

**CITY OF ALBANY, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by:

Kris Newton  
Director of Finance

**CITY OF ALBANY, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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## INTRODUCTORY SECTION

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# City of Albany

Post Office Box 447

Albany, Georgia

31702-0447

December 20, 2012

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, 2012. 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, 2012. The independent auditor's report is located at the beginning of the financial section of this report.

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



## PROFILE OF GOVERNMENT

Situated in the Plantation Trace region, Albany is the primary trade center for Southwest Georgia. It is the county seat for Dougherty County, Georgia. Incorporated in 1841, the city lies at the head of the Flint River, 145 miles south of Atlanta and 95 miles north of Tallahassee, Florida. The city was laid out in 1836 by Alexander Shotwell and named for Albany, New York. The City of Albany and Dougherty County enjoy a good working relationship. As of the 2010 Census, the population of Albany was 77,434.<sup>1</sup>

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, Assistant City Attorney, Municipal Court Judge, City Solicitor, and Public Defender. The City Manager is the Chief Executive Officer (CEO) charged with the enforcement of the laws and ordinances passed by the Commission. The Commission also appoints members to various Boards, Authorities, and other Commissions.

This report includes all funds and account groups of the primary government (City of Albany), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Water, Gas and Light Commission of Albany, the Chehaw Park Authority, and the Albany-Dougherty Inner City Authority (ADICA) are independent entities whose financial stability relates to the City's financial health and, accordingly, they have been included as part of the City's reporting entity. The City provides a full range of services including police and fire protection; solid waste services; 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.

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<sup>1</sup>Source: Albany Chamber of Commerce [www.albanyga.us](http://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. Despite this, the City of Albany has managed to maintain normal operations through judicious use of the strong fund balance and the cash reserves we accumulated prior to the economic downturn. This has been possible because management has imposed stringent budget controls and continuous financial monitoring.

The State of Georgia and many local governments have had to eliminate positions during FY 2012 due to continuing budget difficulties. The City of Albany did not eliminate positions nor enact any furloughs in FY 2012; however, the City Manager carefully scrutinizes every hiring decision before it is made to keep headcount under control.

The City Commission adopted formal financial policies in FY11, which have helped to provide structure and guidance as we move forward toward fiscal recovery. The thorough discussion that preceded the adoption of these policies created a common language and reference points that will make financial discussions among staff and both elected and appointed officials more productive.

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.<sup>2</sup>

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<sup>2</sup>Albany Chamber of Commerce, from [www.albanyga.com](http://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 charged City staff with developing 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:

- Accountable, Efficient and Responsive Government
- Community and Economic Vitality
- A Healthy, Livable and Sustainable Albany
- Managed Growth and Infrastructure
- Public Safety: A Safe and Prepared Community
- Transportation Mobility and Connectivity

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 was estimated to be \$108 million. Sixty-two percent, or \$65.87 million, of those funds was allocated for City administered projects and non-profit organizations, some of which have not been completed at this printing. The City of Albany projects funded through SPLOST V included: \$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 million Public Safety equipment and training facility, \$3.14 million for the Recreation Master Plan and facility renovations, \$1.75 million 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 million for Riverfront Park. Most projects for this SPLOST series are complete. Therefore, spending should decrease until the end of this SPLOST series.

Special Purpose Local Option Sales Tax VI - The City of Albany and Dougherty County entered into an intergovernmental sales tax agreement and in November 2010, 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, 2011 and March 31, 2017 is estimated to be \$98 million. Sixty-four percent, or \$62.72 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 VI include: \$3.99 million Airport improvements, \$8.5 million Pump Station and Sewer improvements, \$7 million Broad Avenue Bridge, \$7 million Street and Storm Water improvements, \$1 million Sidewalk replacements, \$3.68 million Alley Paving and improvements, \$9.08 million Public Safety equipment and upgrades, \$4.38 million Transit improvements, and \$3.75 million Recreational improvements. Also included are projects for community organizations and other capital purchases and improvements: \$1.75 million to the Chehaw Wild Animal Park Authority and \$2 million for the Thronateeska Heritage Center improvements. A complete list of the projects and further details regarding the program is available at [www.albany.ga.us](http://www.albany.ga.us).

Total revenue generated for fiscal year 2012 for SPLOST programs was \$11.5 million with expenditures totaling \$4.2 million.

### **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 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, is used to maintain adequate cost controls.

## **CASH MANAGEMENT**

Cash temporarily idle during the year was invested in interest-bearing demand deposits, certificates of deposits, and Merrill Lynch. 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 twenty-one consecutive fiscal years from 1991 to 2011. 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.

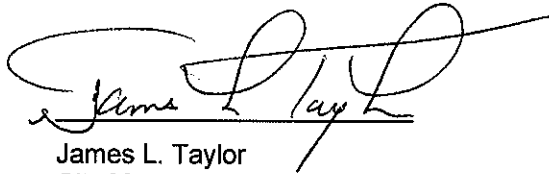
In addition, the City received the GFOA Distinguished Budget Award for the twentieth consecutive year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial guide, and as a communication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

### ACKNOWLEDGMENTS

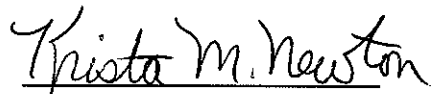
We wish to acknowledge the outstanding accomplishment of the Finance Department staff in the preparation of this report. This document is the culmination of months of hard work and dedication. Additionally, we would like to thank all City departments for their positive attitudes toward budgetary responsibility, 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,



James L. Taylor  
City Manager



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, 2011

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.



*Christopher P. Morrell*

President

*Jeffrey R. Emen*

Executive Director

# **CITY OF ALBANY, GEORGIA**

## **PRINCIPAL OFFICIALS JUNE 30, 2012**

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### **ELECTED**

<b>Dorothy Hubbard</b>	<b>At Large</b>	<b>Mayor</b>
<b>Jon B. Howard</b>	<b>Ward I</b>	<b>Commissioner</b>
<b>Ivey Hines</b>	<b>Ward II</b>	<b>Commissioner</b>
<b>Christopher Pike</b>	<b>Ward III</b>	<b>Commissioner</b>
<b>Roger B. Marietta</b>	<b>Ward IV</b>	<b>Commissioner</b>
<b>Robert B. Langstaff, Jr.</b>	<b>Ward V</b>	<b>Mayor Pro Tem/Commissioner</b>
<b>Tommie Postell</b>	<b>Ward VI</b>	<b>Commissioner</b>

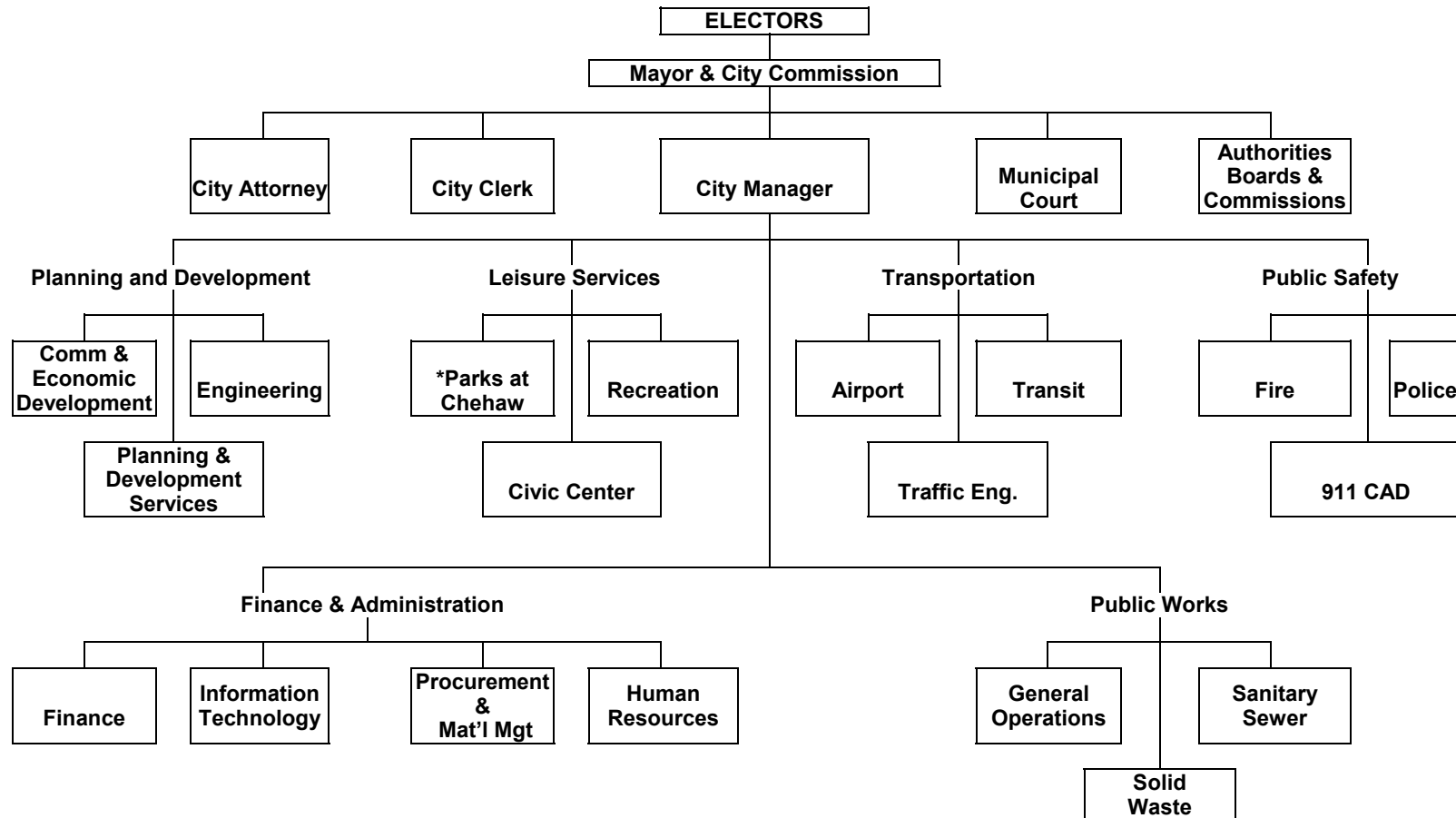
### **STAFF**

<b>James L. Taylor</b>	<b>City Manager</b>
<b>Krista M. Newton</b>	<b>Director of Finance</b>



# CITY OF ALBANY, GEORGIA

## ORGANIZATION CHART JUNE 30, 2012



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

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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**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, 2012, 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, 2012, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 4 through 22 and pages 111 and 112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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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 as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 20, 2012

**CITY OF ALBANY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2012**

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 \$273,690,100. Of this amount, \$45,284,459 (16.5%) 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 \$118,189,192. This represented an increase of \$5,347,547 (4.5%) 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 \$155,500,908. This represented a decrease of \$1,099,704 (0.7%) from 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 \$22,346,597 as of June 30, 2012. Of this amount, \$20,869,545 (93.4%) was unassigned.
- ❑ The General Fund had revenues of \$55,376,287 for the current fiscal year. Of this amount, \$18,969,043 (34.3%) was from Intergovernmental Revenues, \$13,831,005 (25%) was from property taxes and \$8,874,041 (16%) was from sales taxes.

## Debt Obligations

- ❑ Long-term debt obligations from primary governmental activities increased \$17,685,333 (47.1%), from \$19,843,523 at June 30, 2011, to \$37,528,856 at June 30, 2012.
- ❑ Long-term debt obligations from business type activities decreased \$2,055,488 (7.7%), from \$28,611,083 at June 30, 2011 to \$26,555,595 at June 30, 2012.

## 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, 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 discreetly 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 five (5) non-major proprietary funds. Two (2) of the non-major proprietary funds are enterprise funds (Transit Fund and Civic Center Fund). These two 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 (3) 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 tenth 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, 2011 and June 30, 2012, 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 \$273,690,100 as of June 30, 2012.

As shown on Table 1, the largest portion of the City's net assets, \$172.5 million (63%), 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, \$55.9 million (20%), 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 \$45.3 million (17%) 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, 2012, 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>FY2012</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2011</b>
Current and Other Assets	\$ 100,644,887	\$ 80,305,056	\$ 26,500,969	\$ 25,277,064	\$ 127,145,856	\$ 105,582,120
Capital Assets	99,289,002	103,870,536	124,947,817	121,707,459	224,236,819	225,577,995
<b>TOTAL ASSETS</b>	<b>199,933,889</b>	<b>184,175,592</b>	<b>151,448,786</b>	<b>146,984,523</b>	<b>351,382,675</b>	<b>331,160,115</b>
Current and Other Liabilities	7,236,905	10,945,388	9,448,999	8,643,315	16,685,904	19,588,703
Long Term Liabilities	37,196,076	16,629,592	23,810,595	25,499,563	61,006,671	42,129,155
<b>TOTAL LIABILITIES</b>	<b>44,432,981</b>	<b>27,574,980</b>	<b>33,259,594</b>	<b>34,142,878</b>	<b>77,692,575</b>	<b>61,717,858</b>
Net Assets:						
Invested in capital asset, net of related debt	73,083,652	100,543,986	99,376,889	94,042,509	172,460,541	194,586,495
Restricted	47,176,694	25,826,583	8,768,406	9,036,399	55,945,100	34,862,982
Unrestricted	35,240,562	30,230,043	10,043,897	9,762,737	45,284,459	39,992,780
<b>TOTAL NET ASSETS</b>	<b>\$ 155,500,908</b>	<b>\$ 156,600,612</b>	<b>\$ 118,189,192</b>	<b>\$ 112,841,645</b>	<b>\$ 273,690,100</b>	<b>\$ 269,442,257</b>

In Table 1(a), the 2012 Statement of Net Assets is compared to the results for the prior fiscal year. In Table 2(a), the 2011 and 2012 Statement of Activities for the primary government is compared. Revenues increased by \$7,438,446 from 2011 to 2012, the total expenditures for the same period increased by \$12.5 million.

**TABLE 1 (a)**

**City of Albany**  
**Comparison of Net Assets for Primary Government**  
**Fiscal Years 2011 and 2012**

	<b>Total Primary Government FY 2012</b>	<b>Total Primary Government FY 2011</b>	<b>Increase (Decrease)</b>
Current and Other Assets	\$ 127,145,856	\$ 105,582,120	\$ 21,563,736
Capital Assets	<u>224,236,819</u>	<u>225,577,995</u>	<u>(1,341,176)</u>
<b>TOTAL ASSETS</b>	<u>351,382,675</u>	<u>331,160,115</u>	<u>20,222,560</u>
Current and Other Liabilities	16,685,904	19,588,703	(2,902,799)
Long Term Liabilities	<u>61,006,671</u>	<u>42,129,155</u>	<u>18,877,516</u>
<b>TOTAL LIABILITIES</b>	<u>77,692,575</u>	<u>61,717,858</u>	<u>15,974,717</u>
Net Assets:			
Invested in capital asset, net of related debt:	172,460,541	194,586,495	(22,125,954)
Restricted	55,945,100	34,862,982	21,082,118
Unrestricted	<u>45,284,459</u>	<u>39,992,780</u>	<u>5,291,679</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 273,690,100</u></u>	<u><u>\$ 269,442,257</u></u>	<u><u>\$ 4,247,843</u></u>

TABLE 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
<b>Revenues:</b>						
<u>Program Revenues:</u>						
Charges for Services	\$ 7,646,772	\$ 7,877,764	\$ 39,467,584	\$ 39,846,101	\$ 47,114,356	\$ 47,723,865
Operating Grants and Contributions	23,495,445	22,392,721	1,228,886	1,254,198	24,724,331	23,646,919
Capital Grants and Contributions	17,027,629	15,615,908	3,790,551	-	20,818,180	15,615,908
<u>General Revenues:</u>						
Property taxes	13,932,138	13,789,210	-	-	13,932,138	13,789,210
Sales taxes	8,874,041	8,341,512	-	-	8,874,041	8,341,512
Other taxes	9,033,099	9,443,192	-	-	9,033,099	9,443,192
Investment income	1,750,706	1,009,368	1,096,090	334,521	2,846,796	1,343,889
<b>TOTAL REVENUES</b>	<b>81,759,830</b>	<b>78,469,675</b>	<b>45,583,111</b>	<b>41,434,820</b>	<b>127,342,941</b>	<b>119,904,495</b>
<b>Expenses:</b>						
General government	15,659,577	12,988,647	-	-	15,659,577	12,988,647
Judicial	1,092,438	1,016,422	-	-	1,092,438	1,016,422
Public safety	36,274,636	33,541,721	-	-	36,274,636	33,541,721
Public works	8,562,916	6,981,385	-	-	8,562,916	6,981,385
Parks and recreation	6,572,226	7,031,469	-	-	6,572,226	7,031,469
Community development	8,866,465	5,851,434	-	-	8,866,465	5,851,434
Community service	413,150	396,531	-	-	413,150	396,531
Interest on long-term debt	737,496	1,079,261	-	-	737,496	1,079,261
Sewer	-	-	13,802,498	12,838,068	13,802,498	12,838,068
Solid waste	-	-	8,336,517	7,963,262	8,336,517	7,963,262
Airport	-	-	2,632,485	2,643,741	2,632,485	2,643,741
Public Employee Deposit	-	-	14,435,555	13,286,117	14,435,555	13,286,117
Transit	-	-	3,511,901	3,034,292	3,511,901	3,034,292
Civic Center	-	-	2,197,236	1,940,437	2,197,236	1,885,466
<b>TOTAL EXPENSES</b>	<b>78,178,904</b>	<b>68,886,870</b>	<b>44,916,192</b>	<b>41,705,917</b>	<b>123,095,096</b>	<b>110,592,787</b>
Increase (Decrease) Before Transfers	3,580,926	9,582,805	616,919	(271,097)	4,247,843	9,311,708
Transfers	(4,680,629)	(4,316,622)	4,680,629	4,316,622	-	-
<b>CHANGE IN NET ASSETS</b>	<b>(1,099,704)</b>	<b>5,266,183</b>	<b>5,347,547</b>	<b>4,045,525</b>	<b>4,247,843</b>	<b>9,311,708</b>
<b>Net Assets - Beg Of Year, Restated</b>	<b>156,600,612</b>	<b>151,334,429</b>	<b>112,841,645</b>	<b>108,796,120</b>	<b>269,442,257</b>	<b>260,130,549</b>
<b>Net Assets - End Of Year</b>	<b>\$ 155,500,908</b>	<b>\$ 156,600,612</b>	<b>\$ 118,189,192</b>	<b>\$ 112,841,645</b>	<b>\$ 273,690,100</b>	<b>\$ 269,442,257</b>

TABLE 2 (a)

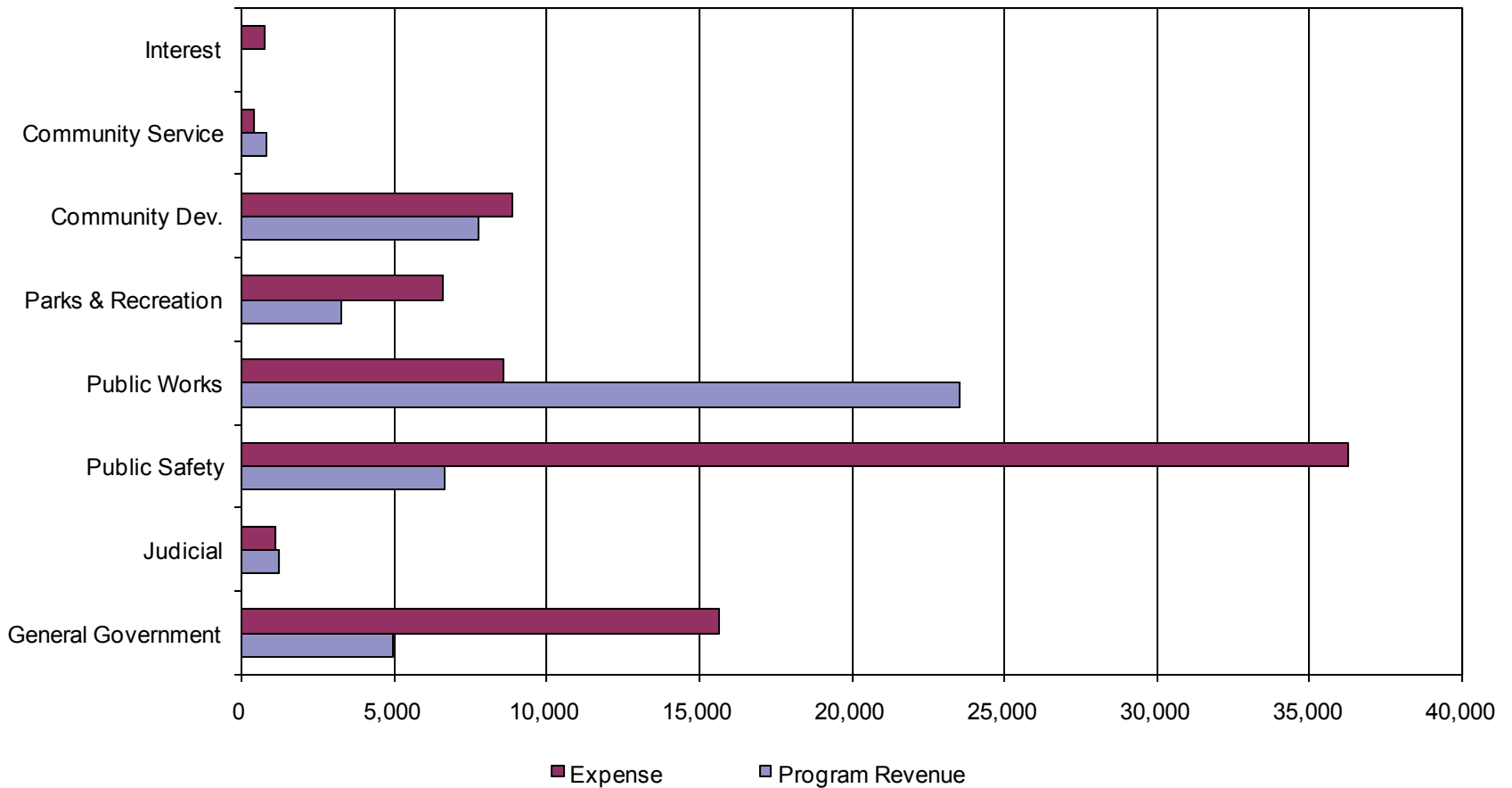
**City of Albany**  
**Comparison of Statement of Activities for Primary Government**  
**Fiscal Years 2011 and 2012**

