	882,739
	<u>882,739</u>	<u>(4,403)</u>	<u>-</u>	<u>878,336</u>
Net cash provided by (used in) capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	717	352	1,069
	<u>-</u>	<u>717</u>	<u>352</u>	<u>1,069</u>
Net cash provided by investing activities				

(Continued)

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Decrease in cash and cash equivalents	\$ (100)	\$ (365,405)	\$ (104,212)	\$ (469,717)
Cash and cash equivalents:				
Beginning of year	100	401,545	133,162	534,807
End of year	<u>\$ -</u>	<u>\$ 36,140</u>	<u>\$ 28,950</u>	<u>\$ 65,090</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating loss	\$ (2,620,756)	\$ (1,516,404)	\$ (105,669)	\$ (4,242,829)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	383,148	425,245	129,327	937,720
Decrease in accounts receivable	-	8,520	12,890	21,410
Decrease in inventories	27,983	-	-	27,983
Decrease in due from other funds	37,348	-	-	37,348
Decrease in due from other governments	92,900	-	-	92,900
Decrease in accounts payable and accrued liabilities	(12,352)	(62,494)	(110)	(74,956)
Increase in due to other funds	-	20,505	-	20,505
Increase (decrease) in deferred revenues	-	(2,962)	1,250	(1,712)
Net cash provided by (used in) operating activities	<u>\$ (2,091,729)</u>	<u>\$ (1,127,590)</u>	<u>\$ 37,688</u>	<u>\$ (3,181,631)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	<u>\$ 517,821</u>	<u>\$ 314,087</u>	<u>\$ -</u>	<u>\$ 831,908</u>

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 the City.
- 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, 2010

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
ASSETS				
Cash	\$ 2,664,531	\$ 138,587	\$ 2,484,665	\$ 5,287,783
Investments	102	-	-	102
Total assets	2,664,633	138,587	2,484,665	5,287,885
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Claims payable	1,669,500	-	395,639	2,065,139
Due to other funds	995,133	51,203	348,795	1,395,131
Total liabilities	2,664,633	51,203	744,434	3,460,270
NET ASSETS				
Unrestricted	-	87,384	1,740,231	1,827,615
Total net assets	\$ -	\$ 87,384	\$ 1,740,231	\$ 1,827,615

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, 2010

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
Operating revenues:				
Charges for services	\$ 1,843,212	\$ -	\$ 336	\$ 1,843,548
Other	-	-	87,308	87,308
Total operating revenues	<u>1,843,212</u>	<u>-</u>	<u>87,644</u>	<u>1,930,856</u>
Operating expenses:				
Claims and damages	888,974	51,203	189,592	1,129,769
Administrative	76,869	-	371,613	448,482
Total operating expenses	<u>965,843</u>	<u>51,203</u>	<u>561,205</u>	<u>1,578,251</u>
Operating income (loss)	877,369	(51,203)	(473,561)	352,605
Interest income	<u>5,097</u>	<u>309</u>	<u>4,929</u>	<u>10,335</u>
Income (loss) before transfers	<u>882,466</u>	<u>(50,894)</u>	<u>(468,632)</u>	<u>362,940</u>
Transfers in	<u>392,998</u>	<u>-</u>	<u>-</u>	<u>392,998</u>
Change in net assets	1,275,464	(50,894)	(468,632)	755,938
Net assets (deficit), beginning of year	<u>(1,275,464)</u>	<u>138,278</u>	<u>2,208,863</u>	<u>1,071,677</u>
Net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 87,384</u></u>	<u><u>\$ 1,740,231</u></u>	<u><u>\$ 1,827,615</u></u>

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds	\$ 862,842	\$ -	\$ 435,932	\$ 1,298,774
Claims paid	(941,809)	-	(494,470)	(1,436,279)
Premiums paid	(76,869)	-	(351,613)	(428,482)
Net cash used in operating activities	(155,836)	-	(410,151)	(565,987)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	392,998	-	-	392,998
Net cash provided by noncapital financing activities	392,998	-	-	392,998
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	5,097	309	4,929	10,335
Net cash provided by investing activities	5,097	309	4,929	10,335
Increase (decrease) in cash and cash equivalents	242,259	309	(405,222)	(162,654)
Cash and cash equivalents:				
Beginning of year	2,422,374	138,278	2,889,887	5,450,539
End of year	\$ 2,664,633	\$ 138,587	\$ 2,484,665	\$ 5,287,885

(Continued)

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
Classified as:				
Cash	\$ 2,664,531	\$ 138,587	\$ 2,484,665	\$ 5,287,783
Investments	102	-	-	102
	<u>\$ 2,664,633</u>	<u>\$ 138,587</u>	<u>\$ 2,484,665</u>	<u>\$ 5,287,885</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating income (loss)	\$ 877,369	\$ (51,203)	\$ (473,561)	\$ 352,605
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Changes in assets and liabilities:				
Decrease in claims payable	(52,835)	-	(284,878)	(337,713)
Increase (decrease) in due to other funds	(980,370)	51,203	348,288	(580,879)
	<u>(155,836)</u>	<u>-</u>	<u>(410,151)</u>	<u>(565,987)</u>
Net cash used in operating activities	<u>\$ (155,836)</u>	<u>\$ -</u>	<u>\$ (410,151)</u>	<u>\$ (565,987)</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 1,497,183	\$ 199,547	\$ 1,696,730
Civic Center Improvements	2,560,000	2,560,000	2,475,279	67	2,475,346
Engineering	13,850,000	13,750,000	2,150,193	1,282,668	3,432,861
Civic Center Debt Retirement	5,500,000	5,500,000	3,989,056	1,338,720	5,327,776
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	5,280,343	897,954	6,178,297
Recreation	5,000,000	5,000,000	1,203,226	2,627,730	3,830,956
800 MHZ Radio Upgrade, Tower	6,800,000	6,800,000	6,651,231	11,906	6,663,137
GPS/GIS Information Infrastructure Mapping	1,500,000	1,500,000	359,792	133,837	493,629
Fire Training Facility	1,500,000	1,500,000	1,711,525	1,127,006	2,838,531
GIS/Color Infrared Photos	750,000	750,000	95,362	225,957	321,319
Disparity Study	350,000	350,000	339,871	-	339,871
Riverfront Development Projects	8,650,000	7,151,425	5,045,934	-	5,045,934
Thronateeska Improvements	3,500,000	3,900,400	3,897,834	11,644	3,909,478
Civil Rights Museum Expansion	3,750,000	4,098,175	4,029,213	880	4,030,093
Chehaw Park Improvements	2,000,000	2,000,000	230,396	680,362	910,758
East Broad Lead Clean-up	-	850,000	909,097	2,132	911,229
Debt Service - Principal on SPLOST bonds	-	-	4,510,000	4,665,000	9,175,000
Debt Service - Interest on SPLOST bonds	-	-	1,388,833	403,325	1,792,158
Total	\$ 65,873,200	\$ 65,873,200	\$ 45,764,368	\$ 13,608,735	\$ 59,373,103

