CITY OF WARNER ROBINS, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

NICHOLS, CAULEY & ASSOCIATES, LLC

Certified Public Accountants
Certified Financial Planners™
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Certified Government Auditing Professionals
Certified Valuation Analysts
Financial and Business Development Advisors

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ANNUAL FINANCIAL REPORT

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NICHOLS, CAULEY & ASSOCIATES, LLC
A Professional Services Firm of:
Certified Public Accountants
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Atlanta • Clarkesville • Dublin • Warner Robins
www.nicholscauley.com

REPLY TO:
400 Corder Road
Warner Robins, Georgia 31088
478-929-3888
FAX 478-923-7896

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Warner Robins Georgia
Warner Robins, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warner Robins, Georgia, as of and for the year ended June 30, 2011, 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 Warner Robins, 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, each major fund and the aggregate remaining fund information of the City of Warner Robins, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of the City of Warner Robins' 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 budgetary comparison information on pages 3 through 12 and page 58 and the schedule of funding progress on pages 59 and 60 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warner Robins, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedule of state requirements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements, schedule of state requirements 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 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.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on page 83 lists each identified project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2011, the end of the fiscal year covered by this audit.

As discussed in Note I F 9 to the financial statements, the City adopted the provisions of Government Accounting Standards Board (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* on July 1, 2010.

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia
February 27, 2012

The City of Warner Robins' basic financial statements are presented for the fiscal year ended June 30, 2011. The components of the financial statements include Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information (RSI), and other supplemental information. The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities. All numbers represented in this MD & A are in thousand dollars, unless otherwise noted.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Warner Robins' basic financial statements. The City's basic financial statements are composed of the government-wide financial statements, the fund financial statements, and the notes to the financial statements. This report also contains other supplementary information following these financial statements, which may be of interest to the reader.

Government-wide Financial Statements
The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector business, and provides both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the City's net assets changed during the fiscal year is presented in the Statement of Activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements
Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds.

The basic governmental fund financial statements can be found on pages 15 and 17 and the basic proprietary fund financial statements can be found on pages 19-20 and 22-24 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note I to the financial statements provides detailed information on the elements of the financial statements.

The notes to the financial statements can be found on pages 25 through 57 of this report.

Other Information
Combining and individual statements present more detailed views of non-major funds used in the governmental and enterprise funds beginning on page 61. Also included are statements for internal service funds beginning on page 77.

Table 1 below summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City Government and any component Units	Activities of the City that are not proprietary	Activities of the City that are operated similar to private business
Required financial statements	• Statement of Net Assets • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Net Assets • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received	• Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Financial Analysis

Table 2 below presents the City's condensed statement of net assets as of June 30, 2011, and 2010, derived from the government-wide Statement of Net Assets.

City of Warner Robins
Table 2: Condensed Statements of Net Assets
As of June 30
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	$ 28,931	$ 27,181	$ 28,579	$ 28,791	$ 57,510	$ 55,972
Other assets	--	--	6,152	5,873	6,152	5,873
Capital assets	135,009	131,424	67,408	64,999	202,417	196,423
Total assets	$ 163,940	$ 158,605	$ 102,139	$ 99,663	$ 266,079	$ 258,268
Long-term liabilities	$ 4,400	$ 3,472	$ 17,903	$ 19,537	$ 22,303	$ 23,009
Other liabilities	2,537	2,684	5,750	6,828	8,287	9,512
Total liabilities	6,937	6,156	23,653	26,365	30,590	32,521
Net assets:						
Invested in capital assets, net of related debt	135,002	131,405	47,994	43,783	182,996	175,188
Restricted	9,602	--	246	364	9,848	364
Unrestricted	12,399	21,044	30,246	29,151	42,645	50,195
Total net assets	$ 157,003	$ 152,449	$ 78,486	$ 73,298	$ 235,489	$ 225,747

By far the largest portion ($183 million) of the City of Warner Robins' net assets reflect its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. *Please note that due to a prior period adjustment in capital assets in the City's governmental activities listed above, total assets for FY 2010 show an increase of $14,033. Capital assets for governmental activities were adjusted upward to reflect City related SPLOST projects that were administered by the Houston County Board of Commissioners (HCBC) which should have been capitalized by the City. HCBC notified the City in FY 2011 that the costs of various road projects located within the City's limits for periods prior to FY 2011 were not reported to the City, but had been inadvertently capitalized on HCBC financials. HCBC in its FY 2011 financial reported a prior period adjustment for amounts capitalized related to SPLOST projects of other governmental entities.* Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets are the next largest component, totaling $43 million as of June 30, 2011. Restricted net assets ($10 million) represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental Activities reflect a positive unrestricted net assets balance of $12 million.
Business-type activities reflect a positive unrestricted net asset balance of $30 million.

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2011 and 2010, as derived from the government-wide Statement of Activities on page 14. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by $4.6 million and the net assets of the business-type activities increased by $5.2 million.

City of Warner Robins
Table 3: Condensed Statements of Activities
For the Fiscal Year Ended June 30
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 9,139	$ 9,674	$ 53,468	$ 53,814	$ 62,607	$ 63,488
Operating grants & Contributions	90	131	--	--	90	131
Capital grants & Contributions	6,766	2,769	2,846	1,953	9,612	4,722
General revenues:						
Property & other taxes	22,122	20,751	--	--	22,122	20,751
Contribution of capital assets	--	1,809	--	--	--	1,809
Other	221	300	250	170	471	470
Total revenues	38,338	35,434	56,564	55,937	94,902	91,371
Expense:						
General government	6,802	6,113	--	--	6,802	6,113
Public safety	21,491	21,134	--	--	21,491	21,134
Recreation	2,032	1,938	--	--	2,032	1,938
Public works	5,567	7,650	--	--	5,567	7,650
City development	2,314	1,894	--	--	2,314	1,894
Downtown development	259	588	--	--	259	588
Other	2	2	--	--	2	2
Natural gas system	--	--	24,444	25,129	24,444	25,129
Water & sewer system	--	--	11,734	11,295	11,734	11,295
Sanitation system	--	--	7,999	6,861	7,999	6,861
Other enterprise funds	--	--	2,516	1,715	2,516	1,715
Total expenses	38,467	39,319	46,693	45,000	85,160	84,319
Increase (decrease) in net assets before transfers	(129)	(3,885)	9,871	10,937	9,742	7,052
Transfers	4,683	4,100	(4,683)	(4,100)	--	--
Increase in net assets	4,554	215	5,188	6,837	9,742	7,052
Net Assets - Beginning as Restated	152,449	152,234	73,298	66,461	225,747	218,695
Net Assets - Ending	$ 157,003	$ 152,449	$ 78,486	$ 73,298	$ 235,489	$ 225,747

Program Expenses and Revenues for Governmental Activities

Table 4 presents the net costs of governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. General revenues, mainly taxes, supported the net costs of governmental activities. Program revenues as a percentage of program expenses increased for governmental activities from fiscal year 2010 to fiscal year 2011.

City of Warner Robins
Table 4: Net Costs of Governmental Functions
for the Fiscal Year Ended June 30
(in thousands)

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
Function/ Programs	2011	2011	2011	2010	2011	2010
General government	$6,802	$3,969	$2,833	$2,084	58.4%	65.9%
Public safety	21,491	2,953	18,538	18,578	13.7%	12.1%
Recreation	2,032	399	1,633	1,567	19.6%	19.1%
Public works	5,567	5,830	(263)	7,177	104.7%	2.2%
City development	2,314	2,844	(530)	(1,018)	122.9%	153.7%
Other	261	--	261	(1,643)	0.0%	283.0%
Total	$38,467	$15,995	$22,472	$26,745	41.6%	32.0%

Program Expenses and Revenues for Business-type Activities

Table 5 presents the net income and costs of business-type activities. Program revenues generated were more than sufficient to cover program expenses. Overall, program expenses as a percentage of program revenues decreased for business-type activities from fiscal year 2010 to fiscal year 2011.

City of Warner Robins
Table 5: Net Costs of Business-Type Activities
for the Fiscal Year Ended June 30
(in thousands)

	Program Revenues	Less Program Expenses	Net Program Income/(Costs)		Program Expenses as a Percentage of Program Revenues	
Programs	2011	2011	2011	2010	2011	2010
Natural gas system	$27,477	$24,444	$3,033	$3,755	89.0%	87.0%
Water & sewer system	16,805	11,734	5,071	4,132	69.8%	73.2%
Sanitation system	7,656	7,999	(343)	487	104.5%	93.4%
Other programs	4,376	2,516	1,860	440	57.5%	79.6%
Total	$56,314	$46,693	$9,621	$8,814	82.9%	83.6%

Overall Analysis

Financial highlights for the City as a whole during the fiscal year ended June 30, 2011, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by $157 million for the governmental activities and by $78.5 million for the business-type activities.
- The City's total net assets increased during the year by $9.7 million. Net assets of governmental activities increased by $4.6 million, a result of increased transfers from the City's business-type activities. Net assets of business-type activities increased by $5.1 million.

Fund Analysis

Funds that experienced significant changes during the fiscal year ended June 30, 2011, are as follows:

Governmental Funds:
As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $25.6 million.

General Fund
The total General Fund's fund balances as of June 30, 2011 were $11.6 million. In our implementation of the Governmental Accounting Standards Board (GASB) Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund's Fund Balances are segregated by the extent to which the governing body is bound to honor constraints on the specific purpose for which amounts in the General Fund can be used. Of the total General Fund's fund balances, $286 is non-spendable, $313 is restricted, $1.9 million is committed and $9.1 million is unassigned. Although the City's General Fund had an increase in its operating expenditures over its operating revenues compared to FY 2010, the increase in the unassigned General Fund's fund balance for FY 2011 is the result of the governing body decision to increase budgeted transfers from the City's enterprise funds. General fund revenues remained basically the same as FY 2010's ($29.1 million in FY 2011 compared to $29.2 in FY 2010). The General Fund's expenditures increased by 1% over FY 2010 ($454) which can be attributable to increased employee benefit costs and operating costs.

Capital Project Fund/SPLOST
The fund balance for the 2006 SPLOST, classified as a major fund in FY 2011, as of June 30, 2011 totaled $7.6 million, an increase of $869 from June 30, 2010. The change in fund balance was the result of sales tax collections for the 2006 SPLOST exceeding project expenditures. The fund balance for the 2001 SPLOST totaled $1.7 million, a decrease of $469 from June 30, 2010. The change in fund balance was the result of the use of prior SPLOST receipts in the completion of various projects. Sales tax receipts for the City's 2001 SPLOST ended December 2006 and expenditures for projects of the 2001 SPLOST will continue into Fiscal Year 2012.

Proprietary Funds:
The City's Proprietary Funds reported net assets of $78.5 million, a 7% increase from the prior year. The City's internal service fund reported net assets of $576, a decrease of 14% from the prior year.

Natural Gas Fund
The Net Assets of the Natural Gas Fund increased by $452 providing a total net asset balance of $17.4 million at year end. The Fund generated positive operating income from its regular operations.

Water and Sewer Fund
The Net Assets of the Water and Sewer Fund increased by $3.4 million providing a total net asset balance of $55.2 million at year end. The change in the balance of net assets was the result of positive operating revenues.

Sanitation Fund
The Sanitation Fund reported a negative change in net assets of ($691) thousand reducing total net asset balance to $866 at year end. The decline in net assets was the result of a summary judgment against the City due to a lawsuit with its waste collection contractor. The City was ordered to pay prior period price increases for waste collection in excess of $650.

Group Health Fund
Net Assets of the City's Group Health Internal Service Fund reported a negative net asset balance of $300 at year end. Claim payments for health care services were greater than contributions to the Fund for the year resulting in a deficient balance.

Budgetary Highlights

Over the course of the fiscal year, the Mayor and Council of the City of Warner Robins amended the budget several times. These budget amendments were supplemental appropriations for capital expenditures and for increases in appropriations to prevent budget overruns. No variances between the original and final budget, or between final and actual budget are expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the budgetary comparison schedule for the General Fund in the Other RSI section on page 58.

Differences between the original appropriated budget and the final amended budget in the General Fund amounted to $2.2 million. This difference is attributable to allocations from unreserved fund balance for prior year's encumbrances of $2.2 million, to supplemental appropriations for unanticipated revenues of $6 were incorporated into this year's expenditure accounts.

Capital Asset and Debt Administration

Capital Assets The City of Warner Robins' investment in capital assets for its governmental and business type activities as of June 30, 2011, as restated, amounted to $202,416 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and a network of streets and drainage systems.

Major capital asset events during the current fiscal year included the following:

- The beginning balances of the capital assets of the Governmental Activities were restated to reflect SPLOST road projects administered by HCBC that are located within the City's jurisdiction. Prior period completed infrastructure projects added to the beginning balance amounted to $14.7 million and accumulated depreciation related to those projects amounted to $647 thousand.
- Infrastructure assets consisting of streets, drainage systems, and water and sewer systems dedicated to the City either by annexations or by developers for maintenance amounted to $5.3 million. Dedicated assets for the water and sewer distribution system amounted to $1.1 million. Dedicated assets for the Storm Water Drainage system amounted to $1.3 million. Infrastructure assets assumed for maintenance by annexations capitalized in Governmental activities amounted to $1.9 million and dedicated by real estate developer's amount to $613.
- The City's General fund expended $818 in the current fiscal year for vehicles and machinery and equipment and $118 for building improvements. The City began construction of the Law Enforcement Center (LEC) in FY 2011, a 2006 SPLOST project, and reported $768 as construction in progress.
- Various road improvement projects, sidewalk projects, building project and sewer line improvements are continuing related to the 2001 and 2006 SPLOST Funds. Amounts expended from the 2001 SPLOST fund for street projects totaled $175, for stormwater drainage systems totaled $288 and for sidewalk improvement totaled $8. Amounts expended from the 2006 SPLOST fund for sidewalk improvement totaled $234, for street light projects totaled $539, for street projects totaled $78, for building project totaled $768 and for sewer line improvements totaled $136.

Information on the City of Warner Robins' capital assets can be found in Note III-E beginning on page 42 of this report.

Long-term Obligations As of June 30, 2011, the City reported a total debt balance of $24.82 million. The total debt decreased by $582 from Fiscal Year 2010. The current portion of this debt is comprised of Compensated Absences ($223), Capital Leases ($201), accrued interest ($184) and Bonds and Notes ($1,908). The non-current portion is comprised of Compensated Absences ($1,265), Capital Leases ($5,421), accrued interest ($4,594), Other Post Employment Benefits ($3,911) and Bonds and Notes ($7,113). The City's decrease in total debt was due to the reduction of principal balances of bonds and notes payable. However, recognition of employee post employment benefits as required by the implementation of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*" increased by $1,145.

Prior to the end of FY 2011, the City began negotiations with the Municipal Gas Authority of Georgia concerning refunding the City's Series 1995-B and 1996-A revenue bonds which is anticipated to result in significant interest savings.

The City began the process of securing revenue bond financing for a major improvement project of the Sandy Run Creek Wastewater Treatment Plant at an estimated cost of $28.5 million. The City began the process of securing $5 million of financing to complete the Law Enforcement Center.

