

CITY OF ALBANY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:

JoEllen Brophy
Chief Financial Officer

CITY OF ALBANY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF ALBANY, GEORGIA

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INTRODUCTORY SECTION

City of Albany

Post Office Box 447

Albany, Georgia

31702-0447

March 21, 2015

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, 2014. The Finance Department is responsible for preparing this report. Management is responsible for the content of the report, accuracy of the presented data, and completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material respects. This belief is based on a comprehensive system of internal controls for this purpose. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Therefore, it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified opinion on the City of Albany's financial statements for the fiscal year ending June 30, 2014. 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 1853, the city lies at the head of the Flint River, 182 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 2013 Census, the population of Albany was estimated at 76,185.¹

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

This report includes all funds 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 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 Water, Gas and Light Commission of Albany, formerly a component unit of the City of Albany, is as of fiscal year ending June 30, 2014 and going forward, a major enterprise fund of the City of Albany. The City provides a full range of services including police and fire protection, road maintenance, streets, recreational activities, cultural events, and utility services including storm and sanitary sewers, solid waste, water, gas, light, and telecommunications. In addition to these general governmental activities, the City has a transit system, cemetery, airport, civic center, and golf course.

¹Source: United States Census Bureau <http://quickfacts.census.gov/qfd/states/13/1301052.html>

ECONOMIC CONDITION AND OUTLOOK

The City of Albany serves as the distribution, retail and wholesale trade, communication, and medical center for southwest Georgia, a seven county area. The City of Albany is served by 14 public elementary schools, 10 public secondary schools, 1 public alternative school, and a number of private schools². The City also offers a range of post-secondary education and adult-learning opportunities:

1. Albany State University, one of the city's two hometown colleges, 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, maintaining flexible scheduling for the growing number of non-traditional students².
2. Darton College, also rooted in the city, is a two-year unit of the University System of Georgia. Students can pursue over 70 transfer and career associate degrees. Darton also offers weekend, evening, and distance-learning courses for the flexibility of pursuing higher education².
3. Albany Technical College is a unit of the Technical College System of Georgia. The college provides technical education and training support for the workforce development needs of Southwest Georgia².
4. Turner Job Corps Center serves the Albany area as a fully accredited Vocational Education Institute, providing 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 choose².
5. Troy University, with its satellite campus, offers 37 majors grouped into 20 general fields of study. The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award a range of undergraduate and graduate degrees².

The City of Albany was not immune to the economic downturn of 2008. The economy is improving nationally, but there is little visible change locally. It is expected that Albany will lag behind the national and the state recovery. Significant economic movement is not expected to occur in Albany until 2015-16. Despite the economic downturn, the City has been able to maintain operations without layoffs, furloughs, or reduction of services; however, it did increase the property tax millage rate beginning in tax year 2012. The City continues to strive to be fiscally responsible and reduce expenditures wherever possible. Across the city, budgets have been tightened and each staffing decision is carefully reviewed. The City Manager's five-year action plan continues to be the focus of management to restore Albany's financial future.

Like many other cities across the nation, Albany continues to work toward identifying and implementing innovative ways to rebuild and restore the community's economic condition. In an effort to inspire economic growth, the City of Albany has focused on developing an attractive initiative program to promote the growth of new businesses in the area. The city's Long Term Financial Planning Committee (LTFPC) and the Albany-Dougherty Economic Development Commission (EDC) have worked closely together to develop a recommended plan for commission approval and implementation.

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

FIVE-YEAR STRATEGIC AND FINANCIAL PLAN

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. In 2006 and again in 2008, the City's staff updated the Strategic Plan. Although the plans were an attempt to project five years into the future, we resolved to review and update the plan every two or three years to incorporate changes in internal and external situations, such as fluctuations in the economy and changes in the needs of the community. Additionally, the City Commission adopted formal financial policies in FY11, which have helped to provide structure and guidance as we move forward toward fiscal recovery.

The current revision of the Plan began in late 2010 with plans to incorporate the Performance Management Framework for State and Local Governments released in June 2010 by a collaborative effort of 11 leading public sector management organizations. The update of the Strategic Plan in 2011 includes even more emphasis than before on using performance management techniques to improve efficiency and effectiveness in using our resources to serve the citizens of Albany.

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 tasks 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 two software packages adopted by the City for managing these new practices, Microsoft Project and Performance Pro, have transformed the culture throughout the organization.

Special Purpose Local Option Sales Tax V - The City of Albany and Dougherty County entered into an intergovernmental sales tax agreement, and in November 2004, voters approved the referendum to continue the 1% Special Purpose Local Option Sales Tax (SPLOST). The amount to be collected from the sales and use

tax between April 1, 2005 and March 31, 2011 was estimated to be \$108 million. Sixty-two percent, or \$65.87 million, of those funds was allocated for City administered projects and non-profit organizations, some of which have not been completed at this printing. The City of Albany projects funded through SPLOST V included: \$5.5 million Civic Center debt retirement, \$2.56 million Civic Center infrastructure improvements, \$1.7 million Airport improvement, \$6.8 million upgrade to the 800 MHz radio and tower, \$6.81 million for road improvements, \$4.65 million Public Safety equipment and training facility, \$3.14 million for the Recreation Master Plan and facility renovations, \$1.75 million traffic improvements and GIS aerial photography, and disparity study for \$350,000. Also included are projects for community organizations and other capital purchases and improvements: \$2 million to the Chehaw Wild Animal Park Authority, \$3.9 million for the Thronateeska Heritage Center improvements, \$4.0 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, \$8.5 million Street and Storm Water improvements, \$1 million Sidewalk replacements, \$3.68 million Alley Paving and improvements, \$11.9 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, \$2.1 million for the Thronateeska Heritage Center improvements, and \$3.3 million for the Senior Citizens Center. A complete list of the projects and further details regarding the program are available at www.albany.ga.us.

Total revenue generated for fiscal year 2012 for SPLOST programs was \$11.6 million with expenditures totaling \$13.6 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 funded by SPLOST are included in the formal operating budget. Encumbrance

accounting is used to maintain adequate cost controls, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in interest-bearing demand deposits, certificates of deposits, and U.S. Government securities with the assistance of board-approved, certified investment advisors. 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 and as required by the State of Georgia. 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-two consecutive fiscal years from 1991 to 2013. 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 twenty-second 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 operations guide, as a financial plan, 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,



Tom Berry
Interim City Manager



JoEllen Brophy
CFO



Government Finance Officers Association

**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, 2013

Executive Director/CEO

CITY OF ALBANY, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2014

ELECTED

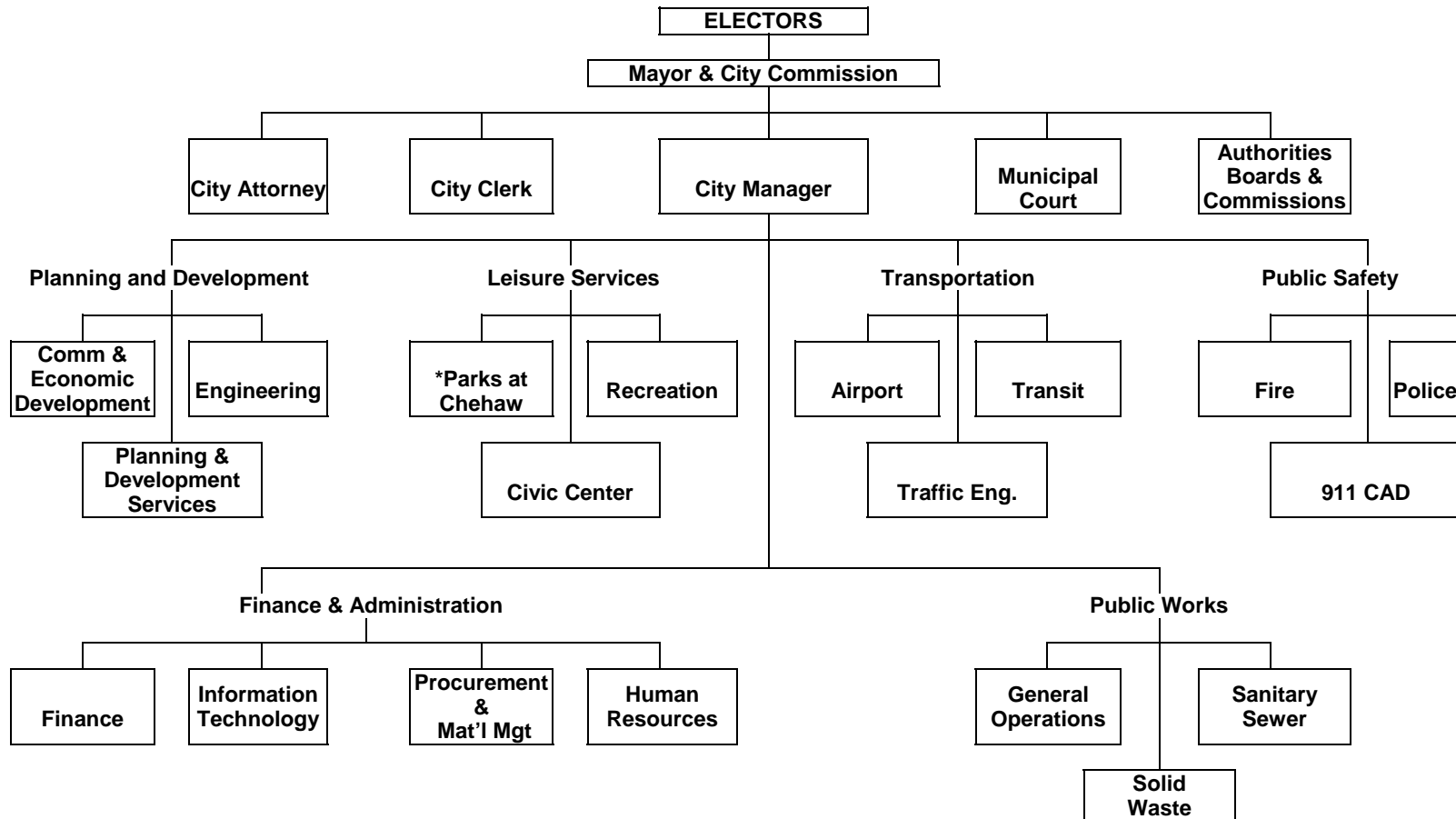
Dorothy Hubbard	At Large	Mayor
Jon B. Howard	Ward I	Mayor Pro Tem/Commissioner
Bobby Coleman	Ward II	Commissioner
BJ Fletcher	Ward III	Commissioner
Roger B. Marietta	Ward IV	Commissioner
Robert B. Langstaff, Jr.	Ward V	Mayor Pro Tem/Commissioner
Tommie Postell	Ward VI	Commissioner

STAFF

Tom Berry	Interim City Manager
JoEllen Brophy	Chief Financial Officer

CITY OF ALBANY, GEORGIA

ORGANIZATION CHART JUNE 30, 2014



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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Albany, Georgia** (the "City"), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Albany, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albany, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Community Development Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* for the fiscal year ended June 30, 2014. This standard modified the reporting requirements for defined benefit pension plans. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 24) and the the schedule of changes in net pension liability and related ratios, schedule of employer contribution, schedule of investment returns, and schedules of funding progress (on pages 112 through 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albany, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albany, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
March 20, 2015

CITY OF ALBANY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

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 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 Statements – and Management's 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 \$356,830,637. Of this amount, \$64,832,840 (18.2%) represents unrestricted net position 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 position of the City's *business-type activities* was \$196,428,196. This represented an increase of (3.0%) over the prior year's net position for business-type activities.
- At the close of the current fiscal year, the net position of the City's *governmental activities* was \$160,402,441. This represented an increase of \$2,272,973 (1.4%) from the prior year's net position for governmental activities.

Fund Financial Statements

- The General Fund, the chief operating fund of the City, had a total fund balance of \$17,490,790 as of June 30, 2014. Of this amount, \$16,461,430 (94.1%) was unassigned.
- The General Fund had revenues of \$45,039,159 for the current fiscal year. Of this amount, \$16,536,473 (36.7%) was from property taxes, \$9,377,670 (20.8%) was from other taxes, and \$8,658,079 (19.2%) was from sales taxes.

Debt Obligations

- ❑ Long-term debt obligations from primary governmental activities decreased \$96,669 (0.3%) from \$37,549,059 at June 30, 2013, to \$37,452,390 at June 30, 2014.
- ❑ Long-term debt obligations from business type activities decreased \$9,146,017 (21.7%), from \$42,201,077 at June 30, 2013, to \$33,055,060 at June 30, 2014.

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 Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, public employee health plan, and water, gas and light.

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 one discreetly presented component unit: the Chehaw Park Authority. This unit is excluded from any activities or amounts presented in the "Primary Government".

The government-wide financial statements can be found on pages 25 - 28 of this report.

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

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

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

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

Other *non-major* governmental funds include: Eight (8) Special Revenue Funds (Hotel/Motel Tax Fund, ARRA Fund, Tax Allocation District Fund, Computer Aided Dispatch, Albany-Dougherty Inner City Authority, Grant Fund, Gortatowsky Fund, and Job Investment 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 29 - 36 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: sanitary sewer, airport, and water, gas and light.

The City maintains seven (7) non-major proprietary funds. Four (4) of the non-major proprietary funds are enterprise funds (Transit Fund, Civic Center Fund, Solid Waste Fund, and Stormwater). These four enterprise funds collectively are reflected as “Other Enterprise Funds” on the Proprietary Funds financial statements. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

The remaining three (3) non-major proprietary funds are internal service funds (Self-Administered Insurance Fund, Workers’ Compensation Fund and the Public Employees Group Health Plan (PEGHP) 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 37 - 44 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 45 and 46 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 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the 12th year that the City of Albany has presented its financial statements under the 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, 2013 and June 30, 2014, are included in the MD&A.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$356,830,637 as of June 30, 2014.

As shown on Table 1, the largest portion of the City's net position, \$247.6 million (69.4%), 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 position, \$44.4 million (12.4%), represents resources that are subject to external restrictions on how they may be used. The major restrictions on net position are funding source restrictions. The remaining balance of total net position of \$64.8 million (18.2%) 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, 2014, 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 Position - Primary Government

	Governmental Activities		Business-Type Activities		Total	
	FY2014	FY 2013	FY2014	FY 2013	FY2014	FY 2013
Current and Other Assets	\$ 107,982,834	\$ 102,765,409	\$ 45,121,152	\$ 46,393,536	\$ 153,103,986	\$ 149,158,945
Capital Assets	101,544,408	103,406,527	197,670,471	203,961,547	299,214,879	307,368,074
TOTAL ASSETS	209,527,242	206,171,936	242,791,623	250,355,083	452,318,865	456,527,019
TOTAL DEFERRED OUTFLOWS	138,218	162,304	456,418	592,447	594,636	754,751
Current and Other Liabilities	16,944,985	12,014,722	17,753,351	26,390,370	34,698,336	38,405,092
Long Term Liabilities	29,970,240	33,848,722	29,066,494	34,096,035	59,036,734	67,944,757
TOTAL LIABILITIES	46,915,225	45,863,444	46,819,845	60,486,405	93,735,070	106,349,849
TOTAL DEFERRED INFLOWS	2,347,794	2,341,328	-	-	2,347,794	2,341,328
Net Position:						
Net Investment in capital assets	78,550,845	78,515,796	169,002,698	165,888,018	247,553,543	244,403,814
Restricted	38,366,853	38,807,274	6,077,401	10,115,599	44,444,254	48,922,873
Unrestricted	43,484,743	40,806,398	21,348,097	14,457,508	64,832,840	55,263,906
TOTAL NET POSITION	\$ 160,402,441	\$ 158,129,468	\$ 196,428,196	\$ 190,461,125	\$ 356,830,637	\$ 348,590,593

In Table 1(a), the 2014 Statement of Net Position is compared to the results for the prior fiscal year. In Table 2(a), the 2013 and 2014 Statement of Activities for the primary government is compared. Revenues decreased by \$15.4 million from 2013 to 2014, the total expenses for the same period decreased by \$12.6 million.

TABLE 1 (a)

CITY OF ALBANY
Comparison of Net Position for Primary Government
Fiscal Years 2014 and 2013

	Total Primary Government FY 2014	Total Primary Government FY 2013	Increase (Decrease)
Current and Other Assets	\$ 153,103,986	\$ 149,158,945	\$ 3,945,041
Capital Assets	299,214,879	307,368,074	(8,153,195)
TOTAL ASSETS	452,318,865	456,527,019	(4,208,154)
TOTAL DEFERED OUTFLOWS	594,636	754,751	(160,115)
			-
Current and Other Liabilities	34,698,336	38,405,092	(3,706,756)
Long Term Liabilities	59,036,734	67,944,757	(8,908,023)
TOTAL LIABILITIES	93,735,070	106,349,849	(12,614,779)
TOTAL DEFERRED INFLOWS	2,347,794	2,341,328	6,466
Net Position:			
Net Investment in capital assets	247,553,543	244,403,814	3,149,729
Restricted	44,444,254	48,922,873	(4,478,619)
Unrestricted	64,832,840	55,263,906	9,568,934
TOTAL NET POSITION	\$ 356,830,637	\$ 348,590,593	\$ 8,240,044

TABLE 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 4,180,829	\$ 6,746,404	\$ 150,855,893	\$ 157,165,539	\$ 155,036,722	\$ 163,911,943
Operating Grants and Contributions	7,789,779	8,219,946	1,023,046	871,411	8,812,825	9,091,357
Capital Grants and Contributions	12,863,878	16,646,062	2,691,726	7,724,576	15,555,604	24,370,638
<u>General Revenues:</u>						
Property taxes	16,761,694	16,473,385			16,761,694	16,473,385
Sales taxes	8,658,079	8,176,320			8,658,079	8,176,320
Other taxes	11,105,502	10,919,260			11,105,502	10,919,260
Investment income	1,649,063	356,766	657,412	(129,346)	2,306,475	227,420
Gain (loss) on sale or disposal of capital assets	-	-	220,802	82,871	220,802	82,871
TOTAL REVENUES	63,008,824	67,538,143	155,448,879	165,715,051	218,457,703	233,253,194
<u>Expenses:</u>						
General government	11,676,280	11,850,540	-	-	11,676,280	11,850,540
Judicial	1,161,891	1,105,206	-	-	1,161,891	1,105,206
Public safety	35,504,804	34,446,708	-	-	35,504,804	34,446,708
Public works	12,075,120	11,763,774	-	-	12,075,120	11,763,774
Parks and recreation	7,174,684	9,134,107	-	-	7,174,684	9,134,107
Community development	5,680,377	4,788,597	-	-	5,680,377	4,788,597
Community service	434,420	383,794	-	-	434,420	383,794
Interest on long-term debt	914,022	908,094	-	-	914,022	908,094
Sewer	-	-	12,822,696	13,510,612	12,822,696	13,510,612
Solid waste	-	-	8,116,940	8,303,044	8,116,940	8,303,044
Airport	-	-	2,626,374	2,873,052	2,626,374	2,873,052
Water, gas and light	-	-	106,533,670	103,961,719	106,533,670	103,961,719
Public Employee Deposit	-	-	-	13,561,049	-	13,561,049
Transit	-	-	3,717,068	3,608,070	3,717,068	3,608,070
Civic Center	-	-	1,779,313	2,079,981	1,779,313	2,079,981
TOTAL EXPENSES	74,621,598	74,380,820	135,596,061	147,897,527	210,217,659	222,278,347
Increase (Decrease) Before Transfers	(11,612,774)	(6,842,677)	19,852,818	17,817,524	8,240,044	10,974,847
Transfers	13,885,747	13,338,381	(13,885,747)	(13,338,381)	-	-
CHANGE IN NET POSITION	2,272,973	6,495,704	5,967,071	4,479,143	8,240,044	10,974,847
Net Position - Beg. Of Year	158,129,468	151,633,764	190,461,125	185,981,982	348,590,593	337,615,746
Net Position - End Of Year	\$ 160,402,441	\$ 158,129,468	\$ 196,428,196	\$ 190,461,125	\$ 356,830,637	\$ 348,590,593

TABLE 2 (a)

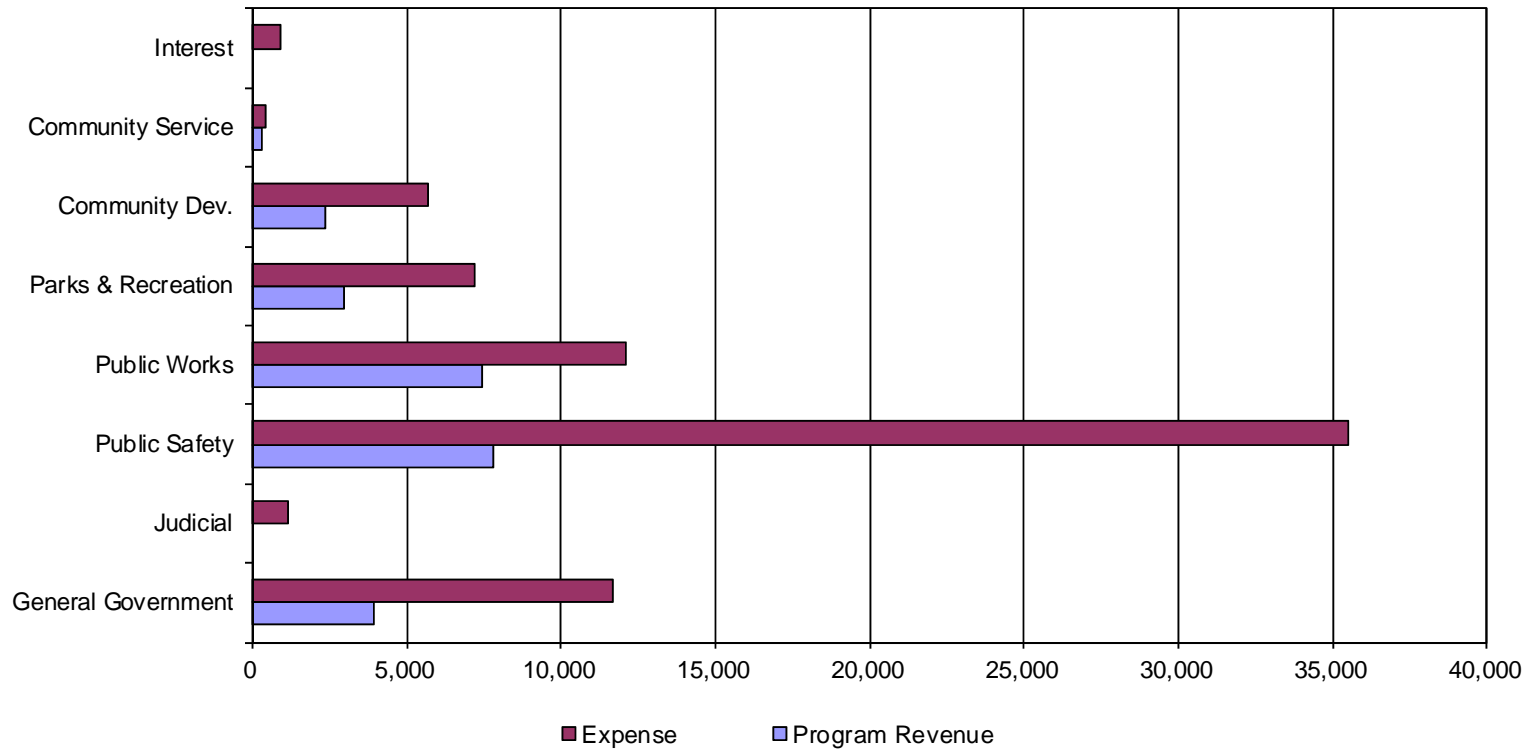
CITY OF ALBANY
Comparison of Statement of Activities for Primary Government
Fiscal Years 2014 and 2013

	Total Primary Government Activities - 2014	Total Primary Government Activities - 2013	Increase (Decrease)
Revenues:			
<u>Program Revenues:</u>			
Charges for Services	\$ 155,036,722	\$ 163,911,943	\$ (8,875,221)
Operating Grants and Contributions	8,812,825	9,091,357	(278,532)
Capital Grants and Contributions	15,555,604	24,370,638	(8,815,034)
<u>General Revenues:</u>			
Property taxes	16,761,694	16,473,385	288,309
Sales taxes	8,658,079	8,176,320	481,759
Other taxes	11,105,502	10,919,260	186,242
Investment income	2,306,475	227,420	2,079,055
Gain (loss) on sale or disposal of capital assets	220,802	82,871	137,931
TOTAL REVENUES	218,457,703	233,253,194	(14,795,491)
Expenses:			
General government	11,676,280	11,850,540	(174,260)
Judicial	1,161,891	1,105,206	56,685
Public safety	35,504,804	34,446,708	1,058,096
Public works	12,075,120	11,763,774	311,346
Parks and recreation	7,174,684	9,134,107	(1,959,423)
Community development	5,680,377	4,788,597	891,780
Community service	434,420	383,794	50,626
Interest on long-term debt	914,022	908,094	5,928
Sewer	12,822,696	13,510,612	(687,916)
Solid waste	8,116,940	8,303,044	(186,104)
Airport	2,626,374	2,873,052	(246,678)
Water, gas and light	106,533,670	103,961,719	2,571,951
Public employee deposit	-	13,561,049	(13,561,049)
Transit	3,717,068	3,608,070	108,998
Storm water	-	-	-
Civic Center	1,779,313	2,079,981	(300,668)
TOTAL EXPENSES	210,217,659	222,278,347	(12,060,688)
CHANGE IN NET POSITION	\$ 8,240,044	\$ 10,974,847	\$ (2,734,803)

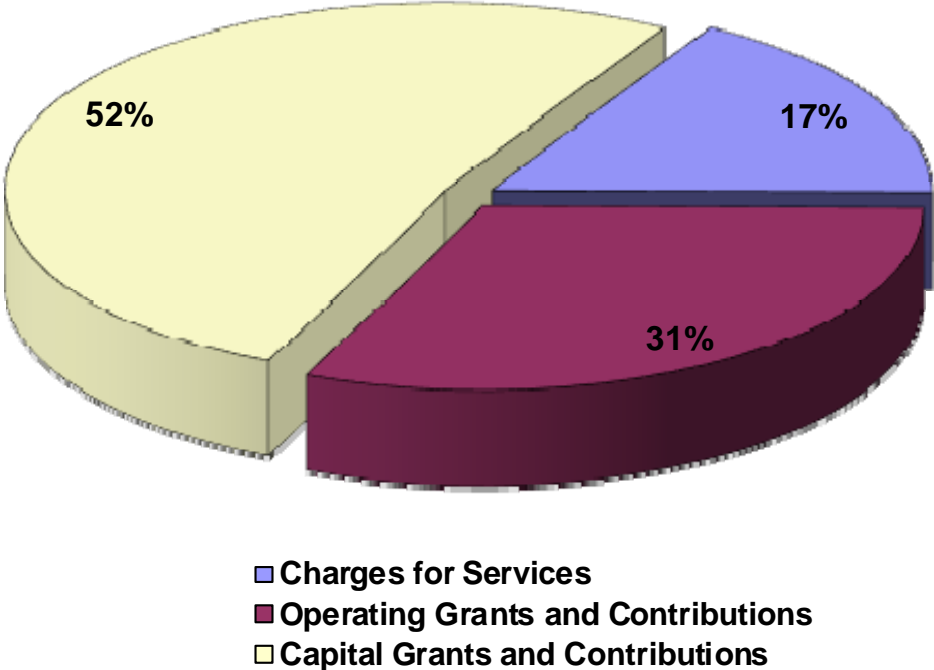
Governmental Activities

Governmental Activities increased the City of Albany's net position by \$2,272,973. Revenues from governmental activities totaled \$63,008,824; with operating grants (12.4%), capital grants and contributions (20.4%), property taxes (26.6%), other taxes (17.6%), sales taxes (13.7%), and charges for services (6.6%) contributing to the City's revenues. Expenses for governmental activities were \$74,621,598, of which 33.3% was supported from program revenues and combine to 51.2% from general revenues. Expenses for Public Safety (47.6%), General Government (15.6%), and Public Works Admin & Streets (16.2%) make-up 79.4% of the total expense for governmental activities.