	<b>Total Primary Government Activities - 2011</b>	<b>Total Primary Government Activities - 2012</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<u>Program Revenues:</u>			
Charges for Services	\$ 47,723,865	\$ 47,114,356	\$ (609,509)
Operating Grants and Contributions	23,646,919	24,724,331	1,077,412
Capital Grants and Contributions	15,615,908	20,818,180	5,202,272
<u>General Revenues:</u>			
Property taxes	13,789,210	13,932,138	142,928
Sales taxes	8,341,512	8,874,041	532,529
Other taxes	9,443,192	9,033,099	(410,093)
Investment income	1,343,889	2,846,796	1,502,907
<b>TOTAL REVENUES</b>	<b>120,741,349</b>	<b>127,342,941</b>	<b>7,438,446</b>
<b>Expenses:</b>			
General government	12,988,647	15,659,577	2,670,930
Judicial	1,016,422	1,092,438	76,016
Public safety	33,541,721	36,274,636	2,732,915
Public works	6,981,385	8,562,916	1,581,531
Parks and recreation	7,031,469	6,572,226	(459,243)
Community development	5,851,434	8,866,465	3,015,031
Community service	396,531	413,150	16,619
Interest on long-term debt	1,079,261	737,796	(341,763)
Sewer	12,838,068	13,802,498	964,430
Solid waste	7,963,262	8,336,517	373,255
Airport	2,643,741	2,632,485	(11,256)
Public employee deposit	13,286,117	14,435,555	1,149,438
Transit	3,034,292	3,511,901	477,649
Civic Center	1,940,437	2,197,236	256,799
<b>TOTAL EXPENSES</b>	<b>110,592,787</b>	<b>123,095,096</b>	<b>12,502,311</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 9,311,708</b>	<b>\$ 4,247,843</b>	<b>\$ (5,063,865)</b>

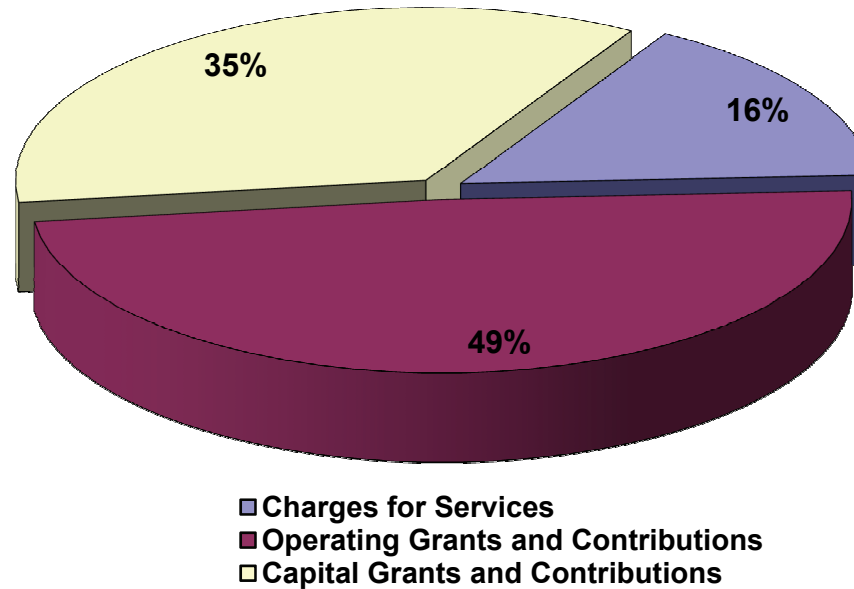
### Governmental Activities

Governmental Activities decreased the City of Albany's net assets by \$1,099,704. Revenues from governmental activities totaled \$81,759,830; with operating grants (28.7%), operating grants and contributions (20.8%), property taxes (17%), other taxes (11%), sales taxes (10.9%), and charges for services (9.4%) contributing to the City's revenues. Expenses for governmental activities were \$78,178,904, of which 58.9% was supported from program revenues and 41.1% from general revenues. Expenses for Public Safety (46.4%), General Government (20%), Public Works Admin & Streets (11%) make up 77.4% of the total expense for governmental activities.

**Expenses and Program Revenues - Governmental Activities (in thousands)**



## Government Activities - Breakout of Program Revenue



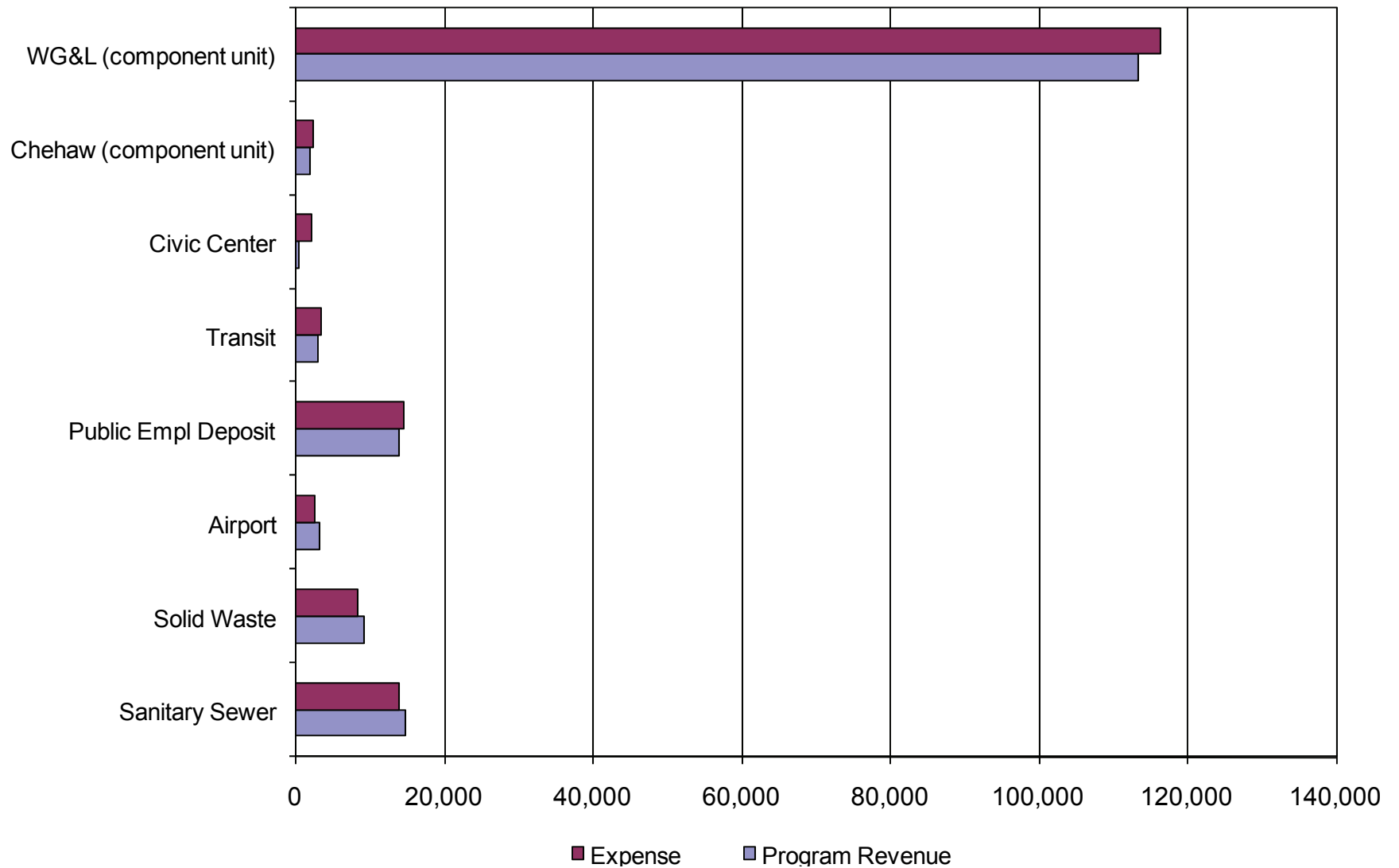
### Business-type Activities

Business-type activities increased the City of Albany's net assets by \$5,347,547. As of June 30, 2012, total business-type net assets were \$118,189,192 of which \$99,376,889 was invested in capital assets; \$8,768,406 was restricted; and \$10,043,897 was unrestricted.

Revenues totaled \$45,583,111 with 97.6% of revenues coming from Program Revenues and 2.4% coming from General Revenues. (See chart "Business-Type Activities – Breakout by Revenues"). Total expenses were \$44,916,192. The largest expenses were Public Employee Deposit (32.1%), Sewer (30.7%), and Solid Waste (18.6%).

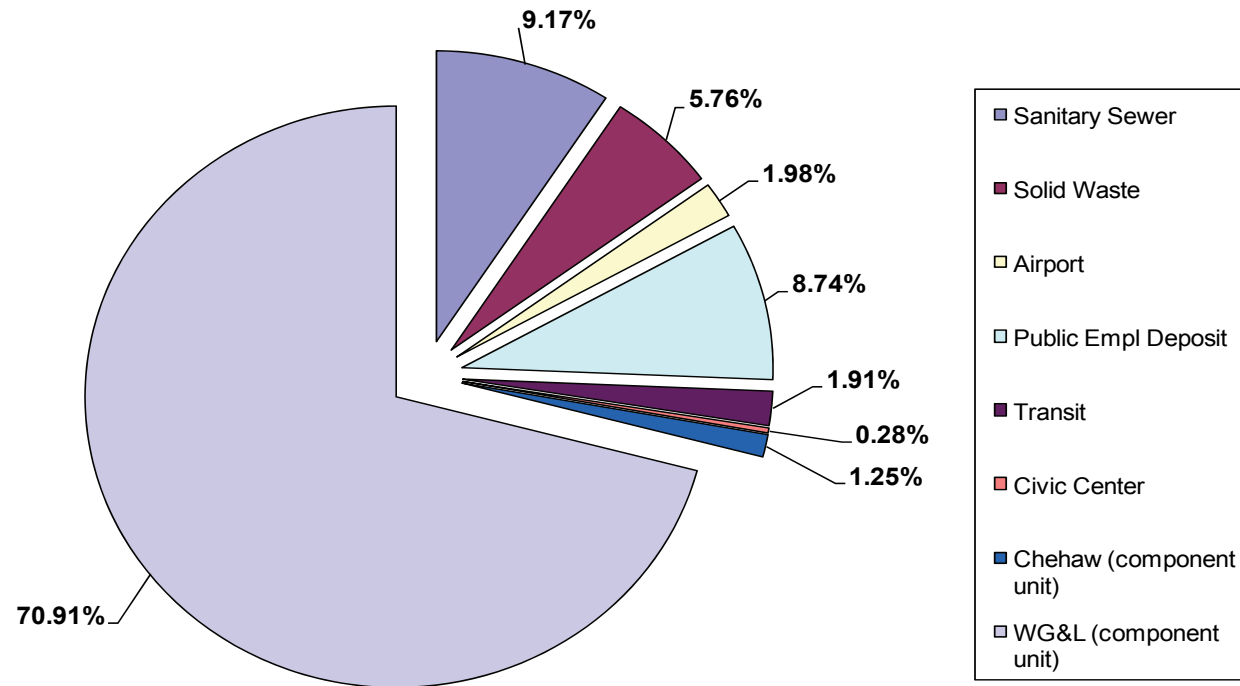
***The Water, Gas and Light Commission is a discretely presented component unit and is not reflected in the amounts discussed above.***

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





### Business Type Activity - Breakout by Revenues



## FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

### Governmental Funds

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

As of the end of the current fiscal year, the City of Albany's governmental funds reported combined ending fund balances of \$74,959,189 an increase of \$22,565,881 in comparison from the prior year. Twenty-eight percent (\$20,810,819) constituted unassigned fund balance, which is available for spending at the government's discretion. The remaining 72% of the fund balance (\$54,148,370) is divided as follows: \$2,517,953 is nonspendable due to being in a form such as, inventory or prepaid expenses; \$47,176,694 is legally restricted by an outside authority or a legal agreement, such as SPLOST or loans; and a combined total of \$4,453,723 is either assigned or committed for future use by the government.

The General Fund is the chief operating fund of the City. As of June 30, 2012, the *unassigned* fund balance in the general fund was \$20,869,545; the total fund balance was \$22,346,597 – a decrease of \$1,432,524 compared to 2011.

The General Fund's liquidity can be measured by comparing both the *fund balance available for spending (committed, assigned, and unassigned)* and total fund balance to *total fund expenditures*. Available fund balance represents 39.2% of the total general fund expenditures, while total fund balance represents 40.6% of that same amount. When *transfers out* are added to *expenditures*, the available fund balance represents 35.6% of expenditures plus transfers, while the total fund represents 38.1% of this amount.

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

Transfer in From Other funds (\$1,683,173) represents a transfer from the Hotel/Motel Tax Fund and from the Municipal Auditorium.

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, Transit Fund, Civic Center Fund, ADICA, and Public Improvement Fund.

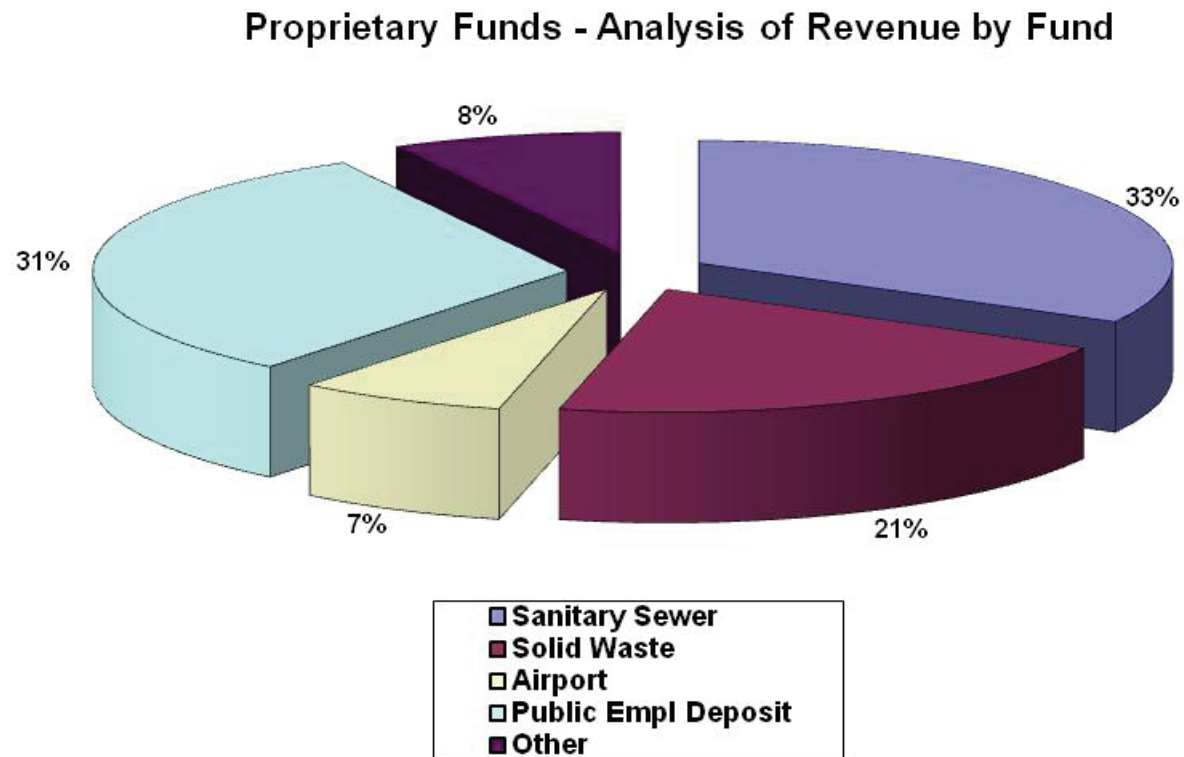
During the fiscal year ended June 30, 2012, the City's General Fund balance decreased by \$1,432,524. The following contributed to the change:

- ❑ For 2012, the Mayor and Board planned to have expenditures exceed revenues;
- ❑ The General Fund budget included using \$4.2 million in fund balance;
- ❑ Actual revenues surpassed budgeted revenues by \$1,190,046;
- ❑ Actual expenditures were \$1,377,796 under budgeted expenditures.

The primary factors causing General Fund revenues to surpass budget include: Interest Income was \$896,384 over budget; Intergovernmental Revenues were \$783,779 over budget; Sales Taxes were over \$398,680. Revenues from Other Taxes were under budget by \$565,496; Property Tax Revenue was under budget by \$304,043.

### 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, 2012, the proprietary funds had total operating revenues of \$39.5 million. Based on revenues, the largest proprietary fund is the Sanitary Sewer Fund (33%) followed by the Public Employee Deposit Fund (31%). See chart below for an overview of revenue by proprietary fund.



The change in net assets for Proprietary Funds was \$4,765,844 (representing a 4.7% increase from the prior year's adjusted net asset balance of \$113,620,646). The net change was the result of the following:

Solid Waste Fund	1,025,639
Airport Fund	1,502,116
Public Employee Deposit Fund	-
Other Enterprise Funds	992,377
Internal Service Funds	<u>(674,423)</u>
	<u><u>4,765,844</u></u>

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's revenues were 2.2% 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 2.4% under budget. This was the result of the City aggressively monitoring costs. The City was also fortunate enough to have a temporary revenue stream in the form of a MEAG credit. Half of this revenue stream has not been budgeted because it is restricted in nature. The budget was balanced expecting to use \$4,248,166 of its fund balance to pay for expenditures. As it turned out, expenditures only exceeded revenues in the General Fund by \$1,432,524. This makes it appear as if the City lost \$2,815,642 less than originally expected. However, this difference is more directly a result of the half of the MEAG credit which was not budgeted. Taking into account the effects of the unbudgeted portion of the MEAG Credit (\$2,567,689), actual expenditures exceeded *unrestricted* revenues in the General Fund by \$4,000,213.

**TABLE 3**

**CITY OF ALBANY, GEORGIA**  
**GENERAL FUND**  
**Statement of Revenues and Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2012**

General Fund				
	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Property taxes	\$ 14,135,048	\$ 14,135,048	\$ 13,831,005	\$ (304,043)
Sales taxes	8,475,361	8,475,361	8,874,041	398,680
Other taxes	8,153,073	8,153,073	7,587,587	(565,496)
Licenses and permits	2,218,102	2,218,102	2,191,504	(26,598)
Intergovernmental	18,185,264	18,185,264	18,969,043	783,779
Charges for services	432,028	432,028	328,493	(103,535)
Fines and forfeitures	1,200,000	1,200,000	1,203,831	3,831
Interest income	140,000	140,000	1,036,384	896,384
Other	1,247,365	1,247,365	1,354,409	107,044
<b>TOTAL REVENUES</b>	<b>\$ 54,186,241</b>	<b>\$ 54,186,241</b>	<b>\$ 55,376,287</b>	<b>\$ 1,190,046</b>
<b>Expenditures:</b>				
General government	10,617,587	10,617,587	10,485,134	132,453
Judicial	1,204,207	1,204,207	1,100,137	104,070
Public safety	30,365,729	30,365,729	29,428,080	937,649
Public works	8,317,598	8,317,598	8,179,641	137,957
Parks and recreation	5,443,403	5,443,403	5,398,048	45,355
Community svc (Subsidized agencies)	433,462	433,462	413,150	20,312
Debt service interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,381,986</b>	<b>\$ 56,381,986</b>	<b>\$ 55,004,190</b>	<b>\$ 1,377,796</b>

## 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, 2012, amounts to \$224,236,819, (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 68 - 72 of this report.

**TABLE 4**

CITY OF ALBANY			
CAPITAL ASSETS (Net of Depreciation)			
JUNE 30, 2012			
	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated:			
Land	\$ 15,881,327	\$ 12,137,969	\$ 28,019,296
Construction in Progress	4,022,380	6,540,297	10,562,677
<b>Total assets not depreciated</b>	<u>19,903,707</u>	<u>18,678,266</u>	<u>38,581,973</u>
Capital assets being depreciated:			
Buildings and improvements	66,812,105	129,711,028	196,523,133
Equipment and vehicles	30,159,755	32,463,792	62,623,547
Infrastructure	74,039,356	42,845,567	116,884,923
<b>Total assets depreciated</b>	<u>171,011,216</u>	<u>205,020,387</u>	<u>376,031,603</u>
Less accumulated depreciation:			
Buildings and improvements	19,554,554	45,039,548	64,594,102
Equipment and vehicles	16,640,817	18,923,160	35,563,977
Infrastructure	55,430,550	34,788,128	90,218,678
<b>Total accumulated depreciation</b>	<u>91,625,921</u>	<u>98,750,836</u>	<u>190,376,757</u>
<b>Total assets depreciated, net</b>	<u>79,385,295</u>	<u>106,269,551</u>	<u>185,654,846</u>
<b>Capital assets, net</b>	<u>\$ 99,289,002</u>	<u>\$ 124,947,817</u>	<u>\$ 224,236,819</u>

**Long-term Debt.** At the end of the current fiscal year, the City's total long-term debt outstanding is \$64.1 million – an increase of \$19.1 million over the previous year. Of this amount, \$4.2 million is due within one year. Certificates of Participation (16%) and Revenue Bonds (42%) make up \$35.6 million of the total. The remaining \$28.5 million is comprised of notes payable, general obligation bonds, OPEB liability, and compensated absences. Additional information regarding the City's long-term debt can be found in Note 6 pages 73 - 90.

**TABLE 5**

**CITY OF ALBANY LONG TERM DEBT OBLIGATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Balance at June 30, 2012</b>	<b>Percentage of Total</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>			
Bonds payable	\$ 17,415,584	27%	\$ 275,000
Notes payable	3,981,250	6%	325,000
Certificates of participation	10,000,000	16%	-
OPEB Liability	2,693,616	4%	-
Compensated absences	3,438,406	5%	3,094,565
Governmental long-term liabilities	<u>\$ 37,528,856</u>		<u>\$ 3,694,565</u>
<b><u>Business-Type Activities</u></b>			
Bonds Payable:			
Revenue bonds	\$ 25,570,928		\$ 2,745,000
Less deferred amts on refunding			
Total bonds payable	<u>25,570,928</u>	40%	<u>2,745,000</u>
Notes payable	-	0%	-
Capital leases	-	0%	-
Compensated absences	984,667	2%	886,201
Business-Type long-term liabilities	<u>26,555,595</u>		<u>3,631,201</u>
<b>Total primary government liabilities</b>	<u><u>\$ 64,084,451</u></u>		<u><u>\$ 7,325,766</u></u>

The General Obligation Bonds relate to bonds issued for the Albany-Dougherty Inner City Authority (ADICA) and for the Special Purpose Local Option Tax (SPLOST) fund. The Revenue Bonds relate to sewer system revenue bonds issued in 2007 and 2011. 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 One Georgia Authority for ADICA's loan for the Hilton Garden Inn and Conference Center. 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&amp;P</u>
General Obligation Bonds (SPLOST)	Aa3	-
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. Even though the rest of the country has begun to recover from the recession, Southwest Georgia continues to experience a slower rate of recovery. 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.