The Constitution of the State of Georgia limits direct general obligation indebtedness of the City to an amount equivalent to ten percent of the assessed value of all taxable property within the City. The net assessed value of all taxable property in the City for the year 2011 was $1.61 billion. The legal limit of general obligation debt for the City is $161 million. As of June 30, 2011, the City has not issued general obligation debt bonds, nor does the City have any plans to do so.

Refer to Note III-F beginning on page 44 of this report for additional information on the City's long-term obligations.

Economic Factors and Next Year's Budgets

- The unemployment rate for the City at the fiscal year-end was 8 %, versus 7.6% last fiscal year. The State's rate was 10.5% at the fiscal year-end. The increase in the City's unemployment rate is attributable to the decline in residential and commercial construction in the City and to a general decline in local economic activity within the City.

- The City's 2011 net taxable property digest experienced a decrease of less than one percent (.32%) over the net taxable property digest of 2010. The governing body enacted a modest increase in the tax digest for FY 2012 of .729 mills in order to maintain the current level of services.

- The financial/mortgage crisis and the increased unemployment are expected to cause an increase in foreclosed properties and bankruptcies which may cause a negative impact on the City's property tax digest.

- Decreased rates of return for United States Treasury investments have affected the City's budgeted revenues.

- The population of the City has increased approximately 36% since the 2000 census. Per the U. S. Census Bureau, 2000 census for the City show a population of 48,804; estimated population at July 1, 2010 is 66,588. In the year 2001, the City and Houston County were designated as a metropolitan statistical area.

City officials considered these factors in making judgments and estimates in developing the general fund budget for fiscal year 2011. The City approved a budget appropriation for Fiscal Year 2012 in the amount of $35.3 million, an increase of 2 percent over the 2011 budget of $34.7 million. Tax revenues will provide 58% of this appropriation. The majority of the remaining 42% of appropriations will be financed by selective sales and use taxes (15%) and other financing revenues

(14%). The City will use these revenues to finance programs currently offered and to finance increased program costs due to the City's growth.

Budgeted expenditures rose 2% over fiscal year 2011 original budgeted appropriations. This modest increase in appropriations is attributable to increases in the cost of providing a modest increase in employee wages and employee benefits. Management directives limited increased appropriation for operating and maintenance and capital expenditures. The City did not add new programs to the 2012 budget.

The City's business-type activities are experiencing inflationary pressures on its operational expenses. Gross revenues are expected to remain at the same level as fiscal year 2011 except for the City's Water and Sewer fund; a 7.5% increase in water and sewer rates were enacted for FY2012. Net revenues will decrease in the City's Sanitation Fund due to an increase in costs of contracted services. The City's Natural Gas Fund and Stormwater Utility Fund are expected to end the year with modest increases in net revenues.

Requests for Information

This report is designed to provide a general overview of the City of Warner Robins' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City Clerk's Office, City of Warner Robins, P. O. Box 1488, Warner Robins, Georgia 31099.

BASIC FINANCIAL STATEMENTS

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 25,049,967	$ 20,650,044	$ 45,700,011
Investments	--	1,343	1,343
Accounts receivable, net	1,716,331	4,624,091	6,340,422
Internal balances	(933,909)	933,909	--
Due from other governments	1,301,961	430,041	1,732,002
Inventories, at cost	1,500,511	239,606	1,740,117
Prepaid items	296,710	88,921	385,631
Restricted assets -			
Cash and cash equivalents	--	1,611,498	1,611,498
Total current assets	28,931,571	28,579,453	57,511,024
Non-current assets:			
Restricted assets -			
Cash and cash equivalents	--	874,327	874,327
Receivables	--	5,217,026	5,217,026
Deferred charges	--	60,945	60,945
Land and other non-depreciable assets	21,154,495	7,407,252	28,561,747
Capital assets, net of accumulated depreciation	113,854,137	59,999,792	173,853,929
Total non-current assets	135,008,632	73,559,342	208,567,974
Total assets	$ 163,940,203	$ 102,138,795	$ 266,078,998

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 882,609	$ 3,239,338	$ 4,121,947
Accrued payroll/related liabilities	912,994	182,307	1,095,301
Claims payable	80,543	--	80,543
Compensated absences	185,285	37,404	222,689
Deferred credits	454,508	--	454,508
Security deposits	19,121	--	19,121
Capital lease obligations	2,209	198,946	201,155
Accrued interest payable	--	183,680	183,680
Bonds, notes and loans payable	--	1,908,300	1,908,300
Total current liabilities	2,537,269	5,749,975	8,287,244
Non-current liabilities:			
Compensated absences	1,138,182	126,355	1,264,537
Capital lease obligations	4,120	5,416,538	5,420,658
Accrued interest payable	--	4,592,821	4,592,821
OPEB liability	3,257,140	653,774	3,910,914
Bonds, notes and loans payable	--	7,113,214	7,113,214
Total non-current liabilities	4,399,442	17,902,702	22,302,144
Total liabilities	6,936,711	23,652,677	30,589,388
NET ASSETS:			
Invested in capital assets, net related debt	135,002,303	47,993,545	182,995,848
Restricted for debt service	--	246,500	246,500
Restricted for capital projects	9,602,479	--	9,602,479
Unrestricted	12,398,710	30,246,073	42,644,783
Total net assets	$ 157,003,492	$ 78,486,118	$ 235,489,610

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	$ 6,801,771	$ 3,969,103	$ --
Public safety	21,491,346	1,830,130	--
Recreation	2,031,852	399,247	--
Public works	5,567,699	97,102	90,266
City development	2,314,593	2,843,836	--
Downtown development	259,043	--	--
Interest on long-term debt	214	--	--
Total governmental activities	38,466,518	9,139,418	90,266
Business-type activities:			
Natural Gas System	24,443,540	27,477,013	--
Water and Sewer System	11,734,234	15,583,085	--
Sanitation System	7,999,215	7,655,674	--
International City Golf Course	433,302	293,045	--
Storm Water Drainage	2,082,914	2,459,701	--
Total business-type activities	46,693,205	53,468,518	--
Total primary government	$ 85,159,723	$ 62,607,936	$ 90,266

General revenues:
- Property taxes
- Other taxes
- Franchise fees
- Interest income
- Sale of assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
$ --	$ (2,832,668)	$ --	$ (2,832,668)
1,123,063	(18,538,153)	--	(18,538,153)
--	(1,632,605)	--	(1,632,605)
5,643,337	263,006	--	263,006
--	529,243	--	529,243
--	(259,043)	--	(259,043)
--	(214)	--	(214)
6,766,400	(22,470,434)	--	(22,470,434)
--	--	3,033,473	3,033,473
1,221,759	--	5,070,610	5,070,610
--	--	(343,541)	(343,541)
--	--	(140,257)	(140,257)
1,623,996	--	2,000,783	2,000,783
2,845,755	--	9,621,068	9,621,068
$ 9,612,155	(22,470,434)	9,621,068	(12,849,366)
	15,194,047	--	15,194,047
	2,983,721	--	2,983,721
	3,944,419	--	3,944,419
	27,926	40,533	68,459
	7,700	145,764	153,464
	184,919	63,715	248,634
	4,682,492	(4,682,492)	--
	27,025,224	(4,432,480)	22,592,744
	4,554,790	5,188,588	9,743,378
	152,448,702	73,297,530	225,746,232
	$ 157,003,492	$ 78,486,118	$ 235,489,610

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	SPLOST 2006	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 12,110,274	$ 6,897,532	$ 3,830,795	$ 22,838,601
Accounts receivable - net of uncollectable accounts	553,172	--	1,163,159	1,716,331
Due from other governments	468,753	664,302	168,906	1,301,961
Due from other funds	907,276	--	377,504	1,284,780
Prepaid expenses	220,708	--	--	220,708
Inventory of gas, oil, and supplies	65,359	--	--	65,359
Real estate-held for investment/resale	--	--	1,435,152	1,435,152
Total assets	$ 14,325,542	$ 7,561,834	$ 6,975,516	$ 28,862,892
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued costs	$ 282,297	$ --	$ 76,108	$ 358,405
Accrued payroll/related expenses	894,302	--	18,692	912,994
Deferred revenue	987,797	--	--	987,797
Due to other funds	556,260	12,164	462,978	1,031,402
Escrow funds	--	--	19,121	19,121
Total liabilities	2,720,656	12,164	576,899	3,309,719
FUND BALANCES				
Nonspendable, inventories	65,359	--	--	65,359
Nonspendable, prepaid items	220,708	--	--	220,708
Restricted, forfeitures	312,556	--	--	312,556
Committed, general government	114,462	--	--	114,462
Committed, public safety	243,376	--	--	243,376
Committed, public works	58,741	--	--	58,741
Committed, recreation	1,458,798	--	--	1,458,798
Committed, city development	45,270	--	--	45,270
Committed, special revenue fund	--	--	4,345,808	4,345,808
Assigned, capital projects fund	--	7,549,670	2,052,809	9,602,479
Unassigned, general fund	9,085,616	--	--	9,085,616
Total fund balances	11,604,886	7,549,670	6,398,617	25,553,173
Total liabilities and fund balances	$ 14,325,542	$ 7,561,834	$ 6,975,516	$ 28,862,892

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

Fund balance - total governmental funds (page 15)	$ 25,553,173
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.	135,008,632
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	533,289
Certain liabilities, such as compensated absences and claims payable are not due and payable in the current period and, therefore, are not reported in the funds.	(1,404,010)
OPEB liabilites and expenses are not reported in the governmental funds	(3,257,140)
Long-term liabilities, including capital leases, bonds, notes and loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(6,329)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities of the statement of net assets.	575,877
Net assets of governmental activities (page 13)	$ 157,003,492

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	SPLOST 2006	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	$ 15,129,571	$ --	$ --	$ 15,129,571
Other taxes	5,035,298	--	2,240,915	7,276,213
Licenses and permits	1,530,743	--	--	1,530,743
Fines and forfeitures	1,334,206	--	69,457	1,403,663
Intergovernmental	187,251	2,613,581	447,423	3,248,255
Other revenue	5,876,860	10,944	187,785	6,075,589
Total revenues	29,093,929	2,624,525	2,945,580	34,664,034
EXPENDITURES:				
Current:				
General government	6,317,402	--	--	6,317,402
Public safety	19,031,749	--	15,390	19,047,139
Recreation	1,753,252	--	188,126	1,941,378
Public works	4,426,638	--	--	4,426,638
City development	747,808	--	1,865,738	2,613,546
Downtown development	--	--	259,043	259,043
Intergovernmental -				
Payments to other governmental agencies	624,705	--	--	624,705
Capital Outlay -				
Special purpose	--	1,755,939	471,770	2,227,709
Total expenditures	32,901,554	1,755,939	2,800,067	37,457,560
EXCESS OF REVENUES (UNDER)/OVER EXPENDITURES	(3,807,625)	868,586	145,513	(2,793,526)
OTHER FINANCING SOURCES (USES):				
Capital lease	6,866	--	--	6,866
Sale of assets	34,983	--	--	34,983
Transfer in	5,285,084	--	207,472	5,492,556
Transfer out	(222,496)	--	(587,568)	(810,064)
Total other financing sources (uses), net	5,104,437	--	(380,096)	4,724,341
NET CHANGE IN FUND BALANCES	1,296,812	868,586	(234,583)	1,930,815
FUND BALANCES, Beginning	10,308,074	6,681,084	6,633,200	23,622,358
FUND BALANCES, Ending	$ 11,604,886	$ 7,549,670	$ 6,398,617	$ 25,553,173

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (page 17)	$ 1,930,815
Amounts reported for governmental activities in the statement of activities are different because:	
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 depreciation exceeded capital outlays in the current period.	(3,084,611)
Contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	6,669,415
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	23,987
The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds. However, the issuance has no affect on net assets.	(6,866)
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of activities.	19,813
The net revenues of the internal service funds (funds used to charge the costs of certain activities to individual funds) are reported with governmental activities.	(91,949)
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 the governmental funds. These include the net change in claims and adjustments of $24,351 and OPEB liability of ($948,936)	(924,585)
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year, accrued leave decreased.	18,771
Change in net assets of governmental activities (page 14)	$ 4,554,790

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,283,929	$ 6,404,216
Investments	--	1,343
Accounts receivable, net	1,927,022	1,672,163
Due from other governments	293,109	136,932
Due from other funds	396,230	926,744
Inventories, at cost	--	239,606
Prepaid items	20,064	64,649
Restricted-		
Cash and cash equivalents	331,588	1,279,910
Total current assets	15,251,942	10,725,563
NON CURRENT ASSETS:		
Restricted -		
Cash and cash equivalents	--	874,327
Receivable	5,217,026	--
Unamortized bond expense, net	--	56,790
Due from other funds	100,000	--
Land and other non depreciable assets	429,305	5,399,290
Capital assets, net of accumulated depreciation	8,583,014	48,123,569
Total non current assets	14,329,345	54,453,976
Total assets	$ 29,581,287	$ 65,179,539

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 1,280,343	$ 681,556	$ 20,650,044	$ 2,211,366
--	--	1,343	--
784,318	240,588	4,624,091	--
--	--	430,041	--
--	105,228	1,428,202	218,621
--	--	239,606	--
--	4,208	88,921	76,002
--	--	1,611,498	--
2,064,661	1,031,580	29,073,746	2,505,989
--	--	874,327	--
--	--	5,217,026	--
--	4,155	60,945	--
--	--	100,000	--
--	1,578,657	7,407,252	--
10,977	3,282,232	59,999,792	--
10,977	4,865,044	73,659,342	--
$ 2,075,638	$ 5,896,624	$ 102,733,088	$ 2,505,989

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
(Payable from current assets)		
Accounts payable	$ 1,683,813	$ 237,156
Accrued payroll/related liabilities	--	136,843
Due to other funds	88,020	76,575
Compensated absences	--	22,298
Capital lease payable	170,000	14,496
Accrued interest	108,914	23,759
Bonds, notes, and loans payable	--	576,300
(Payable from restricted assets)		
Accrued Interest	--	49,300
Bonds	--	1,215,000
Total current liabilities	2,050,747	2,351,727
NON CURRENT LIABILITIES:		
Compensated absences	--	126,355
Capital lease obligations	5,329,941	86,597
Accrued interest	4,592,821	--
OPEB liability	182,305	320,094
Bonds, notes and loans payable	--	7,113,214
Due to other funds - advance payable	--	--
Total non current liabilities	10,105,067	7,646,260
Total liabilities	12,155,814	9,997,987
NET ASSETS:		
Invested in capital assets, net of related debt	(1,189,357)	44,444,193
Restricted for debt service	--	246,500
Unrestricted	18,614,830	10,490,859
Total net assets	17,425,473	55,181,552
Total liabilities and net assets	$ 29,581,287	$ 65,179,539

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 1,209,668	$ 108,701	$ 3,239,338	$ 524,204
--	45,464	182,307	--
--	329,698	494,293	1,405,908
--	15,106	37,404	--
--	14,450	198,946	--
--	1,707	134,380	--
--	117,000	693,300	--
--	--	49,300	--
--	--	1,215,000	--
1,209,668	632,126	6,244,268	1,930,112
--	--	126,355	--
--	--	5,416,538	--
--	--	4,592,821	--
--	151,375	653,774	--
--	--	7,113,214	--
--	100,000	100,000	--
--	251,375	17,876,347	--
1,209,668	883,501	24,246,970	1,930,112
10,977	4,727,732	47,993,545	--
--	--	246,500	--
854,993	285,391	30,246,073	575,877
865,970	5,013,123	78,486,118	575,877
$ 2,075,638	$ 5,896,624	$ 102,733,088	$ 2,505,989