Expenses and Program Revenues - Governmental Activities (in thousands)



Governmental Activities - Breakout of Program Revenue

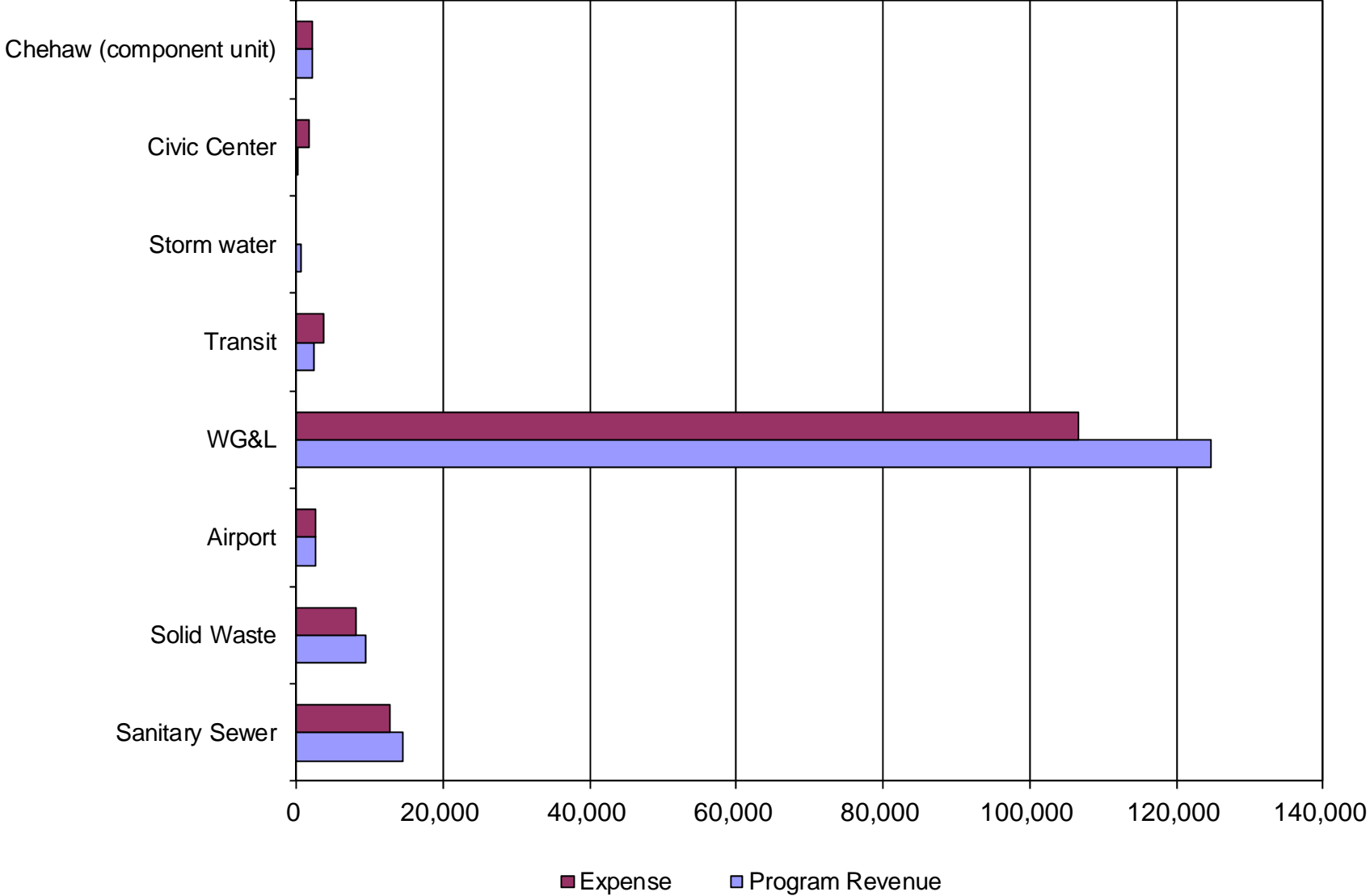


Business-type Activities

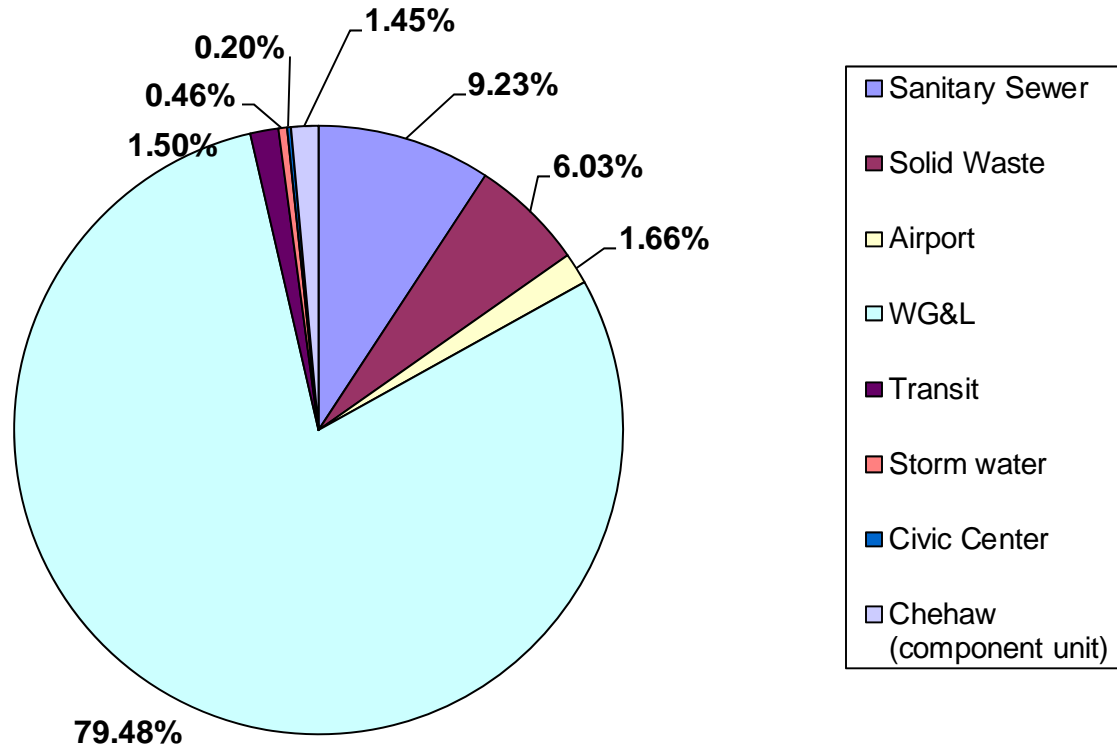
Business-type activities increased the City of Albany’s net position by \$5,967,071. As of June 30, 2014, total business-type net position was \$196,428,196 of which \$169,002,698 was invested in capital assets; \$6,077,401 was restricted; and \$21,348,097 was unrestricted.

Revenues totaled \$155,448,879 with 99% of revenues coming from Program Revenues. (See chart “Business-Type Activities – Breakout by Revenues”). Total expenses were \$135,596,061. The largest expenses were Water, Gas, and Light (78.6%) and Sanitary Sewer (9.5%).

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



Business Type Activity - Breakout by Revenues



FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Albany's governmental funds reported combined ending fund balances of \$85,776,986 an increase of \$6,676,532 in comparison from the prior year. Nineteen percent (\$16,171,436) constituted unassigned fund balance, which is available for spending at the government's discretion. The remaining 81% of the fund balance (\$69,605,550) is divided as follows: \$901,863 is non-spendable due to being in a form such as, inventory or prepaid expenses; \$45,434,731 is legally restricted by an outside authority or a legal agreement, such as SPLOST or loans; and a combined total of \$23,268,956 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, 2014, the *unassigned* fund balance in the general fund was \$16,461,430; the total fund balance was \$17,490,790, an increase of \$2,921,396 compared to 2013.

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 31.7% of the total general fund expenditures, while total fund balance represents 32.2% of that same amount. When *transfers out* are added to *expenditures*, the available fund balance represents 29.4% of expenditures plus transfers, while the total fund balance represents 29.9% of this amount.

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

Transfers in from other funds (\$15,903,926) represent transfers from the Hotel/Motel Tax Fund, Sewer Fund, and the Water, Gas and Light 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: Transit Fund, Civic Center Fund, Airport, ADICA, Public Improvement Fund.

During the fiscal year ended June 30, 2014, the City's General Fund balance increased by \$2,921,396. The following contributed to the change:

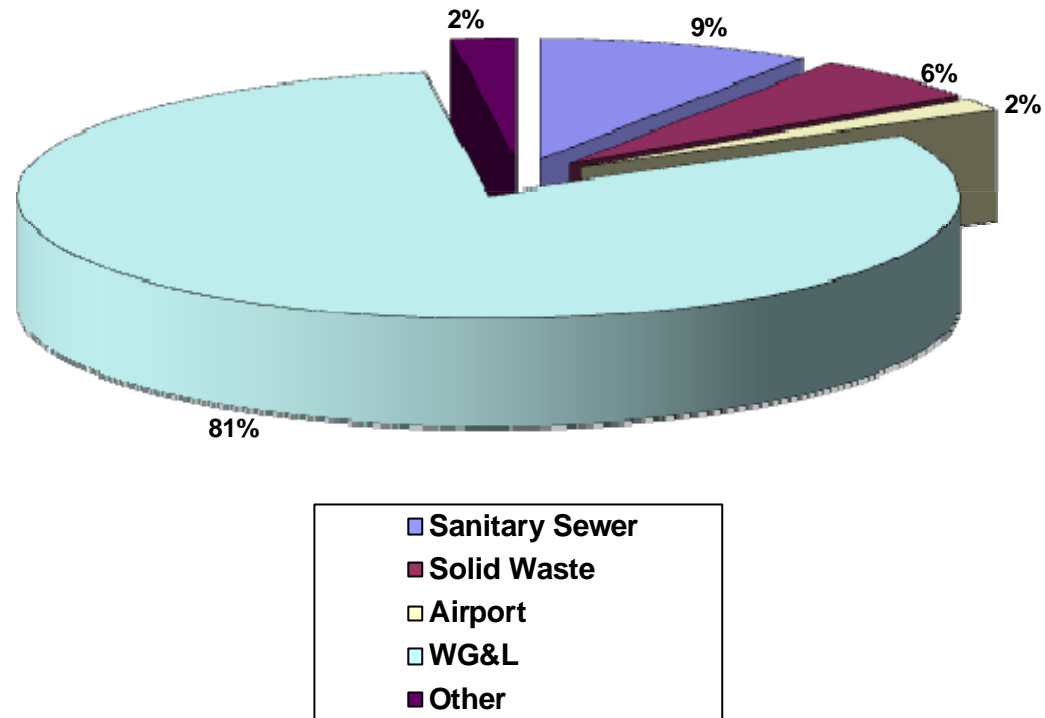
- ❑ Actual expenditures were \$4,151,341 under budgeted expenditures.
- ❑ Actual revenues were 701,053 above budgeted revenues.
- ❑ A budgeted transfer from fund balances of 1,818,378 reduces the effect of the higher revenue and lower expenditures resulting in the net increase of \$2.9 million.

During the fiscal year ended June 30, 2014, the City's Community Development balances decreased by \$416,197 and SPLOST Fund increased by \$863,546.

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, 2014, the proprietary funds had total operating revenues of \$150.9 million. Based on revenues, the largest proprietary fund is the Water, Gas, and Light Fund (81%) followed by the Sanitary Sewer Fund (9%). See chart below for an overview of revenue by proprietary fund.

Proprietary Funds - Analysis of Revenue by Fund



The change in net position for Proprietary Funds was \$5,967,071 representing an increase from the prior year's adjusted net position balance of \$190,461,125. The net change was the result of the following:

Proprietary funds	Change in Net Position
Sanitary Sewer Fund	(\$238,731)
Airport Fund	1,519,535
Water, Gas, and Light Fund	1,663,202
Non major Enterprise Funds	1,200,997
Internal Service Funds	1,822,068
Total Change in Net Position	<u>\$5,967,071</u>

The change in the Airport fund is primarily the result of significant capital grants used to build the new airport terminal. This increase in net position was not related to an excess of operational revenue over expenses. Similarly the decrease in the Sanitary Sewer Fund was not due to a deficit of operational revenue over expenses but rather it was due to an agreed upon transfer from the Sanitary Sewer's unrestricted fund balance to the General Fund to covering certain expenses and help balance the Fiscal Year 2014 budget. The increase in net position experienced by the Water, Gas and Light fund was only achieved due the MEAG Credits.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2014 budget was originally balanced without the use of transfers from fund balance. However, budget amendments throughout the year resulted in an ending budgeted transfer from fund balance of \$1,818,378. The City was also fortunate enough to have a temporary revenue stream in the form of a MEAG credit. The difference between the budgeted revenues and expenditures equal the net effect of the transfers in and out between other funds. Because of the relatively flat economy, the City was conservative in estimating tax and license revenue. The City's revenues were 1% over the budgeted amount. The City's expenditures were 7% under budget. This was the result of the City aggressively monitoring costs and a fair amount of vacant positions that remained unfilled during the year.

Even though the final budget allowed for the use of the \$3.4 million dollar MEAG Credit as well as a transfer from fund balance of \$1.8 million, the City only used \$1 million of the budgeted \$3.4 million MEAG Credit and did not use any of the transfer from fund balance but instead increased the fund balance by \$2.9 million.

TABLE 3

**CITY OF ALBANY, GEORGIA
GENERAL FUND
Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2014**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	\$ 15,085,976	15,085,976	16,536,473	\$ 1,450,497
Sales taxes	8,993,426	8,993,426	8,658,079	(335,347)
Other taxes	9,834,774	9,834,774	9,377,670	(457,104)
Licenses and permits	821,531	821,531	783,927	(37,604)
Intergovernmental	6,716,591	6,716,591	6,297,951	(418,640)
Charges for services	1,124,511	1,124,511	946,946	(177,565)
Fines and forfeitures	1,387,215	1,387,215	1,579,801	192,586
Interest income	276,000	276,000	479,920	203,920
Other	98,082	98,082	378,392	280,310
TOTAL REVENUES	\$ 44,338,106	\$ 44,338,106	\$ 45,039,159	\$ 701,053
Expenditures:				
General government	9,607,444	9,887,780	8,894,145	993,635
Judicial	1,215,998	1,225,534	1,161,195	64,339
Public safety	31,300,295	32,668,161	31,072,413	1,595,748
Public works	8,996,044	9,071,865	7,889,136	1,182,729
Parks and recreation	5,134,162	5,206,878	4,901,609	305,269
Community svc(Subsidized agencies)	443,461	443,461	433,840	9,621
TOTAL EXPENDITURES	\$ 56,697,404	\$ 58,503,679	\$ 54,352,338	\$ 4,151,341

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$297,530,663, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles, infrastructure, and construction in progress. Additional information on the City's capital assets can be found in Note 5 on pages 68 - 71 of this report.

TABLE 4

CITY OF ALBANY
Capital Assets (Net of Depreciation)
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated:			
Land	\$ 16,830,366	\$ 13,665,223	\$ 30,495,589
Construction in Progress	3,601,134	15,995,295	19,596,429
Total assets not depreciated	20,431,500	29,660,518	50,092,018
Capital assets being depreciated:			
Intangibles		1,794,902	
Buildings and improvements	72,484,356	141,314,201	213,798,557
Equipment and vehicles	30,630,898	64,854,417	95,485,315
Infrastructure	75,909,334	136,051,607	211,960,941
Total assets depreciated	179,024,588	344,015,127	521,244,813
Less accumulated depreciation:			
Intangibles		110,686	
Buildings and improvements	23,044,199	55,133,781	78,177,980
Equipment and vehicles	17,277,434	40,349,605	57,627,039
Infrastructure	57,590,047	80,411,102	138,001,149
Total accumulated depreciation	97,911,680	176,005,174	273,806,168
Total assets depreciated, net	81,112,908	168,009,953	247,438,645
Capital assets, net	\$ 101,544,408	\$ 197,670,471	\$ 297,530,663

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding is \$70.5 million – an increase of \$14.2 million over the previous year. Of this amount, \$11.5 million is due within one year. Certificates of Participation (14.2%) and Revenue Bonds (40.0%) make up \$38.2 million of the total. The remaining \$32.3 million is comprised of notes payable, general obligation bonds, OPEB liability, capital leases, and compensated absences. Additional information regarding the City's long-term debt can be found in Note 6 pages 72 - 87.

TABLE 5

CITY OF ALBANY
Long Term Debt Obligations
For the Fiscal Year Ended June 30, 2014

	Balance at June 30, 2014	Percentage of Total	Due Within One Year
<u>Governmental Activities</u>			
Bonds payable	\$ 16,578,912	23.5%	\$ 4,060,000
Notes payable	3,331,250	4.7%	325,000
Certificates of participation	10,000,000	14.2%	-
OPEB Liability	4,100,951	5.8%	-
Compensated absences	3,441,277	4.9%	3,097,150
Governmental long-term liabilities	<u>\$ 37,452,390</u>		<u>\$ 7,482,150</u>
<u>Business-Type Activities</u>			
Bonds Payable:			
Revenue bonds	\$ 28,115,000		\$ 1,305,000
Add deferred amounts Unamortized premium	101,856		-
Total bonds payable	28,216,856	40.0%	1,305,000
Capital leases	412,137	0.6%	412,137
Manufactured gas plant	1,395,489	2.0%	-
Compensated absences	3,030,578	4.3%	2,271,429
Business-Type long-term liabilities	<u>33,055,060</u>		<u>3,988,566</u>
Total primary government liabilities	<u>\$ 70,507,450</u>		<u>\$ 11,470,716</u>

The General Obligation Bonds relate to bonds issued for the Albany-Dougherty Inner City Authority (ADICA) and for the Special Purpose Local Option Tax (SPLOST) fund. The Revenue Bonds relate to sewer system revenue bonds issued in 2007 and 2011 and Water bonds issued in 2005 and 2010. The Certificates of Participation represent the City’s purchase of equipment and vehicles from the Georgia Municipal Association Pooled Bond Funds. The Notes Payable represents the City’s obligations to the One Georgia Authority for ADICA’s loan for the Hilton Garden Inn and Conference Center. Compensated absences represent the City’s obligation for accrued vacation and sick leave.

Bond Ratings

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

	<u>Moody’s</u>	<u>S&P</u>
General Obligation Bonds (SPLOST)	Aa3	-
Sewer Revenue Bonds	Aaa	AAA
ADICA Bonds	A-3	-
WG&L (Water Bonds)	A-3	-

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

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

The City is affected by the same economic conditions that influence the State of Georgia and the nation as a whole. Even though the rest of the country has begun to recover from the recession, Southwest Georgia continues to experience a slower rate of recovery. Economic conditions were taken into account in developing the City’s prior year budget. However, a review of the detailed economic information is useful in assessing specific aspects of the City’s economy.

Since 2009, the City of Albany has been receiving a temporary revenue stream in the form of the “MEAG Credit”. This revenue stream will discontinue in 2018. The City is currently relying on this revenue source to minimize the transfer required from fund balance in order to balance the budget during the current economic recession.

In an effort to be prepared for 2018 when this revenue stream discontinues, the City of Albany's Board of Commissioners increased the millage rate by 1.66 in fiscal year 2013 and the occupational tax and hotel/motel taxes were moderately increased. Despite the rising cost of "doing business" the adopted FY 2013, 2014 and 2015 budgets have held expenditures steady with minimal increases and in FY 2015 at 262K reduction from the prior years amended budget. FY 2015's still plans on using the majority of the MEAG Credits in order to fund an early retirement incentive to achieve an overall reduction in head count and personal expenses / expenditures.

Additionally, the City has combined common functions between the Utility (WG&L) and the primary government. Charges for Services have been reviewed and adjusted accordingly to ensure enterprise funds are recovering the cost of services and the WG&L operational transfer to the general fund has been increased from 7.5% to 8.5%.

These are all positive steps which will prepare the city to be ready for the loss of the temporary revenue stream in 2018; however, there is still more to do before 2018. These efforts are not yet enough to replace the estimated future decrease in revenues when the MEAG Credit ceases. The City continues to aggressively pursue a five year cost reduction plan in order to bridge the gap as well as explore the possibilities of new or increased revenue streams.

