CITY OF ALBANY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:

Kris Newton
Director of Finance

CITY OF ALBANY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

City of Albany

Post Office Box 447

Albany, Georgia

31702-0447

December 26, 2011

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albany, Georgia (the "City") for the fiscal year ended June 30, 2011. The Finance Department is responsible for preparing this report. Management is responsible for the content of the report, accuracy of the presented data, and completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material respects. This belief is based on a comprehensive system of internal controls for this purpose. The objective is to provide reasonable, rather that absolute, assurance that the financial statements are free of any material misstatements. Therefore, it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified opinion on the City of Albany's financial statements for the fiscal year ending June 30, 2011. The independent auditor's report is located at the beginning of the financial section of this report.

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

PROFILE OF GOVERNMENT

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City of Albany is the county seat of Dougherty County and serves as the distribution, retail and wholesale trade, communication, and medical center for southwest Georgia, a seven county area. In October 2005, Dougherty County was designated as "Entrepreneur Friendly Community" by the State of Georgia.

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

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

The State of Georgia and several local governments have had to eliminate positions during FY 2011 due to continuing budget difficulties. The City of Albany did not eliminate positions nor enact any furloughs in FY 2011. This is due to stringent budget controls and continuous financial monitoring,

For higher education, Albany has two hometown colleges, a progressive technical college, and a job corps center. Albany State University is a senior unit of the University System of Georgia. With more than 40 major fields of study, the university offers undergraduate and graduate degree programs. The University maintains flexible scheduling for the growing number of non-traditional students. Darton College is a two-year unit of University System of Georgia. Students can pursue over 70 two-year transfer and career associate degrees. Albany Technical College is a unit of the Georgia Department of Technical and Adult Education. Turner Job Corps Center also serves the Albany area as a fully accredited Vocational Education Institute, providing high quality academic and vocational training programs to prepare students (ages 16 – 24) to take their places in today's technical work force. Turner has over 20 vocational trades from which the 930-member student body may choose. The city is also served by 16 public elementary schools, 10 public secondary schools, 1 public alternative school and number of private schools. [2]

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[2] Albany Chamber of Commerce, from www.albanyga.com

FIVE-YEAR STRATEGIC AND FINANCIAL PLAN

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

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

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

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

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

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

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

Special Purpose Local Option Sales Tax V - The City of Albany and Dougherty County entered into an intergovernmental sales tax agreement and in November 2004, voters approved the referendum to continue the 1% Special Purpose Local Option Sales Tax (SPLOST). The amount to be collected from the sales and use tax between April 1, 2005 and March 31, 2011 is estimated to be $108 million. Sixty-two percent, or $65.87 million, of those funds is to be used for City administered projects and non-profit organizations. The City of Albany projects to be funded through SPLOST V include: $5.5 million Civic Center debt retirement, $2.56 million Civic

Center infrastructure improvements, $1.7 million Airport improvement, $6.8 million upgrade to the 800 MHz radio and tower, $6.81 million for road improvements, $4.65 million Public Safety equipment and training facility, $3.14 million for the Recreation Master Plan and facility renovations, $1.75 million traffic improvements and GIS aerial photography, and disparity study for $350,000. Also included are projects for community organizations and other capital purchases and improvements: $2 million to the Chehaw Wild Animal Park Authority, $3.5 million for the Thronateeska Heritage Center improvements, $3.57 million to the Albany Civil Rights Museum, and $8.65 million for Riverfront Park. Most projects for this SPLOST series are complete. Therefore, spending should decrease until the end of this SPLOST series.

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

Total revenue generated for fiscal year 2011 for SPLOST programs was $10.6 million with expenditures totaling $10 million.

FINANCIAL INFORMATION

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

BUDGETARY CONTROL

The City maintains budgetary controls, the objectives of which are to ensure compliance with Georgia law and administrative policy embodied in the annual appropriated budget duly approved by the City Commission in June of each year. Activities of the General Fund, Special Revenue Funds, and Debt Service Fund are included in the annual appropriated budget. Long-range capital projects are included in the formal operating budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve in the Capital Projects Funds, is used to maintain adequate cost controls.

CASH MANAGEMENT

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

OTHER INFORMATION

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

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albany, Georgia for its comprehensive annual financial reports for twenty consecutive fiscal years from 1991 to 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

James L. Taylor
City Manager

Krista M. Newton
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albany Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

President

Executive Director

CITY OF ALBANY, GEORGIA

PRINCIPAL OFFICIALS
JUNE 30, 2011

ELECTED

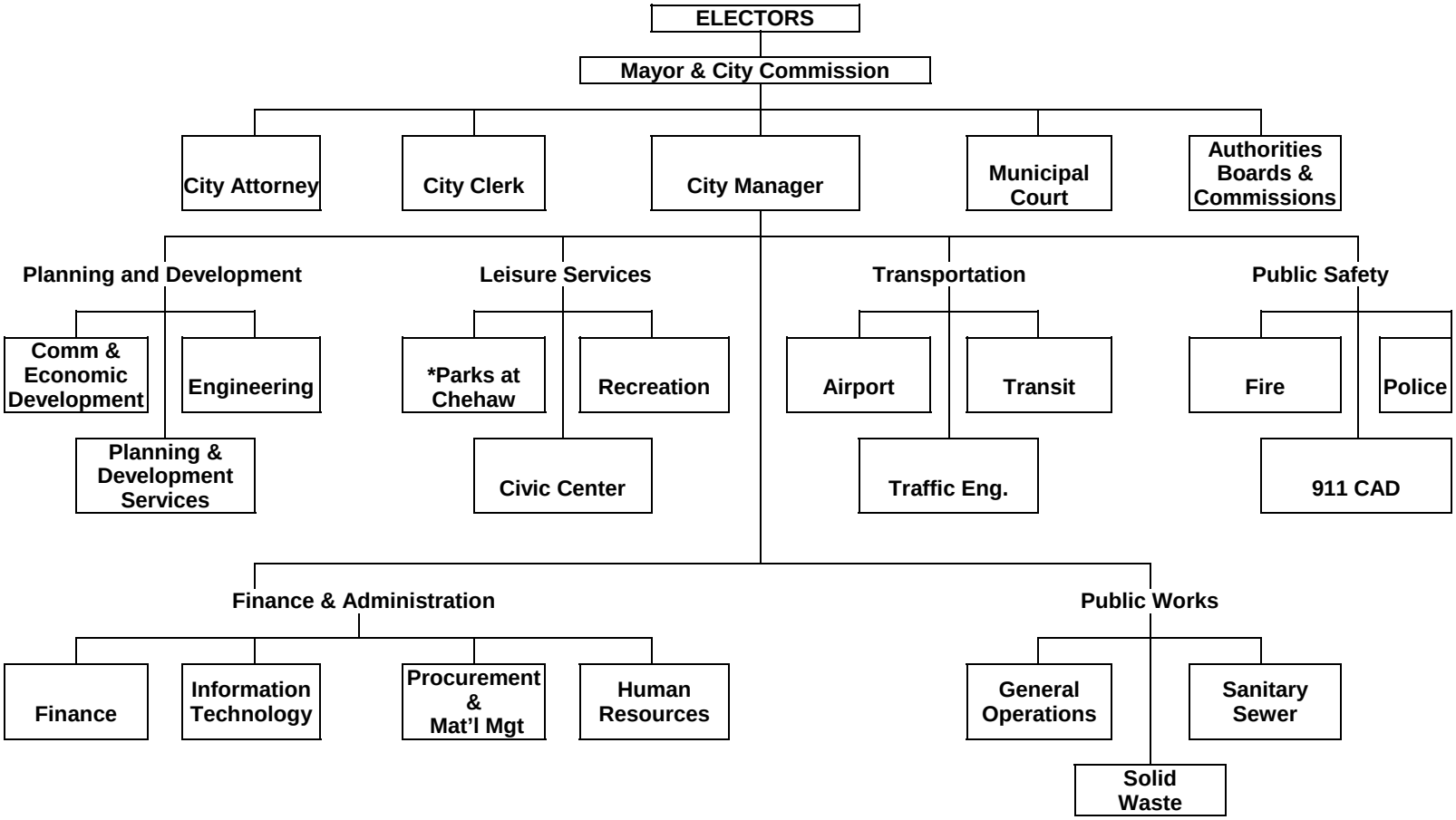
Dr. Willie Adams	**At Large**	**Mayor**
Jon B. Howard	**Ward I**	**Commissioner**
Dorothy Hubbard	**Ward II**	**Commissioner**
Christopher Pike	**Ward III**	**Commissioner**
Roger B. Marietta	**Ward IV**	**Mayor Pro Tem/Commissioner**
Robert B. Langstaff, Jr.	**Ward V**	**Commissioner**
Tommie Postell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

STAFF

James Taylor	**City Manager**
Kris Newton	**Director of Finance**

CITY OF ALBANY, GEORGIA

ORGANIZATION CHART
JUNE 30, 2011



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

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Albany, Georgia**, as of and for the year ended June 30, 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 Albany, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albany, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

300 MULBERRY STREET, SUITE 300 • POST OFFICE BOX 1877 • MACON, GEORGIA 31202-1877 • 478-464-8000 • FAX 478-464-8051 • www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2011 on our consideration of the City of Albany, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 4 through 22 and page 113 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 Albany, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121 and are also not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 26, 2011

CITY OF ALBANY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

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

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

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

FINANCIAL HIGHLIGHTS

Government wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded its liabilities by $267,434,026. Of this amount, $39,992,780 (14.4%) represents unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the net assets of the City's *business-type activities* were $112,841,645. This represented an increase of $4,045,525 (3.7%) over the prior year's net asset balance for business-type activities.
- At the close of the current fiscal year, the net assets of the City's *governmental activities* were $154,592,381. This represented an increase of $7,128,542 (4.8%) over the prior year's net asset balance for governmental activities.

Fund Financial Statements

- The General Fund, the chief operating fund of the City, had a total fund balance of $23,779,121 as of June 30, 2011. Of this amount, $20,112,553 (84.6%) was unassigned.
- The General Fund had revenues of $55,128,894 for the current fiscal year. Of this amount, $13,768,253 (25%) was from property taxes and $8,341,512 (15.1%) was from sales taxes.

Debt Obligations

- Long-term debt obligations from primary governmental activities decreased $5,976,735 (26.7%) from $22,382,995 at June 30, 2010, to $16,406,260 at June 30, 2011.
- Long-term debt obligations from business type activities decreased $6,033,343 (17.4%) from $34,644,426 at June 30, 2010 to $28,611,083 at June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and community development. The business-type activities of the City include sanitary sewer, solid waste, transit, civic center, airport, municipal auditorium, and public employee health plan.

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Other *non-major* governmental funds include: Seven (7) Special Revenue Funds (Hotel/Motel Tax Fund, ARRA Fund, Tax Allocation District Fund, Computer Aided Dispatch, Albany-Dougherty Inner City Authority, Grant Fund, and Gortatowsky Fund); one (1) Debt Service Fund (Debt Service Fund); and one (1) Capital Projects Fund (Public Improvement Fund). Data on these 9 non-major governmental funds is combined into a single, aggregated presentation in the financial statements. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the ninth year that the City of Albany has presented its financial statements under the new reporting model required by GASB Statement No. 34. This reporting model changed significantly both the recording and presentation of financial data. However, under this statement, the City is not required to restate prior periods for the purposes of providing comparative information. A comparative analysis of government-wide information for fiscal years ending June 30, 2010 and June 30, 2011, are included in the MD&A.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $267,434,026 as of June 30, 2011.

As shown on Table 1, the largest portion of the City's net assets, $192.6 million (72%), reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. An additional portion of the City's net assets, $34.9 million (13%), represents resources that are subject to external restrictions on how they may be used. The major restrictions on net assets are funding source restrictions. The remaining balance of total net assets of $40 million (15%) is unrestricted and may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements reflected in the City's fund structure.

At the end of the fiscal year ended June 30, 2011, the City reported positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities.

TABLE 1

City of Albany
Statement of Net Assets - Primary Government

	Governmental Activities		Business-Type Activities		Total	
	FY2011	**FY2010**	**FY2011**	**FY2010**	**FY2011**	**FY2010**
Current and Other Assets	$ 80,305,056	$ 84,571,512	$ 25,277,064	$ 22,291,542	$ 105,582,120	$ 106,863,054
Capital Assets	101,862,305	98,820,085	121,707,459	123,865,865	223,569,764	222,685,950
TOTAL ASSETS	182,167,361	183,391,597	146,984,523	146,157,407	329,151,884	329,549,004
Current and Other Liabilities	10,945,388	22,124,747	8,643,315	5,877,025	19,588,703	28,001,772
Long Term Liabilities	16,629,592	13,803,011	25,499,563	31,484,262	42,129,155	45,287,273
TOTAL LIABILITIES	27,574,980	35,927,758	34,142,878	37,361,287	61,717,858	73,289,045
Net Assets:						
Invested in capital asset, net of related debt	98,535,755	88,743,491	94,042,509	90,125,991	192,578,264	178,869,482
Restricted	25,826,583	13,177,567	9,036,399	5,742,478	34,862,982	18,920,045
Unrestricted	30,230,043	45,542,781	9,762,737	12,927,651	39,992,780	58,470,432
TOTAL NET ASSETS	$ 154,592,381	$ 147,463,839	$ 112,841,645	$ 108,796,120	$ 267,434,026	$ 256,259,959

In Table 1(a), the 2011 Statement of Net Assets is compared to the results for the prior fiscal year. In Table 2(a), the 2010 and 2011 Statement of Activities for the primary government is compared. Revenues increased by $113,988 from 2010 to 2011, the total expenditures for the same periods increased by $2 million.

TABLE 1 (a)

City of Albany

Comparison of Net Assets for Primary Government

Fiscal Years 2010 and 2011

	Total Primary Government FY 2011	Total Primary Government FY 2010	Increase (Decrease)
Current and Other Assets	$ 105,582,120	$ 106,863,054	$ (1,280,934)
Capital Assets	223,569,764	222,685,950	883,814
TOTAL ASSETS	329,151,884	329,549,004	(397,120)
Current and Other Liabilities	19,588,703	28,001,772	(8,413,069)
Long Term Liabilities	42,129,155	45,287,273	(3,158,118)
TOTAL LIABILITIES	61,717,858	73,289,045	(11,571,187)
Net Assets:			
Invested in capital asset, net of related debt:	192,578,264	178,869,482	13,708,782
Restricted	34,862,982	18,920,045	15,942,937
Unrestricted	39,992,780	58,470,432	(18,477,652)
TOTAL NET ASSETS	$ 267,434,026	$ 256,259,959	$ 11,174,067

TABLE 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2011	**FY2010**	**FY2011**	**FY2010**	**FY2011**	**FY2010**
Revenues:						
Program Revenues:						
Charges for Services	$ 7,877,764	$ 8,079,075	$ 39,846,101	$ 37,434,398	$ 47,723,865	$ 45,513,473
Operating Grants and Contributions	22,392,721	21,613,472	1,254,198	1,175,803	23,646,919	22,789,275
Capital Grants and Contributions	15,615,908	14,719,811	-	3,114,877	15,615,908	17,834,688
General Revenues:						
Property taxes	13,789,210	15,324,267	-	-	13,789,210	15,324,267
Sales taxes	8,341,512	8,932,040	-	-	8,341,512	8,932,040
Other taxes	9,443,192	9,402,309	-	-	9,443,192	9,402,309
Investment income	1,009,368	874,098	334,521	71,199	1,343,889	945,297
TOTAL REVENUES	78,469,675	78,945,072	41,434,820	41,796,277	119,904,495	120,741,349
Expenses:						
General government	12,988,647	10,854,334	-	-	12,988,647	10,854,334
Judicial	1,016,422	1,057,836	-	-	1,016,422	1,057,836
Public safety	33,541,721	31,544,927	-	-	33,541,721	31,544,927
Public works	6,981,385	7,393,923	-	-	6,981,385	7,393,923
Parks and recreation	7,031,469	6,684,312	-	-	7,031,469	6,684,312
Community development	5,851,434	7,447,371	-	-	5,851,434	7,447,371
Community service	396,531	398,458	-	-	396,531	398,458
Interest on long-term debt	1,079,261	1,166,548	-	-	1,079,261	1,166,548
Sewer	-	-	12,838,068	14,569,098	12,838,068	14,569,098
Solid waste	-	-	7,963,262	8,092,385	7,963,262	8,092,385
Airport	-	-	2,643,741	2,626,279	2,643,741	2,626,279
Public Employee Deposit	-	-	13,286,117	12,036,183	13,286,117	12,036,183
Transit	-	-	3,034,292	3,092,032	3,034,292	3,092,032
Civic Center	-	-	1,885,466	1,913,705	1,885,466	1,913,705
Municipal Auditorium	-	-	54,971	161,184	54,971	161,184
TOTAL EXPENSES	68,886,870	66,547,709	41,705,917	42,490,866	110,592,787	109,038,575
Increase (Decrease) Before Transfers	9,582,805	12,397,363	(271,097)	(694,589)	9,311,708	11,702,774
Transfers	(4,316,622)	46,962	4,316,622	(46,962)	-	-
CHANGE IN NET ASSETS	5,266,183	12,444,325	4,045,525	(741,551)	9,311,708	11,702,774
Net Assets - Beg Of Year	149,326,198	135,019,514	108,796,120	109,537,671	258,122,318	244,557,185
Net Assets - End Of Year	$ 154,592,381	$ 147,463,839	$ 112,841,645	$ 108,796,120	$ 267,434,026	$ 256,259,959

TABLE 2 (a)

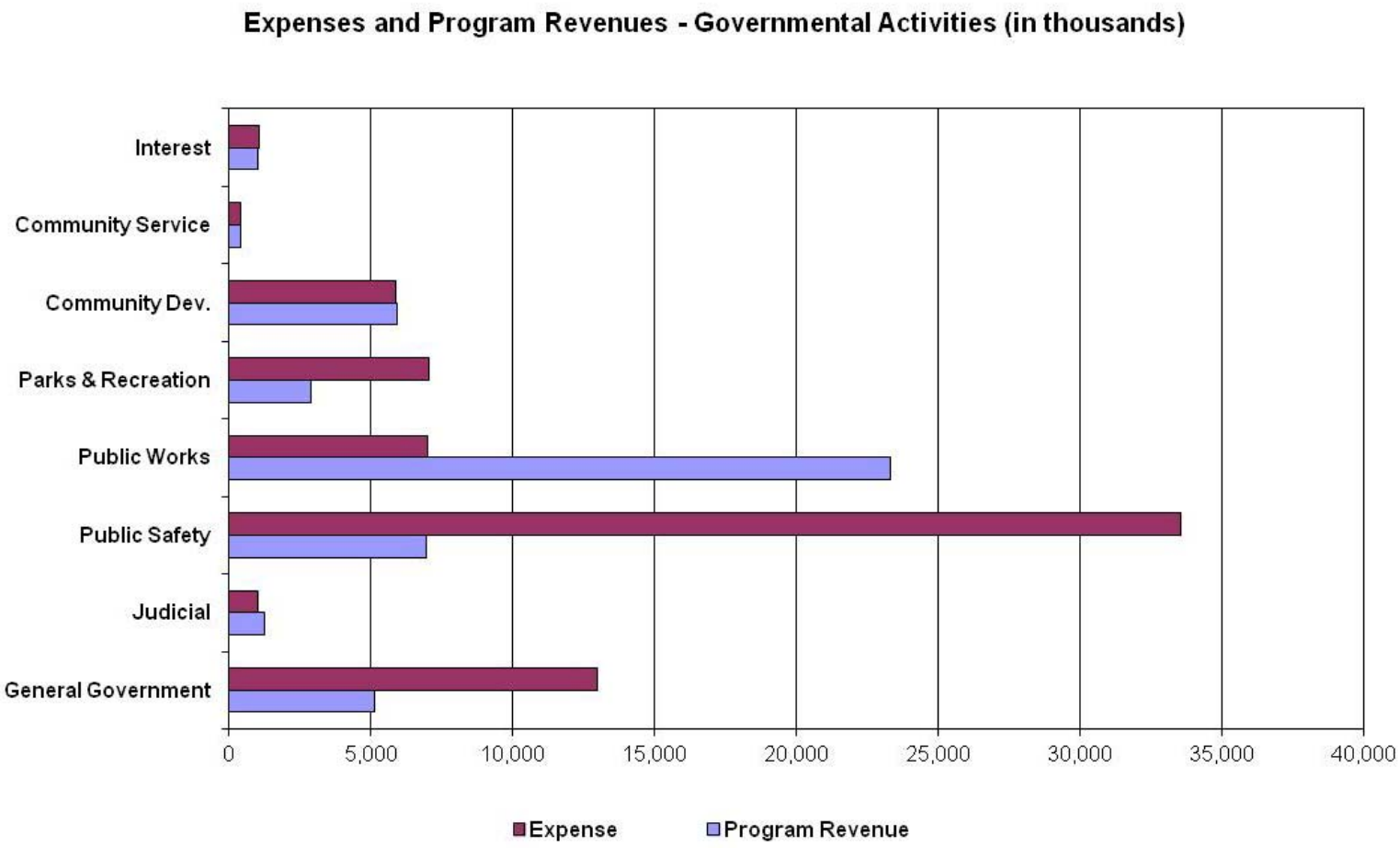
City of Albany

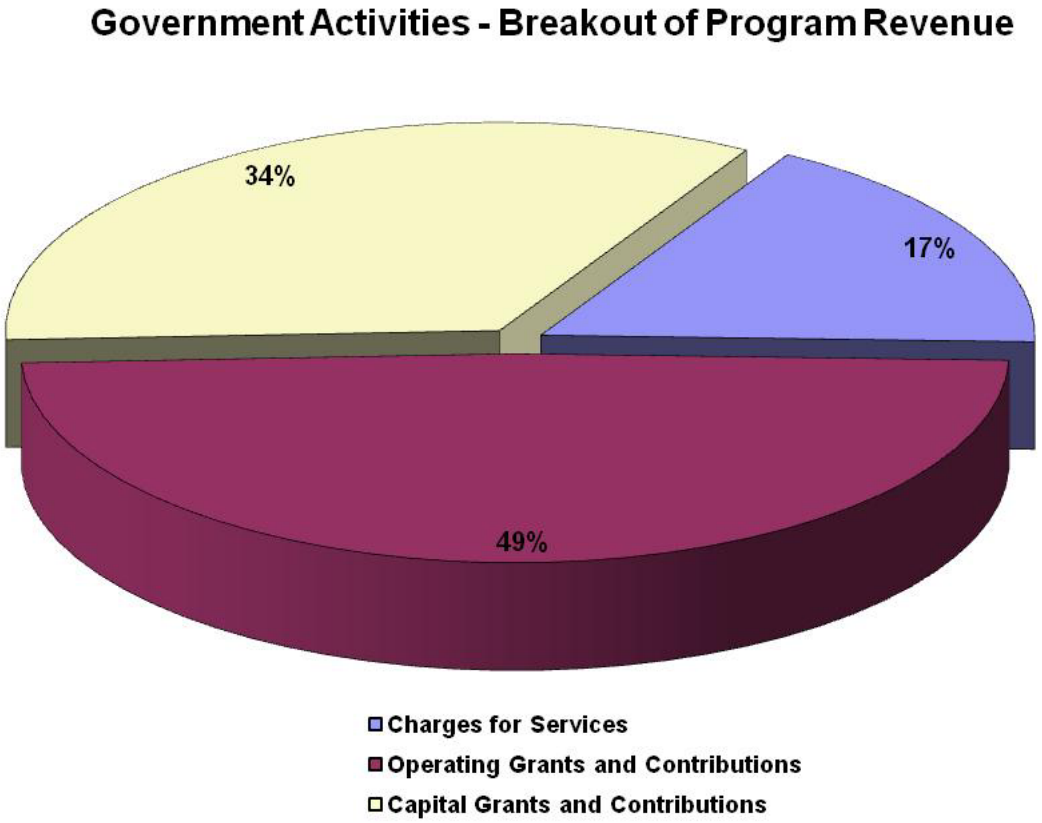
Comparison of Statement of Activities for Primary Government
Fiscal Years 2010 and 2011

Revenues:	**Total Primary Government Activities - 2010**	**Total Primary Government Activities - 2011**	**Increase (Decrease)**
Program Revenues:			
Charges for Services	$ 45,513,473	$ 47,723,865	$ 2,210,392
Operating Grants and Contributions	22,789,275	23,646,919	857,644
Capital Grants and Contributions	17,834,688	15,615,908	(2,218,780)
General Revenues:			
Property taxes	15,324,267	13,789,210	(1,535,057)
Sales taxes	8,932,040	8,341,512	(590,528)
Other taxes	9,402,309	9,443,192	40,883
Investment income	945,297	1,343,889	398,592
TOTAL REVENUES	120,741,349	119,904,495	(836,854)
Expenses:			
General government	10,854,334	12,988,647	2,134,313
Judicial	1,057,836	1,016,422	(41,414)
Public safety	31,544,927	33,541,721	1,996,794
Public works	7,393,923	6,981,385	(412,538)
Parks and recreation	6,684,312	7,031,469	347,157
Community development	7,447,371	5,851,434	(1,595,937)
Community service	398,458	396,531	(1,927)
Interest on long-term debt	1,166,548	1,079,261	(87,287)
Sewer	14,569,098	12,838,068	(1,731,030)
Solid waste	8,092,385	7,963,262	(129,123)
Airport	2,626,279	2,643,741	17,462
Public employee deposit	12,036,183	13,286,117	1,249,934
Transit	3,092,032	3,034,292	(57,740)
Civic Center	1,913,705	1,885,466	(28,239)
Municipal Auditorium	161,184	54,971	(106,213)
TOTAL EXPENSES	109,038,575	110,592,787	1,554,212
CHANGE IN NET ASSETS	$ 11,702,774	$ 9,311,708	$ (2,391,066)

Governmental Activities

Governmental Activities increased the City of Albany's net assets by $5,266,183. Revenues from governmental activities totaled $78,469,675; with sales taxes (11.3%), property taxes (19.4%), operating grants (27.4%), other taxes (11.9%), and charges for services (10.2%) contributing to the City's revenues. Expenses for governmental activities were $68,886,870, of which 67% was supported from program revenues and 33% from general revenues. Expenses for Public Safety (48%), General Government (19%), Public Works Admin & Streets (10%) make up 77% of the total expense for governmental activities.