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total assets reported for business-type activities in the Statement of Net Assets are different because:

Total assets for Statement of Net Assets - Proprietary Funds (page 19)	$ 102,733,088
Elimination of interfund receivables relating to amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year end.	(421,107)
Elimination of interfund receivables relating to cash overdrafts reflected as due from other funds	(173,186)
Total assets for Statement of Net Assets - Business-type Activities (page 13)	$ 102,138,795

Total liabilities reported for business-type activities in the Statement of Net Assets are different because:

Total liabilities for Statement of Net Assets - Proprietary Funds (page 20)	$ 24,246,970
Elimination of interfund payables relating to amounts received by one fund for payments received on their behalf and not reimbursed as of year end.	(421,107)
Elimination of interfund payables relating to cash overdrafts reflected as due to other funds	(173,186)
Total liabilities for Statement of Net Assets - Business-type Activities (page 13)	$ 23,652,677

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
OPERATING REVENUES:		
Charges for services	$ 25,445,490	$ 13,784,759
Connection charges	--	549,774
Penalties and cut-on fees	--	259,864
Miscellaneous	185,134	988,688
Refund-Southern Natural Gas	1,106,716	--
Distribution line income	739,673	--
Total operating revenues	27,477,013	15,583,085
OPERATING EXPENSES:		
Purchases/cost of sales	20,381,661	--
Personnel services	2,167,889	3,429,003
Operating expenses	125,215	4,104,573
Repairs and maintenance	132,629	239,046
Supplies	149,765	1,595,694
Distribution line expense	968,705	--
Bad debt expense	93,176	148,564
Depreciation	403,291	1,725,207
Insurance	21,209	124,886
Total operating expenses	24,443,540	11,366,973
Operating income (loss)	3,033,473	4,216,112
NON-OPERATING REVENUES (EXPENSES):		
Interest earned	24,184	13,626
Interest expense and fees	--	(314,839)
Amortization of bond expense	--	(52,422)
Rental income	--	63,715
Gain on sale of capital assets	144,459	1,305
Total non-operating revenues (expenses), net	168,643	(288,615)
Income (loss) before capital contributions and transfers	3,202,116	3,927,497
CAPITAL CONTRIBUTIONS		
Capital contribution - developers	--	1,221,759
Income (loss) before transfers	3,202,116	5,149,256
TRANSFERS IN (OUT)		
Transfers in	--	--
Transfers out	(2,750,000)	(1,750,000)
Total transfers	(2,750,000)	(1,750,000)
CHANGE IN NET ASSETS	452,116	3,399,256
NET ASSETS, Beginning	16,973,357	51,782,296
NET ASSETS, Ending	$ 17,425,473	$ 55,181,552

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 7,503,454	$ 2,682,996	$ 49,416,699	$ 8,130,946
--	--	549,774	--
132,326	35,319	427,509	--
19,894	34,431	1,228,147	--
--	--	1,106,716	--
--	--	739,673	--
7,655,674	2,752,746	53,468,518	8,130,946
--	--	20,381,661	--
--	1,578,776	7,175,668	--
7,906,886	504,429	12,641,103	8,225,821
1,339	240,948	613,962	--
--	79,037	1,824,496	--
--	--	968,705	--
82,890	20,222	344,852	--
1,417	78,126	2,208,041	--
--	--	146,095	--
7,992,532	2,501,538	46,304,583	8,225,821
(336,858)	251,208	7,163,935	(94,875)
2,723	--	40,533	2,926
(6,683)	(6,369)	(327,891)	--
--	(8,309)	(60,731)	--
--	--	63,715	--
--	--	145,764	--
(3,960)	(14,678)	(138,610)	2,926
(340,818)	236,530	7,025,325	(91,949)
--	1,623,996	2,845,755	--
(340,818)	1,860,526	9,871,080	(91,949)
--	167,500	167,500	--
(349,992)	--	(4,849,992)	--
(349,992)	167,500	(4,682,492)	--
(690,810)	2,028,026	5,188,588	(91,949)
1,556,780	2,985,097	73,297,530	667,826
$ 865,970	$ 5,013,123	$ 78,486,118	$ 575,877

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 27,400,008	$ 15,041,892
Cash paid to suppliers for goods and services and claims paid	(21,977,088)	(8,037,917)
Cash received from other funds for goods and services	--	--
Cash received for claims reimbursement	--	--
Cash paid to employees for services	(2,120,345)	(3,331,208)
Net cash provided (used) by operating activities	3,302,575	3,672,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in (out)	(2,750,000)	(1,750,000)
Due from (to) other funds, net	(155,532)	(417,560)
Net cash provided (used) by noncapital financing activities	(2,905,532)	(2,167,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments:		
Bonds, notes, and loans payable	--	(1,734,779)
Capital leases	(165,000)	(13,812)
Acquisition and construction of capital assets	(279,039)	(2,065,774)
Capital contributions - developers	--	1,221,759
Interest and fees paid on revenue bonds payable and notes payable	(65,260)	(338,780)
Proceeds from sale of capital assets	144,459	1,305
Net cash (used) for capital and related financing activities	(364,840)	(2,930,081)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment	--	360
Interest income on investments	24,184	13,626
Rental income	--	63,715
Net cash provided by investing activities	24,184	77,701
NET INCREASE (DECREASE) IN CASH	56,387	(1,347,173)
CASH, Beginning	12,559,130	9,905,626
CASH, Ending	$ 12,615,517	$ 8,558,453

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 7,568,743	$ 2,676,865	$ 52,687,508	$ 319,188
(7,327,064)	(231,871)	(37,573,940)	(8,335,861)
--	--	--	7,804,998
--	--	--	6,760
--	(1,775,872)	(7,227,425)	--
241,679	669,122	7,886,143	(204,915)
(349,992)	167,500	(4,682,492)	--
--	--	(573,092)	474,749
(349,992)	167,500	(5,255,584)	474,749
--	(115,000)	(1,849,779)	--
--	(23,931)	(202,743)	--
--	(2,270,769)	(4,615,582)	--
--	1,623,996	2,845,755	--
(6,683)	(8,027)	(418,750)	--
--	--	145,764	--
(6,683)	(793,731)	(4,095,335)	--
--	--	360	--
2,723	--	40,533	2,926
--	--	63,715	--
2,723	--	104,608	2,926
(112,273)	42,891	(1,360,168)	272,760
1,392,616	638,665	24,496,037	1,938,606
$ 1,280,343	$ 681,556	$ 23,135,869	$ 2,211,366

See accompanying Notes to Financial Statements and Independent Auditor's Report.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:		
Cash, beginning:		
Current	$ 12,225,644	$ 5,913,177
Restricted	333,486	3,992,449
Total	12,559,130	9,905,626
Net increase (decrease):		
Current	58,285	491,039
Restricted	(1,898)	(1,838,212)
Total	56,387	(1,347,173)
Cash, ending:		
Current	12,283,929	6,404,216
Restricted	331,588	2,154,237
Total	$ 12,615,517	$ 8,558,453
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 3,033,473	$ 4,216,112
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	403,291	1,725,207
Decrease (increase) in assets:		
Accounts receivable	16,171	(262,325)
Due from other governments	(293,109)	(130,304)
Inventory	--	21,468
Prepaid items	(5,568)	(639)
Increase (decrease) in liabilities:		
Accounts payable / accrued expenses	100,773	(138,343)
Customer deposits	--	(1,856,204)
Due to other funds	--	--
OPEB liability	47,544	98,727
Compensated absences payable	--	(932)
Total adjustments	269,102	(543,345)
Net cash provided (used) by operating activities	$ 3,302,575	$ 3,672,767

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 1,392,616	$ 638,665	$ 20,170,102	$ 1,938,606
--	--	4,325,935	--
1,392,616	638,665	24,496,037	1,938,606
(112,273)	42,891	479,942	272,760
--	--	(1,840,110)	--
(112,273)	42,891	(1,360,168)	272,760
1,280,343	681,556	20,650,044	2,211,366
--	--	2,485,825	--
$ 1,280,343	$ 681,556	$ 23,135,869	$ 2,211,366
$ (336,858)	$ 251,208	$ 7,163,935	$ (94,875)
1,417	78,126	2,208,041	--
(86,931)	(55,659)	(388,744)	--
--	(8,421)	(431,834)	--
--	--	21,468	--
--	46	(6,161)	(19,020)
664,051	124,465	750,946	(91,020)
--	--	(1,856,204)	--
--	229,050	229,050	--
--	49,325	195,596	--
--	982	50	--
578,537	417,914	722,208	(110,040)
$ 241,679	$ 669,122	$ 7,886,143	$ (204,915)

See accompanying Notes to Financial Statements and Independent Auditor's Report.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The City of Warner Robins (City) adopted a Home Rule Charter on March 5, 1943. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles in the United States of America (GAAP) as applicable to governments, including all relevant Government Accounting Standards Board (GASB) pronouncements. Business type funds apply Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements in which case GASB is applied. Other significant accounting principles and practices are discussed in the relevant sections of these Notes.

B. REPORTING ENTITY

The City is a municipal corporation governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the government entities for which the City is considered to be financially accountable. The basic criterion for including a component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete; as discussed in GASB Statement No. 14, *The Financial Reporting Entity*.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government; however GASB suggests that most component units should be discretely presented. The City is allowed to use one or more columns to present the discretely presented component units which are governmental or proprietary in nature because of the differences of measurement focus and basis of accounting.

1. **Blended Component Units**

The Warner Robins Building Authority (WRBA)-International City Golf Course
Although legally separate, the WRBA is appropriately blended as a proprietary fund type/Enterprise Fund. The City transfers funds for operation of the golf course as needed.

The above blended component unit does not prepare separate financial statements.

The Warner Robins Redevelopment Agency (WRRA)
Although legally separate, the WRRA is appropriately blended as a special revenue fund type. The Mayor and Council of the City of Warner Robins appoint its Board of Directors.

The above blended component unit does not prepare separate financial statements.

2. **Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The City participates in the following joint ventures:

Jointly Owned Natural Gas (JONG)

The JONG operates a natural gas transmission line for the benefit of its member cities. The City owns a 40% interest and appoints one member to its board. Additional information is located at Note IV F.

Middle Georgia Regional Commission (MGRC)

The City is a member of the Middle Georgia Regional Commission. The MGRC does various planning and consulting work for its members. During its year ended June 30, 2011, the City paid $48,787 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commissions of Georgia. The Regional Commission 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 a Regional Commission.

Financial statements for each of the individual joint ventures may be obtained at the administrative offices of each of the activities.

3. **Related Organization**

Warner Robins Housing Authority (WRHA)

The Warner Robins Housing Authority is a related organization which has not been included in the reporting entity. Although the City appoints the Governing Board, it does not exercise the other prerequisites for inclusion as a component unit. The WRHA operates under various Federal housing programs to provide low income housing units. The City has no accountability or obligation for the WRHA beyond making these appointments.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (consisting of the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. In all material respects, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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 City is reported separately from certain legally separate component units for which the City is financially accountable.

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. The City has elected not to allocate indirect cost amounts to the programs, functions and segments. 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 properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the requirements for accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City complies with GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.* GASB No. 20 requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 to business type activities, unless those pronouncements conflict with or contradict GASB pronouncements, or Financial Accounting Standards Board's Accounting Standard Codification. As permitted by GASB No. 20, the City has elected not to comply with the FASB Accounting Standard Codification issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 *Special Purpose Local Option Sales Tax (SPLOST) 2006 Capital Projects Fund* accounts for 1% sales tax proceeds required to be used for capital outlay for enhancement and rehabilitation purposes as authorized by local referendum.

The City reports the following major proprietary funds:

Water and Sewer Fund: The Water and Sewer Fund accounts for the operations of the City's potable water and wastewater services to residents and businesses in the City and contiguous area in Houston County and Peach County.

Natural Gas Fund: The Natural Gas Fund accounts for the operation of the City's natural gas system for residents and businesses in the City and contiguous area in Houston County.

Sanitation Fund: The Sanitation Fund accounts for the operation of the City's sanitation services to residents and businesses in the City.

The City also reports the following fund type:

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other government units on a cost reimbursement basis.

E. BUDGETS

The City follows certain accounting principles for general fund budgetary reporting purposes that differ from GAAP, the most significant of which are encumbrances being treated as expenditures and appropriations of prior year fund balances being treated as revenue for budgetary purposes, and interfund and interdepartmental transfers under accounting principles generally accepted in the United States of America being treated as revenues and/or expenditures for budgetary reporting purposes. In addition, the City's budgetary reporting for insurance claims, compensated absences, and investment income is done in accordance with the cash basis method of accounting, as opposed to the modified accrual method required by accounting principles generally accepted in the United States of America. Also, capital leases are not budgeted.

Budgets for the general fund, special revenues and enterprise funds are formally adopted each year through the passage of an appropriation resolve. Unencumbered appropriations lapse at fiscal year end. Project length financial plans are legally adopted for all capital projects funds.

Encumbrances represent commitments related to underperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

F. ASSETS, LIABILITIES AND EQUITY

1. ***Cash and Cash Equivalents -*** The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at cost, which approximates market value.

OCGA Section 36-83-4 provides authorization to the City to invest in obligations of the State of Georgia, the United States government, instruments insured or guaranteed by the United States government, a United States government agency, corporate entities of the United States government, prime bankers' acceptances, local government pools, repurchase agreements and other political subdivisions of the state of Georgia.

OCGA Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA 45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in the demand deposit checking accounts. The City has no custodial credit risk policy that would require additional collateral requirements.

The City invests in "Georgia Fund 1", created by OCGA 36-83-8. Georgia Fund 1 is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. Georgia Fund 1 is not registered with the SEC as an investment company. The regulatory oversight for the pool is the Office of Treasury and Fiscal Services. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). The fair value of the City's position in Georgia Fund 1 is the same as the value of the pool shares. Net asset value is calculated weekly to ensure stability. Georgia Fund 1 distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Investment policies for Georgia Fund 1 are established by the State Depository Board and investments may include certificates of deposit; prime banker's acceptances; repurchase agreements; insured or guaranteed obligations of the United States government and its agencies; obligations of any states; and obligations of political subdivisions of the State of Georgia. State law allows the City to invest in these same instruments.

The City also invests in the Georgia Extended Asset Pool (GEAP) which was established as a second investment option for municipalities with longer-term investment needs. GEAP invests its assets in U.S. treasury bills, U.S. treasury notes, securities issued by federal agencies and instrumentalities, banker's acceptances, and repurchase agreements with highly rated counterparties. The maximum final maturity of any security purchased by the GEAP is limited to five years. The regulatory oversight for GEAP is the Office of Treasury and Fiscal Services. The primary objective of GEAP is the prudent management of public funds on behalf of state and local governments. GEAP was designed for those investors seeking an income higher than money market rates and willing to accept price fluctuations. GEAP's credit quality is excellent and carries Standard and Poor's highest credit rating of AAAf. The fund is marked-to-market daily to maintain an accurate NAV. Minimum investment is $1,000,000, and GEAP operates in a manner consistent with Georgia Fund 1.