Since 2009, the City of Albany has been receiving a temporary revenue stream in the form of the "MEAG Credit". This revenue stream will discontinue in 2018. The City is currently relying on this revenue source to minimize the transfer required from fund balance to balance the budget during the current economic recession. In an effort to be prepared for 2018 when this revenue stream discontinues, the City of Albany's Board of Commissioners has recently increased the millage rate by 1.66. Additionally, the City's occupational tax and hotel/motel taxes have been moderately increased. These efforts are not enough to replace the estimated future decrease in revenues when the MEAG Credit ceases. However, the City continues to aggressively pursue a five year cost reduction plan in order to bridge the gap.

## 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**

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# CITY OF ALBANY, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ 24,473,282	\$ 5,998,076	\$ 30,471,358	\$ 30,740	\$ 786,494
Investments	47,782,551	6,500,475	54,283,026	-	4,683,176
Taxes receivable	199,466	-	199,466	-	-
Accounts receivable, net of allowances	2,255,792	825,676	3,081,468	-	19,347,027
Notes receivable	14,770,720	-	14,770,720	-	-
Inventories	252,892	195,433	448,325	-	3,846,543
Internal balances	1,932,805	(1,932,805)	-	-	-
Due from other governments	3,886,283	661,545	4,547,828	-	-
Due from component unit	1,194,477	5,273,391	6,467,868	-	-
Prepaid expenses	29,475	2,727	32,202	23,362	277,972
Restricted assets:					
Cash	-	-	-	-	167,596
Investments	-	8,768,406	8,768,406	-	933,907
Deferred charges	271,758	208,045	479,803	-	268,155
Fair value of interest rate swap agreement	3,595,386	-	3,595,386	-	-
Capital assets:					
Non-depreciable	19,903,707	18,678,266	38,581,973	1,283,104	1,503,294
Depreciable, net of accumulated depreciation	79,385,295	106,269,551	185,654,846	7,421,968	75,635,317
 Total assets	 199,933,889	 151,448,786	 351,382,675	 8,759,174	 107,449,481

(Continued)

# CITY OF ALBANY, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
<b>LIABILITIES</b>					
Accounts payable	\$ 2,165,448	\$ 3,058,165	\$ 5,223,613	\$ 16,623	\$ 7,274,503
Retainage payable	-	362,312	362,312	-	-
Accrued expenses	1,740,911	575,906	2,316,817	23,508	2,426,889
Claims payable	2,686,827	1,440,000	4,126,827	-	-
Due to primary government	-	-	-	150,000	6,317,868
Due to other governments	225,936	-	225,936	-	-
Unearned revenues	85,003	1,267,616	1,352,619	7,728	-
Line of credit	-	-	-	-	2,000,000
Payable from restricted assets:					
Advance payments and customer deposits	-	-	-	27,224	1,864,966
Current maturities of long-term debt	-	2,745,000	2,745,000	-	1,942,961
Accrued interest payable	-	-	-	-	38,706
Non-current liabilities:					
Certificates of participation, due in more than one year	10,000,000	-	10,000,000	-	-
Bonds payable, due within one year	275,000	-	275,000	-	-
Bonds payable, due in more than one year	17,140,584	22,825,928	39,966,512	-	11,786,740
Notes payable, due within one year	325,000	-	325,000	42,982	-
Notes payable, due in more than one year	3,656,250	-	3,656,250	-	299,150
Capital leases payable, due within one year	-	-	-	499	1,143,865
Capital leases payable, due in more than one year	-	-	-	-	1,682,899
Compensated absences payable, due within one year	3,094,565	886,201	3,980,766	-	-
Compensated absences payable, due in more than one year	343,841	98,466	442,307	-	827,537
Other long-term liabilities	2,693,616	-	2,693,616	-	1,574,407
 Total liabilities	 44,432,981	 33,259,594	 77,692,575	 268,564	 39,180,491

(Continued)

# CITY OF ALBANY, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 73,083,652	\$ 99,376,889	\$ 172,460,541	\$ 8,704,573	\$ 60,282,996
Restricted for:					
Federal programs	2,868,770	-	2,868,770	-	
Promotion of tourism	127,883	-	127,883	-	
Public safety	1,943,029	-	1,943,029	-	
Gortatowsky endowment	50,022	-	50,022	-	
Capital projects	42,186,990	-	42,186,990	-	
Debt service	-	8,768,406	8,768,406	-	1,079,343
Unrestricted	35,240,562	10,043,897	45,284,459	(213,963)	6,906,651
Total net assets	<u>\$ 155,500,908</u>	<u>\$ 118,189,192</u>	<u>\$ 273,690,100</u>	<u>\$ 8,490,610</u>	<u>\$ 68,268,990</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, 2012

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	\$ 15,659,577	\$ 2,640,527	\$ 2,192,242	\$ 136,915	\$ (10,689,893)	\$ -	\$ (10,689,893)	\$ -	\$ -
Judicial	1,092,438	1,203,831	-	-	111,393	-	111,393	-	-
Public safety	36,274,636	1,520,217	3,816,186	1,322,831	(29,615,402)	-	(29,615,402)	-	-
Public works	8,562,916	981,413	14,409,803	8,118,899	14,947,199	-	14,947,199	-	-
Parks and recreation	6,572,226	203,342	300,185	2,774,823	(3,293,876)	-	(3,293,876)	-	-
Community development	8,866,465	1,097,442	2,672,211	3,974,135	(1,122,677)	-	(1,122,677)	-	-
Community service	413,150	-	104,818	700,026	391,694	-	391,694	-	-
Interest on long-term debt	737,496	-	-	-	(737,496)	-	(737,496)	-	-
Total governmental activities	78,178,904	7,646,772	23,495,445	17,027,629	(30,009,059)	-	(30,009,059)	-	-
Business-type Activities:									
Sanitary sewer	13,802,498	14,554,746	100,000	-	-	852,248	852,248	-	-
Solid waste	8,336,517	9,105,594	100,000	-	-	869,077	869,077	-	-
Airport	2,632,485	834,146	198,886	2,131,124	-	531,671	531,671	-	-
Public employee deposit	14,435,555	13,971,380	-	-	-	(464,175)	(464,175)	-	-
Transit	3,511,901	557,583	830,000	1,659,427	-	(464,891)	(464,891)	-	-
Civic Center	2,197,236	444,135	-	-	-	(1,753,101)	(1,753,101)	-	-
Total business-type activities	44,916,192	39,467,584	1,228,886	3,790,551	-	(429,172)	(429,172)	-	-
Total primary government	\$ 123,095,096	\$ 47,114,356	\$ 24,724,331	\$ 20,818,180	\$ (30,009,059)	\$ (429,172)	\$ (30,438,231)	\$ -	\$ -
Component Units:									
Chehaw Park Authority	\$ 2,258,958	\$ 781,878	\$ 1,209,587	\$ -	\$ -	\$ -	\$ -	\$ (267,493)	\$ -
Water, Gas & Light Commission	116,358,871	113,289,135	-	-	-	-	-	-	(3,069,736)
Total component units	\$ 118,617,829	\$ 114,071,013	\$ 1,209,587	\$ -	\$ -	\$ -	\$ -	\$ (267,493)	\$ (3,069,736)
General revenues:									
Property taxes					\$ 13,932,138	\$ -	\$ 13,932,138	\$ -	\$ -
Sales taxes					8,874,041	-	8,874,041	-	-
Franchise taxes					2,318,244	-	2,318,244	-	-
Insurance premium tax					3,645,630	-	3,645,630	-	-
Alcoholic beverage tax					1,421,037	-	1,421,037	-	-
Hotel/Motel tax					1,445,522	-	1,445,522	-	-
Other taxes					202,666	-	202,666	-	-
Investment income					1,750,706	1,096,090	2,846,796	15	33,175
Gain on sale of assets					-	-	-	-	89,864
Transfers					(4,680,629)	4,680,629	-	-	-
Total general revenues and transfers					28,909,355	5,776,719	34,686,074	15	123,039
Change in net assets					(1,099,704)	5,347,547	4,247,843	(267,478)	(2,946,697)
Net assets - beginning of year, restated					156,600,612	112,841,645	269,442,257	8,758,088	71,215,687
Net assets - end of year					\$ 155,500,908	\$ 118,189,192	\$ 273,690,100	\$ 8,490,610	\$ 68,268,990

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

**CITY OF ALBANY, GEORGIA  
GOVERNMENTAL FUNDS**

**BALANCE SHEET  
JUNE 30, 2012**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,487,662	\$ 2,670,891	\$ 14,396,175	\$ 4,374,072	\$ 22,928,800
Investments	19,128,580	-	19,904,284	5,839,822	44,872,686
Receivables, net of allowance:					
Taxes	199,466	-	-	-	199,466
Accounts	705,413	17,050	907,601	625,728	2,255,792
Notes	-	14,770,720	-	-	14,770,720
Due from other funds	2,997,243	52,133	122,237	2,465,287	5,636,900
Due from other governments	1,723,014	386,310	12,450	1,764,509	3,886,283
Due from component units	1,194,477	-	-	-	1,194,477
Inventories	252,892	-	-	-	252,892
Prepaid items	29,475	-	-	-	29,475
Advance to other funds	469,788	-	-	1,765,798	2,235,586
Total assets	<u>\$ 28,188,010</u>	<u>\$ 17,897,104</u>	<u>\$ 35,342,747</u>	<u>\$ 16,835,216</u>	<u>\$ 98,263,077</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,469,905	\$ 219,800	\$ 176,041	\$ 299,596	\$ 2,165,342
Accrued liabilities	1,653,541	24,029	-	-	1,677,570
Due to other funds	2,430,809	12,078	-	1,873,501	4,316,388
Due to other governments	224,229	1,707	-	-	225,936
Deferred revenues	62,929	14,770,720	-	85,003	14,918,652
Total liabilities	<u>5,841,413</u>	<u>15,028,334</u>	<u>176,041</u>	<u>2,258,100</u>	<u>23,303,888</u>

(Continued)

**CITY OF ALBANY, GEORGIA  
GOVERNMENTAL FUNDS**

**BALANCE SHEET  
JUNE 30, 2012**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	\$ 252,892	\$ -	\$ -	\$ -	\$ 252,892
Prepaid expenditures	29,475	-	-	-	29,475
Advance to other funds	469,788	-	-	1,765,798	2,235,586
Restricted					
Federal programs	-	2,868,770	-	-	2,868,770
Promotion of tourism	-	-	-	127,883	127,883
Public safety	-	-	-	1,943,029	1,943,029
Gortatowsky endowment	-	-	-	50,022	50,022
Capital projects	-	-	35,166,706	7,020,284	42,186,990
Committed					
Inner city development	-	-	-	75,241	75,241
Assigned					
City cemetery	509,074	-	-	-	509,074
City parks	5,840	-	-	-	5,840
Police contingency	27	-	-	-	27
Keep Albany-Dougherty Beautiful	209,956	-	-	-	209,956
Capital projects	-	-	-	3,653,585	3,653,585
Unassigned	20,869,545	-	-	(58,726)	20,810,819
Total fund balances	<u>22,346,597</u>	<u>2,868,770</u>	<u>35,166,706</u>	<u>14,577,116</u>	<u>74,959,189</u>
Total liabilities and fund balances	<u>\$ 28,188,010</u>	<u>\$ 17,897,104</u>	<u>\$ 35,342,747</u>	<u>\$ 16,835,216</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.	99,289,002
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	14,833,648
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.	144,122
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(33,725,053)
Net assets of governmental activities	<u>\$ 155,500,908</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, 2012**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 13,831,005	\$ -	\$ -	\$ 101,133	\$ 13,932,138
Sales taxes	8,874,041	-	-	-	8,874,041
Other taxes	7,587,577	-	-	1,445,522	9,033,099
Licenses and permits	2,191,504	-	-	-	2,191,504
Intergovernmental	18,969,043	3,760,870	11,449,726	5,924,420	40,104,059
Charges for services	328,493	876,591	-	1,508,682	2,713,766
Fines and forfeitures	1,203,831	-	-	-	1,203,831
Interest income	1,036,384	1,926	324,497	610,324	1,973,131
Other	1,354,409	1,011,280	701	7,709	2,374,099
Total revenues	55,376,287	5,650,667	11,774,924	9,597,790	82,399,668
<b>Expenditures:</b>					
Current:					
General government	10,485,134	-	-	-	10,485,134
Judicial	1,100,137	-	-	-	1,100,137
Public safety	29,428,080	-	-	3,455,224	32,883,304
Public works	8,179,641	-	-	601,073	8,780,714
Parks and recreation	5,398,048	-	-	149,445	5,547,493
Community development	-	5,154,921	-	3,082,775	8,237,696
Community service	413,150	-	-	-	413,150
Capital outlay	-	-	4,401,078	1,681,223	6,082,301
Debt service:					
Principal	-	300,000	-	605,409	905,409
Interest	-	204,904	-	568,754	773,658
Bond issuance cost	-	-	151,830	119,928	271,758
Total expenditures	55,004,190	5,659,825	4,552,908	10,263,831	75,480,754
Excess (deficiency) of revenues over expenditures	372,097	(9,158)	7,222,016	(666,041)	6,918,914

(Continued)



**CITY OF ALBANY, GEORGIA  
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Other financing sources (uses):</b>					
Proceeds from sale of assets	\$ 165,586	\$ 503,603	\$ -	\$ -	\$ 669,189
Issuance of bonds payable	-	-	13,145,000	3,440,000	16,585,000
Premium on bond issuance	-	-	1,011,950	28,964	1,040,914
Transfers in	1,683,173	-	-	376,351	2,059,524
Transfers out	(3,653,380)	-	-	(1,054,280)	(4,707,660)
Total other financing sources (uses)	<u>(1,804,621)</u>	<u>503,603</u>	<u>14,156,950</u>	<u>2,791,035</u>	<u>15,646,967</u>
Net change in fund balances	(1,432,524)	494,445	21,378,966	2,124,994	22,565,881
<b>Fund balances, beginning of year</b>	<u>23,779,121</u>	<u>2,374,325</u>	<u>13,787,740</u>	<u>12,452,122</u>	<u>52,393,308</u>
<b>Fund balances, end of year</b>	<u><u>\$ 22,346,597</u></u>	<u><u>\$ 2,868,770</u></u>	<u><u>\$ 35,166,706</u></u>	<u><u>\$ 14,577,116</u></u>	<u><u>\$ 74,959,189</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, 2012**

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

Net change in fund balances - total governmental funds	\$ 22,565,881
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.	971,395
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(5,552,929)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(836,429)
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.	(16,423,747)
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.	(1,188,996)
Internal service funds are used by management to charge the costs of insurance to individual funds.	(736,951)
The net revenue of certain activities of internal service funds is reported with governmental activities.	102,072
Change in net assets of governmental activities	<u>\$ (1,099,704)</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, 2012**

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Revenues:</b>							
Property taxes	\$ 14,135,048	\$ 14,135,048	\$ 13,831,005	\$ (304,043)	\$ -	\$ -	\$ -
Sales taxes	8,475,361	8,475,361	8,874,041	398,680	-	-	-
Other taxes	8,153,073	8,153,073	7,587,577	(565,496)	-	-	-
Licenses and permits	2,218,102	2,218,102	2,191,504	(26,598)	-	-	-
Intergovernmental	18,185,264	18,185,264	18,969,043	783,779	1,616,620	3,760,870	2,144,250
Charges for services	432,028	432,028	328,493	(103,535)	1,316,881	876,591	(440,290)
Fines and forfeitures	1,200,000	1,200,000	1,203,831	3,831	-	-	-
Interest income	140,000	140,000	1,036,384	896,384	-	1,926	1,926
Other	1,247,365	1,247,365	1,354,409	107,044	-	1,011,280	1,011,280
Total revenues	54,186,241	54,186,241	55,376,287	1,190,046	2,933,501	5,650,667	2,717,166
<b>Expenditures:</b>							
Current:							
General government:							
Legislative	627,724	627,724	607,497	20,227	-	-	-
Administrative	1,457,218	1,457,218	1,126,564	330,654	-	-	-
EEO	180,332	180,332	163,912	16,420	-	-	-
Human resources	1,665,756	1,665,756	2,159,078	(493,322)	-	-	-
Procurement and materials mgmt.	611,462	611,462	556,252	55,210	-	-	-
Printing	211,597	211,597	246,498	(34,901)	-	-	-
Materials management	295,513	295,513	281,969	13,544	-	-	-
Finance	2,962,969	2,962,969	3,152,864	(189,895)	-	-	-
Information technology	1,977,017	1,977,017	1,696,168	280,849	-	-	-
Risk management	422,854	422,854	328,910	93,944	-	-	-
311 Customer response management	205,145	205,145	165,422	39,723	-	-	-
Total general government	10,617,587	10,617,587	10,485,134	132,453	-	-	-
Judicial:							
Municipal court	593,156	593,156	476,454	116,702	-	-	-
City Attorney	611,051	611,051	623,683	(12,632)	-	-	-
Total judicial	1,204,207	1,204,207	1,100,137	104,070	-	-	-

(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, 2012**

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Expenditures:</b>							
Current:							
Public safety:							
Police	\$ 16,323,393	\$ 16,323,393	\$ 15,545,088	\$ 778,305	\$ -	\$ -	\$ -
Fire	12,183,108	12,183,108	12,233,938	(50,830)	-	-	-
Planning and development services	1,389,768	1,389,768	1,203,875	185,893	-	-	-
Marshal division	390,210	390,210	380,173	10,037	-	-	-
SWAT Team	79,250	79,250	65,006	14,244	-	-	-
Total public safety	30,365,729	30,365,729	29,428,080	937,649	-	-	-
Public works:							
Administration	400,439	400,439	392,988	7,451	-	-	-
Engineering	3,881,856	3,881,856	3,975,843	(93,987)	-	-	-
Code enforcement	1,008,427	1,008,427	1,081,937	(73,510)	-	-	-
Street maintenance	3,026,876	3,026,876	2,728,873	298,003	-	-	-
Total public works	8,317,598	8,317,598	8,179,641	137,957	-	-	-
Parks and recreation:							
Administration	525,574	525,574	562,566	(36,992)	-	-	-
Parks	2,938,983	2,938,983	2,937,372	1,611	-	-	-
Park development and management	1,212,926	1,212,926	1,135,385	77,541	-	-	-
Turner Golf Course	461,860	461,860	466,406	(4,546)	-	-	-
Cemetery	304,060	304,060	296,319	7,741	-	-	-
Total parks and recreation	5,443,403	5,443,403	5,398,048	45,355	-	-	-
Community development	-	-	-	-	2,414,283	5,154,921	(2,740,638)
Community service, various subsidized agencies	433,462	433,462	413,150	20,312	-	-	-

(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, 2012**

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Expenditures:</b>							
Debt service:							
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ (300,000)
Interest	-	-	-	-	519,218	204,904	314,314
Total expenditures	<u>56,381,986</u>	<u>56,381,986</u>	<u>55,004,190</u>	<u>1,377,796</u>	<u>2,933,501</u>	<u>5,659,825</u>	<u>(2,726,324)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,195,745)</u>	<u>(2,195,745)</u>	<u>372,097</u>	<u>2,567,842</u>	<u>-</u>	<u>(9,158)</u>	<u>(9,158)</u>
<b>Other financing sources (uses):</b>							
Proceeds from sale of assets	193,795	193,795	165,586	(28,209)	-	503,603	503,603
Transfers in	1,365,964	1,365,964	1,683,173	317,209	-	-	-
Transfers out	<u>(3,112,180)</u>	<u>(3,112,180)</u>	<u>(3,653,380)</u>	<u>(541,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,552,421)</u>	<u>(1,552,421)</u>	<u>(1,804,621)</u>	<u>(252,200)</u>	<u>-</u>	<u>503,603</u>	<u>503,603</u>
Net change in fund balances	<u>\$ (3,748,166)</u>	<u>\$ (3,748,166)</u>	<u>(1,432,524)</u>	<u>\$ 2,315,642</u>	<u>\$ -</u>	<u>494,445</u>	<u>\$ 494,445</u>
<b>Fund balance, beginning of year</b>			<u>23,779,121</u>			<u>2,374,325</u>	
<b>Fund balance, end of year</b>			<u>\$ 22,346,597</u>			<u>\$ 2,868,770</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, 2012**

<b>ASSETS</b>	<b>Sanitary Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Public Employee Deposit Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>CURRENT ASSETS</b>							
Cash	\$ 3,785,518	\$ -	\$ 1,130,108	\$ 1,076,964	\$ 5,486	\$ 5,998,076	\$ 1,544,482
Restricted investments	8,768,406	-	-	-	-	8,768,406	-
Investments	6,500,475	-	-	-	-	6,500,475	2,909,865
Accounts receivable, net of allowances	257,101	44,687	498,815	2,029	23,044	825,676	-
Inventories	-	-	-	-	195,433	195,433	-
Prepaid expenses	-	-	-	2,727	-	2,727	-
Due from other governments	-	-	50,704	-	610,841	661,545	-
Due from other funds	418,191	-	-	156,310	3,835	578,336	-
Due from component unit	2,246,399	2,163,118	-	863,874	-	5,273,391	-
Total current assets	21,976,090	2,207,805	1,679,627	2,101,904	838,639	28,804,065	4,454,347
<b>NONCURRENT ASSETS</b>							
Deferred bond issuance, unamortized balance	208,045	-	-	-	-	208,045	-
Capital assets:							
Non-depreciable	6,110,081	907,035	8,593,491	-	3,067,659	18,678,266	-
Depreciable, net of accumulated depreciation	66,798,943	3,832,345	21,880,538	-	13,757,725	106,269,551	-
Total noncurrent assets	73,117,069	4,739,380	30,474,029	-	16,825,384	125,155,862	-
Total assets	95,093,159	6,947,185	32,153,656	2,101,904	17,664,023	153,959,927	4,454,347

(Continued)