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 POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority
ASSETS				
Cash and cash equivalents	\$ 25,255,359	\$ 4,373,979	\$ 29,629,338	\$ 75,577
Investments	56,592,256	16,720,197	73,312,453	-
Taxes receivable	291,686	-	291,686	-
Accounts receivable, net of allowances	2,066,726	18,515,047	20,581,773	381,409
Notes receivable	10,993,583	-	10,993,583	-
Interest receivable	-	-	-	-
Inventories	208,649	3,413,160	3,621,809	-
Internal balances	5,945,654	(5,945,654)	-	-
Due from other governments	3,852,083	1,447,415	5,299,498	-
Due from component unit	126,000	-	126,000	-
Prepaid expenses	303,044	274,960	578,004	2,855
Restricted assets:				
Cash	-	474,818	474,818	-
Investments	-	5,847,230	5,847,230	-
Fair value of interest rate swap agreement	2,347,794	-	2,347,794	-
Capital assets:				
Non-depreciable	20,431,500	29,660,518	50,092,018	1,737,126
Depreciable, net of accumulated depreciation	81,112,908	168,009,953	249,122,861	6,836,482
Total assets	<u>209,527,242</u>	<u>242,791,623</u>	<u>452,318,865</u>	<u>9,033,449</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	138,218	456,418	594,636	-
Total deferred outflows of resources	<u>138,218</u>	<u>456,418</u>	<u>594,636</u>	<u>-</u>

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority
LIABILITIES				
Accounts payable	\$ 4,087,139	\$ 9,212,132	\$ 13,299,271	\$ 462,341
Retainage payable	292,834	38,780	331,614	-
Accrued expenses	1,517,149	1,302,252	2,819,401	31,578
Claims payable	3,312,758	-	3,312,758	-
Due to primary government	-	-	-	126,000
Due to other governments	204,878	-	204,878	-
Unearned revenues	48,077	1,076,110	1,124,187	-
Line of credit	-	-	-	-
Advance payments and customer deposits	-	2,103,559	2,103,559	20,002
Payable from restricted assets:				
Current maturities of long-term debt	-	1,305,000	1,305,000	-
Accrued interest payable	-	31,952	31,952	-
Intergovernmental agreement, due within one year	-	-	-	-
Certificates of participation, due in more than one year	10,000,000	-	10,000,000	-
Bonds payable, due within one year	4,060,000	-	4,060,000	-
Bonds payable, due in more than one year	12,518,912	26,911,856	39,430,768	-
Notes payable, due within one year	325,000	-	325,000	-
Notes payable, due in more than one year	3,006,250	-	3,006,250	-
Capital leases payable, due within one year	-	412,137	412,137	43,137
Capital leases payable, due in more than one year	-	-	-	-
Compensated absences payable, due within one year	3,097,150	2,271,429	5,368,579	-
Compensated absences payable, due in more than one year	344,127	759,149	1,103,276	-
Other long-term liabilities - manufactured gas plant	-	1,395,489	1,395,489	-
Other long-term liabilities - OPEB	4,100,951	-	4,100,951	-
Total liabilities	<u>46,915,225</u>	<u>46,819,845</u>	<u>93,735,070</u>	<u>683,058</u>

(Continued)

CITY OF ALBANY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Chehaw Park Authority
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - effective hedge	\$ 2,347,794	\$ -	\$ 2,347,794	\$ -
Total deferred inflows of resources	<u>2,347,794</u>	<u>-</u>	<u>2,347,794</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	78,550,845	169,002,698	247,553,543	8,530,471
Restricted for:				
Federal programs	2,176,779	-	2,176,779	-
Public safety	1,068,365	-	1,068,365	-
Gortatowsky endowment	50,696	-	50,696	-
Capital projects	35,071,013	-	35,071,013	-
Debt service	-	6,077,401	6,077,401	-
Unrestricted (deficit)	<u>43,484,743</u>	<u>21,348,097</u>	<u>64,832,840</u>	<u>(180,080)</u>
Total net position	<u>\$ 160,402,441</u>	<u>\$ 196,428,196</u>	<u>\$ 356,830,637</u>	<u>\$ 8,350,391</u>

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

CITY OF ALBANY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Unit Chehaw Park Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ 11,676,280	\$ 1,082,203	\$ 2,726,874	\$ 135,312	\$ (7,731,891)	\$ -	\$ (7,731,891)	\$ -
Judicial	1,161,891	-	-	-	(1,161,891)	-	(1,161,891)	-
Public safety	35,504,804	3,135,111	3,507,826	1,147,966	(27,713,901)	-	(27,713,901)	-
Public works	12,075,120	793,518	291,529	6,372,557	(4,617,516)	-	(4,617,516)	-
Parks and recreation	7,174,684	148,160	190,865	2,593,757	(4,241,902)	-	(4,241,902)	-
Community development	5,680,377	(978,163)	1,072,685	2,289,901	(3,295,954)	-	(3,295,954)	-
Community service	434,420	-	-	324,385	(110,035)	-	(110,035)	-
Interest on long-term debt	914,022	-	-	-	(914,022)	-	(914,022)	-
Total governmental activities	74,621,598	4,180,829	7,789,779	12,863,878	(49,787,112)	-	(49,787,112)	-
Business-type Activities:								
Sanitary sewer	12,822,696	14,311,708	-	167,517	-	1,656,529	1,656,529	-
Solid waste	8,116,940	9,454,958	-	-	-	1,338,018	1,338,018	-
Airport	2,626,374	822,283	-	1,779,384	-	(24,707)	(24,707)	-
Water, gas and light	106,533,670	124,653,672	-	-	-	18,120,002	18,120,002	-
Transit	3,717,068	577,991	1,023,046	744,825	-	(1,371,206)	(1,371,206)	-
Storm water	-	723,807	-	-	-	723,807	723,807	-
Civic Center	1,779,313	311,474	-	-	-	(1,467,839)	(1,467,839)	-
Total business-type activities	135,596,061	150,855,893	1,023,046	2,691,726	-	18,974,604	18,974,604	-
Total primary government	\$ 210,217,659	\$ 155,036,722	\$ 8,812,825	\$ 15,555,604	\$ (49,787,112)	\$ 18,974,604	\$ (30,812,508)	\$ -
Component Unit:								
Chehaw Park Authority	\$ 2,107,179	\$ 822,170	\$ 1,452,888	\$ -	\$ -	\$ -	\$ -	\$ 167,879
Total component unit	\$ 2,107,179	\$ 822,170	\$ 1,452,888	\$ -	\$ -	\$ -	\$ -	\$ 167,879
General revenues:								
Property taxes					\$ 16,761,694	\$ -	\$ 16,761,694	\$ -
Sales taxes					8,658,079	-	8,658,079	-
Franchise taxes					1,891,363	-	1,891,363	-
Business taxes					1,680,975	-	1,680,975	-
Insurance premium tax					3,994,353	-	3,994,353	-
Alcoholic beverage tax					1,347,638	-	1,347,638	-
Hotel/Motel tax					1,727,832	-	1,727,832	-
Other taxes					463,341	-	463,341	-
Investment income (loss)					1,649,063	657,412	2,306,475	13
Gain on sale of assets					-	220,802	220,802	-
Transfers					13,885,747	(13,885,747)	-	-
Total general revenues and transfers					52,060,085	(13,007,533)	39,052,552	13
Change in net position					2,272,973	5,967,071	8,240,044	167,892
Net position - beginning of year					158,129,468	190,461,125	348,590,593	8,182,499
Net position - end of year					\$ 160,402,441	\$ 196,428,196	\$ 356,830,637	\$ 8,350,391

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

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2014**

ASSETS	General Fund	Community Development Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,681,777	\$ 2,410,250	\$ 16,317,789	\$ 2,457,315	\$ 23,867,131
Investments	8,647,278	-	17,389,055	27,895,404	53,931,737
Receivables, net of allowance:					
Taxes	291,668	-	-	18	291,686
Accounts	1,243,337	85,154	-	420,073	1,748,564
Notes	-	10,993,583	-	-	10,993,583
Due from other funds	6,672,708	-	-	1,906,055	8,578,763
Due from other governments	1,593,750	226,318	1,936,423	95,592	3,852,083
Due from component units	126,000	-	-	-	126,000
Inventories	208,649	-	-	-	208,649
Prepaid items	27,122	-	-	-	27,122
Advance to other funds	-	-	-	666,092	666,092
Total assets	<u>\$ 21,492,289</u>	<u>\$ 13,715,305</u>	<u>\$ 35,643,267</u>	<u>\$ 33,440,549</u>	<u>\$ 104,291,410</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,445,920	\$ 313,577	\$ 1,655,386	\$ 313,465	\$ 3,728,348
Accrued liabilities	1,352,161	86,340	-	-	1,438,501
Retainage payable	-	35,277	248,220	9,337	292,834
Due to other funds	983,643	83,339	49	741,172	1,808,203
Due to other governments	200,373	196	-	-	200,569
Due to component units	-	-	4,309	-	4,309
Deferred revenues	19,402	-	-	28,675	48,077
Total liabilities	<u>4,001,499</u>	<u>518,729</u>	<u>1,907,964</u>	<u>1,092,649</u>	<u>7,520,841</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - notes receivable	-	10,993,583	-	-	10,993,583
Total deferred inflow of resources	<u>-</u>	<u>10,993,583</u>	<u>-</u>	<u>-</u>	<u>10,993,583</u>

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**BALANCE SHEET
JUNE 30, 2014**

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES					
Nonspendable:					
Inventories	\$ 208,649	\$ -	\$ -	\$ -	\$ 208,649
Prepaid items	27,122	-	-	-	27,122
Advance to other funds	-	-	-	666,092	666,092
Restricted					
Federal programs	-	2,176,779	-	-	2,176,779
Public safety	38,470	-	-	1,029,895	1,068,365
Gortatowsky endowment	-	-	-	50,696	50,696
Capital projects	-	-	33,735,303	8,403,588	42,138,891
Committed					
Inner city development	-	-	-	16,003,179	16,003,179
Capital projects	-	-	-	6,484,444	6,484,444
Assigned					
City cemetery	539,296	-	-	-	539,296
City parks	5,840	-	-	-	5,840
Police contingency	27	-	-	-	27
Keep Albany-Dougherty Beautiful	209,956	-	-	-	209,956
Budgetary stabilization	-	26,214	-	-	26,214
Unassigned					
	<u>16,461,430</u>	<u>-</u>	<u>-</u>	<u>(289,994)</u>	<u>16,171,436</u>
Total fund balances	<u>17,490,790</u>	<u>2,202,993</u>	<u>33,735,303</u>	<u>32,347,900</u>	<u>85,776,986</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,492,289</u>	<u>\$ 13,715,305</u>	<u>\$ 35,643,267</u>	<u>\$ 33,440,549</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	101,544,408
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	10,993,583
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 position.	(521,176)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(37,391,360)</u>

Net position of governmental activities	<u>\$ 160,402,441</u>
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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, 2014**

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 16,536,473	\$ -	\$ -	\$ 225,221	\$ 16,761,694
Sales taxes	8,658,079	-	-	-	8,658,079
Other taxes	9,377,670	-	-	1,727,832	11,105,502
Licenses and permits	783,927	-	-	-	783,927
Intergovernmental	6,297,951	1,223,482	10,985,215	1,856,617	20,363,265
Charges for services	946,946	847,093	-	1,469,269	3,263,308
Fines and forfeitures	1,579,801	-	-	-	1,579,801
Investment income (loss)	479,920	963	290,392	1,124,403	1,895,678
Other	378,392	1,204,537	-	27,462	1,610,391
Total revenues	<u>45,039,159</u>	<u>3,276,075</u>	<u>11,275,607</u>	<u>6,430,804</u>	<u>66,021,645</u>
Expenditures:					
Current:					
General government	8,894,145	-	-	-	8,894,145
Judicial	1,161,195	-	-	-	1,161,195
Public safety	31,072,413	-	-	2,158,790	33,231,203
Public works	7,889,136	-	-	28,820	7,917,956
Parks and recreation	4,901,609	-	-	36,742	4,938,351
Community development	-	3,348,054	-	2,608,315	5,956,369
Community service	433,840	-	-	-	433,840
Capital outlay	-	-	10,055,711	410,879	10,466,590
Debt service:					
Principal	-	300,000	-	285,000	585,000
Interest	-	165,429	356,350	605,467	1,127,246
Total expenditures	<u>54,352,338</u>	<u>3,813,483</u>	<u>10,412,061</u>	<u>6,134,013</u>	<u>74,711,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,313,179)</u>	<u>(537,408)</u>	<u>863,546</u>	<u>296,791</u>	<u>(8,690,250)</u>

(Continued)

**CITY OF ALBANY, GEORGIA
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):					
Proceeds from sale of assets	\$ 519,085	\$ 121,211	\$ -	\$ -	\$ 640,296
Transfers in	15,903,926	-	-	4,032,938	19,936,864
Transfers out	<u>(4,188,436)</u>	<u>-</u>	<u>-</u>	<u>(1,021,942)</u>	<u>(5,210,378)</u>
Total other financing sources (uses)	<u>12,234,575</u>	<u>121,211</u>	<u>-</u>	<u>3,010,996</u>	<u>15,366,782</u>
 Net change in fund balances	 2,921,396	 (416,197)	 863,546	 3,307,787	 6,676,532
 Fund balances, beginning of year	 <u>14,569,394</u>	 <u>2,619,190</u>	 <u>32,871,757</u>	 <u>29,040,113</u>	 <u>79,100,454</u>
 Fund balances, end of year	 <u>\$ 17,490,790</u>	 <u>\$ 2,202,993</u>	 <u>\$ 33,735,303</u>	 <u>\$ 32,347,900</u>	 <u>\$ 85,776,986</u>

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

CITY OF ALBANY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total governmental funds	\$	6,676,532
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.		1,384,889
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		(3,247,008)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,056,598)
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 position. Also, governmental funds report the effect of 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.		803,782
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.		(735,297)
Internal service funds are used by management to charge the costs of insurance to individual funds.		402,896
The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>43,777</u>
Change in net position of governmental activities	\$	<u><u>2,272,973</u></u>

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

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>				<u>Community Development Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:							
Property taxes	\$ 15,085,976	\$ 15,085,976	\$ 16,536,473	\$ 1,450,497	\$ -	\$ -	\$ -
Sales taxes	8,993,426	8,993,426	8,658,079	(335,347)	-	-	-
Other taxes	9,834,774	9,834,774	9,377,670	(457,104)	-	-	-
Licenses and permits	821,531	821,531	783,927	(37,604)	-	-	-
Intergovernmental	6,716,591	6,716,591	6,297,951	(418,640)	1,338,174	1,223,482	(114,692)
Charges for services	1,124,511	1,124,511	946,946	(177,565)	733,565	847,093	113,528
Fines and forfeitures	1,387,215	1,387,215	1,579,801	192,586	-	-	-
Investment income (loss)	276,000	276,000	479,920	203,920	-	963	963
Other	98,082	98,082	378,392	280,310	907,260	1,204,537	297,277
Total revenues	<u>44,338,106</u>	<u>44,338,106</u>	<u>45,039,159</u>	<u>701,053</u>	<u>2,978,999</u>	<u>3,276,075</u>	<u>297,076</u>
Expenditures:							
Current:							
General government:							
Legislative	652,885	695,034	641,809	53,225	-	-	-
Administrative	1,365,013	1,431,784	1,145,817	285,967	-	-	-
EEO	156,111	159,253	116,970	42,283	-	-	-
Human resources	1,407,002	1,661,401	1,668,586	(7,185)	-	-	-
Procurement and materials mgmt.	489,058	496,245	488,735	7,510	-	-	-
Printing	-	1,044	25,644	(24,600)	-	-	-
Materials management	277,701	282,483	254,792	27,691	-	-	-
Finance	2,886,781	2,909,326	2,803,986	105,340	-	-	-
Fleet management	8,200	8,200	3,579	4,621	-	-	-
Information technology	1,782,987	1,654,991	1,247,855	407,136	-	-	-
Risk management	378,475	384,266	339,215	45,051	-	-	-
311 Customer response management	203,231	203,753	157,157	46,596	-	-	-
Total general government	<u>9,607,444</u>	<u>9,887,780</u>	<u>8,894,145</u>	<u>993,635</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>				<u>Community Development Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:							
Current:							
Judicial:							
Municipal court	\$ 553,689	\$ 557,399	\$ 554,489	\$ 2,910	\$ -	\$ -	\$ -
City attorney	662,309	668,135	606,706	61,429	-	-	-
Total judicial	<u>1,215,998</u>	<u>1,225,534</u>	<u>1,161,195</u>	<u>64,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety:							
Police	16,722,483	17,871,625	17,055,027	816,598	-	-	-
Fire	12,849,118	13,046,970	12,424,875	622,095	-	-	-
Planning and development services	1,277,106	1,289,309	1,171,607	117,702	-	-	-
Marshal division	394,218	402,887	384,059	18,828	-	-	-
SWAT Team	57,370	57,370	36,845	20,525	-	-	-
Total public safety	<u>31,300,295</u>	<u>32,668,161</u>	<u>31,072,413</u>	<u>1,595,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public works:							
Administration	410,611	415,485	408,953	6,532	-	-	-
Engineering	4,385,507	4,410,047	3,472,608	937,439	-	-	-
Code enforcement	879,765	883,697	856,335	27,362	-	-	-
Street maintenance	3,320,161	3,362,636	3,151,240	211,396	-	-	-
Total public works	<u>8,996,044</u>	<u>9,071,865</u>	<u>7,889,136</u>	<u>1,182,729</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation:							
Administration	575,740	586,361	515,985	70,376	-	-	-
Parks	2,912,015	2,944,059	2,857,799	86,260	-	-	-
Park development and management	858,871	875,782	776,119	99,663	-	-	-
Turner Golf Course	494,414	498,019	426,072	71,947	-	-	-
Cemetery	293,122	302,657	325,634	(22,977)	-	-	-
Total parks and recreation	<u>5,134,162</u>	<u>5,206,878</u>	<u>4,901,609</u>	<u>305,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community development	-	-	-	-	2,559,784	3,348,054	(788,270)
Community service, various subsidized agencies	<u>443,461</u>	<u>443,461</u>	<u>433,840</u>	<u>9,621</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CITY OF ALBANY, GEORGIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	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	-	-	-	-	165,429	165,429	-
Total expenditures	<u>56,697,404</u>	<u>58,503,679</u>	<u>54,352,338</u>	<u>4,151,341</u>	<u>3,025,213</u>	<u>3,813,483</u>	<u>(788,270)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,359,298)</u>	<u>(14,165,573)</u>	<u>(9,313,179)</u>	<u>4,852,394</u>	<u>(46,214)</u>	<u>(537,408)</u>	<u>(491,194)</u>
Other financing sources (uses):							
Proceeds from sale of assets	50,000	50,000	519,085	469,085	20,000	121,211	101,211
Transfers in	15,634,717	15,634,717	15,903,926	269,209	-	-	-
Transfers out	<u>(3,325,420)</u>	<u>(3,325,420)</u>	<u>(4,188,436)</u>	<u>(863,016)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>12,359,297</u>	<u>12,359,297</u>	<u>12,234,575</u>	<u>(124,722)</u>	<u>20,000</u>	<u>121,211</u>	<u>101,211</u>
Net change in fund balances	<u>\$ (1)</u>	<u>\$ (1,806,276)</u>	2,921,396	<u>\$ 4,727,672</u>	<u>\$ (26,214)</u>	(416,197)	<u>\$ (389,983)</u>
Fund balance, beginning of year			14,569,394			2,619,190	
Fund balance, end of year			<u>\$ 17,490,790</u>			<u>\$ 2,202,993</u>	

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

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS	Sanitary Sewer Fund	Airport Fund	Water, Gas and Light Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CURRENT ASSETS						
Cash	\$ 89,709	\$ 1,011,499	\$ 3,264,771	\$ 8,000	\$ 4,373,979	\$ 1,388,228
Investments	6,362,438	-	8,419,619	1,938,140	16,720,197	2,660,519
Restricted cash	-	-	474,818	-	474,818	-
Restricted investments	5,447,500	-	399,730	-	5,847,230	-
Accounts receivable, net of allowances	415,210	64,488	17,986,311	49,038	18,515,047	318,162
Inventories	-	-	3,025,742	387,418	3,413,160	-
Prepaid expenses	-	-	274,960	-	274,960	275,922
Due from other governments	-	601,879	179,856	665,680	1,447,415	-
Due from other funds	2,273,108	-	-	2,792,988	5,066,096	1,369,141
Total current assets	<u>14,587,965</u>	<u>1,677,866</u>	<u>34,025,807</u>	<u>5,841,264</u>	<u>56,132,902</u>	<u>6,011,972</u>
NONCURRENT ASSETS						
Capital assets:						
Non-depreciable	5,338,231	18,534,919	1,799,169	3,988,199	29,660,518	-
Depreciable, net of accumulated depreciation	64,626,633	19,527,471	68,958,920	14,896,929	168,009,953	-
Total noncurrent assets	<u>69,964,864</u>	<u>38,062,390</u>	<u>70,758,089</u>	<u>18,885,128</u>	<u>197,670,471</u>	<u>-</u>
Total assets	<u>84,552,829</u>	<u>39,740,256</u>	<u>104,783,896</u>	<u>24,726,392</u>	<u>253,803,373</u>	<u>6,011,972</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred charge on refunding	456,418	-	-	-	456,418	-
Total deferred outflow of resources	<u>456,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,418</u>	<u>-</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

LIABILITIES	Sanitary Sewer Fund	Airport Fund	Water, Gas and Light Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CURRENT LIABILITIES						
Payable from current assets:						
Accounts payable	\$ 424,248	\$ 381,073	\$ 7,791,092	\$ 615,719	\$ 9,212,132	\$ 358,791
Retainage payable	-	38,780	-	-	38,780	-
Accrued liabilities	-	-	1,302,252	-	1,302,252	-
Due to other funds	2,280,950	601,879	8,809,874	1,375,965	13,068,668	137,129
Claims payable	-	-	-	-	-	3,312,758
Current portion - capital lease payable	-	-	412,137	-	412,137	-
Current portion - compensated absences	344,943	32,228	1,445,344	448,914	2,271,429	1,314
Advance payments and customer deposits	-	-	2,086,373	17,186	2,103,559	-
Unearned revenue	-	1,019,927	-	56,183	1,076,110	-
	<u>3,050,141</u>	<u>2,073,887</u>	<u>21,847,072</u>	<u>2,513,967</u>	<u>29,485,067</u>	<u>3,809,992</u>
Payable from restricted assets:						
Revenue bonds payable, current	-	-	1,305,000	-	1,305,000	-
Accrued interest payable, current	-	-	31,952	-	31,952	-
	<u>3,050,141</u>	<u>2,073,887</u>	<u>23,184,024</u>	<u>2,513,967</u>	<u>30,822,019</u>	<u>3,809,992</u>
NONCURRENT LIABILITIES						
Advance from other funds	-	-	143,885	522,207	666,092	-
Revenue bonds payable, net of current portion	17,750,000	-	9,161,856	-	26,911,856	-
Compensated absences, net of current portion	39,991	4,416	680,161	34,581	759,149	146
Other long-term liabilities	-	-	1,395,489	-	1,395,489	-
Total long-term liabilities	<u>17,789,991</u>	<u>4,416</u>	<u>11,381,391</u>	<u>556,788</u>	<u>29,732,586</u>	<u>146</u>
Total liabilities	<u>20,840,132</u>	<u>2,078,303</u>	<u>34,565,415</u>	<u>3,070,755</u>	<u>60,554,605</u>	<u>3,810,138</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Sanitary Sewer Fund</u>	<u>Airport Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
NET POSITION						
Net investment in capital assets	\$ 52,214,864	\$ 38,023,610	\$ 59,879,096	\$ 18,885,128	\$ 169,002,698	\$ -
Restricted for:						
Debt service	5,447,500	-	629,901	-	6,077,401	-
Unrestricted (deficit)	6,506,751	(361,657)	9,709,484	2,770,509	18,625,087	2,201,834
Total net position	<u>\$ 64,169,115</u>	<u>\$ 37,661,953</u>	<u>\$ 70,218,481</u>	<u>\$ 21,655,637</u>	193,705,186	<u>\$ 2,201,834</u>
					2,723,010	
					<u>\$ 196,428,196</u>	

Adjustment to reflect consolidation of internal service fund activities
related to enterprise funds
Net position of business type activities

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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Sanitary Sewer Fund</u>	<u>Airport Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Operating revenues:						
Charges for services	\$ 14,308,095	\$ 822,283	\$ 121,326,151	\$ 11,067,189	\$ 147,523,718	\$ 17,536,572
Other	3,613	-	3,327,521	1,041	3,332,175	65,845
Total operating revenues	<u>14,311,708</u>	<u>822,283</u>	<u>124,653,672</u>	<u>11,068,230</u>	<u>150,855,893</u>	<u>17,602,417</u>
Operating expenses:						
Personnel costs	3,274,016	919,838	14,907,393	4,969,594	24,070,841	51,904
General and administrative	-	-	4,744,834	-	4,744,834	2,793,607
Supplies	427,936	6,103	2,136,086	238,149	2,808,274	-
Operating services and charges	4,834,912	432,601	77,717,665	6,820,776	89,805,954	-
Maintenance and repairs	803,378	240,392	944,666	924,220	2,912,656	-
Depreciation and amortization	3,128,510	1,172,382	5,603,449	1,632,508	11,536,849	-
Claims and damages	-	-	-	-	-	12,531,942
Total operating expenses	<u>12,468,752</u>	<u>2,771,316</u>	<u>106,054,093</u>	<u>14,585,247</u>	<u>135,879,408</u>	<u>15,377,453</u>
Operating income (loss)	<u>1,842,956</u>	<u>(1,949,033)</u>	<u>18,599,579</u>	<u>(3,517,017)</u>	<u>14,976,485</u>	<u>2,224,964</u>
Nonoperating revenues (expenses):						
Investment income (loss)	589,463	2,046	59,182	6,721	657,412	43,777
Interest expense and fiscal charges	(912,436)	-	(431,853)	-	(1,344,289)	-
Payments to other governments	-	-	(47,724)	-	(47,724)	-
Intergovernmental - operating grants	-	-	-	1,023,046	1,023,046	-
Gain (loss) on sale of capital assets	(24,571)	(823)	220,103	(120,615)	74,094	-
Total nonoperating revenues (expenses)	<u>(347,544)</u>	<u>1,223</u>	<u>(200,292)</u>	<u>909,152</u>	<u>362,539</u>	<u>43,777</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Sanitary Sewer Fund</u>	<u>Airport Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Income (loss) before capital contributions and transfers	\$ 1,495,412	\$ (1,947,810)	\$ 18,399,287	\$ (2,607,865)	\$ 15,339,024	\$ 2,268,741
Capital contributions						
Intergovernmental - capital grants	-	1,779,384	-	744,825	2,524,209	-
Other capital contributions	173,378	354,908	-	479,970	1,008,256	-
Total capital contributions	<u>173,378</u>	<u>2,134,292</u>	<u>-</u>	<u>1,224,795</u>	<u>3,532,465</u>	<u>-</u>
Transfers						
Transfers in	-	1,333,053	-	2,586,963	3,920,016	-
Transfers out	(1,907,521)	-	(16,736,085)	(2,896)	(18,646,502)	-
Total transfers	<u>(1,907,521)</u>	<u>1,333,053</u>	<u>(16,736,085)</u>	<u>2,584,067</u>	<u>(14,726,486)</u>	<u>-</u>
Change in net position	(238,731)	1,519,535	1,663,202	1,200,997	4,145,003	2,268,741
Net position, beginning of year	<u>64,407,846</u>	<u>36,142,418</u>	<u>68,555,279</u>	<u>20,454,640</u>		<u>(66,907)</u>
Net position, end of year	<u>\$ 64,169,115</u>	<u>\$ 37,661,953</u>	<u>\$ 70,218,481</u>	<u>\$ 21,655,637</u>		<u>\$ 2,201,834</u>
					1,822,068	
					<u>\$ 5,967,071</u>	

Adjustment to reflect consolidation of internal service fund activities
related to enterprise funds
Change in net position of business type activities