The City's use of daily sweeps of zero balance accounts allows the City portfolio to be fully invested at all times.

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds*, each fund's equity in the City's investment pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. ***Receivables -*** Property taxes are levied on property as of January 1st of each year. The City bills property owners on September 25, and taxes are due on December 20. The tax levy for 2011 was set on September 20, 2010. Property taxes are delinquent after January 1st and are subject to penalties and interest. Measurable but unavailable taxes as of the end of year are accounted for as deferred revenue, and while delinquent taxes are considered fully collectible, an allowance has been made for uncollectible taxes resulting from errors and omissions. The City considers property tax revenues available if they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities in the current period.

   Utility service accounts receivable reported in the enterprise funds is reported net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

All balances reported as "due to/due from other funds" represents amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year end.

Municipal Court Fines are recognized as revenue when the case has been settled by the judge. Penalties, certain fees and other miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received.

3. ***Inventories and Prepaid Items -*** Inventory of expendable supplies is valued at cost (first-in, first-out). The inventory is comprised of parts and material as well as consumable supplies for all departments of the City. They are charged to each department on a consumed basis. Certain payments which reflect costs applicable to future accounting periods are recorded as prepaid items.

4. ***Restricted Assets -*** These assets included the debt service, debt service reserves, renewal and extension, construction, and customer deposit funds. The debt service and debt service reserve funds were maintained in compliance with their respective bond resolutions. Expenditures from the construction funds require written approval of the City's consulting engineers. Details of the transactions are presented on the various pages as indicated in the table of contents of this report. The meter deposit fund includes deposits from both the water and gas customers. Interest earned on the investments is included in each of their respective funds.

5. ***Capital Assets -*** Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No portion of interest expense was capitalized during the current year.

   Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the assets' estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-10

   Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets (i.e., roads, bridges, tunnels).

6. ***Deferred Revenue -*** Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

7. ***Compensated Absences -*** The vacation policy of the City provides for the accumulation of up to 240 hours (360 hours for certain public safety officers) of earned vacation leave which may be carried forward from one year to the next. Such leave is fully vested when earned. For the governmental funds, the liability is not recorded since vacation leave is not expected to be materially liquidated with expendable available financial resources. For the government-wide and enterprise fund, the liability is recorded in each fund's financial statements.

   The City's sick leave policy provides for the accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

   Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditures in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences,* no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

8. ***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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

   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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts 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.

9. ***Fund Balance Classification*** – Fund balance reporting reflects GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning in fiscal year 2011. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. As of June 30, 2011, the classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Forfeitures as being restricted because their use is restricted by State Statute for police investigative expenditures.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

10. ***Net Assets -*** The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

- Investment in Capital Assets (net of related debt) - is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.

- Restricted Net Assets - represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

- Unrestricted Net Assets - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

11. ***Bond Issuance Costs -*** In Governmental Fund types, issuance costs are recognized in the current period. Issuance costs for the Enterprise Funds are capitalized and are being amortized on a straight-line basis over the life of the related bond. The difference between the reacquisition price of Enterprise Fund bonds and the net carrying amount of debt refunded is deferred and amortized over the life of the new bond issue or the old debt, whichever is shorter.

12. ***Unbilled Service Receivables -*** Unbilled service receivables have been accrued at year-end. This accounting is consistent with prior years.

13. ***Interfund Transactions -*** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

    All other interfund transactions are reported as transfers.

14. ***Allowance for Uncollectible Accounts -*** Allowances for uncollectible accounts are maintained for all types of receivables which have historically experience uncollectible accounts.

15. ***Allowance for Uncollectible Loans -*** Allowances for uncollectible loans are established when City management determines its ability to collect the outstanding loan balance has been impaired. Loans are reviewed on an annual basis to evaluate collectibility. Primary considerations in this are management's evaluation of the fair value of the collateral, if any (net of any outstanding superior debt), the current level of delinquency for real estate-based loans, and business and economic conditions.

16. ***Use of Estimates -*** Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City has adopted the following procedures in establishing the budgetary data reflected in the financial statements.

(1.) In accordance with the City Charter, six weeks prior to the start of the City's year, the Mayor submits to the City Council a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and means of financing them for the upcoming year.

(2.) Public Hearings are conducted at City Hall to obtain taxpayer comment.

(3.) Prior to the first day of the new year, the budget is legally enacted through passage of an ordinance for the General Fund, each Special Revenue Fund and for all Enterprise Funds except for the Building Authority of Warner Robins and the Development Authority of Warner Robins.

(4.) Budgetary control is legally maintained at the expenditures level for each department and formal budgetary integration is employed as a management control device during the year.

(5.) Budgets are prepared using the modified accrual basis of accounting with encumbrances included as budgetary basis expenditures.

(6.) The City Clerk or Chief Financial Officer is authorized to transfer budgeted amounts between departments, programs or functions, or increase expenditures resulting from revenues exceeding amounts estimated upon the approval of Mayor and Council.

(7.) The Capital Projects Fund utilizes project length budgets.

(8.) Unencumbered appropriations lapse at the end of each year.

(9.) The City Council may authorize supplemental appropriations during the year. During the year several supplemental appropriations were necessary.

(10.) There were no material violations of finance-related legal or contractual provisions in connection with the basic financial statements and to other governmental funds for which annual budgets are required.

B. BUDGET/APPROPRIATED-GOVERNMENTAL FUND TYPES RECONCILIATION

The following schedule reconciles the original budget including prior year encumbrances to the final budget including appropriations for the General Fund.

	General Fund
Original adopted budget	$ 34,676,694
Prior year encumbrances carry forward	2,225,364
Legally adopted budget amendments	6,119
Final revised budget	$ 36,908,177

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the City's General Fund there were no actual expenditures in excess of its budgeted appropriations during fiscal year 2011.

D. DEFICIT FUND EQUITY

There were no deficit fund balances/equity/net assets in any individual funds at the end of the current year.

III. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A summary of the City's deposits and investments at June 30, 2011 follows:

Account Balances		
Petty cash	$	5,208
Demand deposits		7,192,549
Investments		40,989,422
	$	48,187,179

Ownership of Funds		
Primary Government:		
Governmental funds -		
Cash and cash equivalents	$	22,838,601
Proprietary funds:		
Cash and cash equivalents		20,650,044
Restricted cash and cash equivalents		2,485,825
Investments		1,343
Internal service funds -		
Cash and cash equivalents		2,211,366
Total primary government	$	48,187,179

As of June 30, 2011, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1 (investment pool)	less than 60 day average	$ 37,846,445
GEAP (investment pool)	less than 60 day average	3,141,634
U.S. Government Securities	January 20, 2018	1,343
		$ 40,989,422

The City's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the risk an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note I.F.1. As of June 30, 2011, the City’s investments in Georgia Fund I and GEAP were rated AAA by Standard and Poor’s.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The Georgia Fund I and GEAP investment pools are excluded from concentration of credit risk.

WATER AND SEWER FUND

First Securities is holding a $100,000, 8% GNMA II Mortgage. The interest and a portion of the principal is paid to the City monthly. Interest is recorded on the City's accounts. The City's investment at June 30, 2011 was $1,343.

REAL ESTATE (HELD FOR INVESTMENT AND/OR RESALE):

The Community Development Fund holds property which it has acquired in the execution of its program requirements. Part of this property consists of residential dwellings which are being rented at low rates to qualified applicants with the balance of the property in open land held for resale. These properties are valued at cost. As of June 30, 2011, real estate held for investment and/or resale in the Community Development Fund was $161,290.

The Redevelopment Agency Fund holds property which it purchased from the federal government. This property consists of land in close proximity to City Hall which has been subdivided into lots and is being held for resale. These properties are valued at cost. As of June 30, 2011, real estate held for investment and/or resale in the Redevelopment Agency Fund was $1,273,862.

B. RECEIVABLES

The following is a summary of the receivables for each fund:

Major Governmental Fund:		
General Fund		
Property taxes (net)	$	543,045
Business licenses (net)		4,541
Other		5,586
Total Major Governmental Fund		553,172
Non-Major Governmental Fund -		
Accounts receivable (net)		1,163,159
Total Governmental Fund	$	1,716,331
Major Proprietary Funds -		
Accounts receivable (net)- Gas, Water and Sanitation Funds	$	4,383,503
Non-Major Proprietary Funds -		
Accounts receivable (net)		240,588
Total Business Type	$	4,624,091

The following is a brief description of the receivable amounts:

Major Governmental Fund-General Fund:

Unpaid property taxes for all years totaled $562,971 at June 30, 2011, of which $19,926 are estimated uncollectible.

Unpaid business licenses for the year ended June 30, 2011 totaled $18,165 of which $13,624 are estimated uncollectible.

The remaining General Fund Accounts Receivables were due from charges to certain organizations for costs associated with the use of City property. All of these receivable amounts were recorded as revenue or were used to offset the associated expense during the year.

Non-Major Governmental Fund-Special Revenue Fund:

Direct loans were made from the revolving rehabilitation account. These loans are made to qualified residents under provisions of the grants. The City had various notes receivable due from sales of lots or houses on an installment basis.

Major and Non-Major Proprietary Funds:

Accounts Receivable represented amounts owed to the Utility Department by its gas, water and sanitation customers for user charges. After accounts become three months past due, they are written off and turned over to the Credit Bureau for collection. Subsequent collections by the Credit Bureau, less their fee, are recorded as recovery of bad debts on the income statement. The estimated uncollectible amount of these accounts at June 30, 2011 was $198,346.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount
General:	Group Health	$ 450,584
	Community Development	401,741
	Water and Sewer	34,840
	Natural Gas	17,654
	Golf	676
	Stormwater Management	1,781
Total General		907,276
Natural Gas:	Workers Comp	123,780
	Water and Sewer	41,735
	Group Health	57,505
	Golf	173,210
Total Natural Gas		396,230
Water and Sewer:	Group Health	176,223
	Workers Comp	477,741
	General	155,725
	Bureau of Civic Affairs	794
	Community Development	424
	SPLOST 2006	12,164
	Natural Gas	70,366
	Golf	1,628
	Stormwater Management	31,679
Total Water and Sewer		926,744
Non-major Governmental Funds -		
	General	362,632
	Group Health	14,872
Total Non-major Governmental Funds		377,504
Non-major Proprietary Funds:	Workers Comp	89,474
	Group Health	15,729
	General	25
Total Non-major Proprietary Funds		105,228
Non-major Internal Service Funds:	General	37,878
	Community Development	46,523
	Bureau of Civic Affairs	13,496
	Stormwater Management	120,724
Total Non-major Internal Service Funds		218,621
Total		$ 2,931,603

These amounts are considered short-term loans between funds to provide operating funds and are expected to be repaid within one year.

Interfund transfers were as follows:

Transfers To	Transfers From	Amount
General:	Tourism Allocation Board (TAB)	$ 435,092
	Natural Gas	2,750,000
	Water and Sewer	1,750,000
	Sanitation	349,992
Total General		5,285,084
Non-major Governmental Funds:	General Fund	54,996
	Motor Vehicle Rental Tax	152,476
Total Non-major Governmental Funds		207,472
Non-major Proprietary Funds -	General Fund	167,500
Total Non-major Proprietary Funds		167,500
Total		$ 5,660,056

The above listed transfers represent the total transfers to/from other funds at June 30, 2011 and were used for the purpose of supplementing the various fund sources. Interfund transfer are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

Interfund receivables and payables whereby the funds were used to purchase land for development and are not expected be repaid within one year are as follows:

	Receivable	Payable
Natural Gas System	$ 100,000	$ --
International City Golf Course	--	100,000
Total	$ 100,000	$ 100,000

D. DUE TO/FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2011, have been included in revenues of the General Fund and Water and Sewer System for the current year.

Major Governmental Fund - General Fund	
Federal Government:	
Department of Justice	$ 3,074
State of Georgia -	
Department of Transportation	44,276
Houston County -	
Motor vehicle, mobile home and intangible taxes	359,357
City of Centerville, Georgia	902
Jointly Owned Transmission Lines	
Reimbursable expenses	61,144
Major Governmental Fund - SPLOST 2006	
Houston County -	
Special Local Option Sales Tax	664,302
Total Major Governmental Funds	1,133,055
Non-Major Governmental Fund	
Federal Government	168,906
Total Non-Major Governmental Fund	168,906
Total Governmental Funds	$ 1,301,961
Business-Type Funds -	
Water and Sewer System -	
Houston County - Utilities relocation reimbursement	$ 101,000
City of Centerville - Wastewater Treatment Fees	35,932
Natural Gas -	
Houston County - Utilities relocation reimbursement	293,109
Total Business-Type Funds	$ 430,041

E. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

Primary Government

	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Nondepreciable assets:						
Land	$ 13,963,996	$ --	$ 13,963,996	$ 637,929	$ --	$ 14,601,925
Construction in progress	2,090,793	--	2,090,793	4,516,234	(54,457)	6,552,570
Total nondepreciable assets	16,054,789	--	16,054,789	5,154,163	(54,457)	21,154,495
Depreciable assets:						
Buildings and improvements	8,323,922	--	8,323,922	118,068	--	8,441,990
Machinery and equipment	16,182,015	--	16,182,015	817,849	(741,390)	16,258,474
Infrastructure	141,787,057	14,679,660	156,466,717	2,424,223	--	158,890,940
Total depreciable assets:	166,292,994	14,679,660	180,972,654	3,360,140	(741,390)	183,591,404
Less accumulated depreciation						
Buildings and improvements	4,508,328	--	4,508,328	264,166	--	4,772,494
Machinery and equipment	12,266,027	--	12,266,027	1,048,354	(715,945)	12,598,436
Infrastructure	48,182,349	646,912	48,829,261	3,537,076	--	52,366,337
Total accumulated depreciation	64,956,704	646,912	65,603,616	4,849,596	(715,945)	69,737,267
Total depreciable assets, net	101,336,290	14,032,748	115,369,038	(1,489,456)	(25,445)	113,854,137
Governmental activities capital assets, net	$ 117,391,079	$14,032,748	$131,423,827	$3,664,707	$(79,902)	$ 135,008,632

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Nondepreciable assets:				
Land	$ 1,578,658	$ --	$ --	$ 1,578,658
Construction in progress	5,660,141	231,303	(62,850)	5,828,594
Total nondepreciable assets	7,238,799	231,303	(62,850)	7,407,252
Depreciable assets:				
Buildings and improvements	644,459	25,785	--	670,244
Machinery and equipment	8,255,396	285,341	(117,956)	8,422,781
Distribution systems	94,854,669	4,187,827	(128,884)	98,913,612
Total depreciable assets, net	103,754,524	4,498,953	(246,840)	108,006,637
Less accumulated depreciation				
Buildings and improvements	451,876	20,035	--	471,911
Machinery and equipment	6,966,460	369,855	(117,956)	7,218,359
Distribution systems	38,575,488	1,838,640	(97,553)	40,316,575
Total accumulated depreciation	45,993,824	2,228,530	(215,509)	48,006,845
Total depreciable assets, net	57,760,700	2,270,423	(31,331)	59,999,792
Business-Type activities capital assets, net	$ 64,999,499	$ 2,501,726	$ (94,181)	$ 67,407,044

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

Governmental Activities:	
General Government	$ 195,919
Public Safety	891,028
Recreation	107,341
Public Works	3,648,615
City Development	6,693
Total depreciation expense - Governmental Activities	$ 4,849,596

Business-type Activities:	
Natural Gas System	$ 403,291
Water and Sewer System	1,725,207
Sanitation System	1,417
International City Golf Course	36,244
Stormwater Drainage	41,882
Total depreciation expense - Business-type Activities	$ 2,208,041

Construction Commitments

Project	Spent-to-Date	Remaining Commitment
Governmental Activities:		
Sports Complex	$ 601,020	$ 3,398,980
MLK Jr Boulevard	147,448	252,552
Lake Joy Fire Station Road	46,307	27,300
Sidewalks	1,385,257	114,743
Law Enforcement Center	930,013	6,569,987
Corder Road	5,566,937	2,316,309
Moody Road	290,545	1,851,523
Total Governmental Activities	$ 8,967,527	$ 14,531,394
Business-Type Activities:		
Water Meter Project	$ 4,984,999	$ --
New Service Lines	414,292	1,585,708
Gas Meter Project	429,306	2,070,694
Total Business-Type Activities	$ 5,828,597	$ 3,656,402

The Corder Road and Moody Road projects noted above are administered by HCBC.