**CITY OF ALBANY, GEORGIA  
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Payable from current assets:							
Accounts payable	784,264	279,541	1,188,393	661,904	144,063	3,058,165	105
Retainage payable	74,047	-	288,265	-	-	362,312	-
Accrued liabilities	575,906	-	-	-	-	575,906	-
Claims payable	-	-	-	1,440,000	-	1,440,000	2,686,827
Current portion - compensated absences	375,125	274,405	42,842	-	193,829	886,201	-
Due to other funds	239,992	530,270	-	-	695,861	1,466,123	432,725
Deferred revenues	-	-	1,132,050	-	135,566	1,267,616	-
	<u>2,049,334</u>	<u>1,084,216</u>	<u>2,651,550</u>	<u>2,101,904</u>	<u>1,169,319</u>	<u>9,056,323</u>	<u>3,119,657</u>
Payable from restricted assets:							
Revenue bonds payable, current	<u>2,745,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,745,000</u>	<u>-</u>
Total current liabilities	<u>4,794,334</u>	<u>1,084,216</u>	<u>2,651,550</u>	<u>2,101,904</u>	<u>1,169,319</u>	<u>11,801,323</u>	<u>3,119,657</u>
<b>NONCURRENT LIABILITIES</b>							
Advance from other funds	83,104	2,152,482	-	-	-	2,235,586	-
Revenue bonds payable, net of current portion	22,825,928	-	-	-	-	22,825,928	-
Compensated absences, net of current portion	41,681	30,489	4,760	-	21,536	98,466	-
Total long-term liabilities	<u>22,950,713</u>	<u>2,182,971</u>	<u>4,760</u>	<u>-</u>	<u>21,536</u>	<u>25,159,980</u>	<u>-</u>
Total liabilities	<u>27,745,047</u>	<u>3,267,187</u>	<u>2,656,310</u>	<u>2,101,904</u>	<u>1,190,855</u>	<u>36,961,303</u>	<u>3,119,657</u>

(Continued)

**CITY OF ALBANY, GEORGIA  
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<b>Sanitary Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Public Employee Deposit Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	\$ 47,338,096	\$ 4,739,380	\$ 30,474,029	\$ -	\$ 16,825,384	\$ 99,376,889	\$ -
Restricted for:							
Debt service	8,768,406	-	-	-	-	8,768,406	-
Unrestricted (deficit)	11,241,610	(1,059,382)	(976,683)	-	(352,216)	8,853,329	1,334,690
Total net assets	<u>\$ 67,348,112</u>	<u>\$ 3,679,998</u>	<u>\$ 29,497,346</u>	<u>\$ -</u>	<u>\$ 16,473,168</u>	116,998,624	<u>\$ 1,334,690</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						1,190,568	
Net assets of business type activities						<u>\$ 118,189,192</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, 2012**

	<b>Sanitary Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Public Employee Deposit Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>Operating revenues:</b>							
Charges for services	\$ 14,518,431	\$ 9,093,466	\$ 834,146	\$ 13,971,380	\$ 1,001,718	\$ 39,419,141	\$ 1,442,106
Other	36,315	12,128	-	-	-	48,443	41,063
Total operating revenues	14,554,746	9,105,594	834,146	13,971,380	1,001,718	39,467,584	1,483,169
<b>Operating expenses:</b>							
Personnel costs	3,293,623	2,061,847	960,608	60,819	2,481,345	8,858,242	-
General and administrative	-	-	-	1,673,130	-	1,673,130	517,305
Supplies	447,670	75,661	25,988	-	197,488	746,807	-
Operating services and charges	4,348,399	5,024,026	286,719	-	1,590,724	11,249,868	-
Maintenance and repairs	807,733	524,733	213,998	-	410,952	1,957,416	-
Depreciation and amortization	3,503,775	564,808	1,166,353	-	973,026	6,207,962	-
Claims and damages	-	-	-	12,695,116	-	12,695,116	1,742,359
Total operating expenses	12,401,200	8,251,075	2,653,666	14,429,065	5,653,535	43,388,541	2,259,664
Operating income (loss)	2,153,546	854,519	(1,819,520)	(457,685)	(4,651,817)	(3,920,957)	(776,495)
<b>Nonoperating revenues (expenses):</b>							
Interest income	1,093,891	-	2,199	-	-	1,096,090	102,072
Interest expense and fiscal charges	(1,204,413)	-	-	-	-	(1,204,413)	-
Intergovernmental - operating grants	100,000	100,000	198,886	-	830,000	1,228,886	-
Intergovernmental - capital grants	-	-	2,131,124	-	1,659,427	3,790,551	-
Gain (loss) on sale of capital assets	(169,069)	(52,990)	27,671	-	(36,131)	(230,519)	-
Total nonoperating revenues (expenses)	(179,591)	47,010	2,359,880	-	2,453,296	4,680,595	102,072

**(Continued)**

**CITY OF ALBANY, GEORGIA  
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Income (loss) before contributions and transfers	\$ 1,973,955	\$ 901,529	\$ 540,360	\$ (457,685)	\$ (2,198,521)	\$ 759,638	\$ (674,423)
Capital contributions	70,290	-	668,621	-	1,240,406	1,979,317	-
<b>Transfers</b>							
Transfers in	-	124,110	293,135	457,685	3,158,099	4,033,029	-
Transfers out	(124,110)	-	-	-	(1,207,607)	(1,331,717)	(53,176)
Total transfers	(124,110)	124,110	293,135	457,685	1,950,492	2,701,312	-
Change in net assets	1,920,135	1,025,639	1,502,116	-	992,377	5,440,267	(674,423)
<b>Total net assets, beginning of year</b>	<u>65,427,977</u>	<u>2,654,359</u>	<u>27,995,230</u>	<u>-</u>	<u>15,480,791</u>		<u>2,062,289</u>
<b>Total net assets, end of year</b>	<u>\$ 67,348,112</u>	<u>\$ 3,679,998</u>	<u>\$ 29,497,346</u>	<u>\$ -</u>	<u>\$ 16,473,168</u>		<u>\$ 1,387,866</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						(92,720)	
Change in net assets of business type activities						<u>\$ 5,347,547</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, 2012**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 14,391,812	\$ 9,069,320	\$ 936,634	\$ 4,741,559	\$ 1,634,906	\$ 30,774,231	\$ -
Receipts from other funds	-	-	-	9,749,396	-	9,749,396	681,963
Payments to suppliers	(5,974,735)	(5,683,098)	(556,925)	-	(2,417,607)	(14,632,365)	-
Payments to employees	(3,293,623)	(2,074,807)	(955,402)	(60,819)	(2,422,914)	(8,807,565)	-
Claims paid	-	-	-	(12,406,717)	-	(12,406,717)	(1,142,194)
Premiums paid	-	-	-	(1,673,130)	-	(1,673,130)	(497,200)
Net cash provided by (used in) operating activities	5,123,454	1,311,415	(575,693)	350,289	(3,205,615)	3,003,850	(957,431)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	124,110	293,135	457,685	3,158,099	4,033,029	(53,176)
Transfers out	(124,110)	-	-	-	(1,207,607)	(1,331,717)	-
Operating grants received	100,000	100,000	198,886	-	830,000	1,228,886	-
Net cash provided by (used in) noncapital financing activities	(24,110)	224,110	492,021	457,685	2,780,492	3,930,198	(53,176)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(2,358,827)	(1,608,455)	(1,558,658)	-	-	(5,525,940)	-
Principal paid on bonds	(2,260,000)	-	-	-	-	(2,260,000)	-
Principal paid on notes and capital leases payable	-	-	-	-	(1,243,814)	(1,243,814)	-
Interest paid	(1,187,683)	-	-	-	-	(1,187,683)	-
Advance to other funds	(123,991)	4,054	-	-	-	(119,937)	-
Capital grants received	-	-	1,689,406	-	1,659,427	3,348,833	-
Proceeds from sale of capital assets	122,998	68,876	37,870	-	6,996	236,740	-
Net cash provided by (used in) capital and related financing activities	(5,807,503)	(1,535,525)	168,618	-	422,609	(6,751,801)	-

(Continued)

**CITY OF ALBANY, GEORGIA  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on investments	\$ 1,093,891	\$ -	\$ 2,199	\$ -	\$ -	\$ 1,096,090	\$ 102,072
Net cash provided by investing activities	1,093,891	-	2,199	-	-	1,096,090	102,072
<b>Increase (decrease) in cash and cash equivalents</b>	385,732	-	87,145	807,974	(2,514)	1,278,337	(908,535)
<b>Cash and cash equivalents:</b>							
Beginning of year	18,668,667	-	1,042,963	268,990	8,000	19,988,620	5,362,882
End of year	<u>\$ 19,054,399</u>	<u>\$ -</u>	<u>\$ 1,130,108</u>	<u>\$ 1,076,964</u>	<u>\$ 5,486</u>	<u>\$ 21,266,957</u>	<u>\$ 4,454,347</u>
<b>Classified as:</b>							
Cash	\$ 3,785,518	\$ -	\$ 1,130,108	\$ 1,076,964	\$ 5,486	\$ 5,998,076	\$ 1,544,482
Investments	6,500,475	-	-	-	-	6,500,475	2,909,865
Restricted assets, investments	8,768,406	-	-	-	-	8,768,406	-
	<u>\$ 19,054,399</u>	<u>\$ -</u>	<u>\$ 1,130,108</u>	<u>\$ 1,076,964</u>	<u>\$ 5,486</u>	<u>\$ 21,266,957</u>	<u>\$ 4,454,347</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Contributions of capital assets from governmental activities	<u>\$ 70,290</u>	<u>\$ -</u>	<u>\$ 668,621</u>	<u>\$ -</u>	<u>\$ 1,240,406</u>	<u>\$ 1,979,317</u>	<u>\$ -</u>

(Continued)

**CITY OF ALBANY, GEORGIA  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 2,153,546	\$ 854,519	\$ (1,819,520)	\$ (457,685)	\$ (4,651,817)	\$ (3,920,957)	\$ (776,495)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,503,775	564,808	1,166,353	-	973,026	6,207,962	-
Increase in accounts receivable	(162,934)	(36,274)	(3,275)	(2,029)	(133)	(204,645)	-
Increase in inventories	-	-	-	-	(107,430)	(107,430)	-
Increase in prepaid expenses	-	-	-	(40)	-	(40)	-
Decrease in due from other governments	-	-	-	-	6,040	6,040	-
Decrease in due from other funds	4,340,434	-	-	1,139,633	632,429	6,112,496	-
(Increase) decrease in due from component units	349,074	(135,469)	-	109,528	-	323,133	-
Increase (decrease) in accounts payable and other liabilities:	558,020	(242,532)	130,833	-	54,057	500,378	105
Increase in retainage payable	74,047	-	-	-	-	74,047	-
Increase in claims payable	-	-	-	288,399	-	288,399	702,820
Increase (decrease) in due to other funds	(5,692,508)	306,363	(155,847)	-	(112,679)	(5,654,671)	(883,861)
Increase (decrease) in deferred revenues	-	-	105,763	(727,517)	892	(620,862)	-
Net cash provided by (used in) operating activities	<u>\$ 5,123,454</u>	<u>\$ 1,311,415</u>	<u>\$ (575,693)</u>	<u>\$ 350,289</u>	<u>\$ (3,205,615)</u>	<u>\$ 3,003,850</u>	<u>\$ (957,431)</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, 2012**

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<b>ASSETS</b>	
Cash	\$ 3,725,323
Investments at fair value:	
Equity securities	60,410,600
Government securities	10,374,958
Corporate bonds	15,353,711
Other	8,338,388
Total investments	<u>94,477,657</u>
Accounts receivable	9,710
Interest receivable	<u>103,986</u>
Total assets	<u>98,316,676</u>
<b>LIABILITIES</b>	
Accrued expenses	46,429
Accounts payable	<u>11,500</u>
Total liabilities	<u>57,929</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits (A schedule of funding progress is presented on page 113)	<u><u>\$ 98,258,747</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, 2012**

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**ADDITIONS:**

Employer contributions	\$ 7,393,664
Investment earnings	
Interest and dividends	2,799,617
Net increase in fair value of investments	<u>344,546</u>
Total investment earnings	3,144,163
Less investment expense	<u>885,744</u>
Net investment earnings	<u>2,258,419</u>
 Total additions	 <u>9,652,083</u>

**DEDUCTIONS:**

Benefit payments	10,659,734
Administrative expense	<u>79,970</u>
 Total deductions	 <u>10,739,704</u>
 Change in net assets	 (1,087,621)

<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>99,346,368</u>
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<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 98,258,747</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, 2012**

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**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

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### 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. ADICA's primary purpose is to provide financing for the City's construction projects. ADICA is charged with the responsibility of promoting improvements and redevelopment of the area of Albany that is bounded by West Slappey on the west, Liberty Expressway on the north and east, and Oakridge Drive on the south. 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

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### 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.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

**Internal service funds** account for general liability, long-term disability (through June 30, 2012), and workers' compensation claims.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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### 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

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### 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 assignments 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, 2012, there were no encumbrances outstanding.

In the General Fund, expenditures exceeded budget for human resources by \$493,322, printing by \$34,901, finance by \$189,895, city attorney by \$12,632, fire department by \$50,830, engineering by \$93,987, code enforcement by \$73,510, parks and recreation administration by \$36,992 and Turner golf course by \$4,546 for the fiscal year ended June 30, 2012. In the Community Development Fund, expenditures exceeded budget by \$2,740,638 for the fiscal year ended June 30, 2012. In the Hotel/Motel Tax Fund, expenditures exceeded budget by \$125,182 for the fiscal year ended June 30, 2012. In the Tax Allocation District Fund, expenditures exceeded budget by \$8,166 for the fiscal year ended June 30, 2012. In the blended component unit ADICA, expenditures exceeded budget by \$1,257,694 for the fiscal year ended June 30, 2012. In all funds, the over expenditures were funded by greater than anticipated revenues.

The Tax Allocation District Fund reported a deficit fund balance of \$58,726 at June 30, 2012. This deficit is intended to be eliminated through transfers of future tax collections.

## NOTES TO FINANCIAL STATEMENTS

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### 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 State of Georgia Office of Treasurer. 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

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### 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. Prepaid items are accounted for using the consumption method.

#### 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

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### 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. In accordance with GASB 34, The City has elected to include infrastructure acquired or constructed prior to June 30, 1980. 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, 2012.

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City Manager to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Assets** – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### 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

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### 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 \$33,725,053 difference are as follows:

Notes payable	\$ (3,981,250)
Bonds payable	(17,415,584)
Unamortized bond issuance costs	271,758
Certificates of participation	(10,000,000)
Fair market value interest rate swap - certificates of participation	3,595,386
Compensated absences	(3,438,406)
Other post-employment benefit obligation	(2,693,616)
Accrued interest payable	(63,341)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (33,725,053)</u>

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 \$971,395 difference are as follows:

## NOTES TO FINANCIAL STATEMENTS

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### 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

Capital outlay	\$ 5,676,593
Depreciation expense	(4,705,198)
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>\$ 971,395</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 \$5,552,929 differences are as follows:

Donations of capital assets	\$ 94,519
Transfers of capital assets to business-type activities	(1,753,097)
Disposals of capital assets	(3,894,351)
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>\$ (5,552,929)</u>

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 \$16,423,747 difference are as follows:



## NOTES TO FINANCIAL STATEMENTS

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### 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)

Issuance of bonds	\$ (16,585,000)
Principal repayment - general obligation bonds	605,409
Principal repayment - notes payable	325,000
Amortization of bond issuance costs	61,428
Premium on issuance of bonds	(1,011,950)
Loss on defeasance of bonds	181,366
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>\$ (16,423,747)</u></u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$1,188,996 difference are as follows:

Compensated absences	\$ (228,483)
Accrued interest	11,162
Other post-employment benefit obligation	(971,675)
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>\$ (1,188,996)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### 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.

**Interest rate risk.** The City has 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. At June 30, 2012, all of the City had no uncollateralized deposits.

**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, 2012, 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	\$ 38,313	\$ 1,645	\$ 14,024	\$ 2,842	\$ 2,718	\$ 1,252	\$ 4,634	\$ 11,198	AA+
Government securities	13,575	213	257	6,058	1,458	-	1,671	3,918	AAA
Georgia Fund 1	1,756	1,756	-	-	-	-	-	-	AAA-m
Common stock	2,275	-	-	-	-	-	-	-	N/A
Guaranteed Inv. Contract	4,285	-	-	-	-	4,285	-	-	AA-
Mutual funds	2,847	-	-	-	-	-	-	-	N/A
	63,051	3,614	14,281	8,900	4,176	5,537	6,305	15,116	
Pension Trust Fund:									
Government securities	\$ 10,375	\$ -	\$ 1,459	\$ 7,010	\$ -	\$ 1,906	\$ -	\$ -	AAA
Common stock	59,558	-	-	-	-	-	-	-	N/A
Preferred stock	852	-	-	-	-	-	-	-	N/A
Mutual funds	8,338	-	-	-	-	-	-	-	N/A
Corporate bonds	1,511	1,511	-	-	-	-	-	-	A+
Corporate bonds	1,627	-	1,627	-	-	-	-	-	A
Corporate bonds	1,648	-	233	-	479	-	-	936	A-
Corporate bonds	1,256	-	933	-	-	-	-	323	BBB+
Corporate bonds	461	461	-	-	-	-	-	-	BBB
Corporate bonds	1,058	-	-	474	-	-	-	584	BBB-
Corporate bonds	577	-	271	-	-	-	306	-	BB+
Corporate bonds	1,136	-	-	478	163	-	-	495	BB
Corporate bonds	2,950	-	-	490	1,014	398	1,048	-	BB-
Corporate bonds	799	474	-	-	-	-	-	325	B+
Corporate bonds	513	-	513	-	-	-	-	-	B
Corporate bonds	1,819	-	701	241	139	738	-	-	NR
Total fair value	94,478	2,446	5,737	8,693	1,795	3,042	1,354	2,663	
	\$ 157,529	\$ 6,060	\$ 20,018	\$ 17,593	\$ 5,971	\$ 8,579	\$ 7,659	\$ 17,779	

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2012, the Water, Gas and Light Commission (component unit) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Rating</u>
Entity Wide:					
Government securities	\$ 2,378,343	\$ 78,075	\$ 1,960,471	\$ 339,797	AAA
Corporate Bonds	516,836	-	269,744	247,092	AA
Corporate Bonds	748,138	206,259	394,739	147,140	A
Corporate Bonds	146,328	-	97,965	48,363	BBB
Corporate Bonds	20,891	20,891	-	-	BB
Mutual Funds	1,099,789	-	-	-	N/A
Certificates of Deposit	706,758	-	-	-	N/A
	<u>\$ 5,617,083</u>	<u>\$ 305,225</u>	<u>\$ 2,722,919</u>	<u>\$ 782,392</u>	

### NOTE 4. RECEIVABLES

#### Property Taxes

Property taxes were levied on July 19, 2011 on the January 1, 2011 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, 2011, and payable before December 20, 2011. The lien date for unpaid taxes was December 21, 2011. 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 8.660 mills was levied during fiscal year 2012 for the City (mill equals \$1 per thousand dollars of assessed value).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. RECEIVABLES (CONTINUED)

#### Property Taxes (Continued)

Gross property taxes receivable at June 30, 2012 are \$898,376. An allowance of \$698,910 has been established for taxes in dispute and taxes that will not be collected for the year ended June 30, 2012, resulting in a net receivable for property taxes of \$199,466.

#### 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), 2004 (SPLOST V), and 2010 (SPLOST VI). The proceeds from these sales tax programs are used to finance various capital projects. SPLOST II, SPLOST III, and SPLOST IV programs are administered by Dougherty County. The City administers its own programs under SPLOST V and SPLOST VI. SPLOST taxes receivable at June 30, 2012 are \$907,601.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES (CONTINUED)

#### Accounts Receivable

Accounts receivable of the primary government consisted of the following at June 30, 2012:

	General Fund	Community Development Fund	SPLOST Fund	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds
Gross receivables	\$ 2,246,986	\$ 17,050	\$ 907,601	\$ 257,101	\$ 44,687	\$ 498,815	\$ 2,029	\$ 665,477	\$ 23,044
Less allowance for doubtful accounts	(1,342,107)	-	-	-	-	-	-	(39,749)	-
Net receivables	<u>\$ 904,879</u>	<u>\$ 17,050</u>	<u>\$ 907,601</u>	<u>\$ 257,101</u>	<u>\$ 44,687</u>	<u>\$ 498,815</u>	<u>\$ 2,029</u>	<u>\$ 625,728</u>	<u>\$ 23,044</u>

The Water, Gas and Light Commission had accounts receivable at June 30, 2012, of \$19,327,136, which is net of an allowance for uncollectible accounts of \$892,143.