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, 2014**

	Sanitary Sewer Fund	Airport Fund	Water, Gas and Light Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 14,312,610	\$ 498,228	\$ 125,319,155	\$ 10,367,571	\$ 150,497,564	\$ -
Receipts from other funds	-	-	-	-	-	17,522,931
Payments to suppliers	(4,896,948)	(1,644,917)	(85,934,278)	(7,099,381)	(99,575,524)	-
Payments to employees	(3,274,016)	(1,549,696)	(11,295,899)	(4,914,353)	(21,033,964)	(50,758)
Claims paid	-	-	-	-	-	(14,774,185)
Premiums paid	-	-	-	-	-	(2,882,187)
Net cash provided by (used in) operating activities	<u>6,141,646</u>	<u>(2,696,385)</u>	<u>28,088,978</u>	<u>(1,646,163)</u>	<u>29,888,076</u>	<u>(184,199)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in	-	1,333,053	-	2,586,963	3,920,016	-
Transfers out	(1,907,521)	-	(16,736,085)	(2,896)	(18,646,502)	-
Payments to Dougherty County	-	-	(47,724)	-	(47,724)	-
Payments on line of credit	-	-	(1,659,500)	-	(1,659,500)	-
Payments for environmental remediation obligation	-	-	(74,755)	-	(74,755)	-
Operating grants received	-	-	-	1,023,046	1,023,046	-
Net cash provided by (used in) noncapital financing activities	<u>(1,907,521)</u>	<u>1,333,053</u>	<u>(18,518,064)</u>	<u>3,607,113</u>	<u>(15,485,419)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(525,701)	(716,786)	(3,064,918)	(223,130)	(4,530,535)	-
Principal paid on bonds	(5,820,000)	-	(1,265,000)	-	(7,085,000)	-
Principal paid on notes and capital leases payable	-	-	(1,270,454)	-	(1,270,454)	-
Interest paid	(1,435,150)	-	(465,778)	-	(1,900,928)	-
Advance to (from) other funds	-	-	143,885	(630,216)	(486,331)	-
Capital grants received	-	2,078,164	-	744,825	2,822,989	-
Proceeds from sale of capital assets	1,069	930	462,080	77,840	541,919	-
Net cash provided by (used in) capital and related financing activities	<u>(7,779,782)</u>	<u>1,362,308</u>	<u>(5,460,185)</u>	<u>(30,681)</u>	<u>(11,908,340)</u>	<u>-</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Sanitary Sewer Fund</u>	<u>Airport Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales of investments	\$ 5,178,172	\$ -	\$ -	\$ -	\$ 5,178,172	\$ 295,115
Purchases of investments	(5,863,971)	-	(4,693,932)	(1,938,140)	(12,496,043)	-
Interest on investments	589,463	2,046	74,175	6,721	679,126	43,777
Net cash provided by (used in) investing activities	<u>(96,336)</u>	<u>2,046</u>	<u>(4,619,757)</u>	<u>(1,931,419)</u>	<u>(6,638,745)</u>	<u>338,892</u>
Increase (decrease) in cash and cash equivalents	(3,641,993)	1,022	(509,028)	(1,150)	(4,144,428)	154,693
Cash and cash equivalents:						
Beginning of year	<u>3,731,702</u>	<u>1,010,477</u>	<u>4,248,617</u>	<u>9,150</u>	<u>8,999,946</u>	<u>1,233,535</u>
End of year	<u>\$ 89,709</u>	<u>\$ 1,011,499</u>	<u>\$ 3,739,589</u>	<u>\$ 8,000</u>	<u>\$ 4,855,518</u>	<u>\$ 1,388,228</u>
Classified as:						
Cash	\$ 89,709	\$ 1,011,499	\$ 3,264,771	\$ 8,000	\$ 4,373,979	\$ 1,388,228
Restricted cash	-	-	474,818	-	474,818	-
	<u>\$ 89,709</u>	<u>\$ 1,011,499</u>	<u>\$ 3,739,589</u>	<u>\$ 8,000</u>	<u>\$ 4,848,797</u>	<u>\$ 1,388,228</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Contributions of capital assets from outside sources	\$ 154,001	\$ -	\$ -	\$ -	\$ 154,001	\$ -
Contributions of capital assets from governmental activities	19,377	354,908	-	479,970	854,255	-
	<u>\$ 173,378</u>	<u>\$ 354,908</u>	<u>\$ -</u>	<u>\$ 479,970</u>	<u>\$ 1,008,256</u>	<u>\$ -</u>

(Continued)

**CITY OF ALBANY, GEORGIA
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Sanitary Sewer Fund</u>	<u>Airport Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 1,842,956	\$ (1,949,033)	\$ 18,599,579	\$ (3,517,017)	\$ 14,976,485	\$ 2,224,964
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	3,128,510	1,172,382	5,603,449	1,632,508	11,536,849	-
Provision for doubtful accounts	-	-	50,952	-	50,952	-
Increase in internal investment pool	-	-	-	-	-	(43,777)
(Increase) decrease in accounts receivable	902	5,178	1,133,247	18,142	1,157,469	(175,817)
(Increase) decrease in inventories	-	-	577,284	(209,012)	368,272	-
(Increase) decrease in prepaid expenses	-	12,000	(48,768)	-	(36,768)	(104,492)
Increase in due from other governments	-	-	-	(367,275)	(367,275)	-
Decrease in due from other funds	120,704	-	-	64,980	185,684	285,698
Increase (decrease) in accounts payable and other liabilities	(48,314)	(1,607,679)	935,803	252,813	(467,377)	(1,308,096)
Decrease in retainage payable	(132,496)	-	-	-	(132,496)	-
Decrease in claims payable	-	-	-	-	-	(917,089)
Increase (decrease) in due to other funds	1,229,384	(298,780)	1,320,426	473,692	2,724,722	(145,590)
Decrease in intergovernmental agreement	-	-	(299,150)	-	(299,150)	-
Increase in customer deposits payable	-	-	216,156	-	216,156	-
Increase (decrease) in unearned revenues	-	(30,453)	-	5,006	(25,447)	-
Net cash provided by (used in) operating activities	<u>\$ 6,141,646</u>	<u>\$ (2,696,385)</u>	<u>\$ 28,088,978</u>	<u>\$ (1,646,163)</u>	<u>\$ 29,888,076</u>	<u>\$ (184,199)</u>

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

**CITY OF ALBANY, GEORGIA
PENSION FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

ASSETS	
Cash	\$ 3,260,964
Investments at fair value:	
Equity securities	74,797,022
Government securities	8,378,823
Corporate bonds	23,188,193
Other	8,896,216
Total investments	<u>115,260,254</u>
Accounts receivable	123,680
Interest receivable	<u>87,916</u>
Total assets	<u>118,732,814</u>
LIABILITIES	
Accrued expenses	46,229
Accounts payable	<u>5,366</u>
Total liabilities	<u>51,595</u>
NET POSITION	
Held in trust for pension benefits	<u><u>\$ 118,681,219</u></u>

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

**CITY OF ALBANY, GEORGIA
PENSION FUND**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ADDITIONS:

Employer contributions	\$ 7,047,432
Investment earnings	
Interest and dividends	3,012,361
Net increase in fair value of investments	17,146,332
	<u>20,158,693</u>
Less investment expense	762,876
Net investment earnings	<u>19,395,817</u>
Total additions	<u>26,443,249</u>

DEDUCTIONS:

Benefit payments	11,990,923
Administrative expense	51,615
	<u>12,042,538</u>
Total deductions	<u>12,042,538</u>
Change in net position	14,400,711

NET POSITION, BEGINNING OF YEAR 104,280,508

NET POSITION, END OF YEAR \$ 118,681,219

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

CITY OF ALBANY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, water, gas and light, and solid waste.

The City is authorized to own, use and operate a system of water works, electric lights and gas works. The City, through an act of the Georgia Legislature, provides for a Board of Water, Gas and Light Commissioners (the "Board") answerable to and directly supervised by the City Manager. The Mayor of the City of Albany has a voice in all proceedings before the Board, and has a vote in all matters and proceedings, but no veto. The Board consists of four (4) members appointed by the City of Albany Commission from the citizens of the City of Albany. Citizen members of the Board are appointed for a term of two (2) years. During the fiscal year ended June 30, 2013, the City Commission adopted Ordinance 13-112 which changed the financial reporting entity of the City to include the Water, Gas and Light Commission as an enterprise fund of the City. The Water, Gas and Light Commission was previously reported as a discretely presented component unit of the City. See Note 17 for further discussion of the change in reporting entity.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Blended Component Unit

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

Discretely Presented Component Unit

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 the *discretely presented component unit*.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The **Water, Gas and Light Fund** accounts for the utility operations provided to the residents of the City.

The City also reports the following fund types:

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

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

Internal service funds account for general liability, group health, 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

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

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

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

6. Annual appropriated budgets are legally adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and Special Revenue Funds, except that for the current year, budgets were not adopted for the Job Investment Fund or the Gortatowsky Fund, as no expenditures were anticipated. Sufficient budgetary control is achieved through restrictions included in the various grant agreements. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation, and evaluation purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Project 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 Project Funds, which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2014, there were no encumbrances outstanding.

In the General Fund, expenditures exceeded budget for human resources by \$7,185, printing by \$24,600, and cemetery by \$22,977. In the Community Development Fund, expenditures exceeded budget by \$788,270. In the Tax Allocation District Fund, expenditures exceeded budget by \$127,267. In all funds, the over expenditures were funded by greater than anticipated revenues and available fund balance.

The Tax Allocation District Fund reported a deficit fund balance of \$289,994 at June 30, 2014. The deficit is intended to be eliminated through future tax revenues. The Workers' Compensation Fund reported a deficit net position of \$1,441 at June 30, 2014. The Workers' Compensation Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

F. Investments

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the State of Georgia Office of Treasurer. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings net of management fees on a monthly basis and determines participants' 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 securities market are valued at the last reported sales price on the last business day of the City's fiscal year. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

In accordance with authorized investment laws, investments in the Pension Trust 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."

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position. 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 is included as part of the capitalized value of assets constructed. No interest was capitalized during the fiscal year ended June 30, 2014.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 position. Bond premiums and discounts 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. Bond issuance costs are reported as expenses in the year the debt is issued.

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 and premiums on the issue are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows / Inflows of Resources (Continued)

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from notes receivables, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. An *effective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity

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

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:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

O. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$37,391,360 difference are as follows:

Notes payable	\$ (3,331,250)
Bonds payable	(16,050,000)
Unamortized premium on bonds	(528,912)
Unamortized refunding charge	138,218
Certificates of participation	(10,000,000)
Fair market value interest rate swap - certificates of participation	2,347,794
Deferred fair value of interest rate swap - certificates of participation	(2,347,794)
Compensated absences	(3,439,817)
Other post-employment benefit obligation	(4,100,951)
Accrued interest payable	(78,648)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at net position - governmental activities	\$ (37,391,360)

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position 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 \$1,384,889 difference are as follows:

Capital outlay	\$	6,488,518
Depreciation expense		(5,103,629)
Net adjustment to increase <i>net changes in fund balances - total</i> governmental funds to arrive at changes in net position of governmental activities		\$ 1,384,889

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 position.” The details of this \$3,247,008 differences are as follows:

Transfers of capital assets to business-type activities	\$	(840,739)
Disposals of capital assets		(2,406,269)
Net adjustment to decrease <i>net changes in fund balances - total</i> governmental funds to arrive at changes in net position of governmental activities		\$ (3,247,008)

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 \$803,782 difference are as follows:

Principal repayment - general obligation bonds	\$ 260,000
Principal repayment - notes payable	325,000
Amortization of premium on bonds	242,868
Amortization of loss on defeasance of bonds	<u>(24,086)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> governmental funds to arrive at changes in net position of governmental activities	<u>\$ 803,782</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$735,297 difference are as follows:

Compensated absences	\$ 21,668
Accrued interest	(5,558)
Other post-employment benefit obligation	<u>(751,407)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities	<u>\$ (735,297)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

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

Interest rate risk. The City 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. At June 30, 2014, the City did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2014, the City had the following investments (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)									Rating	
		Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31 - 35	36 - 40		
Entity wide:												
Government securities	\$ 16,860	\$ 3,017	\$ 13,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	AAA
Government securities	1,549	-	1,549	-	-	-	-	-	-	-	-	NR
Guaranteed Inv. Contract	7,068	-	-	-	7,068	-	-	-	-	-	-	AA-
Corporate bonds	704	-	-	-	-	-	-	-	704	-	-	BBB-
	<u>79,159</u>	<u>4,949</u>	<u>37,643</u>	<u>9,217</u>	<u>11,336</u>	<u>2,140</u>	<u>2,763</u>	<u>10,007</u>	<u>704</u>	<u>-</u>		
Pension Trust Fund:												
Government securities	\$ 8,379	\$ -	\$ 1,576	\$ 4,267	\$ 52	\$ -	\$ 151	\$ 2,333	\$ -	\$ -	\$ -	AAA
Common stock	74,171	-	-	-	-	-	-	-	-	-	-	N/A
Preferred stock	626	-	-	-	-	-	-	-	-	-	-	N/A
Mutual funds	7,896	-	-	-	-	-	-	-	-	-	-	N/A
Alternative investment	1,000	-	-	-	-	-	-	-	-	-	-	N/A
Corporate bonds	355	-	-	355	-	-	-	-	-	-	-	A+
Corporate bonds	1,784	-	583	-	588	-	-	613	-	-	-	A-
Corporate bonds	1,147	-	1,147	-	-	-	-	-	-	-	-	BBB+
Corporate bonds	2,125	-	1,467	-	-	-	-	658	-	-	-	BBB
Corporate bonds	1,577	876	701	-	-	-	-	-	-	-	-	BBB-
Corporate bonds	2,670	-	946	-	562	281	881	-	-	-	-	BB+
Corporate bonds	846	-	-	-	-	-	-	576	-	270	-	BB
Corporate bonds	784	-	259	-	525	-	-	-	-	-	-	BB-
Corporate bonds	2,086	682	-	574	-	830	-	-	-	-	-	B+
Corporate bonds	415	-	271	144	-	-	-	-	-	-	-	B
Corporate bonds	1,406	-	329	556	-	-	521	-	-	-	-	B-
Corporate bonds	7,993	310	5,242	1,624	-	530	287	-	-	-	-	NR
	<u>115,260</u>	<u>1,868</u>	<u>12,521</u>	<u>7,520</u>	<u>1,727</u>	<u>1,641</u>	<u>1,840</u>	<u>4,180</u>	<u>-</u>	<u>270</u>		
	<u>\$ 194,419</u>	<u>\$ 6,817</u>	<u>\$ 50,164</u>	<u>\$ 16,737</u>	<u>\$ 13,063</u>	<u>\$ 3,781</u>	<u>\$ 4,603</u>	<u>\$ 14,187</u>	<u>\$ 704</u>	<u>\$ 270</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

A. Property Taxes

Property taxes were levied on July 23, 2013 on the January 1, 2013 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, 2013, and payable before December 20, 2013. The lien date for unpaid taxes was January 1, 2014. After that date, an interest penalty of 18% applies. Property tax revenues are recognized when levied to the extent they result in current receivables.

The City is permitted by the Municipal Finance Law of the state to levy taxes up to \$20.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. A tax rate of 9.990 mills was levied during fiscal year 2014 for the City (mill equals \$1 per thousand dollars of assessed value).

Gross property taxes receivable at June 30, 2014 are \$1,083,960. An allowance of \$792,292 has been established for taxes in dispute and taxes that will not be collected for the year ended June 30, 2014, resulting in a net receivable for property taxes of \$291,668.

B. Sales Taxes

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

In addition, there is an additional 1% Special Purpose Local Option Sales Tax Program ("SPLOST") which was passed by referendums in 1989 (SPLOST II), 1994 (SPLOST III), 1999 (SPLOST IV), 2004 (SPLOST V), and 2010 (SPLOST VI). The proceeds from these sales tax programs are used to finance various capital projects. SPLOST II, SPLOST III, and SPLOST IV programs are administered by Dougherty County. The City administers its own programs under SPLOST V and SPLOST VI. SPLOST taxes due from other governments at June 30, 2014 are \$1,936,423.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

C. Accounts Receivable

Accounts receivable of the primary government consisted of the following at June 30, 2014:

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Water, Gas and Light Fund</u>	<u>Airport Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Business-type Funds</u>
Gross receivables	\$ 1,302,842	\$ 85,154	\$ 415,210	\$ 18,997,498	\$ 64,488	\$ 457,322	\$ 49,038
Less allowance for doubtful accounts	<u>(59,505)</u>	<u>-</u>	<u>-</u>	<u>(1,011,187)</u>	<u>-</u>	<u>(37,249)</u>	<u>-</u>
Net receivables	<u><u>\$ 1,243,337</u></u>	<u><u>\$ 85,154</u></u>	<u><u>\$ 415,210</u></u>	<u><u>\$ 17,986,311</u></u>	<u><u>\$ 64,488</u></u>	<u><u>\$ 420,073</u></u>	<u><u>\$ 49,038</u></u>

Additionally, accounts receivable of the internal service funds totaled \$318,162. No allowance was needed for these receivables.

D. Notes Receivable

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

The City's capital asset activity for the fiscal year ended June 30, 2014, was as follows:

A. Primary Government

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 17,299,823	\$ 12,497	\$ (481,954)	\$ -	\$ 16,830,366
Construction in progress	<u>2,573,473</u>	<u>3,472,568</u>	<u>(625,067)</u>	<u>(1,819,840)</u>	<u>3,601,134</u>
Total assets not depreciated	<u>19,873,296</u>	<u>3,485,065</u>	<u>(1,107,021)</u>	<u>(1,819,840)</u>	<u>20,431,500</u>
Capital assets being depreciated:					
Buildings and improvements	71,371,400	366,542	(550,844)	1,297,258	72,484,356
Equipment and vehicles	33,301,410	2,065,203	(4,246,532)	(489,183)	30,630,898
Infrastructure	<u>75,151,959</u>	<u>571,708</u>	<u>-</u>	<u>185,667</u>	<u>75,909,334</u>
Total assets depreciated	<u>179,824,769</u>	<u>3,003,453</u>	<u>(4,797,376)</u>	<u>993,742</u>	<u>179,024,588</u>
Less accumulated depreciation:					
Buildings and improvements	(21,330,760)	(1,949,074)	203,453	32,182	(23,044,199)
Equipment and vehicles	(18,447,922)	(2,127,538)	3,294,675	3,351	(17,277,434)
Infrastructure	<u>(56,512,856)</u>	<u>(1,027,017)</u>	<u>-</u>	<u>(50,174)</u>	<u>(57,590,047)</u>
Total accumulated depreciation	<u>(96,291,538)</u>	<u>(5,103,629)</u>	<u>3,498,128</u>	<u>(14,641)</u>	<u>(97,911,680)</u>
Total assets depreciated, net	<u>83,533,231</u>	<u>(2,100,176)</u>	<u>(1,299,248)</u>	<u>979,101</u>	<u>81,112,908</u>
Governmental activities assets, net	<u>\$ 103,406,527</u>	<u>\$ 1,384,889</u>	<u>\$ (2,406,269)</u>	<u>\$ (840,739)</u>	<u>\$ 101,544,408</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2014</u>
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 13,655,988	\$ -	\$ (600)	\$ 9,835	\$ 13,665,223
Construction in progress	16,375,113	1,326,404	-	(1,706,222)	15,995,295
Total assets not depreciated	<u>30,031,101</u>	<u>1,326,404</u>	<u>(600)</u>	<u>(1,696,387)</u>	<u>29,660,518</u>
Capital assets being depreciated:					
Intangibles	1,794,902	-	-	-	1,794,902
Buildings and improvements	142,328,251	59,241	(1,048,889)	(24,402)	141,314,201
Equipment and vehicles	63,138,661	1,478,238	(1,624,890)	1,862,408	64,854,417
Infrastructure	133,980,900	1,778,315	(237,024)	529,416	136,051,607
Total assets depreciated	<u>341,242,714</u>	<u>3,315,794</u>	<u>(2,910,803)</u>	<u>2,367,422</u>	<u>344,015,127</u>
Less accumulated depreciation:					
Intangibles	(74,788)	(35,898)	-	-	(110,686)
Buildings and improvements	(53,237,821)	(2,958,999)	1,045,048	17,992	(55,133,780)
Equipment and vehicles	(38,350,713)	(3,418,729)	1,423,188	(3,351)	(40,349,605)
Infrastructure	(75,648,946)	(4,987,194)	225,037	-	(80,411,103)
Total accumulated depreciation	<u>(167,312,268)</u>	<u>(11,400,820)</u>	<u>2,693,273</u>	<u>14,641</u>	<u>(176,005,174)</u>
Total assets depreciated, net	<u>173,930,446</u>	<u>(8,085,026)</u>	<u>(217,530)</u>	<u>2,382,063</u>	<u>168,009,953</u>
Business-type activities assets, net	<u>\$ 203,961,547</u>	<u>\$ (6,758,622)</u>	<u>\$ (218,130)</u>	<u>\$ 685,676</u>	<u>\$ 197,670,471</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	\$ 484,746
Judicial	1,048
Public safety	2,011,297
Public works	1,572,775
Culture and recreation	737,400
Community development	296,363
Total depreciation expense - governmental activities	<u>\$ 5,103,629</u>
Business-type activities:	
Sanitary sewer	\$ 2,992,481
Water, gas and light	5,603,449
Solid waste	588,414
Transit	528,330
Civic center	515,764
Airport	1,172,382
Total depreciation expense - business-type activities	<u>\$ 11,400,820</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Chehaw Park Authority

Activity for Chehaw Park Authority for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 1,283,104	\$ -	\$ -	\$ -	\$ 1,283,104
Construction in progress	-	454,022	-	-	454,022
Total assets not depreciated	<u>1,283,104</u>	<u>454,022</u>	<u>-</u>	<u>-</u>	<u>1,737,126</u>
Capital assets being depreciated:					
Buildings and improvements	10,389,470	6,548			10,396,018
Equipment and vehicles	806,655	19,220			825,875
Total assets depreciated	<u>11,196,125</u>	<u>25,768</u>	<u>-</u>	<u>-</u>	<u>11,221,893</u>
Less accumulated depreciation:					
Buildings and improvements	(3,490,932)	(264,437)			(3,755,369)
Equipment and vehicles	(534,684)	(95,358)			(630,042)
Total accumulated depreciation	<u>(4,025,616)</u>	<u>(359,795)</u>	<u>-</u>	<u>-</u>	<u>(4,385,411)</u>
Total assets depreciated, net	<u>7,170,509</u>	<u>(334,027)</u>	<u>-</u>	<u>-</u>	<u>6,836,482</u>
Chehaw Park Authority assets, net	<u>\$ 8,453,613</u>	<u>\$ 119,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,573,608</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2014:

	Balance, June 30, 2013	Additions	Reductions	Balance, June 30, 2014	Due Within One Year
Governmental activities					
General obligation bonds	\$ 16,310,000	\$ -	\$ 260,000	\$ 16,050,000	\$ 4,060,000
Add deferred amounts					
Unamortized premium	771,780	-	242,868	528,912	-
Total bonds payable	\$ 17,081,780	\$ -	\$ 502,868	\$ 16,578,912	\$ 4,060,000
Notes payable	3,656,250	-	325,000	3,331,250	325,000
Certificates of participation	10,000,000	-	-	10,000,000	-
OPEB liability	3,349,544	751,407	-	4,100,951	-
Compensated absences	3,461,799	721,447	741,969	3,441,277	3,097,150
Governmental activity long-term liabilities	<u>\$ 37,549,373</u>	<u>\$ 1,472,854</u>	<u>\$ 1,569,837</u>	<u>\$ 37,452,390</u>	<u>\$ 7,482,150</u>
Business-type activities					
Revenue bonds	\$ 35,200,000	\$ -	\$ 7,085,000	\$ 28,115,000	\$ 1,305,000
Add deferred amounts					
Unamortized premium	132,348	-	30,492	101,856	-
Total bonds payable	35,332,348	-	7,115,492	28,216,856	1,305,000
Capital lease payable	1,682,591	-	1,270,454	412,137	412,137
Intergovernmental agreement	299,150	-	299,150	-	-
Manufactured gas plant liability	1,470,244	-	74,755	1,395,489	-
Compensated absences	3,416,430	1,471,352	1,857,204	3,030,578	2,271,429
Business-type activity long-term liabilities	<u>\$ 42,200,763</u>	<u>\$ 1,471,352</u>	<u>\$ 10,617,055</u>	<u>\$ 33,055,060</u>	<u>\$ 3,988,566</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The government-wide statement of net position includes \$1,305,000 of the long-term liabilities due within one year for business-type activities in liabilities payable from restricted assets. The remaining amount of \$26,911,856 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 Water, Gas and Light, Solid Waste, Transit, Civic Center, Sanitary Sewer, and Airport Funds. For governmental funds, other postemployment benefit obligations are liquidated by the General Fund.

The beginning balance of compensated absences for governmental activities was increased \$314, and business-type activities was decreased in the same amount, as a result of the Public Employee Deposit Fund being accounted for as an internal service fund in the current year.

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, 2014, are as follows:

	Original Amount	Interest Rates	Balance June 30, 2014
HUD Section 108 Loan, B-02-MC-13-0001	\$ 5,500,000	2.00% - 5.00%	\$ 2,750,000
HUD Section 108 Loan, B-99-MC-13-0001	500,000	2.00% - 5.00%	175,000
Total			\$ 2,925,000

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Notes Payable (Continued)

The Albany Dougherty Inner City Authority is the recipient of an Equity Fund Loan from the One Georgia Authority. The original amount of this loan is \$500,000. This is additional funding for the Albany Hilton Garden Inn and Conference Center Project. The note is to be paid back over a term of 20 years at an interest rate of zero percent. Quarterly payments for the loan began in October 2010. ADICA acts as a pass-through conduit with respect to this One Georgia loan and has received a secured promissory note from Albany Holdings, Inc. in the amount of \$500,000 with terms the same as the terms from the One Georgia loan. The outstanding balance of this loan at June 30, 2014 is \$406,250. This loan is included in the maturity table below.

Notes payable debt service requirements to maturity, including interest of \$837,239, are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 325,000	\$ 159,055	\$ 484,055
2016	325,000	142,996	467,996
2017	325,000	126,515	451,515
2018	325,000	109,693	434,693
2019	325,000	92,576	417,576
2020 - 2024	1,550,000	206,404	1,756,404
2025 - 2029	125,000	-	125,000
2030 - 2031	31,250	-	31,250
	<u>\$ 3,331,250</u>	<u>\$ 837,239</u>	<u>\$ 4,168,489</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 475,000	\$ 475,000
2016	-	475,000	475,000
2017	-	475,000	475,000
2018	-	475,000	475,000
2019	-	475,000	475,000
2020 - 2024	-	2,375,000	2,375,000
2025 - 2028	10,000,000	1,900,000	11,900,000
	<u>\$ 10,000,000</u>	<u>\$ 6,650,000</u>	<u>\$ 16,650,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (i) a semi-annual (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 semi-annual 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.

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, 2014, the floating rate being paid by the City is 0.35%, and the market value of this agreement is \$2,347,794, an increase of \$6,466 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, 2014 based on the derivative contract.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

Certificates of Participation (Continued)

This market value is reported as an asset in the statement of net position. 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 position.