F. LONG TERM OBLIGATIONS:

The following is a summary of changes in non-current liabilities including current portions reported in the Statement of Net Assets.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 19,276	$ 6,866	$ 19,813	$ 6,329	$ 2,209
Compensated absences	1,342,238	--	18,771	1,323,467	185,285
Claims and judgments	104,894	--	24,351	80,543	80,543
OPEB liability	2,308,203	948,937	--	3,257,140	--
Total governmental activities	$ 3,774,611	$ 955,803	$ 62,935	$ 4,667,479	$ 268,037
Business-Type Activities:					
Revenue bonds	$ 3,872,000	$ --	$ 1,290,000	$ 2,582,000	$ 1,332,000
Notes payable	6,999,294	--	559,780	6,439,514	576,300
Capital leases	5,818,327	--	202,843	5,615,484	198,946
Compensated absences	160,080	3,679	--	163,759	37,404
Accrued interest payable	4,527,119	463,446	214,064	4,776,501	183,680
OPEB liability	458,178	195,596	--	653,774	--
Total business-type activities	$ 21,834,998	$ 662,721	$ 2,266,687	$ 20,231,032	$ 2,328,330
Total long-term liabilities	$ 25,609,609	$ 1,618,524	$ 2,329,622	$ 24,898,511	$ 2,596,367

Claims and judgments are classified as short term debt. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. Accrued interest payable in the business-type activities is related to the MGAG capital lease, further explained in capital leases in this note. OPEB liability is further explained in Note IV E.

REVENUE BONDS:

The following is a summary of bond transactions of the City for the year ended June 30, 2011:

Water and Sewer	
$10,870,000 - Series 2002 Water and Sewer Refunding Revenue Bonds due in annual installments of $1,120,000 to $1,250,000 through July, 2013; interest at 3.75% to 4.00%. Proceeds were used to pay off Series 1992 Water and Sewer Refunding Revenue Bonds.	$ 2,465,000
Municipal Golf Course	
$924,000 - Series 2003 Municipal Golf Course Revenue bonds due in annual installments of $113,000 to $117,000 through December 15, 2011; interest at 2.95%. Proceeds were used to pay off Series 1991 Municipal Golf Course Revenue Bonds.	117,000
Total revenue bonds	$ 2,582,000

The total annual debt service requirements for all revenue bonds outstanding at June 30, 2011, are as follows:

Fiscal Year	Principal	Interest	Total
2012	$ 1,332,000	$ 76,083	$ 1,408,083
2013	1,250,000	25,000	1,275,000
	$ 2,582,000	$ 101,083	$ 2,683,083

NOTES PAYABLE:

Water and Sewer

$4,777,071 – 2007 Georgia Environmental Facilities Authority (GEFA) due in monthly installments of $26,494; interest at 3%. Matures October 1, 2029. Interest capitalized into note - $188,004. Proceeds used for installation of new water meters to replace all manual read water meters.	$ 4,478,914
$4,104,261 - State of Georgia ’95 Revolving Loan due in quarterly installments of $63,993. Interest accrues at 2% on unpaid balance. Interest capitalized into the note - $296,496. Proceeds used for construction of sanitary sewer system.	803,503
$1,693,235 - State of Georgia ’96 Revolving Loan due in quarterly installments of $30,849. Interest accrues at 4% on unpaid balance. Interest capitalized into the note - $56,099. Proceeds used for 8.5 miles of sewer main and pumping stations.	750,133
$915,000 - 1992 Georgia Environmental Facilities Authority (GEFA) due in quarterly installments of $18,606; interest at 5.3%. Matures February 1, 2018. Proceeds were used to construct Sanitary Service System.	406,964
Total notes payable	$ 6,439,514

The total annual debt service requirements for all notes payable outstanding at June 30, 2011, are as follows:

Fiscal Year	Principal	Interest	Total
2012	$ 576,300	$ 195,411	$ 771,711
2013	594,008	177,703	771,711
2014	611,685	160,026	771,711
2015	437,230	142,502	579,732
2016	387,325	128,414	515,739
2017-2021	1,491,449	456,587	1,948,036
2022-2026	1,334,239	255,372	1,589,611
2027-2030	1,007,278	52,497	1,059,775
	$ 6,439,514	$ 1,568,512	$ 8,008,026

The City was in compliance with all the significant limitations and restrictions contained in the bond indentures. The annual requirements to amortize all debt outstanding at June 30, 2011, including interest payments, are provided in the Supplementary Information of the report.

OUTSTANDING DEBT REFUNDED

$17,500,000 - 1986 Water and Sewer serial bonds due in annual installments of $1,160,000 to $1,465,000 through July 1, 2012; interest at 7.75%; with a balance of $2,825,000 outstanding at June 30, 2011. The proceeds were designated for expansion and improvements to the water and sewer system. The City entered into an agreement with Wachovia Bank during 1992 to irrevocably place in trust investments which will provide for interest and principal on the 1986 Series Bonds payable as they come due. This agreement effectively results in the retirement of these bonds (in substance defeasance); and therefore, these bonds are no longer shown on the statement of net assets of the City as a liability. The City in effect reduced its aggregate debt service payment by $778,891 for 21 years and obtained an economic gain (the difference between the present value of the old and new debt service payment) of $457,034.

CAPITAL LEASES:

The City entered into various lease-purchase agreements for the purchase of golf carts for the City Golf Course, Komatsu dozer for the Water and Sewer System, and construction of a natural gas pipe line for the Natural Gas System. The capital lease of the General Fund was for a copier.

The following is a summary of Capital Lease Agreement for Governmental Activities:

Current portion -	
US Bancorp - copier	$ 2,209
Long-term portion -	
US Bancorp - copier	4,120
Total capital lease	$ 6,329

The following is a summary of Capital Lease Agreements for the Business-Type Activities:

Current portion:	
Textron - maintenance equipment and golf carts	$ 14,450
Kansas State Bank - Komatsu dozer	14,496
MGAG - distribution line (payable from restricted assets)	170,000
	198,946
Long-term portion:	
Kansas State Bank - Komatsu dozer	86,597
MGAG - distribution line	5,329,941
	5,416,538
Total capital leases	$ 5,615,484

The assets acquired by the Business-Type Activities are recorded in capital assets in the Enterprise Fund, and the related liabilities, which represent the present value of the lease payment, are recorded in the notes payable section.

Future minimum lease payments under the leases, along with the present value of the minimum lease payments as of June 30, 2011, are as follows:

Year Ending June 30th	General Government	Business-Type
2012	$ 2,455	$ 417,059
2013	2,455	402,248
2014	1,842	456,935
2015	--	385,563
2016	--	383,329
2017-2021	--	8,449,965
2022-2026	--	3,873,562
Total Minimum Lease Payment	6,752	14,368,661
Less Amount Representing Interest	423	8,753,177
Present Value of Lease Payment	$ 6,329	$ 5,615,484

Following is an analysis of capital assets leased under capital leases at June 30, 2011:

	General Government	Business-Type
Capital assets	$ 6,866	$ 8,065,161
Less: Accumulated depreciation	572	2,512,663
Carrying value	$ 6,294	$ 5,552,498

G. DEFERRED CREDITS

Deferred revenue was comprised of the following balances:

General Fund:	
Fines Collected in Advance of Verdict	$ 245,456
Performance Bonds	22,145
Police Special Projects	170,783
Animal Shelter	9,536
Houston County - Transportation Planning	6,321
Tennis Court and Recreation	70
City of Character Program	197
Total Deferred Revenue	$ 454,508

Fines collected in Advance of Verdict are deposits of bond fees and fines into a special account under the supervision of the Clerk of the Court. These funds are held in this account until the cases are settled by the judge, at which time the monies are remitted to the General Fund. Certain Donated Funds are deferred until expenditures for purposes stipulated by the donor are made. Currently these include donations for Houston County Transportation Planning, Recreational Activities, and the Animal Shelter.

H. CAPITALIZATION OF INTEREST

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized into the cost of the assets. During the current year no interest was capitalized.

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has self-insurance funds for workman's compensation and health care accounted for in its expendable trust funds. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA established and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Warner Robins must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent’s reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.

- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

- To furnish to GIRMA such budget, operating and underwriting information as may be requested.

- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Warner Robins retains the first $10,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to $10,000 deductible.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of property loss, injuries or death on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation or defense.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency of payouts and other economic and social factors. The liability for claims and judgments is not expected to be liquidated with expendable available financial resources.

The City uses its self insurance health and workers compensation funds to account for and finance its self insured risk of loss. It maintains excess insurance coverage for health and worker's compensation for specific stop loss coverage for claims exceeding $100,000 and $225,000 respectively. The City uses a third party administrator which performs all claims management and loss prevention activities. They project the ultimate claim payment obligation for each year's claim experience and project the new year's probable loss fund cost. Changes in the balances of claims liability during the last and current fiscal years are as follows:

	Group Health Insurance	Workers Compensation Insurance	Property and Casualty Insurance	Total
Unpaid Claims as of June 30, 2009	$ 906,873	$ 123,054	$ 129,525	$ 1,159,452
Incurred Claims	5,061,823	673,382	104,894	5,840,099
Payments	(5,477,428)	(672,480)	(129,525)	(6,279,433)
Unpaid Claims as of June 30, 2010	491,268	123,956	104,894	720,118
Incurred Claims	6,787,294	319,207	80,543	7,187,044
Payments	(6,884,319)	(362,953)	(104,894)	(7,352,166)
Unpaid Claims as of June 30, 2011	$ 394,243	$ 80,210	$ 80,543	$ 554,996

The City participates with the State of Georgia Department of Labor (DOL) for unemployment claims under the reimbursable method in accordance with OCGA Section 34-8-159. The benefits are determined by DOL based on claimant's wages. The City must reimburse the DOL for the actual benefits paid to the employee.

B. LEGAL AND CONTRACTUAL MATTERS AND CONTINGENT LIABILITIES

LITIGATION:
During the course of normal operations of the City, various claims and lawsuits arise. A brief summary of these items follows:

The City's insurance companies and self-insurance pool are providing the defense for several lawsuits and legal counsel has advised that the likelihood of an unfavorable outcome on any of them is remote at the present time. The total claims for damages, should they prove successful against the City, are within the appropriate coverage carried at June 30, 2011.

The City was a defendant in a lawsuit for breach of contract, which arose in the course of government operations. During the year ended June 30, 2011, a settlement was reached which was paid from the Sanitation System Fund.

There are other cases pending against the City, unasserted claims and assessments, and numerous "small claims". In the opinion of the City's management, the monetary effect of these matters is not considered material at this time.

OTHER CONTINGENCIES:

The City participates in a number of federally assisted grant programs, principal of which is the Community Development Block Grant. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for, or including, the year ended June 30, 2011, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

COMMITMENTS:

The City had no other significant commitments at June 30, 2011.

C. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following changes have been made to the beginning net assets of the Governmental Activities as summarized and described below:

	Governmental Activities
Beginning balances of net assets at June 30, 2011, as previously reported:	$138,415,954
Prior period adjustment to correct capital assets	14,032,748
Beginning balances of net assets at June 30, 2011, as restated:	$152,448,702

The net assets of Governmental Activities has been increased by $14,032,748 to record additional capital assets, net of depreciation, not recorded at the end of the prior year. Capital assets for Governmental Activities were increased to reflect City related SPLOST projects that were administered by the Houston County Board of Commissioners (HCBC) which should have been capitalized by the City. HCBC notified the City in FY 2011 that the costs of various road projects located within the City's limits for period prior to FY 2011 were not reported to the City, but had been inadvertently capitalized by HCBC.

D. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The Small Business Job Protection Act of 1996 made certain changes to Section 457 plans increasing the protection for participant's investments. Under this Act, Section 457 plan assets will be held in a trust, custodial account, or annuity contract to protect participant assets from creditors.

E. OTHER POST EMPLOYMENT BENEFITS

The City of Warner Robins provides post employment health care benefit as a participating member in the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit health care plan, which is an other post employment benefit (OPEB) plan, and is a service of Georgia Municipal Association (GMA). GMEBS is an agent multiple-employer pubic employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia.

Plan Description and Funding Policy – The City Council authorizes participation in the OPEB and sets the contribution rates, benefits, funding policy and maintains the authority to change the policy. Coverage under the plan includes medical, prescription drug, dental benefits and life insurance for retirees. Dependent coverage benefits are payable to a spouse only while the retiree is alive and less than 65, except for dependent life which is provided for life. Eligibility requirement for retired employee are retired on or after 60 (or 55 if public safety officer with at least 25 years of service) or disabled and entitled to social security disability payments. The Plan's assets may be used only for payment of benefits to members of the Plan, in accordance with terms of the Plan. The funding policy for the Plan is to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (ie pay as you go basis).

A copy of the plan's financial report may be obtained from: City Clerk's Office, City of Warner Robins, 202 N. Davis Dr., PMB 718, Warner Robins, GA 31093.

Plan Funded Status –

The City's funding status based upon the most recent actuarial valuation follows:

Schedule of Funding Progress

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
6/30/2009	$ -	$ 15,001,000	0.0%	$ 15,001,000	$ 19,101,543	78.5%

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 assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation – The following table includes the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation:

Normal cost	$	839,000
Amortization of Unfunded actuarial accrued liability(UAAL)		896,000
Adjustment for timing		87,000
Annual required contribution (ARC)	$	1,822,000
Contribution made		677,467
Increase in net OPEB obligation	$	1,144,533
Net OPEB obigation, beginning of year		2,766,381
Net OPEB obligation, end of year	$	3,910,914

There is no interest component in the 2009 actuarial valuation.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's actuarial valuation information is as follows:

Valuation date	June 30, 2009
Actuarial cost method	Project Unit Credit
Amortization method	Level dollar,closed,30 years
Remaining amortization period	29 years as of July 1 2009
Asset valuation method	Market value
Actuarial assumption:	
Investment rate of return	4.50% pay as you go
Inflation rate	3.00%
Medical and drug cost trend rate	11.00% graded to 5.00% over 9 years
Dental cost trend rate	5.00%
Vision cost trend rate	5.00%
Plan membership	
Current retires, beneficiaries, and dependents	51
Current active participants	503
Terminated participants	0
Total	554
Total unfunded Actuarial accrued liability	$ 15,001,000

The City provides post employment benefit options for health care, disability income, and life insurance to eligible retirees, terminated employees, and their dependents in accordance with City ordinances and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

The criteria to determine eligibility includes years of service, employee age, disability due to line of duty, and whether the employee is vested in a respective retirement plan. The City funds benefits on a pay-as-you-go basis except for health care benefits, which the City offers to former employees based on the requirements under Federal guidelines. Contributions to the plan by employees are established by the plan administrator.