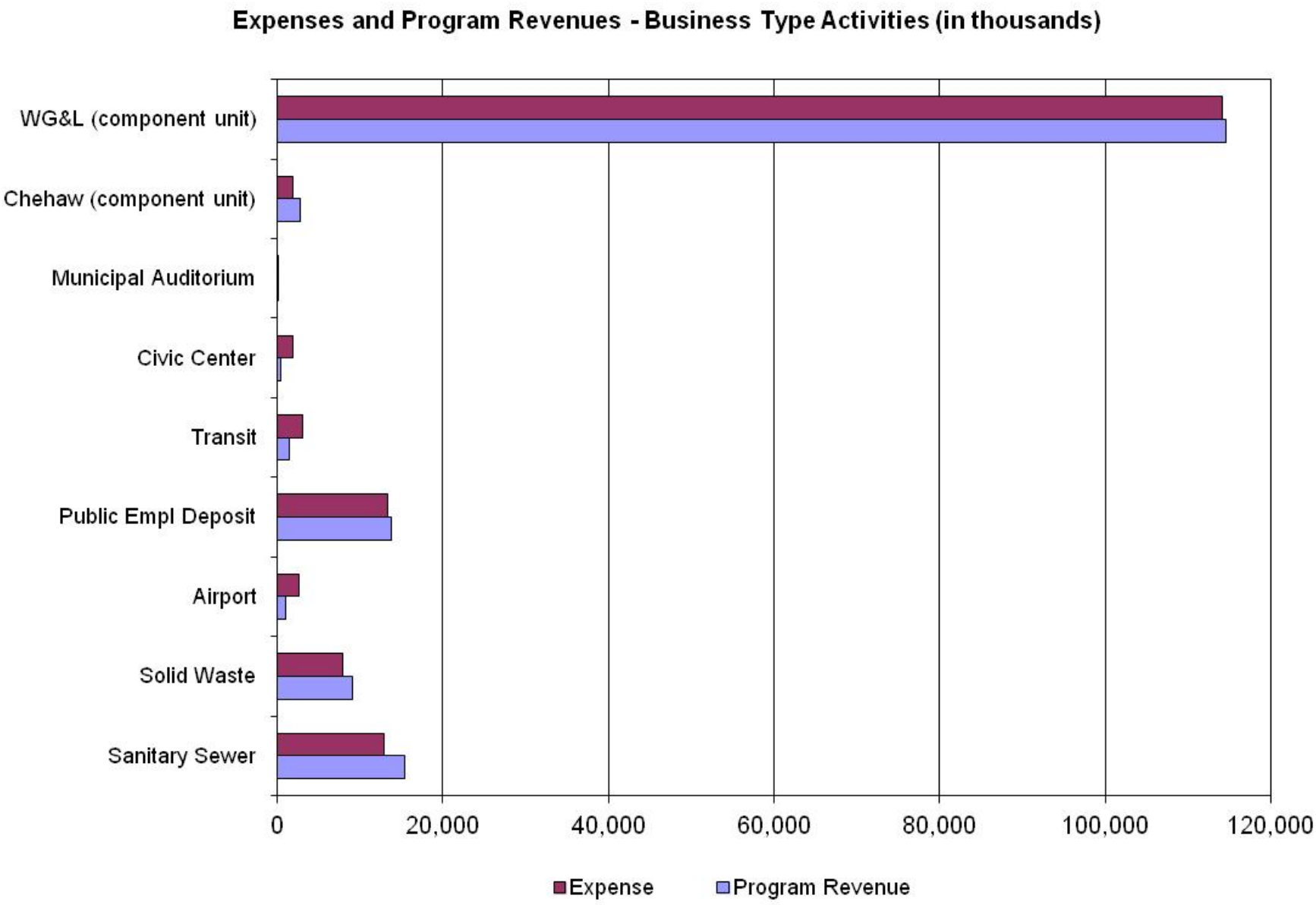


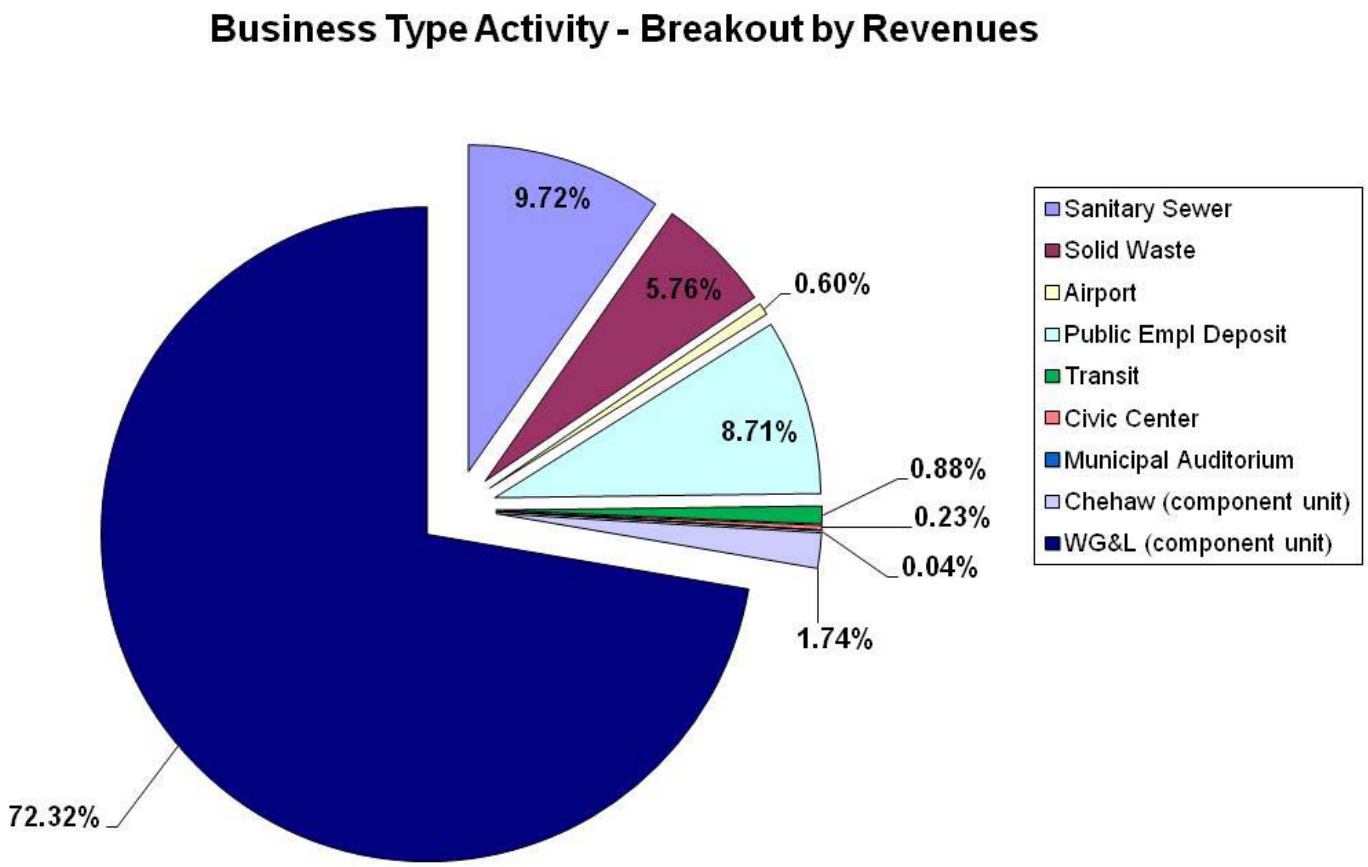
Business-type Activities

Business-type activities increased the City of Albany's net assets by $4,045,525. As of June 30, 2011, total business-type net assets were $112,841,645 of which $94,042,509 was invested in capital assets; $9,036,399 was restricted; and $9,762,737 was unrestricted.

Revenues totaled $45,751,442 with 89.8% of revenues coming from Program Revenues and 10.2% coming from General Revenues. (See chart "Business-Type Activities – Breakout of Program Revenues"). Total expenses were $41,705,917. The largest expenditures were Public Employee Deposit (31.9%), Sewer (30.8%), and Solid Waste (19.1%).

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


Expenses and Program Revenues - Business Type Activities (in thousands)
WG&L (component unit)
Chehaw (component unit)
Municipal Auditorium
Civic Center
Transit
Public Empl Deposit
Airport
Solid Waste
Sanitary Sewer
0
20,000
40,000
60,000
80,000
100,000
120,000
Expense
Program Revenue



FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

At of the end of the current fiscal year, the City of Albany's governmental funds reported combined ending fund balances of $52,393,308 a decrease of $1,637,142 in comparison from the prior year. Thirty-eight percent ($19,978,428) constituted unassigned fund balance, which is available for spending at the government's discretion. The remaining 62% of the fund balance ($32,414,880) is divided as follows: $3,407,207 is nonspendable due to being in a form, such as inventory or prepaid expenses; $25,826,583 is legally restricted by an outside authority or a legal agreement, such as SPLOST or loans; and a combined total of $3,181,090 is either assigned or committed for future use by the government.

The General Fund is the chief operating fund of the City. As of June 30, 2011, the *unassigned* fund balance in the general fund was $20,112,553; the total fund balance was $23,779,121 – a decrease of $1,021,411 compared to 2010.

The General Fund's liquidity can be measured by comparing both the *fund balance available for spending (committed, assigned, and unassigned)* and total fund balance to *total fund expenditures*. Available fund balance represents 38.1% of the total general fund expenditures, while total fund balance represents 43.5% of that same amount. When *transfers out* are added to *expenditures*, the available fund balance represents 36.3% of expenditures plus transfers, while the total fund represents 41.5% of this amount.

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

Transfer in From Other funds ($1,119,021) represents a transfer from the Hotel/Motel Tax Fund and the Public Employees' Deposit Fund. Funding for component units ($1,002,000) represents an agreed payment to Chehaw Park Authority, a separate component unit of the City. The funds are used by Chehaw Park Authority to subsidize the operation of the park. This amount is included as parks and recreation expenditures.

Other transfers out represent General Fund support of the following funds during the fiscal year: Airport Fund, Transit Fund, Civic Center Fund, ADICA, Public Improvement Fund, and Auditorium Fund.

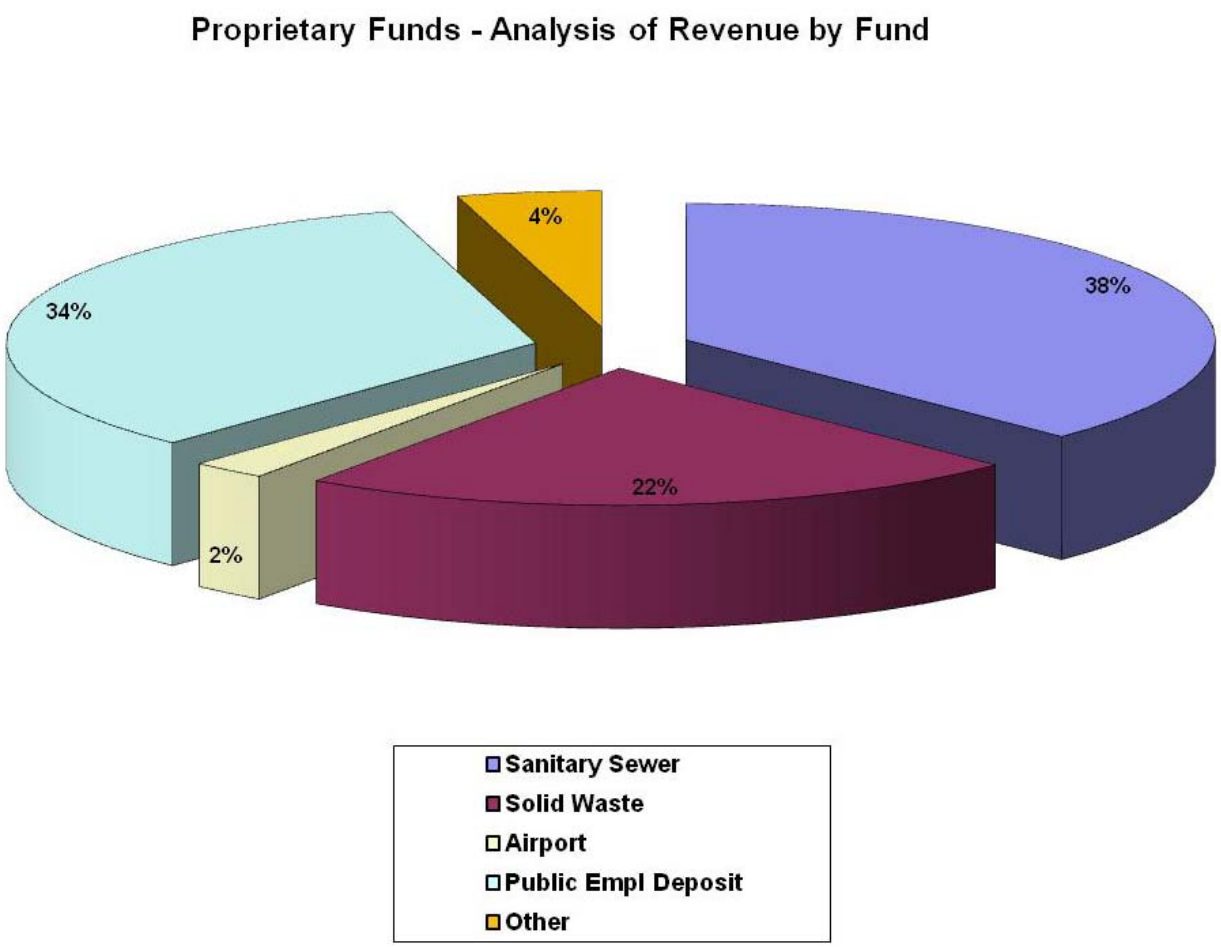
During the fiscal year ended June 30, 2011, the City's General Fund balance decreased by $1,021,411. The following contributed to the change:

- For 2011, the Mayor and Board planned to have expenditures exceed revenues;
- The General Fund budget included using $5 million in fund balance;
- Actual revenues surpassed budgeted revenues by $2,438,703;
- Actual expenditures were $1,883,053 under budgeted expenditures.

The primary factors causing General Fund revenues to surpass budget include: Intergovernmental revenues were $2,416,338 over budget; Property taxes were $344,604 over budget; Sales Taxes were over $126,673; and Licenses and Permits were over by $38,099. Revenues from Other Taxes were under budget by $91,412; Charges for Services were under budget by $135,182 and Fines and Forfeitures were $30,657 under budget.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. For the fiscal year ended June 30, 2011, the proprietary funds had total operating revenues of $39.8 million. Based on revenues, the largest proprietary fund is the Sanitary Sewer Fund (38%) followed by the Public Employee Deposit Fund (34%). See chart below for an overview of revenue by proprietary fund.



The change in net assets for Proprietary Funds was $3,217,106 (representing a 3% increase from the prior year's adjusted net asset balance of $108,341,251. The net change was the result of the following:

Sanitary Sewer Fund	$	2,940,267
Solid Waste Fund		330,982
Airport Fund		895,667
Public Employee Deposit Fund		-
Other Enterprise Funds		(949,810)

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's revenues were 4.6% over the budgeted amount. Because of the relatively flat economy, the City was conservative in estimating tax and license revenue. Similarly, the City's expenditures were 3.3% under budget. This was the result of the City aggressively monitoring costs. However, since the City was fortunate enough to have a healthy fund balance, even after two years of recession, the budget was balanced expecting to use $5,002,517 of the fund balance to pay for expenditures. As it turned out, expenditures only exceeded revenues in the General Fund by $1,021,411.

TABLE 3

CITY OF ALBANY, GEORGIA
GENERAL FUND
Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	General Fund			
	Original Budget	**Final Budget**	**Actual**	**Variance**
Revenues:				
Property taxes	$ 13,423,649	$ 13,423,649	$ 13,768,253	$ 344,604
Sales taxes	8,214,839	8,214,839	8,341,512	126,673
Other taxes	8,126,682	8,126,682	8,035,270	(91,412)
Licenses and permits	2,197,414	2,197,414	2,235,513	38,099
Intergovernmental	17,217,605	17,217,605	19,633,943	2,416,338
Charges for services	480,129	480,129	344,947	(135,182)
Fines and forfeitures	1,201,420	1,201,420	1,170,763	(30,657)
Interest income	250,000	250,000	295,316	45,316
Other	1,578,453	1,578,453	1,303,377	(275,076)
TOTAL REVENUES	$ 52,690,191	$ 52,690,191	$ 55,128,894	$ 2,438,703
Expenditures:				
General government	10,967,318	10,649,477	11,160,607	(511,130)
Judicial	1,145,166	1,155,060	1,007,860	147,200
Public safety	30,689,054	30,768,731	29,044,037	1,724,694
Public works	8,048,920	8,202,890	7,740,263	462,627
Parks and recreation	5,291,387	5,353,146	5,301,260	51,886
Community svc (Subsidized agencies)	404,307	404,307	396,531	7,776
Debt service interest	-	-	-	-
TOTAL EXPENDITURES	$ 56,546,152	$ 56,533,611	$ 54,650,558	$ 1,883,053

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to $223,569,764, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles, infrastructure, and construction in progress. Additional information on the City's capital assets can be found in Note 5 on pages 69 - 73 of this report.

TABLE 4

CITY OF ALBANY
CAPITAL ASSETS (Net of Depreciation)
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated:			
Land	$ 16,755,553	$ 10,764,487	$ 27,520,040
Construction in Progress	3,431,222	4,428,166	7,859,388
Total assets not depreciated	20,186,775	15,192,653	35,379,428
Capital assets being depreciated:			
Buildings and improvements	66,679,044	128,196,818	194,875,862
Equipment and vehicles	29,558,709	28,577,754	58,136,463
Infrastructure	74,075,846	43,710,826	117,786,672
Total assets depreciated	170,313,599	200,485,398	370,798,997
Less accumulated depreciation:			
Buildings and improvements	18,620,564	42,554,502	61,175,066
Equipment and vehicles	15,696,929	18,112,884	33,809,813
Infrastructure	54,320,576	33,303,206	87,623,782
Total accumulated depreciation	88,638,069	93,970,592	182,608,661
Total assets depreciated, net	81,675,530	106,514,806	188,190,336
Capital assets, net	$ 101,862,305	$ 121,707,459	$ 223,569,764

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding is $45 million – a decrease of $12 million over the previous year. Of this amount, $6.3 million is due within one year. Certificates of Participation (18%) and Revenue Bonds (61%) make up $35.9 million of the total. The remaining $9.1 million is comprised of notes payable, general obligation bonds, notes payable and compensated absences. Additional information regarding the City's long-term debt can be found in Note 6 pages 74 - 89.

TABLE 5

CITY OF ALBANY LONG TERM DEBT OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance at June 30, 2011	Percentage of Total	Due Within One Year
Governmental Activities			
Bonds payable	$ 605,409	1%	$ -
Notes payable	4,306,250	10%	325,000
Certificates of participation	8,284,678	18%	-
Compensated absences	3,209,923	7%	2,888,931
Governmental long-term liabilities	$ 16,406,260		$ 3,213,931
Business-Type Activities			
Bonds Payable:			
Revenue bonds	$ 27,664,950		$ 2,260,000
Less deferred amts on refunding			
Total bonds payable	27,664,950	61%	2,260,000
Notes payable	-	0%	-
Capital leases	-	0%	-
Compensated absences	946,133	2%	851,520
Business-Type long-term liabilities	28,611,083		3,111,520
Total primary government liabilities	$ 45,017,343		$ 6,325,451

The General Obligation Bonds relate to bonds issued for the Albany-Dougherty Inner City Authority (ADICA). The Revenue Bonds relate to sewer system revenue bonds issued in 2007 and 2011. The Certificates of Participation represent the City's purchase of equipment and vehicles from the Georgia Municipal Association Pooled Bond Funds. The Notes Payable represents the City's obligations to the One Georgia Authority for ADICA's loan for the Hilton Garden Inn and Conference Center. Compensated absences represent the City's obligation for accrued vacation and sick leave.