General Obligation Bonds

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

General obligation bonds outstanding at June 30, 2014, are as follows:

	Interest Rates	Balance June 30, 2014
2012 ADICA Refunding Revenue Issue	2.00% - 3.125%	\$ 2,905,000
2012 General Obligation Sales Tax Issue	2.00% - 3.000%	13,145,000
		16,050,000
Add: Unamortized premium		528,912
		\$ 16,578,912

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

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

During the fiscal year ended June 30, 2012, the City issued bonds through the Albany-Dougherty Inner City Authority (ADICA) in the amount of \$3,440,000. The bonds bear interest ranging from 2% to 3.125% with final maturity in 2024.

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

The bonds are limited obligations of ADICA, payable solely from payments to be made by the City of Albany, Georgia ("City") pursuant to an intergovernmental contract between ADICA and the City. The City's obligation under the contract to make payments to ADICA, at times and in amounts sufficient to enable ADICA to pay the principal of and interest on the bonds, is absolute and unconditional, is secured by a pledge of the City's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. The City intends to make its payments under the contract from the General Fund of the City and, to the extent such funds are insufficient, will levy an ad valorem tax on all property in the City subject to such tax in order to make such payments to ADICA; provided, however, that the tax for such purpose does not exceed three mills per dollar upon the assessed value of the taxable property of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

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

The difference between the requisition price and the net carrying amount of the old debt amounted to \$181,366. The advance refunding charge was deferred and is being amortized over the shorter life of the new debt as a component of interest expense. At June 30, 2014, the unamortized balance was \$138,218.

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

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

During the fiscal year ended June 30, 2012, the City issued General Obligation Sales Tax Bonds, Series 2012 in the amount of \$13,145,000. The bonds bear interest ranging from 2% to 3% with final maturity in 2017.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities Debt (Continued)

General Obligation Bonds (Continued)

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

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

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,060,000	\$ 428,518	\$ 4,488,518
2016	4,965,000	347,318	5,312,318
2017	4,915,000	201,018	5,116,018
2018	280,000	55,593	335,593
2019	280,000	49,293	329,293
2020 - 2024	1,550,000	138,280	1,688,280
	<u>16,050,000</u>	<u>\$ 1,220,020</u>	<u>\$ 17,270,020</u>
Add: Unamortized premium	528,912		
	<u>\$ 16,578,912</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt

Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-like activities and are reported in the business-type column of the government-wide statements. Principal and interest are payable from enterprise fund revenue. Revenue bonds outstanding at June 30, 2014, are as follows:

	Interest Rates	Balance June 30, 2014
2007 Sewerage System Revenue Bonds	4.00% - 5.00%	\$ 12,905,000
2011 Sewerage System Revenue Bonds	3.39%	4,845,000
2005 Water Revenue Bonds	3.97%	5,270,000
2010 Water Revenue Bonds	2.00% - 4.00%	5,095,000
		28,115,000
Add: Unamortized premium		101,856
		\$ 28,216,856

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

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

The difference between the requisition price and the net carrying amount of the old debt amounted to \$641,133. 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, 2014, the unamortized balance was \$157,150.

Interest expense related to the Series 2007 Bonds for the year ended June 30, 2014, was \$727,850. 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.

The difference between the requisition price and the net carrying amount of the old debt amounted to \$591,331. 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, 2014, the unamortized balance was \$299,268.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

\$6,730,000 Sewerage System Revenue Bonds, Series 2011 (Continued)

Interest expense related to the Series 2011 Bonds for the year ended June 30, 2014, was \$184,586. All interest incurred was expensed.

\$6,410,000 Water Revenue Bonds, Series 2005

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.

\$8,440,000 Water Revenue Bonds, Series 2010

The City and Commission issued Water Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds) in the amount of \$8,440,000. The proceeds from the bonds were used to advance refund the City and Commission's Series 1998 water revenue bonds. The bonds are limited obligations of the City and the Commission and are payable solely from the net revenues of the Water System. The Series 2010 Bonds are due in annual installments through December 2018, with interest ranging from 2.00% to 4.00%.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

\$8,440,000 Water Revenue Bonds, Series 2010 (Continued)

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

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,305,000	\$ 748,844	\$ 2,053,844
2016	4,455,000	1,023,688	5,478,688
2017	4,635,000	849,507	5,484,507
2018	4,800,000	656,493	5,456,493
2019	4,660,000	445,630	5,105,630
2020 - 2024	7,185,000	632,550	7,817,550
2025 - 2026	1,075,000	43,174	1,118,174
	<u>28,115,000</u>	<u>\$ 4,399,886</u>	<u>\$ 32,514,886</u>
Less: Unamortized discount	101,856		
	<u>\$ 28,216,856</u>		

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of computer equipment and equipment to be used in the City'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 \$9,024,748.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

Fiscal Year Ending June 30, 2015	\$ 418,311
Total minimum lease payments	<u>418,311</u>
Less: Amount representing interest	(6,174)
Present value of minimum lease payments	<u><u>\$ 412,137</u></u>

Intergovernmental Agreement – City of Griffin

The City and Commission have entered in to an intergovernmental agreement with the City of Griffin, Georgia to purchase a portion of the City of Griffin's remaining rights and obligations under the Amended and Restated Combined Cycle Power Sales Contract with the Municipal Electric Authority of Georgia (MEAG) for excess power generation. In consideration of the assignment, the City and Commission agreed to pay the City of Griffin 30 monthly installments of \$59,830 through November 2013. The outstanding obligation at June 30, 2013 was \$299,150. The entire balance was paid during the fiscal year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Business-type Activities Debt (Continued)

Environmental Corrective Action Liability

The City 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 City 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 City has contracted with an engineering and construction firm to prepare a compliance status report for the Georgia Environmental Protection Division. The compliance status report was completed and filed with the Georgia Environmental Protection Division in June 2008.

The Georgia Environmental Protection Division approved the compliance status report and recommended corrective action to bring the Plant into compliance. During the fiscal year ended June 30, 2013, the City completed the requirements of the corrective action plan and is currently awaiting review by the Georgia Environmental Protection Division. The total cost of this corrective action is anticipated to range from \$2,000,000 to \$10,000,000. Management believes a cost estimate of \$2,500,000 to be probable. During the year June 30, 2014, the City incurred costs of \$74,755, with total incurred costs to date of \$1,104,511. The liability has been reduced by these costs, resulting in a liability of \$1,395,489 recorded on the statement of net position as another long-term liability. Additionally, the City has received insurance recoveries of \$366,173 as of June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Conduit Debt

From time to time, ADICA has issued revenue bonds to provide financial assistance to both private and public sector entities for the acquisition and construction of commercial facilities deemed to be of public interest. ADICA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Four (4) series of bond issuances have occurred from November 1, 2003 to June 30, 2013, totaling \$86,601,505. The total amount of bonds outstanding at June 30, 2014 is \$82,171,959.

C. Component Unit – Chehaw Park Authority

Capital Lease

Chehaw Park Authority has entered into a lease agreement as a lessee for financing the acquisition of a tractor. This lease agreement qualifies as a capital lease for accounting purposes. The summary of the debt activity for the fiscal year ended June 30, 2014 is as follows:

	Balance, June 30, 2013	Additions	Reductions	Balance, June 30, 2014	Due Within One Year
Capital lease payable	\$ 43,230	\$ 349	\$ 442	\$ 43,137	\$ -

NOTES TO FINANCIAL STATEMENTS

NOTE 7. SHORT-TERM DEBT

The City used a revolving line of credit to finance a variety of projects related to utility operations. The line of credit renews annually and has an interest rate of Prime less 1%. A summary of short-term debt activity for the fiscal year ended June 30, 2014 is as follows:

	Balance, June 30, 2013	Additions	Reductions	Balance, June 30, 2014
Line of credit	\$ 1,659,500	\$ -	\$ 1,659,500	\$ -

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, 2014, there were 12 active participants. The City is required to contribute 8.9% of each Plan participant's compensation. Plan participants may contribute 5% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the City of Albany Board of Commissioners. For the year ended June 30, 2014, the City contributed \$88,980 and employees contributed \$1,079.

B. Defined Benefit Plan

Plan Description

The City of Albany maintains a single-employer 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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

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

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

Under the "old plan rules", members may normally retire after obtaining 25 years of service or age 65 with at least five years of service. Early retirement is possible if the member is within five years of his or her Normal Retirement Date and has completed at least five years of service. For employees hired after April 1, 2010, the five years service is replaced with 10 years of service. Benefits are calculated at 1.75% of the member's average monthly salary multiplied by the employee's years of service at normal retirement date. Additionally, the members received a 1.5% per year cost-of-living increase in their pensions each year through June 30, 2012. The Plan has been amended to discontinue the automatic annual post-retirement cost of living adjustment payment for all future and current retirees in the Plan. The change was effective for benefit payments commencing July 1, 2012. The average monthly salary is defined as the sum of the participants' reported total 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 changes from 100% after 10 years to 50% after five years, increasing 10% per year to 100% after 10 years of participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Description (Continued)

Under the “new plan rules”, members may retire after obtaining 30 years of service or the attainment of age 60 with five years of service. Early retirement is possible if members are within five years of their Normal Retirement Date, and have completed at least five years of service. For employees hired after April 1, 2010, the five years of service is replaced with 10 years of service. Benefits are calculated in the same manner as under the old plan, but at 1.5%. Additionally, the members can receive a cost-of-living increase, subject to Pension Board approval. 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.

Participant Data

Membership in the Plan as of July 1, 2013 is as follows:

Inactive plan members (or beneficiary) currently receiving benefits	826
Inactive plan members entitled to but not yet receiving benefits	301
Active plan members	1,103
Total membership	<u>2,230</u>

Summary of Significant Accounting Policies

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.

No investment in any one organization represented 5% or more of the net position available for pension benefits at June 30, 2014. There are no investments in, loans to, or leases with parties related to the Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

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 \$7,047,432.

Plan Disclosures

Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard. The Plan does not issue separate financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Disclosures (Continued)

Net Pension Liability of the City - The components of the net pension liability of the City at June 30, 2014, were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2014</u>
Total Pension Liability	\$ 169,373,602
Plan Fiduciary Net Position	(118,682,335)
Annual Pension Cost	<u>\$ 50,691,267</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	 70.07%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2013 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2014. The following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases, including inflation	4.00%
Investment rate of return	8.50%, including inflation, net of investment expense

Mortality rates were based on the GAM 1994 Mortality Table set forward two years (Healthy) and the RP-2000 Mortality Table set forward three years (Disabled), which both contained sex-distinct rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Disclosures (Continued)

Long-term expected rate of return - The long-term expected rate of return on Plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth Equity Managers	14.5%	9.9%
Core Equity Managers	14.5%	9.6%
Value Equity Managers	14.5%	9.5%
International Equity Managers	11.5%	9.7%
Convertible Security Managers	22.5%	7.3%
Investment Grade Fixed Income	22.5%	4.3%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the long-term contribution effort of the City (8.9% of payroll for general employees and 11.9% of payroll for public safety employees). On this basis, the Plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 8.50% assumed long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Plan Disclosures (Continued)

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the net pension liability of the Plan, calculated using the discount rate of 8.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
City's Net Pension Liability	\$ 68,060,613	\$ 50,691,267	\$ 35,868,565

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 June 30, 2014 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Employer Disclosures

Until the City implements the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective July 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the Plan under GASB Statement No. 67 as previously discussed.

Annual Pension Cost and Net Pension Obligation - 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 2014 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, 2014.

The annual pension cost and percentage contributed by the City for the current and two previous years are presented in the table below:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contributions</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)*</u>
June 30, 2012	\$ 7,393,664	\$ 7,393,664	100 %	-
June 30, 2013	7,045,740	7,045,740	100	-
June 30, 2014	7,047,432	7,047,432	100	-

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Employer Disclosures (Continued)

As of the most recent valuation date, July 1, 2013, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
July 1, 2013	\$ 115,860,920	\$ 165,074,003	\$ 49,213,083	70.2%	\$ 43,647,641	112.8%

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 position 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, 2013.

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 replace is called the normal cost. The actuarial accrued liability for active participants is then calculated

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Employer Disclosures (Continued)

as a portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for participants currently receiving benefits, for active participants beyond the assumed retirement age, and for participants entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability.

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, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	18 years, closed
Asset valuation method	10-year smoothed market value
Actuarial assumptions:	
Investment rate of return (includes inflation)	8.50%
Projected salary increases (includes inflation)	4.00%
Inflation	3.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Fund	\$ 83,339
General Fund	SPLOST Fund	49
General Fund	Nonmajor Governmental Funds	741,172
General Fund	Sanitary Sewer Fund	2,280,950
General Fund	Airport Fund	601,879
General Fund	Water, Gas and Light Fund	2,082,440
General Fund	Nonmajor Enterprise Funds	745,750
General Fund	Internal Service Fund - Self-Administered Insurance	137,129
Nonmajor Governmental Funds	General Fund	60,043
Nonmajor Governmental Funds	Water, Gas and Light Fund	1,215,797
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	630,215
Internal Service Fund - Workers' Comp	General Fund	457,955
Internal Service Fund - Workers' Comp	Water, Gas and Light Fund	300,000
Internal Service Fund - Public Emp Dep	Water, Gas and Light Fund	145,541
Sanitary Sewer Fund	Water, Gas and Light Fund	2,273,108
Nonmajor Enterprise Funds	Water, Gas and Light Fund	2,792,988
Internal Service Fund - Public Emp Dep	General Fund	465,645
		<u>\$ 15,014,000</u>

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

NOTES TO FINANCIAL STATEMENTS

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

Advances to/from other funds result from the use of Public Improvement Fund lease pool proceeds by other funds for capital outlay and the repayment of these funds to the Public Improvement Fund over several years. The composition of advances to/from other funds at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Enterprise Fund	\$ 522,207
Nonmajor Governmental Funds	Water, Gas and Light Fund	143,885
		\$ 666,092

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
General Fund	Chehaw Park Authority	\$ 126,000
		\$ 126,000

NOTES TO FINANCIAL STATEMENTS

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

The composition of interfund transfers during the fiscal year ended June 30, 2014, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Airport Fund</u>	<u>Nonmajor Enterprise Fund</u>	
General Fund	\$ -	\$ 268,420	\$ 1,333,053	\$ 2,586,963	\$ 4,188,436
Nonmajor Governmental Funds	1,021,942	-	-	-	1,021,942
Sanitary Sewer Fund	1,907,521	-	-	-	1,907,521
Water, Gas and Light Fund	12,971,567	3,764,518	-	-	16,736,085
Nonmajor Enterprise Funds	2,896	-	-	-	2,896
Total	<u>\$ 15,903,926</u>	<u>\$ 4,032,938</u>	<u>\$ 1,333,053</u>	<u>\$ 2,586,963</u>	<u>\$ 23,856,880</u>

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

NOTE 10. CONTINGENT LIABILITIES

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENT LIABILITIES (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, 2014, is \$1,016,535.

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.

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

As of June 30, 2014, the City is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City 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 City 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 \$69,108,256 in 2014.

At June 30, 2014, the outstanding debt of MEAG was approximately \$5.8 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$449 million at June 30, 2014.

NOTE 11. COMMITMENTS

In addition to the liabilities enumerated in the balance sheet at June 30, 2014, the City has contractual commitments on uncompleted construction contracts totaling approximately \$7,353,883.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

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

The 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. Unpaid claims are expected to be paid within one year therefore considered current obligations of the City.

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

	June 30, 2014	June 30, 2013
Unpaid claims, beginning of year	\$ 935,842	\$ 761,827
Incurred claims and changes in estimates	550,707	840,063
Claim payments	(721,965)	(666,048)
Unpaid claims, end of year	\$ 764,584	\$ 935,842

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

The Public Employees Deposit Fund (an Internal Service Fund) was established to account for and finance its uninsured risks of loss for group health and major medical insurance. Participants include the primary government. 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. Unpaid claims are expected to be paid within one year and, therefore, the entire balance is considered a current liability.

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

	June 30, 2014	June 30, 2013
Unpaid claims, beginning of year	\$ 890,000	\$ 1,440,000
Incurred claims and changes in estimates	11,638,805	11,631,629
Claim payments	(11,633,805)	(12,181,629)
Unpaid claims, end of year	\$ 895,000	\$ 890,000

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, 2014	June 30, 2013
Unpaid claims, beginning of year	\$ 2,404,005	\$ 1,925,000
Incurred claims and changes in estimates	342,430	1,378,296
Claim payments	(1,093,261)	(899,291)
Unpaid claims, end of year	\$ 1,653,174	\$ 2,404,005

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. Unpaid claims are expected to be paid within one year therefore considered current obligations of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RELATED ORGANIZATION

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

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 8% lodging tax. Of this percentage, 3.5% is allocated each year to the Chamber of Commerce for use in the promotion of the City. For the fiscal year ended June 30, 2014, \$1,727,832 of hotel/motel tax was collected, and \$725,000, or 42% 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, 2014, the city paid \$46,920 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Albany maintains a single 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 is administered by a board of trustees, which includes the Mayor, the Chief Financial Officer, two members appointed by the Board of Commissioners, three members elected from active and retired employees and two members selected from the metropolitan Albany area. In accordance with a City ordinance, the City's personnel policy provides that all employees who retire under early, normal or disability retirement provisions are eligible for confirmed health care benefits provided by the City. A separate, audited GAAP-basis postemployment benefit plan report is not available for the OPEB Plan.

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

Retirees also receive life insurance benefits from the City. Effective January 1, 2009, retirees receive life insurance coverage equal to the amount provided to them by the City as an active employee. This amount remains in effect until the retiree reaches age 65. At age 65, the amount is reduced to 65% of the pre-65 amount and is further reduced at age 70 to 50% of the pre-65 amount. For retirees who retired prior to January 1, 2009, the amount of coverage in effect at the time of the plan change was grandfathered and does not change as the retiree ages. Spouses of retirees receive \$10,000 of life insurance from the City. For the surviving spouses of retirees who retired prior to January 1, 2009, the amount of coverage in effect at the time of the plan change was grandfathered. The amount of coverage provided to the spouse does not change and remains in effect after the retiree's death.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

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, 2014, the General Fund's net share of the premiums paid for its 559 retired employees and 71 retired employee's spouses/dependents was \$1,063,803. There were no significant changes in the coverage provided, however, the reimbursement for retirees and surviving spouse "Medicare Part B Stipend" has been added this year. The City will reimburse a portion of the Medicare Part B premium for any retiree or surviving spouse who reaches the age 65 before January 13, 2013. The addition of this benefit increased the actuarial accrued liability by \$655,928.

Membership in the OPEB Plan as of the most recent actuarial valuation date (July 1, 2013) is as follows:

Active employees	1,114
Retired participants receiving benefits	559
Spouse/dependent of retired participants receiving benefits	71
Total membership	1,744

The City contributed \$1,063,803 to the OPEB Plan in the year ended June 30, 2014. The annual required contribution amount is determined using actuarial methods and assumptions approved by the City Commission. The City Commission establishes and may amend the funding policy for the OPEB Plan. The other postemployment benefit obligation is liquidated by the General Fund.

Annual required employer contribution	\$ 1,809,222
Interest on net OPEB obligation	133,982
Adjustment to annual required contribution	(127,994)
Annual OPEB cost	1,815,210
Employer contributions for the period ending June 30, 2014	1,063,803
Increase in net OPEB obligation	751,407
Net OPEB obligation beginning of year	3,349,544
Net OPEB obligation end of year	\$ 4,100,951

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Trend Information

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC 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	1,218,630	43%	1,721,941
6/30/2012	1,672,029	42%	2,693,616
6/30/2013	1,673,766	61%	3,349,544
6/30/2014	1,815,210	59%	4,100,951

As of July 1, 2013, the most recent valuation date, the funded status of the OPEB 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
7/1/2013	\$ -	\$ 26,533,955	\$ 26,533,955	-	\$ 44,663,159	59.41%

The July 1, 2013 valuation includes liability for the Medicare Part B Stipend.

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 position is increasing or decreasing over time relative to the actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amount and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2013. The assumptions used in the July 1, 2013 actuarial valuation are as follows:

Valuation date	7/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay
Amortization period	30 years (Open)
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (includes inflation)	4%
Inflation	3%
Health Care Trend Rate (pre65)	8.5%
Health Care Trend Rate (post65)	1.5%
Ultimate Health Care Trend Rate	5%
Year of Ultimate Trend Rate	2018

NOTE 17. CHANGE IN FUND REPORTING

The Public Employees Deposit Fund accounts for the activities of the City's self-insured group health and major medical insurance. In prior years, this fund has been presented as an enterprise fund, as participants included not only the City, but also Dougherty County, and the Albany Water, Gas and Light Commission. In fiscal year 2009, Dougherty County withdrew from the Public Employees Deposit Fund. In fiscal year 2013, the Albany Water, Gas and Light Commission became a department of the City of Albany. Because the City is now the only participant in the fund, the Public Employees Deposit Fund has been reclassified for reporting purposes as an internal service fund as of July 1, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	<u>2014</u>
Total Pension Liability - Beginning of Year	\$ 165,074,003
Service Cost	2,215,323
Interest on the Total Pension Liability	13,724,868
Benefit Payments	(11,114,494)
Refunds of contributions	<u>(526,098)</u>
Net Change in Total Pension Liability	4,299,599
(a) Total Pension Liability - End of Year	169,373,602
Plan Fiduciary Net Position - Beginning of Year	104,280,508
Contributions - Employer	7,047,432
Net Investment Income	19,395,817
Benefit Payments	(11,990,923)
Administrative Expenses	<u>(51,615)</u>
Net Change in Plan Fiduciary Net Position	14,400,711
(b) Plan Fiduciary Net Position - End of Year	118,681,219
City's Net Pension Liability (a) - (b)	50,692,383
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.07%
Covered-Employee Payroll	43,658,122
Net Pension Liability as a Percentage of the Covered- Employee Payroll	116.11%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2014
Actuarially determined employer contribution	\$ 4,339,414
Actual employer contributions	4,339,414
Contribution Deficiency/(Excess)	\$ -

Notes to the Schedule of Employer Contributions

Methods and Assumptions for Actuarially Determined Contribution:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	10 Year Smoothed Market Value
Amortization Method	Level Dollar Amount (Closed)
Remaining Amortization Period	18 Year Closed Period
Actuarial Assumptions:	
Investment rate of return	8.50% net of expense
Payroll growth	4.00%
Projected salary increases	4.00%
Expected annual inflation	3.00%
Cost of living adjustments	None

**Schedule above is intended to show information for 10 years. Additional years will be displayed as they become available*

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return</u>
2014	18.60%

REQUIRED SUPPLEMENTARY INFORMATION

**DEFINED BENEFIT PENSION PLAN
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
7/1/2007	\$ 100,442,613	\$ 133,952,447	\$ 33,509,834	75%	\$ 41,069,169	82%
7/1/2008	107,485,676	160,715,933	53,230,257	70%	42,310,595	126%
7/1/2009	109,665,197	167,732,000	58,066,803	65%	43,105,872	135%
7/1/2011	112,689,357	157,891,512	45,202,155	71%	45,257,183	100%
7/1/2013	115,860,920	165,074,003	49,213,083	70%	43,647,641	113%

REQUIRED SUPPLEMENTARY INFORMATION

**OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 16,546,482	\$ 16,546,482	-	\$ 42,570,855	39%
7/1/2010	-	17,064,694	17,064,694	-	44,078,327	39%
7/1/2012	-	25,928,078	25,928,078	-	46,905,285	55%
7/1/2013	-	26,535,955	26,535,955	-	44,663,159	59%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ending June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>
2012	\$ 1,672,029	42 %
2013	1,673,766	61
2014	1,815,210	59

**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.

Job Investment Fund

- To account for revenues and expenditures committed for inner city development.