The City has 5 participants currently eligible to receive benefits with a related cost to the City of $29,325.

F. JOINT VENTURES

JOINTLY OWNED NATURAL GAS (JONG)

The Natural Gas System is a 40% participant in Jointly Owned Natural Gas (A Joint Venture). The City appoints one member to its Board. The City's capital account as of September 30, 2010 was $1,448,599. If the Jointly Owned Natural Gas Transmission Line were to be terminated, the available assets would be distributed pro rata based on contribution. The Joint Venture issues separate financial statements which are available from the Joint Venture office. Information taken from the audited statements of the Joint Venture for the fiscal year ended September 30, 2010.

Total assets	$	4,016,744
Less: Current liabilities		(222,609)
Long-term liabilities		(386,714)
Retained earnings	$	3,407,421
Total revenues	$	1,280,562
Operating expenses		(1,511,679)
Non-operating revenue		376,170
Net income	$	145,053

The Joint Venture member cities bill and collect from their respective customers the charges for natural gas usage each month. The operating and maintenance costs including capital improvements costs incurred by the Joint Venture are prorated to each member and are reimbursed to the Joint Venture on a monthly basis by the participating cities. Funds held by the Joint Venture are invested and the earnings are allocated to each members account. The Joint Venture purchases supplies and pays rent, postage, and other administrative costs to the City of Warner Robins. Employees of the Joint Venture are included in the retirement system and related employee benefits programs. Costs for this participation are also reimbursed to the City of Warner Robins.

MIDDLE GEORGIA REGIONAL COMMISSION

As more fully described in Note I.B.2. the City in conjunction with 21 other cities and eleven counties in the Middle Georgia area participate in the Middle Georgia Regional Commission.

G. PENSION PLAN

PLAN DESCRIPTION, CONTRIBUTION INFORMATION, AND FUNDING POLICIES:

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as an investment and administrative agent for cities and municipalities in Georgia. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The plan is a defined benefit plan.

All full-time employees of the City (30 hours per week) are eligible to participate in GMEBS after one (1) year of service. Benefits fully vest after ten (10) years of service. Employees who retire at or after age sixtyfive (65) with five (5) years of credited service or after age fifty-five (55) with ten (10) years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 to 1.75 percent of their average monthly earnings as defined in the plan for each year of credit service. The system also provides death and disability benefits. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

Current City membership in the GMEBS is comprised of the following:

Group	January 1, 2011
Retirees and beneficiaries currently receiving benefits	209
Vested terminated employees	58
Active employees:	
Vested	271
Nonvested	204
Total membership in the plan	742

Funding Policy

The City is required to contribute based on actuarial funding policy. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1982 and changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise, and 3) interest on these amounts from the valuation date to the date contributions are paid. Plan provisions and contribution requirements are established by state stature and may be amended by the State. The contribution requirement for the year current year was $3,247,269, which was 17.00% of the covered payroll. Employees are not required to contribute to the fund.

ANNUAL PENSION COST

For 2011, the City's annual pension cost of $3,247,269 for GMEBS was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the entry age normal actuarial cost method. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, *Measuring Pension Obligations*, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

- rate of return on investment	7.75% per year
- projected salary increases	3.50% per year
- cost of living adjustments	3.50% per year

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.

To minimize the effect of random variations in financial market values on the recommended contribution, the GMEBS Board of Trustees adopted an asset valuation method for use in the calculation. The method for determining the actuarial value of assets is part of the GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 7.75%. The market value of assets is based on current values as of two months preceding the valuation date and is assumed to be current through that date.

THREE YEAR TREND INFORMATION

Fiscal Year	Annual Pension Cost	Percentage Contributed
2009	$ 2,946,471	100%
2010	3,412,900	100%
2011	3,247,269	100%

PLAN FUNDED STATUS

The City's funding status based upon the most recent actuarial valuation follows:

Schedule of Funding Progress

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
1/1/2011	$ 74,997,064	$ 75,413,898	99.45%	$ 416,834	$ 17,827,474	2.34%

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 assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PEACE OFFICERS ANNUITY AND BENEFIT FUND

All full-time sworn police officers employed by the City are eligible to participate in the Peace Officers Annuity and Benefit Fund of Georgia under OCGA 47-17-60 which provides those employees and their beneficiary's indemnification for disability or loss of life. A portion of each fine and forfeited bond collected by the city is paid into the fund based on a scale contained in the statute. This plan is administered by the State and is not included in the City's financial statement.

H. SUBSEQUENT EVENTS

The City assessed events that have occurred subsequent to June 30, 2011 through February 27, 2012 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the City's statements which were issued on February 27, 2012, except for the following:

Capital Lease – MGAG – distribution line

On October 18, 2011, the Series 1995-B and Series 1996-B Municipal Gas Authority of Georgia Revenue Bonds were refunded and the Series 2011-A and Series 2011-B Municipal Gas Authority of Georgia Revenue Bonds were issued. The Series 2011-A and Series 2011-B Bonds will have a current year payment due of $60,398, of which $25,398 represents interest and $35,000 represents principal repayment.

Law Enforcement Center Financing

As of November 21, 2011, the City has begun the process to obtain financing for an additional $5 million for furnishings, landscaping, equipment and the completion of the Law Enforcement Center building.

Wastewater Treatment Plant Bond Issuance Approval

On December 5, 2011, the City Council voted to approve a $28.5 million bond issuance to pay for upgrades to the current wastewater treatment plant.

CITY OF WARNER ROBINS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget
REVENUES:		
General property taxes	$ 18,848,132	$ 18,848,132
Other taxes	5,210,000	5,210,000
Licenses and permits	224,800	224,800
Intergovernmental	157,000	172,461
Charges for services	3,028,300	3,048,305
Fines and forfeitures	1,730,000	1,730,000
Investment revenue	100,000	100,000
Other revenues	99,962	106,162
Total revenues	29,398,194	29,439,860
EXPENDITURES:		
General Government		
Legislative	181,978	184,346
Executive	467,395	468,265
General adiministration	5,064,409	5,114,236
Judicial	651,338	649,688
Public Safety		
Police department	12,328,912	12,788,121
Fire department	7,562,413	7,566,289
Public works	5,554,421	5,675,249
Recreation	1,793,202	3,289,628
City development	867,626	949,855
Contingency	--	--
Total expenditures	34,471,694	36,685,677
Excess of revenues over (under) expenditures	(5,073,500)	(7,245,817)
OTHER FINANCING SOURCES (USES):		
Capital leases	--	--
Transfers in	5,263,500	5,263,500
Transfers out	(205,000)	(222,500)
Sale of assets	15,000	15,000
Total other financing sources (uses)	5,073,500	5,056,000
Excess of revenues and other financing sources over (under) expenditures and other uses	--	(2,189,817)
Fund balance beginning	--	2,189,817
Fund balance ending	$ --	$ --

Variance Final Budget With Actual Budgetary Basis Positive (Negative)	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
$ 101,934	$ 18,950,066	$ --	$ 18,950,066
(11,029)	5,198,971	--	5,198,971
(42,768)	182,032	--	182,032
14,790	187,251	--	187,251
(18,867)	3,029,438	--	3,029,438
(395,794)	1,334,206	--	1,334,206
(75,000)	25,000	--	25,000
80,803	186,965	--	186,965
(345,931)	29,093,929	--	29,093,929
14,510	169,836	(1,126)	168,710
33,757	434,508	--	434,508
300,908	4,813,328	(113,336)	4,699,992
92,112	557,576	--	557,576
983,474	11,804,647	(225,221)	11,579,426
160,119	7,406,170	(18,155)	7,388,015
197,088	5,478,161	(58,741)	5,419,420
77,578	3,212,050	(1,458,798)	1,753,252
3,930	945,925	(45,270)	900,655
--	--	--	--
1,863,476	34,822,201	(1,920,647)	32,901,554
1,517,545	(5,728,272)	(1,920,647)	(3,807,625)
6,866	6,866	--	6,866
21,584	5,285,084	--	5,285,084
4	(222,496)	--	(222,496)
19,983	34,983	--	34,983
48,437	5,104,437	--	5,104,437
1,565,982	(623,835)	$ (1,920,647)	1,296,812
10,584,480	12,774,297		10,308,074
$ 12,150,462	$ 12,150,462		$ 11,604,886

CITY OF WARNER ROBINS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2011

	Actuarial Valuation Date		
	1/1/2011	1/1/2010	3/1/2009
Actuarial Accrued Liability (AAL) Entry Age (b)	$ 75,413,898	$ 70,574,982	$ 73,629,064
Actuarial Value of Assets Assets (a)	74,997,064	70,630,102	54,466,453
Unfunded AAL (funding excess) (UAAL) (b-a)	$ 416,834	$ (55,120)	$ 19,162,611
Funded Ratio (a/b)	99.4%	100.1%	74.0%
Covered Payroll (c)	$ 17,827,474	$ 17,172,578	$ 16,575,523
UAAL as a Percentage of Covered Payroll ((b-a)/c)	2.3%	-0.3%	115.6%

CITY OF WARNER ROBINS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER'S CONTRIBUTION
OTHER POST EMPLOYMENT BENEFIT
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	6/30/2009	3/1/2008
Actuarial Accrued Liability (AAL) Entry Age (b)	15,001,000	17,590,342
Actuarial Value of Assets Assets (a)	--	--
Unfunded AAL (funding excess) (UAAL) (b-a)	15,001,000	17,590,342
Funded Ratio (a/b)	--	--
Covered Payroll (c)	19,101,543	16,138,268
UAAL as a Percentage of Covered Payroll ((b-a)/c)	78.5%	109.0%

SCHEDULE OF EMPLOYER'S CONTRIBUTION

Fiscal Year Ended	6/30/2011	6/30/2010	6/30/2009
Annual Required Contributions (pay as you go)	1,822,000	1,822,000	1,923,983
Actual Contributions	677,467	455,724	539,548
Percentage Contributed	37.18%	25.01%	28.04%

CITY OF WARNER ROBINS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds				
	Bureau of Civic Affairs	Hotel - Motel Tourism Allocation Board	Motor Vehicle Rental Tax	Community Development	Law Enforcement
ASSETS					
Cash and cash equivalents	$ 727,059	$ 41,058	$ --	$ 553,805	$ --
Accounts receivable - net	--	--	14,516	1,134,127	--
Due from other governments	--	--	--	168,906	--
Due from other funds	--	--	--	--	322,367
Real estate held for resale	--	--	--	161,290	--
Total assets	$ 727,059	$ 41,058	$ 14,516	$ 2,018,128	$ 322,367
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued costs	$ 5,694	$ 41,058	$ 14,516	$ --	$ --
Accrued payroll/related expenses	18,692	--	--	--	--
Due to other funds	14,290	--	--	448,688	--
Escrow funds	--	--	--	19,121	--
Total liabilities	38,676	41,058	14,516	467,809	--
FUND BALANCES					
Fund balance - committed	688,383	--	--	1,550,319	322,367
Fund balance - assigned	--	--	--	--	--
Total fund balance	688,383	--	--	1,550,319	322,367
Total liabilities and fund balances	$ 727,059	$ 41,058	$ 14,516	$ 2,018,128	$ 322,367

Special Revenue Funds			Capital Projects Funds				
Recreation	Redevelopment Agency	Subtotal	Splost 2001	Parks and Recreation	Visitor Center	Subtotal	Total Nonmajor Government Funds
$ --	$ 456,064	$ 1,777,986	$ 1,738,005	$ 32,651	$ 282,153	$ 2,052,809	$ 3,830,795
--	14,516	1,163,159	--	--	--	--	1,163,159
--	--	168,906	--	--	--	--	168,906
40,265	14,872	377,504	--	--	--	--	377,504
--	1,273,862	1,435,152	--	--	--	--	1,435,152
$ 40,265	$ 1,759,314	$ 4,922,707	$ 1,738,005	$ 32,651	$ 282,153	$ 2,052,809	$ 6,975,516
$ --	$ 14,840	$ 76,108	$ --	$ --	$ --	$ --	$ 76,108
--	--	18,692	--	--	--	--	18,692
--	--	462,978	--	--	--	--	462,978
--	--	19,121	--	--	--	--	19,121
--	14,840	576,899	--	--	--	--	576,899
40,265	1,744,474	4,345,808	--	--	--	--	4,345,808
--	--	--	1,738,005	32,651	282,153	2,052,809	2,052,809
40,265	1,744,474	4,345,808	1,738,005	32,651	282,153	2,052,809	6,398,617
$ 40,265	$ 1,759,314	$ 4,922,707	$ 1,738,005	$ 32,651	$ 282,153	$ 2,052,809	$ 6,975,516

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				
	Bureau of Civic Affairs	Hotel - Motel Tourism Allocation Board	Motor Vehicle Rental Tax	Community Development	Law Enforcement
REVENUES:					
Other taxes	$ 348,073	$ 1,392,293	$ 152,476	$ --	$ --
Fines and forfeitures	--	--	--	--	69,457
Intergovernmental	3,100	--	--	414,668	--
Other revenue	1,298	--	--	45,476	51
Total revenues	352,471	1,392,293	152,476	460,144	69,508
EXPENDITURES:					
Current:					
Public safety	--	--	--	--	15,390
Recreation	--	--	--	--	--
Civic affairs (city development)	371,615	957,201	--	--	--
Economic development (city development)	--	--	--	536,922	--
Downtown development	--	--	--	--	--
Capital Outlay	--	--	--	--	--
Total expenditures	371,615	957,201	--	536,922	15,390
Excess of revenue over (under) expenditures	(19,144)	435,092	152,476	(76,778)	54,118
OTHER FINANCING SOURCES (USES):					
Transfer in	54,996	--	--	--	--
Transfer out	--	(435,092)	(152,476)	--	--
Total other financing sources (uses)	54,996	(435,092)	(152,476)	--	--
Excess of revenues and other sources over (under) expenditures and other uses	35,852	--	--	(76,778)	54,118
FUND BALANCES, Beginning	652,531	--	--	1,627,097	268,249
FUND BALANCES, Ending	$ 688,383	$ --	$ --	$ 1,550,319	$ 322,367