Bond Ratings

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
ASSETS					
Cash and cash equivalents	$ 8,324,741	$ 6,579,762	$ 14,904,503	$ 147,710	$ 824,566
Investments	40,088,554	7,142,139	47,230,693	-	9,245,711
Taxes receivable	28,475	-	28,475	-	-
Accounts receivable, net of allowances	3,473,699	182,588	3,656,287	-	18,444,801
Notes receivable	17,484,696	-	17,484,696	-	-
Inventories	295,826	88,003	383,829	-	3,797,136
Internal balances	1,502,196	(1,502,196)	-	-	-
Due from other governments	4,469,291	664,310	5,133,601	-	-
Due from component unit	1,956,068	5,596,524	7,552,592	-	-
Prepaid expenses	755,858	2,687	758,545	16,346	217,665
Restricted assets:					
Cash	-	43	43	-	428,073
Investments	-	6,266,676	6,266,676	-	1,423,099
Deferred charges	210,330	256,528	466,858	-	303,362
Other assets	1,715,322	-	1,715,322	-	30,986
Capital assets:					
Non-depreciable	20,186,775	15,192,653	35,379,428	2,395,838	1,453,294
Depreciable, net of accumulated depreciation	81,675,530	106,514,806	188,190,336	6,508,240	75,539,545
Total assets	182,167,361	146,984,523	329,151,884	9,068,134	111,708,238

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
LIABILITIES					
Accounts payable	$ 1,714,499	$ 2,379,141	$ 4,093,640	$ 45,566	$ 7,188,559
Outstanding checks in excess of bank balance	853,972	-	853,972	-	-
Retainage payable	173,275	-	173,275	-	-
Accrued expenses	2,729,571	559,176	3,288,747	26,483	2,673,509
Claims payable	1,974,475	705,000	2,679,475	-	-
Due to primary government	-	-	-	164,541	7,388,051
Due to other governments	192,718	-	192,718	-	-
Unearned revenues	92,947	1,888,478	1,981,425	7,728	-
Payable from restricted assets:					
Advance payments and customer deposits	-	-	-	19,577	1,829,796
Current maturities of long-term debt	-	2,260,000	2,260,000	-	2,307,054
Accrued interest payable	-	-	-	-	41,915
Non-current liabilities:					
Certificates of participation, due in more than one year	10,000,000	-	10,000,000	-	-
Bonds payable, due in more than one year	605,409	25,404,950	26,010,359	-	13,036,132
Notes payable, due within one year	325,000	-	325,000	-	785,900
Notes payable, due in more than one year	3,981,250	-	3,981,250	42,450	-
Capital leases payable, due within one year	-	-	-	2,961	-
Capital leases payable, due in more than one year	-	-	-	740	2,827,036
Compensated absences payable, due within one year	2,888,931	851,520	3,740,451	-	-
Compensated absences payable, due in more than one year	320,992	94,613	415,605	-	838,017
Other long-term liabilities	1,721,941	-	1,721,941	-	1,576,582
Total liabilities	27,574,980	34,142,878	61,717,858	310,046	40,492,551

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
NET ASSETS					
Invested in capital assets, net of related debt	$ 98,535,755	$ 94,042,509	$ 192,578,264	$ 8,904,078	$ 58,822,617
Restricted	25,826,583	9,036,399	34,862,982	-	1,719,008
Unrestricted	30,230,043	9,762,737	39,992,780	(145,990)	10,674,062
Total net assets	$ 154,592,381	$ 112,841,645	$ 267,434,026	$ 8,758,088	$ 71,215,687

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

CITY OF ALBANY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority	Water, Gas & Light Commission
Functions/Programs									
Primary Government									
Governmental Activities:									
General government	$ 12,988,647	$ 2,596,447	$ 2,398,293	$ 122,052	$ (7,871,855)	$ -	$ (7,871,855)	$ -	$ -
Judicial	1,016,422	1,251,773	-	-	235,351	-	235,351	-	-
Public safety	33,541,721	1,556,068	3,830,322	1,575,062	(26,580,269)	-	(26,580,269)	-	-
Public works	6,981,385	984,194	14,499,808	7,828,418	16,331,035	-	16,331,035	-	-
Parks and recreation	7,031,469	204,102	287,517	2,409,970	(4,129,880)	-	(4,129,880)	-	-
Community development	5,851,434	1,285,180	1,258,608	3,388,701	81,055	-	81,055	-	-
Community service	396,531	-	118,173	291,705	13,347	-	13,347	-	-
Interest on long-term debt	1,079,261	-	-	-	(1,079,261)	-	(1,079,261)	-	-
Total governmental activities	68,886,870	7,877,764	22,392,721	15,615,908	(23,000,477)	-	(23,000,477)	-	-
Business-type Activities:									
Sanitary sewer	12,838,068	15,301,208	100,000	-	-	2,563,140	2,563,140	-	-
Solid waste	7,963,262	9,033,593	100,000	-	-	1,170,331	1,170,331	-	-
Airport	2,643,741	762,688	189,273	-	-	(1,691,780)	(1,691,780)	-	-
Public employee deposit	13,286,117	13,801,791	-	-	-	515,674	515,674	-	-
Transit	3,034,292	525,469	864,925	-	-	(1,643,898)	(1,643,898)	-	-
Civic Center	1,885,466	360,583	-	-	-	(1,524,883)	(1,524,883)	-	-
Municipal Auditorium	54,971	60,769	-	-	-	5,798	5,798	-	-
Total business-type activities	41,705,917	39,846,101	1,254,198	-	-	(605,618)	(605,618)	-	-
Total primary government	$ 110,592,787	$ 47,723,865	$ 23,646,919	$ 15,615,908	$ (23,000,477)	$ (605,618)	$ (23,606,095)	$ -	$ -
Component Units:									
Chehaw Park Authority	$ 1,970,132	$ 680,369	$ 2,078,339	$ -	$ -	$ -	$ -	$ 788,576	$ -
Water, Gas & Light Commission	114,117,525	114,581,361	-	-	-	-	-	-	463,836
Total component units	$ 116,087,657	$ 115,261,730	$ 2,078,339	$ -	$ -	$ -	$ -	$ 788,576	$ 463,836
General revenues:									
Property taxes					$ 13,789,210	$ -	$ 13,789,210	$ -	$ -
Sales taxes					8,341,512	-	8,341,512	-	-
Franchise taxes					2,212,040	-	2,212,040	-	-
Insurance premium tax					4,158,640	-	4,158,640	-	-
Alcoholic beverage tax					1,512,707	-	1,512,707	-	-
Hotel/Motel tax					1,407,922	-	1,407,922	-	-
Other taxes					151,883	-	151,883	-	-
Investment income					1,009,368	334,521	1,343,889	50	284,667
Gain on sale of assets					-	-	-	-	21,331
Transfers					(4,316,622)	4,316,622	-	-	-
Total general revenues and transfers					28,266,660	4,651,143	32,917,803	50	305,998
Change in net assets					5,266,183	4,045,525	9,311,708	788,626	769,834
Net assets - beginning of year					149,326,198	108,796,120	258,122,318	7,969,462	70,445,853
Net assets - end of year					$ 154,592,381	$ 112,841,645	$ 267,434,026	$ 8,758,088	$ 71,215,687

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

CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2011

ASSETS	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,526,735	$ 2,319,523	$ 1,453,621	$ 2,020,474	$ 8,320,353
Investments	13,466,573	-	12,214,833	8,194,682	33,876,088
Receivables, net of allowance:					
Taxes	28,475	-	-	-	28,475
Accounts	2,455,438	217,300	110,357	690,604	3,473,699
Notes	-	17,483,197	-	1,499	17,484,696
Due from other funds	5,811,858	-	-	1,560,743	7,372,601
Due from other governments	1,831,439	645,859	910,167	1,081,826	4,469,291
Due from component units	1,325,258	-	-	630,810	1,956,068
Inventories	295,826	-	-	-	295,826
Prepaid items	755,858	-	-	-	755,858
Advance to other funds	1,911,625	-	-	443,898	2,355,523
Total assets	$ 30,409,085	$ 20,665,879	$ 14,688,978	$ 14,624,536	$ 80,388,478
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 937,682	$ 298,970	$ 147,926	$ 320,389	$ 1,704,967
Retainage payable	-	10,535	162,740	-	173,275
Accrued liabilities	2,556,657	92,209	-	6,202	2,655,068
Due to other funds	2,878,524	404,082	590,572	1,752,876	5,626,054
Due to other governments	190,157	2,561	-	-	192,718
Deferred revenues	66,944	17,483,197	-	92,947	17,643,088
Total liabilities	6,629,964	18,291,554	901,238	2,172,414	27,995,170

(Continued)

CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2011

FUND BALANCES	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable	$ 2,963,309	$ -	$ -	$ 443,898	$ 3,407,207
Restricted	-	2,374,325	13,787,740	9,664,518	25,826,583
Committed	-	-	-	182,129	182,129
Assigned	703,259	-	-	2,295,702	2,998,961
Unassigned	20,112,553	-	-	(134,125)	19,978,428
Total fund balances	23,779,121	2,374,325	13,787,740	12,452,122	52,393,308
Total liabilities and fund balances	$ 30,409,085	$ 20,665,879	$ 14,688,978	$ 14,624,536	

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.	101,862,305
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	17,550,141
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	779,001
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(17,992,374)
Net assets of governmental activities	$ 154,592,381

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

CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 13,768,253	$ -	$ -	$ 20,957	$ 13,789,210
Sales taxes	8,341,512	-	-	-	8,341,512
Other taxes	8,035,270	-	-	1,407,922	9,443,192
Licenses and permits	2,235,513	-	-	-	2,235,513
Intergovernmental	19,633,943	2,954,927	10,206,832	4,278,858	37,074,560
Charges for services	344,947	883,886	-	1,693,258	2,922,091
Fines and forfeitures	1,170,763	-	-	-	1,170,763
Interest income	295,316	2,924	372,558	615,429	1,286,227
Other	1,303,377	1,105,490	713	24,876	2,434,456
Total revenues	55,128,894	4,947,227	10,580,103	8,041,300	78,697,524
Expenditures:					
Current:					
General government	11,160,607	-	-	-	11,160,607
Judicial	1,007,860	-	-	-	1,007,860
Public safety	29,044,037	-	-	2,562,420	31,606,457
Public works	7,740,263	-	-	874,287	8,614,550
Parks and recreation	5,301,260	-	-	133,221	5,434,481
Community development	-	5,597,043	-	1,738,375	7,335,418
Community service	396,531	-	-	-	396,531
Capital outlay	-	-	3,591,456	4,240,382	7,831,838
Debt service:					
Principal	-	300,000	6,115,000	18,750	6,433,750
Interest	-	219,218	256,663	542,440	1,018,321
Total expenditures	54,650,558	6,116,261	9,963,119	10,109,875	80,839,813
Excess (deficiency) of revenues over expenditures	478,336	(1,169,034)	616,984	(2,068,575)	(2,142,289)

(Continued)

CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Proceeds from sale of assets	$ 43,012	$ 650,435	$ -	$ 5,000	$ 698,447
Issuance of bonds payable	-	-	-	295,079	295,079
Transfers in	1,119,021	-	-	1,721,067	2,840,088
Transfers out	(2,661,780)	(5,351)	-	(661,336)	(3,328,467)
Total other financing sources (uses)	(1,499,747)	645,084	-	1,359,810	505,147
Net change in fund balances	(1,021,411)	(523,950)	616,984	(708,765)	(1,637,142)
Fund balances, beginning of year	24,800,532	2,898,275	13,170,756	13,160,887	54,030,450
Fund balances, end of year	$ 23,779,121	$ 2,374,325	$ 13,787,740	$ 12,452,122	$ 52,393,308

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

CITY OF ALBANY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Net change in fund balances - total governmental funds	$	(1,637,142)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		4,012,704
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(970,484)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,032,099)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		6,140,644
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(653,695)
Internal service funds are used by management to charge the costs of insurance to individual funds.		(689,444)
The net revenue of certain activities of internal service funds is reported with governmental activities.		95,699
Change in net assets of governmental activities	$	5,266,183

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

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:							
Property taxes	$ 13,423,649	$ 13,423,649	$ 13,768,253	$ 344,604	$ -	$ -	$ -
Sales taxes	8,214,839	8,214,839	8,341,512	126,673	-	-	-
Other taxes	8,126,682	8,126,682	8,035,270	(91,412)	-	-	-
Licenses and permits	2,197,414	2,197,414	2,235,513	38,099	-	-	-
Intergovernmental	17,217,605	17,217,605	19,633,943	2,416,338	1,901,406	2,954,927	1,053,521
Charges for services	480,129	480,129	344,947	(135,182)	100,000	883,886	783,886
Fines and forfeitures	1,201,420	1,201,420	1,170,763	(30,657)	-	-	-
Interest income	250,000	250,000	295,316	45,316	-	2,924	2,924
Other	1,578,453	1,578,453	1,303,377	(275,076)	1,218,798	1,105,490	(113,308)
Total revenues	52,690,191	52,690,191	55,128,894	2,438,703	3,220,204	4,947,227	1,727,023
Expenditures:							
Current:							
General government:							
Legislative	903,116	567,243	519,568	47,675	-	-	-
Administrative	1,254,387	1,230,412	1,145,715	84,697	-	-	-
EEO	-	150,896	112,492	38,404	-	-	-
Human resources	1,802,789	1,655,559	3,227,937	(1,572,378)	-	-	-
Procurement and materials mgmt.	535,872	538,944	556,474	(17,530)	-	-	-
Printing	204,314	207,299	223,903	(16,604)	-	-	-
Materials management	287,577	293,500	275,747	17,753	-	-	-
Finance	3,037,333	3,324,612	3,073,552	251,060	-	-	-
Information technology	2,315,881	2,054,296	1,528,665	525,631	-	-	-
Risk management	426,469	427,136	319,615	107,521	-	-	-
311 Customer response management	199,580	199,580	176,939	22,641	-	-	-
Total general government	10,967,318	10,649,477	11,160,607	(511,130)	-	-	-
Judicial:							
Municipal court	557,933	557,933	415,320	142,613	-	-	-
City Attorney	587,233	597,127	592,540	4,587	-	-	-
Total judicial	1,145,166	1,155,060	1,007,860	147,200	-	-	-

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Expenditures:							
Current:							
Public safety:							
Police	$ 16,453,453	$ 16,499,012	$ 15,262,682	$ 1,236,330	$ -	$ -	$ -
Fire	12,404,474	12,424,081	12,147,736	276,345	-	-	-
Planning and development services	1,379,070	1,387,722	1,210,787	176,935	-	-	-
Marshal division	389,132	394,991	378,430	16,561	-	-	-
SWAT Team	62,925	62,925	44,402	18,523	-	-	-
Total public safety	30,689,054	30,768,731	29,044,037	1,724,694	-	-	-
Public works:							
Administration	344,580	345,601	348,823	(3,222)	-	-	-
Engineering	3,845,676	3,871,338	3,618,132	253,206	-	-	-
Code enforcement	974,615	1,093,720	1,120,648	(26,928)	-	-	-
Street maintenance	2,884,049	2,892,231	2,652,660	239,571	-	-	-
Total public works	8,048,920	8,202,890	7,740,263	462,627	-	-	-
Parks and recreation:							
Administration	504,509	509,362	535,367	(26,005)	-	-	-
Parks	2,784,408	2,810,507	2,874,594	(64,087)	-	-	-
Park development and management	1,305,125	1,328,370	1,148,269	180,101	-	-	-
Turner Golf Course	429,220	434,337	461,267	(26,930)	-	-	-
Cemetery	268,125	270,570	281,763	(11,193)	-	-	-
Total parks and recreation	5,291,387	5,353,146	5,301,260	51,886	-	-	-
Community development	-	-	-	-	2,700,986	5,597,043	(2,896,057)
Community service, various subsidized agencies	404,307	404,307	396,531	7,776	-	-	-

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund				Community Development Fund		
	Original Budget	Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Expenditures:							
Debt service:							
Principal	$ -	$ -	$ -	$ -	$ 300,000	$ 300,000	$ -
Interest	-	-	-	-	219,218	219,218	-
Total expenditures	56,546,152	56,533,611	54,650,558	1,883,053	3,220,204	6,116,261	(2,896,057)
Excess (deficiency) of revenues over (under) expenditures	(3,855,961)	(3,843,420)	478,336	4,321,756	-	(1,169,034)	(1,169,034)
Other financing sources (uses):							
Proceeds from sale of assets	175,000	175,000	43,012	(131,988)	-	650,435	650,435
Transfers in	1,575,300	1,575,300	1,119,021	(456,279)	-	-	-
Transfers out	(2,891,460)	(2,909,397)	(2,661,780)	247,617	-	(5,351)	(5,351)
Total other financing sources (uses)	(1,141,160)	(1,159,097)	(1,499,747)	(340,650)	-	645,084	645,084
Net change in fund balances	$ (4,997,121)	$ (5,002,517)	(1,021,411)	$ 3,981,106	$ -	(523,950)	$ (523,950)
Fund balance, beginning of year			24,800,532			2,898,275	
Fund balance, end of year			$ 23,779,121			$ 2,374,325	

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

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CURRENT ASSETS							
Cash	$ 5,259,809	$ -	$ 1,042,963	$ 268,990	$ 8,000	$ 6,579,762	$ 4,388
Restricted cash	43	-	-	-	-	43	-
Restricted investments	6,266,676	-	-	-	-	6,266,676	-
Investments	7,142,139	-	-	-	-	7,142,139	6,212,466
Accounts receivable, net of allowances	94,167	8,413	57,097	-	22,911	182,588	-
Inventories	-	-	-	-	88,003	88,003	-
Prepaid expenses	-	-	-	2,687	-	2,687	-
Due from other governments	-	-	47,429	-	616,881	664,310	-
Due from other funds	-	-	-	1,295,943	636,264	1,932,207	-
Due from component unit	2,595,473	2,027,649	-	973,402	-	5,596,524	-
Total current assets	21,358,307	2,036,062	1,147,489	2,541,022	1,372,059	28,454,939	6,216,854
NONCURRENT ASSETS							
Deferred bond issuance, unamortized balance	256,528	-	-	-	-	256,528	-
Capital assets:							
Non-depreciable	4,310,658	907,035	6,907,574	-	3,067,386	15,192,653	-
Depreciable, net of accumulated depreciation	69,750,630	2,910,564	21,563,682	-	12,289,930	106,514,806	-
Total noncurrent assets	74,317,816	3,817,599	28,471,256	-	15,357,316	121,963,987	-
Total assets	95,676,123	5,853,661	29,618,745	2,541,022	16,729,375	150,418,926	6,216,854

(Continued)

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2011

LIABILITIES	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CURRENT LIABILITIES							
Payable from current assets:							
Outstanding checks in excess of bank balance	$ -	$ -	$ -	$ -	$ -	$ -	$ 853,972
Accounts payable	264,649	509,113	398,985	1,108,505	97,889	2,379,141	9,532
Accrued liabilities	559,176	-	-	-	-	559,176	-
Claims payable	-	-	-	705,000	-	705,000	1,974,475
Current portion - compensated absences	340,561	286,069	38,156	-	186,734	851,520	-
Due to other funds	1,173,875	223,907	155,847	-	808,539	2,362,168	1,316,586
Deferred revenues	-	-	1,026,287	727,517	134,674	1,888,478	-
	2,338,261	1,019,089	1,619,275	2,541,022	1,227,836	8,745,483	4,154,565
Payable from restricted assets:							
Revenue bonds payable, current	2,260,000	-	-	-	-	2,260,000	-
Total current liabilities	4,598,261	1,019,089	1,619,275	2,541,022	1,227,836	11,005,483	4,154,565
NONCURRENT LIABILITIES							
Advance from other funds	207,095	2,148,428	-	-	-	2,355,523	-
Revenue bonds payable, net of current portion	25,404,950	-	-	-	-	25,404,950	-
Compensated absences, net of current portion	37,840	31,785	4,240	-	20,748	94,613	-
Total long-term liabilities	25,649,885	2,180,213	4,240	-	20,748	27,855,086	-
Total liabilities	30,248,146	3,199,302	1,623,515	2,541,022	1,248,584	38,860,569	4,154,565

(Continued)

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
NET ASSETS							
Invested in capital assets, net of related debt	$ 46,396,338	$ 3,817,599	$ 28,471,256	$ -	$ 15,357,316	$ 94,042,509	$ -
Restricted	9,036,399	-	-	-	-	9,036,399	-
Unrestricted (deficit)	9,995,240	(1,163,240)	(476,026)	-	123,475	8,479,449	2,062,289
Total net assets	$ 65,427,977	$ 2,654,359	$ 27,995,230	$ -	$ 15,480,791	111,558,357	$ 2,062,289
	Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					1,283,288	
	Net assets of business type activities					$ 112,841,645	

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

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:							
Charges for services	$ 15,259,064	$ 9,033,593	$ 762,688	$ 13,801,791	$ 946,821	$ 39,803,957	$ 1,858,453
Other	42,144	-	-	-	-	42,144	34,307
Total operating revenues	15,301,208	9,033,593	762,688	13,801,791	946,821	39,846,101	1,892,760
Operating expenses:							
Personnel costs	3,176,439	2,039,519	905,851	50,705	2,249,065	8,421,579	-
General and administrative	-	-	-	1,258,990	-	1,258,990	501,821
Supplies	435,106	24,489	27,207	-	86,021	572,823	-
Operating services and charges	4,073,746	4,941,662	311,297	-	1,499,852	10,826,557	-
Maintenance and repairs	743,112	810,842	324,591	-	384,489	2,263,034	-
Depreciation and amortization	3,351,341	436,697	1,128,112	-	930,196	5,846,346	-
Claims and damages	-	-	-	12,034,411	-	12,034,411	1,251,964
Total operating expenses	11,779,744	8,253,209	2,697,058	13,344,106	5,149,623	41,223,740	1,753,785
Operating income (loss)	3,521,464	780,384	(1,934,370)	457,685	(4,202,802)	(1,377,639)	138,975
Nonoperating revenues (expenses):							
Interest income	331,975	-	2,532	-	14	334,521	95,699
Interest expense and fiscal charges	(1,309,210)	-	-	-	-	(1,309,210)	-
Intergovernmental - operating grants	100,000	100,000	189,273	-	864,925	1,254,198	-
Gain (loss) on sale of capital assets	2,360	-	(4,672)	-	926	(1,386)	-
Total nonoperating revenues (expenses)	(874,875)	100,000	187,133	-	865,865	278,123	95,699

(Continued)

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
Income (loss) before contributions and transfers	$ 2,646,589	$ 880,384	$ (1,747,237)	$ 457,685	$ (3,336,937)	$ (1,099,516)	$ 234,674
Capital contributions	1,077,674	1,000	2,050,546	-	699,023	3,828,243	-
Transfers							
Transfers in	-	-	593,432	-	3,910,645	4,504,077	-
Transfers out	(783,996)	(550,402)	(1,074)	(457,685)	(2,222,541)	(4,015,698)	-
Total transfers	(783,996)	(550,402)	592,358	(457,685)	1,688,104	488,379	-
Change in net assets	2,940,267	330,982	895,667	-	(949,810)	3,217,106	234,674
Total net assets, beginning of year	62,487,710	2,323,377	27,099,563	-	16,430,601		1,827,615
Total net assets, end of year	$ 65,427,977	$ 2,654,359	$ 27,995,230	$ -	$ 15,480,791		$ 2,062,289

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	828,419
Change in net assets of business type activities	$ 4,045,525

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

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 15,469,891	$ 9,025,180	$ 1,210,064	$ 12,800,000	$ 313,901	$ 38,819,036	$ -
Receipts from other funds	-	-	-	-	-	-	1,814,215
Payments to suppliers	(7,299,905)	(7,304,623)	(934,777)	-	(1,286,721)	(16,826,026)	-
Payments to employees	(3,176,439)	(2,055,846)	(901,431)	(50,705)	(2,171,759)	(8,356,180)	-
Claims paid	-	-	-	(11,055,906)	-	(11,055,906)	(508,656)
Premiums paid	-	-	-	(1,258,990)	-	(1,258,990)	(472,289)
Net cash provided by (used in) operating activities	4,993,547	(335,289)	(626,144)	434,399	(3,144,579)	1,321,934	833,270
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	1,063,586	-	593,432	-	1,117,629	2,774,647	-
Transfers out	(783,996)	(550,402)	(1,074)	(457,685)	570,475	(1,222,682)	-
Operating grants received	100,000	100,000	189,273	-	864,925	1,254,198	-
Net cash provided by (used in) noncapital financing activities	379,590	(450,402)	781,631	(457,685)	2,553,029	2,806,163	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(717,533)	(443,064)	(2,196,414)	-	-	(3,357,011)	-
Principal paid on bonds	(12,108,926)	-	-	-	-	(12,108,926)	-
Principal paid on notes and capital leases payable	(10,420)	-	-	-	-	(10,420)	-
Interest paid	(1,540,686)	-	-	-	-	(1,540,686)	-
Advance to other funds	(470,700)	1,202,464	-	-	-	731,764	-
Capital grants received	-	-	2,065,694	-	526,909	2,592,603	-
Proceeds from sale of capital assets	4,095	-	2,820	-	7,537	14,452	-
Net cash provided by (used in) capital and related financing activities	(8,804,482)	759,400	(127,900)	-	534,446	(7,638,536)	-

(Continued)

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	$ 331,975	$ -	$ 2,532	$ -	$ 14	$ 334,521	$ 95,699
Net cash provided by investing activities	331,975	-	2,532	-	14	334,521	95,699
Increase (decrease) in cash and cash equivalents	(3,099,370)	(26,291)	30,119	(23,286)	(57,090)	(3,175,918)	928,969
Cash and cash equivalents:							
Beginning of year	21,768,037	26,291	1,012,844	292,276	65,090	23,164,538	5,287,885
End of year	$ 18,668,667	$ -	$ 1,042,963	$ 268,990	$ 8,000	$ 19,988,620	$ 6,216,854
Classified as:							
Cash	$ 5,259,809	$ -	$ 1,042,963	$ 268,990	$ 8,000	$ 6,579,762	$ 4,388
Investments	7,142,139	-	-	-	-	7,142,139	6,212,466
Restricted assets, cash	43	-	-	-	-	43	-
Restricted assets, investments	6,266,676	-	-	-	-	6,266,676	-
	$ 18,668,667	$ -	$ 1,042,963	$ 268,990	$ 8,000	$ 19,988,620	$ 6,216,854
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Contributions of capital assets from governmental activities	$ 1,077,674	$ 436,697	$ 24,063	$ -	$ 172,114	$ 1,710,548	$ -

(Continued)

CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Public Employee Deposit Fund	Other Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	$ 3,521,464	$ 780,384	$ (1,934,370)	$ 457,685	$ (4,202,802)	$ (1,377,639)	$ 138,975
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,351,341	436,697	1,128,112	-	930,196	5,846,346	-
(Increase) decrease in accounts receivable	195,176	(8,413)	322,070	-	(20,700)	488,133	-
Decrease in inventories	-	-	-	-	1,417	1,417	-
(Increase) decrease in prepaid expenses	-	-	25,200	(432)	-	24,768	-
Increase in due from other governments	-	-	-	-	(101,457)	(101,457)	-
Increase in due from other funds	(1,906,759)	-	-	(1,120,476)	(636,264)	(3,663,499)	-
Increase in due from component unit	(247,074)	(83,672)	-	(608,400)	-	(939,146)	-
Increase in accounts payable and other liabilities	286,136	491,375	403,405	-	78,195	1,259,111	9,532
Increase in outstanding checks in excess of bank balance	-	-	-	-	-	-	853,972
Increase (decrease) in claims payable	-	-	-	978,505	-	978,505	(90,664)
Increase (decrease) in due to other funds	(180,244)	(1,951,660)	(695,867)	-	782,792	(2,044,979)	(78,545)
Increase (decrease) in deferred revenues	(26,493)	-	125,306	727,517	24,044	850,374	-
Net cash provided by (used in) operating activities	$ 4,993,547	$ (335,289)	$ (626,144)	$ 434,399	$ (3,144,579)	$ 1,321,934	$ 833,270

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

CITY OF ALBANY, GEORGIA
PENSION FUND

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

ASSETS	
Cash	$ 7,373,545
Investments at fair value:	
Equity securities	54,929,678
Government securities	10,513,728
Corporate bonds	28,116,148
Other	77,221
Total investments	93,636,775
Interest receivable	186,066
Total assets	101,196,386
LIABILITIES	
Accounts payable	1,850,018
Total liabilities	1,850,018
NET ASSETS	
Held in trust for pension benefits (A schedule of funding progress is presented on page 113)	$ 99,346,368

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

CITY OF ALBANY, GEORGIA
PENSION FUND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ADDITIONS:		
Employer contributions	$	7,034,271
Investment earnings		
Interest and dividends		2,283,756
Net increase in fair value of investments		15,926,229
Total investment earnings		18,209,985
Less investment expense		675,730
Net investment earnings		17,534,255
Total additions		24,568,526
DEDUCTIONS:		
Benefit payments		10,071,699
Administrative expense		63,975
Total deductions		10,135,674
Change in net assets		14,432,852
NET ASSETS, BEGINNING OF YEAR		84,913,516
NET ASSETS, END OF YEAR	$	99,346,368

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", the component unit's financial statements have been included as blended or discretely presented. Blended component units, although legally separate entities, are in substance part of the City's operations and so financial data from these units are combined with the financial data of the primary government. Each discretely presented component unit, on the other hand, is reported separately in the government-wide financial statements to emphasize that it is legally separate from the City. All blended and discretely presented component units have June 30 year-ends.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Blended Component Unit

Albany Dougherty Inner City Authority (ADICA) - The City Commission appoints six of seven members of ADICA's board. Budget requests for ADICA are submitted to the Commission for approval, with the City Commission possessing authority to revise ADICA's budget. The City provides 90% of ADICA's annual budget, primarily under a lease arrangement on the Civic Center whereby the City guarantees payment of bond debt because ADICA's primary purpose is to provide financing for City's construction projects. ADICA is charged with the responsibility of promoting improvements and redevelopment of the area of Albany that is bounded by West Slappey on the west, Liberty Expressway on the north and east, and Oakridge Drive on the south. The City, however, does not participate in the selection or monitoring of management. Separate financial statements are not prepared for ADICA.

Discretely Presented Component Units

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

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

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

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

The City also reports the following fund types:

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Internal service funds account for general liability, long-term disability, and workers' compensation claims.

The ***pension trust fund*** accounts for the activities of the City of Albany Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

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

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the enterprise funds and internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

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

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

   The City's Budget Officer can approve budget transfers up to $10,000 without the City Manager's approval, except that no transfers can be made between the salaries budget and the operations budget. Budget transfers in excess of $10,000 must be approved by the City Manager.
6. Annual appropriated budgets are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Special Revenue Funds, and Debt Service Funds. Sufficient budgetary control is achieved through restrictions included in the various grant agreements. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

7. Revenues and expenditures of the Capital Projects Funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds, which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2011, there were no encumbrances outstanding.

In the General Fund, expenditures exceeded budget for human resources by $1,572,378, procurement and materials management by $17,530, printing by $16,604, public works administration by $3,222, code enforcement by $26,928, parks and recreation administration by $26,005, parks by $64,087, Turner golf course by $26,930, and cemetery by $11,193, for the fiscal year ended June 30, 2011. In the Community Development Fund, expenditures exceeded budget by $2,896,057 for the fiscal year ended June 30, 2011. In the Hotel/Motel Tax Fund, expenditures exceeded budget by $39,315 for the fiscal year ended June 30, 2011. In the ARRA Grant Fund, expenditures exceeded budget by $728,195 for the fiscal year ended June 30, 2011. In the blended component unit ADICA, expenditures exceeded budget by $654,264 for the fiscal year ended June 30, 2011. In all funds, the over expenditures were funded by greater than anticipated revenues.

The Grant Fund reported a deficit fund balance of $971 and the Tax Allocation District Fund reported a deficit fund balance of $133,154 at June 30, 2011. The deficits are intended to be eliminated through transfers from the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

F. Investments

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings net of management fees on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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

G. Inventory

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

H. Prepaid Items

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

I. Receivables/Payables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Receivables/Payables (Continued)

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, dams, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB 34, The City has elected to include infrastructure acquired or constructed prior to June 30, 1980. Governmental (general) capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the government-wide statement of net assets. The City's capitalization threshold is $5,000 for all assets other than infrastructure. The capitalization threshold for infrastructure assets (roads, bridges, etc.) is $100,000.

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

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the Water, Gas and Light Commission (component unit) is included as part of the capitalized value of assets. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2011.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

K. Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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

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

M. Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City Manager to assign fund balances.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

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

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

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N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $17,992,374 difference are as follows:

Notes payable	$ (4,306,250)
Bonds payable	(605,409)
Unamortized bond issuance costs	210,330
Certificates of participation	(10,000,000)
Fair market value interest rate hedge - certificate of participation	1,715,322
Compensated absences	(3,209,923)
Other post-employment benefit obligation	(1,721,941)
Accrued interest payable	(74,503)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (17,992,374)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $4,012,704 difference are as follows:

Capital outlay	$ 9,642,791
Depreciation expense	(5,630,087)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 4,012,704

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The details of this $970,484 differences are as follows:

Donations of capital assets	$ 561,514
Transfers of capital assets from business-type activities	215,334
Disposals of capital assets	(1,747,332)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ (970,484)

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

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

Another element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $6,140,644 difference are as follows:

Issuance of bonds	$ (295,079)
Principal repayment - general obligation bonds	6,115,000
Principal repayment - notes payable	318,750
Amortization of bond issuance costs	(22,301)
Amortization of bond premium	24,274
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 6,140,644

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

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

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $653,695 difference are as follows:

Compensated absences	$	(39,173)
Accrued interest		84,124
Other post-employment benefit obligation		(698,646)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(653,695)

NOTE 3. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by state statutes.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2011, the City had no uncollateralized deposits.

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2011, the City had the following investments (in thousands):

		Investment Maturities (in Years)							
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**Rating**
Entity wide:									
Government securities	$ 40,405	$ 6,416	$ 12,142	$ 18,211	$ 444	$ 132	$ 2,099	$ 961	AAA
Georgia Fund 1	2,633	2,633	-	-	-	-	-	-	AAAm
Common stock	1,609	-	-	-	-	-	-	-	N/A
Guaranteed Inv. Contract	6,673	-	-	-	-	6,673	-	-	AA-
Mutual funds	2,177	-	-	-	-	-	-	-	N/A
	53,497	9,049	12,142	18,211	444	6,805	2,099	961	
Pension Trust Fund:									
Government securities	$ 10,514	$ 566	$ 5,714	$ 3,313	$ 505	$ 134	$ -	$ 282	AAA
Common stock	54,340	-	-	-	-	-	-	-	N/A
Preferred stock	590	-	-	-	-	-	-	-	N/A
Mutual funds	77	-	-	-	-	-	-	-	N/A
Corporate bonds	602	273	329	-	-	-	-	-	AAA
Corporate bonds	1,945	-	1,317	-	-	-	628	-	AA-
Corporate bonds	2,208	-	1,054	1,154	-	-	-	-	A+
Corporate bonds	2,057	-	2,057	-	-	-	-	-	A
Corporate bonds	4,411	606	2,292	-	586	-	-	927	A-
Corporate bonds	1,875	-	586	370	-	-	313	606	BBB+
Corporate bonds	1,804	-	1,221	-	583	-	-	-	BBB
Corporate bonds	1,189	-	825	-	-	364	-	-	BBB-
Corporate bonds	2,762	-	-	-	100	-	647	2,015	BB+
Corporate bonds	1,583	611	-	-	-	745	-	227	BB
Corporate bonds	2,582	-	1,271	741	278	-	-	292	BB-
Corporate bonds	2,358	-	2,277	-	-	81	-	-	B+
Corporate bonds	688	-	688	-	-	-	-	-	B
Corporate bonds	2,052	-	1,183	285	-	584	-	-	N/A
Total fair value	93,637	2,056	20,814	5,863	2,052	1,908	1,588	4,349	
	$ 147,134	$ 11,105	$ 32,956	$ 24,074	$ 2,496	$ 8,713	$ 3,687	$ 5,310	

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2011, the Water, Gas and Light Commission (component unit) had the following investments:

Investments	Maturities	Fair Value
U.S. Government Securities	5 year weighted average	$ 2,840,014
Municipal Bonds	2 year weighted average	336,786
Corporate Bonds	32 year weighted average	68,171
Certificates of Deposit	15 month weighted average	7,423,839
		$ 10,668,810

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

NOTE 4. RECEIVABLES

Property Taxes

Property taxes were levied on July 19, 2010 on the January 1, 2010 assessed value of all real and personal property including mobile homes and motor vehicles located within the City. Tax bills were mailed on September 16, 2010, and payable before December 20, 2010. The lien date for unpaid taxes was December 21, 2010. After that date, an interest penalty of 18% applies. Property tax revenues are recognized when levied to the extent they result in current receivables.

The City is permitted by the Municipal Finance Law of the state to levy taxes up to $20.00 per $1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. A tax rate of 8.660 mills was levied during fiscal year 2011 for the City (mill equals $1 per thousand dollars of assessed value).

NOTE 4. RECEIVABLES (CONTINUED)

Property Taxes (Continued)

Gross property taxes receivable at June 30, 2011 are $220,264. An allowance of $191,789 has been established for taxes in dispute and taxes that will not be collected for the year ended June 30, 2011, resulting in a net receivable for property taxes of $28,475.

Sales Taxes

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

In addition, there is an additional 1% Special Purpose Local Option Sales Tax Program (“SPLOST”) which was passed by referendums in 1989 (SPLOST II), 1994 (SPLOST III), 1999 (SPLOST IV), 2004 (SPLOST V). and 2010 (SPLOST VI). The proceeds from these sales tax programs are used to finance various capital projects. These SPLOST programs are administered by Dougherty County. SPLOST taxes receivable at June 30, 2011 are $910,167.

NOTE 4. RECEIVABLES (CONTINUED)

Accounts Receivable

Accounts receivable of the primary government consisted of the following at June 30, 2011:

	General Fund	Community Development Fund	SPLOST Fund	Sanitary Sewer Fund	Solid Waste Fund	Airport Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds
Gross receivables	$ 3,318,898	$ 217,300	$ 110,357	$ 94,167	$ 8,413	$ 57,097	$ 730,604	$ 22,911
Less allowance for doubtful accounts	(834,985)	-	-	-	-	-	(40,000)	-
Net receivables	$ 2,483,913	$ 217,300	$ 110,357	$ 94,167	$ 8,413	$ 57,097	$ 690,604	$ 22,911

The Water, Gas and Light Commission had accounts receivable at June 30, 2011, of $18,444,801, which is net of an allowance for uncollectible accounts of $732,532.

Notes Receivable

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

NOTE 5. CAPITAL ASSETS

The City's capital asset activity for the year ended June 30, 2011, was as follows:

Primary Government:

Governmental activities	Balance June 30, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Capital assets not being depreciated:					
Land	$ 17,412,048	$ 383,290	$ (950,142)	$ (89,643)	$ 16,755,553
Construction in progress	4,317,222	214,723	(30,773)	(1,069,950)	3,431,222
Total assets not depreciated	21,729,270	598,013	(980,915)	(1,159,593)	20,186,775
Capital assets being depreciated:					
Buildings and improvements	62,214,160	4,431,725	(458,767)	491,926	66,679,044
Equipment and vehicles	26,619,015	3,230,685	(1,363,606)	1,072,615	29,558,709
Infrastructure	72,157,709	1,943,882	(185,521)	159,776	74,075,846
Total assets depreciated	160,990,884	9,606,292	(2,007,894)	1,724,317	170,313,599
Less accumulated depreciation:					
Buildings and improvements	16,017,237	2,810,823	(107,446)	(100,050)	18,620,564
Equipment and vehicles	14,799,556	1,713,171	(1,134,031)	318,233	15,696,929
Infrastructure	53,083,276	1,106,093	-	131,207	54,320,576
Total accumulated depreciation	83,900,069	5,630,087	(1,241,477)	349,390	88,638,069
Total assets depreciated, net	77,090,815	3,976,205	(766,417)	1,374,927	81,675,530
Governmental activities assets, net	$ 98,820,085	$ 4,574,218	$ (1,747,332)	$ 215,334	$ 101,862,305

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government:

Business-type activities	Balance June 30, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Capital assets not being depreciated:					
Land	$ 10,764,487	$ -	$ -	$ -	$ 10,764,487
Construction in progress	3,910,082	2,409,032	-	(1,890,948)	4,428,166
Total assets not depreciated	14,674,569	2,409,032	-	(1,890,948)	15,192,653
Capital assets being depreciated:					
Buildings and improvements	128,049,542	134,435	(388)	13,229	128,196,818
Equipment and vehicles	29,282,382	766,873	(273,005)	(1,198,496)	28,577,754
Infrastructure	40,726,062	473,272	-	2,511,492	43,710,826
Total assets depreciated	198,057,986	1,374,580	(273,393)	1,326,225	200,485,398
Less accumulated depreciation:					
Buildings and improvements	40,564,245	2,473,300	(53)	(482,990)	42,554,502
Equipment and vehicles	17,162,164	1,771,707	(257,501)	(563,486)	18,112,884
Infrastructure	31,140,281	1,465,838	-	697,087	33,303,206
Total accumulated depreciation	88,866,690	5,710,845	(257,554)	(349,389)	93,970,592
Total assets depreciated, net	109,191,296	(4,336,265)	(15,839)	1,675,614	106,514,806
Business-type activities assets, net	$ 123,865,865	$ (1,927,233)	$ (15,839)	$ (215,334)	$ 121,707,459

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	825,245
Judicial		4,988
Public safety		1,675,530
Public works		1,471,241
Culture and recreation		565,811
Community development		1,087,272
Total depreciation expense - governmental activities	$	5,630,087
Business-type activities:		
Sanitary sewer	$	3,215,840
Solid waste		436,697
Transit		382,063
Civic center		548,133
Airport		1,128,112
Total depreciation expense - business-type activities	$	5,710,845

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units:

Activity for Chehaw Park Authority for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	$ 1,283,104	$ -	$ -	$ 1,283,104
Construction in progress	690,240	1,010,103	(587,609)	1,112,734
Total assets not depreciated	1,973,344	1,010,103	(587,609)	2,395,838
Capital assets being depreciated:				
Buildings and improvements	8,717,406	-	581,051	9,298,457
Equipment and vehicles	430,398	88,003	6,558	524,959
Total assets depreciated	9,147,804	88,003	587,609	9,823,416
Less accumulated depreciation:				
Buildings and improvements	2,715,485	242,361	-	2,957,846
Equipment and vehicles	311,122	46,208	-	357,330
Total accumulated depreciation	3,026,607	288,569	-	3,315,176
Total assets depreciated, net	6,121,197	(200,566)	587,609	6,508,240
Chehaw Park Authority assets, net	$ 8,094,541	$ 809,537	$ -	$ 8,904,078

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units: Continued

Activity for the Water, Gas and Light Commission for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	$ 1,453,294	$ -	$ -	$ 1,453,294
Total assets not depreciated	1,453,294	-	-	1,453,294
Capital assets being depreciated:				
Equipment	26,063,997	2,240,332	-	28,304,329
Buildings and improvements	11,850,281	275,634	-	12,125,915
Plant facilities	85,387,978	2,100,413	-	87,488,391
Total assets depreciated	123,302,256	4,616,379	-	127,918,635
Less accumulated depreciation:				
Equipment	11,946,678	2,241,720	-	14,188,398
Buildings and improvements	4,343,904	468,085	-	4,811,989
Plant facilities	30,302,497	3,076,206	-	33,378,703
Total accumulated depreciation	46,593,079	5,786,011	-	52,379,090
Total assets depreciated, net	76,709,177	(1,169,632)	-	75,539,545
WG&L Commission assets, net	$ 78,162,471	$ (1,169,632)	$ -	$ 76,992,839

NOTE 6. LONG-TERM DEBT

A. Primary Government

	Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
Governmental activities					
General obligation bonds	$ 6,425,330	$ 295,079	$ 6,115,000	$ 605,409	$ -
Add deferred amounts					
Unamortized premium	24,274	-	24,274	-	-
Total bonds payable	$ 6,449,604	$ 295,079	$ 6,139,274	$ 605,409	$ -
Notes payable	4,625,000	-	318,750	4,306,250	325,000
Certificates of participation	10,000,000	-	-	10,000,000	-
Deferred fair value of interest rate swap	(1,862,359)	-	(147,037)	(1,715,322)	-
Total certificates of participation	8,137,641	-	(147,037)	8,284,678	-
Compensated absences	3,170,750	770,355	731,182	3,209,923	2,888,931
Governmental activity long-term liabilities	$ 22,382,995	$ 1,065,434	$ 7,042,169	$ 16,406,260	$ 3,213,931
Business-type activities					
Revenue bonds	$ 34,145,000	$ 6,730,000	$ 12,300,000	$ 28,575,000	$ 2,260,000
Add deferred amounts					
Unamortized discount	(415,547)	(591,331)	(96,828)	(910,050)	-
Total bonds payable	33,729,453	6,138,669	12,203,172	27,664,950	2,260,000
Notes payable	10,421	-	10,421	-	-
Compensated absences	904,552	190,465	148,884	946,133	851,520
Business-type activity long-term liabilities	$ 34,644,426	$ 6,329,134	$ 12,362,477	$ 28,611,083	$ 3,111,520

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The government-wide statement of net assets includes $2,260,000 of the long-term liabilities due within one year for business-type activities in liabilities payable from restricted assets. The remaining amount of $25,404,950 is displayed as noncurrent liabilities, due in more than one year, on that same statement.

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

Governmental Activities Debt

Notes Payable

The U.S. Department of Housing and Urban Development has issued to the City, two (2) Section 108 Guaranteed Loans for the purpose of providing subordinated debt financing for the development of the Albany Hilton Garden Inn Hotel and Conference Center. The City's Section 108 Guaranteed Loans outstanding at June 30, 2011, are as follows:

	Original Amount	Interest Rates	Balance June 30, 2011
HUD Section 108 Loan, B-02-MC-13-0001	$ 5,500,000	2.00% - 5.00%	$ 3,575,000
HUD Section 108 Loan, B-99-MC-13-0001	500,000	2.00% - 5.00%	250,000
Total			$ 3,825,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Notes Payable (Continued)

The Albany Dougherty Inner City Authority is the recipient of an Equity Fund Loan from the One Georgia Authority. The amount of this loan is $500,000. This is additional funding for the Albany Hilton Garden Inn and Conference Center Project. The note is to be paid back over a term of 20 years at an interest rate of zero percent. Quarterly payments for the loan began in October 2010. ADICA acts as a pass-through conduit with respect to this One Georgia loan and has received a secured promissory note from Albany Holdings, Inc. in the amount of $500,000 with terms the same as the terms from the One Georgia loan. This loan is included in the maturity table below.

Notes payable debt service requirements to maturity, including interest of $1,406,874, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ 325,000	$ 204,904	$ 529,904
2013	325,000	190,023	515,023
2014	325,000	174,708	499,708
2015	325,000	159,055	484,055
2016	325,000	142,996	467,996
2017 - 2021	1,625,000	461,653	2,086,653
2022 - 2026	950,000	73,535	1,023,535
2027 - 2031	106,250	-	106,250
	$ 4,306,250	$ 1,406,874	$ 5,713,124

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ -	$ 475,000	$ 475,000
2013	-	475,000	475,000
2014	-	475,000	475,000
2015	-	475,000	475,000
2016	-	475,000	475,000
2017 - 2021	-	2,375,000	2,375,000
2022 - 2026	-	2,375,000	2,375,000
2027 - 2028	10,000,000	950,000	10,950,000
	$ 10,000,000	$ 8,075,000	$ 18,075,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

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

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2011, the floating rate being paid by the City is 0.40%, and the market value of this agreement is $1,715,322 a decrease of $147,037 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2011 based on the derivative contract. This market value is reported as an asset in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds

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

The general obligation bond outstanding at June 30, 2011, is as follows:

	Interest Rate	Balance June 30, 2011
2009 ADICA Issue	6.75%	$ 605,409

A description of the general obligation bond issue is provided below.

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

During the year ended June 30, 2010, the City issued bonds through the Albany-Dougherty Inner City Authority (ADICA) in an amount authorized up to $6,000,000. The bonds bear interest of 6.75% with final maturity in 2024.

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

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

Proceeds from the bonds are for the purpose of financing or refinancing, in whole or in part, the cost of acquiring, constructing, developing and equipping various capital outlay projects located within the City of Albany, Georgia,

The bonds are limited obligations of ADICA, payable solely from payments to be made by the City pursuant to an intergovernmental contract between ADICA and the City. The City's obligation under the contract to make payments to ADICA at times and in amounts sufficient to enable ADICA to pay the principal of and interest on the bonds is absolute and unconditional, is secured by a pledge of the City's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. The City intends to make its payments under the contract from its portion of the revenues generated by ad valorem property tax; however, the City's portion of the revenue from the ad valorem property tax is not pledged to such payments or to secure the payment of the bonds.

The debt service requirement to maturity does not include a provision for the Revenue Bond, Series 2009, of which $605,409 had been drawn as of June 30, 2011. This obligation is still in the drawdown phase as of June 30, 2011, and repayment will be determined when all draws have been made

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt

Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-like activities and are reported in the business-type column of the government-wide statements. Principal and interest are payable from enterprise fund revenue. Revenue bonds outstanding at June 30, 2011, are as follows:

	Interest Rates	Balance June 30, 2011
2007 Sewerage System Revenue Bonds	4.00% - 5.00%	$ 21,845,000
2011 Sewerage System Revenue Bonds	3.39%	6,730,000
		28,575,000
Less: Unamortized discount		(910,050)
		$ 27,664,950

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

On April 17, 2007, the City issued $27,745,000 in Sewerage System Revenue Bonds, Series with interest rates between 4% and 5%. The City issued the bonds for the purpose of 1) current refunding of $30,040,000 outstanding Sewerage System Revenue Bonds, Series 1997 maturing on and after July 1, 2008, 2) purchasing a surety bond for the reserve account and a bond insurance policy and 3) paying the cost of issuing the Series 2007 bonds. The City used the net

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Revenue Bonds (Continued)

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

proceeds from the issuance of the revenue bonds to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 1997 issue were called.

The difference between the requisition price and the net carrying amount of the old debt amounted to $641,133. The advance refunding charge was deferred and is being amortized over the shorter life of the new debt as a component of interest expense. At June 30, 2011, the unamortized balance was $341,844.

Interest expense related to the Series 2007 Bonds for the year ended June 30, 2011, was $1,013,150. All interest incurred was expensed.

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

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

Interest expense related to the Series 2011 Bonds for the year ended June 30, 2011, was $52,601. All interest incurred was expensed.

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Revenue Bonds (Continued)

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ 2,260,000	$ 1,135,082	$ 3,395,082
2013	2,745,000	1,098,620	3,843,620
2014	2,845,000	978,932	3,823,932
2015	2,975,000	842,890	3,817,890
2016	3,110,000	704,687	3,814,687
2017 - 2021	11,230,000	1,392,201	12,622,201
2022	3,410,000	79,051	3,489,051
	$ 28,575,000	$ 6,231,463	$ 34,806,463
Less unamortized discount	(910,050)		
	$ 27,664,950		

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Component Unit – Water, Gas and Light Commission

Long-term liability activity for the Water, Gas and Light Commission (component unit) for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 20,890,000	$ -	$ (6,850,000)	$ 14,040,000	$ 1,185,000
Plus unamortized premiums	205,524	-	(24,392)	181,132	-
Revenue bonds, net	21,095,524	-	(6,874,392)	14,221,132	1,185,000
Capital lease payable	4,938,500	-	(989,410)	3,949,090	1,122,054
Compensated absences	2,507,723	1,185,501	(1,074,420)	2,618,804	1,780,787
Total long-term liabilities	$ 28,541,747	$ 1,185,501	$ (8,938,222)	$ 20,789,026	$ 4,087,841

Revenue Bonds

Revenue bonds of the Water, Gas and Light Commission (the ”Commission”) outstanding at June 30, 2011, are as follows:

	Interest Rates	Balance June 30, 2011
2005 Water Revenue Bonds	3.97%	$ 6,230,000
2010 Water Revenue Bonds	2.00% - 4.00%	7,810,000
Total		$ 14,040,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds (Continued)

2010 Water Revenue Bonds. The City and Commission have tax-exempt Water Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds) outstanding at June 30, 2011 in the amount of $7,810,000. The proceeds from the bonds were used to advance refund the City and Commission's Series 1998 water revenue bonds. The bonds are limited obligations of the City and the Commission and are payable solely from the net revenues of the Water System. The Series 2010 Bonds are due in annual installments through December 2018, with interest ranging from 2.00% to 4.00%.

The Series 2010 Bonds maturing on December 1, 2018 and thereafter are subject to redemption prior to maturity, at the option of the City and the Commission, on or after December 1, 2018, in whole or in part (in any order of maturity and by lot within a maturity) at any time, at a price of par plus accrued interest to the redemption date.

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

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

Interest expense related to the revenue bonds for the year ended June 30, 2011 was $622,839. No interest was capitalized during the year ended June 30, 2011.

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds (Continued)

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

Fiscal year ending June 30,	Principal	Interest	Total
2012	$ 1,185,000	$ 483,727	$ 1,668,727
2013	1,225,000	444,546	1,669,546
2014	1,265,000	404,019	1,669,019
2015	1,305,000	362,171	1,667,171
2016	1,345,000	319,002	1,664,002
2017-2021	5,190,000	896,761	6,086,761
2022-2026	2,525,000	259,340	2,784,340
	$ 14,040,000	$ 3,169,566	$ 17,209,566

Capital Leases

The Water, Gas and Light Commission has entered into lease agreements as lessee for financing the acquisition of computer equipment and equipment to be used in the Commission's meter reading process. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. Assets under capital lease total $12,201,822, with accumulated depreciation of $7,169,205.

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Fiscal year ending June 30,		
2012	$	1,288,808
2013		1,255,549
2014		1,231,865
2015		513,279
Total minimum lease payments		4,289,501
Less: Amount representing interest		(340,411)
Present value of minimum lease payments	$	3,949,090

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

Conduit Debt

From time to time, ADICA has issued revenue bonds to provide financial assistance to both private and public sector entities for the acquisition and construction of commercial facilities deemed to be of public interest. ADICA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Four (4) series of bond issuances have occurred from November 1, 2003 to June 30, 2011, totaling $48,383,171. The total amount of bonds outstanding at June 30, 2011 is $47,648,743.

NOTE 6. LONG-TERM DEBT (CONTINUED)

D. Component Unit – Chehaw Park Authority

Notes Payable

Chehaw Park Authority has incurred debt of $42,450 to a financial institution for the purchase of equipment. The obligation is in the drawdown phase as of June 30, 2011, and repayment will be determined when all draws have been made.

Capital Lease

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

NOTE 7. SHORT-TERM DEBT

Component Unit – Water, Gas and Light Commission

The Commission used a revolving line of credit to finance a variety of projects, including financing of general operations. Short-term debt activity for the year-end June 30, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	$ -	$ 785,900	$ -	$ 785,900

NOTE 8. RETIREMENT PLANS

A. Defined Contribution Plan

The City of Albany maintains a defined contribution pension plan, the City of Albany Retirement Savings Plan (“the Savings Plan"), which was established by the City of Albany on January 1, 1998 to provide reasonable retirement security for its “Senior Management Employees”. The plan is administered by Nationwide Retirement Solutions. At June 30, 2011, there were nine active participants. The City is required to contribute 8.9% of each Plan participant compensation. Plan participants are required to contribute 5% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the City of Albany Board of Commissioners. For the year ended June 30, 2011, the City contributed $65,382 and employees contributed $22,745.

B. Defined Benefit Plan

Plan Description

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

The Plan covers all full-time, permanent employees of the City of Albany and its component unit, the Water, Gas and Light Commission; as well as the Artesian Federal Credit Union, the Albany Metropolitan Planning Commission, and certain former City employees resulting from the Delineation of Services Agreement.

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

Individuals who were employed by the City prior to January 1, 1982, and who elected to remain in the Plan as then constituted are covered under the “old plan rules". All employees hired on or after January 1, 1982, are covered by the provisions of the "new plan rules". The Plan provides pension, death and disability benefits.

Under the "old plan rules", members may normally retire after obtaining 25 years of service or age 65 with at least five years of service. Early retirement is possible if the member is within five years of his or her Normal Retirement Date and has completed at least five years of service. For employees hired after April 1, 2010, the five years service is replaced with ten years of service. Benefits are calculated at 1.75% of the member's average monthly salary multiplied by the employee's years of service at normal retirement date. Additionally, the members will receive a 1.5% per year cost-of-living increase in their pensions each year. The average monthly salary is defined as the sum of the participants' reported totals compensation in the three years of employment out of the last five years of employment that produce the highest average, divided by 36. Unless a joint and survivor annuity option is elected by the member, the pension benefits will continue for the lifetime of the member with no residual payments to any beneficiaries. For early retirement, the pension payment is reduced by 5% for each year early retirement precedes normal retirement. Vesting changed from 100% after 10 years to 50% after five years, increasing 10% per year to 100% after 10 years of participation.

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

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

Membership in the Plan as of June 30, 2011 is as follows:

Active employees	1,141
Retired participants receiving benefits	723
Terminated vested participants	380
Total membership	2,244

Summary of Significant Accounting Policies

Basis of Accounting

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

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on the national securities markets are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at fair value determined by the trustee on the last reported bid and asked prices. The bonds, government, agency and corporate are reported at their market value as of June 30, 2011. No investment in any one organization represented 5% or more of the net assets available for pension benefits at June 30, 2011. There are no investments in, loans to, or leases with parties related to the pension plan.

Contribution Requirements

The City's funding policy is to contribute a percentage of covered employee payroll as developed in the actuarial valuation for the Plan. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. Effective July 1, 2007, employees were required to make contributions to the Plan as follows: General Employees – 4% of annual covered payroll; Safety Employees – 7% of annual covered payroll. The participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. The actuarial determined contribution amount is the sum of the annual normal cost (determined under the entry age normal method) and the amortization of the unfunded actuarial accrued liability as a level percentage of future payroll. Administrative costs of the Plan are financed through investment income. Actual contributions to the plan were $5,474,370 from the City and $1,559,902 from Water Gas and Light Commission, a component unit of the City for a total Annual Pension Cost of $7,034,271.

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
6/30/2008	$ 3,474,213	131 %	$ (1,118,600)
6/30/2009	7,060,720	100	-
6/30/2010	6,821,278	100	-
6/30/2011	7,034,271	100	-

* During the year ended June 30, 2009, the City changed its accounting and funding policies related to the Plan. The City now has a required contribution which is an actuarially determined percentage of payroll each year as opposed to a required contribution equal to a set dollar amount. This practice is allowed under generally accepted accounting principles and is preferable so the City can ensure a direct correlation of required contributions to actual payroll. As a result of this change in accounting policy, the actual employer contributions should always equal the annual required contribution, which for fiscal year 2011 was required to be 8.9% of payroll for general employees and 11.9% of payroll for public safety employees. The City had no net pension obligation as of the fiscal year ended June 30, 2011

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

As of the most recent valuation date, July 1, 2009 the funded status of the Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2009	$ 109,665,197	$ 167,732,000	$ 58,066,803	65.4%	$ 43,105,872	134.7%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2009.

The actuarial funding method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all participants and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active participants is then calculated as a

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. The period and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Actuarial Assumptions

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

Valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	27 years
Asset valuation method	10-year smoothed market value
Actuarial assumptions:	
Investment rate of return (includes inflation)	8.50%
Projected salary increases (includes inflation)	4.00%
Inflation	3.00%
Cost-of-living adjustments	
Old Plan Members	1.50% annually
New Plan Members	3.00% annually

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund		
General Fund	Community Development Fund	$	393,973
General Fund	SPLOST		590,572
General Fund	Sanitary Sewer Fund		799,927
General Fund	Nonmajor Governmental Funds		1,746,414
General Fund	Internal Service Fund - Self-Administered Insurance		495,272
General Fund	Internal Service Fund - Workers' Comp		738,659
General Fund	Internal Service Fund - Long-Term Disability		82,655
General Fund	Airport Fund		155,847
General Fund	Nonmajor Enterprise Fund		808,539
Nonmajor Governmental Funds	General Fund		946,319
Nonmajor Governmental Funds	Solid Waste Fund		223,907
Nonmajor Governmental Funds	Community Development Fund		10,109
Nonmajor Governmental Funds	Nonmajor Governmental Fund		6,460
Nonmajor Governmental Funds	Sanitary Sewer Fund		373,948
Nonmajor Enterprise Fund	General Fund		636,264
Public Employee Deposit Fund	General Fund		1,295,943

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

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

Advances to/from other funds result from (1) the use of Public Improvement Fund lease pool proceeds by various funds for capital outlay and the repayment of these funds to the Public Improvement Fund over several years, and (2) the repayment of operating funds from Solid Waste to the General Fund over several years. The composition of advances to/from other funds at June 30, 2011 is as follows:

Receivable Fund	Payable Fund		
Nonmajor Governmental Funds	Sanitary Sewer Fund	$	207,095
Nonmajor Governmental Funds	Solid Waste Fund		236,803
General Fund	Solid Waste Fund		1,911,625

Due to/from primary government and component units

Receivable Entity	Payable Entity		
General Fund	Water, Gas & Light Commission	$	1,160,717
Nonmajor Governmental Funds	Water, Gas & Light Commission		630,810
Solid Waste Fund	Water, Gas & Light Commission		2,027,649
Sanitary Sewer Fund	Water, Gas & Light Commission		2,595,473
Public Employee Deposit Fund	Water, Gas & Light Commission	$	973,402
General Fund	Chehaw Park Authority	$	164,541

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

	Transfers In				
Transfers Out	General Fund	Nonmajor Governmental Funds	Airport Fund	Nonmajor Enterprise Fund	Total
General Fund	$ -	$ 375,000	$ 593,432	$ 1,693,348	$ 2,661,780
Community Development Fund	-	5,351	-	-	5,351
Nonmajor Governmental Funds	661,336	-	-	-	661,336
Sanitary Sewer Fund	-	783,996	-	-	783,996
Solid Waste Fund	-	550,402	-	-	550,402
Airport Fund	-	1,074	-	-	1,074
Public Employee Deposit Fund	457,685	-	-	-	457,685
Nonmajor Enterprise Funds	-	5,244	-	2,217,297	2,222,541
Total	$ 1,119,021	$ 1,721,067	$ 593,432	$ 3,910,645	$ 7,344,165

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

NOTE 10. CONTINGENT LIABILITIES

Primary Government:

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

NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

Primary Government: (Continued)

The City is contingently liable for a $1,300,000 loan from a local financial institution to the Payroll Development Authority. The outstanding balance of this loan at June 30, 2011, is $1,097,761.

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

Water, Gas and Light Commission:

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

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

NOTE 10. CONTINGENT LIABILITIES (CONTINUED)

Water, Gas and Light Commission: (Continued)

As of June 30, 2011, the Commission is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The Commission has agreed to purchase all of its future power and energy requirements in excess of that received by the Commission through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, the participants have guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the Commission would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to $63,036,424 in 2011.

At June 30, 2011, the outstanding debt of MEAG was approximately $4.5 billion. The Commission's guarantee varies by individual projects undertaken by MEAG and totals approximately $442 million at June 30, 2011.

Additionally, the Commission controls a real estate site formerly known as the Albany Manufactured Gas Plant (the “Plant”). The Plant previously used a method of manufacturing gas from coal that interfered with the environment. The Commission is therefore subject to environmental laws and regulations and is exposed to liabilities and compliance costs arising from the past disposal of hazardous waste from the past manufacturing of gas. The Commission has contracted with an engineering and construction firm to prepare a compliance status report for the Georgia Environmental Protection Division. The compliance status report was completed and filed with the Georgia Environmental Protection Division in June 2008.

At this time, the Commission anticipates that corrective action will be necessary to bring the Plant into compliance. The total cost of this corrective action is anticipated to range from $2,000,000 to $10,000,000. A total of $2,000,000 is believed by management to be probable. During the year ended June 30, 2011, the Commission incurred costs of $170.200, with total incurred cost to date of $423,418. The liability has been reduced by these costs, resulting in a liability of $1,576,582 recorded on the statement of net assets as an other long-term liability.

NOTE 11. COMMITMENTS

In addition to the liabilities enumerated in the balance sheet at June 30, 2011, the City has contractual commitments on uncompleted construction contracts totaling approximately $2,442,425.

NOTE 12. RISK MANAGEMENT

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

The Long-Term Disability Fund (an Internal Service Fund) was established to account for and finance its uninsured risks of loss for group long-term disability. This fund services all claims, and outside commercial coinsurance is not purchased. No liability for unpaid claims existed at June 30, 2011, or June 30, 2010, and therefore no schedule of changes in fund claims liability is presented.

The Workers' Compensation Fund (an Internal Service Fund) was established to account for and finance uninsured risks of loss for workers' compensation. The Fund provides coverage for up to a maximum claim of $400,000. The City purchases commercial coinsurance for claims in excess of coverage provided by the fund and for all other risks of loss up to $3,000,000.

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

	June 30, 2011	June 30, 2010
Unpaid claims, beginning of year	**$ 395,639**	$ 680,517
Incurred claims and changes in estimates	**402,881**	189,592
Claim payments	**(386,045)**	(474,470)
Unpaid claims, end of year	**$ 412,475**	$ 395,639

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

	June 30, 2011	June 30, 2010
Unpaid claims, beginning of year	**$ 835,000**	$ 1,095,000
Incurred claims and changes in estimates	**12,034,411**	10,904,695
Claim payments	**(12,164,411)**	(11,164,695)
Unpaid claims, end of year	**$ 705,000**	$ 835,000

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

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

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

The City is accounting for and financing its uninsured risks of loss for all claims liability for which the City is exposed through the Self Administered Insurance Fund (an Internal Service Fund). Changes in the balances of the claims liability during the past two years are as follows:

	June 30, 2011	June 30, 2010
Unpaid claims, beginning of year	**$ 1,669,500**	$ 1,722,335
Incurred claims and changes in estimates	**809,198**	888,974
Claim payments	**(916,698)**	(941,809)
Unpaid claims, end of year	**$ 1,562,000**	$ 1,669,500

NOTE 13. RELATED ORGANIZATION

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

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. Of this percentage, 2% is allocated each year to the Chamber of Commerce for use in the promotion of the City. For the fiscal year ended June 30, 2011, $1,407,921 of hotel/motel tax was collected, and $639,315, or 45% of the amount collected was remitted to the Chamber of Commerce. The remaining balance was used by the City for the promotion of tourism.

NOTE 15. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2011, the city paid $43,062 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Albany maintains a cost-sharing multiple employer defined benefit other post-employment benefit plan which was required by GASB 45 and implemented prospectively, The City of Albany Other Post-Employment Benefits Plan ("the OPEB Plan"), which includes retirees from the City of Albany and its component unit, the Water, Gas and Light Commission is administered by a board of trustees, which includes the Mayor, the Chief Financial Officer, two members appointed by the Board of Commissioners, three members elected from active and retired employees and two members selected from the metropolitan Albany area. In accordance with a City ordinance, the City's personnel policy provides that all employees who retire under early, normal or disability retirement provisions are eligible for confirmed health care benefits provided by the City. Employees under the age of 65 who retired prior to July 1, 2003, receive the same health insurance benefits as active employees. These retirees pay 25% of the cost of the premiums, with the City paying the remaining 75% of the cost. New "normal" retirees under age 65 who retired effective July 1, 2003, and later pay 40% of the premiums and the City pays the remaining 60%. New "Early" retirees under the age of 65 who retired effective July 1, 2003, and later pay 50% of the premium cost, with the City paying the remaining 50%. A separate, audited GAAP-basis postemployment benefit plan report is not available for the OPEB Plan.

At age 65, retired employees are removed from the City's group Health Plan but can purchase a Medicare supplement, which is identical to the health plan offered to active City employees, except that the City becomes secondary payor. This Medicare supplement has a maximum lifetime benefit cap of $50,000.

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

The General Fund pays the total monthly cost of post-retirement coverage, but is reimbursed for that portion of the premium deemed to be the retired employee's share. For the year ended June 30, 2011, the General Fund's net share of the premiums paid for its 442 retired employees and retired employee's spouses/dependents was $519,984. There were no significant changes in the coverage provided. Membership in the OPEB Plan as of the most recent actuarial valuation date (July 1, 2010) is as follows:

Active employees	1,107
Retired participants receiving benefits	413
Spouse/dependent of retired participants receiving benefits	29
Total membership	1,549

The City contributed $519,984 to the OPEB Plan in the year ended June 30, 2011. The annual required contribution amount is determined using actuarial methods and assumptions approved by the City Commission. The City Commission establishes and may amend the funding policy for the OPEB Plan.

Annual required employer contribution	$ 1,216,801
Interest on net OPEB obligation	40,932
Adjustment to annual required contribution	(39,103)
Annual OPEB cost	1,218,630
Employer contributions for period ending June 30, 2011	519,984
Increase in net OPEB obligation	698,646
Net OPEB obligation beginning of year	1,023,295
Net OPEB obligation end of year	$ 1,721,941

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Trend Information

Fiscal Year Ending	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
6/30/2009	$ 1,131,237	56%	$ 497,987
6/30/2010	1,132,127	54%	1,023,295
6/30/2011	1,216,801	43%	1,721,941

As of July 1, 2010, the most recent valuation date, the funded status of the OPEB Plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2008	$ -	$ 16,546,482	$ 16,546,482	0%	$ 42,570,855	38.9%
7/1/2010	-	17,064,694	17,064,694	0%	44,078,327	38.7%

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amount and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2010. The assumptions used in the July 1, 2010 actuarial valuation are as follows:

Valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay
Amortization period	30 years, closed
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (includes inflation)	4.00%
Inflation	3.00%
Health Care Trend Rate	10.50%
Ultimate Health Care Trend Rate	5.00%
Year of Ultimate Trend Rate	2016

NOTE 17. RELATED PARTY MATTERS

During the fiscal year ended June 30, 2009, the blended component unit, Albany-Dougherty Inner City Authority provided a loan in the amount of $50,000 to a Board Member of Albany-Dougherty Inner City Authority. The loan is to be used for the start-up costs related to the member's business, which is located in the City. The loan is due in monthly installments beginning August 1, 2009. The balance was paid in full during the fiscal year ended June 30, 2011.

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NOTE 18. FUND BALANCES

Nonspendable – The following fund balances are Nonspendable because they are allocated to:

General Fund:	Inventory	$	295,826
	Prepaid items		755,858
	Advances to other funds		1,911,625
Special Revenue Funds:			
Public Improvement Fund	Advances to other funds		443,898
	Total Nonspendable	$	3,407,207

Restricted – The following fund balances are restricted for:

Special Revenue Funds:			
Community Development Fund	- used to account for the receipt and expenditure of various community development grant programs.	$	2,374,325
Hotel/Motel Tax Fund	- used to account for the collection and disbursement of hotel-motel revenue.		426,717
Computer Aided Dispatch Fund	- used to account for activities related to enhanced "911" services and operations center.		2,509,485
Gortatowsky Fund	- used to account for trust resources provided by the estate of Henry Gortatowsky which are to be used to maintain the Government Center Fountain.		48,052

Continued

NOTE 18. FUND BALANCES (Continued)

Restricted – (Continued) The following fund balances are restricted for:

Capital Projects Funds:

SPLOST Fund	-	used to account for construction or acquisition of major capital projects financed by Special Purpose Local Option Sales Tax proceeds.	$ 13,787,740
Public Improvement Fund	-	used for the construction and financing of capital public improvements from the City's investment in the GMA leasepool.	6,673,450
Debt Service Fund:	-	used to account for debt transactions for bonds and debt other than those bonds issed by ADICA.	6,814
		Total Restricted	$ 25,826,583

Committed – The following fund balance is committed to:

Special Revenue Funds:

ADICA	-	used to account for activities of the Albany-Dougherty Inner City Authority related to inner city development.	$ 182,129

NOTE 18. FUND BALANCES (Continued)

Assigned – The following fund balances are assigned for:

General Fund:		
City cemetary	$	487,436
City parks		5,840
Police contingency		27
Keep Albany Dougherty Beautiful		209,956
		703,259
Capital Projects Funds:		
Public Improvement Fund - used for the construction and financing of capital public improvements.		2,295,702
Total Assigned	$	2,998,961

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - CITY OF ALBANY PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ration	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/01/2002	$ 105,180,588	$ 115,587,051	$ 10,406,463	91%	$ 32,981,896	32%
7/01/2003	101,234,395	116,585,581	15,351,186	87%	33,873,290	45%
7/01/2004	105,530,007	119,790,054	14,260,047	88%	34,501,482	41%
7/01/2005	98,797,803	124,523,394	25,725,591	79%	37,961,629	68%
7/01/2006	96,875,060	130,509,893	33,634,833	74%	39,616,995	85%
7/01/2007	100,442,613	133,952,447	33,509,834	75%	41,069,169	82%
7/01/2008	107,485,676	160,715,933	53,230,257	70%	42,310,595	126%
7/01/2009	109,665,197	167,732,000	58,066,803	65%	43,105,872	135%

SCHEDULE OF FUNDING PROGRESS - CITY OF ALBANY OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ration	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2008	$ -	$ 16,546,482	$ 16,546,482	0%	$ 42,570,855	39%
7/1/2010	-	17,064,694	17,064,694	0%	44,078,327	39%

CITY OF ALBANY, GEORGIA

NONMAJOR
GOVERNMENTAL FUNDS

Special Revenue Funds:

Hotel/Motel Tax Fund - To account for the collection and disbursement of hotel-motel tax revenue.

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

ARRA Fund - To account for American Recovery and Reinvestment Act grant revenues and expenditures related to various short lived projects.

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

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

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

Tax Allocation District Fund - To account for revenues and expenditures related to the City tax allocation district.

Debt Service Funds:

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

Capital Projects Funds:

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

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue Funds						
ASSETS	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Cash	$ -	$ 55,175	$ 169,619	$ 1,597,733	$ 180,630	$ -	$ -
Investments	-	-	-	1,474,528	-	46,704	-
Accounts receivable, net of allowances	129,601	-	340,412	220,591	-	-	-
Loan receivable	-	-	-	-	1,499	-	-
Due from other funds	297,116	-	10,109	-	6,460	1,348	-
Due from other governments	-	557,841	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	$ 426,717	$ 613,016	$ 520,140	$ 3,292,852	$ 188,589	$ 48,052	$ -
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 69,269	$ 127,108	$ 2,246	$ 6,460	$ -	$ -
Accrued liabilities	-	-	-	-	-	-	6,202
Due to other funds	-	506,178	338,625	781,121	-	-	126,952
Due to component units	-	-	-	-	-	-	-
Deferred revenues	-	38,540	54,407	-	-	-	-
Total liabilities	-	613,987	520,140	783,367	6,460	-	133,154
FUND BALANCES (DEFICIT)							
Nonspendable	-	-	-	-	-	-	-
Restricted	426,717	-	-	2,509,485	-	48,052	-
Committed	-	-	-	-	182,129	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(971)	-	-	-	-	(133,154)
Total fund balances	426,717	(971)	-	2,509,485	182,129	48,052	(133,154)
Total liabilities and fund balances	$ 426,717	$ 613,016	$ 520,140	$ 3,292,852	$ 188,589	$ 48,052	$ -

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2011

	Debt Service Fund	Capital Projects Fund	
ASSETS	**Debt Service Fund**	**Public Improvement Fund**	**Total**
Cash	$ 6,814	$ 10,503	$ 2,020,474
Investments	-	6,673,450	8,194,682
Accounts receivable, net of allowances	-	-	690,604
Loan receivable	-	-	1,499
Due from other funds	-	1,245,710	1,560,743
Due from other governments	-	523,985	1,081,826
Due from component unit	-	630,810	630,810
Advance to other funds	-	443,898	443,898
Total assets	$ 6,814	$ 9,528,356	$ 14,624,536
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 115,306	$ 320,389
Accrued liabilities	-	-	6,202
Due to other funds	-	-	1,752,876
Due to component unit	-	-	-
Deferred revenue	-	-	92,947
Total liabilities	-	115,306	2,172,414
FUND BALANCES (DEFICIT)			
Nonspendable	-	443,898	443,898
Restricted	6,814	6,673,450	9,664,518
Committed	-	-	182,129
Assigned	-	2,295,702	2,295,702
Unassigned	-	-	(134,125)
Total fund balances	6,814	9,413,050	12,452,122
Total liabilities and fund balances	$ 6,814	$ 9,528,356	$ 14,624,536

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Revenues:							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,957
Other taxes	1,407,922	-	-	-	-	-	-
Intergovernmental	-	846,739	1,476,306	20,661	25,000	-	-
Charges for services	-	-	-	1,514,879	178,379	-	-
Other revenues:							
Interest income	-	-	-	39,149	67	961	-
Other income	-	-	-	669	2,487	1,050	20,670
Total revenues	1,407,922	846,739	1,476,306	1,575,358	205,933	2,011	41,627
Expenditures:							
Current:							
Public safety	-	292,237	678,472	1,591,711	-	-	-
Public works	-	74,521	799,766	-	-	-	-
Parks and recreation	-	133,221	-	-	-	-	-
Community development	639,315	311,418	-	-	767,928	-	19,714
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	18,750	-	-
Interest	-	-	-	-	-	-	27,440
Total expenditures	639,315	811,397	1,478,238	1,591,711	786,678	-	47,154
Excess (deficiency) of revenues over (under) expenditures	768,607	35,342	(1,932)	(16,353)	(580,745)	2,011	(5,527)
Other financing sources (uses):							
Proceeds from the sale of assets	-	-	-	-	5,000	-	-
Issuance of bonds payable	-	-	-	-	295,079	-	-
Transfers in	-	-	5,351	-	375,000	-	-
Transfers out	(600,000)	(61,336)	-	-	-	-	-
Total other financing sources (uses)	(600,000)	(61,336)	5,351	-	675,079	-	-
Net change in fund balances	168,607	(25,994)	3,419	(16,353)	94,334	2,011	(5,527)
Fund balances (deficit), beginning of year	258,110	25,023	(3,419)	2,525,838	87,795	46,041	(127,627)
Fund balances (deficit), end of year	$ 426,717	$ (971)	$ -	$ 2,509,485	$ 182,129	$ 48,052	$ (133,154)

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Debt Service Funds	Capital Projects Fund	
	Debt Service Fund	Public Improvement Fund	Total
Revenues:			
Property taxes	$ -	$ -	$ 20,957
Other taxes	-	-	1,407,922
Intergovernmental	-	1,910,152	4,278,858
Charges for services	-	-	1,693,258
Other revenues:			
Interest income	3	575,249	615,429
Other income	-	-	24,876
Total revenues	3	2,485,401	8,041,300
Expenditures:			
Current:			
Public safety	-	-	2,562,420
Public works	-	-	874,287
Parks and recreation	-	-	133,221
Community development	-	-	1,738,375
Capital outlay	-	4,240,382	4,240,382
Debt service:			
Principal	-	-	18,750
Interest	-	515,000	542,440
Total expenditures	-	4,755,382	10,109,875
Excess (deficiency) of revenues over (under) expenditures	3	(2,269,981)	(2,068,575)
Other financing sources (uses):			
Proceeds from the sale of assets	-	-	5,000
Issuance of bonds payable	-	-	295,079
Transfers in	-	1,340,716	1,721,067
Transfers out	-	-	(661,336)
Total other financing sources (uses)	-	1,340,716	1,359,810
Net change in fund balances	3	(929,265)	(708,765)
Fund balances (deficit), beginning of year	6,811	10,342,315	13,160,887
Fund balances (deficit), end of year	$ 6,814	$ 9,413,050	$ 12,452,122

CITY OF ALBANY, GEORGIA

BUDGETARY COMPLIANCE

Special Revenue Funds	-	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund	-	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					
	Hotel/Motel Tax Fund			Computer Aided Dispatch Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	$ 1,200,000	$ 1,407,922	$ 207,922	$ -	$ -	$ -
Intergovernmental	-	-	-	73,000	20,661	(52,339)
Charges for services	-	-	-	1,571,697	1,514,879	(56,818)
Interest income	-	-	-	10,000	39,149	29,149
Other income	-	-	-	-	669	669
Total revenues	1,200,000	1,407,922	207,922	1,654,697	1,575,358	(79,339)
Expenditures:						
Current:						
Public safety	-	-	-	1,740,979	1,591,711	149,268
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	600,000	639,315	(39,315)	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	600,000	639,315	(39,315)	1,740,979	1,591,711	149,268
Excess (deficiency) of revenues over expenditures	600,000	768,607	168,607	(86,282)	(16,353)	69,929
Other financing sources (uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	86,282	-	86,282
Transfers out	(600,000)	(600,000)	-	-	-	-
Total other financing sources (uses)	(600,000)	(600,000)	-	86,282	-	86,282
Net change in fund balances	$ -	168,607	$ 168,607	$ -	(16,353)	$ (16,353)
Fund balances (deficit), beginning of year		258,110			2,525,838	
Fund balance (deficit), end of year		$ 426,717			$ 2,509,485	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					
	Grant Fund			ARRA Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	1,800,048	846,739	(953,309)	750,043	1,476,306	726,263
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	1,800,048	846,739	(953,309)	750,043	1,476,306	726,263
Expenditures:						
Current:						
Public safety	277,045	292,237	(15,192)	750,043	678,472	71,571
Public works	866,000	74,521	791,479	-	799,766	(799,766)
Parks and recreation	165,000	133,221	31,779	-	-	-
Community development	492,003	311,418	180,585	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	1,800,048	811,397	988,651	750,043	1,478,238	(728,195)
Excess (deficiency) of revenues over expenditures	-	35,342	35,342	-	(1,932)	(1,932)
Other financing sources (uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	-	5,351	5,351
Transfers out	-	(61,336)	(61,336)	-	-	-
Total other financing sources (uses)	-	(61,336)	(61,336)	-	5,351	5,351
Net change in fund balances	$ -	(25,994)	$ (25,994)	$ -	3,419	$ 3,419
Fund balances (deficit), beginning of year		25,023			(3,419)	
Fund balance (deficit), end of year		$ (971)			$ -	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					
	Tax Allocation District Fund			Gortatowsky Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	$ 21,000	$ 20,957	$ (43)	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	961	961
Other income	-	20,670	20,670	-	1,050	1,050
Total revenues	21,000	41,627	20,627	-	2,011	2,011
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	21,000	19,714	1,286	-	-	-
Debt service	-	27,440	(27,440)	-	-	-
Total expenditures	21,000	47,154	(26,154)	-	-	-
Excess (deficiency) of revenues over expenditures	-	(5,527)	(5,527)	-	2,011	2,011
Other financing sources (uses):						
Proceeds from sale of assets	-	-	-	-	-	-
Issuance of bonds payable	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	$ -	(5,527)	$ (5,527)	$ -	2,011	$ 2,011
Fund balances (deficit), beginning of year		(127,627)			46,041	
Fund balance (deficit), end of year		$ (133,154)			$ 48,052	

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			Debt Service Fund		
	ADICA					
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	20,000	25,000	5,000	-	-	-
Charges for services	62,336	178,379	116,043	-	-	-
Interest income	-	67	67	-	3	3
Other income		2,487	2,487	-	-	-
Total revenues	82,336	205,933	123,597	-	3	3
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	113,664	767,928	(654,264)	-	-	-
Debt service	-	18,750	(18,750)	-	-	-
Total expenditures	113,664	786,678	(673,014)	-	-	-
Excess (deficiency) of revenues over expenditures	(31,328)	(580,745)	(549,417)	-	3	3
Other financing sources (uses):						
Proceeds from sale of assets	-	5,000	5,000	-	-	-
Issuance of bonds payable	-	295,079	295,079	-	-	-
Transfers in	50,000	375,000	325,000	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses):	50,000	675,079	625,079	-	-	-
Net change in fund balances	$ 18,672	94,334	$ 75,662	$ -	3	$ 3
Fund balances (deficit), beginning of year		87,795			6,811	
Fund balance (deficit), end of year		$ 182,129			$ 6,814	

CITY OF ALBANY, GEORGIA

NONMAJOR
ENTERPRISE FUNDS

Transit Fund	-	To account for the provision of transit service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.
Civic Center Fund	-	To account for the operations of the James H. Gray Civic Center. All activities necessary to provide such services are accounted for in this fund.
Municipal Auditorium Fund	-	To account for the operations of the municipal auditorium. All activities necessary to provide such services are accounted for in this fund.

CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CURRENT ASSETS				
Cash	$ -	$ 8,000	$ -	$ 8,000
Accounts receivable, net of allowances	-	22,911	-	22,911
Inventories	88,003	-	-	88,003
Due from other funds	-	-	636,264	636,264
Due from other governments	616,881	-	-	616,881
Total current assets	704,884	30,911	636,264	1,372,059
NONCURRENT ASSETS				
Capital assets				
Non-depreciable	217,625	2,849,761	-	3,067,386
Depreciable, net of accumulated depreciation	2,149,798	10,140,132	-	12,289,930
Total noncurrent assets	2,367,423	12,989,893	-	15,357,316
Total assets	3,072,307	13,020,804	636,264	16,729,375
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	72,231	21,284	4,374	97,889
Current portion - compensated absences	113,680	73,054	-	186,734
Due to other funds	422,225	386,314	-	808,539
Deferred revenues	94,433	40,241	-	134,674
Total current liabilities	702,569	520,893	4,374	1,227,836
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	12,631	8,117	-	20,748
Total long-term liabilities	12,631	8,117	-	20,748
Total liabilities	715,200	529,010	4,374	1,248,584
NET ASSETS				
Invested in capital assets	2,367,423	12,989,893	-	15,357,316
Unrestricted (deficit)	(10,316)	(498,099)	631,890	123,475
Total net assets	$ 2,357,107	$ 12,491,794	$ 631,890	$ 15,480,791

CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Operating revenues:				
Charges for services	$ 525,469	$ 360,583	$ 60,769	$ 946,821
Total operating revenues	525,469	360,583	60,769	946,821
Operating expenses:				
Personnel costs	1,519,252	729,813	-	2,249,065
Supplies	16,405	66,542	3,074	86,021
Operating services and charges	858,323	606,370	35,159	1,499,852
Maintenance and repairs	316,910	50,841	16,738	384,489
Depreciation	382,063	548,133	-	930,196
Total operating expenses	3,092,953	2,001,699	54,971	5,149,623
Operating income (loss)	(2,567,484)	(1,641,116)	5,798	(4,202,802)
Nonoperating revenues (expenses):				
Interest income	-	3	11	14
Intergovernmental - operating grants	864,925	-	-	864,925
Gain on sale of assets	672	254	-	926
Total nonoperating revenues (expenses)	865,597	257	11	865,865
Income (loss) before contributions and transfers	(1,701,887)	(1,640,859)	5,809	(3,336,937)
Capital contributions	670,424	28,599	-	699,023
Transfers				
Transfers in	398,869	3,482,396	29,380	3,910,645
Transfers out	-	(5,244)	(2,217,297)	(2,222,541)
Total transfers	398,869	3,477,152	(2,187,917)	1,688,104
Change in net assets	(632,594)	1,864,892	(2,182,108)	(949,810)
Total net assets, beginning of year	2,989,701	10,626,902	2,813,998	16,430,601
Total net assets, end of year	$ 2,357,107	$ 12,491,794	$ 631,890	$ 15,480,791

CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 525,469	$ 368,410	$ (579,978)	$ 313,901
Payments to suppliers	(869,453)	(363,186)	(54,082)	(1,286,721)
Payments to employees	(1,453,999)	(717,760)	-	(2,171,759)
Net cash used in operating activities	(1,797,983)	(712,536)	(634,060)	(3,144,579)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	398,869	689,380	29,380	1,117,629
Transfers out	-	(5,244)	575,719	570,475
Operating grants received	864,925	-	-	864,925
Net cash provided by noncapital financing activities	1,263,794	684,136	605,099	2,553,029
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	7,280	257	-	7,537
Capital grants received	526,909	-	-	526,909
Net cash provided by capital and related financing activities	534,189	257	-	534,446
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	3	11	14
Net cash provided by investing activities	-	3	11	14

(Continued)

CITY OF ALBANY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Transit Fund	Civic Center Fund	Municipal Auditorium Fund	Totals
Decrease in cash and cash equivalents	$ -	$ (28,140)	$ (28,950)	$ (57,090)
Cash and cash equivalents:				
Beginning of year	-	36,140	28,950	65,090
End of year	$ -	$ 8,000	$ -	$ 8,000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating income (loss)	$ (2,567,484)	$ (1,641,116)	$ 5,798	$ (4,202,802)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities:				
Depreciation	382,063	548,133	-	930,196
(Increase) decrease in accounts receivable	-	(22,911)	2,211	(20,700)
Decrease in inventories	1,417	-	-	1,417
Increase in due from other funds	-	-	(636,264)	(636,264)
Increase in due from other governments	(101,457)	-	-	(101,457)
Increase in accounts payable and accrued liabilities	65,253	12,053	889	78,195
Increase in due to other funds	422,225	360,567	-	782,792
Increase (decrease) in deferred revenues	-	30,738	(6,694)	24,044
Net cash used in operating activities	$ (1,797,983)	$ (712,536)	$ (634,060)	$ (3,144,579)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	$ 143,515	$ 28,599	$ -	$ 172,114
Contributions of capital assets from/(to) other enterprise funds	-	2,793,016	(2,793,016)	-

CITY OF ALBANY, GEORGIA

INTERNAL SERVICE FUNDS

Self-Administered Insurance Fund	-	To account for the funding of self-insurance and payment of claims and judgments against the City.
Long-Term Disability Fund	-	To account for the accumulation of resources for future long-term disability claims.
Workers' Compensation Fund	-	To account for the accumulation of resources for future workers' compensation claims.

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
ASSETS				
Cash	$ -	$ -	$ 4,388	$ 4,388
Investments	3,847,577	132,895	2,231,994	6,212,466
Total assets	3,847,577	132,895	2,236,382	6,216,854
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Outstanding checks in excess of bank balance	853,972	-	-	853,972
Accounts payable	8,334	-	1,198	9,532
Claims payable	1,562,000	-	412,475	1,974,475
Due to other funds	495,272	82,655	738,659	1,316,586
Total liabilities	2,919,578	82,655	1,152,332	4,154,565
NET ASSETS				
Unrestricted	927,999	50,240	1,084,050	2,062,289
Total net assets	$ 927,999	$ 50,240	$ 1,084,050	$ 2,062,289

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
Operating revenues:				
Charges for services	$ 1,825,789	$ -	$ 32,664	$ 1,858,453
Other	-	-	34,307	34,307
Total operating revenues	1,825,789	-	66,971	1,892,760
Operating expenses:				
Claims and damages	809,198	39,885	402,881	1,251,964
Administrative	131,655	-	370,166	501,821
Total operating expenses	940,853	39,885	773,047	1,753,785
Operating income (loss)	884,936	(39,885)	(706,076)	138,975
Interest income	43,063	2,741	49,895	95,699
Change in net assets	927,999	(37,144)	(656,181)	234,674
Net assets, beginning of year	-	87,384	1,740,231	1,827,615
Net assets, end of year	$ 927,999	$ 50,240	$ 1,084,050	$ 2,062,289

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds	$ 1,325,928	$ 31,452	$ 456,835	$ 1,814,215
Claims paid	(62,726)	(39,885)	(406,045)	(508,656)
Premiums paid	(123,321)	-	(348,968)	(472,289)
Net cash provided by (used in) operating activities	1,139,881	(8,433)	(298,178)	833,270
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	43,063	2,741	49,895	95,699
Net cash provided by investing activities	43,063	2,741	49,895	95,699
Increase (decrease) in cash and cash equivalents	1,182,944	(5,692)	(248,283)	928,969
Cash and cash equivalents:				
Beginning of year	2,664,633	138,587	2,484,665	5,287,885
End of year	$ 3,847,577	$ 132,895	$ 2,236,382	$ 6,216,854

(Continued)

CITY OF ALBANY, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Self-Administered Insurance Fund	Long-Term Disability Fund	Workers' Compensation Fund	Totals
Classified as:				
Cash	$ -	$ -	$ 4,388	$ 4,388
Investments	3,847,577	132,895	2,231,994	6,212,466
	$ 3,847,577	$ 132,895	$ 2,236,382	$ 6,216,854
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 884,936	$ (39,885)	$ (706,076)	$ 138,975
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:				
Changes in assets and liabilities:				
Increase in outstanding checks in excess of bank balance	853,972	-	-	853,972
Increase in accounts payable	8,334	-	1,198	9,532
Increase (decrease) in claims payable	(107,500)	-	16,836	(90,664)
Increase (decrease) in due to other funds	(499,861)	31,452	389,864	(78,545)
Net cash provided by (used in) operating activities	$ 1,139,881	$ (8,433)	$ (298,178)	$ 833,270

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2010 SPECIAL CITY SALES TAX

	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Cumulative Total
Airport Improvements	$ 3,992,000	$ 3,992,000	$ -	$ -	$ -
Civic Center Improvements	350,000	350,000	-	-	-
Sanitary & Storm Drainage Improvements	9,000,000	9,000,000	-	-	-
Roadway, Traffic Safety, Sidewalk & Bridge Improvements	18,501,500	18,501,500	-	-	-
Public Safety Improvements & Equipment	9,086,284	9,086,284	-	-	-
Alley Paving Improvements	3,684,216	3,684,216	-	-	-
Information Technology Improvements	1,500,000	1,500,000	-	20,838	20,838
Riverfront Development Improvements	250,000	250,000	-	-	-
Transit System Improvements & Equipment	4,380,000	4,380,000	-	-	-
Solid Waste Improvements	615,000	615,000	-	-	-
Historical & Cultural Improvements	276,000	276,000	-	-	-
Recreational Facility Improvements	2,750,000	2,750,000	-	-	-
City-Owned Facility Improvements	500,000	500,000	-	-	-
New Senior Center	3,000,000	3,000,000	-	-	-
Chehaw Park Improvements	1,750,000	1,750,000	-	-	-
Community Swimming Pool - East Albany	1,000,000	1,000,000	-	-	-
Thronateeska Improvements	2,000,000	2,000,000	-	-	-
Chamber of Commerce Improvements	85,000	85,000	-	-	-
Total	$ 62,720,000	$ 62,720,000	$ -	$ 20,838	$ 20,838

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2005 SPECIAL CITY SALES TAX

	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Cumulative Total
Airport Improvements	$ 1,703,200	$ 1,703,200	$ 1,696,730	$ 6,287	$ 1,703,017
Civic Center Improvements	2,560,000	2,560,000	2,475,346	325	2,475,671
Engineering	13,850,000	13,750,000	3,432,861	796,388	4,229,249
Civic Center Debt Retirement	5,500,000	5,500,000	5,327,776	1,341,600	6,669,376
Fire Department Equipment	1,500,000	1,500,000	-	-	-
Public Safety Communications and Equipment	150,000	150,000	-	-	-
Public Works	6,810,000	6,810,000	6,178,297	431,125	6,609,422
Recreation	5,000,000	5,000,000	3,830,956	786,366	4,617,322
800 MHZ Radio Upgrade, Tower	6,800,000	6,800,000	6,663,137	34,325	6,697,462
GPS/GIS Information Infrastructure Mapping	1,500,000	1,500,000	493,629	190,568	684,197
Fire Training Facility	1,500,000	1,500,000	2,838,531	231,874	3,070,405
GIS/Color Infrared Photos	750,000	750,000	321,319	102,327	423,646
Disparity Study	350,000	350,000	339,871	-	339,871
Riverfront Development Projects	8,650,000	7,151,425	5,045,934	-	5,045,934
Thronateeska Improvements	3,500,000	3,900,400	3,909,478	18,323	3,927,801
Civil Rights Museum Expansion	3,750,000	4,098,175	4,030,093	5,290	4,035,383
Chehaw Park Improvements	2,000,000	2,000,000	910,758	957,843	1,868,601
East Broad Lead Clean-up	-	850,000	911,229	2,461	913,690
Debt Service - Principal on SPLOST bonds	-	-	9,175,000	4,825,000	14,000,000
Debt Service - Interest on SPLOST bonds	-	-	1,792,158	205,063	1,997,221
Total	$ 65,873,200	$ 65,873,200	$ 59,373,103	$ 9,935,165	$ 69,308,268

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2000 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Law Enforcement Center	$ 14,500,000	$ 14,500,000	$ 2,092,445	$ 3,825	$ 2,096,270
Debt Retirement	6,811,094	6,811,094	7,037,929	-	7,037,929
Street Improvements	6,500,000	6,500,000	6,534,435	-	6,534,435
Recreation Improvements	3,150,000	3,150,000	1,349,918	-	1,349,918
Storm Drainage Improvements	3,000,000	3,000,000	1,191,646	-	1,191,646
Fire Station and Equipment	2,000,000	2,000,000	2,001,362	-	2,001,362
Traffic Safety	725,000	725,000	725,000	-	725,000
Chehaw Park Improvements	700,000	700,000	193,809	-	193,809
Capital Improvement Project funded by Dougherty County	1,800,000	1,800,000	1,776,726	-	1,776,726
Total	$ 39,186,094	$ 39,186,094	$ 22,903,270	$ 3,825	$ 22,907,095

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1995 SPECIAL CITY SALES TAX

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Street and Road Projects	$ 10,000,000	$ 10,000,000	$ 13,222,319	$ 3,291	$ 13,225,610
Water and Sewer Extensions	7,200,000	7,200,000	14,848,433	-	14,848,433
Fire Station and Equipment	2,500,000	2,500,000	2,503,629	-	2,503,629
Emergency Operations Center	3,000,000	3,000,000	2,942,042	-	2,942,042
Community Policing Centers	1,500,000	1,500,000	1,497,283	-	1,497,283
Recreation Improvements	8,500,000	8,500,000	7,713,804	-	7,713,804
Chehaw Park Improvements	1,000,000	1,000,000	1,000,000	-	1,000,000
Downtown Improvements	2,350,000	2,350,000	1,618,433	-	1,618,433
Retirement of Government Center Debt	3,500,000	3,500,000	3,289,863	-	3,289,863
Total	$ 39,550,000	$ 39,550,000	$ 48,635,806	$ 3,291	$ 48,639,097

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1990 SPECIAL CITY SALES TAX

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

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION
(UNAUDITED)

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

Contents **Page**

Financial Trends ..... **135 - 144**

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

Revenue Capacity ..... **145 - 150**

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

Debt Capacity ..... **151 - 155**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information ..... **156 - 158**

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

Operating Information ..... **159 and 160**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

CITY OF ALBANY, GEORGIA

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	$ 55,137,111	$ 61,293,366	$ 79,137,673	$ 63,265,904	$ 50,077,946	$ 70,610,705	$ 78,428,752	$ 88,743,491	$ 98,535,755
Restricted	309,413	51,416	101	15,013,027	22,207,175	21,328,367	16,456,922	13,177,567	25,826,583
Unrestricted	26,826,914	34,523,181	26,893,280	28,798,084	53,087,410	44,719,433	40,133,840	45,542,781	30,230,043
Total governmental activities net assets	$ 82,273,438	$ 95,867,963	$ 106,031,054	$ 107,077,015	$ 125,372,531	$ 136,658,505	$ 135,019,514	$ 147,463,839	$ 154,592,381
Business-type activities									
Invested in capital assets, net of related debt	$ 45,691,981	$ 48,136,706	$ 49,256,423	$ 73,004,315	$ 82,562,046	$ 86,139,998	$ 87,159,039	$ 90,125,991	$ 94,042,509
Restricted	7,503,533	7,885,008	5,287,933	2,664,869	2,611,185	575,157	3,009,678	2,667,647	9,036,399
Unrestricted	6,377,188	7,319,208	10,898,996	13,281,984	14,604,568	20,104,218	19,368,954	12,927,651	9,762,737
Total business-type activities net assets	$ 59,572,702	$ 63,340,922	$ 65,443,352	$ 88,951,168	$ 99,777,799	$ 106,819,373	$ 109,537,671	$ 105,721,289	$ 112,841,645
Primary government									
Invested in capital assets, net of related debt	$ 100,829,092	$ 109,430,072	$ 128,394,096	$ 136,270,219	$ 132,639,992	$ 156,750,703	$ 165,587,791	$ 178,869,482	$ 192,578,264
Restricted	7,812,946	7,936,424	5,288,034	17,677,896	24,818,360	21,903,524	19,466,600	15,845,214	34,862,982
Unrestricted	33,204,102	41,842,389	37,792,276	42,080,068	67,691,978	64,823,651	59,502,794	58,470,432	39,992,780
Total primary government net assets	$ 141,846,140	$ 159,208,885	$ 171,474,406	$ 196,028,183	$ 225,150,330	$ 243,477,878	$ 244,557,185	$ 253,185,128	$ 267,434,026

NOTES

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

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

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

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

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Primary government:									
Governmental activities:									
General government	$ 7,262,456	$ 7,276,172	$ 8,137,913	$ 8,434,146	$ 11,031,409	$ 13,063,421	$ 12,215,564	$ 12,215,564	$ 12,988,647
Judicial	602,121	559,782	534,486	699,203	874,234	910,240	952,323	952,323	1,016,422
Public safety	26,426,783	24,026,801	28,127,098	25,879,588	26,853,620	30,268,106	31,206,297	31,206,297	33,541,721
Public works	3,309,918	6,095,676	4,628,392	3,956,468	8,148,684	8,306,157	7,695,464	7,695,464	6,981,385
Parks and recreation	3,946,885	3,136,304	5,224,944	4,349,931	7,195,375	12,818,108	9,079,385	9,079,385	7,031,469
Community development	12,346,081	17,408,508	17,583,267	9,925,973	9,283,562	7,497,726	5,591,053	5,591,053	5,851,434
Community service	354,501	413,405	387,919	272,044	341,999	336,411	399,347	399,347	396,531
Interest and fiscal changes	675,902	593,219	1,144,069	1,283,108	1,318,996	1,515,177	1,549,738	1,549,738	1,079,261
Total governmental activities expenses	54,924,647	59,509,867	65,768,088	54,800,461	65,047,879	74,715,346	68,689,171	68,689,171	68,886,870
Business-type activities:									
Sanitary sewer	11,940,921	11,520,444	11,449,170	13,561,191	13,400,852	13,503,253	14,402,906	14,402,906	12,838,068
Solid waste	6,333,690	6,158,567	6,223,987	7,002,226	7,473,428	8,206,745	8,499,616	8,499,616	7,963,262
Airport	1,292,206	1,197,088	1,602,919	1,764,616	1,557,618	2,195,398	2,415,280	2,415,280	2,643,741
Public employee deposit	15,025,032	15,330,991	13,934,182	15,186,576	17,909,891	19,935,572	13,042,126	13,042,126	13,286,117
Transit	2,749,749	3,108,171	2,649,153	3,029,095	3,185,794	3,435,890	2,902,980	2,902,980	3,034,292
Civic Center	1,605,582	1,469,785	1,500,860	1,617,272	1,702,874	1,807,638	1,603,124	1,603,124	1,885,466
Municipal Auditorium	302,700	216,235	213,443	182,094	154,036	160,829	192,119	192,119	54,971
Total business-type activities	39,249,880	39,001,281	37,573,714	42,343,070	45,384,493	49,245,325	43,058,151	43,058,151	41,705,917
Total primary government expenses	94,174,527	98,511,148	103,341,802	97,143,531	110,432,372	123,960,671	111,747,322	111,747,322	110,592,787

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Program revenues									
Primary government:									
Governmental activities:									
Charges for services									
General government	$ 7,614,709	$ 2,673,068	$ 2,523,557	$ 2,339,933	$ 2,349,462	$ 2,676,493	$ 2,466,315	$ 2,466,315	$ 2,596,447
Judicial	1,474,669	1,540,161	1,285,247	1,029,011	856,868	999,810	1,109,205	1,109,205	1,251,773
Public safety	2,391,922	1,468,067	1,747,826	1,517,385	1,538,804	1,691,284	1,715,042	1,715,042	1,556,068
Public works	1,045,966	1,080,248	1,401,512	1,242,302	2,105,018	806,260	792,786	792,786	984,194
Parks and recreation	358,926	131,136	326,707	362,668	454,975	437,344	335,993	335,993	204,102
Community development	3,845,280	3,482,564	8,938,601	2,377,746	2,055,849	2,961,169	481,049	481,049	1,285,180
Operating grants and contributions	10,687,430	12,845,939	14,014,169	14,311,112	13,729,819	15,310,571	18,090,264	18,090,264	22,392,721
Capital grants and contributions	3,616,653	13,489,455	6,734,862	4,171,793	2,569,404	15,916,286	2,033,058	2,033,058	15,615,908
Total governmental activities program revenues	31,035,555	36,710,638	36,972,481	27,351,950	25,660,199	40,799,217	27,023,712	27,023,712	45,886,393
Business-type activities:									
Charges for services									
Sanitary sewer	11,451,610	11,909,095	12,545,688	13,902,053	14,321,155	15,184,281	15,111,550	15,111,550	15,301,208
Solid waste	6,518,902	6,732,636	7,312,754	7,775,530	8,271,443	8,262,522	8,412,723	8,412,723	9,033,593
Airport	639,012	688,356	728,848	713,386	757,547	812,117	728,191	728,191	762,688
Public employee deposit	13,908,768	15,321,954	13,946,036	15,179,150	17,868,487	19,927,744	13,034,004	13,034,004	13,801,791
Transit	362,131	416,702	397,778	417,598	436,988	429,695	495,279	495,279	525,469
Civic Center	383,252	453,616	376,832	419,460	446,822	282,776	255,803	255,803	360,583
Municipal Auditorium	48,583	35,561	33,719	34,693	26,732	42,388	52,565	52,565	60,769
Operating grants and contributions	802,838	2,729,182	1,086,587	3,035,050	2,027,577	2,321,938	1,678,305	1,678,305	1,254,198
Capital grants and contributions	9,672,557	1,741,879	525,111	477,633	9,076,175	5,818,085	2,872,902	2,872,902	-
Total business-type activities program revenues	43,787,653	40,028,981	36,953,353	41,954,553	53,232,926	53,081,546	42,641,322	42,641,322	41,100,299
Total primary government program revenues	74,823,208	76,739,619	73,925,834	69,306,503	78,893,125	93,880,763	69,665,034	69,665,034	86,986,692

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets									
Primary government:									
Governmental activities:									
Taxes	$ 38,173,693	$ 38,756,600	$ 40,498,497	$ 50,255,224	$ 45,807,436	$ 47,569,215	$ 41,747,300	$ 41,747,300	$ 31,573,914
Investment earnings	268,969	261,691	933,302	1,591,370	2,135,978	2,255,534	1,163,072	1,163,072	1,009,368
Gain on sale of assets	(2,579,721)	-	-	-	-	-	-	-	-
Transfers	(2,787,436)	(2,624,537)	(2,473,101)	(23,352,122)	(2,185,301)	(2,543,171)	(2,883,904)	(2,883,904)	(4,316,622)
Total governmental activities general revenues and other changes in net assets	33,075,505	36,393,754	38,958,698	28,494,472	45,758,113	47,281,578	40,026,468	40,026,468	28,266,660
Business-type activities:									
Investment earnings	186,037	115,889	249,690	544,211	792,897	662,182	251,223	251,223	334,521
Gain on sale of assets	141,972	94	-	-	-	-	-	-	-
Transfers	2,787,436	2,624,537	2,473,101	23,352,122	2,185,301	2,543,171	2,883,904	2,883,904	4,316,622
Total business-type activities general revenues and other changes in net assets	3,115,445	2,740,520	2,722,791	23,896,333	2,978,198	3,205,353	3,135,127	3,135,127	4,651,143
Total primary government general revenues and other changes in net assets	36,190,950	39,134,274	41,681,489	52,390,805	48,736,311	50,486,931	43,161,595	43,161,595	32,917,803
Change in net assets									
Governmental activities	9,186,413	13,594,525	10,163,091	1,045,961	6,370,433	13,365,449	(1,638,991)	(1,638,991)	5,266,183
Business-type activities	7,653,218	3,768,220	2,102,430	23,507,816	10,826,631	7,041,574	2,718,298	2,718,298	4,045,525
Total primary government change in net assets	$ 16,839,631	$ 17,362,745	$ 12,265,521	$ 24,553,777	$ 17,197,064	$ 20,407,023	$ 1,079,307	$ 1,079,307	$ 9,311,708

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

NOTES

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

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

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

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

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

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

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

CITY OF ALBANY, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Hotel Motel Tax	Franchise Tax	Insurance Premium Tax	Alcoholic Beverage Tax	Other Taxes	Total
2003	$ 14,407,467	$ 16,357,288	$ 692,898	$ 1,992,530	$ 3,083,865	$ 1,330,767	$ 308,878	$ 38,173,693
2004	14,404,199	16,541,996	769,770	2,070,851	3,320,225	1,371,654	277,905	38,756,600
2005	14,194,137	18,272,298	843,973	2,010,343	3,596,638	1,381,630	199,478	40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	2,169,665	4,042,768	1,402,865	170,946	46,902,634
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,932,040	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,658,616
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914

NOTES

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

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

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

CITY OF ALBANY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	$ 341,529	$ 2,114,167	$ 1,336,545	$ 354,352	$ 318,989	$ 395,504	$ 573,383	$ 287,634
Unreserved	11,633,185	12,459,929	16,311,481	21,337,958	23,946,604	22,117,285	18,627,452	22,402,480
Total General Fund	$ 11,974,714	$ 14,574,096	$ 17,648,026	$ 21,692,310	$ 24,265,593	$ 22,512,789	$ 19,200,835	$ 22,690,114
All Other Governmental Funds								
Reserved	$ 309,413	$ 1,821,456	$ 1,649,736	$ 659,967	$ 3,215,569	$ 2,081,497	$ 2,945,507	$ 1,191,357
Unreserved, reported in:								
Special revenue funds	3,551,701	7,061,448	2,737,210	3,876,252	5,274,345	5,513,089	5,676,146	5,663,995
Capital projects funds	971,397	830,905	10,535,048	19,760,677	25,588,135	25,705,739	18,333,452	22,374,566
Total All Other Governmental Funds	$ 4,832,511	$ 9,713,809	$ 14,921,994	$ 24,296,896	$ 34,078,049	$ 33,300,325	$ 26,955,105	$ 29,229,918
Total Governmental Funds								
Reserved	$ 650,942	$ 3,935,623	$ 2,986,281	$ 1,014,319	$ 3,534,558	$ 2,477,001	$ 3,518,890	$ 1,478,991
Unreserved	16,156,283	20,352,282	29,583,739	44,974,887	54,809,084	53,336,113	42,637,050	50,441,041
Total Governmental Funds	$ 16,807,225	$ 24,287,905	$ 32,570,020	$ 45,989,206	$ 58,343,642	$ 55,813,114	$ 46,155,940	$ 51,920,032

NOTES

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

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

(Continued)

CITY OF ALBANY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
CURRENT FISCAL YEAR

	2011
General Fund	
Nonspendable	$ 2,963,309
Restricted	-
Committed	-
Assigned	703,259
Unassigned	20,112,553
Total General fund	23,779,121
All Other Governmental Funds	
Nonspendable, reported in:	
Capital projects funds	443,898
Restricted, reported in:	
Special revenue funds	5,358,579
Capital projects funds	20,461,190
Debt service fund	6,814
Committed, reported in:	
Special revenue funds	182,129
Assigned, reported in:	
Special revenue funds	-
Capital projects funds	2,295,702
Unassigned, reported in:	
Special revenue funds	(134,125)
Capital projects funds	-
Total all other governmental funds	$ 28,614,187
Total all governmental funds	$ 52,393,308

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF ALBANY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:									
Taxes	$ 38,173,693	$ 38,756,600	$ 40,498,497	$ 50,255,224	$ 46,608,379	$ 47,271,610	$ 41,461,664	$ 33,346,229	$ 31,573,914
Licenses and permits	2,401,566	2,364,806	2,456,898	2,318,314	2,320,724	2,434,916	2,258,362	2,171,589	2,235,513
Intergovernmental	14,304,083	25,019,912	20,749,032	18,482,905	16,299,223	16,756,831	20,123,322	36,333,283	37,074,560
Charges for services	2,626,567	2,400,419	2,927,843	2,074,804	2,146,007	2,324,102	2,233,114	2,966,563	2,922,091
Fines and forfeitures	1,486,248	1,425,568	1,143,169	917,565	776,268	901,009	1,025,445	1,191,454	1,170,763
Rental and other fees	105,422	308,479	394,162	415,623	339,325	297,605	-	-	-
Interest revenues	268,969	248,335	875,573	1,459,136	1,941,959	2,041,946	1,087,289	863,763	1,286,227
Other revenues	3,480,258	2,596,440	4,001,631	3,609,044	3,648,717	3,166,757	2,738,209	2,284,159	2,434,456
Total revenues	62,846,806	73,120,559	73,046,805	79,532,615	74,080,602	75,194,776	70,927,405	79,157,040	78,697,524
Expenditures:									
Current:									
General government	5,678,800	7,967,730	7,556,000	8,620,186	9,884,652	11,875,762	8,976,530	9,936,581	11,160,607
Judicial	620,677	551,910	523,917	690,775	855,330	907,934	986,359	1,056,504	1,007,860
Public safety	24,292,930	27,113,101	26,109,519	24,707,476	26,272,002	28,732,159	28,655,558	30,425,483	31,606,457
Public works	7,981,996	8,234,310	4,565,533	4,150,883	6,711,134	6,781,237	6,990,544	7,068,801	8,614,550
Parks and recreation	5,221,029	5,522,857	4,469,555	4,681,306	4,143,167	4,341,644	4,542,627	5,051,465	5,434,481
Community development	12,023,383	16,668,421	17,292,703	8,816,126	4,644,429	6,036,774	5,018,810	6,996,464	7,335,418
Community service	349,093	408,489	387,919	272,044	341,999	336,411	399,347	398,458	396,531
Nondepartmental	5,029,716	-	-	-	-	-	-	-	-
Capital outlay	-	-	6,296,112	8,322,946	18,478,624	13,814,675	11,114,264	9,636,181	7,831,838
Debt service:									
Principal	2,055,618	2,458,334	1,395,000	3,145,000	1,430,000	1,450,000	6,000,000	6,205,000	6,433,750
Interest and fiscal charges	321,622	625,924	1,158,190	1,212,434	1,254,684	1,558,994	1,501,459	1,256,775	1,018,321
Total expenditures	63,574,864	69,551,076	69,754,448	64,619,176	74,016,021	75,835,590	74,185,498	78,031,712	80,839,813
Excess of revenues over expenditures	(728,058)	3,569,483	3,292,357	14,913,439	64,581	(640,814)	(3,258,093)	1,125,328	(2,142,289)

(Continued)

CITY OF ALBANY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)									
Transfers in	$ 8,191,348	$ 3,700,994	$ 5,609,353	$ 6,258,438	$ 3,526,240	$ 4,327,235	$ 2,270,397	$ 8,729,408	$ 2,840,088
Transfers out	(6,304,179)	(6,267,196)	(7,482,454)	(8,444,077)	(5,711,311)	(6,870,406)	(5,154,301)	(6,348,501)	(3,328,467)
Capital leases	1,253,387	977,399	-	-	-	-	-	-	-
Issuance of debt	150,000	5,500,000	-	-	14,236,362	-	-	-	295,079
Sale of capital assets	-	-	-	691,386	455,206	653,457	206,758	546,340	698,447
Total other financing sources (uses)	3,290,556	3,911,197	(1,873,101)	(1,494,253)	12,506,497	(1,889,714)	(2,677,146)	2,927,247	505,147
Net change in fund balances	$ 2,562,498	$ 7,480,680	$ 1,419,256	$ 13,419,186	$ 12,571,078	$ (2,530,528)	$ (5,935,239)	$ 4,052,575	$ (1,637,142)
Debt service as a percentage of noncapital expenditures	3.74%	4.43%	4.03%	7.29%	4.29%	4.34%	11.08%	10.52%	10.11%

NOTES

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

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

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

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

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

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

CITY OF ALBANY, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Hotel Motel Tax	Franchise Tax	Insurance Premium Tax	Alcoholic Beverage Tax	Other Taxes	Total
2003	$ 14,407,467	$ 16,357,288	$ 692,898	$ 1,992,530	$ 3,083,865	$ 1,330,767	$ 308,878	$ 38,173,693
2004	14,404,199	16,541,996	739,770	2,070,851	3,320,225	1,371,654	277,905	38,726,600
2005	14,194,137	18,272,298	843,973	2,010,343	3,596,638	1,381,630	199,478	40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	2,169,665	4,042,768	1,402,864	197,673	46,929,360
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,619,653	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,346,229
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914

NOTES

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

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

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

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

CITY OF ALBANY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollar Amounts Expressed in Thousands)

	Real Property		Personal Property			Total		
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Exemptions	Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2002	$ 865,432	$ 2,163,580	$ 526,836	$ 1,317,090	$ 92,923	$ 1,299,345	$ 3,248,362	9.80
2003	930,781	2,326,953	498,843	1,247,108	88,159	1,341,465	3,353,663	10.80
2004	936,278	2,340,695	462,177	1,155,443	73,933	1,324,522	3,311,305	10.80
2005	950,163	2,375,408	456,120	1,140,300	82,598	1,323,685	3,309,213	10.80
2006	961,837	2,404,593	467,731	1,169,327	85,940	1,343,628	3,359,070	10.80
2007	981,349	2,453,374	466,890	1,167,227	99,744	1,348,495	3,620,601	10.79
2008	1,225,531	3,063,828	478,728	1,196,820	103,518	1,600,741	4,001,853	10.78
2009	1,218,665	3,046,663	501,002	1,252,505	110,843	1,608,824	4,022,060	9.16
2010	1,179,054	2,987,528	503,796	1,327,833	102,145	1,580,705	4,063,003	9.16
2011	1,167,412	2,918,530	528,971	1,322,428	197,853	1,498,530	3,746,325	8.66

SOURCE

Dougherty County Tax Department

NOTE

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

CITY OF ALBANY, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Albany Millage			Dougherty County Millage			Board of Education Millage			Other	
Fiscal Year	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Operating	Debt Service	Total School	(State of Georgia)	Total
2002	10.800	0.000	10.800	11.100	0.000	11.100	17.700	0.000	17.700	0.25	39.850
2003	10.800	0.000	10.800	10.658	0.000	10.658	17.550	0.000	17.550	0.25	39.258
2004	10.800	0.000	10.800	10.658	0.000	10.658	19.000	0.000	19.000	0.25	40.708
2005	10.800	0.000	10.800	13.158	0.000	13.158	19.000	0.000	19.000	0.25	43.208
2006	10.790	0.000	10.790	13.158	0.000	13.158	19.000	0.000	19.000	0.25	43.198
2007	10.777	0.000	10.777	13.147	0.000	13.147	18.984	0.000	18.984	0.25	43.158
2008	9.159	0.000	9.159	11.897	0.000	11.897	18.450	0.000	18.450	0.25	39.756
2009	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.746
2010	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.746
2011	8.660	0.000	8.660	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249

SOURCE

Dougherty County Tax Department

NOTE

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

CITY OF ALBANY, GEORGIA

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

By Category	2004	2005	2006	2007	2008	2009 (3)		2010
Food	$ 3,148,127	$ 3,463,700	$ 3,802,908	$ 3,923,148	$ 3,677,474	$ 1,351,385	(3)	$ -
Apparel	544,168	631,284	676,270	688,235	683,128	310,058	(3)	-
General	2,304,540	2,307,265	2,403,887	2,448,008	2,402,603	1,082,402	(3)	-
Automotive	2,898,682	2,811,281	2,916,549	3,030,301	3,377,416	974,961	(3)	-
Home	846,121	939,734	1,034,018	982,259	916,640	345,110	(3)	-
Lumber	1,193,728	1,226,793	1,264,403	1,237,612	1,078,029	317,181	(3)	-
Miscellaneous Service	829,754	842,618	924,728	930,366	1,006,135	375,623	(3)	-
Manufacturers	1,744,149	1,220,279	1,712,880	1,551,973	1,718,753	475,704	(3)	-
Utilities	1,311,603	1,339,453	1,517,393	1,480,452	1,594,512	555,468	(3)	-
Miscellaneous	1,676,383	1,800,816	1,864,146	1,997,795	1,619,727	452,693	(3)	-
Accommodations	-	-	-	-	-	151,098	(4)	183,530
Auto	-	-	-	-	-	947,706	(4)	1,532,920
Construction	-	-	-	-	-	56,446	(4)	90,776
Food/bars	-	-	-	-	-	1,789,221	(4)	2,814,970
General Merch	-	-	-	-	-	1,535,625	(4)	2,588,585
Home Furnishing	-	-	-	-	-	684,002	(4)	1,093,541
Manufacturing	-	-	-	-	-	255,361	(4)	1,396,801
Miscellaneous Service	-	-	-	-	-	615,245	(4)	1,140,412
Other Retail	-	-	-	-	-	1,161,684	(4)	2,238,762
Other Services	-	-	-	-	-	205,957	(4)	344,919
Utility	-	-	-	-	-	857,090	(4)	1,097,536
Wholesale	-	-	-	-	-	1,060,109	(4)	2,102,658
	$ 16,497,255	$ 16,583,223	$ 18,117,182	$ 18,270,149	$ 18,074,417	$ 15,560,129		$ 16,625,410

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Only seven years of data are available

(2) Information only available for Dougherty County

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

CITY OF ALBANY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		Fiscal Year 2011			Fiscal Year 2002		
Taxpayer	Type of Business	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2001 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
MillerCoors	Brewery	$ 57,773,443	1	3.65 %	$ 54,710,930	1	4.21 %
BellSouth Communications	Utility	14,809,071	2	0.94	27,072,129	3	2.08
Palmyra Medical Center	Hospital	14,799,705	3	0.94	10,595,444	4	0.82
Aronov/Albany Mall LLC	Mall developer	14,439,304	4	0.91	9,981,308	5	0.77
M & M Mars - Div of Mars, Inc.	Confectioner	12,029,907	5	0.76	21,749,022	2	1.67
Flint River Services	Warehousing	10,610,094	6	0.67	-		-
AllTel	Communications	8,054,174	7	0.51	-		-
Appliance PP2 FX 4 LTD	Apartments	6,933,560	8	0.44	-		-
Lowe's Home Center	Building Supplies/Retailer	6,356,742	9	0.40	5,403,221	8	0.42
Sam's/WalMart Stores	Retailer	5,997,729	10	0.38	-		-
Bob's Candies, Inc	Confectioner	-		-	6,371,926	6	0.49
Carlton Company	Heavy equipment	-		-	5,677,315	7	0.44
Coats and Clark	Textiles	-		-	12,105,918	9	0.93
Flint River Textiles	Textiles	-		-	5,423,770	10	0.42
		$ 151,803,729		9.60 %	$ 159,090,983		12.25 %

SOURCE
Dougherty County Tax Department

2002 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002.

CITY OF ALBANY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts Expressed in Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	$ 12,261	11,896	97.02	$ 340	$ 12,236	99.80 %
2003	12,750	11,616	91.11	1,113	12,729	99.84
2004	12,684	12,535	98.83	129	12,664	99.84
2005	12,736	12,505	98.19	222	12,727	99.93
2006	12,988	12,791	98.48	182	12,973	99.88
2007	13,077	12,901	98.65	155	13,056	99.84
2008	13,164	12,872	97.78	267	13,139	99.81
2009	13,400	12,329	92.01	1,031	13,360	99.70
2010	13,540	13,105	96.79	386	13,491	99.64
2011	12,388	12,168	98.22	-	12,168	98.22

SOURCE
Dougherty County Tax Department

CITY OF ALBANY, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Participation	Notes Payable	Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2003	$ 11,110,000	$ 10,000,000	$ 600,000	$ 50,020,000	$ 1,038,517	$ 575,860	$ 73,344,377	6.73%	$ 961.86
2004	9,815,000	10,000,000	6,050,000	48,160,000	862,359	481,862	75,369,221	6.41%	993.03
2005	8,470,000	10,000,000	6,000,000	46,195,000	678,054	383,366	71,726,420	4.81%	952.10
2006	5,975,000	10,000,000	5,350,000	44,115,000	485,189	280,156	66,205,345	3.83%	878.12
2007	18,870,000	10,000,000	5,525,000	39,650,000	283,329	172,006	74,500,335	2.51%	982.53
2008	17,720,000	10,000,000	5,225,000	39,110,000	120,054	58,681	72,233,735	4.70%	952.56
2009	12,020,000	10,000,000	4,925,000	36,670,000	51,586	-	63,666,586	2.88%	841.97
2010	6,425,330	10,000,000	4,625,000	34,145,000	10,421	-	55,205,751	2.50%	730.08
2011	605,409	10,000,000	4,325,000	28,575,000	-	-	43,505,409	1.92%	561.84

NOTES

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

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

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

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

CITY OF ALBANY, GEORGIA

RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	$ 11,905,000	$ 64,305	$ 11,840,695	0.36 %	$ 155
2003	11,110,000	58,116	11,051,884	0.33	145
2004	9,815,000	69,253	9,745,747	0.29	128
2005	8,470,000	6,831	8,463,169	0.26	112
2006	5,975,000	6,851	5,968,149	0.18	79
2007	18,870,000	6,868	18,863,132	0.52	250
2008	17,720,000	6,782	17,713,218	0.44	234
2009	12,020,000	6,808	12,013,192	0.30	158
2010	6,425,330	6,811	6,418,519	0.16	85
2011	605,409	6,814	598,595	0.02	8

NOTES

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

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

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

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

CITY OF ALBANY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011

Jurisdiction	Net General Obligation Bond Debt Outstanding	Percentage Applicable to City of Albany	Amount Applicable to City of Albany
Direct, City of Albany	$ 605,409	100 %	$ 605,409
Overlapping, Dougherty County Board of Education	-	- %	-
	$ 605,409		$ 605,409

SOURCE

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

NOTE

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

CITY OF ALBANY, GEORGIA

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
LEGAL DEBT MARGIN										
Debt limit	$ 139,227	$ 142,962	$ 139,846	$ 140,628	$ 142,957	$ 144,824	$ 170,426	$ 171,967	$ 168,285	$ 169,638
Total net debt applicable to limit	11,841	11,052	9,746	8,463	5,968	18,863	17,713	12,013	6,418	598
Legal debt margin	$ 127,386	$ 131,910	$ 130,100	$ 132,165	$ 136,989	$ 125,961	$ 152,713	$ 159,954	$ 161,867	$ 169,040
Total net debt applicable to the limit as a percentage of debt limit	8.50%	7.73%	6.97%	6.02%	4.17%	13.02%	10.39%	6.99%	3.81%	0.35%
LEGAL DEBT MARGIN CALCULATION										
Assessed value	$ 1,299,345	$ 1,341,465	$ 1,324,522	$ 1,323,685	$ 1,343,628	$ 1,348,495	$ 1,600,741	$ 1,608,824	$ 1,580,705	$ 1,498,530
Add back exempt property	92,923	88,159	73,933	82,598	85,940	99,744	103,518	110,843	102,145	197,853
Total assessed value	1,392,268	1,429,624	1,398,455	1,406,283	1,429,568	1,448,239	1,704,259	1,719,667	1,682,850	1,696,383
Debt limit (10% of total assessed value)	139,227	142,962	139,846	140,628	142,957	144,824	170,426	171,967	168,285	169,638
Debt applicable to limit										
General obligation bonds	11,905	11,110	9,815	8,470	5,975	18,870	17,720	12,020	6,425	605
Less amount set aside for repayment of general obligation debt	(64)	(58)	(69)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Total net debt applicable to limit	11,841	11,052	9,746	8,463	5,968	18,863	17,713	12,013	6,418	598
Legal debt margin	$ 127,386	$ 131,910	$ 130,100	$ 132,165	$ 136,989	$ 125,961	$ 152,713	$ 159,954	$ 161,867	$ 169,040

NOTES

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

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

CITY OF ALBANY, GEORGIA

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	$ 11,939,663	$ 6,067,011	$ 5,872,652	$ 1,350,000	$ 2,692,568	1.45
2003	11,510,470	6,253,648	5,256,822	1,420,000	1,575,161	1.76
2004	11,914,002	6,222,521	5,691,481	1,860,000	2,502,784	1.30
2005	12,681,971	6,255,038	6,426,933	1,965,000	2,417,461	1.47
2006	14,296,012	7,660,827	6,635,185	2,080,000	2,325,789	1.51
2007	14,953,008	7,484,658	7,468,350	2,170,000	2,449,322	1.62
2008	15,722,157	8,266,328	7,455,829	2,440,000	1,732,081	1.79
2009	15,247,206	9,116,960	6,130,246	2,525,000	1,632,087	1.47
2010	14,787,711	9,597,229	5,190,482	2,620,000	1,581,234	1.24
2011	15,633,183	8,428,403	7,204,780	2,260,000	1,296,950	2.03

NOTES

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

Sewer Charges and Other includes investment earnings.

Operating expenses do not include depreciation and amortization.

CITY OF ALBANY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (2)	(%) Unemployment Rate (3)
2002	76,271	$ 971,921	$ 12,743 (1)	31.1	12.5	16,799	6.3
2003	76,202	1,116,283	14,649 (1)	31.1	12.5	16,710	5.6
2004	76,253	1,089,808	14,292 (1)	31.1	12.5	16,607	5.2
2005	75,898	1,175,281	15,485 (1)	31.1	12.5	16,844	6.2
2006	75,335	1,491,558	19,799 (1)	31.1	12.5	16,894	6.1
2007	75,394	1,728,030	22,920 (1)	31.1	12.5	16,668	4.5
2008	75,825	2,971,354	39,187 (1)	33.5	12.5	16,436	4.9
2009	75,831	1,538,156	20,284 (1)	33.1	12.5	16,222	7.5
2010	75,616	2,211,617	29,248 (1)	31.1	12.5	15,960	9.8
2011	77,434	2,261,073	29,200 (1)	31.4	12.0	15,628	10.8

SOURCES

(1) Bureau of Census, Bureau of Economic Analysis, and Georgia Power Company

(2) Georgia Department of Education

(3) Bureau of Labor Statistics/State of Georgia - Department of Human Resources

CITY OF ALBANY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2011			Fiscal Year 2002		
Employer (1)	Employees (1)	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Phoebe Putney Hospital	3,804	1	6.23 %	3,399	1	5.03 %
USMC Logistic Base (Civilian)	3,081	2	5.04	2,442	3	3.61
Dougherty County Board of Education	2,934	3	4.80	3,046	2	4.51
Proctor and Gamble	1,394	4	2.28	1,514	4	2.24
City of Albany	1,387	5	2.27	1,161	6	1.72
Dougherty County	669	6	1.09	707	7	1.05
Miller Brewing Company	650	7	1.06	664	8	0.98
Albany State University	550	8	0.90	530	10	0.78
Teleperformance USA	474	9	0.78			-
Palmyra Medical Center	454	10	0.74	550	9	0.81
Cooper Tire & Rubber Company	-		-	1,191	5	1.76
Totals	15,397		25.20 %	15,204		22.50 %
Average number of employees (2)	61,100			67,580		

SOURCE

(1) Albany Chamber of Commerce

(2) Bureau of Labor Statistics

CITY OF ALBANY, GEORGIA

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	177	177	171	170	170	174	140	145	147	152
Judicial	6	6	6	8	11	11	11	12	12	12
Public safety	467	467	464	461	394	404	435	466	466	484
Public works	164	164	165	165	41	41	42	42	36	45
Parks and recreation	60	60	60	60	57	57	57	60	63	63
Community development	12	12	12	12	12	12	12	12	12	12
Sanitary sewer	59	58	58	59	68	68	68	68	68	59
Solid waste	48	48	49	52	51	49	49	49	49	49
Airport	18	18	17	17	14	14	17	17	17	17
Transit	29	29	29	29	29	29	29	30	30	30
Civic Center	16	16	16	16	15	16	16	17	17	17
Auditorium	1	1	1	1	1	-	-	-	-	-
	1,057	1,056	1,048	1,050	863	875	876	918	917	940

Source: City of Albany Finance Department

CITY OF ALBANY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
Function	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Sanitary sewer										
Average daily treatment (thousands of gallons)	18,295	17,640	18,653	18,653	18,653	16,230	15,958	16,369	17,477	14,675
Airport										
Number of daily flights	8	8	8	8	8	8	4	3	3	3
Number of enplaned passengers	34,336	35,920	35,461	39,954	39,954	37,109	40,835	35,128	33,164	35,218
Number of deplaned passengers	34,534	35,094	34,044	38,156	38,156	35,829	39,226	34,499	32,668	33,805
Number of based aircraft	52	47	44	40	40	35	38	39	39	35
Police										
Citations issued	21,650	17,982	18,526	16,090	11,297	10,552	11,082	N/A	N/A	N/A
DUI Citations issued	287	269	193	139	96	228	153	N/A	N/A	N/A
Warnings issued	954	1,423	2,555	3,046	3,424	3,235	3,151	N/A	N/A	N/A
Crime Statistics:										
Aggravated Assault	231	233	250	252	284	341	389	573	465	459
Auto Theft	284	401	349	329	399	379	298	347	317	225
Murder	7	6	5	8	8	8	11	8	11	15
Rape	43	37	52	40	31	34	33	44	37	36
Robbery	210	261	217	216	242	205	207	247	230	168
Burglary	1,297	1,280	1,576	1,705	1,645	1,558	1,520	1,450	1,663	1,382
Theft	3,319	2,967	3,375	2,958	3,239	3,299	3,615	3,049	3,265	3,002
Fire										
Incident responses	3,434	1,587	2,959	3,141	2,779	3,706	3,511	2,234	3,588	4,017
Public Safety Education										
Events	87	65	73	52	81	61	103	1,264	172	228
Persons contacted	108,655	100,563	107,682	123,340	124,086	110,060	6,022	3,579	9,441	18,632

SOURCE
Various city departments.

N/A - Information not available.

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

CITY OF ALBANY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
Function	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Public Safety										
Police										
Fleet size	185	186	186	170	170	170	170	170	171	171
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Miles of streets	430	568	568	559	559	559	559	559	559	559
Number of street lights	8,503	8,503	8,503	8,503	10,420	11,247	11,247	11,247	11,247	11,247
Culture and Recreation										
Park acreage	1,104	1,104	1,104	1,104	1,300	1,300	1,300	1,300	1,300	1,300
Parks	45	45	45	45	44	54	54	54	54	54
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	1	1	1	1
Tennis courts	17	17	17	17	20	22	22	22	22	22
Sewerage System										
Miles of sanitary sewer	350	350	350	350	350	350	350	350	350	350
Miles of storm sewer	400	400	400	400	400	400	400	400	400	400
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

SOURCE

Various City departments

NOTE

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

SINGLE AUDIT SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Albany, Georgia as of and for the year ended June 30, 2011, which collectively comprise the City of Albany, Georgia's basic financial statements and have issued our report thereon dated December 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2011-1 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albany, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain other matters that we reported to management of the City of Albany, Georgia in a separate letter dated December 26, 2011.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 26, 2011

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

Compliance

We have audited the City of Albany, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Albany, Georgia's major federal programs for the year ended June 30, 2011. The City of Albany, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Albany, Georgia's management. Our responsibility is to express an opinion on the City of Albany, Georgia's compliance based on our audit.

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

In our opinion, the City of Albany, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-2 through 2011-4.

Internal Control Over Compliance

Management of the City of Albany, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Albany, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Albany, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-2 and 2011-3. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 26, 2011

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Direct Awards			
Federal Transit Cluster	20.500	T002181	$ 152,164
Federal Transit Cluster	20.500	MTG00-0142-00-001	80,761
Federal Transit Cluster	20.500	MTG00-0148-00-002	290,440
Federal Transit Cluster	20.500	T002174	3,544
Federal Transit Cluster	20.507	T002175	864,925
			1,391,834
DOT PL Funds	20.505	PL000-0009-00(655)	180,380
Planning Assistance Grant	20.515	T003575	43,130
Child Safety and Child Booster Seat Incentive	20.613	GA-2010-180-00397	9,939
Child Safety and Child Booster Seat Incentive	20.613	GA-2009-180-00818	36,449
			46,388
Total U.S. Department of Transportation			1,661,732
Federal Aviation Administration			
Direct Awards			
Airport Improvement Program	20.106	P#3-13-0002-30-2009	58,726
Airport Improvement Program	20.106	P#3-13-0002-32-2009	102,049
Airport Improvement Program	20.106	P#3-13-0002-35-2009	359,257
Airport Improvement Program	20.106	P#3-13-0002-36-2010	388,043
Airport Improvement Program	20.106	P#3-13-0002-37-2010	1,076,895
Total Federal Aviation Administration			1,984,970

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Awards			
Community Development Block Grant	14.218	B-10-MC-13-0001	$ 59,135
Community Development Block Grant	14.218	B-09-MC-13-0001	1,153,557
Community Development Block Grant	14.218	B-08-MC-13-0001	404,712
ARRA - Community Development Block Grant-R	14.218	B-09-MY-13-0001	92,938
			1,710,342
Neighborhood Stabilization Program	14.228	08-NS-5072	468,553
HUD-Home Partnership Investment Title II Program	14.239	M-09-MC-13-0205	18,246
HUD-Home Partnership Investment Title II Program	14.239	M-10-MC-13-0205	88,392
HUD-Home Partnership Investment Title II Program	14.239	M-05-MC-13-0205	323,037
HUD-Home Partnership Investment Title II Program	14.239	M-06-MC-13-0205	162,962
HUD-Home Partnership Investment Title II Program	14.239	M-01-MC-13-0205	16,408
			609,045
HUD - Housing Counseling Grant	14.169	HC-09-0421-059	9,428
HUD - Housing Counseling Grant	14.169	HC-10-0421-072	34,665
			44,093
Passed through State of Georgia			
DCA - Supportive Housing Program	14.235	2010 HTF EO 10C008	23,246
HUD Supportive Housing Program	14.235	GA0054B4B011003	50,621
HUD Supportive Housing Program	14.235	GA0054B4B010802	35,460
			109,327
Total U.S. Department of Housing and Urban Development			2,941,360

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Awards			
Summer School Food Service	10.559	S07-08002	$ 73,611
Summer School Food Service	10.559	08002	45,659
Total U.S. Department of Agriculture			119,270
U.S. Department of Justice			
Passed-Through State of Georgia			
2003 Bullet Proof Vest Grant	16.607	2003-BU-BX-6439	13,470
2007 Justice Assistance	16.738	2005-DJ-BX-1171	4
2009 Justice Assistance	16.738	2006-DJ-BX-0619	16,747
ARRA 2009 Justice Assistance	16.738	2007-DJ-BX-0808	25,787
2010 Justice Assistance	16.738	2008-DJ-BX-0272	48,484
			91,022
ARRA COPS Hiring Program	16.710	2009-RK-WX-0277	428,642
Totally Teen Zone After-School Initiative	16.541	2009-JL-FX-0245	13,998
Total U.S. Department of Justice			547,132
U.S. Department of Commerce			
Passed-Through State of Georgia			
Public Works and Economic Development Cluster	11.307	04-19-69032	1,261,332
Total U.S. Department of Commerce			1,261,332

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
Corporation for National and Community Service			
Passed-Through State of Georgia			
2010-2011 Americorps	94.006	06AFGA0010022	$ 88,651
2009-2010 Americorps	94.006	06AFGA0010024	29,587
Total Corporation for National and Community Service			118,238
Department of Energy			
Direct Awards			
Weatherization	81.042	DOER-WX-DOE-2009/11-30	60,918
Weatherization	81.042	DOER-WX-DOE-2010/11-30	27,730
ARRA Weatherization	81.042	DOER-ARRA-WX-DOE-2009/12-30	797,833
			886,481
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002997	131,104
Total U.S. Department of Energy			1,017,585
Department of Health and Human Services			
Direct Awards			
Weatherization	93.568	DOER-WX-HHS-2009/10-30	14,262
Total U.S. Department of Health and Human Services			14,262
Department of Homeland Security			
Direct Awards			
Performance Partnership Agreement	97.042	OEM10-049	28,820
Homeland Security Assistance to Firefighters	97.044	EMW-2008-FO-04076	158,400
Homeland Security Cluster - EOD Bomb Dog Grant	97.067	2008-GE-T8-0017	9,127
Total U.S. Department of Homeland Security			196,347

(Continued)

CITY OF ALBANY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
Environmental Protection Agency			
Direct Awards			
EPA Congressional Mandated Projects	66.202	XP-96474307-1	$ 45,701
Total Environmental Protection Agency			45,701
Total Expenditures of Federal Awards			$ 9,907,929

See Notes to Schedule of Expenditures of Federal Awards

CITY OF ALBANY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUBRECIPIENTS

During the fiscal year ended June 30, 2011, disbursements were made to sub-recipients of the following grant programs:

Program	CFDA	Amount
Community Development Block Grant	14.218	$ 243,157
Neighborhood Stabilization Program	14.228	87,722
		$ 330,879

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	_X_ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes _X_ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	___ yes _X_ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes ____ none reported
Type of auditor's report issued on compliance for major programs	Unqualified

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I
SUMMARY OF AUDIT RESULTS (Continued)

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? __X__ yes ____ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
16.710	ARRA COPS Hiring Program
14.228	Neighborhood Stabilization Program
81.042	Weatherization Cluster
81.128	ARRA EECBG
66.202	EPA Congressional Mandated Projects
11.307	Economic Development Revolving Loan Fund

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? ____ yes __X__ no

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2011 - 1. Management of Accounts Receivable Accounts

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

Condition: The City did not properly adjust accounts receivable in the General Fund, Community Development Fund, and in Nonmajor Funds, as of June 30, 2011.

Effect: Adjustments to increase taxes receivable by $2,074,011, increase interfund receivables by $47,394, increase revenue by $2,074,011, increase expenditures by $13,942, and increase operating transfers in by $61,336 were required to be recorded in the General Fund. Adjustments to decrease accounts receivable by $63,910, decrease interfund receivables by $5,050, decrease accounts payable by $533, decrease revenue by $78,680, decrease expenditures by $15,604, and increase operating transfers out in the amount of $5,351 were required to be recorded in the Community Development Fund. Adjustments to increase accounts receivable by $220,650, decrease interfund receivables by $42,344, increase accounts payable by $30,255, decrease revenue by $301, increase expenditures by $16,313, and increase operating transfers out in the amount of $55,985 were required to be recorded in the Nonmajor Funds.

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

Recommendation: We recommend the City establish procedures to review all revenue transactions after year end to determine proper reporting and revenue recognition.

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

CITY OF ALBANY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2011 - 2. <u>Cash Management: Inadequate Controls over Cash Draws of Federal Awards</u>

Federal Program Information: CFDA No. 81.128
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)
U.S. Department of Energy
Fiscal Year 2011

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

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

Context: See above condition.

Effect: Failure to adhere to the prescribed internal control procedures could result in noncompliance with applicable Federal laws & regulations regarding cash draws and could result in material misstatements in the financial statements.

Cause: The policies and procedures in place to review and approve cash draw requests prior to submission to ensure accuracy and completeness are not functioning properly.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
(Continued)

2011 - 2. <u>Cash Management: Inadequate Controls over Cash Draws of Federal Awards (Continued)</u>

Recommendation: We recommend the City reemphasize policies and procedures over cash draws to ensure required approval is obtained prior to submission for all drawdown requests.

Views of Responsible Officials and Planned Corrective Action: We concur. We will review the policies and procedures to verify that cash management control requirements are followed.

2011 - 3. <u>Reporting: Inadequate Controls Over Financial Reporting</u>

Federal Program Information: CFDA No. 81.128
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)
U.S. Department of Energy
Fiscal Year 2011

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

The Department of Energy requires that internal controls related to reporting be established to provide reasonable assurance that the (1) drawdown of Federal cash is only for immediate needs, (2) reimbursement is requested only after costs have been incurred, (3) States comply with applicable Treasury agreements, and (4) recipients limit payments to subrecipients to immediate cash need. The client's internal control policy for accurate reporting includes proper review and approval of quarterly reports prior to submission.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
(Continued)

2011 - 3. Reporting: Inadequate Controls over Financial Reporting (Continued)

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

Context: See above condition.

Effect: Failure to adhere to the prescribed internal control procedures could result in the submission of inaccurate and/or incomplete financial reports which increases the risk of material misstatement in the financial statements and of noncompliance with Federal laws and other program requirements.

Cause: The policies and procedures in place to review and approve quarterly financial reports prior to submission to ensure accuracy and completeness are not functioning properly.

Recommendation: We recommend the City implement additional policies and procedures to ensure all financial reporting is properly reviewed and approved prior to submission.

Views of Responsible Officials and Planned Corrective Action: We concur. We will review current policies and procedures to verify that financial reporting requirements are followed and implement new internal controls deemed necessary.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
(Continued)

2011 - 4. <u>Reporting: Financial Reports not Reconciled to Accounting Records</u>

Federal Program Information: CFDA No. 81.128
Recovery Energy Efficiency and Conservation Block Grant Program (EECBG)
U.S. Department of Energy
Fiscal Year 2011

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

1) A comparison of actual accomplishments with the goals and objectives established for the period
2) Reasons why established goals were not met, if appropriate
3) Other pertinent information including, analysis and explanation of cost overruns or high unit costs

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

Context: See above condition.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
(Continued)

2011 - 4. <u>Reporting: Financial Reports not Reconciled to Accounting Records (Continued)</u>

Effect: Failure to reconcile the financial reports to the general ledger and drawdown requests increases the risk of material misstatement of federal expenditures and the risk of having unreliable amounts during the audit of other grant program requirements.

Cause: The department did not reconcile the financial data submitted to the Department of Energy to the accounting records or drawdown requests.

Recommendation: We recommend the City implement appropriate policies and procedures to ensure that financial reports for all grant programs are properly completed, reviewed, and reconciled to the general ledger and cash draw requests prior to submission to the federal grantor agency.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish policies and procedures to ensure all grant financial reports are properly reviewed and approved prior to submission.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2010 - 1. Management of Accounts Receivable Accounts

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

Condition: The City did not properly adjust accounts receivable in the Nonmajor Funds, as of June 30, 2010.

Status: Unresolved – See current year audit finding 2011-1.

2010 - 2. Recording Investment Activity

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

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

Status: This finding was corrected during the fiscal year ended June 30, 2011.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2010 - 3. Undercollateralization of City Deposits

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

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

Status: This finding was corrected during the fiscal year ended June 30, 2011.

2010 - 4. Special Revenue Fund Budgets

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

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

Status: This finding was corrected during the fiscal year ended June 30, 2011.

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

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

Status: This finding was corrected during the fiscal year ended June 30, 2011.

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

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

CITY OF ALBANY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

Status: This finding was corrected during the fiscal year ended June 30, 2011.

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