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, 2014**

	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
ASSETS							
Cash	\$ -	\$ 15,755	\$ 1,000	\$ 352,222	\$ 1,503,873	\$ -	\$ -
Investments	-	-	-	691,854	-	51,545	-
Receivables, net of allowance:							
Taxes	-	-	-	-	-	-	18
Accounts	178,102	-	7,877	225,330	-	-	-
Due from other funds	-	-	-	-	50,000	-	-
Due from other governments	-	95,592	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	\$ 178,102	\$ 111,347	\$ 8,877	\$ 1,269,406	\$ 1,553,873	\$ 51,545	\$ 18
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 76,565	\$ 1,375	\$ 4,987	\$ 4,599	\$ 225,939	\$ -	\$ -
Retainage payable	-	-	-	-	9,337	-	-
Due to other funds	101,537	109,972	3,890	234,912	-	849	290,012
Deferred revenues	-	-	-	-	-	-	-
Total liabilities	178,102	111,347	8,877	239,511	235,276	849	290,012
FUND BALANCES (DEFICIT)							
Nonspendable:							
Advance to other funds	-	-	-	-	-	-	-
Restricted							
Public safety	-	-	-	1,029,895	-	-	-
Gortatowsky endowment	-	-	-	-	-	50,696	-
Capital projects	-	-	-	-	1,335,710	-	-
Committed							
Inner city projects	-	-	-	-	(17,113)	-	-
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(289,994)
Total fund balances (deficit)	-	-	-	1,029,895	1,318,597	50,696	(289,994)
Total liabilities and fund balances	\$ 178,102	\$ 111,347	\$ 8,877	\$ 1,269,406	\$ 1,553,873	\$ 51,545	\$ 18

(Continued)

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

**COMBINING BALANCE SHEET
JUNE 30, 2014**

ASSETS	<u>Special Revenue Fund</u> Job Investment Fund	<u>Capital Projects Fund</u> Public Improvement Fund	<u>Total</u>
Cash	\$ 142,782	\$ 441,683	\$ 2,457,315
Investments	14,998,916	12,153,089	27,895,404
Receivables, net of allowance:			
Taxes	-	-	18
Accounts	8,764	-	420,073
Due from other funds	869,830	986,225	1,906,055
Due from other governments	-	-	95,592
Advance to other funds	-	666,092	666,092
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,020,292</u>	<u>\$ 14,247,089</u>	<u>\$ 33,440,549</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 313,465
Retainage payable	-	-	9,337
Due to other funds	-	-	741,172
Deferred revenues	-	28,675	28,675
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>28,675</u>	<u>1,092,649</u>
 FUND BALANCES (DEFICIT)			
Nonspendable:			
Advance to other funds	-	666,092	666,092
Restricted			
Public safety	-	-	1,029,895
Gortatowsky endowment	-	-	50,696
Capital projects	-	7,067,878	8,403,588
Committed			
Inner city development	16,020,292	-	16,003,179
Capital projects	-	6,484,444	6,484,444
Unassigned	-	-	(289,994)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>16,020,292</u>	<u>14,218,414</u>	<u>32,347,900</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 16,020,292</u>	<u>\$ 14,247,089</u>	<u>\$ 33,440,549</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds						
	Hotel/ Motel Tax	Grant Fund	ARRA Fund	Computer Aided Dispatch	ADICA	Gortatowsky Fund	Tax Allocation District Fund
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,221
Sales taxes	-	-	-	-	-	-	-
Other taxes	1,727,832	-	-	-	-	-	-
Intergovernmental	-	310,155	509,024	88,959	-	-	-
Charges for services	-	-	-	1,468,769	500	-	-
Other revenues:							
Investment income	-	-	-	17,582	278	822	-
Other income	-	-	-	15	26,305	27	-
Total revenues	<u>1,727,832</u>	<u>310,155</u>	<u>509,024</u>	<u>1,575,325</u>	<u>27,083</u>	<u>849</u>	<u>225,221</u>
Expenditures:							
Current:							
Public safety	-	113,106	20,082	2,025,602	-	-	-
Public works	-	28,820	-	-	-	-	-
Parks and recreation	-	36,742	-	-	-	-	-
Community development	725,000	131,593	488,995	-	1,260,828	-	1,899
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	25,000	-	260,000
Interest	-	-	-	-	-	-	77,368
Total expenditures	<u>725,000</u>	<u>310,261</u>	<u>509,077</u>	<u>2,025,602</u>	<u>1,285,828</u>	<u>-</u>	<u>339,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,002,832</u>	<u>(106)</u>	<u>(53)</u>	<u>(450,277)</u>	<u>(1,258,745)</u>	<u>849</u>	<u>(114,046)</u>
Other financing sources (uses):							
Transfers in	-	14,380	4,040	-	250,000	-	-
Transfers out	<u>(1,002,832)</u>	<u>(14,274)</u>	<u>(3,987)</u>	<u>-</u>	<u>-</u>	<u>(849)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,002,832)</u>	<u>106</u>	<u>53</u>	<u>-</u>	<u>250,000</u>	<u>(849)</u>	<u>-</u>
Net change in fund balances	-	-	-	(450,277)	(1,008,745)	-	(114,046)
Fund balances (deficit), beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,480,172</u>	<u>2,327,342</u>	<u>50,696</u>	<u>(175,948)</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029,895</u>	<u>\$ 1,318,597</u>	<u>\$ 50,696</u>	<u>\$ (289,994)</u>

(Continued)

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
	<u>Job</u>	<u>Public</u>	
	<u>Investment</u>	<u>Improvement</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Revenues:			
Property taxes	\$ -	\$ -	\$ 225,221
Other taxes	-	-	1,727,832
Intergovernmental	-	948,479	1,856,617
Charges for services	-	-	1,469,269
Other revenues:			
Investment income	441,142	664,579	1,124,403
Other income	1,115	-	27,462
Total revenues	<u>442,257</u>	<u>1,613,058</u>	<u>6,430,804</u>
Expenditures:			
Current:			
Public safety	-	-	2,158,790
Public works	-	-	28,820
Parks and recreation	-	-	36,742
Community development	-	-	2,608,315
Capital outlay	-	410,879	410,879
Debt service:			
Principal	-	-	285,000
Interest	-	528,099	605,467
Total expenditures	<u>-</u>	<u>938,978</u>	<u>6,134,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>442,257</u>	<u>674,080</u>	<u>296,791</u>
Other financing sources (uses):			
Transfers in	3,454,522	309,996	4,032,938
Transfers out	-	-	(1,021,942)
Total other financing sources (uses)	<u>3,454,522</u>	<u>309,996</u>	<u>3,010,996</u>
Net change in fund balances	3,896,779	984,076	3,307,787
Fund balances (deficit), beginning of year	<u>12,123,513</u>	<u>13,234,338</u>	<u>29,040,113</u>
Fund balances (deficit), end of year	<u>\$ 16,020,292</u>	<u>\$ 14,218,414</u>	<u>\$ 32,347,900</u>

CITY OF ALBANY, GEORGIA

BUDGETARY COMPLIANCE

Special Revenue Funds

- Combining 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, 2014**

	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	\$ 1,800,000	\$ 1,727,832	\$ (72,168)	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	84,065	88,959	4,894
Charges for services	-	-	-	1,427,383	1,468,769	41,386
Investment income	-	-	-	25,000	17,582	(7,418)
Other income	-	-	-	-	15	15
Total revenues	<u>1,800,000</u>	<u>1,727,832</u>	<u>(72,168)</u>	<u>1,536,448</u>	<u>1,575,325</u>	<u>38,877</u>
Expenditures:						
Current:						
Public safety	-	-	-	2,390,340	2,025,602	364,738
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	800,000	725,000	75,000	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>800,000</u>	<u>725,000</u>	<u>75,000</u>	<u>2,390,340</u>	<u>2,025,602</u>	<u>364,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,000,000</u>	<u>1,002,832</u>	<u>2,832</u>	<u>(853,892)</u>	<u>(450,277)</u>	<u>403,615</u>
Other financing sources (uses):						
Transfers in	-	-	-	853,892	-	(853,892)
Transfers out	(1,000,000)	(1,002,832)	2,832	-	-	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,002,832)</u>	<u>2,832</u>	<u>853,892</u>	<u>-</u>	<u>(853,892)</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(450,277)</u>	<u>\$ (450,277)</u>
Fund balances, beginning of year		-			1,480,172	
Fund balances, end of year		<u>\$ -</u>			<u>\$ 1,029,895</u>	

(Continued)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds					
	Grant Fund			ARRA Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,119,025	310,155	(808,870)	517,410	509,024	(8,386)
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>1,119,025</u>	<u>310,155</u>	<u>(808,870)</u>	<u>517,410</u>	<u>509,024</u>	<u>(8,386)</u>
Expenditures:						
Current:						
Public safety	81,908	113,106	(31,198)	-	20,082	(20,082)
Public works	692,117	28,820	663,297	-	-	-
Parks and recreation	150,000	36,742	113,258	-	-	-
Community development	195,000	131,593	63,407	517,410	488,995	28,415
Debt service	-	-	-	-	-	-
Total expenditures	<u>1,119,025</u>	<u>310,261</u>	<u>808,764</u>	<u>517,410</u>	<u>509,077</u>	<u>8,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(106)</u>	<u>(106)</u>	<u>-</u>	<u>(53)</u>	<u>(53)</u>
Other financing uses:						
Transfers in	-	14,380	14,380	-	4,040	4,040
Transfers out	-	(14,274)	(14,274)	-	(3,987)	(3,987)
Total other financing uses	<u>-</u>	<u>106</u>	<u>106</u>	<u>-</u>	<u>53</u>	<u>53</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year		<u>-</u>			<u>-</u>	
Fund balances, end of year		<u>\$ -</u>			<u>\$ -</u>	

(Continued)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds					
	Tax Allocation District Fund			Gortatowsky Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ 212,000	\$ 225,221	\$ 13,221	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	822	822
Other income	-	-	-	-	27	27
Total revenues	<u>212,000</u>	<u>225,221</u>	<u>13,221</u>	<u>-</u>	<u>849</u>	<u>849</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	212,000	1,899	210,101	-	-	-
Debt service	-	337,368	(337,368)	-	-	-
Total expenditures	<u>212,000</u>	<u>339,267</u>	<u>(127,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(114,046)</u>	<u>(114,046)</u>	<u>-</u>	<u>849</u>	<u>849</u>
Other financing uses:						
Transfers out	-	-	-	-	(849)	(849)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(849)</u>	<u>(849)</u>
Net change in fund balances	<u>\$ -</u>	<u>(114,046)</u>	<u>\$ (114,046)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances (deficit), beginning of year		<u>(175,948)</u>			<u>50,696</u>	
Fund balances (deficit), end of year		<u>\$ (289,994)</u>			<u>\$ 50,696</u>	

(Continued)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds					
	ADICA			Job Investment Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	500	500	-	-	-
Investment income	-	278	278	-	441,142	441,142
Other income	-	26,305	26,305	-	1,115	1,115
Total revenues	<u>-</u>	<u>27,083</u>	<u>27,083</u>	<u>-</u>	<u>442,257</u>	<u>442,257</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	1,260,828	(1,260,828)	-	-	-
Debt service	-	25,000	(25,000)	-	-	-
Total expenditures	<u>-</u>	<u>1,285,828</u>	<u>(1,285,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,258,745)</u>	<u>(1,258,745)</u>	<u>-</u>	<u>442,257</u>	<u>442,257</u>
Other financing sources (uses):						
Transfers in	-	250,000	250,000	-	3,454,522	3,454,522
Transfers out	-	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>3,454,522</u>	<u>3,454,522</u>
Net change in fund balances	<u>\$ -</u>	<u>(1,008,745)</u>	<u>\$ (1,008,745)</u>	<u>\$ -</u>	<u>3,896,779</u>	<u>\$ 3,896,779</u>
Fund balances, beginning of year		<u>2,327,342</u>			<u>12,123,513</u>	
Fund balances, end of year		<u>\$ 1,318,597</u>			<u>\$ 16,020,292</u>	

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

Transit Fund

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

Civic Center Fund

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

Solid Waste Fund

- To account for the provisions of solid waste collection and disposal services to the residents of the City.

Storm Water Fund

- To finance and account for the cost of providing stormwater collection services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund.

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

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS	Transit Fund	Civic Center Fund	Solid Waste Fund	Storm Water Fund	Totals
CURRENT ASSETS					
Cash	\$ -	\$ 8,000	\$ -	\$ -	\$ 8,000
Investments	-	-	1,938,140	-	1,938,140
Accounts receivable, net of allowances	-	12,439	36,599	-	49,038
Inventories	387,418	-	-	-	387,418
Due from other funds	-	-	2,069,181	723,807	2,792,988
Due from other governments	665,680	-	-	-	665,680
Total current assets	<u>1,053,098</u>	<u>20,439</u>	<u>4,043,920</u>	<u>723,807</u>	<u>5,841,264</u>
NONCURRENT ASSETS					
Capital assets					
Non-depreciable	231,403	2,849,761	907,035	-	3,988,199
Depreciable, net of accumulated depreciation	<u>3,857,974</u>	<u>8,632,001</u>	<u>2,406,954</u>	<u>-</u>	<u>14,896,929</u>
Total noncurrent assets	<u>4,089,377</u>	<u>11,481,762</u>	<u>3,313,989</u>	<u>-</u>	<u>18,885,128</u>
Total assets	<u>5,142,475</u>	<u>11,502,201</u>	<u>7,357,909</u>	<u>723,807</u>	<u>24,726,392</u>

(Continued)

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

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

LIABILITIES	Transit Fund	Civic Center Fund	Solid Waste Fund	Storm Water Fund	Totals
CURRENT LIABILITIES					
Accounts payable	\$ 61,993	\$ 76,987	\$ 476,739	\$ -	\$ 615,719
Current portion - compensated absences	120,811	87,126	240,977	-	448,914
Due to other funds	665,680	16,955	693,330	-	1,375,965
Advanced payments and customer deposits	-	17,186	-	-	17,186
Unearned revenue	56,183	-	-	-	56,183
Total current liabilities	<u>904,667</u>	<u>198,254</u>	<u>1,411,046</u>	<u>-</u>	<u>2,513,967</u>
LONG-TERM LIABILITIES					
Compensated absences, net of current portion	14,277	10,829	9,475	-	34,581
Advance from other funds	-	-	522,207	-	522,207
Total long-term liabilities	<u>14,277</u>	<u>10,829</u>	<u>531,682</u>	<u>-</u>	<u>556,788</u>
Total liabilities	<u>918,944</u>	<u>209,083</u>	<u>1,942,728</u>	<u>-</u>	<u>3,070,755</u>
NET POSITION					
Net investment in capital assets	4,089,377	11,481,762	3,313,989	-	18,885,128
Unrestricted (deficit)	134,154	(188,644)	2,101,192	723,807	2,770,509
Total net position	<u>\$ 4,223,531</u>	<u>\$ 11,293,118</u>	<u>\$ 5,415,181</u>	<u>\$ 723,807</u>	<u>\$ 21,655,637</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Transit Fund</u>	<u>Civic Center Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Totals</u>
Operating revenues:					
Charges for services	\$ 577,128	\$ 311,474	\$ 9,454,780	\$ 723,807	\$ 11,067,189
Other	863	-	178	-	1,041
Total operating revenues	<u>577,991</u>	<u>311,474</u>	<u>9,454,958</u>	<u>723,807</u>	<u>11,068,230</u>
Operating expenses:					
Personnel costs	2,069,468	803,932	2,096,194	-	4,969,594
Supplies	82,784	46,037	109,328	-	238,149
Operating services and charges	946,647	538,497	5,335,632	-	6,820,776
Maintenance and repairs	235,604	147,597	541,019	-	924,220
Depreciation	528,330	515,764	588,414	-	1,632,508
Total operating expenses	<u>3,862,833</u>	<u>2,051,827</u>	<u>8,670,587</u>	<u>-</u>	<u>14,585,247</u>
Operating income (loss)	<u>(3,284,842)</u>	<u>(1,740,353)</u>	<u>784,371</u>	<u>723,807</u>	<u>(3,517,017)</u>
Nonoperating revenues (expenses):					
Interest income	-	-	6,721	-	6,721
Intergovernmental - operating grants	1,023,046	-	-	-	1,023,046
Gain (loss) on sale of assets	699	(796)	(120,518)	-	(120,615)
Total nonoperating revenues (expenses)	<u>1,023,745</u>	<u>(796)</u>	<u>(113,797)</u>	<u>-</u>	<u>909,152</u>
Income (loss) before capital contributions and transfers	<u>(2,261,097)</u>	<u>(1,741,149)</u>	<u>670,574</u>	<u>723,807</u>	<u>(2,607,865)</u>

(Continued)

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Transit Fund</u>	<u>Civic Center Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Totals</u>
Capital contributions					
Intergovernmental - capital grants	\$ 744,825	\$ -	\$ -	\$ -	\$ 744,825
Other capital contributions	479,970	-	-	-	479,970
Total capital contributions	<u>1,224,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,795</u>
Transfers					
Transfers in	1,375,217	1,211,746	-	-	2,586,963
Transfers out	(2,896)	-	-	-	(2,896)
Total transfers	<u>1,372,321</u>	<u>1,211,746</u>	<u>-</u>	<u>-</u>	<u>2,584,067</u>
Change in net position	336,019	(529,403)	670,574	723,807	1,200,997
Total net position, beginning of year	<u>3,887,512</u>	<u>11,822,521</u>	<u>4,744,607</u>	<u>-</u>	<u>20,454,640</u>
Total net position, end of year	<u>\$ 4,223,531</u>	<u>\$ 11,293,118</u>	<u>\$ 5,415,181</u>	<u>\$ 723,807</u>	<u>\$ 21,655,637</u>

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Transit Fund</u>	<u>Civic Center Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 577,991	\$ 344,541	\$ 9,445,039	\$ -	\$ 10,367,571
Payments to suppliers	(1,474,047)	(788,771)	(4,836,563)	-	(7,099,381)
Payments to employees	(2,032,106)	(768,806)	(2,113,441)	-	(4,914,353)
Net cash provided by (used in) operating activities	(2,928,162)	(1,213,036)	2,495,035	-	(1,646,163)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	1,375,217	1,211,746	-	-	2,586,963
Transfers out	(2,896)	-	-	-	(2,896)
Operating grants received	1,023,046	-	-	-	1,023,046
Net cash provided by noncapital financing activities	2,395,367	1,211,746	-	-	3,607,113
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(223,130)	-	-	-	(223,130)
Advance to other funds	-	-	(630,216)	-	(630,216)
Proceeds from sale of capital assets	11,100	140	66,600	-	77,840
Capital grants received	744,825	-	-	-	744,825
Net cash provided by (used in) capital and related financing activities	532,795	140	(563,616)	-	(30,681)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	-	-	(1,938,140)	-	(1,938,140)
Interest on investments	-	-	6,721	-	6,721
Net cash (used in) investing activities	-	-	(1,931,419)	-	(1,931,419)

(Continued)

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Transit Fund</u>	<u>Civic Center Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Totals</u>
Decrease in cash and cash equivalents	\$ -	\$ (1,150)	\$ -	\$ -	\$ (1,150)
Cash and cash equivalents:					
Beginning of year	-	9,150	-	-	9,150
End of year	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (3,284,842)	\$ (1,740,353)	\$ 784,371	\$ 723,807	\$ (3,517,017)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	528,330	515,764	588,414	-	1,632,508
(Increase) decrease in accounts receivable	-	28,061	(9,919)	-	18,142
Increase in inventories	(209,012)	-	-	-	(209,012)
(Increase) decrease in due from other funds	-	-	788,787	(723,807)	64,980
Increase in due from other governments	(367,275)	-	-	-	(367,275)
Increase in accounts payable and accrued liabilities	37,362	35,126	180,325	-	252,813
Increase (decrease) in due to other funds	367,275	(56,640)	163,057	-	473,692
Increase in unearned revenues	-	5,006	-	-	5,006
Net cash provided by (used in) operating activities	<u>\$ (2,928,162)</u>	<u>\$ (1,213,036)</u>	<u>\$ 2,495,035</u>	<u>\$ -</u>	<u>\$ (1,646,163)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets from governmental activities	<u>\$ 479,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,970</u>

CITY OF ALBANY, GEORGIA

INTERNAL SERVICE FUNDS

- Self-Administered Insurance Fund** - To account for the funding of self-insurance and payment of claims and judgments against the City.
- Public Employees Deposit Fund** - To account for employer and employee contributions to be used for the payment of employee health 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 POSITION
JUNE 30, 2014**

	Self-Administered Insurance Fund	Public Employee Deposit Fund	Workers' Compensation Fund	Totals
ASSETS				
Cash	\$ 1,160,612	\$ 223,486	\$ 4,130	\$ 1,388,228
Investments	2,648,870	-	11,649	2,660,519
Accounts receivable	1,008	301,490	15,664	318,162
Due from other funds	-	611,186	757,955	1,369,141
Prepaid expenses	251,826	-	24,096	275,922
Total assets	<u>4,062,316</u>	<u>1,136,162</u>	<u>813,494</u>	<u>6,011,972</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	68,738	239,702	50,351	358,791
Claims payable	1,653,174	895,000	764,584	3,312,758
Current portion - compensated absences	-	1,314	-	1,314
Due to other funds	137,129	-	-	137,129
Total current liabilities	<u>1,859,041</u>	<u>1,136,016</u>	<u>814,935</u>	<u>3,809,992</u>
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	-	146	-	146
Total long-term liabilities	<u>-</u>	<u>146</u>	<u>-</u>	<u>146</u>
Total liabilities	<u>1,859,041</u>	<u>1,136,162</u>	<u>814,935</u>	<u>3,810,138</u>
NET POSITION				
Unrestricted (deficit)	<u>2,203,275</u>	<u>-</u>	<u>(1,441)</u>	<u>2,201,834</u>
Total net position (deficit)	<u>\$ 2,203,275</u>	<u>\$ -</u>	<u>\$ (1,441)</u>	<u>\$ 2,201,834</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Self-Administered Insurance Fund	Public Employee Deposit Fund	Workers' Compensation Fund	Totals
Operating revenues:				
Charges for services	\$ 1,676,165	\$ 13,979,520	\$ 1,880,887	\$ 17,536,572
Other	-	-	65,845	65,845
Total operating revenues	<u>1,676,165</u>	<u>13,979,520</u>	<u>1,946,732</u>	<u>17,602,417</u>
Operating expenses:				
Personnel costs	-	51,904	-	51,904
Claims and damages	342,430	11,638,805	550,707	12,531,942
Administrative	140,308	2,288,811	364,488	2,793,607
Total operating expenses	<u>482,738</u>	<u>13,979,520</u>	<u>915,195</u>	<u>15,377,453</u>
Operating income	1,193,427	-	1,031,537	2,224,964
Nonoperating revenues:				
Investment income	43,216	-	561	43,777
Total nonoperating revenues	<u>43,216</u>	<u>-</u>	<u>561</u>	<u>43,777</u>
Change in net position	1,236,643	-	1,032,098	2,268,741
Net position (deficit), beginning of year	<u>966,632</u>	<u>-</u>	<u>(1,033,539)</u>	<u>(66,907)</u>
Net position (deficit), end of year	<u>\$ 2,203,275</u>	<u>\$ -</u>	<u>\$ (1,441)</u>	<u>\$ 2,201,834</u>

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Self-Administered Insurance Fund	Public Employee Deposit Fund	Workers' Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds	\$ 1,666,002	\$ 14,864,028	\$ 992,901	\$ 17,522,931
Payments to employees	-	(50,758)	-	(50,758)
Claims paid	(1,176,357)	(12,851,767)	(746,061)	(14,774,185)
Premiums paid	(250,581)	(2,288,811)	(342,795)	(2,882,187)
Net cash provided by (used in) operating activities	239,064	(327,308)	(95,955)	(184,199)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments	250,000	-	45,115	295,115
Investment income	43,216	-	561	43,777
Net cash provided by investing activities	293,216	-	45,676	338,892
Increase (decrease) in cash and cash equivalents	532,280	(327,308)	(50,279)	154,693
Cash and cash equivalents:				
Beginning of year	628,332	550,794	54,409	1,233,535
End of year	\$ 1,160,612	\$ 223,486	\$ 4,130	\$ 1,388,228

(Continued)

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Self-Administered Insurance Fund</u>	<u>Public Employee Deposit Fund</u>	<u>Workers' Compensation Fund</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	\$ 1,193,427	\$ -	\$ 1,031,537	\$ 2,224,964
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Increase in internal investment pool	(43,216)	-	(561)	(43,777)
Increase in accounts receivable	(1,008)	(159,145)	(15,664)	(175,817)
(Increase) decrease in due from other funds	-	1,043,653	(757,955)	285,698
(Increase) decrease in prepaid expenses	(83,096)	2,700	(24,096)	(104,492)
Increase (decrease) in accounts payable	(110,273)	(1,220,662)	21,693	(1,309,242)
Increase (decrease) in claims payable	(750,831)	5,000	(171,258)	(917,089)
Increase in accrued liabilities	-	1,146	-	1,146
Increase (decrease) in due to other funds	34,061	-	(179,651)	(145,590)
Net cash provided by (used in) operating activities	<u>\$ 239,064</u>	<u>\$ (327,308)</u>	<u>\$ (95,955)</u>	<u>\$ (184,199)</u>

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
2010 SPECIAL CITY SALES TAX**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
	\$ 3,992,000	\$ 3,992,000	\$ 2,905,970	\$ 354,909	\$ 3,260,879
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	2,735,767	3,256,746	5,992,513
Public Safety Improvements & Equipment	9,086,284	9,086,284	5,083,534	3,067,579	8,151,113
Alley Paving Improvements	3,684,216	3,684,216	-	-	-
Information Technology Improvements	1,500,000	1,500,000	283,599	136,828	420,427
Riverfront Development Improvements	250,000	250,000	-	-	-
Transit System Improvements & Equipment	4,380,000	4,380,000	4,600	6,389	10,989
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	-	580	580
New Senior Center	3,000,000	3,000,000	2,999,524	292,858	3,292,382
Chehaw Park Improvements	1,750,000	1,750,000	105,237	385,264	490,501
Community Swimming Pool - East Albany	1,000,000	1,000,000	-	-	-
Thronateeska Improvements	2,000,000	2,000,000	837,266	1,179,344	2,016,610
Chamber of Commerce Improvements	85,000	85,000	85,000	-	85,000
Debt Service - Interest on SPLOST bonds	-	-	504,221	356,350	860,571
Total	\$ 62,720,000	\$ 62,720,000	\$ 15,544,718	\$ 9,036,847	\$ 24,581,565

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
2005 SPECIAL CITY SALES TAX**

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Cumulative Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
Airport Improvements	\$ 1,703,200	\$ 1,703,200	\$ 1,703,017	\$ -	\$ 1,703,017
Civic Center Improvements	2,560,000	2,560,000	2,523,271	-	2,523,271
Engineering	13,850,000	13,750,000	5,128,446	866,264	5,994,710
Civic Center Debt Retirement	5,500,000	5,500,000	6,669,376	-	6,669,376
Fire Department Equipment	1,500,000	1,500,000	-	-	-
Public Safety Communications and Equipment	150,000	150,000	-	-	-
Public Works	6,810,000	6,810,000	6,683,859	-	6,683,859
Recreation	5,000,000	5,000,000	5,091,062	- *	5,091,062
800 MHZ Radio Upgrade, Tower	6,800,000	6,800,000	6,704,352	5,827	6,710,179
GPS/GIS Information Infrastructure Mapping	1,500,000	1,500,000	1,065,354	128,943	1,194,297
Fire Training Facility	1,500,000	1,500,000	3,196,080	28,976	3,225,056
GIS/Color Infrared Photos	750,000	750,000	544,828	-	544,828
Disparity Study	350,000	350,000	339,871	-	339,871
Riverfront Development Projects	8,650,000	7,151,425	5,051,844	1,165	5,053,009
Thronateeska Improvements	3,500,000	3,900,400	3,928,832	41	3,928,873
Civil Rights Museum Expansion	3,750,000	4,098,175	4,035,383	-	4,035,383
Chehaw Park Improvements	2,000,000	2,000,000	1,999,341	-	1,999,341
East Broad Lead Clean-up	-	850,000	967,287	58,013	1,025,300
Debt Service - Principal on SPLOST bonds	-	-	14,000,000	-	14,000,000
Debt Service - Interest on SPLOST bonds	-	-	1,997,221	-	1,997,221
Total	\$ 65,873,200	\$ 65,873,200	\$ 71,629,424	\$ 1,089,229	\$ 72,718,653

* Amount is retainage reported as expenditures in the prior year.

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
2000 SPECIAL CITY SALES TAX**

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

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
1995 SPECIAL CITY SALES TAX**

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

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
1990 SPECIAL CITY SALES TAX**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Cehaw Park Improvements	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 6,000,000
Albany Street Lights	2,500,000	2,500,000	1,498,760	285,985	1,784,745
Conference Center	2,500,000	2,500,000	302,227	-	302,227
Total	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 7,800,987</u>	<u>\$ 285,985</u>	<u>\$ 8,086,972</u>

Expenditures per above schedules:

2010 Special City Sales Tax	\$ 9,036,847
2005 Special City Sales Tax	1,089,229
2000 Special City Sales Tax	-
1995 Special City Sales Tax	-
1990 Special City Sales Tax	285,985
	<u>\$ 10,412,061</u>

Expenditures per SPLOST Fund: \$ 10,412,061

**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.

<u>Contents</u>	<u>Page</u>
Financial Trends	137 - 145
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	146 - 151
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	152 - 156
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	157 - 159
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	160 and 161
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

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

CITY OF ALBANY, GEORGIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 79,137,673	\$ 63,265,904	\$ 50,077,946	\$ 70,610,705	\$ 78,428,752	\$ 88,743,491	\$ 98,535,755	\$ 73,083,652	\$ 78,515,796	\$ 78,550,845
Restricted	101	15,013,027	22,207,175	21,328,367	16,456,922	13,177,567	25,826,583	47,176,694	38,807,274	38,366,853
Unrestricted	26,893,280	28,798,084	53,087,410	44,719,433	40,133,840	45,542,781	30,230,043	35,240,562	40,806,398	43,484,743
Total governmental activities net position	<u>\$ 106,031,054</u>	<u>\$ 107,077,015</u>	<u>\$ 125,372,531</u>	<u>\$ 136,658,505</u>	<u>\$ 135,019,514</u>	<u>\$ 147,463,839</u>	<u>\$ 154,592,381</u>	<u>\$ 155,500,908</u>	<u>\$ 158,129,468</u>	<u>\$ 160,402,441</u>
Business-type activities										
Net investment in capital assets	\$ 49,256,423	\$ 73,004,315	\$ 82,562,046	\$ 86,139,998	\$ 87,159,039	\$ 90,125,991	\$ 94,042,509	\$ 99,376,889	\$ 165,888,018	\$ 169,002,698
Restricted	5,287,933	2,664,869	2,611,185	575,157	3,009,678	2,667,647	9,036,399	8,768,406	9,593,844	6,077,401
Unrestricted	10,898,996	13,281,984	14,604,568	20,104,218	19,368,954	12,927,651	9,762,737	10,043,897	14,979,263	21,348,097
Total business-type activities net position	<u>\$ 65,443,352</u>	<u>\$ 88,951,168</u>	<u>\$ 99,777,799</u>	<u>\$ 106,819,373</u>	<u>\$ 109,537,671</u>	<u>\$ 105,721,289</u>	<u>\$ 112,841,645</u>	<u>\$ 118,189,192</u>	<u>\$ 190,461,125</u>	<u>\$ 196,428,196</u>
Primary government										
Net investment in capital assets	\$ 128,394,096	\$ 136,270,219	\$ 132,639,992	\$ 156,750,703	\$ 165,587,791	\$ 178,869,482	\$ 192,578,264	\$ 172,460,541	\$ 244,403,814	\$ 247,553,543
Restricted	5,288,034	17,677,896	24,818,360	21,903,524	19,466,600	15,845,214	34,862,982	55,945,100	48,401,118	44,444,254
Unrestricted	37,792,276	42,080,068	67,691,978	64,823,651	59,502,794	58,470,432	39,992,780	45,284,459	55,785,661	64,832,840
Total primary government net position	<u>\$ 171,474,406</u>	<u>\$ 196,028,183</u>	<u>\$ 225,150,330</u>	<u>\$ 243,477,878</u>	<u>\$ 244,557,185</u>	<u>\$ 253,185,128</u>	<u>\$ 267,434,026</u>	<u>\$ 273,690,100</u>	<u>\$ 348,590,593</u>	<u>\$ 356,830,637</u>

NOTES

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 POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 8,137,913	\$ 8,434,146	\$ 11,031,409	\$ 13,063,421	\$ 12,215,564	\$ 10,854,334	\$ 12,988,647	\$ 15,659,577	\$ 11,850,540	\$ 11,676,280
Judicial	534,486	699,203	874,234	910,240	952,323	1,057,836	1,016,422	1,092,438	1,105,206	1,161,891
Public safety	28,127,098	25,879,588	26,853,620	30,268,106	31,206,297	31,544,927	33,541,721	36,274,636	34,446,708	35,504,804
Public works	4,628,392	3,956,468	8,148,684	8,306,157	7,695,464	7,393,923	6,981,385	8,562,916	11,763,774	12,075,120
Parks and recreation	5,224,944	4,349,931	7,195,375	12,818,108	9,079,385	6,684,312	7,031,469	6,572,226	9,134,107	7,174,684
Community development	17,583,267	9,925,973	9,283,562	7,497,726	5,591,053	7,447,371	5,851,434	8,866,465	4,788,597	5,680,377
Community service	387,919	272,044	341,999	336,411	399,347	398,458	396,531	413,150	383,794	434,420
Interest and fiscal changes	1,144,069	1,283,108	1,318,996	1,515,177	1,549,738	1,166,548	1,079,261	737,496	908,094	914,022
Total governmental activities expenses	65,768,088	54,800,461	65,047,879	74,715,346	68,689,171	66,547,709	68,886,870	78,178,904	74,380,820	74,621,598
Business-type activities:										
Sanitary sewer	11,449,170	13,561,191	13,400,852	13,503,253	14,402,906	14,569,098	12,838,068	13,802,498	13,510,612	12,822,696
Solid waste	6,223,987	7,002,226	7,473,428	8,206,745	8,499,616	8,092,385	7,963,262	8,336,517	8,303,044	8,116,940
Airport	1,602,919	1,764,616	1,557,618	2,195,398	2,415,280	2,626,279	2,643,741	2,632,485	2,873,052	2,626,374
Water, gas and light	-	-	-	-	-	-	-	-	103,961,719	106,533,670
Public employee deposit	13,934,182	15,186,576	17,909,891	19,935,572	13,042,126	12,036,183	13,286,117	14,435,555	13,561,049	-
Transit	2,649,153	3,029,095	3,185,794	3,435,890	2,902,980	3,092,032	3,034,292	3,511,901	3,608,070	3,717,068
Civic Center	1,500,860	1,617,272	1,702,874	1,807,638	1,603,124	1,913,705	1,885,466	2,197,236	2,079,981	1,779,313
Municipal Auditorium	213,443	182,094	154,036	160,829	192,119	161,184	54,971	-	-	-
Total business-type activities expenses	37,573,714	42,343,070	45,384,493	49,245,325	43,058,151	42,490,866	41,705,917	44,916,192	147,897,527	135,596,061
Total primary government expenses	103,341,802	97,143,531	110,432,372	123,960,671	111,747,322	109,038,575	110,592,787	123,095,096	222,278,347	210,217,659

(Continued)

CITY OF ALBANY, GEORGIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	\$ 2,523,557	\$ 2,339,933	\$ 2,349,462	\$ 2,676,493	\$ 2,466,315	\$ 2,415,222	\$ 2,596,447	\$ 2,640,527	\$ 931,310	\$ 1,082,203
Judicial	1,285,247	1,029,011	856,868	999,810	1,109,205	1,297,694	1,251,773	1,203,831	22,784	-
Public safety	1,747,826	1,517,385	1,538,804	1,691,284	1,715,042	1,731,747	1,556,068	1,520,217	3,037,017	3,135,111
Public works	1,401,512	1,242,302	2,105,018	806,260	792,786	940,648	984,194	981,413	995,027	793,518
Parks and recreation	326,707	362,668	454,975	437,344	335,993	290,619	204,102	203,342	180,876	148,160
Community development	8,938,601	2,377,746	2,055,849	2,961,169	481,049	1,403,145	1,285,180	1,097,442	1,579,390	(978,163)
Operating grants and contributions	14,014,169	14,311,112	13,729,819	15,310,571	18,090,264	21,613,472	22,392,721	23,495,445	8,219,946	7,789,779
Capital grants and contributions	6,734,862	4,171,793	2,569,404	15,916,286	2,033,058	14,719,811	15,615,908	17,027,629	16,646,062	12,863,878
Total governmental activities program revenues	36,972,481	27,351,950	25,660,199	40,799,217	27,023,712	44,412,358	45,886,393	48,169,846	31,612,412	24,834,486
Business-type activities:										
Charges for services										
Sanitary sewer	12,545,688	13,902,053	14,321,155	15,184,281	15,111,550	14,725,910	15,301,208	14,554,746	14,303,532	14,311,708
Solid waste	7,312,754	7,775,530	8,271,443	8,262,522	8,412,723	8,844,741	9,033,593	9,105,594	9,135,850	9,454,958
Airport	728,848	713,386	757,547	812,117	728,191	878,643	762,688	834,146	841,426	822,283
Water, gas and light	-	-	-	-	-	-	-	-	118,441,492	124,653,672
Public employee deposit	13,946,036	15,179,150	17,868,487	19,927,744	13,034,004	12,042,502	13,801,791	13,971,380	13,540,775	-
Transit	397,778	417,598	436,988	429,695	495,279	476,251	525,469	557,583	559,691	577,991
Storm water	-	-	-	-	-	-	-	-	-	723,807
Civic Center	376,832	419,460	446,822	282,776	255,803	404,489	360,583	444,135	342,773	311,474
Municipal Auditorium	33,719	34,693	26,732	42,388	52,565	61,862	60,769	-	-	-
Operating grants and contributions	1,086,587	3,035,050	2,027,577	2,321,938	1,678,305	1,175,803	1,254,198	1,228,886	871,411	1,023,046
Capital grants and contributions	525,111	477,633	9,076,175	5,818,085	2,872,902	3,114,877	-	3,790,551	7,724,576	2,691,726
Total business-type activities program revenues	36,953,353	41,954,553	53,232,926	53,081,546	42,641,322	41,725,078	41,100,299	44,487,021	165,761,526	154,570,665
Total primary government program revenues	73,925,834	69,306,503	78,893,125	93,880,763	69,665,034	86,137,436	86,986,692	92,656,867	197,373,938	179,405,151

(Continued)

CITY OF ALBANY, GEORGIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General revenues and other changes in net assets										
Primary government:										
Governmental activities:										
Taxes	\$ 40,498,497	\$ 50,255,224	\$ 45,807,436	\$ 47,569,215	\$ 41,747,300	\$ 33,658,616	\$ 31,573,914	\$ 31,839,278	\$ 35,568,965	\$ 36,525,275
Investment earnings	933,302	1,591,370	2,135,978	2,255,534	1,163,072	874,098	1,009,368	1,750,706	356,766	1,649,063
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers	(2,473,101)	(23,352,122)	(2,185,301)	(2,543,171)	(2,883,904)	46,962	(4,316,622)	(4,680,629)	13,338,381	13,885,747
Total governmental activities general revenues and other changes in net position	<u>38,958,698</u>	<u>28,494,472</u>	<u>45,758,113</u>	<u>47,281,578</u>	<u>40,026,468</u>	<u>34,579,676</u>	<u>28,266,660</u>	<u>28,909,355</u>	<u>49,264,112</u>	<u>52,060,085</u>
Business-type activities:										
Investment earnings	249,690	544,211	792,897	662,182	251,223	71,199	334,521	1,096,090	(129,346)	657,412
Gain on sale of assets	-	-	-	-	-	-	-	-	82,871	220,802
Transfers	2,473,101	23,352,122	2,185,301	2,543,171	2,883,904	(46,962)	4,316,622	4,680,629	(13,338,381)	(13,885,747)
Total business-type activities general revenues and other changes in net position	<u>2,722,791</u>	<u>23,896,333</u>	<u>2,978,198</u>	<u>3,205,353</u>	<u>3,135,127</u>	<u>24,237</u>	<u>4,651,143</u>	<u>5,776,719</u>	<u>(13,384,856)</u>	<u>(13,007,533)</u>
Total primary government general revenues and other changes in net assets	<u>41,681,489</u>	<u>52,390,805</u>	<u>48,736,311</u>	<u>50,486,931</u>	<u>43,161,595</u>	<u>34,603,913</u>	<u>32,917,803</u>	<u>34,686,074</u>	<u>35,879,256</u>	<u>39,052,552</u>
Change in net position										
Governmental activities	10,163,091	1,045,961	6,370,433	13,365,449	(1,638,991)	12,444,325	5,266,183	(1,099,703)	6,495,704	2,272,973
Business-type activities	2,102,430	23,507,816	10,826,631	7,041,574	2,718,298	(741,551)	4,045,525	5,347,548	4,479,143	5,967,071
Total primary government change in net position	<u>\$ 12,265,521</u>	<u>\$ 24,553,777</u>	<u>\$ 17,197,064</u>	<u>\$ 20,407,023</u>	<u>\$ 1,079,307</u>	<u>\$ 11,702,774</u>	<u>\$ 9,311,708</u>	<u>\$ 4,247,845</u>	<u>\$ 10,974,847</u>	<u>\$ 8,240,044</u>

(Continued)

CITY OF ALBANY, GEORGIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

NOTES

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

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

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

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

Effective July 1, 2011, the activities of the municipal auditorium are accounted for in the Civic Center Fund.

Effective July 1, 2012, the activities of the water, gas and light are accounted for in the primary government. Previously the Commission was reported as a discretely presented component unit.

Effective July 1, 2013, the activities of the Public Employee Deposit are accounted for as an Internal Service Fund.

CITY OF ALBANY, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Hotel Motel Tax	Franchise Tax	Premium Tax	Beverage Tax	Other Taxes	Total
2005	\$ 14,194,137	\$ 18,272,298	\$ 843,973	\$ 2,010,343	\$ 3,596,638	\$ 1,381,630	\$ 199,478	\$ 40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	2,169,665	4,042,768	1,402,865	170,946	46,902,634
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,932,040	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,658,616
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914
2012	13,932,138	8,874,041	1,445,522	2,318,244	3,645,630	1,421,037	202,666	31,839,278
2013	16,473,385	8,176,320	1,508,950	2,073,111	3,870,670	1,411,557	2,054,972	35,568,965
2014	16,761,694	8,658,079	1,727,832	1,891,363	3,994,353	1,347,638	2,144,316	36,525,275

NOTES

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

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

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

CITY OF ALBANY, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 1,336,545	\$ 354,352	\$ 318,989	\$ 395,504	\$ 573,383	\$ 287,634	\$ -	\$ -	\$ -	\$ -
Unreserved	16,311,481	21,337,958	23,946,604	22,117,285	18,627,452	22,402,480	-	-	-	-
Nonspendable	-	-	-	-	-	-	2,963,309	752,155	259,934	235,771
Restricted	-	-	-	-	-	-	-	-	-	38,470
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	703,259	724,897	741,304	755,119
Unassigned	-	-	-	-	-	-	20,112,553	20,869,545	13,568,156	16,461,430
Total General fund	<u>\$ 17,648,026</u>	<u>\$ 21,692,310</u>	<u>\$ 24,265,593</u>	<u>\$ 22,512,789</u>	<u>\$ 19,200,835</u>	<u>\$ 22,690,114</u>	<u>\$ 23,779,121</u>	<u>\$ 22,346,597</u>	<u>\$ 14,569,394</u>	<u>\$ 17,490,790</u>
All Other Governmental Funds										
Reserved	\$ 1,649,736	\$ 659,967	\$ 3,215,569	\$ 2,081,497	\$ 2,945,507	\$ 1,191,357	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,737,210	3,876,252	5,274,345	5,513,089	5,676,146	5,663,995	-	-	-	-
Capital projects funds	10,535,048	19,760,677	25,588,135	25,705,739	18,333,452	22,374,566	-	-	-	-
Nonspendable, reported in:										
Capital projects funds	-	-	-	-	-	-	443,898	1,765,798	1,152,423	666,092
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	-	5,358,579	7,724,921	5,935,517	4,593,080
Capital projects funds	-	-	-	-	-	-	20,461,190	39,451,773	38,693,602	40,803,181
Debt service fund	-	-	-	-	-	-	6,814	-	-	-
Committed, reported in:										
Special revenue funds	-	-	-	-	-	-	182,129	75,241	12,665,396	16,003,179
Capital projects funds	-	-	-	-	-	-	-	-	6,260,070	6,484,444
Assigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	26,214
Capital projects funds	-	-	-	-	-	-	2,295,702	3,653,585	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	(134,125)	(58,726)	(175,948)	(289,994)
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,921,994</u>	<u>\$ 24,296,896</u>	<u>\$ 34,078,049</u>	<u>\$ 33,300,325</u>	<u>\$ 26,955,105</u>	<u>\$ 29,229,918</u>	<u>\$ 28,614,187</u>	<u>\$ 52,612,592</u>	<u>\$ 64,531,060</u>	<u>\$ 68,286,196</u>
Total Governmental Funds	<u>\$ 32,570,020</u>	<u>\$ 45,989,206</u>	<u>\$ 58,343,642</u>	<u>\$ 55,813,114</u>	<u>\$ 46,155,940</u>	<u>\$ 51,920,032</u>	<u>\$ 52,393,308</u>	<u>\$ 74,959,189</u>	<u>\$ 79,100,454</u>	<u>\$ 85,776,986</u>

NOTES

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF ALBANY, GEORGIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 40,498,497	\$ 50,255,224	\$ 46,608,379	\$ 47,271,610	\$ 41,461,664	\$ 33,346,229	\$ 31,573,914	\$ 31,839,278	\$ 35,568,965	\$ 36,525,275
Licenses and permits	2,456,898	2,318,314	2,320,724	2,434,916	2,258,362	2,171,589	2,235,513	2,191,504	857,746	783,927
Intergovernmental	20,749,032	18,482,905	16,299,223	16,756,831	20,123,322	36,333,283	37,074,560	40,104,059	22,879,021	20,363,265
Charges for services	2,927,843	2,074,804	2,146,007	2,324,102	2,233,114	2,966,563	2,922,091	2,713,766	3,664,906	3,263,308
Fines and forfeitures	1,143,169	917,565	776,268	901,009	1,025,445	1,191,454	1,170,763	1,203,831	1,486,133	1,579,801
Rental and other fees	394,162	415,623	339,325	297,605	-	-	-	-	-	-
Interest revenues	875,573	1,459,136	1,941,959	2,041,946	1,087,289	863,763	1,286,227	1,973,131	462,117	1,895,678
Other revenues	4,001,631	3,609,044	3,648,717	3,166,757	2,738,209	2,284,159	2,434,456	2,374,099	1,521,086	1,610,391
Total revenues	73,046,805	79,532,615	74,080,602	75,194,776	70,927,405	79,157,040	78,697,524	82,399,668	66,439,974	66,021,645
Expenditures:										
Current:										
General government	7,556,000	8,620,186	9,884,652	11,875,762	8,976,530	9,936,581	11,160,607	10,485,134	9,341,745	8,894,145
Judicial	523,917	690,775	855,330	907,934	986,359	1,056,504	1,007,860	1,100,137	1,104,040	1,161,195
Public safety	26,109,519	24,707,476	26,272,002	28,732,159	28,655,558	30,425,483	31,606,457	32,883,304	31,683,702	33,231,203
Public works	4,565,533	4,150,883	6,711,134	6,781,237	6,990,544	7,068,801	8,614,550	8,780,714	8,501,889	7,917,956
Parks and recreation	4,469,555	4,681,306	4,143,167	4,341,644	4,542,627	5,051,465	5,434,481	5,547,493	4,980,249	4,938,351
Community development	17,292,703	8,816,126	4,644,429	6,036,774	5,018,810	6,996,464	7,335,418	8,237,696	5,407,316	5,956,369
Community service	387,919	272,044	341,999	336,411	399,347	398,458	396,531	413,150	383,794	433,840
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	6,296,112	8,322,946	18,478,624	13,814,675	11,114,264	9,636,181	7,831,838	6,082,301	15,132,363	10,466,590
Debt service:										
Principal	1,395,000	3,145,000	1,430,000	1,450,000	6,000,000	6,205,000	6,433,750	905,409	600,000	585,000
Interest and fiscal charges	1,158,190	1,212,434	1,254,684	1,558,994	1,501,459	1,256,775	1,018,321	1,045,416	1,119,453	1,127,246
Total expenditures	69,754,448	64,619,176	74,016,021	75,835,590	74,185,498	78,031,712	80,839,813	75,480,754	78,254,551	74,711,895
Excess of revenues over (under) expenditures	3,292,357	14,913,439	64,581	(640,814)	(3,258,093)	1,125,328	(2,142,289)	6,918,914	(11,814,577)	(8,690,250)

(Continued)

CITY OF ALBANY, GEORGIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses)										
Transfers in	\$ 5,609,353	\$ 6,258,438	\$ 3,526,240	\$ 4,327,235	\$ 2,270,397	\$ 8,729,408	\$ 2,840,088	\$ 2,059,524	\$ 32,456,832	\$ 19,936,864
Transfers out	(7,482,454)	(8,444,077)	(5,711,311)	(6,870,406)	(5,154,301)	(6,348,501)	(3,328,467)	(4,707,660)	(16,539,382)	(5,210,378)
Investment fees	-	-	-	-	-	-	-	-	-	-
Change in fair market value of investments	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	14,236,362	-	-	-	295,079	17,625,914	-	-
Sale of capital assets	-	691,386	455,206	653,457	206,758	546,340	698,447	669,189	38,392	640,296
Total other financing sources (uses)	<u>(1,873,101)</u>	<u>(1,494,253)</u>	<u>12,506,497</u>	<u>(1,889,714)</u>	<u>(2,677,146)</u>	<u>2,927,247</u>	<u>505,147</u>	<u>15,646,967</u>	<u>15,955,842</u>	<u>15,366,782</u>
Net change in fund balances	<u>\$ 1,419,256</u>	<u>\$ 13,419,186</u>	<u>\$ 12,571,078</u>	<u>\$ (2,530,528)</u>	<u>\$ (5,935,239)</u>	<u>\$ 4,052,575</u>	<u>\$ (1,637,142)</u>	<u>\$ 22,565,881</u>	<u>\$ 4,141,265</u>	<u>\$ 6,676,532</u>
Debt service as a percentage of noncapital expenditures	4.03%	7.29%	4.29%	4.34%	11.18%	10.87%	10.47%	2.79%	2.53%	2.51%

NOTES

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

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

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

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

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

CITY OF ALBANY, GEORGIA

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

Fiscal Year	Property Tax	Sales Tax	Hotel Motel Tax	Franchise Tax	Insurance Premium Tax	Alcoholic Beverage Tax	Other Taxes	Total
2005	\$ 14,194,137	\$ 18,272,298	\$ 843,973	\$ 2,010,343	\$ 3,596,638	\$ 1,381,630	\$ 199,478	\$ 40,498,497
2006	14,581,340	27,509,223	895,252	1,808,258	3,865,223	1,390,224	205,704	50,255,224
2007	14,794,429	23,014,619	1,307,342	2,169,665	4,042,768	1,402,865	170,946	46,902,634
2008	14,776,748	23,380,560	1,378,411	2,184,755	4,218,975	1,457,124	172,642	47,569,215
2009	13,964,606	18,269,427	1,311,461	2,272,999	4,323,680	1,433,699	171,428	41,747,300
2010	15,324,267	8,932,040	1,271,433	2,290,921	4,279,238	1,434,095	126,622	33,658,616
2011	13,789,210	8,341,512	1,407,922	2,212,040	4,158,640	1,512,707	151,883	31,573,914
2012	13,932,138	8,874,041	1,445,522	2,318,244	3,645,630	1,421,037	202,666	31,839,278
2013	16,473,385	8,176,320	1,508,950	2,073,111	3,870,670	1,411,557	2,054,972	35,568,965
2014	16,761,694	8,658,079	1,727,832	1,891,363	3,994,353	1,347,638	2,144,316	36,525,275

NOTES

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

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

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

CITY OF ALBANY, GEORGIA

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

Fiscal Year	Real Property		Personal Property		Exemptions	Total		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value	
2005	\$ 950,163	2,340,695	456,120	1,155,443	82,598	1,323,685	3,311,305	10.80
2006	961,837	2,375,408	467,731	1,140,300	85,940	1,343,628	3,309,213	10.80
2007	981,349	2,404,593	466,890	1,169,327	99,744	1,348,495	3,359,070	10.80
2008	1,225,531	2,453,374	478,728	1,167,227	103,518	1,600,741	3,620,601	10.79
2009	1,218,665	3,063,828	501,002	1,196,820	110,843	1,608,824	4,001,853	10.78
2010	1,179,054	3,046,663	503,796	1,252,505	102,145	1,580,705	4,022,060	9.16
2011	1,167,412	2,987,528	528,971	1,327,833	197,853	1,498,530	4,063,003	9.16
2012	1,197,135	2,992,838	396,685	991,713	106,590	1,487,230	3,718,075	8.66
2013	1,202,887	3,007,218	448,969	1,122,423	133,086	1,518,770	3,796,925	9.99
2014	1,185,778	2,964,445	472,394	1,180,985	133,147	1,525,025	3,812,563	9.99

SOURCE

Dougherty County Tax Department

NOTE

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

CITY OF ALBANY, GEORGIA

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Albany Millage			Dougherty County Millage			Board of Education Millage			Other (State of Georgia)	Total
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Operating	Debt Service	Total School		
2005	10.790	0.000	10.790	13.158	0.000	13.158	19.000	0.000	19.000	0.25	43.198
2006	10.777	0.000	10.777	13.147	0.000	13.147	18.984	0.000	18.984	0.25	43.158
2007	9.159	0.000	9.159	11.897	0.000	11.897	18.450	0.000	18.450	0.25	39.756
2008	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.746
2009	9.157	0.000	9.157	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.746
2010	8.660	0.000	8.660	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249
2011	8.660	0.000	8.660	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249
2012	8.660	0.000	8.660	11.894	0.000	11.894	18.445	0.000	18.445	0.25	39.249
2013	9.990	0.000	9.990	11.894	0.000	11.894	18.445	0.000	18.445	0.20	40.529
2014	9.990	0.000	9.990	11.894	0.000	11.894	18.445	0.000	18.445	0.15	40.479

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 TEN CALENDAR YEARS (1)**

By Category	2004	2005	2006	2007	2008	2009 (2)	2010	2011	2012	2013
Food	\$ 3,148,127	\$ 3,463,700	\$ 3,802,908	\$ 3,923,148	\$ 3,677,474	\$ 1,351,385 (3)	\$ -	\$ -	\$ -	\$ -
Apparel	544,168	631,284	676,270	688,235	683,128	310,058 (3)	-	-	-	-
General	2,304,540	2,307,265	2,403,887	2,448,008	2,402,603	1,082,402 (3)	-	-	-	-
Automotive	2,898,682	2,811,281	2,916,549	3,030,301	3,377,416	974,961 (3)	-	-	-	-
Home	846,121	939,734	1,034,018	982,259	916,640	345,110 (3)	-	-	-	-
Lumber	1,193,728	1,226,793	1,264,403	1,237,612	1,078,029	317,181 (3)	-	-	-	-
Miscellaneous Service	829,754	842,618	924,728	930,366	1,006,135	375,623 (3)	-	-	-	-
Manufacturers	1,744,149	1,220,279	1,712,880	1,551,973	1,718,753	475,704 (3)	-	-	-	-
Utilities	1,311,603	1,339,453	1,517,393	1,480,452	1,594,512	555,468 (3)	-	-	-	-
Miscellaneous	1,676,383	1,800,816	1,864,146	1,997,795	1,619,727	452,693 (3)	-	-	-	-
Accommodations	-	-	-	-	-	151,098 (4)	183,530	178,114	175,258	150,647
Auto	-	-	-	-	-	947,706 (4)	1,532,920	1,532,213	1,584,304	809,709
Construction	-	-	-	-	-	56,446 (4)	90,776	84,097	81,167	111,838
Food/bars	-	-	-	-	-	1,789,221 (4)	2,814,970	2,704,550	2,657,049	2,635,805
General Merch	-	-	-	-	-	1,535,625 (4)	2,588,585	2,686,581	2,885,661	2,816,639
Home Furnishing	-	-	-	-	-	684,002 (4)	1,093,541	945,631	909,372	882,216
Manufacturing	-	-	-	-	-	255,361 (4)	1,396,801	1,515,298	1,267,861	1,291,861
Miscellaneous Service	-	-	-	-	-	615,245 (4)	1,140,412	1,188,675	1,109,417	1,142,772
Other Retail	-	-	-	-	-	1,161,684 (4)	2,238,762	2,478,609	2,428,037	2,496,712
Other Services	-	-	-	-	-	205,957 (4)	344,919	527,492	711,202	484,220
Utility	-	-	-	-	-	857,090 (4)	1,097,536	1,177,576	1,121,740	1,174,926
Wholesale	-	-	-	-	-	1,060,109 (4)	2,102,658	2,235,969	2,177,739	2,035,087
	<u>\$ 16,497,255</u>	<u>\$ 16,583,223</u>	<u>\$ 18,117,182</u>	<u>\$ 18,270,149</u>	<u>\$ 18,074,417</u>	<u>\$ 15,560,129</u>	<u>\$ 16,625,410</u>	<u>\$ 17,254,805</u>	<u>\$ 17,108,807</u>	<u>\$ 16,032,432</u>

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Information only available for Dougherty County

(2) 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**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2014</u>			<u>Fiscal Year 2005</u>		
		<u>2013 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2004 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
BellSouth Communications	Telecommunications	\$ 14,536,033	1	0.95 %	\$ 22,466,680	3	1.70 %
Albany Mall LLC	Mall developer	12,525,452	2	0.82	10,009,286	5	0.76
M & M Mars - Div of Mars, Inc.	Confectioner	10,765,002	3	0.71	22,710,435	2	1.71
Wal Mart / Sam's Club	Retailer	9,799,696	4	0.64	5,462,638	8	0.41
Flint River Services	Warehousing	7,766,298	5	0.51			-
Allied Wireless	Telecommunications	7,153,348	6	0.47			-
Alliance	Apartments	6,563,560	7	0.43			-
Mediacom	Telecommunications	6,636,226	8	0.44			-
Brooks, Robert N Sr	Real Estate Investor	6,549,227	9	0.43			-
Georgia Power Co	Utility	6,443,820	10	0.42	4,912,040	9	0.37
MillerCoors (1)	Brewery	-		-	60,941,791	1	4.60
Palmyra Medical Center (2)	Hospital	-		-	11,690,500	4	0.88
Coats and Clark	Textiles				5,898,024	6	0.45
Lowe's Home Center	Building Supplies				5,291,869	7	0.40
Georgia Pacific Corporation	Manufacturer				4,714,822	10	0.36
		<u>\$ 88,738,662</u>		<u>5.82 %</u>	<u>\$ 154,098,085</u>		<u>11.64 %</u>

SOURCE

Dougherty County Tax Department

(1) FY2013 first year under P.I.L.O.T. (payment in lieu of taxes)

(2) FY2013 became tax-exempt

2005 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.

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
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	160	13,061	99.88
2008	13,164	12,872	97.78	273	13,145	99.85
2009	13,400	12,329	92.01	1,036	13,365	99.74
2010	13,540	13,105	96.79	403	13,508	99.76
2011	12,388	12,168	98.22	189	12,356	99.75
2012	12,428	12,131	97.61	264	12,395	99.73
2013	13,758	13,494	98.08	182	13,676	99.40
2014	13,745	13,480	98.07	-	13,480	98.07

SOURCE
Dougherty County Tax Department

CITY OF ALBANY, GEORGIA

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Notes Payable	Revenue Bonds	Notes Payable	Capital Leases	Intergovernmental Agreement			
2005	\$ 8,470,000	\$ 10,000,000	\$ 6,000,000	\$ 46,195,000	\$ 678,054	\$ 383,366	\$ -	\$ 71,726,420	6.10%	\$ 945.04
2006	5,975,000	10,000,000	5,350,000	44,115,000	485,189	280,156	-	66,205,345	4.44%	878.81
2007	18,870,000	10,000,000	5,525,000	39,650,000	283,329	172,006	-	74,500,335	4.31%	988.15
2008	17,720,000	10,000,000	5,225,000	39,110,000	120,054	58,681	-	72,233,735	2.43%	952.64
2009	12,020,000	10,000,000	4,925,000	36,670,000	51,586	-	-	63,666,586	4.14%	839.59
2010	6,425,330	10,000,000	4,625,000	34,145,000	10,421	-	-	55,205,751	2.50%	730.08
2011	605,409	10,000,000	4,325,000	28,575,000	-	-	-	43,505,409	1.92%	561.84
2012	16,585,000	10,000,000	3,981,250	26,315,000	-	-	1,017,111	57,898,361	2.35%	745.32
2013	16,310,000	10,000,000	3,656,250	35,332,348	-	1,682,591	299,150	67,280,339	2.73%	868.91
2014	16,578,912	10,000,000	3,331,250	28,216,856	-	412,137	-	58,539,155	2.26%	768.38

NOTES

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

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

CITY OF ALBANY, GEORGIA

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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	0.56	250
2008	17,720,000	6,782	17,713,218	0.49	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	0.01	8
2012	16,585,000	-	16,585,000	0.45	213
2013	16,310,000	-	16,310,000	0.43	211
2014	16,578,912	-	16,578,912	0.43	218

NOTES

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

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

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

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

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

CITY OF ALBANY, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Albany</u>	<u>Amount Applicable to City of Albany</u>
Direct, City of Albany	\$ 29,910,162	100 %	\$ 29,910,162
Overlapping, Dougherty County Board of Education	32,000,000	82 %	26,240,000
	<u>\$ 61,910,162</u>		<u>\$ 56,150,162</u>

SOURCE

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

NOTE

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

CITY OF ALBANY, GEORGIA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(Dollar Amounts Expressed in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
LEGAL DEBT MARGIN										
Debt limit	\$ 140,628	\$ 142,957	\$ 144,824	\$ 170,426	\$ 171,967	\$ 168,285	\$ 169,638	\$ 159,382	\$ 165,186	\$ 165,817
Total net debt applicable to limit	<u>8,463</u>	<u>5,968</u>	<u>18,863</u>	<u>17,713</u>	<u>12,013</u>	<u>6,418</u>	<u>598</u>	<u>16,585</u>	<u>16,310</u>	<u>16,579</u>
Legal debt margin	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 125,961</u>	<u>\$ 152,713</u>	<u>\$ 159,954</u>	<u>\$ 161,867</u>	<u>\$ 169,040</u>	<u>\$ 142,797</u>	<u>\$ 148,876</u>	<u>\$ 149,238</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.02%</u>	<u>4.17%</u>	<u>13.02%</u>	<u>10.39%</u>	<u>6.99%</u>	<u>3.81%</u>	<u>0.35%</u>	<u>10.41%</u>	<u>9.87%</u>	<u>10.00%</u>
LEGAL DEBT MARGIN CALCULATION										
Assessed value	\$ 1,323,685	\$ 1,343,628	\$ 1,348,495	\$ 1,600,741	\$ 1,608,824	\$ 1,580,705	\$ 1,498,530	\$ 1,487,230	\$ 1,518,770	\$ 1,525,025
Add back exempt property	<u>82,598</u>	<u>85,940</u>	<u>99,744</u>	<u>103,518</u>	<u>110,843</u>	<u>102,145</u>	<u>197,853</u>	<u>106,590</u>	<u>133,086</u>	<u>133,147</u>
Total assessed value	<u>1,406,283</u>	<u>1,429,568</u>	<u>1,448,239</u>	<u>1,704,259</u>	<u>1,719,667</u>	<u>1,682,850</u>	<u>1,696,383</u>	<u>1,593,820</u>	<u>1,651,856</u>	<u>1,658,172</u>
Debt limit (10% of total assessed value)	140,628	142,957	144,824	170,426	171,967	168,285	169,638	159,382	165,186	165,817
Debt applicable to limit										
General obligation bonds	8,470	5,975	18,870	17,720	12,020	6,425	605	16,585	16,310	16,579
Less amount set aside for repayment of general obligation debt	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net debt applicable to limit	<u>8,463</u>	<u>5,968</u>	<u>18,863</u>	<u>17,713</u>	<u>12,013</u>	<u>6,418</u>	<u>598</u>	<u>16,585</u>	<u>16,310</u>	<u>16,579</u>
Legal debt margin	<u>\$ 132,165</u>	<u>\$ 136,989</u>	<u>\$ 125,961</u>	<u>\$ 152,713</u>	<u>\$ 159,954</u>	<u>\$ 161,867</u>	<u>\$ 169,040</u>	<u>\$ 142,797</u>	<u>\$ 148,876</u>	<u>\$ 149,238</u>

NOTES

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

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

CITY OF ALBANY, GEORGIA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water, Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 12,681,971	6,255,038	\$ 6,426,933	\$ 1,965,000	\$ 2,417,461	1.47
2006	14,296,012	7,660,827	6,635,185	2,080,000	2,325,789	1.51
2007	14,953,008	7,484,658	7,468,350	2,170,000	2,449,322	1.62
2008	15,722,157	8,266,328	7,455,829	2,440,000	1,732,081	1.79
2009	15,247,206	9,116,960	6,130,246	2,525,000	1,632,087	1.47
2010	14,787,711	9,597,229	5,190,482	2,620,000	1,581,234	1.24
2011	15,633,183	8,428,403	7,204,780	2,260,000	1,296,950	2.03
2012	15,648,637	8,897,425	6,751,212	2,745,000	1,204,413	1.71
2013	132,612,979	106,301,246	26,311,733	3,970,000	1,045,428	5.25
2014	139,614,025	109,790,886	29,823,139	7,085,000	1,313,021	3.55

NOTES

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

Water/Sewer Charges and Other includes investment earnings.

Operating expenses do not include depreciation and amortization.

The increase in 2013 is due to the City changing the reporting entity to include Water, Gas and Light, which had been previously reported as a discretely presented component unit.

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)
2005	75,898	1,175,281	15,485 (1)	31.1	12.5	16,844	6.2
2006	75,335	1,491,558	19,799 (1)	31.1	12.5	16,894	6.1
2007	75,394	1,728,030	22,920 (1)	31.1	12.5	16,668	4.5
2008	75,825	2,971,354	39,187 (1)	33.5	12.5	16,436	4.9
2009	75,831	1,538,156	20,284 (1)	33.1	12.5	16,222	7.5
2010	75,616	2,211,617	29,248 (1)	31.1	12.5	15,960	9.8
2011	77,434	2,261,073	29,200 (1)	31.4	12.0	15,628	10.8
2012	77,683	2,465,270	31,735 (1)	31.5	12.0	15,765	10.3
2013	77,431	2,463,932	31,821 (1)	31.4	12.6	15,676	10.2
2014	76,185	2,586,938	33,956 (1)	31.1	12.8	15,439	8.4

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

<u>Employer (1)</u>	<u>Fiscal Year 2014</u>			<u>Fiscal Year 2005</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
USMC Logistic Base (Civilian)	5,000	1	7.79 %	2,400	3	3.93 %
Phoebe Putney Health System	3,800	2	5.92	3,399	1	5.56
Dougherty County Board of Education	2,300	3	3.58	3,240	2	5.30
Proctor and Gamble	1,250	4	1.95	890	6	1.46
City of Albany (2013 includes Water, Gas & Light)	1,179	5	1.84	1,394	4	2.28
Dougherty County	695	6	1.08	650	7	1.06
MillerCoors	600	7	0.94	642	8	1.05
Teleperformance USA (Formerly CallTech Communications)	600	8	0.94	625	9	1.02
Albany State University	550	9	0.86	550	10	0.90
Darton College	500	10	0.78			-
Cooper Tire & Rubber Company	-		-	1,290	5	2.11
Totals	<u>16,474</u>		<u>25.67 %</u>	<u>15,080</u>		<u>24.66 %</u>
Average number of employees (2)	<u>64,170</u>			<u>61,140</u>		

SOURCE

(1) Albany Chamber of Commerce

(2) Bureau of Labor Statistics

2005 from City of Albany Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.

CITY OF ALBANY, GEORGIA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	170	174	140	145	147	152	154	147	147	136
Judicial	11	11	11	12	12	12	12	12	12	12
Public safety	394	404	435	466	466	484	470	479	479	478
Public works	41	41	42	42	36	45	45	45	45	49
Parks and recreation	57	57	57	60	63	63	63	63	63	55
Community development	12	12	12	12	12	12	12	12	12	15
Sanitary sewer	68	68	68	68	68	59	61	60	60	68
Solid waste	51	49	49	49	49	49	49	49	49	45
Airport	14	14	17	17	17	17	17	17	17	15
Transit	29	29	29	30	30	30	30	30	30	32
Civic Center	15	16	16	17	17	17	17	16	16	16
Auditorium	1	-	-	-	-	-	-	-	-	-
Water, Gas & Light	<u>295</u>	<u>293</u>	<u>285</u>	<u>299</u>	<u>305</u>	<u>300</u>	<u>295</u>	<u>295</u>	<u>286</u>	<u>251</u>
	<u>1158</u>	<u>1168</u>	<u>1161</u>	<u>1217</u>	<u>1222</u>	<u>1240</u>	<u>1225</u>	<u>1225</u>	<u>1216</u>	<u>1172</u>

Source: City of Albany Finance Department

CITY OF ALBANY, GEORGIA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sanitary sewer										
Average daily treatment (thousands of gallons)	18,653	18,653	16,230	15,958	16,369	17,477	14,675	14,128	15,799	17,476
Airport										
Daily flights	8	8	8	4	3	3	3	3	3	3
Enplaned passengers	39,954	39,954	37,109	40,835	35,128	33,164	35,218	35,770	34,665	32,305
Deplaned passengers	38,156	38,156	35,829	39,226	34,499	32,668	33,805	34,617	33,682	31,888
Based aircraft	40	40	35	38	39	39	35	32	30	29
Police										
Citations issued	16,090	11,297	10,552	11,082	N/A	N/A	N/A	N/A	10,564	10,827
DUI Citations issued	139	96	228	153	N/A	N/A	N/A	N/A	138	37
Warnings issued	3,046	3,424	3,235	3,151	N/A	N/A	N/A	N/A	2,974	3,121
Crime Statistics:										
Aggravated Assault	252	284	341	389	573	465	459	476	532	536
Auto Theft	329	399	379	298	347	317	225	240	188	193
Murder	8	8	8	11	8	11	15	7	7	6
Rape	40	31	34	33	44	37	36	28	27	26
Robbery	216	242	205	207	247	230	168	205	193	186
Burglary	1,705	1,645	1,558	1,520	1,450	1,663	1,382	1,382	1,252	1,391
Theft	2,958	3,239	3,299	3,615	3,049	3,265	3,002	3,360	3,328	3,005
Fire										
Incident responses	3,141	2,779	3,706	3,511	2,234	3,588	4,017	3,673	3,465	3,392
Public Safety Education										
Events	52	81	61	103	1,264	172	228	205	553	161
Persons contacted	123,340	124,086	110,060	6,022	3,579	9,441	18,632	37,103	42,019	20,138

SOURCE

Various city departments.

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

N/A - Information not available.

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

Function	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Fleet size	170	170	170	170	170	171	171	171	165	219
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Miles of streets	559	559	559	559	559	559	559	559	597	597
Number of street lights	8,503	10,420	11,247	11,247	11,247	11,247	11,247	11,279	11,285	11,285
Culture and Recreation										
Park acreage	1,104	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Parks	45	44	54	54	54	54	54	54	54	54
Golf course	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	1	1	1	1	1	1	1	1	1
Tennis courts	17	20	22	22	22	22	22	22	22	22
Sewerage System										
Miles of sanitary sewer	350	350	350	350	350	350	350	350	350	351
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



**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, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Albany, Georgia (the "City") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Albany, Georgia's basic financial statements and have issued our report thereon dated March 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2004 -001 to be a material weakness.

Compliance and Other Matters

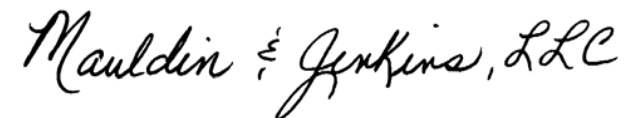
As part of obtaining reasonable assurance about whether the City of Albany, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 Standard*.

City of Albany, Georgia's Response to the Finding

The City of Albany, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Albany, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
March 20, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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 fiscal year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Albany, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Albany, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Albany, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Albany, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Albany, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macon, Georgia
March 20, 2015

Mauldin & Jenkins, LLC

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed through State of Georgia			
Federal Transit-Capital Investment Grants	20.500	T002174	\$ 11,632
Federal Transit-Capital Investment Grants	20.500	T004480	479,655
Federal Transit-Capital Investment Grants	20.500	T004894	171,101
Federal Transit-Formula Grants	20.507	T004487	1,023,046
ARRA Capital Improvement Assistance Grant	20.507	T002610	488,995
Total Federal Transit Cluster			<u>2,174,429</u>
Metropolitan Transportation Planning - DOT PL Funds	20.505	PL000-0011-00(792)	74,900
State Planning and Research	20.515	GA-80-008-01	56,586
Total Highway Planning and Construction Cluster			<u>131,486</u>
Total U.S. Department of Transportation			<u>2,305,915</u>
Federal Aviation Administration			
Direct Awards			
Airport Improvement Program	20.106	3-13-0002-038-2011	569,375
Airport Improvement Program	20.106	3-13-0002-039-2012	112,257
Airport Improvement Program	20.106	3-13-0002-040-2013	150,519
Airport Improvement Program	20.106	3-13-0002-041-2013	269,339
Airport Improvement Program	20.106	3-13-0002-042-2013	350,676
Total Federal Aviation Administration			<u>1,452,166</u>
U.S. Department of Agriculture			
Passed through State of Georgia			
Summer School Food Service for Children	10.559	08002	36,742
Total Child Nutrition Cluster			<u>36,742</u>
Total U.S. Department of Agriculture			<u>36,742</u>

(Continued)

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 Grants/Entitlement Grants	14.218	B-13-MC-13-0001	\$ 331,701
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-13-0001	221,982
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-13-0001	10,097
Total CDBG - Entitlement Grants Cluster			563,780
HUD-Home Partnership Investment Title II Program	14.239	M-99-MC-13-0205	72,093
HUD-Home Partnership Investment Title II Program	14.239	M-01-MC-13-0205	60,356
HUD-Home Partnership Investment Title II Program	14.239	M-07-MC-13-0205	15,410
HUD-Home Partnership Investment Title II Program	14.239	M-08-MC-13-0205	92,333
HUD-Home Partnership Investment Title II Program	14.239	M-09-MC-13-0205	166,327
HUD-Home Partnership Investment Title II Program	14.239	M-10-MC-13-0205	77,940
HUD-Home Partnership Investment Title II Program	14.239	M-13-MC-13-0205	29,102
Total HUD-Home Partnership Investment Title II Program			513,561
HUD - Housing Counseling Assistance Program	14.169	HC-130421-078	22,955
Passed through State of Georgia			
Supportive Housing Program	14.235	2013 HTF ETA 13C019	1,840
Supportive Housing Program	14.235	2013 HTF ER 13C017	35,845
Supportive Housing Program	14.235	2013 HTF E1 13C017	1,000
Total Supportive Housing Program			38,685
Total U.S. Department of Housing and Urban Development			1,138,981

(Continued)

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Direct Awards			
Bullet Proof Vest Partnership Program	16.607	2003-BU-BX-6439	\$ 11,025
2011 Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-3292	1,433
2012 Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-1140	19,179
2013 Justice Assistance Grant (JAG)	16.738	2013-DJ-BX-1152	55,291
ARRA-2009 Justice Assistance Grant (JAG)	16.804	2009-SB-B9-0908	6,607
Total JAG Program Cluster			<u>82,510</u>
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0277	<u>4,439</u>
Total U.S. Department of Justice			<u>97,974</u>
U.S. Department of Commerce			
Passed-Through State of Georgia			
Economic Development Cluster - Economic Adjustment Assistance	11.307	04-19-69032	<u>1,067,538</u>
Total U.S. Department of Commerce			<u>1,067,538</u>
Department of Energy			
Direct Awards			
Weatherization Assistance for Low-Income Persons	81.042	DOER-WX-DOE-2011/12-30	<u>57,123</u>
Total U.S. Department of Energy			<u>57,123</u>

(Continued)

CITY OF ALBANY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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			
ARRA-Police Intoxilyzer Transition Program Americorps	94.006	B82-8-388	\$ 8,983
Total Corporation for National and Community Service			<u>8,983</u>
Department of Health and Human Services			
Direct Awards			
Low-income Home Energy Assistance - Weatherization	93.568	DOER-WX-HHS-2012/13-30	<u>18,889</u>
Total U.S. Department of Health and Human Services			<u>18,889</u>
Department of Homeland Security			
Direct Awards			
Emergency Management Performance Grants	97.042	OEM13-049	<u>28,820</u>
2010 GEMA Bomb Dog Grant	97.067	2010-SS-T0-0034	421
2011 GEMA Bomb Dog Grant	97.067	2011-SS-00081-S01	2,431
2012 GEMA Bomb Dog Grant	97.067	EWMW-2012-SS-00063-S01	605
2013 GEMA Bomb Dog Grant	97.067	EMW-2013-SS-00054-S01	112
2011 GEMA EOD Grant (Equipment)	97.067	ENW-2011-SS-00081-S01	<u>22,609</u>
Total Homeland Security Grant			<u>26,178</u>
Total U.S. Department of Homeland Security			<u>54,998</u>
Total Expenditures of Federal Awards			<u>\$ 6,239,309</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF ALBANY, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014, disbursements were made to sub-recipients of the following grant programs:

<u>Program</u>	<u>CFDA</u>	<u>Amount</u>
Community Development Block Grant	14.218	\$ 100,157
HUD-Home Partnership Investment Title II Program	14.239	580,384
		<u>\$ 680,541</u>

**CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION I
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

yes no

Significant deficiencies identified not considered
to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

yes no

Significant deficiencies identified not considered
to be material weaknesses?

yes none reported

Type of auditor's report issued on compliance for
major programs

Unmodified

**CITY OF ALBANY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION I
SUMMARY OF AUDITOR'S RESULTS (Continued)**

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

___ yes X no

Identification of major program:

<u>CFDA Number</u>
20.106
20.500 and 20.507

<u>Name of Federal Program or Cluster</u>
Airport Improvement Program
Federal Transit Cluster

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 FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

2014 - 001. Management of Accounts Payable and Accrued Expenses

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

Condition: The City did not properly address the above criteria as of June 30, 2014 as it relates to accounts payable within the SPLOST VI Fund, and accounts payable and retainage payable in the Community Development Fund.

Context: We addressed this matter with City officials and they were able to determine the adjustments needed for accounts payable and accrued expenses in these funds as of June 30, 2014.

Effect: An adjustment to increase accounts payable in the amount of \$90,665 and increase expenditures for the same amount was required to be recorded in the SPLOST VI Fund. Adjustments to increase accounts payable in the amount of \$124,996, increase retainage payable in the amount of \$33,681, and increase expenditures by \$158,677 were required to be recorded in the Community Development Fund.

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

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

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

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

None reported.

**CITY OF ALBANY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

None Reported.