Special Revenue Funds			Capital Projects Funds				
Recreation	Redevelopment Agency	Subtotal	Splost 2001	Parks and Recreation	Visitor Center	Subtotal	Total Nonmajor Government Funds
$ --	$ --	$ 1,892,842	$ --	$ 87,018	$ 261,055	$ 348,073	$ 2,240,915
--	--	69,457	--	--	--	--	69,457
--	29,655	447,423	--	--	--	--	447,423
102,708	34,708	184,241	3,312	56	176	3,544	187,785
102,708	64,363	2,593,963	3,312	87,074	261,231	351,617	2,945,580
--	--	15,390	--	--	--	--	15,390
126,729	--	126,729	--	61,397	--	61,397	188,126
--	--	1,328,816	--	--	--	--	1,328,816
--	--	536,922	--	--	--	--	536,922
--	259,043	259,043	--	--	--	--	259,043
--	--	--	471,770	--	--	471,770	471,770
126,729	259,043	2,266,900	471,770	61,397	--	533,167	2,800,067
(24,021)	(194,680)	327,063	(468,458)	25,677	261,231	(181,550)	145,513
--	152,476	207,472	--	--	--	--	207,472
--	--	(587,568)	--	--	--	--	(587,568)
--	152,476	(380,096)	--	--	--	--	(380,096)
(24,021)	(42,204)	(53,033)	(468,458)	25,677	261,231	(181,550)	(234,583)
64,286	1,786,678	4,398,841	2,206,463	6,974	20,922	2,234,359	6,633,200
$ 40,265	$ 1,744,474	$ 4,345,808	$ 1,738,005	$ 32,651	$ 282,153	$ 2,052,809	$ 6,398,617

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUREAU OF CIVIC AFFAIRS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Hotel/Motel tax	$ 330,800	$ 330,800	$ 348,073	$ 17,273
Other revenue:				
Grant income - local assistance	3,100	3,100	3,100	--
Interest	1,500	1,500	1,298	(202)
Total revenues	335,400	335,400	352,471	17,071
EXPENDITURES -				
Current -				
Civic affairs	388,282	516,142	371,615	144,527
Total expenditures	388,282	516,142	371,615	144,527
Excess of revenues over (under) expenditures	(52,882)	(180,742)	(19,144)	161,598
OTHER FINANCING SOURCES -				
Transfer in	55,000	55,000	54,996	(4)
Total other financing sources	55,000	55,000	54,996	(4)
Excess of revenues and other sources over (under) expenditures	2,118	(125,742)	35,852	$ 161,594
FUND BALANCE ALLOCATION	(2,118)	125,742		
FUND BALANCE, Beginning	$ --	$ --	652,531	
FUND BALANCE, Ending			$ 688,383	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL - MOTEL TOURISM ALLOCATION BOARD FUND (TAB)
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Hotel/Motel tax	$ 1,323,200	$ 1,392,293	$ 1,392,293	$ --
Total revenues	1,323,200	1,392,293	1,392,293	--
EXPENDITURES -				
Current -				
Civic affairs	909,700	957,201	957,201	--
Total expenditures	909,700	957,201	957,201	--
Excess of revenues over expenditures	413,500	435,092	435,092	--
OTHER FINANCING USES -				
Transfer out	(413,500)	(435,092)	(435,092)	--
Total other financing uses	(413,500)	(435,092)	(435,092)	--
Excess of revenues over (under) expenditures and other uses	$ --	$ --	--	$ --
FUND BALANCES, Beginning			--	
FUND BALANCES, Ending			$ --	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR VEHICLE RENTAL TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Motor vehicle rental tax	$ 116,000	$ 152,476	$ 152,476	$ --
Total revenues	116,000	152,476	152,476	--
EXPENDITURES -				
Current -				
Downtown development	--	--	--	--
Total expenditures	--	--	--	--
Excess of revenues over expenditures	116,000	152,476	152,476	--
OTHER FINANCING USES -				
Transfer out	(116,000)	(152,476)	(152,476)	--
Total other financing uses	(116,000)	(152,476)	(152,476)	--
Excess of revenues over (under) expenditures and other uses	$ --	$ --	--	$ --
FUND BALANCES, Beginning			--	
FUND BALANCES, Ending			$ --	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental -				
Grants - federal - CDBG	$ 610,511	$ 653,929	$ 414,668	$ (239,261)
Other revenue -				
Program income	81,535	38,117	45,476	7,359
Total revenues	692,046	692,046	460,144	(231,902)
EXPENDITURES -				
Economic development:				
Administration	136,492	136,492	161,577	(25,085)
Disposition	9,696	9,696	4,969	4,727
Housing	195,182	195,182	159,598	35,584
Public services	135,945	135,945	115,847	20,098
Public facility	50,000	50,000	25,516	24,484
Code enforcement	48,340	48,340	36,118	12,222
Clearance	116,391	116,391	33,297	83,094
Total expenditures	692,046	692,046	536,922	155,124
Excess of revenues over (under) expenditures	$ --	$ --	(76,778)	$ (76,778)
FUND BALANCE, Beginning			1,627,097	
FUND BALANCES, Ending			$ 1,550,319	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Fines and forfeitures:				
Condemnation	$ 49,000	$ 49,900	$ 69,457	$ 19,557
Interest and miscellaneous	1,000	100	51	(49)
Total revenues	50,000	50,000	69,508	19,508
EXPENDITURES -				
Current -				
Public safety	50,000	50,000	15,390	34,610
Total expenditures	50,000	50,000	15,390	34,610
Excess of revenues over (under) expenditures	$ --	$ --	54,118	$ 54,118
FUND BALANCES, Beginning			268,249	
FUND BALANCES, Ending			$ 322,367	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other revenue -				
Recreation fee	$ 85,000	$ 102,708	$ 102,708	$ --
Total revenues	85,000	102,708	102,708	--
EXPENDITURES -				
Current -				
Recreation	85,000	126,729	126,729	--
Total expenditures	85,000	126,729	126,729	--
Excess of revenues over (under) expenditures	$ --	$ (24,021)	(24,021)	$ --
FUND BALANCE ALLOCATION	--	24,021		
FUND BALANCES, Beginning	$ --	$ --	64,286	
FUND BALANCES, Ending			$ 40,265	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	$ --	$ 29,655	$ 29,655	$ --
Other revenue:				
Other	34,200	34,200	34,260	60
Interest	649	649	448	(201)
Total revenues	34,849	64,504	64,363	(141)
EXPENDITURES -				
Current -				
Economic development	150,849	536,882	259,043	277,839
Total expenditures	150,849	536,882	259,043	277,839
Excess of revenues under expenditures	(116,000)	(472,378)	(194,680)	277,698
OTHER FINANCING SOURCES -				
Transfer in	116,000	116,000	152,476	36,476
Total other financing sources	116,000	116,000	152,476	36,476
Excess of revenues and other sources over (under) expenditures	--	(356,378)	(42,204)	$ 314,174
FUND BALANCE ALLOCATION	--	356,378		
FUND BALANCE, Beginning	$ --	$ --	1,786,678	
FUND BALANCE, Ending			$ 1,744,474	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPLOST 2001
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Prior Years	Current Year	Total to Date	Revised Projected Costs
REVENUES -				
Other revenue:				
Special purpose local option sales tax	$ 12,763,226	$ --	$ 12,763,226	$ 12,763,226
Interest	332,944	3,312	336,256	336,256
Total revenues	13,096,170	3,312	13,099,482	13,099,482
EXPENDITURES -				
Capital outlay:				
Road construction/reconstruction	1,112,452	--	1,112,452	2,850,439
Drainage construction	313,273	288,421	601,694	601,710
Sidewalk construction	991,516	8,482	999,998	1,000,000
Street resurfacing	8,472,466	174,867	8,647,333	8,647,333
Total expenditures	10,889,707	471,770	11,361,477	13,099,482
Excess of revenues over (under) expenditures	$ 2,206,463	(468,458)	$ 1,738,005	$ --
FUND BALANCES, Beginning		2,206,463		
FUND BALANCES, Ending		$ 1,738,005		

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS AND RECREATION CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Other taxes -				
Hotel/Motel tax	$ 82,700	$ 82,700	$ 87,018	$ 4,318
Other revenue -				
Interest	--	--	56	56
Total revenues	82,700	82,700	87,074	4,374
EXPENDITURES -				
Current -				
Recreation:				
Buildings/improvements	--	44,000	45,897	(1,897)
Swimming pool equipment	8,000	38,700	15,500	23,200
Playgroud equipment	74,700	--	--	--
Total expenditures	82,700	82,700	61,397	21,303
Excess of revenues over (under) expenditures	$ --	$ --	25,677	$ 25,677
FUND BALANCES, Beginning			6,974	
FUND BALANCES, Ending			$ 32,651	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VISITOR CENTER CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Other taxes -				
Hotel/Motel tax	$ 248,100	$ 248,100	$ 261,055	$ 12,955
Other revenue -				
Interest	--	--	176	176
Total revenues	248,100	248,100	261,231	13,131
EXPENDITURES -				
Capital outlay -				
Building/improvements	248,100	248,100	--	248,100
Total expenditures	248,100	248,100	--	248,100
Excess of revenues over (under) expenditures	$ --	$ --	261,231	$ 261,231
FUND BALANCES, Beginning			20,922	
FUND BALANCES, Ending			$ 282,153	

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ --	$ 681,556	$ 681,556
Accounts receivable, net	99	240,489	240,588
Due from other funds	17,433	87,795	105,228
Prepaid items	4,208	--	4,208
Total current assets	21,740	1,009,840	1,031,580
NONCURRENT ASSETS:			
Unamortized bond expense, net	4,155	--	4,155
Land and other non depreciable assets	1,557,363	21,294	1,578,657
Capital assets, net of accumulated depreciation	197,318	3,084,914	3,282,232
Total non current assets	1,758,836	3,106,208	4,865,044
Total assets	$ 1,780,576	$ 4,116,048	$ 5,896,624

	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
	Business-type Activities - Enterprise Funds		
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	$ 1,794	$ 106,907	$ 108,701
Accrued payroll/related liabilities	15,011	30,453	45,464
Due to other funds	175,514	154,184	329,698
Compensated absences	10,906	4,200	15,106
Capital lease payable	14,450	--	14,450
Accrued interest	1,707	--	1,707
Bonds, notes, and loans payable	117,000	--	117,000
Total current liabilities	336,382	295,744	632,126
NON CURRENT LIABILITIES:			
Due to other funds - advance payable	100,000	--	100,000
OPEB Liability	42,589	108,786	151,375
Total non current liabilities	142,589	108,786	251,375
Total liabilities	478,971	404,530	883,501
NET ASSETS:			
Invested in capital assets, net of related debt	1,621,524	3,106,208	4,727,732
Unrestricted	(319,919)	605,310	285,391
Total net assets	1,301,605	3,711,518	5,013,123
Total liabilities and net assets	$ 1,780,576	$ 4,116,048	$ 5,896,624

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
OPERATING REVENUES:			
Charges for services	$ 273,763	$ 2,409,233	$ 2,682,996
Penalties and cut-on fees	--	35,319	35,319
Miscellaneous	19,282	15,149	34,431
Total operating revenues	293,045	2,459,701	2,752,746
OPERATING EXPENSES:			
Personnel services	270,628	1,308,148	1,578,776
Operating expenses	17,711	486,718	504,429
Repairs and maintenance	20,470	220,478	240,948
Supplies	73,571	5,466	79,037
Bad debt expense	--	20,222	20,222
Depreciation	36,244	41,882	78,126
Total operating expenses	418,624	2,082,914	2,501,538
OPERATING INCOME (LOSS)	(125,579)	376,787	251,208
NON-OPERATING REVENUES (EXPENSES):			
Interest expense and fees	(6,369)	--	(6,369)
Amortization of bond expense	(8,309)	--	(8,309)
Total non-operating expenses, net	(14,678)	--	(14,678)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(140,257)	376,787	236,530
CAPITAL CONTRIBUTIONS			
Capital contribution-developers	--	1,623,996	1,623,996
INCOME (LOSS) BEFORE TRANSFERS	(140,257)	2,000,783	1,860,526
TRANSFERS IN	167,500	--	167,500
CHANGE IN NET ASSETS	27,243	2,000,783	2,028,026
NET ASSETS, Beginning	1,274,362	1,710,735	2,985,097
NET ASSETS, Ending	$ 1,301,605	$ 3,711,518	$ 5,013,123

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 293,059	$ 2,383,806	$ 2,676,865
Cash paid to suppliers for goods and services	(45,351)	(186,520)	(231,871)
Cash paid to employees for services	(254,705)	(1,521,167)	(1,775,872)
Net cash provided (used) by operating activities	(6,997)	676,119	669,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	167,500	--	167,500
Net cash provided by noncapital financing activities	167,500	--	167,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments:			
Bonds, notes, and loans payable	(115,000)	--	(115,000)
Capital leases	(23,931)	--	(23,931)
Acquisition and construction of capital assets	(13,545)	(2,257,224)	(2,270,769)
Capital contribution-developers	--	1,623,996	1,623,996
Interest and fees paid on bonds payable and notes payable	(8,027)	--	(8,027)
Net cash used for capital and related financing activities	(160,503)	(633,228)	(793,731)
NET INCREASE IN CASH	--	42,891	42,891
CASH, Beginning	--	638,665	638,665
CASH, Ending	$ --	$ 681,556	$ 681,556

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:			
Cash, beginning			
Current	$ --	$ 638,665	$ 638,665
Total	--	638,665	638,665
Net increase			
Current	--	42,891	42,891
Total	--	42,891	42,891
Cash, ending			
Current	--	681,556	681,556
Total	$ --	$ 681,556	$ 681,556
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (125,579)	$ 376,787	$ 251,208
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	36,244	41,882	78,126
Decrease (increase) in assets:			
Accounts receivable	14	(55,673)	(55,659)
Due from other governments	(8,396)	(25)	(8,421)
Prepaid items	46	--	46
Increase (decrease) in liabilities:			
Accounts payable / accrued expenses	2,482	121,983	124,465
Due to other funds	74,866	154,184	229,050
OPEB liability	12,344	36,981	49,325
Compensated absences payable	982	--	982
Total adjustments	118,582	299,332	417,914
Net cash provided (used) by operating activities	$ (6,997)	$ 676,119	$ 669,122

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011

ASSETS	Worker's Compensation	Group Health Insurance	Total
CURRENT ASSETS			
Cash	$ 1,533,061	$ 678,305	$ 2,211,366
Due from other funds	37,878	180,743	218,621
Prepaid items	76,002	--	76,002
Total assets	$ 1,646,941	$ 859,048	$ 2,505,989
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable/accrued expenses	$ 80,210	$ 443,994	$ 524,204
Due to other funds	690,995	714,913	1,405,908
Total current liabilities	771,205	1,158,907	1,930,112
NET ASSETS			
Unrestricted	875,736	(299,859)	575,877
Total liabilities and net assets	$ 1,646,941	$ 859,048	$ 2,505,989

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Worker's Compensation	Group Health Insurance	Total
OPERATING REVENUES -			
Charges for services	$ 536,577	$ 7,594,369	$ 8,130,946
Total operating revenues	536,577	7,594,369	8,130,946
OPERATING EXPENSES -			
Operating expenses	515,680	7,710,141	8,225,821
Total operating expenses	515,680	7,710,141	8,225,821
OPERATING INCOME (LOSS)	20,897	(115,772)	(94,875)
NON-OPERATING REVENUES -			
Interest earned	2,051	875	2,926
Total non-operating revenues, net	2,051	875	2,926
CHANGE IN NET ASSETS	22,948	(114,897)	(91,949)
NET ASSETS, Beginning	852,788	(184,962)	667,826
NET ASSETS, Ending	$ 875,736	$ (299,859)	$ 575,877