#### 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, 2012, was as follows:

**Primary Government:**

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b><u>Governmental activities</u></b>					
Capital assets not being depreciated:					
Land	\$ 16,908,155	\$ -	\$ (1,546,372)	\$ 519,544	\$ 15,881,327
Construction in progress	3,431,222	27,299	(160,907)	724,766	4,022,380
Total assets not depreciated	<u>20,339,377</u>	<u>27,299</u>	<u>(1,707,279)</u>	<u>1,244,310</u>	<u>19,903,707</u>
Capital assets being depreciated:					
Buildings and improvements	68,749,253	2,491,697	(2,849,104)	(1,579,741)	66,812,105
Equipment and vehicles	29,558,709	2,919,031	(1,411,255)	(906,730)	30,159,755
Infrastructure	74,180,222	333,085	-	(473,951)	74,039,356
Total assets depreciated	<u>172,488,184</u>	<u>5,743,813</u>	<u>(4,260,359)</u>	<u>(2,960,422)</u>	<u>171,011,216</u>
Less accumulated depreciation:					
Buildings and improvements	(18,939,520)	(1,748,083)	963,076	169,973	(19,554,554)
Equipment and vehicles	(15,696,929)	(1,849,302)	1,110,211	(204,797)	(16,640,817)
Infrastructure	(54,320,576)	(1,107,813)	-	(2,161)	(55,430,550)
Total accumulated depreciation	<u>(88,957,025)</u>	<u>(4,705,198)</u>	<u>2,073,287</u>	<u>(36,985)</u>	<u>(91,625,921)</u>
Total assets depreciated, net	<u>83,531,159</u>	<u>1,038,615</u>	<u>(2,187,072)</u>	<u>(2,997,407)</u>	<u>79,385,295</u>
Governmental activities assets, net	<u>\$ 103,870,536</u>	<u>\$ 1,065,914</u>	<u>\$ (3,894,351)</u>	<u>\$ (1,753,097)</u>	<u>\$ 99,289,002</u>

The beginning balance of capital assets has been increased by \$2,008,231 to include capital assets and related depreciation noted during a capital asset inventory.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

#### Primary Government:

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 10,764,487	\$ -	\$ -	\$ 1,373,482	\$ 12,137,969
Construction in progress	4,428,166	3,287,238	-	(1,175,107)	6,540,297
Total assets not depreciated	<u>15,192,653</u>	<u>3,287,238</u>	<u>-</u>	<u>198,375</u>	<u>18,678,266</u>
Capital assets being depreciated:					
Buildings and improvements	128,196,818	11,480	(55,954)	1,558,684	129,711,028
Equipment and vehicles	28,577,754	4,335,469	(1,238,859)	789,428	32,463,792
Infrastructure	43,710,826	113,739	-	(978,998)	42,845,567
Total assets depreciated	<u>200,485,398</u>	<u>4,460,688</u>	<u>(1,294,813)</u>	<u>1,369,114</u>	<u>205,020,387</u>
Less accumulated depreciation:					
Buildings and improvements	(42,554,502)	(2,501,130)	16,084	-	(45,039,548)
Equipment and vehicles	(18,112,884)	(2,007,449)	1,011,565	185,608	(18,923,160)
Infrastructure	(33,303,206)	(1,484,922)	-	-	(34,788,128)
Total accumulated depreciation	<u>(93,970,592)</u>	<u>(5,993,501)</u>	<u>1,027,649</u>	<u>185,608</u>	<u>(98,750,836)</u>
Total assets depreciated, net	<u>106,514,806</u>	<u>(1,532,813)</u>	<u>(267,164)</u>	<u>1,554,722</u>	<u>106,269,551</u>
Business-type activities assets, net	<u>\$ 121,707,459</u>	<u>\$ 1,754,425</u>	<u>\$ (267,164)</u>	<u>\$ 1,753,097</u>	<u>\$ 124,947,817</u>



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 512,008
Judicial	3,131
Public safety	1,770,873
Public works	1,538,603
Culture and recreation	570,893
Community development	<u>309,690</u>
Total depreciation expense - governmental activities	<u>\$ 4,705,198</u>
Business-type activities:	
Sanitary sewer	\$ 3,289,314
Solid waste	564,808
Transit	416,099
Civic center	556,927
Airport	<u>1,166,353</u>
Total depreciation expense - business-type activities	<u>\$ 5,993,501</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, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 1,283,104	\$ -	\$ -	\$ -	\$ 1,283,104
Construction in progress	1,112,734	103,304	-	(1,216,038)	-
Total assets not depreciated	<u>2,395,838</u>	<u>103,304</u>	<u>-</u>	<u>(1,216,038)</u>	<u>1,283,104</u>
Capital assets being depreciated:					
Buildings and improvements	9,298,457	20,624	-	1,049,380	10,368,461
Equipment and vehicles	524,959	31,719	-	166,658	723,336
Total assets depreciated	<u>9,823,416</u>	<u>52,343</u>	<u>-</u>	<u>1,216,038</u>	<u>11,091,797</u>
Less accumulated depreciation:					
Buildings and improvements	(2,957,846)	(268,813)	-	-	(3,226,659)
Equipment and vehicles	(357,330)	(85,840)	-	-	(443,170)
Total accumulated depreciation	<u>(3,315,176)</u>	<u>(354,653)</u>	<u>-</u>	<u>-</u>	<u>(3,669,829)</u>
Total assets depreciated, net	6,508,240	(302,310)	-	1,216,038	7,421,968
Chehaw Park Authority assets, net	<u>\$ 8,904,078</u>	<u>\$ (199,006)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,705,072</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, 2012, was as follows:

	<b>Balance June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2012</b>
Capital assets not being depreciated:				
Land	\$ 1,453,294	\$ -	\$ -	\$ 1,453,294
Construction in progress	-	50,000	-	50,000
Total assets not depreciated	<u>1,453,294</u>	<u>50,000</u>	<u>-</u>	<u>1,503,294</u>
Capital assets being depreciated:				
Intangibles	-	1,794,902	-	1,794,902
Equipment	28,304,329	3,337,071	(313,404)	31,327,996
Buildings and improvements	12,125,915	188,579	-	12,314,494
Plant facilities	87,488,391	171,337	-	87,659,728
Total assets depreciated	<u>127,918,635</u>	<u>5,491,889</u>	<u>(313,404)</u>	<u>133,097,120</u>
Less accumulated depreciation:				
Intangibles	-	(38,890)	-	(38,890)
Equipment	(14,188,398)	(2,021,141)	313,404	(15,896,135)
Buildings and improvements	(4,811,989)	(456,256)	-	(5,268,245)
Plant facilities	(33,378,703)	(2,879,830)	-	(36,258,533)
Total accumulated depreciation	<u>(52,379,090)</u>	<u>(5,396,117)</u>	<u>313,404</u>	<u>(57,461,803)</u>
Total assets depreciated, net	<u>75,539,545</u>	<u>95,772</u>	<u>-</u>	<u>75,635,317</u>
WG&L Commission assets, net	<u>\$ 76,992,839</u>	<u>\$ 145,772</u>	<u>\$ -</u>	<u>\$ 77,138,611</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

	Balance, June 30, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 605,409	\$ 16,585,000	\$ 605,409	\$ 16,585,000	\$ 275,000
Add deferred amounts					
Unamortized premium	-	1,011,950	-	1,011,950	-
Unamortized loss on defeasance	-	(181,366)	-	(181,366)	-
Total bonds payable	\$ 605,409	\$ 17,415,584	\$ 605,409	\$ 17,415,584	\$ 275,000
Notes payable	4,306,250	-	325,000	3,981,250	325,000
Certificates of participation	10,000,000	-	-	10,000,000	-
OPEB Liability	1,721,941	1,672,029	700,354	2,693,616	-
Compensated absences	3,209,923	1,093,496	865,013	3,438,406	3,094,565
Governmental activity long-term liabilities	<u>\$ 19,843,523</u>	<u>\$ 20,181,109</u>	<u>\$ 2,495,776</u>	<u>\$ 37,528,856</u>	<u>\$ 3,694,565</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 28,575,000	\$ -	\$ 2,260,000	\$ 26,315,000	\$ 2,745,000
Add deferred amounts					
Unamortized loss on defeasance	(910,050)	-	(165,978)	(744,072)	-
Total bonds payable	27,664,950	-	2,094,022	25,570,928	2,745,000
Compensated absences	946,133	201,202	162,668	984,667	886,201
Business-type activity long-term liabilities	<u>\$ 28,611,083</u>	<u>\$ 201,202</u>	<u>\$ 2,256,690</u>	<u>\$ 26,555,595</u>	<u>\$ 3,631,201</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

The government-wide statement of net assets includes \$2,745,000 of the long-term liabilities due within one year for business-type activities in liabilities payable from restricted assets. The remaining amount of \$22,825,928 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, 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, 2012, are as follows:

	<b>Original Amount</b>	<b>Interest Rates</b>	<b>Balance June 30, 2012</b>
HUD Section 108 Loan, B-02-MC-13-0001	\$ 5,500,000	2.00% - 5.00%	\$ 3,300,000
HUD Section 108 Loan, B-99-MC-13-0001	500,000	2.00% - 5.00%	225,000
Total			<u>\$ 3,525,000</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 original 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 for the loan began in October 2010. 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. The outstanding balance of this loan at June 30, 2012 is \$456,250. This loan is included in the maturity table below.

Notes payable debt service requirements to maturity, including interest of \$1,201,970, are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 325,000	\$ 190,023	\$ 515,023
2014	325,000	174,708	499,708
2015	325,000	159,055	484,055
2016	325,000	142,996	467,996
2017	325,000	126,515	451,515
2018 - 2022	1,600,000	375,907	1,975,907
2023 - 2027	675,000	32,766	707,766
2028 - 2031	81,250	-	81,250
	<u>\$ 3,981,250</u>	<u>\$ 1,201,970</u>	<u>\$ 5,183,220</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 City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City'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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 475,000	\$ 475,000
2014	-	475,000	475,000
2015	-	475,000	475,000
2016	-	475,000	475,000
2017	-	475,000	475,000
2018 - 2022	-	2,375,000	2,375,000
2023 - 2027	-	2,375,000	2,375,000
2028	10,000,000	475,000	10,475,000
	<u>\$ 10,000,000</u>	<u>\$ 7,600,000</u>	<u>\$ 17,600,000</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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 (i) 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

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### 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 Aa1 by Moody's. At June 30, 2012, the floating rate being paid by the City is 0.49%, and the market value of this agreement is \$3,595,386, an increase of \$1,880,064 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, 2012 based on the derivative contract. This market value is reported as an asset 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

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### 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 and 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.

General obligation bonds outstanding at June 30, 2012, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2012</u>
2012 ADICA Refunding Revenue Issue	2.00% - 3.125%	\$ 3,440,000
2012 General Obligation Sales Tax Issue	2.00% - 3.000%	13,145,000
		<u>16,585,000</u>
Add: Unamortized premium		1,011,950
Less: Unamortized loss on defeasance		(181,366)
		<u>\$ 17,415,584</u>

A description of these General obligation bond issues is provided on the following pages.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

##### Governmental Activities Debt (Continued)

##### **General Obligation Bonds (Continued)**

##### Refunding Revenue Bonds, Series 2012, \$3,440,000 Principal (ADICA)

During the current year, the City issued bonds through the Albany-Dougherty Inner City Authority (ADICA) in the amount of \$3,440,000. The bonds bear interest ranging from 2% to 3.125% with final maturity in 2024.

The proceeds from the sale of the bonds will be used for the purpose of (i) refunding all of the outstanding ADICA Revenue Bonds, Series 2009, (ii) the cost of acquiring, constructing, developing, and equipping various capital outlay projects located within the City of Albany, Georgia and (iii) paying all or a portion of the costs of issuance of the bonds.

The bonds are limited obligations of ADICA, payable solely from payments to be made by the City of Albany, Georgia ("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 the General Fund of the City and, to the extent such funds are insufficient, will levy an ad valorem tax on all property in the City subject to such tax in order to make such payments to ADICA; provided, however, that the tax for such purpose does not exceed three mills per dollar upon the assessed value of the taxable property of the City.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

##### Governmental Activities Debt (Continued)

##### **General Obligation Bonds (Continued)**

##### Refunding Revenue Bonds, Series 2012, \$3,440,000 Principal (ADICA) (continued)

The difference between the requisition price and the net carrying amount of the old debt amounted to \$181,366. 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, 2012, the unamortized balance was \$181,366.

The ADICA Series 2012 bonds maturing on or after March 1, 2016 may be redeemed prior to maturity, at ADICA's option in whole or in part on or after March 1, 2015, at a redemption price equal to the outstanding principal amount of the bonds to be redeemed plus accrued interest thereon to the date of redemption.

##### General Obligation Sales Tax Bonds, Series 2012, \$13,145,000 Principal

During the current year, the City issued General Obligation Sales Tax Bonds, Series 2012 in the amount of \$13,145,000. The bonds bear interest ranging from 2% to 3% with final maturity in 2017.

The proceeds of the sales tax bonds are for the purpose of (i) financing certain capital outlay projects located within the City of Albany, Georgia; and (ii) paying all or a portion of the costs of issuance of the bonds. The bonds were issued at a premium of \$1,011,950. The bonds are direct and general obligations of the City of Albany, Georgia. The principal and interest on the bonds are payable from the proceeds of a one-percent sales and use tax received by the City. The Series 2012 Sales Tax Bonds are not subject to redemption prior to maturity.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

##### Governmental Activities Debt (Continued)

##### **General Obligation Bonds (Continued)**

##### General Obligation Sales Tax Bonds, Series 2012, \$13,145,000 Principal (continued)

To the extent that the proceeds of the one-percent sales and use tax received by the City are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, to be levied upon all taxable property within the City subject to taxation for general obligation bond purposes.

General obligation bonds debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 275,000	\$ 413,621	\$ 688,621
2014	260,000	433,713	693,713
2015	4,060,000	428,518	4,488,518
2016	4,965,000	347,318	5,312,318
2017	4,915,000	201,018	5,116,018
2018 - 2022	1,460,000	212,940	1,672,940
2023 - 2024	650,000	30,226	680,226
	<u>16,585,000</u>	<u>\$ 2,067,354</u>	<u>\$ 18,652,354</u>
Add: Unamortized premium	1,011,950		
Less: Unamortized loss on defeasance	(181,366)		
	<u>\$ 17,415,584</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 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, 2012, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2012</u>
2007 Sewerage System Revenue Bonds	4.00% - 5.00%	\$ 19,735,000
2011 Sewerage System Revenue Bonds	3.39%	6,580,000
		<u>26,315,000</u>
Less: Unamortized discount		(744,072)
		<u><u>\$ 25,570,928</u></u>

##### \$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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

##### Business-type Activities Debt (Continued)

##### \$27,745,000 Sewerage System Revenue Bonds, Series 2007 (Continued)

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. 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, 2012, the unamortized balance was \$273,932.

Interest expense related to the Series 2007 Bonds for the year ended June 30, 2012, was \$928,750. All interest incurred was expensed.

##### \$6,730,000 Sewerage System Revenue Bonds, Series 2011

On April 8, 2011, the City issued \$6,730,000 in Sewerage System Revenue Bonds, Series 2011 with an interest rate of 3.39% and final maturity in 2031. Proceeds of the bonds were used to 1) effect a current refunding of Sewerage System Revenue Bonds, Series 2001, and 2) pay expenses related to the issuance and sale of the Series 2011 bonds.

Interest expense related to the Series 2011 Bonds for the year ended June 30, 2012, was \$275,663. All interest incurred was expensed.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

##### Business-type Activities Debt (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 2,745,000	\$ 1,098,620	\$ 3,843,620
2014	2,845,000	978,932	3,823,932
2015	2,975,000	842,891	3,817,891
2016	3,110,000	704,687	3,814,687
2017	3,240,000	575,195	3,815,195
2018 - 2022	11,400,000	896,058	12,296,058
	<u>26,315,000</u>	<u>\$ 5,096,383</u>	<u>\$ 31,411,383</u>
Less: Unamortized discount	(744,072)		
	<u>\$ 25,570,928</u>		

#### 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. Four (4) series of bond issuances have occurred from November 1, 2003 to June 30, 2010, totaling \$88,803,171. The total amount of bonds outstanding at June 30, 2012 is \$86,884,670.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### C. 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, 2012, was as follows:

	<u>Balance, June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2012</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 14,040,000	\$ -	\$ (1,185,000)	\$ 12,855,000	\$ 1,225,000
Plus unamortized premiums	181,132	-	(24,392)	156,740	-
Revenue bonds, net	14,221,132	-	(1,209,392)	13,011,740	1,225,000
Capital lease payable	3,949,090	-	(1,122,326)	2,826,764	1,143,865
Intergovernmental agreement	-	1,794,302	(777,791)	1,016,511	717,961
Compensated absences	2,618,804	1,289,270	(1,320,223)	2,587,851	1,760,314
Total long-term liabilities	<u>\$ 20,789,026</u>	<u>\$ 3,083,572</u>	<u>\$ (4,429,732)</u>	<u>\$ 19,442,866</u>	<u>\$ 4,847,140</u>

#### Revenue Bonds

Revenue bonds of the Water, Gas and Light Commission (the "Commission") outstanding at June 30, 2012, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2012</u>
2005 Water Revenue Bonds	3.97%	\$ 5,925,000
2010 Water Revenue Bonds	2.00% - 4.00%	6,930,000
		<u>\$ 12,855,000</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

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

##### Revenue Bonds (Continued)

2010 Water Revenue Bonds. The City and Commission have tax-exempt Water Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds) outstanding at June 30, 2012 in the amount of \$6,930,000. 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%.

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.

Interest expense related to the revenue bonds for the year ended June 30, 2012 was \$456,126. No interest was capitalized during the year ended June 30, 2012.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

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

##### Revenue Bonds (Continued)

A summary of debt service requirements of bonds payable, Series 2005 and Series 2010 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,345,000	319,001	1,664,001
2017	1,395,000	274,313	1,669,313
2018 - 2022	4,255,000	713,560	4,968,560
2023 - 2026	2,065,000	168,229	2,233,229
	<u>\$ 12,855,000</u>	<u>\$ 2,685,838</u>	<u>\$ 15,540,838</u>

##### 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 \$7,565,100.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

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

##### Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Fiscal Year Ending June 30,	
2013	\$ 1,255,549
2014	1,231,865
2015	<u>513,007</u>
Total minimum lease payments	3,000,421
Less: Amount representing interest	<u>(173,657)</u>
Present value of minimum lease payments	<u><u>\$ 2,826,764</u></u>

##### Intergovernmental Agreement

The Commission has entered in to an intergovernmental agreement with the City of Griffin, Georgia to purchase a portion of the City of Griffin's remaining rights and obligations under the Amended and Restated Combined Cycle Power Sales Contract with the Municipal Electric Authority of Georgia (MEAG) for excess power generation. In consideration of the assignment, the Commission agreed to pay the City of Griffin 30 monthly installments of \$59,830 through November 2013. The outstanding obligation at the fiscal year ended June 30, 2012 was \$1,017,111.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### D. Component Unit – Chehaw Park Authority

##### Capital Lease

Chehaw Park Authority has entered into a lease agreement as a lessee for financing the acquisition of a tractor. This lease agreement qualifies as a capital lease for accounting purposes.

### NOTE 7. SHORT-TERM DEBT

#### 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, 2012 is as follows:

	Balance, June 30, 2011	Additions	Reductions	Balance, June 30, 2012
Line of Credit	\$ 785,900	\$ 26,768,500	\$ 25,554,400	\$ 2,000,000

#### B. Component Unit – Chehaw Park Authority

The Authority 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, 2012 is as follows:

the due to/from	Balance, June 30, 2011	Additions	Reductions	Balance, June 30, 2012
Line of Credit	\$ 42,450	\$ 11,600	\$ 11,068	\$ 42,982

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2012, there were nine active participants. The City is required to contribute 8.9% of each Plan participant compensation. Plan participants may 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, 2012, the City contributed \$76,856 and employees contributed \$1,081.

#### 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, and certain former City employees resulting from the Delineation of Services Agreement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. RETIREMENT PLANS (CONTINUED)

#### B. Defined Benefit Plan (Continued)

##### Plan Description (Continued)

Individuals who were employed by the City prior to January 1, 1982, and who elected to remain in the Plan as then constituted are covered under the "old plan rules". All employees hired on or after January 1, 1982, are covered by the provisions of the "new plan rules". 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. For employees hired after April 1, 2010, the five years service is replaced with 10 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 received a 1.5% per year cost-of-living increase in their pensions each year through June 30, 2012. The Plan has been amended to discontinue the automatic annual post-retirement cost of living adjustment payment for all future and current retirees in the Plan. The change will be effective for benefit payments commencing July 1, 2012. 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. For employees hired after April 1, 2010, the five years of service is replaced with ten years of service. Benefits are calculated in the same manner as under the old plan, but at 1.5%. Additionally, the

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. RETIREMENT PLANS (CONTINUED)

#### B. Defined Benefit Plan (Continued)

##### Plan Description (Continued)

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.

Membership in the Plan as of June 30, 2012 is as follows:

Active employees	1,165
Retired participants receiving benefits	786
Terminated vested participants	329
Total membership	<u>2,280</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

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### 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, 2012. No investment in any one organization represented 5% or more of the net assets available for pension benefits at June 30, 2012. 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 \$5,715,679 from the City and \$1,677,985 from Water Gas and Light Commission, a component unit of the City, for a total Annual Pension Cost of \$7,393,664.

## 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	-
6/30/2011	7,034,271	100	-
6/30/2012	7,393,664	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 2012 was required to be 8.9% of payroll for general employees and 11.9% of payroll for public safety employees. The City had no net pension obligation as of the fiscal year ended June 30, 2012

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. RETIREMENT PLANS (CONTINUED)

#### B. Defined Benefit Plan (Continued)

As of the most recent valuation date, July 1, 2011, the funded status of the Plan is as follows:

<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 Covered Payroll</u>
7/1/2011	\$ 112,689,357	\$ 157,891,512	\$ 45,202,155	71.4%	\$ 45,257,183	99.9%

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, 2011.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. RETIREMENT PLANS (CONTINUED)

#### B. Defined Benefit Plan (Continued)

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.

#### 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, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	30 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%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:	
Receivable Fund	Payable Fund
General Fund	Internal Service Fund - Self-Administered Insurance \$ 234,881
General Fund	Internal Service Fund - Workers' Comp 197,844
General Fund	Nonmajor Governmental Fund 1,869,666
General Fund	Nonmajor Enterprise Fund 694,852
SPLOST Fund	General Fund 122,237
Community Development Fund	General Fund 52,133
Public Employee Deposit Fund	General Fund 156,310
Sanitary Sewer Fund	General Fund 418,191
Nonmajor Governmental Funds	General Fund 1,681,938
Nonmajor Governmental Funds	Community Development Fund 12,078
Nonmajor Governmental Funds	Solid Waste Fund 530,270
Nonmajor Governmental Funds	Sanitary Sewer Fund 239,992
Nonmajor Governmental Funds	Nonmajor Enterprise Fund 1,009
Nonmajor Enterprise Fund	Nonmajor Governmental Funds 3,835

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: (1) 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, and (2) the repayment of operating funds from the Solid Waste Fund to the General Fund over several years. The composition of advances to/from other funds at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	
Nonmajor Governmental Funds	Sanitary Sewer Fund	\$ 83,104
Nonmajor Governmental Funds	Solid Waste Fund	1,682,694
General Fund	Solid Waste Fund	469,788

Due to/from primary government and component units:

Receivable Entity	Payable Entity	
Solid Waste Fund	Water, Gas & Light Commission	\$ 2,163,118
Sanitary Sewer Fund	Water, Gas & Light Commission	2,246,399
Public Employee Deposit Fund	Water, Gas & Light Commission	863,874
General Fund	Water, Gas & Light Commission	1,044,477
General Fund	Chehaw Park Authority	150,000

## NOTES TO FINANCIAL STATEMENTS

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

Transfers Out	Transfers In						Total
	General Fund	Nonmajor Governmental Funds	Airport Fund	Solid Waste Fund	Public Employee Deposit Fund	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 376,351	\$ 293,135	\$ -	\$ 457,685	\$ 2,526,209	\$ 3,653,380
Nonmajor Governmental Funds	1,054,280	-	-	-	-	-	1,054,280
Internal Service Fund - Long-Term Disability	53,176	-	-	-	-	-	53,176
Sanitary Sewer Fund	-	-	-	124,110	-	-	124,110
Nonmajor Enterprise Funds	575,717	-	-	-	-	631,890	1,207,607
Total	<u>\$ 1,683,173</u>	<u>\$ 376,351</u>	<u>\$ 293,135</u>	<u>\$ 124,110</u>	<u>\$ 457,685</u>	<u>\$ 3,158,099</u>	<u>\$ 6,092,553</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.

### NOTE 10. CONTINGENT LIABILITIES

#### Primary Government:

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

#### **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, 2012, is \$1,075,478.

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

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### NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

#### Water, Gas and Light Commission: (Continued)

As of June 30, 2012, 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 \$65,043,504 in 2012.

At June 30, 2012, the outstanding debt of MEAG was approximately \$4.9 billion. The Commission's guarantee varies by individual projects undertaken by MEAG and totals approximately \$461 million at June 30, 2012.

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.

The Georgia Environmental Protection Division approved the compliance status report and recommended corrective action 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, 2012, the Commission incurred costs of \$2,175, with total incurred cost to date of \$425,593. The liability has been reduced by these costs, resulting in a liability of \$1,574,407 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, 2012, the City has contractual commitments on uncompleted construction contracts totaling approximately \$10,885,269.

### 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, 2012, or June 30, 2011, 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:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of year	\$ 412,475	\$ 395,639
Incurred claims and changes in estimates	685,777	402,881
Claim payments	(336,425)	(386,045)
Unpaid claims, end of year	<u>\$ 761,827</u>	<u>\$ 412,475</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, and its component unit – 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:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of year	\$ 705,000	\$ 835,000
Incurred claims and changes in estimates	12,695,116	12,034,411
Claim payments	(11,960,116)	(12,164,411)
Unpaid claims, end of year	<u>\$ 1,440,000</u>	<u>\$ 705,000</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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. RISK MANAGEMENT (CONTINUED)

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:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of year	\$ 1,562,000	\$ 1,669,500
Incurred claims and changes in estimates	1,056,582	809,198
Claim payments	(693,582)	(916,698)
Unpaid claims, end of year	<u>\$ 1,925,000</u>	<u>\$ 1,562,000</u>

### NOTE 13. RELATED ORGANIZATION

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

### NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. Of this percentage, 3.5% is allocated each year to the Chamber of Commerce for use in the promotion of the City. For the fiscal year ended June 30, 2012, \$1,445,522 of hotel/motel tax was collected, and \$725,182, or 49.8% of the amount collected was remitted to the Chamber of Commerce. The remaining balance was used by the City for the promotion of tourism.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2012, the city paid \$42,554 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

### 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. A separate, audited GAAP-basis postemployment benefit plan report is not available for the OPEB Plan.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

#### Plan Description (Continued)

Retirees under age 65 participate in the self-insured, Pre-65 Retiree Plan. Retirees pay 50% of the rate which is set by the City. At age 65, retired employees are removed from the City's group Health plan. Retirees who reach age 65 before January 1, 2013 will be reimbursed a portion of their Medicare Part B premium (known as the "Medicare Part B Stipend"). Retirees who cover their dependents will pay 50% of the rate which is set by the City for the dependent coverage. Spouse coverage in the Pre-65 Retiree Plan ends when the spouse attains age 65. Spouses covered as dependents during the retiree's lifetime are not eligible for the Medicare Part B Stipend. Upon the retiree's death, a surviving spouse may continue coverage in the Pre-65 Retiree Plan until age 65. Spouses who reach age 65 before January 1, 2013 will receive the Medicare Part B Stipend after the retiree's death.

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.

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, 2012, the General Fund's net share of the premiums paid for its 442 retired employees and retired employee's spouses/dependents was \$700,354. There were no significant changes in the coverage provided, however, the reimbursement for retirees and surviving spouse "Medicare Part B Stipend" has been added this year. The City will reimburse a portion of the Medicare Part B premium for any retiree or surviving spouse who reaches the age 65 before January 13, 2013. The addition of this benefit increased the actuarial accrued liability by \$7,383,957.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Plan Description (Continued)

Membership in the OPEB Plan as of the most recent actuarial valuation date (July 1, 2012) is as follows:

Active employees	1,164
Retired participants receiving benefits	554
Spouse/dependent of retired participants receiving benefits	60
Total membership	<u>1,778</u>

The City contributed \$700,354 to the OPEB Plan in the year ended June 30, 2012. 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. The other postemployment benefit obligation is liquidated by the General Fund.

Annual required employer contribution	\$ 1,668,951
Interest on net OPEB obligation	68,878
Adjustment to annual required contribution	<u>(65,800)</u>
Annual OPEB cost	1,672,029
Employer contributions for the period ending June 30, 2012	<u>700,354</u>
Increase in net OPEB obligation	971,675
Net OPEB obligation beginning of year	1,721,941
Net OPEB obligation end of year	<u>\$ 2,693,616</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Trend Information

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2009	\$ 1,131,237	56%	\$ 497,987
6/30/2010	1,132,127	54%	1,023,295
6/30/2011	1,218,630	43%	1,721,941
6/30/2012	1,672,029	42%	2,693,616

As of July 1, 2012, the most recent valuation date, the funded status of the OPEB Plan is as follows:

#### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
7/1/2008	\$ -	\$ 16,546,482	\$ 16,546,482	0%	\$ 42,570,855	38.9%
7/1/2010	-	17,064,694	17,064,694	0%	44,078,327	38.7%
7/1/2012	-	25,928,078	25,928,078	0%	46,905,285	55.3%

The July 1, 2012 valuation includes liability for the Medicare Part B Stipend.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 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, 2012. The assumptions used in the July 1, 2012 actuarial valuation are as follows:

Valuation date	July 1, 2012
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%
Inflation	3.00%
Health Care Trend Rate (pre65)	9.50%
Health Care Trend Rate (post65)	5.00%
Ultimate Health Care Trend Rate	5.00%
Year of Ultimate Trend Rate	2018

## 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
7/01/2003	\$ 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%
7/01/2009	109,665,197	167,732,000	58,066,803	65%	43,105,872	135%
7/01/2011	112,689,357	157,891,512	45,202,155	71%	45,257,183	100%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending June 30	Annual Required Contribution	Percentage of ARC Contributed
2006	\$ 2,982,068	113 %
2007	3,011,699	112
2008	4,592,974	81
2009	3,481,566	100
2010	4,231,004	100
2011	4,338,767	100
2012	4,372,222 *	TBD

\* Estimated

## REQUIRED SUPPLEMENTARY INFORMATION

### 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%
7/1/2010	-	17,064,694	17,064,694	0%	44,078,327	39%
7/1/2012	-	25,928,078	25,928,078	0%	46,905,285	55%

## **CITY OF ALBANY, GEORGIA**

### **NONMAJOR GOVERNMENTAL FUNDS**

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#### **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

### BUDGETARY COMPLIANCE

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#### **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**

**COMBINING BALANCE SHEET  
JUNE 30, 2012**

ASSETS	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Cash	\$ -	\$ 793,989	\$ 226,696	\$ 542,379	\$ 2,811,008	\$ -	\$ -
Investments	-	-	-	1,504,733	-	50,022	-
Accounts receivable, net of allowances	130,123	-	354,908	140,697	-	-	-
Due from other funds	-	-	13,086	-	-	-	-
Due from other governments	-	544,332	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 130,123</u>	<u>\$ 1,338,321</u>	<u>\$ 594,690</u>	<u>\$ 2,187,809</u>	<u>\$ 2,811,008</u>	<u>\$ 50,022</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 38,119	\$ 242,330	\$ 4,819	\$ 550	\$ -	\$ -
Due to other funds	2,240	1,274,806	297,768	239,961	-	-	58,726
Deferred revenues	-	25,396	54,592	-	-	-	-
Total liabilities	<u>2,240</u>	<u>1,338,321</u>	<u>594,690</u>	<u>244,780</u>	<u>550</u>	<u>-</u>	<u>58,726</u>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable:							
Advance to other funds	-	-	-	-	-	-	-
Restricted							
Promotion of tourism	127,883	-	-	-	-	-	-
Public safety	-	-	-	1,943,029	-	-	-
Gortatowsky endowment	-	-	-	-	-	50,022	-
Capital projects	-	-	-	-	2,735,217	-	-
Committed							
Inner city development	-	-	-	-	75,241	-	-
Assigned							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(58,726)
Total fund balances (deficit)	<u>127,883</u>	<u>-</u>	<u>-</u>	<u>1,943,029</u>	<u>2,810,458</u>	<u>50,022</u>	<u>(58,726)</u>
Total liabilities and fund balances	<u>\$ 130,123</u>	<u>\$ 1,338,321</u>	<u>\$ 594,690</u>	<u>\$ 2,187,809</u>	<u>\$ 2,811,008</u>	<u>\$ 50,022</u>	<u>\$ -</u>

(Continued)

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

**COMBINING BALANCE SHEET  
JUNE 30, 2012**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
<b>ASSETS</b>	<b>Debt Service Fund</b>	<b>Public Improvement Fund</b>	<b>Total</b>
Cash	\$ -	\$ -	\$ 4,374,072
Investments	-	4,285,067	5,839,822
Accounts receivable, net of allowances	-	-	625,728
Due from other funds	-	2,452,201	2,465,287
Due from other governments	-	1,220,177	1,764,509
Advance to other funds	-	1,765,798	1,765,798
Total assets	<u>\$ -</u>	<u>\$ 9,723,243</u>	<u>\$ 16,835,216</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 13,778	\$ 299,596
Due to other funds	-	-	1,873,501
Deferred revenues	-	5,015	85,003
Total liabilities	<u>-</u>	<u>18,793</u>	<u>2,258,100</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable:			
Advance to other funds	-	1,765,798	1,765,798
Restricted			
Promotion of tourism	-	-	127,883
Public safety	-	-	1,943,029
Gortatowsky endowment	-	-	50,022
Capital projects	-	4,285,067	7,020,284
Committed			
Inner city development	-	-	75,241
Assigned			
Capital projects	-	3,653,585	3,653,585
Unassigned	-	-	(58,726)
Total fund balances (deficit)	<u>-</u>	<u>9,704,450</u>	<u>14,577,116</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 9,723,243</u>	<u>\$ 16,835,216</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, 2012**

	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,133
Other taxes	1,445,522	-	-	-	-	-	-
Intergovernmental	-	1,047,498	2,785,489	168,130	-	-	-
Charges for services	-	-	-	1,466,948	41,734	-	-
Other revenues:							
Interest income	-	-	-	36,203	73	973	-
Other income	-	-	-	-	251	997	6,461
Total revenues	1,445,522	1,047,498	2,785,489	1,671,281	42,058	1,970	107,594
<b>Expenditures:</b>							
Current:							
Public safety	-	184,476	1,053,672	2,217,076	-	-	-
Public works	-	49,778	551,295	-	-	-	-
Parks and recreation	-	149,445	-	-	-	-	-
Community development	725,182	664,179	1,172,891	-	520,523	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	605,409	-	-
Interest	-	-	-	-	11,833	-	33,166
Bond issuance cost	-	-	-	-	119,928	-	-
Total expenditures	725,182	1,047,878	2,777,858	2,217,076	1,257,693	-	33,166
Excess (deficiency) of revenues over (under) expenditures	720,340	(380)	7,631	(545,795)	(1,215,635)	1,970	74,428
<b>Other financing sources (uses):</b>							
Issuance of bonds payable	-	-	-	-	3,440,000	-	-
Premium on bond issuance	-	-	-	-	28,964	-	-
Transfers in	-	1,351	-	-	375,000	-	-
Transfers out	(1,019,174)	-	(7,631)	(20,661)	-	-	-
Total other financing sources (uses)	(1,019,174)	1,351	(7,631)	(20,661)	3,843,964	-	-
Net change in fund balances	(298,834)	971	-	(566,456)	2,628,329	1,970	74,428
<b>Fund balances (deficit), beginning of year</b>	426,717	(971)	-	2,509,485	182,129	48,052	(133,154)
<b>Fund balances (deficit), end of year</b>	\$ 127,883	\$ -	\$ -	\$ 1,943,029	\$ 2,810,458	\$ 50,022	\$ (58,726)

(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, 2012**

	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	
	<u>Debt Service Fund</u>	<u>Public Improvement Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Property taxes	\$ -	\$ -	\$ 101,133
Other taxes	-	-	1,445,522
Intergovernmental	-	1,923,303	5,924,420
Charges for services	-	-	1,508,682
Other revenues:			
Interest income	-	573,075	610,324
Other income	-	-	7,709
Total revenues	<u>-</u>	<u>2,496,378</u>	<u>9,597,790</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	3,455,224
Public works	-	-	601,073
Parks and recreation	-	-	149,445
Community development	-	-	3,082,775
Capital outlay	-	1,681,223	1,681,223
Debt service:			
Principal	-	-	605,409
Interest	-	523,755	568,754
Total expenditures	<u>-</u>	<u>2,204,978</u>	<u>10,263,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>291,400</u>	<u>(666,041)</u>
<b>Other financing sources (uses):</b>			
Issuance of bonds payable	-	-	3,440,000
Premium on bond issuance	-	-	28,964
Transfers in	-	-	376,351
Transfers out	(6,814)	-	(1,054,280)
Total other financing sources (uses)	<u>(6,814)</u>	<u>-</u>	<u>2,791,035</u>
Net change in fund balances	(6,814)	291,400	2,124,994
<b>Fund balances (deficit), beginning of year</b>	<u>6,814</u>	<u>9,413,050</u>	<u>12,452,122</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ -</u>	<u>\$ 9,704,450</u>	<u>\$ 14,577,116</u>

**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, 2012**

	Special Revenue Funds					
	Hotel/Motel Tax Fund			Computer Aided Dispatch Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Revenues:</b>						
Taxes	\$ 1,200,000	\$ 1,445,522	\$ 245,522	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	73,000	168,130	95,130
Charges for services	-	-	-	1,635,736	1,466,948	(168,788)
Interest income	-	-	-	25,000	36,203	11,203
Other income	-	-	-	-	-	-
Total revenues	1,200,000	1,445,522	245,522	1,733,736	1,671,281	(62,455)
<b>Expenditures:</b>						
Current:						
Public safety	-	-	-	2,290,847	2,217,076	73,771
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	600,000	725,182	(125,182)	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	600,000	725,182	(125,182)	2,290,847	2,217,076	73,771
Excess (deficiency) of revenues over expenditures	600,000	720,340	120,340	(557,111)	(545,795)	11,316
<b>Other financing sources (uses):</b>						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	557,111	-	(557,111)
Transfers out	(600,000)	(1,019,174)	419,174	-	(20,661)	(20,661)
Total other financing sources (uses)	(600,000)	(1,019,174)	419,174	557,111	(20,661)	(577,772)
Net change in fund balances	\$ -	(298,834)	\$ (298,834)	\$ -	(566,456)	\$ (566,456)
<b>Fund balances (deficit), beginning of year</b>		426,717			2,509,485	
<b>Fund balance (deficit), end of year</b>		\$ 127,883			\$ 1,943,029	

(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, 2012**

	Special Revenue Funds					
	Grant Fund			ARRA Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,040,990	1,047,498	(993,492)	3,863,000	2,785,489	(1,077,511)
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>2,040,990</u>	<u>1,047,498</u>	<u>(993,492)</u>	<u>3,863,000</u>	<u>2,785,489</u>	<u>(1,077,511)</u>
<b>Expenditures:</b>						
Current:						
Public safety	510,658	184,476	326,182	730,000	1,053,672	(323,672)
Public works	28,820	49,778	(20,958)	968,000	551,295	416,705
Parks and recreation	69,246	149,445	(80,199)	-	-	-
Community development	1,432,266	664,179	768,087	2,165,000	1,172,891	992,109
Debt service	-	-	-	-	-	-
Total expenditures	<u>2,040,990</u>	<u>1,047,878</u>	<u>993,112</u>	<u>3,863,000</u>	<u>2,777,858</u>	<u>1,085,142</u>
Excess (deficiency) of revenues over expenditures	-	(380)	(380)	-	7,631	7,631
<b>Other financing sources (uses):</b>						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	1,351	1,351	-	-	-
Transfers out	-	-	-	-	(7,631)	(7,631)
Total other financing sources (uses)	-	1,351	1,351	-	(7,631)	(7,631)
Net change in fund balances	<u>\$ -</u>	<u>971</u>	<u>\$ (380)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balances (deficit), beginning of year</b>		<u>(971)</u>			<u>-</u>	
<b>Fund balance (deficit), end of year</b>		<u>\$ -</u>			<u>\$ -</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, 2012**

	Special Revenue Funds					
	Tax Allocation District Fund			Gortatowsky Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Revenues:</b>						
Taxes	\$ 25,000	\$ 101,133	\$ 76,133	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	973	973
Other income	-	6,461	6,461	-	997	997
Total revenues	25,000	107,594	82,594	-	1,970	1,970
<b>Expenditures:</b>						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	25,000	-	25,000	-	-	-
Debt service	-	33,166	(33,166)	-	-	-
Total expenditures	25,000	33,166	(8,166)	-	-	-
Excess (deficiency) of revenues over expenditures	-	74,428	74,428	-	1,970	1,970
<b>Other financing sources (uses):</b>						
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ -	74,428	\$ 74,428	\$ -	1,970	\$ 1,970
<b>Fund balances (deficit), beginning of year</b>		(133,154)			48,052	
<b>Fund balance (deficit), end of year</b>		<u>\$ (58,726)</u>			<u>\$ 50,022</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, 2012**

	Special Revenue Funds			Debt Service Fund		
	ADICA					
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	41,734	41,734	-	-	-
Interest income	-	73	73	-	-	-
Other income	-	251	251	-	-	-
Total revenues	-	42,058	42,058	-	-	-
<b>Expenditures:</b>						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	520,523	(520,523)	-	-	-
Debt service	-	737,170	(737,170)	-	-	-
Total expenditures	-	1,257,693	(1,257,693)	-	-	-
Excess (deficiency) of revenues over expenditures	-	(1,215,635)	(1,215,635)	-	-	-
<b>Other financing sources (uses):</b>						
Issuance of bonds payable	-	3,440,000	3,440,000	-	-	-
Premium on bond issuance	-	28,964	28,964	-	-	-
Transfers in	-	375,000	375,000	-	-	-
Transfers out	-	-	-	-	(6,814)	(6,814)
Total other financing sources (uses):	-	3,843,964	3,843,964	-	(6,814)	(6,814)
Net change in fund balances	\$ -	2,628,329	\$ 2,628,329	\$ -	(6,814)	\$ (6,814)
<b>Fund balances (deficit), beginning of year</b>		182,129			6,814	
<b>Fund balance (deficit), end of year</b>		\$ 2,810,458			\$ -	

## **CITY OF ALBANY, GEORGIA**

### **NONMAJOR ENTERPRISE FUNDS**

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#### **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 and the City's municipal auditorium. 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 through July 1, 2011. On that date, accounting for the activities of the municipal auditorium was transferred to the Civic Center Fund.

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

**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

<b>ASSETS</b>	<b>Transit Fund</b>	<b>Civic Center Fund</b>	<b>Municipal Auditorium Fund</b>	<b>Totals</b>
<b>CURRENT ASSETS</b>				
Cash	\$ -	\$ 5,486	\$ -	\$ 5,486
Accounts receivable, net of allowances	-	23,044	-	23,044
Inventories	195,433	-	-	195,433
Due from other funds	-	3,835	-	3,835
Due from other governments	610,841	-	-	610,841
Total current assets	806,274	32,365	-	838,639
<b>NONCURRENT ASSETS</b>				
Capital assets				
Non-depreciable	217,898	2,849,761	-	3,067,659
Depreciable, net of accumulated depreciation	4,112,553	9,645,172	-	13,757,725
Total noncurrent assets	4,330,451	12,494,933	-	16,825,384
Total assets	5,136,725	12,527,298	-	17,664,023
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	68,111	75,952	-	144,063
Current portion - compensated absences	120,547	73,282	-	193,829
Due to other funds	610,841	85,020	-	695,861
Deferred revenues	86,328	49,238	-	135,566
Total current liabilities	885,827	283,492	-	1,169,319
<b>LONG-TERM LIABILITIES</b>				
Compensated absences, net of current portion	13,394	8,142	-	21,536
Total long-term liabilities	13,394	8,142	-	21,536
Total liabilities	899,221	291,634	-	1,190,855
<b>NET ASSETS</b>				
Invested in capital assets	4,330,451	12,494,933	-	16,825,384
Unrestricted (deficit)	(92,947)	(259,269)	-	(352,216)
Total net assets	\$ 4,237,504	\$ 12,235,664	\$ -	\$ 16,473,168

**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, 2012**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
<b>Operating revenues:</b>				
Charges for services	\$ 557,583	\$ 444,135	\$ -	\$ 1,001,718
Total operating revenues	<u>557,583</u>	<u>444,135</u>	<u>-</u>	<u>1,001,718</u>
<b>Operating expenses:</b>				
Personnel costs	1,726,435	754,910	-	2,481,345
Supplies	134,640	62,848	-	197,488
Operating services and charges	883,662	707,062	-	1,590,724
Maintenance and repairs	307,267	103,685	-	410,952
Depreciation	416,099	556,927	-	973,026
Total operating expenses	<u>3,468,103</u>	<u>2,185,432</u>	<u>-</u>	<u>5,653,535</u>
Operating loss	<u>(2,910,520)</u>	<u>(1,741,297)</u>	<u>-</u>	<u>(4,651,817)</u>
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental - operating grants	830,000	-	-	830,000
Intergovernmental - capital grants	1,659,427	-	-	1,659,427
Gain (loss) on sale of assets	(37,308)	1,177	-	(36,131)
Total nonoperating revenues (expenses)	<u>2,452,119</u>	<u>1,177</u>	<u>-</u>	<u>2,453,296</u>
Loss before contributions and transfers	<u>(458,401)</u>	<u>(1,740,120)</u>	<u>-</u>	<u>(2,198,521)</u>
Capital contributions	<u>1,177,440</u>	<u>62,966</u>	<u>-</u>	<u>1,240,406</u>
<b>Transfers</b>				
Transfers in	1,161,358	1,996,741	-	3,158,099
Transfers out	-	(575,717)	(631,890)	(1,207,607)
Total transfers	<u>1,161,358</u>	<u>1,421,024</u>	<u>(631,890)</u>	<u>1,950,492</u>
Change in net assets	1,880,397	(256,130)	(631,890)	992,377
<b>Total net assets, beginning of year</b>	<u>2,357,107</u>	<u>12,491,794</u>	<u>631,890</u>	<u>15,480,791</u>
<b>Total net assets, end of year</b>	<u>\$ 4,237,504</u>	<u>\$ 12,235,664</u>	<u>\$ -</u>	<u>\$ 16,473,168</u>



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

**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 549,478	\$ 449,164	\$ 636,264	\$ 1,634,906
Payments to suppliers	(1,238,343)	(1,174,890)	(4,374)	(2,417,607)
Payments to employees	(1,722,925)	(699,989)	-	(2,422,914)
	<u>(2,411,790)</u>	<u>(1,425,715)</u>	<u>631,890</u>	<u>(3,205,615)</u>
Net cash provided by (used in) operating activities				
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,161,358	1,996,741	-	3,158,099
Transfers out	-	(575,717)	(631,890)	(1,207,607)
Operating grants received	830,000	-	-	830,000
	<u>1,991,358</u>	<u>1,421,024</u>	<u>(631,890)</u>	<u>2,780,492</u>
Net cash provided by (used in) noncapital financing activities				
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,243,814)	-	-	(1,243,814)
Proceeds from sale of capital assets	4,819	2,177	-	6,996
Capital grants received	1,659,427	-	-	1,659,427
	<u>420,432</u>	<u>2,177</u>	<u>-</u>	<u>422,609</u>
Net cash provided by capital and related financing activities				

(Continued)

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

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
<b>Decrease in cash and cash equivalents</b>	\$ -	\$ (2,514)	\$ -	\$ (2,514)
<b>Cash and cash equivalents:</b>				
Beginning of year	-	8,000	-	8,000
End of year	\$ -	\$ 5,486	\$ -	\$ 5,486
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating loss	\$ (2,910,520)	\$ (1,741,297)	\$ -	\$ (4,651,817)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	416,099	556,927	-	973,026
Increase in accounts receivable	-	(133)	-	(133)
Increase in inventories	(107,430)	-	-	(107,430)
(Increase) decrease in due from other funds	-	(3,835)	636,264	632,429
Decrease in due from other governments	6,040	-	-	6,040
Increase (decrease) in accounts payable and accrued liabilities	3,510	54,921	(4,374)	54,057
Increase (decrease) in due to other funds	188,616	(301,295)	-	(112,679)
Increase (decrease) in deferred revenues	(8,105)	8,997	-	892
Net cash provided by (used in) operating activities	\$ (2,411,790)	\$ (1,425,715)	\$ 631,890	\$ (3,205,615)
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets from governmental activities	\$ 1,177,440	\$ 62,966	\$ -	\$ 1,240,406

## CITY OF ALBANY, GEORGIA

### INTERNAL SERVICE FUNDS

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- 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 through June 30, 2012. The City is now fully insured for 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, 2012**

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
<b>ASSETS</b>				
Cash	\$ 1,532,449	\$ -	\$ 12,033	\$ 1,544,482
Investments	1,857,015	-	1,052,850	2,909,865
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3,389,464	-	1,064,883	4,454,347
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	105	-	-	105
Claims payable	1,925,000	-	761,827	2,686,827
Due to other funds	234,881	-	197,844	432,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,159,986	-	959,671	3,119,657
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>				
Unrestricted	1,229,478	-	105,212	1,334,690
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$ 1,229,478	\$ -	\$ 105,212	\$ 1,334,690
	<hr/>	<hr/>	<hr/>	<hr/>

**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, 2012**

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
<b>Operating revenues:</b>				
Charges for services	\$ 1,442,106	\$ -	\$ -	\$ 1,442,106
Other	241	-	40,822	41,063
Total operating revenues	<u>1,442,347</u>	<u>-</u>	<u>40,822</u>	<u>1,483,169</u>
<b>Operating expenses:</b>				
Claims and damages	1,056,582	-	685,777	1,742,359
Administrative	135,375	-	381,930	517,305
Total operating expenses	<u>1,191,957</u>	<u>-</u>	<u>1,067,707</u>	<u>2,259,664</u>
Operating income (loss)	250,390	-	(1,026,885)	(776,495)
<b>Interest income</b>	<u>51,089</u>	<u>2,936</u>	<u>48,047</u>	<u>102,072</u>
Income (loss) before transfers	<u>301,479</u>	<u>2,936</u>	<u>(978,838)</u>	<u>(674,423)</u>
Transfers out	<u>-</u>	<u>(53,176)</u>	<u>-</u>	<u>(53,176)</u>
Change in net assets	301,479	(50,240)	(978,838)	(727,599)
<b>Net assets, beginning of year</b>	<u>927,999</u>	<u>50,240</u>	<u>1,084,050</u>	<u>2,062,289</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,229,478</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 105,212</u></u>	<u><u>\$ 1,334,690</u></u>

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

**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from other funds	\$ 1,181,956	\$ -	\$ (499,993)	\$ 681,963
Claims paid	(701,916)	(82,655)	(357,623)	(1,142,194)
Premiums paid	(135,270)	-	(361,930)	(497,200)
Net cash provided by (used in) operating activities	344,770	(82,655)	(1,219,546)	(957,431)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	(53,176)	-	(53,176)
Net cash used in noncapital financing activities	-	(53,176)	-	(53,176)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	51,089	2,936	48,047	102,072
Net cash provided by investing activities	51,089	2,936	48,047	102,072
Increase (decrease) in cash and cash equivalents	395,859	(132,895)	(1,171,499)	(908,535)
<b>Cash and cash equivalents:</b>				
Beginning of year	2,993,605	132,895	2,236,382	5,362,882
End of year	\$ 3,389,464	\$ -	\$ 1,064,883	\$ 4,454,347

**(Continued)**

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

**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
<b>Classified as:</b>				
Cash	\$ 1,532,449	\$ -	\$ 12,033	\$ 1,544,482
Investments	1,857,015	-	1,052,850	2,909,865
	<u>\$ 3,389,464</u>	<u>\$ -</u>	<u>\$ 1,064,883</u>	<u>\$ 4,454,347</u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 250,390	\$ -	\$ (1,026,885)	\$ (776,495)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:				
Changes in assets and liabilities:				
Increase in accounts payable	105	-	-	105
Increase in claims payable	354,666	-	348,154	702,820
Decrease in due to other funds	<u>(260,391)</u>	<u>(82,655)</u>	<u>(540,815)</u>	<u>(883,861)</u>
Net cash provided by (used in) operating activities	<u>\$ 344,770</u>	<u>\$ (82,655)</u>	<u>\$ (1,219,546)</u>	<u>\$ (957,431)</u>

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 2010 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Airport Improvements	\$ 3,992,000	\$ 3,992,000	\$ -	\$ 665,621	\$ 665,621
Civic Center Improvements	350,000	350,000	-	-	-
Sanitary & Storm Drainage Improvements	9,000,000	9,000,000	-	-	-
Roadway, Traffic Safety, Sidewalk & Bridge Improvements	18,501,500	18,501,500	-	172,839	172,839
Public Safety Improvements & Equipment	9,086,284	9,086,284	-	1,273,234	1,273,234
Alley Paving Improvements	3,684,216	3,684,216	-	-	-
Information Technology Improvements	1,500,000	1,500,000	20,838	7,294	28,132
Riverfront Development Improvements	250,000	250,000	-	-	-
Transit System Improvements & Equipment	4,380,000	4,380,000	-	-	-
Solid Waste Improvements	615,000	615,000	-	-	-
Historical & Cultural Improvements	276,000	276,000	-	-	-
Recreational Facility Improvements	2,750,000	2,750,000	-	-	-
City-Owned Facility Improvements	500,000	500,000	-	-	-
New Senior Center	3,000,000	3,000,000	-	-	-
Chehaw Park Improvements	1,750,000	1,750,000	-	-	-
Community Swimming Pool - East Albany	1,000,000	1,000,000	-	-	-
Thronateeska Improvements	2,000,000	2,000,000	-	302,296	302,296
Chamber of Commerce Improvements	85,000	85,000	-	-	-
Debt Service - Principal on SPLOST bonds	-	-	-	-	-
Debt Service - Interest on SPLOST bonds	-	-	-	151,830	151,830
Total	\$ 62,720,000	\$ 62,720,000	\$ 20,838	\$ 2,573,114	\$ 2,593,952



# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 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	\$ 1,703,017	\$ -	\$ 1,703,017
Civic Center Improvements	2,560,000	2,560,000	2,475,671	47,600	2,523,271
Engineering	13,850,000	13,750,000	4,229,249	581,359	4,810,608
Civic Center Debt Retirement	5,500,000	5,500,000	6,669,376	-	6,669,376
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	6,609,422	30,959	6,640,381
Recreation	5,000,000	5,000,000	4,617,322	475,740	5,093,062
800 MHZ Radio Upgrade, Tower	6,800,000	6,800,000	6,697,462	-	6,697,462
GPS/GIS Information Infrastructure Mapping	1,500,000	1,500,000	684,197	188,388	872,585
Fire Training Facility	1,500,000	1,500,000	3,070,405	121,288	3,191,693
GIS/Color Infrared Photos	750,000	750,000	423,646	121,182	544,828
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	3,927,801	-	3,927,801
Civil Rights Museum Expansion	3,750,000	4,098,175	4,035,383	-	4,035,383
Chehaw Park Improvements	2,000,000	2,000,000	1,868,601	130,740	1,999,341
East Broad Lead Clean-up	-	850,000	913,690	2,531	916,221
Debt Service - Principal on SPLOST bonds	-	-	14,000,000	-	14,000,000
Debt Service - Interest on SPLOST bonds	-	-	1,997,221	-	1,997,221
Total	\$ 65,873,200	\$ 65,873,200	\$ 69,308,268	\$ 1,699,787	\$ 71,008,055

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 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	\$ 2,096,270	\$ -	\$ 2,096,270
Debt Retirement	6,811,094	6,811,094	7,037,929	-	7,037,929
Street Improvements	6,500,000	6,500,000	6,534,435	-	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	\$ 39,186,094	\$ 39,186,094	\$ 22,907,095	\$ -	\$ 22,907,095

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 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	\$ 13,225,610	\$ -	\$ 13,225,610
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>\$ 48,639,097</u>	<u>\$ -</u>	<u>\$ 48,639,097</u>

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 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	280,007	1,466,591
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>\$ 280,007</u>	<u>\$ 7,768,818</u>

**STATISTICAL SECTION  
(UNAUDITED)**

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## STATISTICAL SECTION (UNAUDITED)

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> .....	<b>134 - 142</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>143 - 148</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
<b>Debt Capacity</b> .....	<b>149 - 153</b>
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	<b>154 - 156</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>157 and 158</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

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

**CITY OF ALBANY, GEORGIA**

**NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 98,535,755	\$ 73,083,652
Restricted	309,413	51,416	101	15,013,027	22,207,175	21,328,367	16,456,922	13,177,567	25,826,583	47,176,694
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	30,230,043	35,240,562
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>	<u>\$ 154,592,381</u>	<u>\$ 155,500,908</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	\$ 94,042,509	\$ 99,376,889
Restricted	7,503,533	7,885,008	5,287,933	2,664,869	2,611,185	575,157	3,009,678	2,667,647	9,036,399	8,768,406
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	9,762,737	10,043,897
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>	<u>\$ 112,841,645</u>	<u>\$ 118,189,192</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	\$ 192,578,264	\$ 172,460,541
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	34,862,982	55,945,100
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	39,992,780	45,284,459
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>	<u>\$ 267,434,026</u>	<u>\$ 273,690,100</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 TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
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	\$ 12,215,564	\$ 12,988,647	\$ 15,659,577
Judicial	602,121	559,782	534,486	699,203	874,234	910,240	952,323	952,323	1,016,422	1,092,438
Public safety	26,426,783	24,026,801	28,127,098	25,879,588	26,853,620	30,268,106	31,206,297	31,206,297	33,541,721	36,274,636
Public works	3,309,918	6,095,676	4,628,392	3,956,468	8,148,684	8,306,157	7,695,464	7,695,464	6,981,385	8,562,916
Parks and recreation	3,946,885	3,136,304	5,224,944	4,349,931	7,195,375	12,818,108	9,079,385	9,079,385	7,031,469	6,572,226
Community development	12,346,081	17,408,508	17,583,267	9,925,973	9,283,562	7,497,726	5,591,053	5,591,053	5,851,434	8,866,465
Community service	354,501	413,405	387,919	272,044	341,999	336,411	399,347	399,347	396,531	413,150
Interest and fiscal changes	675,902	593,219	1,144,069	1,283,108	1,318,996	1,515,177	1,549,738	1,549,738	1,079,261	737,496
Total governmental activities	54,924,647	59,509,867	65,768,088	54,800,461	65,047,879	74,715,346	68,689,171	68,689,171	68,886,870	78,178,905
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	14,402,906	12,838,068	13,802,498
Solid waste	6,333,690	6,158,567	6,223,987	7,002,226	7,473,428	8,206,745	8,499,616	8,499,616	7,963,262	8,336,517
Airport	1,292,206	1,197,088	1,602,919	1,764,616	1,557,618	2,195,398	2,415,280	2,415,280	2,643,741	2,632,485
Public employee deposit	15,025,032	15,330,991	13,934,182	15,186,576	17,909,891	19,935,572	13,042,126	13,042,126	13,286,117	14,435,555
Transit	2,749,749	3,108,171	2,649,153	3,029,095	3,185,794	3,435,890	2,902,980	2,902,980	3,034,292	3,511,901
Civic Center	1,605,582	1,469,785	1,500,860	1,617,272	1,702,874	1,807,638	1,603,124	1,603,124	1,885,466	2,197,236
Municipal Auditorium	302,700	216,235	213,443	182,094	154,036	160,829	192,119	192,119	54,971	-
Total business-type activities	39,249,880	39,001,281	37,573,714	42,343,070	45,384,493	49,245,325	43,058,151	43,058,151	41,705,917	44,916,193
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	111,747,322	110,592,787	123,095,098

(Continued)



# CITY OF ALBANY, GEORGIA

## CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program revenues</b>										
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	\$ 2,466,315	\$ 2,596,447	\$ 2,640,527
Judicial	1,474,669	1,540,161	1,285,247	1,029,011	856,868	999,810	1,109,205	1,109,205	1,251,773	1,203,831
Public safety	2,391,922	1,468,067	1,747,826	1,517,385	1,538,804	1,691,284	1,715,042	1,715,042	1,556,068	1,520,217
Public works	1,045,966	1,080,248	1,401,512	1,242,302	2,105,018	806,260	792,786	792,786	984,194	981,413
Parks and recreation	358,926	131,136	326,707	362,668	454,975	437,344	335,993	335,993	204,102	203,342
Community development	3,845,280	3,482,564	8,938,601	2,377,746	2,055,849	2,961,169	481,049	481,049	1,285,180	1,097,442
Operating grants and contributions	10,687,430	12,845,939	14,014,169	14,311,112	13,729,819	15,310,571	18,090,264	18,090,264	22,392,721	23,495,445
Capital grants and contributions	3,616,653	13,489,455	6,734,862	4,171,793	2,569,404	15,916,286	2,033,058	2,033,058	15,615,908	17,027,629
Total governmental activities program revenues	31,035,555	36,710,638	36,972,481	27,351,950	25,660,199	40,799,217	27,023,712	27,023,712	45,886,393	48,169,846
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	15,111,550	15,301,208	14,554,746
Solid waste	6,518,902	6,732,636	7,312,754	7,775,530	8,271,443	8,262,522	8,412,723	8,412,723	9,033,593	9,105,594
Airport	639,012	688,356	728,848	713,386	757,547	812,117	728,191	728,191	762,688	834,146
Public employee deposit	13,908,768	15,321,954	13,946,036	15,179,150	17,868,487	19,927,744	13,034,004	13,034,004	13,801,791	13,971,380
Transit	362,131	416,702	397,778	417,598	436,988	429,695	495,279	495,279	525,469	557,583
Civic Center	383,252	453,616	376,832	419,460	446,822	282,776	255,803	255,803	360,583	444,135
Municipal Auditorium	48,583	35,561	33,719	34,693	26,732	42,388	52,565	52,565	60,769	-
Operating grants and contributions	802,838	2,729,182	1,086,587	3,035,050	2,027,577	2,321,938	1,678,305	1,678,305	1,254,198	1,228,886
Capital grants and contributions	9,672,557	1,741,879	525,111	477,633	9,076,175	5,818,085	2,872,902	2,872,902	-	3,790,551
Total business-type activities program revenues	43,787,653	40,028,981	36,953,353	41,954,553	53,232,926	53,081,546	42,641,322	42,641,322	41,100,299	44,487,021
Total primary government program revenues	74,823,208	76,739,619	73,925,834	69,306,503	78,893,125	93,880,763	69,665,034	69,665,034	86,986,692	92,656,867

(Continued)

# CITY OF ALBANY, GEORGIA

## CHANGES IN NET ASSETS LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General revenues and other changes in net assets</b>										
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	\$ 41,747,300	\$ 31,573,914	\$ 31,839,278
Investment earnings	268,969	261,691	933,302	1,591,370	2,135,978	2,255,534	1,163,072	1,163,072	1,009,368	1,750,706
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)	(2,883,904)	(4,316,622)	(4,680,629)
Total governmental activities general revenues and other changes in net assets	33,075,505	36,393,754	38,958,698	28,494,472	45,758,113	47,281,578	40,026,468	40,026,468	28,266,660	28,909,355
Business-type activities:										
Investment earnings	186,037	115,889	249,690	544,211	792,897	662,182	251,223	251,223	334,521	1,096,090
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	2,883,904	4,316,622	4,680,629
Total business-type activities general revenues and other changes in net assets	3,115,445	2,740,520	2,722,791	23,896,333	2,978,198	3,205,353	3,135,127	3,135,127	4,651,143	5,776,719
Total primary government general revenues and other changes in net assets	36,190,950	39,134,274	41,681,489	52,390,805	48,736,311	50,486,931	43,161,595	43,161,595	32,917,803	34,686,074
<b>Change in net assets</b>										
Governmental activities	9,186,413	13,594,525	10,163,091	1,045,961	6,370,433	13,365,449	(1,638,991)	(1,638,991)	5,266,183	(1,099,704)
Business-type activities	7,653,218	3,768,220	2,102,430	23,507,816	10,826,631	7,041,574	2,718,298	2,718,298	4,045,525	5,347,547
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>\$ 1,079,307</u>	<u>\$ 9,311,708</u>	<u>\$ 4,247,843</u>

(Continued)

## **CITY OF ALBANY, GEORGIA**

### **CHANGES IN NET ASSETS LAST TEN FISCAL YEARS**

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#### **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.

Effective July 1, 2012, the activities of the municipal auditorium are accounted for in the Civic Center Fund.

# CITY OF ALBANY, GEORGIA

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN 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
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914
2012	13,932,138	8,874,041	1,445,522	2,318,244	3,645,630	1,421,037	202,666	31,839,278

### 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 TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,963,309	752,155
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	703,259	724,897
Unassigned	-	-	-	-	-	-	-	-	20,112,553	20,869,545
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>	<u>\$ 23,779,121</u>	<u>\$ 22,346,597</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	-	-
Nonspendable, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	443,898	1,765,798
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	5,358,579	7,724,921
Capital projects funds	-	-	-	-	-	-	-	-	20,461,190	39,451,773
Debt service fund	-	-	-	-	-	-	-	-	6,814	-
Committed, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	182,129	75,241
Assigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	2,295,702	3,653,585
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(134,125)	(58,726)
Capital projects funds	-	-	-	-	-	-	-	-	-	-
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>	<u>\$ 28,614,187</u>	<u>\$ 52,612,592</u>
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>	<u>\$ 52,393,308</u>	<u>\$ 74,959,189</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.

**Note:** GASB 54 was implemented during fiscal year 2011.

# CITY OF ALBANY, GEORGIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
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	\$ 31,573,914	\$ 31,839,278
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	2,235,513	2,191,504
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	37,074,560	40,104,059
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	2,922,091	2,713,766
Fines and forfeitures	1,486,248	1,425,568	1,143,169	917,565	776,268	901,009	1,025,445	1,191,454	1,170,763	1,203,831
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	1,286,227	1,973,131
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	2,434,456	2,374,099
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	78,697,524	82,399,668
<b>Expenditures:</b>										
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	11,160,607	10,485,134
Judicial	620,677	551,910	523,917	690,775	855,330	907,934	986,359	1,056,504	1,007,860	1,100,137
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	31,606,457	32,883,304
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	8,614,550	8,780,714
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	5,434,481	5,547,493
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	7,335,418	8,237,696
Community service	349,093	408,489	387,919	272,044	341,999	336,411	399,347	398,458	396,531	413,150
Nondepartmental	5,029,716	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	6,296,112	8,322,946	18,478,624	13,814,675	11,114,264	9,636,181	7,831,838	6,082,301
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	6,433,750	905,409
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	1,018,321	1,045,416
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	80,839,813	75,480,754
Excess of revenues over (under) expenditures	(728,058)	3,569,483	3,292,357	14,913,439	64,581	(640,814)	(3,258,093)	1,125,328	(2,142,289)	6,918,914

(Continued)

# CITY OF ALBANY, GEORGIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,840,088	\$ 2,059,524
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)	(3,328,467)	(4,707,660)
Capital leases	1,253,387	977,399	-	-	-	-	-	-	-	-
Issuance of debt	150,000	5,500,000	-	-	14,236,362	-	-	-	295,079	17,625,914
Sale of capital assets	-	-	-	691,386	455,206	653,457	206,758	546,340	698,447	669,189
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	505,147	15,646,967
Net change in fund balances	\$ 2,562,498	\$ 7,480,680	\$ 1,419,256	\$ 13,419,186	\$ 12,571,078	\$ (2,530,528)	\$ (5,935,239)	\$ 4,052,575	\$ (1,637,142)	\$ 22,565,881
Debt service as a percentage of noncapital expenditures	3.74%	4.43%	4.03%	7.29%	4.29%	4.34%	11.18%	10.87%	10.47%	2.79%

### 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.

The decrease in debt service as a percentage of noncapital expenditures in 2012 is due to final payment on the 2007 Revenue Bonds being paid in 2011.

# CITY OF ALBANY, GEORGIA

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN 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
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914
2012	13,932,138	8,874,041	1,445,522	2,318,244	3,645,630	1,421,037	202,666	31,839,278

### 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	
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	10.80
2007	981,349	2,453,374	466,890	1,167,227	99,744	1,348,495	3,620,601	10.79
2008	1,225,531	3,063,828	478,728	1,196,820	103,518	1,600,741	4,001,853	10.78
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
2011	1,167,412	2,918,530	528,971	1,322,428	197,853	1,498,530	3,746,325	8.66
2012	1,197,135	2,992,838	396,685	991,713	106,590	1,487,230	3,718,075	8.66

#### 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		
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	39.746
2011	8.660	0.000	8.660	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249
2012	8.660	0.000	8.660	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 EIGHT CALENDAR YEARS (1) (2)

By Category	2004	2005	2006	2007	2008	2009 (3)	2010	2011
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)	-	-
Accommodations	-	-	-	-	-	151,098 (4)	183,530	178,114
Auto	-	-	-	-	-	947,706 (4)	1,532,920	1,532,213
Construction	-	-	-	-	-	56,446 (4)	90,776	84,097
Food/bars	-	-	-	-	-	1,789,221 (4)	2,814,970	2,704,550
General Merch	-	-	-	-	-	1,535,625 (4)	2,588,585	2,686,581
Home Furnishing	-	-	-	-	-	684,002 (4)	1,093,541	945,631
Manufacturing	-	-	-	-	-	255,361 (4)	1,396,801	1,515,298
Miscellaneous Service	-	-	-	-	-	615,245 (4)	1,140,412	1,188,675
Other Retail	-	-	-	-	-	1,161,684 (4)	2,238,762	2,478,609
Other Services	-	-	-	-	-	205,957 (4)	344,919	527,492
Utility	-	-	-	-	-	857,090 (4)	1,097,536	1,177,576
Wholesale	-	-	-	-	-	1,060,109 (4)	2,102,658	2,235,969
	<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>	<u>\$ 16,625,410</u>	<u>\$ 17,254,805</u>

**Source:** Georgia Department of Revenue, Local Government Services Division

**Notes:**

- (1) Only eight 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 2012			Fiscal Year 2003		
		2011 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2002 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
MillerCoors	Brewery	\$ 56,977,428	1	3.83 %	\$ 48,985,407	1	3.65 %
Palmyra Park Hospital/ HCA	Hospital	15,161,549	2	1.02	11,493,659	4	0.86
Albany Mall LLC	Mall developer	14,472,465	3	0.97	9,989,016	5	0.74
BellSouth Communications	Utility	14,110,932	4	0.95	19,436,616	2	1.45
M & M Mars - Div of Mars, Inc.	Confectioner	11,630,664	5	0.78	23,615,743	3	1.76
Alltel	Communications	7,454,877	6	0.50	-	-	-
Alliance PP2 FX 4 LTD	Apartments	6,993,560	7	0.47	-	-	-
Mediacom	Communications	6,413,503	8	0.43	-	-	-
Georgia Power Co	Utility	6,249,938	9	0.42	5,694,868	9	0.42
Lowes Home Center	Building Supplies	6,162,985	10	0.41	4,851,276	7	-
Coats and Clark	Textiles	-	-	-	5,218,929	6	0.39
Georgia Pacific Corporation	Manufacturer	-	-	-	5,336,665	8	0.40
Wal Mart / Sam's Club	Retailer	-	-	-	4,817,848	10	0.36
		<u>\$ 145,627,901</u>		<u>9.79 %</u>	<u>\$ 139,440,027</u>		<u>10.03 %</u>

**SOURCE**

Dougherty County Tax Department

2003 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003.

**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
2003	\$ 12,750	11,616	91.11	\$ 1,113	12,729	99.83 %
2004	12,684	12,535	98.83	129	12,664	99.84
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	156	13,057	99.85
2008	13,164	12,872	97.78	272	13,144	99.84
2009	13,400	12,329	92.01	1,033	13,362	99.72
2010	13,540	13,105	96.79	398	13,503	99.73
2011	12,388	12,168	98.22	177	12,345	99.65
2012	12,428	12,131	97.61	-	12,131	97.61

**SOURCE**  
Dougherty County Tax Department

# CITY OF ALBANY, GEORGIA

## RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN 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	2.50%	730.08
2011	605,409	10,000,000	4,325,000	28,575,000	-	-	43,505,409	1.92%	561.84
2012	16,585,000	10,000,000	3,981,250	26,315,000	-	-	56,881,250	2.31%	732.22

### 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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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
2011	605,409	6,814	598,595	0.02	8
2012	16,585,000	-	16,585,000	0.45	213

### 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.

In fiscal year 2012, the City issued \$13,145,000 of SPLOST bonds, and \$3,440,000 of revenue refunding bonds were issued by ADICA.

# CITY OF ALBANY, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2012

<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	\$ 16,585,000	100 %	\$ 16,585,000
Overlapping, Dougherty County Board of Education	-	- %	-
	<u>\$ 16,585,000</u>		<u>\$ 16,585,000</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 TEN FISCAL YEARS (Dollar Amounts Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>LEGAL DEBT MARGIN</b>										
Debt limit	\$ 142,962	\$ 139,846	\$ 140,628	\$ 142,957	\$ 144,824	\$ 170,426	\$ 171,967	\$ 168,285	\$ 169,638	\$ 159,382
Total net debt applicable to limit	11,052	9,746	8,463	5,968	18,863	17,713	12,013	6,418	598	16,585
Legal debt margin	<u>\$ 131,910</u>	<u>\$ 130,100</u>	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 125,961</u>	<u>\$ 152,713</u>	<u>\$ 159,954</u>	<u>\$ 161,867</u>	<u>\$ 169,040</u>	<u>\$ 142,797</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>7.73%</u>	<u>6.97%</u>	<u>6.02%</u>	<u>4.17%</u>	<u>13.02%</u>	<u>10.39%</u>	<u>6.99%</u>	<u>3.81%</u>	<u>0.35%</u>	<u>10.41%</u>
<b>LEGAL DEBT MARGIN CALCULATION</b>										
Assessed value	\$ 1,341,465	\$ 1,324,522	\$ 1,323,685	\$ 1,343,628	\$ 1,348,495	\$ 1,600,741	\$ 1,608,824	\$ 1,580,705	\$ 1,498,530	\$ 1,487,230
Add back exempt property	88,159	73,933	82,598	85,940	99,744	103,518	110,843	102,145	197,853	106,590
Total assessed value	<u>1,429,624</u>	<u>1,398,455</u>	<u>1,406,283</u>	<u>1,429,568</u>	<u>1,448,239</u>	<u>1,704,259</u>	<u>1,719,667</u>	<u>1,682,850</u>	<u>1,696,383</u>	<u>1,593,820</u>
Debt limit (10% of total assessed value)	142,962	139,846	140,628	142,957	144,824	170,426	171,967	168,285	169,638	159,382
Debt applicable to limit										
General obligation bonds	11,110	9,815	8,470	5,975	18,870	17,720	12,020	6,425	605	16,585
Less amount set aside for repayment of general obligation debt	<u>(58)</u>	<u>(69)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>-</u>
Total net debt applicable to limit	<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>	<u>598</u>	<u>16,585</u>
Legal debt margin	<u>\$ 131,910</u>	<u>\$ 130,100</u>	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 125,961</u>	<u>\$ 152,713</u>	<u>\$ 159,954</u>	<u>\$ 161,867</u>	<u>\$ 169,040</u>	<u>\$ 142,797</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	
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	9,116,960	6,130,246	2,525,000	1,632,087	1.47
2010		14,787,711	9,597,229	5,190,482	2,620,000	1,581,234	1.24
2011		15,633,183	8,428,403	7,204,780	2,260,000	1,296,950	2.03
2012		15,648,637	8,897,425	6,751,212	2,745,000	1,204,413	1.71

### 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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age (1)</b>	<b>Education Level in Years of Formal Schooling (1)</b>	<b>School Enrollment (2)</b>	<b>(%) Unemployment Rate (3)</b>
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	75,616	2,211,617	29,248 (1)	31.1	12.5	15,960	9.8
2011	77,434	2,261,073	29,200 (1)	31.4	12.0	15,628	10.8
2012	77,683	2,457,368	31,735 (1)	31.5	12.0	15,765	10.3

#### SOURCES

- (1) Bureau of Census, Bureau of Economic Analysis, and Georgia Power Company
- (2) Georgia Department of Education
- (3) Bureau of Labor Statistics/State of Georgia - Department of Human Resources

**CITY OF ALBANY, GEORGIA**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Employer (1)	Fiscal Year 2012			Fiscal Year 2003		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USMC Logistic Base (Civilian)	4,900	1	8.35 %	2,313	3	4.15 %
Phoebe Putney Hospital	3,804	2	6.48	3,399	1	6.10
Dougherty County Board of Education	2,934	3	5.00	2,500	2	4.49
Proctor and Gamble	1,394	4	2.38	1,394	4	2.50
City of Albany	930	5	1.58	1,161	6	2.08
Dougherty County	669	6	1.14	707	7	1.27
Miller Brewing Company	650	7	1.11	642	8	1.15
Albany State University	550	8	0.94	530	10	0.95
Teleperformance USA (Formerly CallTech Communications)	474	9	0.81			-
Palmyra Medical Center	454	10	0.77	550	9	0.99
Cooper Tire & Rubber Company	-		-	1,290	5	2.32
Totals	16,759		28.56 %	14,486		26.00 %
Average number of employees (2)	58,690			55,710		

**SOURCE**

(1) Albany Chamber of Commerce

(2) Bureau of Labor Statistics

2003 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003.

## CITY OF ALBANY, GEORGIA

### FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	177	171	170	170	174	140	145	147	152	154
Judicial	6	6	8	11	11	11	12	12	12	12
Public safety	467	464	461	394	404	435	466	466	484	470
Public works	164	165	165	41	41	42	42	36	45	45
Parks and recreation	60	60	60	57	57	57	60	63	63	63
Community development	12	12	12	12	12	12	12	12	12	12
Sanitary sewer	58	58	59	68	68	68	68	68	59	61
Solid waste	48	49	52	51	49	49	49	49	49	49
Airport	18	17	17	14	14	17	17	17	17	17
Transit	29	29	29	29	29	29	30	30	30	30
Civic Center	16	16	16	15	16	16	17	17	17	17
Auditorium	1	1	1	1	-	-	-	-	-	-
	<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>	<u>940</u>	<u>930</u>

Source: City of Albany Finance Department

# CITY OF ALBANY, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sanitary sewer										
Average daily treatment (thousands of gallons)	17,640	18,653	18,653	18,653	16,230	15,958	16,369	17,477	14,675	14,128
Airport										
Daily flights	8	8	8	8	8	4	3	3	3	3
Enplaned passengers	35,920	35,461	39,954	39,954	37,109	40,835	35,128	33,164	35,218	35,770
Deplaned passengers	35,094	34,044	38,156	38,156	35,829	39,226	34,499	32,668	33,805	34,617
Based aircraft	47	44	40	40	35	38	39	39	35	32
Police										
Citations issued	17,982	18,526	16,090	11,297	10,552	11,082	N/A	N/A	N/A	N/A
DUI Citations issued	269	193	139	96	228	153	N/A	N/A	N/A	N/A
Warnings issued	1,423	2,555	3,046	3,424	3,235	3,151	N/A	N/A	N/A	N/A
Crime Statistics:										
Aggravated										
Assault	233	250	252	284	341	389	573	465	459	476
Auto Theft	401	349	329	399	379	298	347	317	225	240
Murder	6	5	8	8	8	11	8	11	15	7
Rape	37	52	40	31	34	33	44	37	36	28
Robbery	261	217	216	242	205	207	247	230	168	205
Burglary	1,280	1,576	1,705	1,645	1,558	1,520	1,450	1,663	1,382	1,382
Theft	2,967	3,375	2,958	3,239	3,299	3,615	3,049	3,265	3,002	3,360
Fire										
Incident responses	1,587	2,959	3,141	2,779	3,706	3,511	2,234	3,588	4,017	3,673
Public Safety Education										
Events	65	73	52	81	61	103	1,264	172	228	205
Persons contacted	100,563	107,682	123,340	124,086	110,060	6,022	3,579	9,441	18,632	37,103

### SOURCE

Various city departments.

**NOTE:** Operating indicators are not available for the general government function.

N/A - Information not available.

**CITY OF ALBANY, GEORGIA**

**CAPITAL ASSET STATISTICS BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Fleet size	186	186	170	170	170	170	170	171	171	171
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Miles of streets	568	568	559	559	559	559	559	559	559	559
Number of street lights	8,503	8,503	8,503	10,420	11,247	11,247	11,247	11,247	11,247	11,279
Culture and Recreation										
Park acreage	1,104	1,104	1,104	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Parks	45	45	45	44	54	54	54	54	54	54
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	1	1	1	1	1	1	1
Tennis courts	17	17	17	20	22	22	22	22	22	22
Sewerage System										
Miles of sanitary sewer	350	350	350	350	350	350	350	350	350	350
Miles of storm sewer	400	400	400	400	400	400	400	400	400	400
Number of treatment plants	1	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**

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**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***

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**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, 2012, which collectively comprise the City of Albany, Georgia's basic financial statements and have issued our report thereon dated December 20, 2012. 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

Management of the City of Albany, Georgia is responsible for establishing and maintaining effective 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.

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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.

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 costs as item 2012-1 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 did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

#### 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain other matters that we reported to management of the City of Albany, Georgia in a separate letter dated December 20, 2012

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 20, 2012



**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**

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**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 the *OMB 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, 2012. The City of Albany, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Albany, Georgia's management. Our responsibility is to express an opinion on the City of Albany, Georgia's compliance based on our audit.

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

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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, 2012.

#### 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.

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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 20, 2012

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
<b>Direct Awards</b>			
Federal Transit Capital Investment Grants	20.500	T002181	\$ 261,488
Federal Transit Capital Investment Grants	20.500	MTG00-0142-00-001	113,859
Federal Transit Capital Investment Grants	20.500	MTG00-0148-00-002	70,483
Federal Transit Capital Investment Grants	20.500	T002174	212,531
Federal Transit Capital Investment Grants	20.500	T004141	305,959
Federal Transit Capital Investment Grants	20.500	T002902	504,459
Federal Transit Formula Grants	20.507	T002176	830,000
Federal Transit Cluster			2,298,779
ARRA - Capital Improvement Grant	20.207	T002610	1,172,891
Metropolitan Transportation Planning - DOT PL Funds	20.505	PL000-0010-00(255)	128,835
Planning Assistance Grant	20.515	GA-80-007-01	56,769
Child Safety and Child Booster Seat Incentive Grant	20.613	GA-2009-180-00818	1,705
Highway Research and Development Program - Albany Gateway Enhancement	20.200	CTSEE-0008-00(123)	372,800
Total U.S. Department of Transportation			4,031,779
<b>Federal Aviation Administration</b>			
<b>Direct Awards</b>			
Airport Improvement Program	20.106	P#3-13-0002-30-2009	13,173
Airport Improvement Program	20.106	P#3-13-0002-37-2010	1,727,075
Airport Improvement Program	20.106	P#3-13-0002-38-2011	176,247
Total Federal Aviation Administration			1,916,495

(Continued)

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Direct Awards</b>			
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-13-0001	\$ 1,687,301
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-13-0001	496,894
			2,184,195
 CDBG - State Administered Small Cities Program Cluster - Neighborhood Stabilization	 14.228	 08-NS-5072	 36,427
 HUD-Home Partnership Investment Title II Program	 14.239	 M-05-MC-13-0205	 22,800
HUD-Home Partnership Investment Title II Program	14.239	M-06-MC-13-0205	246,422
HUD-Home Partnership Investment Title II Program	14.239	M-07-MC-13-0205	516,181
HUD-Home Partnership Investment Title II Program	14.239	M-08-MC-13-0205	426,065
HUD-Home Partnership Investment Title II Program	14.239	M-09-MC-13-0205	15,886
HUD-Home Partnership Investment Title II Program	14.239	M-11-MC-13-0205	88,389
			1,315,743
 HUD - Housing Counseling Assistance Program	 14.169	 HC-120421-068	 21,612
<b>Passed through State of Georgia</b>			
Supportive Housing Program	14.235	2011 11E EO 11C011	20,301
Supportive Housing Program	14.235	GA0054B4B011004	105,291
			125,592
 Total U.S. Department of Housing and Urban Development			 3,683,569
<b>U.S. Department of Agriculture</b>			
<b>Direct Awards</b>			
Child Nutrition Cluster - Summer School Food Service	10.559	S07-08002	42,492
Child Nutrition Cluster - Summer School Food Service	10.559	08002	103,570
			146,062
 Total U.S. Department of Agriculture			 146,062

(Continued)



# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
<b>Passed-Through State of Georgia</b>			
Bullet Proof Vest Partnership Program - 2003	16.607	2003-BU-BX-6439	\$ 11,225
Edward Byrne Memorial Justice Assistance Grant - 2008	16.738	2008-DJ-BX-0272	1,000
Edward Byrne Memorial Justice Assistance Grant - 2009	16.738	2009--DJ-BX-0281	18,061
Edward Byrne Memorial Justice Assistance Grant - 2010	16.738	2010-DJ-BX-0768	5,750
Edward Byrne Memorial Justice Assistance Grant - 2011	16.738	2011-DJ-BX-3292	67,045
			91,856
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0277	414,602
Total U.S. Department of Justice			517,683
<b>U.S. Department of Commerce</b>			
<b>Passed-Through State of Georgia</b>			
Economic Development Cluster - Economic Adjustment Assistance	11.307	04-19-69032	1,551,164
Total U.S. Department of Commerce			1,551,164
<b>Department of Energy</b>			
<b>Direct Awards</b>			
Weatherization Assistance for Low-Income Persons	81.042	DOER-WX-DOE-2011/12-30	21,143
ARRA - Weatherization Assistance for Low-Income Persons	81.042	DOER-ARRA-WX-DOE-2009/12-30	558,951
			580,094
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002997	639,070
Total U.S. Department of Energy			1,219,164

(Continued)

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
<b>Corporation for National and Community Service</b>			
<b>Passed-Through State of Georgia</b>			
2011-2012 Americorps	94.006	06AFGA0010024	\$ 104,818
Total Corporation for National and Community Service			104,818
<b>Department of Health and Human Services</b>			
<b>Direct Awards</b>			
Low-income Home Energy Assistance - Weatherization	93.568	DOER-WX-HHS-2011/12-30	56,468
Total U.S. Department of Health and Human Services			56,468
<b>Department of Homeland Security</b>			
<b>Direct Awards</b>			
Emergency Management Performance Grants	97.042	OEM10-049	28,820
Homeland Security Cluster - EOD Bomb Dog Grant-2008	97.067	2008-GE-T8-0017	11,285
Homeland Security Cluster - EOD Bomb Dog Grant-2009	97.067	2009-SS-T9-0047	1,617
Homeland Security Cluster - EOD Hazmat Grant	97.067	2010-SS-T0-0034	46,036
Homeland Security Cluster - Hazardous Mitigation Grant-2008	97.067	2008-GE-T8-0017	15,000
Homeland Security Cluster - Hazardous Mitigation Grant-2010	97.067	2010-SS-T0-0034	5,958
Homeland Security Cluster - Biometric Fingerprinting Grant	97.067	2010-SS-T0-0034	21,351
			101,247
Total U.S. Department of Homeland Security			130,067
<b>Total Expenditures of Federal Awards</b>			<b>\$ 13,357,269</b>
<b>See Notes to Schedule of Expenditures of Federal Awards</b>			

## CITY OF ALBANY, GEORGIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

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#### 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, 2012, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	\$ 170,112
Neighborhood Stabilization Program	14.228	15,209
HUD-Home Partnership Investment Title II Program	14.239	110,000
		<u>\$ 295,321</u>

## CITY OF ALBANY, GEORGIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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#### SECTION I SUMMARY OF AUDIT RESULTS

##### **Financial Statements**

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

X yes    \_\_\_ no

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

##### **Federal Awards**

Internal Control over major programs:

Material weaknesses identified?

\_\_\_ yes    X no

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_ yes    X 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, 2012

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### 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     X  no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.207	ARRA Capital Improvement Grant
14.239	HUD-Home Partnership Investment Title II Program
81.042	ARRA/Weatherization
81.128	ARRA EECBG
16.710	ARRA Public Safety Partnership – COPS Hiring Grant
11.307	Economic Adjustment Assistance

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

\$400,718

Auditee qualified as low-risk auditee?

\_\_\_\_ yes     X  no

# CITY OF ALBANY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

#### 2012 - 1. Management of Accounts Payable and Accrued Expenses

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, 2012 as it relates to accounts payable within the General and Airport Funds, and retainage payable in the Sanitary Sewer Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts payable and accrued expenses that should be recorded in these funds as of June 30, 2012.

Effect: An adjustment to decrease accounts payable in the amount of \$10,639 and decrease expenditures in the same amount was required to be recorded in the General Fund. An adjustment to increase accounts payable in the amount of \$689,213 and increase expenditures in the same amount was required to be recorded in the Airport Fund. An adjustment to increase construction in progress by \$74,047, increase retainage payable by \$12,327, and decrease expenditures in the amount of \$61,720 was required to be recorded in the Sanitary Sewer fund.

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

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

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

**CITY OF ALBANY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

# CITY OF ALBANY, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### 2011 - 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.

Status: This finding was corrected during the fiscal year ended June 30, 2012.

### 2011 - 2. Cash Management: Inadequate Controls over Cash Draws of Federal Awards

Federal Program Information: CFDA No. 81.128  
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)  
U.S. Department of Energy

Criteria: The Department of Energy requires that state recipients enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques for selected large programs. The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The client's internal controls for cash management of this program include approval required by the City Manager on all drawdown requests prior to submission.

Condition: For the year ended June 30, 2011, there was no evidence of City Manager approval on drawdown requests prior to submission.

Status: This finding was corrected during the fiscal year ended June 30, 2012.



## CITY OF ALBANY, GEORGIA

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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#### **2011 - 3. Reporting: Inadequate Controls Over Financial Reporting**

Federal Program Information: CFDA No. 81.128  
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)  
U.S. Department of Energy

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6, states: "As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

Condition: For the year ended June 30, 2011, there was no evidence of review or approval of quarterly financial reports submitted to the Department of Energy.

Status: This finding was corrected during the fiscal year ended June 30, 2012.

#### **2011 - 4. Reporting: Financial Reports not Reconciled to Accounting Records**

Federal Program Information: CFDA No. 81.128  
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)  
U.S. Department of Energy

Criteria: Per the OMB A-133 Compliance Supplement, this award is subject to quarterly performance reporting. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. Recipients may be required to submit performance reports at least annually but not more frequently than quarterly. Federal regulations require that the reported information is accurate and reconciled.

**CITY OF ALBANY, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**2011 - 4. Reporting: Financial Reports not Reconciled to Accounting Records (Continued)**

Condition: For the year ended June 30, 2011, the quarterly information reported to the Department of Energy did not agree to the general ledger, the drawdown requests, or both. In addition, it was identified that these reports are not being reviewed or approved prior to submission, noted as above as Internal Control finding 2011-3, therefore they are not in compliance with Federal requirements to provide complete and accurate financial reports.

Status: This finding was corrected during the fiscal year ended June 30, 2012.

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