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 2,092,445	\$ -	\$ 2,092,445
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	34,632	6,534,435
Recreation Improvements	3,150,000	3,150,000	1,349,918	-	1,349,918
Storm Drainage Improvements	3,000,000	3,000,000	1,191,646	-	1,191,646
Fire Station and Equipment	2,000,000	2,000,000	2,001,362	-	2,001,362
Traffic Safety	725,000	725,000	725,000	-	725,000
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>\$ 22,868,638</u>	<u>\$ 34,632</u>	<u>\$ 22,903,270</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 13,155,047	\$ 67,272	\$ 13,222,319
Water and Sewer Extensions	7,200,000	7,200,000	14,848,433	-	14,848,433
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	7,713,804	-	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>\$ 48,568,534</u>	<u>\$ 67,272</u>	<u>\$ 48,635,806</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1990 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Cehaw 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>

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION (UNAUDITED)

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.

Contents

Page

Financial Trends..... 138 - 146

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

Revenue Capacity 147 - 152

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity 153 - 157

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.

Demographic and Economic Information..... 158 - 160

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 161 and 162

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.

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 EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 70,610,705	\$ 78,428,752	\$ 88,743,491
Restricted	309,413	51,416	101	15,013,027	22,207,175	21,328,367	16,456,922	13,177,567
Unrestricted	26,826,914	34,523,181	26,893,280	28,798,084	53,087,410	44,719,433	40,133,840	45,542,781
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>	<u>\$ 136,658,505</u>	<u>\$ 135,019,514</u>	<u>\$ 147,463,839</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	\$ 86,139,998	\$ 87,159,039	\$ 90,125,991
Restricted	7,503,533	7,885,008	5,287,933	2,664,869	2,611,185	575,157	3,009,678	2,667,647
Unrestricted	6,377,188	7,319,208	10,898,996	13,281,984	14,604,568	20,104,218	19,368,954	12,927,651
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>	<u>\$ 106,819,373</u>	<u>\$ 109,537,671</u>	<u>\$ 105,721,289</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	\$ 156,750,703	\$ 165,587,791	\$ 178,869,482
Restricted	7,812,946	7,936,424	5,288,034	17,677,896	24,818,360	21,903,524	19,466,600	15,845,214
Unrestricted	33,204,102	41,842,389	37,792,276	42,080,068	67,691,978	64,823,651	59,502,794	58,470,432
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>	<u>\$ 243,477,878</u>	<u>\$ 244,557,185</u>	<u>\$ 253,185,128</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.

The amounts presented for fiscal years 2008 - 2009 have been restated for a change in accounting policy.

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Primary government:								
Governmental activities:								
General government	\$ 7,262,456	\$ 7,276,172	\$ 8,137,913	\$ 8,434,146	\$ 11,031,409	\$ 13,063,421	\$ 12,215,564	\$ 10,854,334
Judicial	602,121	559,782	534,486	699,203	874,234	910,240	952,323	1,057,836
Public safety	26,426,783	24,026,801	28,127,098	25,879,588	26,853,620	30,268,106	31,206,297	31,544,927
Public works	3,309,918	6,095,676	4,628,392	3,956,468	8,148,684	8,306,157	7,695,464	7,393,923
Parks and recreation	3,946,885	3,136,304	5,224,944	4,349,931	7,195,375	12,818,108	9,079,385	6,684,312
Community development	12,346,081	17,408,508	17,583,267	9,925,973	9,283,562	7,497,726	5,591,053	7,447,371
Community service	354,501	413,405	387,919	272,044	341,999	336,411	399,347	398,458
Interest and fiscal changes	675,902	593,219	1,144,069	1,283,108	1,318,996	1,515,177	1,549,738	1,166,548
Total governmental activities expenses	54,924,647	59,509,867	65,768,088	54,800,461	65,047,879	74,715,346	68,689,171	66,547,709
Business-type activities:								
Sanitary sewer	11,940,921	11,520,444	11,449,170	13,561,191	13,400,852	13,503,253	14,402,906	14,569,098
Solid waste	6,333,690	6,158,567	6,223,987	7,002,226	7,473,428	8,206,745	8,499,616	8,092,385
Airport	1,292,206	1,197,088	1,602,919	1,764,616	1,557,618	2,195,398	2,415,280	2,626,279
Public employee deposit	15,025,032	15,330,991	13,934,182	15,186,576	17,909,891	19,935,572	13,042,126	12,036,183
Transit	2,749,749	3,108,171	2,649,153	3,029,095	3,185,794	3,435,890	2,902,980	3,092,032
Civic Center	1,605,582	1,469,785	1,500,860	1,617,272	1,702,874	1,807,638	1,603,124	1,913,705
Municipal Auditorium	302,700	216,235	213,443	182,094	154,036	160,829	192,119	161,184
Total business-type activities expenses	39,249,880	39,001,281	37,573,714	42,343,070	45,384,493	49,245,325	43,058,151	42,490,866
Total primary government expenses	94,174,527	98,511,148	103,341,802	97,143,531	110,432,372	123,960,671	111,747,322	109,038,575

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 2,676,493	\$ 2,466,315	\$ 2,415,222
Judicial	1,474,669	1,540,161	1,285,247	1,029,011	856,868	999,810	1,109,205	1,297,694
Public safety	2,391,922	1,468,067	1,747,826	1,517,385	1,538,804	1,691,284	1,715,042	1,731,747
Public works	1,045,966	1,080,248	1,401,512	1,242,302	2,105,018	806,260	792,786	940,648
Parks and recreation	358,926	131,136	326,707	362,668	454,975	437,344	335,993	290,619
Community development	3,845,280	3,482,564	8,938,601	2,377,746	2,055,849	2,961,169	481,049	1,403,145
contributions	10,687,430	12,845,939	14,014,169	14,311,112	13,729,819	15,310,571	18,090,264	21,613,472
contributions	3,616,653	13,489,455	6,734,862	4,171,793	2,569,404	15,916,286	2,033,058	14,719,811
program revenues	31,035,555	36,710,638	36,972,481	27,351,950	25,660,199	40,799,217	27,023,712	44,412,358
Business-type activities:								
Charges for services								
Sanitary sewer	11,451,610	11,909,095	12,545,688	13,902,053	14,321,155	15,184,281	15,111,550	14,725,910
Solid waste	6,518,902	6,732,636	7,312,754	7,775,530	8,271,443	8,262,522	8,412,723	8,844,741
Airport	639,012	688,356	728,848	713,386	757,547	812,117	728,191	878,643
Public employee deposit	13,908,768	15,321,954	13,946,036	15,179,150	17,868,487	19,927,744	13,034,004	12,042,502
Transit	362,131	416,702	397,778	417,598	436,988	429,695	495,279	476,251
Civic Center	383,252	453,616	376,832	419,460	446,822	282,776	255,803	404,489
Municipal Auditorium	48,583	35,561	33,719	34,693	26,732	42,388	52,565	61,862
contributions	802,838	2,729,182	1,086,587	3,035,050	2,027,577	2,321,938	1,678,305	1,175,803
contributions	9,672,557	1,741,879	525,111	477,633	9,076,175	5,818,085	2,872,902	3,114,877
activities program revenues	43,787,653	40,028,981	36,953,353	41,954,553	53,232,926	53,081,546	42,641,322	41,725,078
program revenues	74,823,208	76,739,619	73,925,834	69,306,503	78,893,125	93,880,763	69,665,034	86,137,436

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 47,569,215	\$ 41,747,300	\$ 33,658,616
Investment earnings	268,969	261,691	933,302	1,591,370	2,135,978	2,255,534	1,163,072	874,098
Gain on sale of assets	(2,579,721)	-	-	-	-	-	-	-
Transfers	(2,787,436)	(2,624,537)	(2,473,101)	(23,352,122)	(2,185,301)	(2,543,171)	(2,883,904)	46,962
activities general revenues and other 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>	<u>47,281,578</u>	<u>40,026,468</u>	<u>34,579,676</u>
Business-type activities:								
Investment earnings	186,037	115,889	249,690	544,211	792,897	662,182	251,223	71,199
Gain on sale of assets	141,972	94	-	-	-	-	-	-
Transfers	2,787,436	2,624,537	2,473,101	23,352,122	2,185,301	2,543,171	2,883,904	(46,962)
Total business-type activities general revenues and other 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>	<u>3,205,353</u>	<u>3,135,127</u>	<u>24,237</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>	<u>50,486,931</u>	<u>43,161,595</u>	<u>34,603,913</u>
Change in net assets								
Governmental activities	9,186,413	13,594,525	10,163,091	1,045,961	6,370,433	13,365,449	(1,638,991)	12,444,325
Business-type activities	7,653,218	3,768,220	2,102,430	23,507,816	10,826,631	7,041,574	2,718,298	(741,551)
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>	<u>\$ 20,407,023</u>	<u>\$ 1,079,307</u>	<u>\$ 11,702,774</u>

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS

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.

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

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

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

The increase in parks and recreation expense from 2006 to 2007 and from 2007 to 2008 is due to a number of community projects undertaken by the City using SPLOST funding. Projects include the Civil Rights Museum, Riverfront Development and Thornateeska.

The decrease in the Public Employee Deposit Fund from 2008 to 2009 is due to the County no longer participating in the City's self insurance plan.

CITY OF ALBANY, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST EIGHT 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	2,169,665	4,042,768	1,402,865	170,946	46,902,634
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,932,040	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,658,616

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.

The decrease in sales tax in fiscal year 2010 is due to the City accounting for its Special Purpose Local Option Sales Tax as an intergovernmental revenue.

CITY OF ALBANY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 341,529	\$ 2,114,167	\$ 1,336,545	\$ 354,352	\$ 318,989	\$ 395,504	\$ 573,383	\$ 287,634
Unreserved	11,633,185	12,459,929	16,311,481	21,337,958	23,946,604	22,117,285	18,627,452	22,402,480
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>	<u>\$ 22,512,789</u>	<u>\$ 19,200,835</u>	<u>\$ 22,690,114</u>
All Other Governmental Funds								
Reserved	\$ 309,413	\$ 1,821,456	\$ 1,649,736	\$ 659,967	\$ 3,215,569	\$ 2,081,497	\$ 2,945,507	\$ 1,191,357
Unreserved, reported in:								
Special revenue funds	3,551,701	7,061,448	2,737,210	3,876,252	5,274,345	5,513,089	5,676,146	5,663,995
Capital projects funds	971,397	830,905	10,535,048	19,760,677	25,588,135	25,705,739	18,333,452	22,374,566
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>	<u>\$ 33,300,325</u>	<u>\$ 26,955,105</u>	<u>\$ 29,229,918</u>
Total Governmental Funds								
Reserved	\$ 650,942	\$ 3,935,623	\$ 2,986,281	\$ 1,014,319	\$ 3,534,558	\$ 2,477,001	\$ 3,518,890	\$ 1,478,991
Unreserved	16,156,283	20,352,282	29,583,739	44,974,887	54,809,084	53,336,113	42,637,050	50,441,041
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>	<u>\$ 55,813,114</u>	<u>\$ 46,155,940</u>	<u>\$ 51,920,032</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 EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:								
Taxes	\$ 38,173,693	\$ 38,756,600	\$ 40,498,497	\$ 50,255,224	\$ 46,608,379	\$ 47,271,610	\$ 41,461,664	\$ 33,346,229
Licenses and permits	2,401,566	2,364,806	2,456,898	2,318,314	2,320,724	2,434,916	2,258,362	2,171,589
Intergovernmental	14,304,083	25,019,912	20,749,032	18,482,905	16,299,223	16,756,831	20,123,322	36,333,283
Charges for services	2,626,567	2,400,419	2,927,843	2,074,804	2,146,007	2,324,102	2,233,114	2,966,563
Fines and forfeitures	1,486,248	1,425,568	1,143,169	917,565	776,268	901,009	1,025,445	1,191,454
Rental and other fees	105,422	308,479	394,162	415,623	339,325	297,605	-	-
Interest revenues	268,969	248,335	875,573	1,459,136	1,941,959	2,041,946	1,087,289	863,763
Other revenues	3,480,258	2,596,440	4,001,631	3,609,044	3,648,717	3,166,757	2,738,209	2,284,159
Total revenues	62,846,806	73,120,559	73,046,805	79,532,615	74,080,602	75,194,776	70,927,405	79,157,040
Expenditures:								
Current:								
General government	5,678,800	7,967,730	7,556,000	8,620,186	9,884,652	11,875,762	8,976,530	9,936,581
Judicial	620,677	551,910	523,917	690,775	855,330	907,934	986,359	1,056,504
Public safety	24,292,930	27,113,101	26,109,519	24,707,476	26,272,002	28,732,159	28,655,558	30,425,483
Public works	7,981,996	8,234,310	4,565,533	4,150,883	6,711,134	6,781,237	6,990,544	7,068,801
Parks and recreation	5,221,029	5,522,857	4,469,555	4,681,306	4,143,167	4,341,644	4,542,627	5,051,465
Community development	12,023,383	16,668,421	17,292,703	8,816,126	4,644,429	6,036,774	5,018,810	6,996,464
Community service	349,093	408,489	387,919	272,044	341,999	336,411	399,347	398,458
Nondepartmental	5,029,716	-	-	-	-	-	-	-
Capital outlay	-	-	6,296,112	8,322,946	18,478,624	13,814,675	11,114,264	9,636,181
Debt service:								
Principal	2,055,618	2,458,334	1,395,000	3,145,000	1,430,000	1,450,000	6,000,000	6,205,000
Interest and fiscal charges	321,622	625,924	1,158,190	1,212,434	1,254,684	1,558,994	1,501,459	1,256,775
Total expenditures	63,574,864	69,551,076	69,754,448	64,619,176	74,016,021	75,835,590	74,185,498	78,031,712
Excess of revenues over expenditures	(728,058)	3,569,483	3,292,357	14,913,439	64,581	(640,814)	(3,258,093)	1,125,328

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)								
Transfers in	\$ 8,191,348	\$ 3,700,994	\$ 5,609,353	\$ 6,258,438	\$ 3,526,240	\$ 4,327,235	\$ 2,270,397	\$ 8,729,408
Transfers out	(6,304,179)	(6,267,196)	(7,482,454)	(8,444,077)	(5,711,311)	(6,870,406)	(5,154,301)	(6,348,501)
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	653,457	206,758	546,340
Total other financing sources (uses)	3,290,556	3,911,197	(1,873,101)	(1,494,253)	12,506,497	(1,889,714)	(2,677,146)	2,927,247
Net change in fund balances	<u>\$ 2,562,498</u>	<u>\$ 7,480,680</u>	<u>\$ 1,419,256</u>	<u>\$ 13,419,186</u>	<u>\$ 12,571,078</u>	<u>\$ (2,530,528)</u>	<u>\$ (5,935,239)</u>	<u>\$ 4,052,575</u>
Debt service as a percentage of noncapital expenditures	3.74%	4.43%	4.03%	7.29%	4.29%	4.34%	11.08%	10.52%

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.

The increase in debt service as a percentage of noncapital expenditures in 2009 is due to the City beginning payment on the 2007 Revenue Bonds.

CITY OF ALBANY, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST EIGHT FISCAL YEARS (Modified 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	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	2,169,665	4,042,768	1,402,864	197,673	46,929,360
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,619,653	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,346,229

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.

The decrease in sales tax in fiscal year 2009 is due to the national downturn in the economy.

The decrease in sales tax in fiscal year 2010 is due to the City accounting for its Special Purpose Local Option Sales Tax as an intergovernmental revenue.

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	
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
2008	1,225,531	3,063,828	478,728	1,196,820	103,518	1,600,741	4,001,853	9.16
2009	1,218,665	3,046,663	501,002	1,252,505	110,843	1,608,824	4,022,060	9.16
2010	1,179,054	2,987,528	503,796	1,327,833	102,145	1,580,705	4,063,003	9.16

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

Fiscal Year	City of Albany Millage			Dougherty County Millage			Board of Education Millage			Other (State of Georgia)	Total
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Operating	Debt Service	Total School		
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
2008	9.159	0.000	9.159	11.897	0.000	11.897	18.450	0.000	18.450	0.25	39.756
2009	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.746
2010	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249

SOURCE

Dougherty County Tax Department

NOTE

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

CITY OF ALBANY, GEORGIA

TAXABLE SALES TAX DISTRIBUTION BY CATEGORY LAST SIX CALENDAR YEARS (1) (2)

By Category	2004	2005	2006	2007	2008	2009 (3)	
Food	\$ 3,148,127	\$ 3,463,700	\$ 3,802,908	\$ 3,923,148	\$ 3,677,474	\$ 1,351,385	(3)
Apparel	544,168	631,284	676,270	688,235	683,128	310,058	(3)
General	2,304,540	2,307,265	2,403,887	2,448,008	2,402,603	1,082,402	(3)
Automotive	2,898,682	2,811,281	2,916,549	3,030,301	3,377,416	974,961	(3)
Home	846,121	939,734	1,034,018	982,259	916,640	345,110	(3)
Lumber	1,193,728	1,226,793	1,264,403	1,237,612	1,078,029	317,181	(3)
Miscellaneous Service	829,754	842,618	924,728	930,366	1,006,135	375,623	(3)
Manufacturers	1,744,149	1,220,279	1,712,880	1,551,973	1,718,753	475,704	(3)
Utilities	1,311,603	1,339,453	1,517,393	1,480,452	1,594,512	555,468	(3)
Miscellaneous	1,676,383	1,800,816	1,864,146	1,997,795	1,619,727	452,693	(3)
Acommodations	-	-	-	-	-	151,098	(4)
Auto	-	-	-	-	-	947,706	(4)
Construction	-	-	-	-	-	56,446	(4)
Food/bars	-	-	-	-	-	1,789,221	(4)
General Merch	-	-	-	-	-	1,535,625	(4)
Home Furnishing	-	-	-	-	-	684,002	(4)
Manufacturing	-	-	-	-	-	255,361	(4)
Miscellaneous Service	-	-	-	-	-	615,245	(4)
Other Retail	-	-	-	-	-	1,161,684	(4)
Other Services	-	-	-	-	-	205,957	(4)
Utility	-	-	-	-	-	857,090	(4)
Wholesale	-	-	-	-	-	1,060,109	(4)
	<u>\$ 16,497,255</u>	<u>\$ 16,583,223</u>	<u>\$ 18,117,182</u>	<u>\$ 18,270,149</u>	<u>\$ 18,074,417</u>	<u>\$ 15,560,129</u>	

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Only six years of data are available

(2) Information only available for Dougherty County

(3) State changed the grouping of the categories. The (3) is related to Jan through May 2009 and (4) is for May through December 2009.

CITY OF ALBANY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	Fiscal Year 2010			Fiscal Year 2001		
		2009 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2000 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
MillerCoors	Brewery	\$ 53,481,660	1	3.32 %	\$ 53,944,311	1	4.44 %
BellSouth	Utility	19,689,654	2	1.22	23,016,499	3	1.90
Palmyra Medical Center	Hospital	15,610,112	3	0.97	10,225,961	4	0.81
Aronov/Albany Mall LLC	Mall developer	14,893,650	4	0.93	9,892,515	5	0.46
M & M Mars - Div of Mars, Inc.	Confectioner	14,455,405	5	0.90	23,059,706	2	1.89
Flint River Services	Warehousing	7,337,519	6	0.46	-	-	-
AllTel	Communications	7,139,920	7	0.44	-	-	-
Lowe's Home Center	Building Supplies/Retailer	6,560,954	8	0.41	-	-	-
Appliance PP2 FX 4 LTD	Apartments	6,187,778	9	0.38	-	-	-
Sam's/WalMart Stores	Retailer	6,096,579	10	0.38	8,916,266	6	0.73
Carlton Company	Heavy equipment	-	-	-	7,959,928	7	0.66
Georgia Power Company	Public Utility	-	-	-	5,662,935	8	0.47
Coats and Clark	Textiles	-	-	-	5,561,920	9	0.84
Flint River Textiles	Textiles	-	-	-	5,403,336	10	0.44
		<u>\$ 151,453,231</u>		<u>9.41 %</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
2001	\$ 10,836	\$ 10,886	100.46	\$ 51	\$ 10,937	100.93 %
2002	12,261	11,896	97.02	340	12,236	99.80
2003	12,750	11,616	91.11	1,113	12,729	99.84
2004	12,684	12,535	98.83	128	12,663	99.83
2005	12,736	12,505	98.19	222	12,727	99.93
2006	12,988	12,791	98.48	182	12,973	99.88
2007	13,077	12,901	98.65	157	13,058	99.85
2008	13,164	12,872	97.78	247	13,119	99.66
2009	13,400	12,329	92.01	1,020	13,349	99.62
2010	13,540	13,105	96.79	-	13,105	96.79

SOURCE

Dougherty County Tax Department

CITY OF ALBANY, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE LAST EIGHT FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation 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	18,870,000	10,000,000	5,525,000	39,650,000	283,329	172,006	74,500,335	4.31%	988.15
2008	17,720,000	10,000,000	5,225,000	39,110,000	120,054	58,681	72,233,735	2.43%	952.64
2009	12,020,000	10,000,000	4,925,000	36,670,000	51,586	-	63,666,586	4.14%	839.59
2010	6,425,330	10,000,000	4,625,000	34,145,000	10,421	-	55,205,751	3.59%	728.01

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
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
2007	18,870,000	6,868	18,863,132	0.52	250
2008	17,720,000	6,782	17,713,218	0.44	234
2009	12,020,000	6,808	12,013,192	0.30	158
2010	6,425,330	6,811	6,418,519	0.16	85

NOTES

In fiscal year 2007, \$14,000,000 of SPLOST bonds were issued by ADICA.

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, 2010

<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	\$ 6,425,330	100 %	\$ 6,425,330
Overlapping, Dougherty County Board of Education	10,710,000	71 %	7,604,100
	<u>\$ 17,135,330</u>		<u>\$ 14,029,430</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 City. 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 EIGHT FISCAL YEARS (Dollar Amounts Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
LEGAL DEBT MARGIN									
Debt limit	\$ 139,227	\$ 142,962	\$ 139,846	\$ 140,628	\$ 142,957	\$ 126,697	\$ 170,426	\$ 171,158	\$ 172,614
Total net debt applicable to limit	11,841	11,052	9,746	8,463	5,968	18,863	3,720	2,430	1,290
Legal debt margin	<u>\$ 127,386</u>	<u>\$ 131,910</u>	<u>\$ 130,100</u>	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 107,834</u>	<u>\$ 166,706</u>	<u>\$ 168,728</u>	<u>\$ 171,324</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>14.89%</u>	<u>2.18%</u>	<u>1.42%</u>	<u>0.75%</u>
LEGAL DEBT MARGIN CALCULATION									
Assessed value	\$ 1,299,345	\$ 1,341,465	\$ 1,324,522	\$ 1,323,685	\$ 1,343,628	\$ 99,744	\$ 1,600,741	\$ 1,608,824	\$ 1,625,201
Add back exempt property	92,923	88,159	73,933	82,598	85,940	1,167,227	103,518	110,843	100,943
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>1,266,971</u>	<u>1,704,259</u>	<u>1,719,667</u>	<u>1,726,144</u>
Debt limit (10% of total assessed value)	139,227	142,962	139,846	140,628	142,957	126,697	170,426	171,967	172,614
Debt applicable to limit									
General obligation bonds	11,905	11,110	9,815	8,470	5,975	18,870	17,720	12,020	6,425
Less amount set aside for repayment of general obligation debt	(64)	(58)	(69)	(7)	(7)	(7)	(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>18,863</u>	<u>17,713</u>	<u>12,013</u>	<u>6,418</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>\$ 107,834</u>	<u>\$ 152,713</u>	<u>\$ 159,954</u>	<u>\$ 166,196</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	
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
2008	15,722,157	8,266,328	7,455,829	2,440,000	1,732,081	1.79
2009	15,247,206	8,266,328	6,980,878	2,440,000	1,632,087	1.71
2010	14,787,711	9,597,229	5,190,482	2,525,000	1,581,234	1.26

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)
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
2008	75,825	2,971,354	39,187 (1)	33.5	12.5	16,436	4.9
2009	75,831	1,538,156	20,284 (1)	33.1	12.5	16,222	7.5
2010	75,831	1,538,156	20,284 (1)	33.1	12.5	15,960	9.8

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 NINE YEARS AGO

Employer (1)	Fiscal Year 2010			Fiscal Year 2001		
	Employees (1)	Rank	Percentage of Total Taxable Assessed Value	Employees (1)	Rank	Percentage of Total Taxable Assessed Value
Phoebe Putney Hospital	3,804	1	0.094 %	3,015	2	0.096 %
USMC Logistic Base (Civilian)	3,081	2	0.076	3,175	1	0.101
Dougherty County Board of Education	2,934	3	0.072	2,900	2	0.092
Proctor and Gamble	1,394	4	0.034	1,500	4	0.048
City of Albany	1,387	5	0.034	1,234	5	0.039
Dougherty County	669	6	0.016	1,200	6	0.038
Miller Brewing Company	650	7	0.016	650	7	0.021
Albany State University	550	8	0.014	680	8	0.022
Teleperformance USA	474	9	0.012	-		0.000
Palmyra Medical Center	454	10	0.011	-		0.000
Bobs Candies	-		-	638	9	0.020
M&M Mars - Div of Mars, Inc.	-		-	600	10	0.019
Totals	15,397		0.38 %	15,592		0.50

SOURCE

(1) Albany Chamber of Commerce

CITY OF ALBANY, GEORGIA

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	177	177	171	170	170	174	140	145	147
Judicial	6	6	6	8	11	11	11	12	12
Public safety	467	467	464	461	394	404	435	466	466
Public works	164	164	165	165	41	41	42	42	36
Parks and recreation	60	60	60	60	57	57	57	60	63
Community development	12	12	12	12	12	12	12	12	12
Sanitary sewer	59	58	58	59	68	68	68	68	68
Solid waste	48	48	49	52	51	49	49	49	49
Airport	18	18	17	17	14	14	17	17	17
Transit	29	29	29	29	29	29	29	30	30
Civic Center	16	16	16	16	15	16	16	17	17
Auditorium	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,057</u>	<u>1,056</u>	<u>1,048</u>	<u>1,050</u>	<u>863</u>	<u>875</u>	<u>876</u>	<u>918</u>	<u>917</u>

Source: City of Albany Budget Document

CITY OF ALBANY, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST NINE FISCAL YEARS

Function	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sanitary sewer									
Average daily treatment (thousands of gallons)	18,295	17,640	18,653	18,653	18,653	16,230	15,958	16,369	17,477
Airport									
Number of daily flights	8	8	8	8	8	8	4	3	3
enplaned passengers	34,336	35,920	35,461	39,954	39,954	37,109	40,835	35,128	33,164
deplaned passengers	34,534	35,094	34,044	38,156	38,156	35,829	39,226	34,499	32,668
Number of based aircraft	52	47	44	40	40	35	38	39	39
Police									
Citations issued	21,650	17,982	18,526	16,090	11,297	10,552	11,082	N/A	N/A
DUI Citations issued	287	269	193	139	96	228	153	N/A	N/A
Warnings issued	954	1,423	2,555	3,046	3,424	3,235	3,151	N/A	N/A
Crime Statistics:									
Aggravated									
Assault	231	233	250	252	284	341	389	573	465
Auto Theft	284	401	349	329	399	379	298	347	317
Murder	7	6	5	8	8	8	11	8	11
Rape	43	37	52	40	31	34	33	44	37
Robbery	210	261	217	216	242	205	207	247	230
Burglary	1,297	1,280	1,576	1,705	1,645	1,558	1,520	1,450	1,663
Theft	3,319	2,967	3,375	2,958	3,239	3,299	3,615	3,049	3,265
Fire									
Incident responses	3,434	1,587	2,959	3,141	2,779	3,706	3,511	2,234	3,588
Public Safety Education									
Events	87	65	73	52	81	61	103	1,264	172
Persons contacted	108,655	100,563	107,682	123,340	124,086	110,060	6,022	3,579	9,441

SOURCE

Various city departments

N/A - Information not available.

NOTE

Operating indicators are not available for the general government function.

CITY OF ALBANY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST NINE FISCAL YEARS

Function	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety									
Police									
Fleet size	185	186	186	170	170	170	170	170	171
Fire stations	11	11	11	11	11	11	11	11	11
Public Works									
Miles of streets	430	568	568	559	559	559	559	559	559
Number of street lights	8,503	8,503	8,503	8,503	10,420	11,247	11,247	11,247	11,247
Culture and Recreation									
Park acreage	1,104	1,104	1,104	1,104	1,300	1,300	1,300	1,300	1,300
Parks	45	45	45	45	44	54	54	54	54
Golf course	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	1	1	1
Tennis courts	17	17	17	17	20	22	22	22	22
Sewerage System									
Miles of sanitary sewer	350	350	350	350	350	350	350	350	350
Miles of storm sewer	400	400	400	400	400	400	400	400	400
Number of treatment plants	1	1	1	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, 2010, which collectively comprise the City of Albany, Georgia's basic financial statements and have issued our report thereon dated December 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned cost as item 2010-1 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-2, 2010-3, and 2010-4 to be significant deficiencies.

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 2010-3 and 2010-4.

We also noted certain additional matters that we reported to management of the City of Albany, Georgia in a separate letter dated December 28, 2009.

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 the responses.

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.

Macon, Georgia
December 21, 2010

Mauldin & Jenkins, LLC



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
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 City of Albany, Georgia's compliance with the types of compliance requirements described in *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Albany, Georgia's major federal programs for the year ended June 30, 2010. 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. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-5 through 2010-8.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-5 and 2010-6. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the responses.

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
December 21, 2010

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 Cluster	20.500	MTG00-0140-00-001	\$ 60,937
Federal Transit Cluster	20.500	MTG00-0142-00-001	322,589
Federal Transit Cluster	20.500	MTG00-0145-00-001	252,438
Federal Transit Cluster	20.500	MTG00-0148-00-001	1,114
Federal Transit Cluster	20.500	MTG00-0148-00-002	133,492
Federal Transit Cluster	20.507	MTG00-0148-00-015	815,359
			<u>1,585,929</u>
DOT PL Funds	20.505	PL000-0009-00(232)	<u>155,165</u>
Planning Assistance Grant	20.515	MTG00-0146-00-004	17,661
Planning Assistance Grant	20.515	MTG00-0146-00-004	30,350
			<u>48,011</u>
Child Safety and Child Booster Seat Incentive	20.613	GA-2010-180-00397	<u>27,683</u>
Total U.S. Department of Transportation			<u>1,816,788</u>
Federal Aviation Administration			
Direct Awards			
Airport Improvement Program	20.106	P#3-13-0002-28-2008	11,338
Airport Improvement Program	20.106	P#3-13-0002-29-2008	364
Airport Improvement Program	20.106	P#3-13-0002-30-2009	1,050,686
Airport Improvement Program	20.106	P#3-13-0002-32-2009	707,817
Airport Improvement Program	20.106	P#3-13-0002-35-2009	261,709
Airport Improvement Program	20.106	P#3-13-0002-36-2010	22,262
Airport Improvement Program	20.106	P#3-13-0002-37-2010	25,332
Total Federal Aviation Administration			<u>2,079,508</u>

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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			
Community Development Block Grant	14.218	B-08-MC-13-0001	\$ 735,546
Community Development Block Grant	14.218	B-07-MC-13-0001	359,004
ARRA - Community Development Block Grant-R	14.218	B-09-MY-13-0001	216,722
			1,311,272
 CDBG - State - Administered Small Cities Program Cluster	 14.228	 08-NS-5072	 277,831
 HUD-Home Partnership Investment Title II Program	 14.239	 M-09-MC-13-0205	 265,206
HUD-Home Partnership Investment Title II Program	14.239	M-08-MC-13-0205	2,435
HUD-Home Partnership Investment Title II Program	14.239	M-05-MC-13-0205	97,341
HUD-Home Partnership Investment Title II Program	14.239	M-04-MC-13-0205	239,811
HUD-Home Partnership Investment Title II Program	14.239	M-03-MC-13-0205	93,679
			698,472
 Housing Counseling Grant	 14.169	 HC09-0421-059	 33,296
Housing Counseling Grant	14.169	HC08-0498-078	813
			34,109
 EDI - Special Project Grant	 14.246	 B-04-SP-GA-0196	 11,632
Passed through State of Georgia			
Supportive Housing Program	14.235	2009 09E EO 09C010	29,913
Supportive Housing Program	14.235	GA0054B4B010801	70,006
Supportive Housing Program	14.235	GA0054B4B010802	52,272
			152,191
 Total U.S. Department of Housing and Urban Development			 2,485,507

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Awards			
Child Nutrition Cluster	10.559	S07-08002	\$ 48,168
Child Nutrition Cluster	10.559	08002	85,588
Total U.S. Department of Agriculture			<u>133,756</u>
U.S. Department of Justice			
Passed-Through State of Georgia			
Bullet Proof Vest Grant	16.607	2003-BU-BX-6439	<u>11,250</u>
2005 Justice Assistance	16.738	2005-DJ-BX-1171	48,942
2006 Justice Assistance	16.738	2006-DJ-BX-0619	6,826
2007 Justice Assistance	16.738	2007-DJ-BX-0808	25,031
2008 Justice Assistance	16.738	2008-DJ-BX-0272	16,134
2009 Justice Assistance	16.738	2009--DJ-BX-0281	26,282
ARRA 2009 Justice Assistance	16.738	2009-SB-B9-0908	<u>263,129</u>
			<u>386,344</u>
ARRA COPS Hiring Program	16.710		<u>156,538</u>
Totally Teen Zone After-School Initiative	16.541	2009-JL-FX-0245	<u>23,282</u>
Total U.S. Department of Justice			<u>577,414</u>
U.S. Department of Commerce			
Passed-Through State of Georgia			
Public Works and Economic Development Cluster	11.307	04-19-69032	<u>1,013,192</u>
Total U.S. Department of Commerce			<u>1,013,192</u>

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
Corporation for National and Community Service			
Passed-Through State of Georgia			
2008-2009 Americorps	94.006	06AFGA0010022	\$ 24,908
2009-2010 Americorps	94.006	06AFGA0010024	91,281
ARRA Georgia Recovery Corps	94.006	09RFHGA0010002	65,293
Total Corporation for National and Community Service			181,482
Department of Energy			
Direct Awards			
Weatherization	81.042	DOER-WX-DOE-2009/11-30	43,736
ARRA Weatherization	81.042	DOER-ARRA-WX-DOE-2009/12-30	524,767
Total U.S. Department of Energy			568,503
Department of Health and Human Services			
Direct Awards			
Weatherization	93.568	DOER-WX-HHS-2009/10-30	30,786
Total U.S. Department of Health and Human Services			30,786
Department of Homeland Security			
Direct Awards			
Performance Partnership Agreement	97.042	P09-09-094	28,820
Homeland Security Assistance to Firefighters	97.044	EMW-2008-FO-04076	68,926
Homeland Security Cluster	97.067	2008-GE-T8-0017	11,672
Passed-Through Georgia Emergency Management Agency			
Legislative Pre-Disaster Mitigation Grant	97.047	LPDM-PJ-04-GA-2008-002	300,000
Total U.S. Department of Homeland Security			409,418
(Continued)			

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
Environmental Protection Agency			
Direct Awards			
EPA Congressional Mandated Projects	66.202	XP-96474307-1	\$ 820,299
Total Environmental Protection Agency			<u>820,299</u>
Total Expenditures of Federal Awards			<u><u>\$ 10,116,653</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, 2010

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, 2010, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	\$ 170,183
EDI Special Project Grant	14.246	10,000
		<u>\$ 180,183</u>

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

☒ yes ☐ no

Significant deficiencies identified not considered
to be material weaknesses?

☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☒ yes ☐ no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

☐ yes ☒ no

Significant deficiencies identified not considered
to be material weaknesses?

☒ yes ☐ 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, 2010

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>
20.500 and 20.507	Transit Grant Cluster
16.738	Justice Assistance Grant Cluster
16.710	ARRA COPS Hiring Program
14.218	Community Development Block Grant
94.006	Americorps Cluster
81.042	Weatherization Cluster
97.047	Legislative Pre-Disaster Mitigation Grant
66.202	EPA Congressional Mandated Projects
11.307	Economic Development Revolving Loan Fund

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, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 1. 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 accounts receivable in the Nonmajor Funds, as of June 30, 2010.

Effect: Adjustments to increase accounts receivable in the amount of \$196,261, increase revenues in the amount \$228,550, and increase expenditures in the amount \$32,289 was required to be recorded in the Nonmajor Funds.

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

Recommendation: We recommend the City review all revenues after year end to determine all items are being properly recorded.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work to properly record all receivable balances at the end of each financial reporting cycle.

2010 - 2. Recording Investment Activity

Criteria: Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis. Specifically, investment transactions warrant this exercise monthly, inclusive of reviewing and reconciling the monthly statements, trial balances and other supporting documentation provided by external parties.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 2. Recording Investment Activity (Continued)

Condition: We noted the City did not record interest activity in the General Fund or Nonmajor Funds during the fiscal year ended June 30, 2010.

Context: See above condition.

Effect: By not recording activity and performing reviews and reconciliations on a monthly basis, the City exposes itself to not being able to identify errors or irregularities in a timely manner. An adjustment to increase investments by \$113,404 and increase interest revenue by the same amount was required to be recorded in the General Fund. An adjustment to decrease investments by \$11,851, decrease interest expenditures by \$493, and decrease interest revenue by \$12,344 was required to be recorded in the Nonmajor Funds.

Cause: A lack of management oversight of the review and reconciliation process.

Recommendation: We recommend the City implement procedures whereby reconciliations of all investment accounts are reviewed on a regular basis to ensure all transactions are properly posted.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all investment reconciliations to ensure all transactions are properly posted.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 3. Undercollateralization of City Deposits

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

Condition: For the year ended June 30, 2010, the City's deposits held at one financial institution were undercollateralized.

Context: See Criteria above.

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.

Cause: The financial institution has not appropriately collateralized all City deposits as of June 30, 2010.

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 2011. We will begin monitoring the pledging of collateral on a regular basis.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 4. Special Revenue Fund Budgets

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, each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ending June 30, 2010, no annual budget was adopted for the Tax Allocation District Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Context: See above condition.

Effect: By not adopting a budget for all of the required funds, the City is not in compliance with state law.

Cause: The City did not include the above fund in the budgeting process.

Recommendation: The City should adopt an annual balanced budget for each special revenue fund.

Views of Responsible Officials and Planned Corrective Action: We concur. A budget will be adopted for all required funds going forward.

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2010 - 5. Failure to Comply with the Requirements of the Davis-Bacon Act

Federal Program Information: CFDA No. 81.042, U.S. Department of Energy – Weatherization Cluster FY 2010
CFDA No. 97.047, U.S. Department of Homeland Security – Legislative Pre-Disaster Mitigation Grant FY2010
CFDA No. 66.202, Environmental Protection Agency – EPA Congressional Mandated Projects FY2010

Criteria: OMB Circular A-133 and the Single Audit Act require that any contract with contractors and subcontractors must include, either in the body of the contract or as a supplement or appendix to the contract, wording that indicates the contractor or subcontractor must comply with the requirements and regulations set forth in the Davis-Bacon Act. The Davis-Bacon Act stipulates that all contractors and subcontractors paid with Federal funds must (1) pay their employees no less than the prevailing wage rate (minimum wage) and (2) submit weekly certified payroll reports to the Grantee for review of compliance.

Condition: For the year ended June 30, 2010, construction contracts related to the above listed federal awards did not include, either in the body of the contract or as a supplement or appendix to the contract, wording that indicates the contractor or subcontractor must comply with the requirements and regulations set forth in the Davis-Bacon Act.

Context: See above condition.

Effect: Because the contracts with contractors and subcontractors do not adhere to the requirements of the Davis-Bacon Act, the City is not in compliance with the requirement.

Cause: The City did not include the requirement that contractors and subcontractors must comply with the Davis-Bacon Act as a part of its contracts with contractors and subcontractors.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2010 - 5. Failure to Comply with the Requirements of the Davis-Bacon Act (Continued)

Recommendation: We recommend the City include, either in the body of the contract or as a supplement or appendix to the contract, wording that indicates the contractor or subcontractor must adhere to the requirements of the Davis-Bacon Act.

Views of Responsible Officials and Planned Corrective Action: We concur. We will include the requirement, either in the body of the contract or as a supplement or appendix to the contract wording that indicates contractors and subcontractors must comply with the requirements of the Davis-Bacon Act.

2010 - 6. Failure to Comply with the American Recovery and Reinvestment Act's Procurement Requirements

Federal Program Information: CFDA No. 81.042
Weatherization Cluster
U.S. Department of Energy
Fiscal Year 2010

Criteria: The American Recovery and Reinvestment Act (ARRA) requirement related to Procurement, and adopted by the Department of Energy, prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2010 - 6. Failure to Comply with the American Recovery and Reinvestment Act's Procurement Requirements (Continued)

Condition: For the year ended June 30, 2010, contracts with contractors and subcontractors did not include, either in the body of the contract or as a supplement or appendix to the contract, that the contractor or subcontractor must comply with the requirements and regulations set forth in the Procurement requirement for American Recovery and Reinvestment Act funds.

Context: See above condition.

Effect: Because the contracts with contractors and subcontractors do not contain the proper procurement requirement as set forth in the American Recovery and Reinvestment Act, the City is not in compliance with the requirement.

Cause: Contracts did not include the requirement of contractors and subcontractors to comply with the Procurement requirement related to American Recovery and Reinvestment Act funds.

Recommendation: We recommend the City include, either in the body of the contract or as a supplement or appendix to the contract, that the contractor or subcontractor adhere to the Procurement requirements of the American Recovery and Reinvestment Act.

Views of Responsible Officials and Planned Corrective Action: We concur. We will include the requirement, either in the body of the contract or as a supplement or appendix to the contract that our contractors and subcontractors comply with the Procurement requirements of the American Recovery and Reinvestment Act.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

2009 - 1. 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, 2009 as it relates to accounts payable within the General Fund, SPLOST Fund and the Non-Major Funds.

Status: This finding was corrected during the fiscal year ended June 30, 2010.

2009 - 2. 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 amounts due from component units in the General Fund, amounts due from other governments and due from component units in the Public Employee Deposit Fund, or assessments receivable in the Sanitary Sewer Fund, as of June 30, 2008.

Status: This item was corrected for the fiscal year ending June 30, 2010 with respect to component unit receivables. However, an additional finding was noted in the current year related to other accounts receivable. See 2010-1 in the current year Schedule of Findings and Questioned Costs.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

2009 - 3. Debt Transactions

Criteria: 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 the issuance of debt and debt related items in the statement of net assets for all proprietary funds, and should amortize bond premiums, discounts, and related bond costs over the life of the debt.

Condition: The City did not properly record the amortization of the bond premium associated with the Series 2007 bonds in the Sanitary Sewer Fund.

Status: This finding was corrected during the fiscal year ended June 30, 2010.

2009 - 4. Segregation of Duties – ADICA (Blended Component Unit)

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition/Context/Cause: Due to the lack of sufficient qualified staff, appropriate segregation of duties does not exist between recording, distribution, and reconciliation of cash accounts and other operational functions of ADICA.

Status: This finding was corrected during the fiscal year ended June 30, 2010.

CITY OF ALBANY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

2009 - 5. Management of Due to / from (Internal) Accounts

Criteria: 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” (the current portion of interfund loans) or “advances to/from other funds” (the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. As part of that process, the City should review the amounts that should be included in “due to/from other funds” and “advances to/from other funds” to determine the proper amounts to be reported and to determine the existence of intent and ability of each fund to repay.

Condition: We noted the City did not properly report the due to/from other funds accounts in the General Fund and Non-Major Funds.

Status: This finding was corrected during the fiscal year ended June 30, 2010.

2009 - 6. Failure to Maintain the Minimum File Requirements

Federal Program Information: CFDA No. 10.307
Economic Development Authority Revolving Loan Program
U.S. Department of Commerce
Fiscal Year 2009

Criteria: The Economic Development Administration, authorized by PWEDA, as amended by the Economic Development Administration Reauthorization Act of 2004 (Pub. L. No. 108-373), requires that prior to the disbursement of any EDA funds, the RLF recipient must certify that standard RLF loan documents necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the grant and applicable State and local law. The standard loan documents include, at a minimum, the (1) loan application, (2) loan agreement, (3) board of directors’ meeting minutes approving the RLF loan, (4) promissory note, (5) security agreement(s), (6) deed of trust or mortgage (if applicable), (7) agreement of prior lien holder (if applicable), and (8) signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

CITY OF ALBANY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

2009 - 6. Failure to Maintain the Minimum File Requirements (Continued)

Condition: For the year ended June 30, 2009, loan files did not meet the minimum file requirement as it relates to Board of Directors' meeting minutes approval of the RLF loan for five (5) of the loans.

Status: This finding was corrected during the fiscal year ended June 30, 2010.

SUPPLEMENTAL SECTION



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, 2010, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant #03-C-L-106. 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, 2010, 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
December 21, 2010

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STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	City of Albany
B	Information for Year Ended	June 30, 2010
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	\$20,000
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 12/24/10

Signature of Chief Financial Officer

Date 12/24/10