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Worker's Compensation	Group Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 32,055	$ 287,133	$ 319,188
Cash paid to suppliers for goods and services	(578,446)	(7,757,415)	(8,335,861)
Cash received from other funds for goods and services	504,522	7,300,476	7,804,998
Cash received for claims reimbursements	--	6,760	6,760
Net cash used by operating activities	(41,869)	(163,046)	(204,915)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -			
Due from other funds, net	366,370	108,379	474,749
Net cash provided by noncapital financing activities	366,370	108,379	474,749
CASH FLOWS FROM INVESTING ACTIVITIES -			
Interest income on investments	2,051	875	2,926
Net cash provided by investing activities	2,051	875	2,926
NET INCREASE (DECREASE) IN CASH	326,552	(53,792)	272,760
CASH, Beginning	1,206,509	732,097	1,938,606
CASH, Ending	$ 1,533,061	$ 678,305	$ 2,211,366

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

	Worker's Compensation	Group Health Insurance	Total
Operating income (loss)	$ 20,897	$ (115,772)	$ (94,875)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Changes in assets and liabilities:			
Decrease (increase) in prepaid items	(19,020)	--	(19,020)
(Decrease) increase in accounts payable/ accrued expenses	(43,746)	(47,274)	(91,020)
Total adjustments	(62,766)	(47,274)	(110,040)
Net cash provided (used) by operating activities	$ (41,869)	$ (163,046)	$ (204,915)

CITY OF WARNER ROBINS, GEORGIA
WATER AND SEWER SYSTEM
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - RESTRICTED ASSETS
REQUIRED BY REVENUE BOND ORDINANCE
FOR THE YEAR ENDED JUNE 30, 2011

WATER & SEWER BONDS SERIES 2002	INTEREST AND SINKING	DEBT SERVICE RESERVE	RENEWAL AND EXTENSION	TOTAL
CASH BALANCE				
June 30, 2010	$ 1,261,922	$ 368,596	$ --	$ 1,630,518
RECEIPTS				
Transfer from revenue fund	1,312,701	--	--	1,312,701
Interest earned	27	--	892	919
Transfer from 2002 renewal and extension	892	4	--	896
Total receipts	1,313,620	4	892	1,314,516
DISBURSEMENTS				
Principal and interest	1,295,632	--	--	1,295,632
Transfer to interest and sinking	--	--	892	892
Total disbursements	1,295,632	--	892	1,296,524
CASH BALANCE				
June 30, 2011	1,279,910	368,600	--	1,648,510
INVESTMENTS	--	--	500,000	500,000
TOTAL FUNDS ON HAND	$ 1,279,910	$ 368,600	$ 500,000	$ 2,148,510
REQUIRED BALANCE	$ 1,275,000	$ --	$ 500,000	

CITY OF WARNER ROBINS, GEORGIA
WATER AND SEWER SYSTEM
SCHEDULE OF BONDS PAYABLE WITH INTEREST
WATER AND SEWER REVENUE BONDS
FOR THE YEAR ENDED JUNE 30, 2011

SERIES 2002

YEAR OF MATURITY	BONDS OUTSTANDING	INTEREST RATE	ACCRUED INTEREST
2011	$ 1,215,000	4.00	$ 24,300
2012	1,250,000	4.00	25,000
	$ 2,465,000		$ 49,300

The above bonds bear interest as shown and are payable semiannually, January 1 and July 1 of each year. Accrued interest represents six months at June 30, 2011. The bonds mature July 1 of the year shown.

CITY OF WARNER ROBINS, GEORGIA
INTERNATIONAL CITY GOLF COURSE
SCHEDULE OF BONDS PAYABLE WITH INTEREST
MUNICIPAL GOLF COURSE REVENUE BONDS
FOR THE YEAR ENDED JUNE 30, 2011

SERIES 2003

YEAR OF MATURITY	BONDS OUTSTANDING	INTEREST RATE	ACCRUED INTEREST
2012	$ 117,000	2.95	$ 1,707
	$ 117,000		$ 1,707

The above bonds bear interest as shown and are payable semiannually, January 1 and July 1 of each year. Accrued interest represents six months at June 30, 2011. The bonds mature January 1 of the year shown.

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
JUNE 30, 2011

SCHEDULE OF STATE AWARDS EXPENDED

State Program Name		Contract Number	Revenue Received	Expenditures	Amount Due From State
Ga Dept. of Transportation					
WRATS	(1)	PL-000-0009-00(246)	$ 44,774	$ --	$ --
WRATS	(1)	PL-000-0009-00(669)	46,391	78,692	32,301
Total Dept. of Transportation			91,165	78,692	32,301
Total state and pass through grant			$ 91,165	$ 78,692	$ 32,301

(1) includes Federal pass through

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

PROJECTS	Original Estimated Cost	Revised Cost	EXPENDITURES Prior Year	Current Year	Total	Estimated Percentage of Completion Total
2006 Referendum - capital outlay:						
Road, street and sidewalk	$ 5,515,000	$ 5,515,000	$ 1,589,617	$ 851,607	$ 2,441,224	44.27%
Public safety facilities	6,000,000	6,150,000	1,008,047	767,858	1,775,905	28.88%
Water and sewer system	4,000,000	4,000,000	277,817	136,474	414,291	10.36%
	$ 15,515,000	$ 15,665,000	$ 2,875,481	$ 1,755,939	$ 4,631,420	

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

PROJECTS	Original Estimated Cost Cost	Revised Cost	EXPENDITURES Prior Year	Current Year	Total	Estimated Percentage of Completion Total
2001 Referendum - capital outlay:						
Road construction / reconstruction	$ 1,950,000	$ 2,850,439	$ 1,112,452	$ --	$ 1,112,452	39.03%
Drainage construction	565,000	601,710	313,273	288,421	601,694	100.00%
Sidewalk construction	1,000,000	1,000,000	991,516	8,482	999,998	100.00%
Streets resurfacing	8,598,750	8,647,333	8,472,466	174,867	8,647,333	100.00%
	$ 12,113,750	$ 13,099,482	$ 10,889,707	$ 471,770	$ 11,361,477	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
JUNE 30, 2011

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR VEHICLE RENTAL TAX FUND

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Motor vehicle rental tax	$ 116,000	$ 152,476	$ 152,476	$ --
Total revenues	116,000	152,476	152,476	--
EXPENDITURES -				
Current -	--	--	--	--
Total expenditures	--	--	--	--
Excess of revenues over expenditures	116,000	152,476	152,476	--
OTHER FINANCING (USES) -				
Transfer out	(116,000)	(152,476)	(152,476)	--
Total other financing uses	(116,000)	(152,476)	(152,476)	--
Excess of revenues over (under) expenditures and other uses	$ --	$ --	--	$ --
FUND BALANCES, Beginning			--	
FUND BALANCES, Ending			$ --	

SCHEDULE OF HOTEL/MOTEL TAX REPORT

		8%
Amount of tax collected	$ 1,392,293	100.00%
Amount expended to promote tourism (General Fund)	$ 435,092	31.25%
Amount expended to support the Museum of Aviation	$ 261,055	18.75%
Amount expended for city promotion (Bureau of Civic Affairs)	$ 348,073	25.00%
Amount expended for a visitor center (Bureau of Civic Affairs)	$ 261,055	18.75%
Amount expended for recreation capital project (Parks and Recreation)	$ 87,018	6.25%

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400 Corder Road
Warner Robins, Georgia 31088
478-929-3888
FAX 478-923-7896

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

To the Mayor and City Council
City of Warner Robins
Warner Robins, Georgia

We have audited the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warner Robins, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Warner Robins, Georgia's basic financial statements, and have issued our report thereon dated February 27, 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

In planning and performing our audit, we considered the City of Warner Robins, 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 Warner Robins, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, Items 96-01, 10-01 and 11-01. 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.

The City of Warner Robins, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Warner Robins, Georgia's response and, accordingly, we express no opinion on it.

<u>Compliance and Other Matters</u>
As part of obtaining reasonable assurance about whether the City of Warner Robins, 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*.

We noted certain matters that we reported to management of the City of Warner Robins in a separate letter dated February 27, 2012.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the Organization, 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.

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia

February 27, 2012

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Federal Program Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant:		
Entitlement Grant	14.218	$ 492,432
"ARRA" Entitlement Grant	14.253R	44,490
Total U.S. Dept. of Housing and Urban Development		536,922
U.S. DEPARTMENT OF JUSTICE		
	16.580	
Police Bullet Proof Vests	212098	11,781
JAG Equipment	2007-DJ-BX-0364	9,302
Project Safe Neighborhood	M10-8-003	15,461
Total U.S. Department of Justice		36,544
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Highway Administration		
Passed Through Georgia Department of Transportation	20.205	
WRATS	PL-0009-00-669	78,692
Total U.S. Department of Transportation		78,692
U. S. DEPARTMENT OF HOMELAND SECURITY		
Federal Emergency Management Agency	97.044	
Assistance to Firefighters Grant	EMW-2006-FF-03635	60,165
Total U. S. Department of Homeland Security		60,165
U. S. DEPARTMENT OF ENERGY		
Energy Efficiency and Conservation Block Grant	81.128	17,940
Total U. S. Department of Energy	DE-SC0002172	17,940
Total Expenditures of Federal Awards		$ 730,263

See Notes to Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Warner Robins provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount
Community Development Block Grant – Entitlement Grant	14.218	$ 163,569

PRIOR FINANCIAL STATEMENT FINDINGS

96-01 Management concurred that Municipal Court records were not reconciled with cash on deposit. The City has taken corrective action to strengthen internal controls including the installation of a computer software program that enables Municipal Court personnel to better manage the flow of court cases; completion of training of Municipal Court personnel on the use of the new software; and counseling of Municipal Court personnel on the importance of reconciling all open cases to cash on deposit. Processing of open cases and cash bonds with cash deposits appears to be functioning properly. The processing of the backlog of old open cases are continuing. Management has formulated a course of action to clear the backlog of old open cases in the current fiscal year. This is a repeat finding reported on in prior years.

2010-01 Management concurred that IT System general controls such as proper back-up of shared files, formal disaster recovery plans, contingency and business continuity plans, and user access controls and rights policies need to formalized, independently tested, and followed. The City has taken corrective action to strengthen these controls by purchasing software to perform daily back-ups of shared files and has started performing these back-ups daily. The City has also begun to document disaster recovery plans as well as contingency and business continuity plans, but these are not formalized. User access controls and rights are formalized as part of the AS400 system used by the City. Independent testing of these new controls has not been performed.

PRIOR FEDERAL AWARDS FINDINGS

None

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
City of Warner Robins
Warner Robins, Georgia

Compliance
We have audited the City of Warner Robins, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Warner Robins, Georgia's major federal programs for the year ended June 30, 2011. The City of Warner Robins, Georgia's major federal programs are identified in the summary of auditor's results sections 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 Warner Robins, Georgia's management. Our responsibility is to express an opinion on the City of Warner Robins, Georgia's compliance based on our audit.

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

In our opinion, the City of Warner Robins, Georgia complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance
Management of the City of Warner Robins, 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 Warner Robins, Georgia's internal control over compliance with the 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 City of Warner Robins, Georgia's internal control over compliance

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A 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 would not necessary identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Warner Robins, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Warner Robins, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the Organization, 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.

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia

February 27, 2012

SECTION I. SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Type of Auditor's Report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified not considered to be a material weakness?	Section II
Noncompliance material to financial statement noted?	No

FEDERAL AWARDS

Internal Control over major programs:	
Material weakness identified?	No
Significant deficiency identified not considered to be material weakness?	None Reported
Type of Auditor's report issued on compliance for major program:	Unqualified
Any audit finding disclosed that is required to be reported in Accordance with OMB Circular A-133, Section .510(A)?	No

Identification of major programs:

CFDA Number:	14.218
Name of Federal Program:	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs?	$300,000
Auditee qualified as low risk auditee?	Yes

SECTION II. FINANCIAL STATEMENT FINDINGS

96-01: Criteria — Internal Control Structure should provide reasonable assurance that cash on deposit be reconciled with Municipal Court records. This is a repeat finding reported on in prior years.

Condition	In our review of Municipal Court records, we determined that efforts were made by the court personnel to reconcile the cash on deposit in the Municipal Court bank account with the open cases; however, they remained unreconciled at June 30, 2011.
Context	The Municipal Court could not provide a reconciliation of cash and open cases.
Effect	Funds on deposit in the Municipal Court account may be in excess of the open cases. Any excess should be remitted to the City.
Cause	Because of the high volume of cases and limited staff, cases have not been reconciled.
Recommendation	Policies and procedures should be implemented to correct this deficiency.
Views of Responsible Officials and Planned Corrective Action	*Management concurs with finding and is in the process of reconciling cash with the open cases.*

2010-01: Criteria	IT System general controls such as formal disaster recovery plans, contingency and business continuity plans, and user access controls and rights policies need to be formalized, independently tested, and followed. This is a repeat finding reported in the prior year.
Condition	Important financial data could be destroyed or lost causing disruption of the operations of the City, and improper assess rights could allow improprieties to occur and not be detected.
Context	A formal IT disaster recovery plan does not exist, although the City has begun to document disaster recovery plans. Contingency and business continuity plans have also begun to be developed, but are not formalized. Independent testing of these areas has not been performed.
Effect	Critical data could be lost. Fraud or other improprieties are more likely to occur if access rights are incorrectly obtained or granted. Business operations could be significantly and negatively impacted.

	Cause	The City has experienced periods of rapid growth and operations have become more complex and the City has not fully responded to this change.
	Recommendation	Continue to develop an access rights policy, a formal disaster recovery plan, a formal contingency and business continuity plan, and develop policies, procedures, and monitor controls over user rights and access. Independent testing of all these areas.
	Views of Responsible Officials and Planned Corrective Action	*Management concurs with finding and is in the process of updating its procedures and controls for user access, disaster recovery and contingency and continuity.*
2011-01:	Criteria	Amounts recorded as capital assets should include all capital assets of the City.
	Condition	The City's construction in progress and capital outlay accounts did not include amounts for projects being administered by the County.
	Context	The County supervised the construction of capital projects, and these costs were capitalized by the County incorrectly. These costs should have been capitalized by the City. However, historically there has not been a formal communication process in place between the City and County to manage and account for the County administered projects.
	Effect	Audit adjustments were required to increase capital outlay expenditures by $3,442,526 and increase accumulated depreciation by $314,426. In addition a prior period adjustment increasing capital outlay expenditures by $14,032,748 was required for prior year capital outlay expenditures.
	Cause	The County supervised the construction of the capital projects. These costs were incorrectly capitalized by the County and not passed on to the City for capitalization.
	Recommendation	We recommend the City monitor and formalize a communication process with the County to ensure the City capitalizes all construction projects that represent capital assets of the City.

Views of Responsible Officials and Planned Corrective Action

Management concurs with finding and will capitalize all construction projects that represent capital assets of the City in the future. Management will also formalize a communication process with the County to ensure the City capitalizes all construction projects that are administered by the County.

SECTION III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported