CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

Prepared by:

Finance Department

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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MAYOR
Richard A. Bentley

ALDERMEN
M. Stephen Chambers
Kenneth Morgan
Richard Mullins, Jr.
Denese R. Shinholster
Ken A. Vance
Jeanette H. Walden

The City of Milledgeville

December 19, 2007

To the Honorable Mayor, Members of Council
and the Citizens of the City of Milledgeville

The Comprehensive Annual Financial Report (CAFR) of the City of Milledgeville for the fiscal year ended June 30, 2007, is hereby submitted in accordance with the Official Code of Georgia 36-81-7.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of Milledgeville. To provide a reasonable basis for making these presentations, the City has established internal control procedures designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to help the reader understand the financial operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified opinion on the City of Milledgeville's financial statements for the fiscal year ended June 30, 2007. The independent auditor's report is located at the front 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Known as Georgia's Antebellum Capital, the City of Milledgeville was created in 1803 by an Act of the General Assembly of Georgia and was named for the Honorable John Milledge, Governor of the State. Milledgeville served as Georgia's fourth capital from

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Phone (478) 414-4010 • Fax (478) 414-4011
www.milledgevillega.us

1804-1868. In 1868, the state capital was moved to Atlanta. Milledgeville owns the distinction of being one of only two planned capital cities in the United States, the other being Washington D. C. The City occupies 20.79 square miles and is the county seat for Baldwin County. Milledgeville is located 79 miles southeast of Atlanta and 30 miles northeast of Macon.

Milledgeville is governed by a mayor and six council members elected by the citizens. The Mayor is elected at large serving a four year term and presides at all meetings of the City, signs all official contracts, ordinances and resolutions adopted by council. Members of the City Council are elected from districts and serve four year concurrent terms. Council members are responsible for passing ordinances, adopting the budget, establishing tax rates, appointing committees and hiring both the city's manager and attorney. In May 2003 the City changed its charter to operate under a Council-Manager, rather than a Mayor-Council form of government. The City also changed its fiscal year end from December 31 to June 30 effective with the six month period ending June 30, 2005. The City Manager advises the mayor and council, prepares the budget, supervises all employees and is responsible for day-to-day operations of the city.

The City provides a full range of service to some 20,000 residents. These services include general administration, police and fire protection, the construction and maintenance of bridges, streets and other infrastructure, culture and recreation, and planning and development services. Water and sewer, as well as sanitation collection services, are also provided.

The City is financially accountable for several legally separate component units. These component units, The Mary Vinson Library (Twin Lakes Library System), the Milledgeville-Baldwin County Allied Arts and the Milledgeville Downtown Development Authority, are reported separately within the City of Milledgeville's financial statements. Additional information for these component units may be found in the Notes to Financial Statements.

The annual budget serves as the foundation for the City of Milledgeville's financial planning and control. The budget process begins with departments and outside agencies submitting budget requests to the City Manager in mid February. The City Manager uses these requests as the starting point for developing a proposed budget. The budget is then submitted to the Council for review in late April, early May. Public hearings are required to be held before final adoption of the budget, with final adoption no later than June 30, the end of the fiscal year as required by law. Activities of the general fund, special revenue funds, the capital project funds, the enterprise funds and internal service fund are included in the annual appropriated budget. The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a department. Transfer of appropriations between departments, increases or decreases in appropriations require the special approval of the City Council.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The proximity of Atlanta, Macon and Hartsfield-Jackson International Airport 77 miles to the northwest creates a viable area for the Milledgeville-Baldwin County Economic Development Authority, the Downtown Development Authority and the Chamber of Commerce to continue to work hard to attract new business and industry into the area as well as offering support to existing industry. Milledgeville offers industry a modern 500 acre industrial park strategically located on Georgia Highway 22. Milledgeville has over fifty diverse industries ranging from electronics to aircraft manufacturing and lumber. Georgia College and State University and Georgia Military College, both located in downtown Milledgeville, provide educational resources for over 5,000 students and to the community as well.

The State of Georgia's headquarters for its Department of Corrections and the Youth Development Center for juvenile offenders is located in the City of Milledgeville. Central State Hospital, a district facility to provide mental health care is also located in the city. These properties are exempted from the property tax digest but provide in excess of 6,100 employment opportunities for the local economy as well as the generation of sales taxes to the City's treasury.

Long-term Financial Planning

The City of Milledgeville has developed a plan to build a 90 day working capital reserve. This will provide strength to the City's financial position as well as real protection from fluctuations in the economy, or unforeseen natural disasters. The City recently adopted a strategy to consolidate its banking services so that all City funds are now in the most advantageous interest bearing accounts as well as the Local Government Investment Pool.

Major Initiatives

The City of Milledgeville continues to work diligently to improve the quality of life of its citizens as we continue to develop our City. To that end, the City continues to extend utilities to expand our number of retail and wholesale customers. The City has also developed a close partnership with the Milledgeville-Baldwin County Development Authority to more aggressively recruit new and expanded industry and high paying jobs to Milledgeville so as to strengthen and expand our tax and employment base.

The City has also developed a partnership with the Oconee River Greenway Authority with the goal to construct a series of parks along the Oconee River and to connect the parks with walking and bike trails. The initial park is planned to be constructed in Milledgeville immediately south of the Hancock Street Bridge and extend to the Fishing Creek Bridge. The concept development phase to extend Green Street to the parks has already started.

The City of Milledgeville was recently awarded state funding to enable the City to become a "wireless" community. This will provide the City with increased technology capabilities in the areas of public safety and education as well as enhance its business recruitment.

The City also recently adopted an enterprise zone in conjunction with the State's opportunity zone designation for providing tax incentives to new and existing businesses in the central business district.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Milledgeville for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the twenty second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department. Appreciation is also expressed to the Mayor and Council for their support in conducting the financial affairs of the City of Milledgeville in a responsible and progressive manner and to all City department heads for their positive attitudes toward budgetary responsibility.

Respectfully Submitted,



Frances K. Hatcher
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milledgeville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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





President



Executive Director

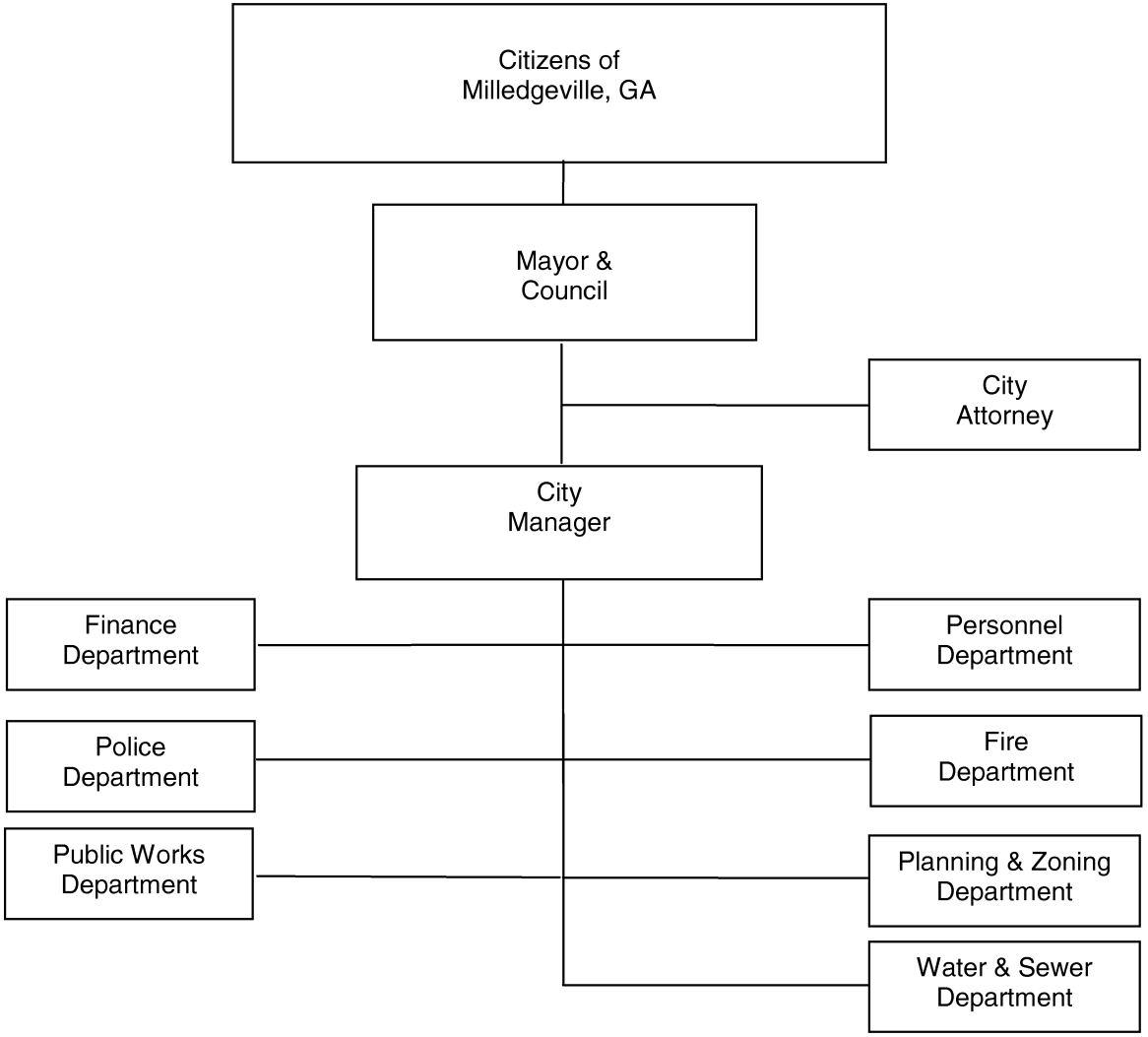
CITY OF MILLEDGEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007

Mayor	Richard A. Bentley
Mayor Pro-Tem	Jeanette H. Walden
Council	M. Stephen Chambers Kenneth B. Morgan Richard Mullins, Jr. Ken A. Vance Denese R. Shinholster
City Manager	E. Scott Wood
City Attorney	James D. Jordan
Municipal Court Judge	Jerry McRee
City Clerk	Bo Danuser
Finance Director/Treasurer	Frances Hatcher
Chief of Police	Woodrow Blue, Jr.
Fire Chief	Tom Dietrich
Public Works Director	Jack Graham
Personnel Director	Vacant
Water and Sewer Director	Barry Jarrett
Interim Planning Development Director	Mervin Graham

CITY OF MILLEDGEVILLE, GEORGIA

ORGANIZATIONAL CHART
JUNE 30, 2007



FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Milledgeville, Georgia
Milledgeville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Milledgeville, Georgia** as of and for the year ended June 30, 2007, which collectively comprise the City of Milledgeville, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Milledgeville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milledgeville, Georgia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007, on our consideration of the City of Milledgeville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Notes 1 and 5, the City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended and interpreted , as of and for the year ended June 30, 2007.

The Management's Discussion and Analysis on pages 3 through 11 and the Schedule of Funding Progress on page 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milledgeville Georgia's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Milledgeville, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, statistical tables, and continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the City of Milledgeville (the "City") for the fiscal year ended June 30, 2007. We encourage readers to consider information presented here in conjunction with the letter of transmittal at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City of Milledgeville's assets exceeded its liabilities at June 30, 2007, by $40,926,001. Of this amount, $27 million is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are $6,450,842 and may be used to meet the City's ongoing obligations. Unrestricted net assets from the governmental activities are a deficit of $2,397,339.

- As of June 30, 2007, Milledgeville's governmental funds reported combined ending fund balances of $8,880,479. Approximately 19% of this total amount, $1,665,272 is available for spending at the City Council's discretion, (unreserved fund balance). The governmental funds combined fund balance increased by $1,575,649 from fiscal year ending June 30, 2006.

- The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2007 are $6,095,360 and $14,501,361 respectively. $13,093,262 of the total $20,596,721 represents liabilities that are due in one year or more, such as long-term debt and compensated absences. This is an increase of $6,395 for the governmental-type funds and a decrease of $651,422 for the business-type activities from fiscal year ending June 30, 2006.

- No new debt was incurred this fiscal year for the City's governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Discussion and Analysis narrative is intended to serve as an introduction to the City of Milledgeville's basic financial statements. The basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements of non-major funds, and a statistical section.

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 City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about the City of Milledgeville using the *accrual basis* of accounting, which is similar to the accounting method used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 12 and 13) is an attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between total assets and total liabilities is labeled *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The ***Statement of Activities*** (page 14) on the other hand, presents revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for

several weeks after the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *changes in net assets*. The primary focus of the Statement of Activities is on *net costs* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants or other sources.

In the Statement of Net Assets and the Statement of Activities, the City of Milledgeville is divided into three basic types of activities:

- ***Governmental Activities*** – Most of the City's basic services are reported under this category, including police, fire, public works and general administration. Sales tax, property taxes and intergovernmental revenues finance most of these services.

- ***Business-type Activities –*** The City charges fees to customers to assist in covering all or most of the costs for certain services it provides. The City's water and sewer system fees and refuse collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component Units are legally separate organizations for which the elected officials of the City are financially accountable. The City has three component units – Mary Vinson Memorial Library, Allied Arts and Milledgeville Downtown Development Authority.

The City's government-wide financial statements are presented on pages 12 - 14.

Fund Financial Statements

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 62. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- ***Governmental Funds –*** These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City's basic governmental fund financial statements are presented on pages 15 - 22 of this report.

  The City of Milledgeville maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and SPLOST Fund which are considered major funds. Data for the other five (5) governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 62 and 63 of this report.

- ***Proprietary Funds –*** When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. The City maintains two (2) different types of proprietary funds: Enterprise funds and Internal Service funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Milledgeville uses the enterprise fund to account for the Water and Sewer system and Solid Waste system.

Internal service funds are an accounting device to account for services provided and billed on an internal basis. The City utilizes the internal service fund for the Risk Management Fund. Because of the nature of the City's internal service funds, they are allocated to both governmental activities and business-type activities on the government-wide statement.

The City's proprietary fund financial statements are presented on pages 23 - 29.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Milledgeville's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

  The City acts as trustee or fiduciary for its employee pension plan. It is also responsible for other assets that, because of the nature of the trust or agency arrangement, can be used only for the trust or agent beneficiaries.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The City's fiduciary fund financial statements are presented on pages 30 and 31.

Budgetary Comparisons

The City of Milledgeville adopts an annual appropriated budget for its General Fund and the non-major Special Revenue Funds. The budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget. The General Fund budgetary comparison statements can be found on pages 20 - 22. The non-major Special Revenue Fund budgetary comparison statements can be found on pages 64 - 67.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 60 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary and fiduciary funds. These funds are added together by fund type and presented together in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements. The combining and individual fund statements and schedules are presented immediately following the notes to the financial statements and can be found on pages 62 - 75 of this report.

The report includes two (2) schedules (pages 15 and 19) which reconcile the amounts on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting).

GOVERNMENT WIDE FINANCIAL ANALYSIS

The City's overall financial position and operations for the fiscal year is summarized in Table 1 below based on the information included in the government-wide financial statements (see pages 12 - 14).

City of Milledgeville Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$10,218,877	$8,847,224	$10,380,591	$8,920,653	$ 20,599,468	$17,767,877
Capital Assets	13,327,842	8,591,031	27,595,412	27,498,521	40,923,254	36,089,552
Total Assets	23,546,719	17,438,255	37,976,003	36,419,174	61,522,722	53,857,429
Long-term debt outstanding	5,565,346	5,652,496	13,536,532	14,178,723	19,101,878	19,831,219
Other Liabilities	530,014	575,448	964,829	561,896	1,494,843	1,137,344
Total Liabilities	6,095,360	6,227,944	14,501,361	14,740,619	20,596,721	20,968,563
Net Assets						
Invested in Capital assets, net of related debt	13,327,842	8,591,031	14,152,046	13,443,166	27,479,888	22,034,197
Restricted	6,520,856	5,360,037	474,415	485,662	6,995,271	5,845,699
Unrestricted	(2,397,339)	(2,740,757)	8,848,181	7,749,727	6,450,842	5,008,970
Total Net Assets	$17,451,359	$11,210,311	$23,474,642	$21,678,555	$40,926,001	$32,888,866

Net Assets – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2007, assets exceeded liabilities by $40.9 million. However, much of those net assets are either restricted as to purpose for which they can be used, or are invested in capital assets.

The largest portion of the City's net assets, $27,479,888, represents investments in capital assets. The investment in capital assets includes land, buildings, machinery and equipment, as well as infrastructure acquired this past year. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional $6,995,271 of the City's net assets represents resources that are subject to external restrictions on how they are to be used. The City's governmental type net assets ($6,520,856) are restricted for capital projects by the Special Purpose Local Option Sales Tax referendum. The decrease in the City's business type activities restricted assets ($474,415) resulted from the continued removal of restrictions on certain assets associated with revenue bond covenants. The remaining balance of unrestricted net assets of $8,848,181 (37.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

Although the net assets of our business-type activities represent 57% ($23,474,642) of total net assets, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use these net assets to finance the continuing operations of the business-type activities.

Changes in Net Assets – Governmental and business-type activities increased the City's net assets by $2,928,841 in fiscal year 2007. The beginning balance of net assets for governmental activities was adjusted for fiscal year 2007 for the inclusion of previously unrecorded infrastructure (streets, sidewalks). The following table indicates the changes in net assets for the government and business-type activities in fiscal year 2007.

City of Milledgeville Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues:	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for services	$910,001	$956,982	$8,144,294	$8,045,719	$9,054,295	$9,002,701
Operating grants and contributions	73,463	62,420	-	-		62,420
Capital grants and contributions	432,839	653,838	324,771	2,070,176	757,610	1,920,478
General Revenues:						
Property taxes	2,653,251	2,648,399	-	-	2,653,251	2,648,399
Sales taxes	4,592,017	4,126,742	-	-	4,592,017	4,126,742
Other taxes	3,425,982	3,287,758	-	-	3,425,982	3,287,758
Investment earnings	404,965	120,737	240,408	(48,225)	645,373	72,512
Total revenues	12,492,518	11,856,876	8,709,473	10,067,670	21,138,528	21,121,010
Expenses:						
General government	1,554,126	1,382,974	-	-	1,554,126	1,382,974
Judicial	144,191	138,253	-	-	144,191	138,253
Public safety	5,057,547	4,950,692	-	-	5,057,547	4,950,692
Public works	2,722,253	1,474,717	-	-	2,722,253	1,474,717
Housing and development	798,266	899,585	-	-	798,266	899,585
Culture/recreation	1,006,164	723,575	-	-	1,006,164	723,575
Interest on long term debt	-	762	-	-	-	762
Water and sewer	-	-	5,638,041	5,418,621	5,638,041	5,418,621
Solid Waste	-	-	1,352,562	1,251,481	1,352,562	1,251,481
Total expenses	11,282,547	9,570,558	6,990,603	6,670,102	18,273,150	16,240,660
Increase (decrease) in net assets						
Before transfers	1,209,971	2,286,318	1,718,870	2,594,032	2,928,841	4,880,350
Transfers	(77,217)	(803,536)	77,217	803,536	-	-
Change in net assets	1,132,754	1,482,782	1,796,087	3,397,568	2,928,841	4,880,350
Net assets, beginning of year	16,318,605	9,727,529	21,678,555	18,280,987	37,997,160	28,008,516
Net assets, end of year	$17,451,359	$11,210,311	$23,474,642	$21,678,555	$40,926,001	$32,888,866

Governmental Activities – Governmental activities increased the City's net assets by $1,209,971 in fiscal year 2007. Key elements of this increase are as follows:

- Revenues were $12.5 million. Approximately 7.3% of the City's revenues came from fees charged for services, 36.8% from sales taxes, 21.2% from property taxes and 27.4% from other taxes. Investment earnings increased significantly during the year due to the adoption of a banking services agreement which locked in higher interest rates. Capital grants and contributions decreased due to the completion of several grant funded projects
- Expenses totaled $11.28 million. Approximately 44.8% of the City's expenses go to public safety, 24.1% to public works, 13.8% to general government and the remaining 17.3% to housing and development, judicial activities, and culture and recreation.

Business-Type Activities – The City's major business-type activities, the Water and Sewer Revenue Fund and Solid Waste Fund, increased net assets by $1,796,087 in fiscal year 2007. The City implemented a five year program to increase water and sewer rates by 5% per year effective July 1. July 1, 2007 began the fourth year of this program.

Financial Analysis of the City Funds

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

Governmental Funds – The focus of the City of Milledgeville'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's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2007, the combined ending fund balance of the City's governmental funds was $8,880,479. Approximately $1.6 million of this consists of unreserved/undesignated fund balance, which is available working capital for current spending in accordance with the purpose of the specific funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed to the following purposes: reserved for inventories and prepaid items ($34,426); health fair ($5,800) reserved for public safety ($48,753); capital projects ($6,520,856) and community development ($390,022) or designated for: data processing ($43,232), economic development ($60,000), public works ($21,943), public safety ($26,179), building repairs ($13,400), planning (47,496) and general administration ($4,900).

The City has two major governmental funds, which are the General Fund and the SPLOST Fund.

1. *General Fund* – This is the primary operating fund of the City of Milledgeville government. It accounts for many of the City's core services such as law enforcement, fire protection, roads and streets, culture and recreation and administration. At the end of the current fiscal year, unreserved fund balance of the General Fund was $1,665,532, while total fund balance was $1,954,445. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 18.2% of total fiscal year 2007 expenditures, while total fund balance is 21.4% of that same amount.

2. *SPLOST Fund* – This fund is a capital project fund accounting for the City's negotiated share of the special purpose local option sales taxes. This tax is voted by referendum to collect a penny on sales that occur within Baldwin County. The tax must be used for specific capital expenditures. The total fund balance of $6,523,646 will be used to fund major capital projects.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found on the government-wide statements, but in more detail.

Unrestricted assets of the City's proprietary fund, Water and Sewer Fund, totaled $9,219,154. The total net assets increased by $1,829,696. The third year of a 5% increase in water and sewer rates and an increased number of customers contributed to the increase in net assets and enabled the City to significantly reduce its restricted net assets for debt service.

Unrestricted assets of the City's other proprietary fund, Solid Waste Fund, reflects a deficit of $391,631.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Milledgeville Code. The most significant budgeted fund is the General Fund.

In June 2006, the City Council appropriated $9.9 million for general fund expenditures.

City of Milledgeville 2007 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenues and other financing sources	$9,944,633	$ 0	$9,944,633	$9,652,955
Expenditures and other financing uses	9,944,633	0	9,944,633	9,135,481

Variances between the final budget and actual expenditures are the result of decreased spending. Variances between the final budget and actual revenues are the result of increased sales tax revenue, other taxes, court collections and interest and a decrease in funding from the water and sewer fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City of Milledgeville has invested $40,923,254 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, land improvements, buildings and machinery and equipment. Approximately 67.4% of this investment is related to business-type activities while only 32.6% related to governmental activities.

Capital assets held by the City at the end of the current fiscal year are summarized as follows:

City of Milledgeville Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 2,403,770	$2,403,770	$ 151,310	$ 151,310	$ 2,555,080	$ 2,555,080
Land improvements	49,566	57,190	7,976	9,606	57,542	66,796
Infrastructure	7,768,173	3,140,569	9,326,630	8,925,468	17,094,803	12,066,037
Buildings	1,920,781	1,949,145	16,807,632	17,229,989	18,728,413	19,179,134
Machinery and equipment	1,112,884	972,881	544,194	512,979	1,657,078	1,485,860
Construction in progress	72,668	67,476	757,670	669,169	830,338	736,645
Total Net Capital Assets	$13,327,842	$8,591,031	$27,595,412	$27,498,521	$40,923,254	$36,089,552

The City elected to implement the general provisions of GASB Statement No. 34 in fiscal year 2003 and fully implemented the retroactive infrastructure provisions in fiscal year June 30, 2007.

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Purchase of 2005 Ford leaf vacuum truck, $133,700
- Completion of Leo Court road and drainage improvements, $131,257
- Purchase of Hyundai trac hoe, $86,750
- New roof for the public safety building, $67,500

Major capital asset purchases during the current fiscal year for the business-type activities included the following:

- Extension of water and sewer system, $324,960
- Replacement of water plant equipment, $109,678
- Completion of water tower, $367,500

Additional information on the City of Milledgeville's capital assets can be found in Note 5 on pages 47 - 49 of this report.

Long-term debt – At June 30, 2007, the City of Milledgeville had $13,108,621 in bonds, notes and capital leases outstanding, a decrease of $596,357 over last year representing payments made to reduce bonds and notes outstanding.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent (10%) of its total assessed valuation. The current debt limitation for the City of Milledgeville is $32.0 million.

Additional information on the City's long-term debt can be found in Note 6 on pages 50 - 52 of this report.

City of Milledgeville Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Capital leases	$ -	$ -	$ -	$ -	$ -	$ -
Revenue Bonds	-	-	12,265,000	12,785,000	12,265,000	12,785,000
Notes payable	-	-	843,621	919,978	843,621	919,978
Total	$ -	$ -	$ 13,108,621	$ 13,704,978	$ 13,108,621	$ 13,704,978

Economic Factors and Next Year's Budget

The City of Milledgeville ended the fiscal year with an excess of revenues over expenses/expenditures in all funds. The City adopted a Council-Manager form of government in 2003 and changed its fiscal year from December 31 to June 30. The following factors are expected to have an effect on the City's financial position of operations and were taken into account in developing the FY 2008 Budget.

1. The General Fund property taxes are expected to increase slightly due to the slow down of growth in the area. Electric franchise taxes are expected to increase due to the rising cost of fuel oils.
2. Utility revenues are anticipated to increase due to a yearly increase in the water and sewer rates of 5% a year through June 30, 2008.
3. The City increased rates for refuse collection beginning July 1, 2007.

These actions are anticipated to:

- Improve the fiscal health of the City by strengthening the enterprise funds and reducing the reliance of the solid waste fund on general fund revenues.
- These increases will allow the City to once again meet its debt service coverage and start a more active repair and replacement program for the City's infrastructure.
- To continue the implementation of a pay as you go budget to reduce the dependency on borrowed funds.

Growth in the Citywide gross taxable values is projected to be 7% with a 6% growth in the value of a mill.

The City continues to have new major retail business locating in the City limits and growth in the water and sewer system with new residential housing locating in Milledgeville and Baldwin County.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Milledgeville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or additional financial information should be addressed to the Finance Director, P. O. Box 1900, Milledgeville, GA 31059-1900.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
ASSETS						
Cash	$ 9,489,074	$ 4,994,756	$ 14,483,830	$ 173,040	$ 51,781	$ 137,040
Investments	-	-	-	-	-	3,466
Taxes receivable	281,916	-	281,916	-	-	-
Accounts receivable, net of allowances	10,409	1,250,804	1,261,213	-	-	1,157
Notes receivable	4,859	-	4,859	-	65,655	-
Due from other governments	1,160,809	-	1,160,809	-	-	-
Internal balances	(1,358,080)	1,358,080	-	-	-	-
Prepaid items	3,125	-	3,125	-	-	-
Inventories	31,301	150,579	181,880	-	-	-
Restricted assets, cash and investments	-	2,119,132	2,119,132	-	-	-
Bond issuance costs, unamortized balance	-	507,240	507,240	-	-	-
Capital assets, non-depreciable	2,476,438	908,980	3,385,418	-	-	-
Capital assets, depreciable, net of accumulated depreciation	10,851,404	26,686,432	37,537,836	-	-	80,981
Other noncurrent asset	595,464	-	595,464	-	-	-
Total assets	23,546,719	37,976,003	61,522,722	173,040	117,436	222,644

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
LIABILITIES						
Accounts payable	$ 400,800	$ 531,116	$ 931,916	$ -	$ 308	$ 10,515
Accrued liabilities	122,382	84,735	207,117	1,448	1,256	18,243
Unearned revenues	6,832	-	6,832	-	-	-
Liabilities payable from restricted assets	-	872,445	872,445	-	-	-
Claims payable due within one year	300,000	-	300,000	-	-	-
Claims payable due in more than one year	4,921,335	-	4,921,335	-	-	-
Compensated absences due within one year	137,604	45,880	183,484	8,209	-	21,609
Compensated absences due in more than one year	206,407	68,819	275,226	-	-	-
Notes payable due within one year	-	80,330	80,330	-	-	-
Notes payable due in more than one year	-	763,291	763,291	-	-	-
Bonds payable due in more than one year	-	12,054,745	12,054,745	-	-	-
Total liabilities	6,095,360	14,501,361	20,596,721	9,657	1,564	50,367
NET ASSETS						
Invested in capital assets, net of related debt	13,327,842	14,152,046	27,479,888	-	-	80,981
Restricted for debt service	-	423,583	423,583	-	-	-
Restricted for bond renewal and replacement	-	50,832	50,832	-	-	-
Restricted for capital projects	6,520,856	-	6,520,856	-	-	-
Unrestricted	(2,397,339)	8,848,181	6,450,842	163,383	115,872	91,296
Total net assets	$ 17,451,359	$ 23,474,642	$ 40,926,001	$ 163,383	$ 115,872	$ 172,277

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Business-type Activities	Total	Component Units: Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
Primary government:										
Governmental activities:										
General government	$ 1,554,126	$ 288,359	$ 34,372	$ 260,070	$ (971,325)	$ -	$ (971,325)	$ -	$ -	$ -
Judicial	144,191	-	-	-	(144,191)	-	(144,191)	-	-	-
Public safety	5,057,547	619,075	39,091	58,204	(4,341,177)	-	(4,341,177)	-	-	-
Public works	2,722,253	-	-	114,565	(2,607,688)	-	(2,607,688)	-	-	-
Culture and recreation	1,006,164	-	-	-	(1,006,164)	-	(1,006,164)	-	-	-
Housing and development	798,266	2,567	-	-	(795,699)	-	(795,699)	-	-	-
Total governmental activities	11,282,547	910,001	73,463	432,839	(9,866,244)	-	(9,866,244)	-	-	-
Business-type activities:										
Water and sewer	5,638,041	6,926,704	-	324,771	-	1,613,434	1,613,434	-	-	-
Solid waste	1,352,562	1,217,590	-	-	-	(134,972)	(134,972)	-	-	-
Total business-type activities	6,990,603	8,144,294	-	324,771	-	1,478,462	1,613,434	-	-	-
Total primary government	$ 18,273,150	$ 9,054,295	$ 73,463	$ 757,610	$ (9,866,244)	$ 1,478,462	$ (8,252,810)	$ -	$ -	$ -
Component units:										
Allied Arts	$ 219,639	$ 36,765	$ 174,026	$ -	$ -	$ -	$ -	$ (8,848)	$ -	$ -
Mainstreet Downtown Dev. Auth.	264,821	182,861	79,866	-	-	-	-	-	(2,094)	-
Mary Vinson Memorial Library	703,895	35,194	689,934	-	-	-	-	-	-	21,233
Total component units	$ 1,188,355	$ 254,820	$ 943,826	$ -	$ -	$ -	$ -	$ (8,848)	$ (2,094)	$ 21,233
		General revenues:								
		Property taxes			$ 2,653,251	$ -	$ 2,653,251	$ -	$ -	$ -
		Sales taxes			4,592,017	-	4,592,017	-	-	-
		Hotel/motel taxes			262,255	-	262,255	-	-	-
		Franchise taxes			1,102,370	-	1,102,370	-	-	-
		Insurance premium taxes			982,864	-	982,864	-	-	-
		Other taxes			1,078,493	-	1,078,493	-	-	-
		Unrestricted investment earnings			404,965	240,408	645,373	723	7,016	261
		Transfers			(77,217)	77,217	-	-	-	-
		Total general revenues and transfers			10,998,998	317,625	11,316,623	723	7,016	261
		Change in net assets			1,132,754	1,796,087	2,928,841	(8,125)	4,922	21,494
		Net assets, beginning of year, restated			16,318,605	21,678,555	37,997,160	171,508	110,950	150,783
		Net assets, end of year			$ 17,451,359	$ 23,474,642	$ 40,926,001	$ 163,383	$ 115,872	$ 172,277

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

ASSETS	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,911,481	$ 5,933,970	$ 428,636	$ 9,274,087
Taxes receivable	255,001	-	26,915	281,916
Accounts receivable	10,409	-	-	10,409
Notes receivable	-	-	4,859	4,859
Due from other governments	499,155	661,654	-	1,160,809
Due from other funds	432,112	20,201	-	452,313
Prepaid items	3,125	-	-	3,125
Inventories	31,301	-	-	31,301
Total assets	$ 4,142,584	$ 6,615,825	$ 460,410	$ 11,218,819
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 166,387	$ 92,179	$ 51,190	$ 309,756
Accrued liabilities	122,382	-	-	122,382
Deferred revenues	156,297	-	6,832	163,129
Due to other funds	1,743,073	-	-	1,743,073
Total liabilities	2,188,139	92,179	58,022	2,338,340

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

FUND BALANCES	General	SPLOST	Other Governmental Funds	Totals Governmental Funds
Fund balances:				
Reserved for:				
Inventories and prepaid items	$ 34,426	$ -	$ -	$ 34,426
Health fair	5,800	-	-	5,800
Public safety	35,532	-	13,221	48,753
Community development	595	-	389,427	390,022
Encumbrances	35,410	2,790	-	38,200
Capital outlay	-	6,520,856	-	6,520,856
Unreserved, designated	177,150	-	-	177,150
Unreserved, undesignated reported in:				
General fund	1,665,532	-	-	1,665,532
Special revenue funds	-	-	(260)	(260)
Total fund balances	1,954,445	6,523,646	402,388	8,880,479
Total liabilities and fund balances	$ 4,142,584	$ 6,615,825	$ 460,410	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,327,842
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	156,297
Internal service funds are used by management to charge the costs of property and health insurance and administrative costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(5,164,712)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(344,011)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	595,464
Net assets of governmental activities	$ 17,451,359

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 8,541,110	$ 1,878,323	$ 262,255	$ 10,681,688
Licenses and permits	245,612	-	-	245,612
Intergovernmental	73,463	339,954	89,227	502,644
Fines and forfeitures	613,753	-	5,322	619,075
Charges for services	7,919	-	-	7,919
Interest income	136,270	263,569	227	400,066
Other revenues	34,828	-	6,225	41,053
Total revenues	9,652,955	2,481,846	363,256	12,498,057
Expenditures				
Current:				
General government	1,255,237	-	4,978	1,260,215
Judicial	139,081	-	-	139,081
Public safety	4,763,355	-	11,893	4,775,248
Public works	1,473,618	-	-	1,473,618
Culture and recreation	975,299	-	-	975,299
Housing and development	528,891	-	259,735	788,626
Capital outlay	-	1,345,477	87,627	1,433,104
Total expenditures	9,135,481	1,345,477	364,233	10,845,191

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	517,474	1,136,369	(977)	1,652,866
Other financing (uses)				
Transfers out	(77,217)	-	-	(77,217)
Total other financing (uses)	(77,217)	-	-	(77,217)
Net change in fund balance	440,257	1,136,369	(977)	1,575,649
Fund balances, July 1	1,514,188	5,387,277	403,365	7,304,830
Fund balances, June 30	$ 1,954,445	$ 6,523,646	$ 402,388	$ 8,880,479

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, 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, 2007

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

Net change in fund balances - total governmental funds	$	1,575,649
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.		
Capital outlay		669,875
Depreciation		(1,041,358)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(10,438)
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.		(141,951)
Internal service funds are used by management to charge the costs of workers' compensation and general liability insurance and administrative costs to individual funds.		80,977
	$	1,132,754

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,744,737	$ 2,744,737	$ 2,663,689	$ (81,048)
Sales tax	2,555,811	2,555,811	2,713,694	157,883
Other taxes	3,094,800	3,094,800	3,163,727	68,927
Licenses and permits	283,450	283,450	245,612	(37,838)
Intergovernmental	112,750	112,750	73,463	(39,287)
Charges for services	10,870	10,870	7,919	(2,951)
Fines and forfeitures	550,000	550,000	613,753	63,753
Interest revenue	57,500	57,500	136,270	78,770
Other revenue	25,300	25,300	34,828	9,528
Total revenues	9,435,218	9,435,218	9,652,955	217,737
Expenditures:				
Current:				
General government:				
Legislative	223,349	223,349	176,242	47,107
Executive	273,962	272,462	267,496	4,966
Elections	450	550	480	70
Finance	544,094	532,294	481,615	50,679
Legal	56,790	61,790	61,577	213
Human resources	166,279	166,279	121,329	44,950
General government buildings and grounds	160,563	94,765	92,314	2,451
General administration fees	57,148	57,148	54,184	2,964
Total general government	1,482,635	1,408,637	1,255,237	153,400
Judicial:				
Municipal court	139,841	139,841	139,081	760
Total judicial	139,841	139,841	139,081	760

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Police	$ 2,894,430	$ 2,881,618	$ 2,748,086	$ 133,532
Detention center	240,798	240,799	215,925	24,874
Police department buildings and grounds	94,513	90,713	80,985	9,728
Fire	1,749,502	1,736,134	1,687,305	48,829
Fire department buildings and grounds	38,354	38,354	31,054	7,300
Total public safety	5,017,597	4,987,618	4,763,355	224,263
Public works:				
Public works administration	126,839	126,839	120,438	6,401
Roadways and walkways	646,468	621,163	582,929	38,234
Storm drainage	7,500	15,300	15,031	269
Street lighting	199,000	234,300	234,292	8
Traffic engineering	29,127	41,327	41,085	242
Maintenance and shop	260,292	256,793	227,073	29,720
Cemetery	253,524	252,824	252,770	54
Total public works	1,522,750	1,548,546	1,473,618	74,928
Culture and recreation:				
Recreation	223,266	223,266	223,266	-
Parks	224,316	245,916	244,517	1,399
Twin Lakes Library	507,516	507,516	507,516	-
Total culture and recreation	955,098	976,698	975,299	1,399

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Housing and development				
Inspections	$ 139,355	$ 137,855	$ 125,325	$ 12,530
Planning and zoning	230,972	224,976	204,252	20,724
Economic development	260,927	200,927	199,314	1,613
Total housing and development	631,254	563,758	528,891	34,867
Total expenditures	9,749,175	9,625,098	9,135,481	489,617
Excess (deficiency) of revenues over (under) expenditures	(313,957)	(189,880)	517,474	707,354
Other financing sources (uses):				
Transfers in	509,415	509,415	-	(509,415)
Transfers out	(95,457)	(77,217)	(77,217)	-
Total other financing sources (uses)	413,958	432,198	(77,217)	(509,415)
Net change in fund balance	100,001	242,318	440,257	197,939
Fund balances, July 1	1,514,188	1,514,188	1,514,188	-
Fund balances, June 30	$ 1,614,189	$ 1,756,506	$ 1,954,445	$ 197,939

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
CURRENT ASSETS				
Cash	$ 4,991,496	$ 3,260	$ 4,994,756	$ 214,987
Accounts receivable	1,160,090	90,714	1,250,804	-
Due from other funds	1,722,872	11,074	1,733,946	-
Inventories	150,579	-	150,579	-
Restricted assets				
Cash	1,091,419	-	1,091,419	-
Investments	1,027,713	-	1,027,713	-
Total current assets	10,144,169	105,048	10,249,217	214,987
NONCURRENT ASSETS				
Capital assets				
Land	151,310	-	151,310	-
Buildings	21,048,720	-	21,048,720	-
Site improvements	30,842	-	30,842	-
Machinery and equipment	1,614,544	-	1,614,544	-
Infrastructure	15,847,573	-	15,847,573	-
Construction in progress	757,670	-	757,670	-
	39,450,659	-	39,450,659	-
Less accumulated depreciation	(11,855,247)	-	(11,855,247)	-
Total capital assets (net of accumulated depreciation)	27,595,412	-	27,595,412	-
Bond issuance costs (unamortized balance)	507,240	-	507,240	-
Total noncurrent assets	28,102,652	-	28,102,652	-
Total assets	38,246,821	105,048	38,351,869	214,987

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

LIABILITIES	Business-type Activities - Enterprise Funds: Water and Sewer Fund	Business-type Activities - Enterprise Funds: Solid Waste Fund	Business-type Activities - Enterprise Funds: Totals	Governmental Activities: Internal Service Fund
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	$ 445,003	$ 86,113	$ 531,116	$ 91,044
Compensated absences payable - current	39,185	6,695	45,880	-
Accrued liabilities	76,356	8,379	84,735	5,221,335
Current maturities of long-term debt	80,330	-	80,330	-
Due to other funds	11,074	385,450	396,524	46,662
	651,948	486,637	1,138,585	5,359,041
Payable from restricted assets:				
Current portion of revenue bonds	545,000	-	545,000	-
Accrued interest	59,130	-	59,130	-
Deposits	268,315	-	268,315	-
	872,445	-	872,445	-
Total current liabilities	1,524,393	486,637	2,011,030	5,359,041
NONCURRENT LIABILITIES				
Compensated absences	58,777	10,042	68,819	-
Revenue bonds payable (net of current portion)	12,054,745	-	12,054,745	-
Other long-term debt	763,291	-	763,291	-
Total noncurrent liabilities	12,876,813	10,042	12,886,855	-
Total liabilities	14,401,206	496,679	14,897,885	5,359,041

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

NET ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Invested in capital assets, net of related debt	$ 14,152,046	$ -	$ 14,152,046	$ -
Restricted for debt service	423,583	-	423,583	-
Restricted for bond renewal and replacement	50,832	-	50,832	-
Unrestricted (deficit)	9,219,154	(391,631)	8,827,523	(5,144,054)
Total net assets (deficit)	$ 23,845,615	$ (391,631)	$ 23,453,984	$ (5,144,054)
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			20,658	
Net assets of business-type activities			$ 23,474,642	

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Operating revenues:				
Water sales	$ 3,914,357	$ -	$ 3,914,357	$ -
Sewer sales	2,510,926	-	2,510,926	-
Sanitation fees	-	1,217,590	1,217,590	-
Tap fees	167,133	-	167,133	-
Late charges	139,036	-	139,036	-
Activation fees	49,835	-	49,835	-
Charges for services	-	-	-	355,900
Miscellaneous charges	145,417	-	145,417	-
Total operating revenues	6,926,704	1,217,590	8,144,294	355,900
Operating expenses:				
Water administration	85,222	-	85,222	-
Wastewater administration	80,345	-	80,345	-
Sanitary sewer maintenance	232,913	-	232,913	-
Sewer plants and lift station	1,086,881	-	1,086,881	-
Lamar Hamm Water Treatment Plant	1,283,206	-	1,283,206	-
James Baugh Water Treatment Plant	388,850	-	388,850	-
Distribution	512,048	-	512,048	-
Water meter	364,051	-	364,051	-
Solid waste collection	-	1,002,766	1,002,766	-
Yard trimmings collection and management	-	349,796	349,796	-
Insurance claims	-	-	-	257,137
Depreciation	846,515	-	846,515	-
Total operating expenses	4,880,031	1,352,562	6,232,593	257,137
Operating income (loss)	2,046,673	(134,972)	1,911,701	98,763

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Nonoperating revenues (expenses):				
Interest revenue	$ 195,399	$ -	$ 195,399	$ 6,360
Interest and fiscal charges	(780,695)	-	(780,695)	-
Net increase in fair value of investments	43,548	-	43,548	-
Total nonoperating revenues (expenses)	(541,748)	-	(541,748)	6,360
Income (loss) before contributions	1,504,925	(134,972)	1,369,953	105,123
Capital contributions	324,771	-	324,771	-
Transfers in	-	77,217	77,217	-
Change in net assets	1,829,696	(57,755)	1,771,941	105,123
Net assets (deficit), July 1	22,015,919	(333,876)	21,682,043	(5,249,177)
Net assets (deficit), June 30	$ 23,845,615	$ (391,631)	$ 23,453,984	$ (5,144,054)

Reconciliation of change in net assets of the enterprise funds to change in net assets of business-type activities:	
Change in net assets of enterprise funds (from above)	$ 1,771,941
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	24,146
Change in net assets of business-type activities	$ 1,796,087

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 6,938,110	$ 1,260,419	$ 8,198,529	$ -
Receipts from interfund providers	-	-	-	362,522
Payments to suppliers and service providers	(1,961,141)	(1,140,071)	(3,101,212)	(331,344)
Payments to employees	(1,395,027)	(194,305)	(1,589,332)	-
Net cash provided by (used in) operating activities	3,581,942	(73,957)	3,507,985	31,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	77,217	77,217	-
Net cash provided by noncapital financing activities	-	77,217	77,217	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	33,133	-	33,133	-
Interest on investments	195,399	-	195,399	6,360
Net cash provided by investing activities	228,532	-	228,532	6,360
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,160,864)	-	(1,160,864)	-
Proceeds on sale of capital assets	542,229	-	542,229	-
Interest and fiscal charges paid	(775,131)	-	(775,131)	-
Principal payments on long-term borrowings	(596,357)	-	(596,357)	-
Net cash used in capital and related financing activities	(1,990,123)	-	(1,990,123)	-
Increase in cash	1,820,351	3,260	1,823,611	37,538
Cash, July 1	4,262,564	-	4,262,564	177,449
Cash, June 30	$ 6,082,915	$ 3,260	$ 6,086,175	$ 214,987

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Classified as:				
Cash	$ 4,991,496	$ 3,260	$ 4,994,756	$ 214,987
Restricted assets, cash	1,091,419	-	1,091,419	-
	$ 6,082,915	$ 3,260	$ 6,086,175	$ 214,987
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 2,046,673	$ (134,972)	$ 1,911,701	$ 98,763
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	846,515	-	846,515	-
Changes in assets and liabilities:				
Decrease in accounts receivable	1,851	42,829	44,680	-
Decrease in due from other funds	407,940	82,231	490,171	-
Decrease in inventories	7,161	-	7,161	-
Decrease in claims payable	-	-	-	(97,807)
Increase (decrease) in accounts payable	324,001	(6,987)	317,014	23,600
Increase in accrued wages payable	51,789	5,533	57,322	-
Increase (decrease) in compensated absences payable	(12,260)	3,591	(8,669)	-
Increase (decrease) in due to other funds	(101,283)	(66,182)	(167,465)	6,622
Increase in customer deposits	9,555	-	9,555	-
Net cash provided by (used in) operating activities	$ 3,581,942	$ (73,957)	$ 3,507,985	$ 31,178
Noncash investing, capital, and financing activities:				
Contributions of capital assets from SPLOST Fund	$ 324,771	$ -	$ 324,771	$ -
Increase in fair value of investments	43,548	-	43,548	-
Total noncash investing, capital, and financing activities	$ 368,319	$ -	$ 368,319	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Pension Trust Fund	Agency Fund School Fund
ASSETS		
Cash	$ 271,332	$ 19,961
Investments		
Certificates of deposit	685,000	-
U.S. government agencies	214,339	-
Mutual funds	4,732,329	-
Taxes receivable	-	25,184
Total assets	5,903,000	45,145
LIABILITIES		
Accounts payable	3,462	-
Due to others	-	20,883
Uncollected taxes	-	24,262
Total liabilities	3,462	45,145
NET ASSETS		
Net assets held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 61	$ 5,899,538	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ADDITIONS		
Contributions - employer	$	525,000
Investment income		
Net appreciation in fair value of investments		505,781
Investment income		157,093
Total additions		1,187,874
DEDUCTIONS		
Benefits		488,599
Administration expense		39,249
Total deductions		527,848
Net increase		660,026
Net assets, July 1		5,239,512
Net assets, June 30	$	5,899,538

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Milledgeville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Milledgeville, Georgia operates under a council/manager form of government and provides the following services to its citizens: public safety, public works, sanitation, water and sewer, culture and recreation, municipal court, and general and administrative services. As required by generally accepted accounting principles, these financial statements present 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 relationship with the City. In conformity with accounting principles generally accepted in the United States of America, as set forth in Statement of Governmental Accounting Standards No. 14 "The Financial Reporting Entity," the financial statements of the component units are discretely presented in the government-wide financial statements.

The Milledgeville Baldwin County Allied Arts ("Allied Arts") is governed by a seven member board, of which three members are appointed by the City, and one member is a joint appointment of the City and Baldwin County. The City approves the annual funding portion of the budget requested by Allied Arts, which is administered by the appointed Allied Arts Board. In addition, the City provides a substantial majority of funding for the operation of Allied Arts; therefore, Allied Arts is considered to be fiscally dependent on the City. Allied Arts is presented as a governmental fund type component unit. Separate statements are not prepared for the Milledgeville-Baldwin County Allied Arts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Mary Vinson Memorial Library (the "Library") is governed by an eight member board, of which four members are appointed by the City. The City approves the annual funding portion of the budget requested by the Library, which is administered by the appointed Library Board. In addition, the City provides the majority of funding for the operation of the Library, therefore, the Library is considered to be fiscally dependent on the City. The Mary Vinson Memorial Library is presented as a governmental fund type component unit. Separate statements are not prepared for the Mary Vinson Memorial Library.

Milledgeville Mainstreet Downtown Development Authority ("Mainstreet") is governed by a seven member board, all appointed by the City. The City approves the annual funding portion of the budget requested by Mainstreet, which is administered by the appointed Board. In addition, the City provides substantial funding for the operation of Mainstreet, therefore, Mainstreet is considered to be fiscally dependent on the City. The Milledgeville Mainstreet Downtown Development Authority is presented as a governmental fund type component unit. Separate statements are not prepared for the Milledgeville Mainstreet Downtown Development Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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.

C. Measurement Focus, Basis of Accounting and Basis of 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 the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. 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. Expenditures generally are 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

The City reports the following major business-type funds:

The ***Water and Sewer Fund*** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The ***Solid Waste Fund*** accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

The ***special revenue funds*** account for specific revenues that are legally restricted to expenditures for particular purposes.

The ***internal service fund*** accounts for assets set aside for claim settlements for general liability and workers' compensation claims.

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

The ***agency fund*** accounts for the 1 mill tax collected by the City as an agent for Georgia Military College.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 principal operating revenues of the enterprise fund are charges for goods and services provided. Operating expenses of the enterprise fund include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Project length budgets are adopted for the capital projects fund. All annual appropriations lapse at fiscal year end. Budgets are adopted for the enterprise fund and the internal service fund strictly for managerial purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contract) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Retroactive Restatement of Net Assets in Accordance with GASB No. 34

The City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", as amended and interpreted, as of and for the year ended June 30, 2007. This resulted in restating the opening balance of net assets of the Government-wide Financial Statements' governmental activities by an amount of $5,108,294, from $11,210,311 to a restated amount of $16,318,605.

F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, 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 investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

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 fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value).

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

G. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as 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".

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Expenditures/Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items regardless of the acquisition date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following useful lives:

Asset	Years
Land improvements	10
Buildings	10 - 50
Infrastructure	10 - 50
Machinery and equipment	3 - 50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2007.

L. Compensated Absences

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences", no liability is recorded for non-vesting accumulating rights to receive sick pay benefits because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are 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.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The gain on defeasance of bonds is presented as an addition to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity

In governmental funds, reservations represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing them.

2. Public hearings are conducted at City Hall to obtain citizen comment.

3. Prior to July 1, the budget is legally enacted through passage of a resolution.

4. Transfers of budgeted amounts between line items in a department must be approved by the City Manager. Any revisions that alter the total expenditures of any department must be approved by City Council. Requests for additional personnel within a department must also be approved by City Council. Encumbrances at year-end are carried forward to the ensuing year's budget.

5. Budgets for the General and Special Revenue Funds are legally adopted on a departmental basis and on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions. To ensure sound financial administration, the Council also adopts an annual operating budget for the City's Enterprise Funds, the Water and Sewer Fund and Solid Waste Fund. The budget is not formally integrated with the accounts of the Enterprise Funds, but interim detailed management reports are developed which indicate specific variances from the planned budget for operations.

6. Budgeted amounts are as originally adopted on June 13, 2006 or as amended by the Board of Commissioners. The supplementary budgetary appropriations made were not material.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Deficit Fund Equity

The Hotel/Motel Fund had a fund balance deficit of $260 which will be eliminated through future tax receipts. The Risk Management Internal Service Fund had a net deficit of $5,144,054 resulting from the incurred but not reported liability (IBNR) as of June 30, 2007. This deficit will be eliminated through increased transfers from other funds. The Solid Waste Fund had a deficit in net assets of $391,631 which will be eliminated through increased transfers from other funds and increased sanitation fees.

NOTE 3. CASH AND INVESTMENTS

Credit risk. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). The City's Employee Retirement Plan Trust Fund invests in Mutual Funds whose underlying securities are U.S. Government or agency obligations and U. S. corporate equities.

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

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, 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, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At June 30, 2007, the City's investments were as follows:

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**Rating**
Government agencies	$ 214,339	$ 212,908	$ 807	$ -	$ 624	AAA
Government bonds	1,027,713	-	-	-	1,027,713	AAA
Mutual bond funds	1,204,847	-	-	-	-	N/A
Mutual equity funds	3,527,482	-	-	-	-	N/A
Certificates of deposit	685,000	465,000	220,000	-	-	N/A
Georgia Fund 1	2,778,440	2,778,440	-	-	-	AAAm
Total fair value	$ 9,437,821	$ 3,456,348	$ 220,807	$ -	$ 1,028,337	

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of $43,548 which is reflected in the Water and Sewer Fund and an unrealized gain of $505,781 which is reflected in the Pension Trust Fund.

NOTE 4. RECEIVABLES

Receivables consisted of the following at June 30, 2007:

	General	Water and Sewer	Solid Waste	Nonmajor Funds	Total
Receivables:					
Taxes	$ 302,054	$ -	$ -	$ 26,915	$ 328,969
Accounts	10,409	1,578,503	155,604	-	1,744,516
Mortgages	-	-	-	4,859	4,859
Gross receivables	312,463	1,578,503	155,604	31,774	2,078,344
Less allowance for uncollectibles	(47,053)	(418,413)	(64,890)	-	(530,356)
Net total receivables	$ 265,410	$ 1,160,090	$ 90,714	$ 31,774	$ 1,547,988

Property taxes are levied by the City based on the assessed value of property as listed on the digest furnished by Baldwin County. Assessed values are forty percent (40%) of market value and are based on current property value.

The delinquent taxes receivable account represents the past nine years of uncollected tax levies.

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on December 15, 2006, and payable on or before February 20, 2007. Penalties were assessed on unpaid balances as of March 1, 2007 and interest began accruing on unpaid balances on February 25, 2007. The government bills and collects its own property taxes. Property taxes levied for 2006 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2007 and expected to be collected by August 1, 2007, are recognized as revenues in fiscal year 2007. Net receivables estimated to be collectible subsequent to August 1, 2007, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, is as follows:

	Balance July 1, 2006	Increases	Decreases	Transfers	Balance June 30, 2007
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,403,770	$	$ -	$ -	$ 2,403,770
Construction in progress	67,476	64,883	-	(59,691)	72,668
Total	2,471,246	64,883	-	(59,691)	2,476,438
Capital assets, being depreciated:					
Buildings	3,536,685	78,164	-	-	3,614,849
Land improvements	76,240	-	-	-	76,240
Infrastructure	21,341,768	71,566	-	59,691	21,473,025
Machinery and equipment	3,829,685	455,262	(170,750)	-	4,114,197
Total	28,784,378	604,992	(170,750)	59,691	29,278,311
Less accumulated depreciation for:					
Buildings	1,587,540	106,528	-	-	1,694,068
Land improvements	19,050	7,624	-	-	26,674
Infrastructure	13,092,905	611,947	-	-	13,704,852
Machinery and equipment	2,856,804	315,259	(170,750)	-	3,001,313
Total	17,556,299	1,041,358	(170,750)	-	18,426,907
Total assets, being depreciated, net	11,228,079	(436,366)	-	59,691	10,851,404
Governmental activities capital assets, net	$ 13,699,325	$ (371,483)	$ -	$ -	$ 13,327,842

The net beginning balance of capital assets has been increased by $5,108,294 to retroactively record the City's infrastructure purchased or constructed prior to the adoption of GASB 34.

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Increases	Decreases	Transfers	Balance June 30, 2007
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 151,310	$	$ -	$ -	$ 151,310
Construction in progress	669,169	633,631	-	(545,130)	757,670
Total	820,479	633,631	-	(545,130)	908,980
Capital assets, being depreciated:					
Buildings	21,048,720	-	-	-	21,048,720
Land improvements	30,842	-	-	-	30,842
Infrastructure	15,155,113	147,330	-	545,130	15,847,573
Machinery and equipment	1,524,520	162,444	(72,420)	-	1,614,544
Total	37,759,195	309,774	(72,420)	545,130	38,541,679
Less accumulated depreciation for:					
Buildings	3,818,731	422,357	-	-	4,241,088
Land improvements	21,236	1,630	-	-	22,866
Infrastructure	6,229,645	291,298	-	-	6,520,943
Machinery and equipment	1,011,541	131,229	(72,420)	-	1,070,350
Total	11,081,153	846,514	(72,420)	-	11,855,247
Total assets, being depreciated, net	26,678,042	(536,740)	-	545,130	26,686,432
Business-type activities capital assets, net	$ 27,498,521	$ 96,891	$ -	$ -	$ 27,595,412

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	64,157
Judicial		3,199
Public safety		219,448
Public works		726,315
Culture and recreation		25,917
Housing and development		2,322
Total depreciation expense - governmental activities	$	1,041,358
Business-type activities:		
Water and sewer	$	846,514
Total depreciation expense - business-type activities	$	846,514

NOTE 6. LONG-TERM DEBT

Revenue Bonds. In 1996, the City issued $16,545,000 of serial bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2007 excluding the bond premium of $334,745 are as follows:

Purpose	Interest Rates	Terms	Due Date	Amount
Water & Sewer Improvements	3.60% - 6.00%	25 years	2021	$ 12,265,000

Revenue bonds debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2008	$ 545,000	$ 695,940
2009	575,000	667,940
2010	600,000	638,265
2011	635,000	606,455
2012	665,000	572,323
2013-2017	3,955,000	2,207,850
2018-2022	5,290,000	830,050
	$ 12,265,000	$ 6,218,823

NOTE 6. LONG-TERM DEBT (CONTINUED)

The City has incurred debt to the Georgia Environmental Facilities Authority for various water and sewer system projects. These notes are as follows at June 30, 2007:

Original Amount	Interest Rate	Term	Due Date	Amount
$ 800,000	4.8%	20 years	2015	$ 412,834
711,500	5.6%	20 years	2016	430,787
				$ 843,621

The primary government's total other long-term debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2008	$ 80,330	$ 42,126
2009	84,714	37,742
2010	89,135	33,321
2011	93,856	28,600
2012	98,792	23,664
2013-2016	396,794	40,694
	$ 843,621	$ 206,147

NOTE 6. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2007, is as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental activities:					
Compensated absences	$ 333,354	$ 251,415	$ 240,758	$ 344,011	$ 137,604
Claims payable	5,319,142	188,740	286,547	5,221,335	300,000
Long-term liabilities	$ 5,652,496	$ 440,155	$ 527,305	$ 5,565,346	$ 437,604
Business-type activities:					
Revenue bonds payable	$ 12,785,000	$ -	$ 520,000	$ 12,265,000	$ 545,000
Add deferred amounts:					
For bond premium	350,377	-	15,632	334,745	-
Total bonds payable	13,135,377	-	535,632	12,599,745	545,000
Notes payable	919,978	-	76,357	843,621	80,330
Compensated absences	123,368	87,078	95,747	114,699	45,880
Long-term liabilities	$ 14,178,723	$ 87,078	$ 707,736	$ 13,558,065	$ 671,210

The current portion of revenue bonds payable is included in liabilities payable from restricted assets on the statement of net assets.

For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund and the Solid Waste Fund. Claims payable are liquidated by the Internal Service Fund.

NOTE 7. DEFEASED DEBT OUTSTANDING

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2007, the outstanding amount of bonds considered defeased in prior and current years is $260,000.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	$ 385,450
SPLOST Fund	General Fund	20,201
Water and Sewer Fund	General Fund	1,722,872
Solid Waste Fund	Water and Sewer Fund	11,074
General Fund	Internal Service Fund	46,662
		$ 2,186,259

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

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfer in	Transfer out	Amount
Solid Waste Fund	General Fund	$ 77,217

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 9. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Milledgeville maintains a single employer defined benefit pension plan, the City of Milledgeville Retirement Plan (the "Plan"). The Plan is administered by a board of trustees, which includes the Mayor, Finance Director, Personnel Director and two Aldermen. No stand alone financial statements are available. The Plan covers all full-time government employees who have completed one year of service. Also, elected and appointed members, including municipal legal officers are eligible immediately. Benefit provisions are established by City ordinance. The City of Milledgeville Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. At July 1, 2006, the date of the most recent actuarial valuation, there were 291 participants consisting of:

Retirees and beneficiaries currently receiving benefits	73
Vested terminated employees not yet receiving benefits	29
Active employees	189
Total	291

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the City of Milledgeville Pension Plan are prepared using the accrual basis of accounting. The City's contributions 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.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

C. Contributions

The City makes all contributions to the City of Milledgeville Pension Plan, which is provided by City ordinance. Plan participants are not required to contribute. The City is required to contribute at an actuarially determined rate; the current rate is 14.1% of annual covered payroll. Administrative costs of the plan are financed through investment income. Any changes to the plan must be approved by the City Council.

The annual required contribution for the current year was determined as part of the July 1, 2006 actuarial valuation using the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, and (b) projected salary increases of 3%.

D. Concentrations

Each of the following mutual fund plan investments represents 5% or more of plan net assets: Vanguard Total Bond Market Index Fund; Davis New York Venture Fund, Inc., Class A; Fidelity Contrafund, Inc.; Dodge & Cox Income Fund; Selected American Shares Fund; and Vanguard Growth and Income Fund.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Annual Pension Cost and Net Pension Obligation (Asset)

Required contribution	$ 652,432
Interest on net pension obligation	(50,873)
Amortization of net pension obligation	54,735
Annual pension cost	656,294
Employer contributions for period ending June 30, 2007	525,000
Increase (decrease) in net pension obligation (asset)	131,294
Net pension obligation (asset) beginning of year	(726,758)
Net pension obligation (asset) end of year	$ (595,464)

F. Trend Information

Trend Information for The Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Actual City Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/01	$ 232,189	$ 334,738	144 %	$ (523,889)
12/31/02	247,523	286,560	116	(562,926)
12/31/03	281,876	271,240	96	(552,290)
12/31/04	233,518	366,298	157	(685,070)
6/30/06	519,433	561,121	108	(726,758)
6/30/07	656,294	525,000	80	(595,464)

The City changed its fiscal year end from December 31 to June 30 beginning in 2005. Therefore, the actual City contribution shown above for June 30, 2006 is for 18 months.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2006
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of projected payroll
Amortization period	30 years, closed
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.00%
Post retirement benefit increases	None
Inflation	None
Mortality rate	1994 Group annuity mortality table

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in 1992, the City elected to stop carrying commercial insurance because of its prohibitive cost and began covering all claim settlements and judgments out of its General Fund and Water and Sewer Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the Risk Management Fund because it is expected to be liquidated with expendable available financial resources. Change in the balances of claims liabilities during the past year are as follows:

	June 30, 2007	June 30, 2006
Unpaid claims, beginning of year	$ 5,319,142	$ 5,439,195
Incurred claims and changes in estimates	159,330	320,875
Claim payments	(257,137)	(440,928)
Unpaid claims, end of year	$ 5,221,335	$ 5,319,142

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

The City provides postretirement life insurance benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the City of Milledgeville. Employees are eligible if they retired on or after age 52 with at least 10 years of service, unless the employee was hired after turning age 52, whereby the 10 year requirement does not apply. The City pays 100% of the life insurance premiums. The City finances the plan on a pay-as-you-go basis. As of June 30, 2007, there were 25 retired employees receiving life insurance benefits. For the year ended June 30, 2007, the City paid $4,342 for these benefits.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at June 30, 2007, the City has contractual commitments on uncompleted contracts of approximately $54,513.

Litigation

The City is involved in several small or pending lawsuits. In the opinion of management, based on consultations with legal counsel, an unfavorable outcome in excess of insurance coverage is unlikely.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, the City's management believes such disallowances, if any, will not be significant.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. A summary of the transactions for the fiscal year ending June 30, 2007, are as follows:

Balance of lodging tax funds on hand at July 1, 2006	$ (2,814)
Lodging tax receipts	262,255
Disbursements to Convention and Visitors Bureau	(259,701)
Balance of lodging tax funds on hand at June 30, 2007	$ (260)

NOTE 14. RELATED ORGANIZATIONS

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

NOTE 15. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 11 county, 22 city middle Georgia area, is a member of the Middle Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2007, the City paid $14,443 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Middle Georgia Regional Development Center
175-C Emery Highway
Macon, Georgia 31201

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLEDGEVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
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
12/31/96	$ 5,223,014	5,713,605	$ 490,591	91.4 %	$ 3,375,438	14.5 %
12/31/97	5,444,640	5,849,120	404,480	93.1	3,428,659	11.8
12/31/98	5,949,954	6,278,699	328,745	94.8	3,471,973	9.5
12/31/99	6,652,441	6,817,573	165,132	97.6	3,700,190	4.5
12/31/00	6,253,507	7,217,059	963,552	86.6	3,865,393	24.9
12/31/01	5,797,468	7,339,118	1,541,650	79.0	3,954,783	39.0
12/31/02	5,383,052	7,004,948	1,621,896	76.8	4,138,972	39.2
12/31/03	4,839,322	6,624,107	1,784,785	73.1	4,342,603	41.1
12/31/04	4,865,028	6,273,835	1,408,807	77.5	4,154,320	33.9
07/01/06	5,245,659	9,259,588	4,013,929	56.7	4,622,187	86.8

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel taxes collected.

Silver-Haired Legislature Grant Fund – This fund is used to account for various grants received from the State of Georgia for the operating expenses of the Silver-Haired Legislature.

Community Development Block Grant Program Income Fund – This fund is used to account for the activity of the City's community development block grant programs. Financing was originally provided by a grant received from the U.S. Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Confiscated Assets Fund – This fund is used to account for condemnation proceeds. Funds may be used for public safety purposes except for salaries.

Capital Projects Funds

Leo Court Fund – This fund is used to account for a Community Development Block Grant for street and drainage improvements on Leo Court.

CITY OF MILLEDGEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

ASSETS	Special Revenue Funds				Capital Projects Fund	
	Hotel/Motel Tax Fund	Silver-Haired Legislature Grant Fund	CDBG Program Income Fund	Confiscated Assets Fund	Leo Court Fund	Total
Cash and cash equivalents	$ 23,838	$ 2,150	$ 389,427	$ 13,221	$ -	$ 428,636
Taxes receivable	26,915	-	-	-	-	26,915
Notes receivable	-	-	4,859	-	-	4,859
Total assets	$ 50,753	$ 2,150	$ 394,286	$ 13,221	$ -	$ 460,410
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 51,013	$ 177	$ -	$ -	$ -	$ 51,190
Deferred revenue	-	1,973	4,859	-	-	6,832
Total liabilities	51,013	2,150	4,859	-	-	58,022
FUND BALANCES						
Reserved for public safety	-	-	-	13,221	-	13,221
Reserved for community development	-	-	389,427	-	-	389,427
Unreserved, undesignated (deficit)	(260)	-	-	-	-	(260)
Total fund balances (deficits)	(260)	-	389,427	13,221	-	402,388
Total liabilities and fund balances	$ 50,753	$ 2,150	$ 394,286	$ 13,221	$ -	$ 460,410

CITY OF MILLEDGEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds				Capital Projects Fund	
	Hotel/Motel Tax Fund	Silver-Haired Legislature Grant Fund	CDBG Program Income Fund	Confiscated Assets Fund	Leo Court Fund	Total
Revenues:						
Taxes	$ 262,255	$ -	$ -	$ -	$ -	$ 262,255
Intergovernmental	-	1,320	-	-	87,907	89,227
Fines and forfeitures	-	-	-	5,322	-	5,322
Interest revenue	-	-	-	227	-	227
Other revenues	-	3,658	2,567	-	-	6,225
Total revenues	262,255	4,978	2,567	5,549	87,907	363,256
Expenditures:						
Current:						
General government	-	4,978	-	-	-	4,978
Public safety	-	-	-	11,893	-	11,893
Housing and development	259,701	-	34	-	-	259,735
Capital outlay	-	-	-	-	87,627	87,627
Total expenditures	259,701	4,978	34	11,893	87,627	364,233
Net change in fund balances	2,554	-	2,533	(6,344)	280	(977)
Fund balances, July 1	(2,814)	-	386,894	19,565	(280)	403,365
Fund balances, June 30	$ (260)	$ -	$ 389,427	$ 13,221	$ -	$ 402,388

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, taxes	$ 262,000	$ 262,255	$ 255
Expenditures, housing and development	262,000	259,701	2,299
Net change in fund balances	-	2,554	2,554
Fund balances, July 1	(2,814)	(2,814)	-
Fund balances, June 30	$ (2,814)	$ (260)	$ 2,554

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

SILVER-HAIRED LEGISLATURE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ 5,000	$ 1,320	$ (3,680)
Other	-	3,658	3,658
Total revenues	5,000	4,978	(22)
Expenditures, general government	5,000	4,978	22
Net change in fund balances	-	-	-
Fund balances, July 1	-	-	-
Fund balances, June 30	$ -	$ -	$ -

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, other	$ 450	$ 2,567	$ 2,117
Expenditures, housing and development	100,450	34	100,416
Net change in fund balances	(100,000)	2,533	102,533
Fund balances, July 1	386,894	386,894	-
Fund balances, June 30	$ 286,894	$ 389,427	$ 102,533

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	$ 5,350	$ 5,322	$ (28)
Interest revenue	50	227	177
Total revenues	5,400	5,549	149
Expenditures, public safety	11,930	11,893	37
Net change in fund balances	(6,530)	(6,344)	186
Fund balances, July 1	19,565	19,565	-
Fund balances, June 30	$ 13,035	$ 13,221	$ 186

AGENCY FUND

School Fund – This fund is used to account for the collection and disbursement of tax revenues levied for Georgia Military College.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2007

	School Fund
ASSETS	
Cash	$ 19,961
Taxes receivable	25,184
Total assets	$ 45,145
LIABILITIES	
Due to others	$ 20,883
Uncollected taxes	24,262
Total liabilities	$ 45,145

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

School Fund	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Cash	$ 270,931	$ 47,597	$ 298,567	$ 19,961
Taxes receivable	23,622	282,426	280,864	25,184
Total assets	$ 294,553	$ 330,023	$ 579,431	$ 45,145
Due to others	$ 270,931	$ 48,519	$ 298,567	$ 20,883
Uncollected taxes	23,622	281,504	280,864	24,262
Total liabilities	$ 294,553	$ 330,023	$ 579,431	$ 45,145

COMPONENT UNITS

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MILLEDGEVILLE BALDWIN COUNTY ALLIED ARTS
JUNE 30, 2007

ASSETS	
Cash	$ 173,040
Total assets	$ 173,040
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accrued liabilities	$ 1,448
Total liabilities	1,448
FUND BALANCE	
Unreserved, undesignated	171,592
Total liabilities and fund balance	$ 173,040

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - MILLEDGEVILLE BALDWIN COUNTY ALLIED ARTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Revenues		
Intergovernmental	$	7,260
Contributions		166,766
Interest revenue		723
Other revenues		36,765
Total revenues		211,514
Expenditures, culture and recreation		219,910
Net change in fund balance		(8,396)
Fund balance, July 1		179,988
Fund balance, June 30	$	171,592

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MARY VINSON MEMORIAL LIBRARY
JUNE 30, 2007

ASSETS		
Cash	$	137,040
Investments		3,466
Accounts receivable		1,157
Total assets	$	141,663
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	10,515
Accrued liabilities		18,243
Total liabilities		28,758
FUND BALANCE		
Unreserved, undesignated		112,905
Total liabilities and fund balance	$	141,663

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - MARY VINSON MEMORIAL LIBRARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Revenues		
Intergovernmental	$	177,918
Contributions		512,016
Interest revenue		261
Other revenues		35,194
Total revenues		725,389
Expenditures, education		688,278
Net change in fund balance		37,111
Fund balance, July 1		75,794
Fund balance, June 30	$	112,905

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MILLEDGEVILLE MAINSTREET DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2007

ASSETS		
Cash	$	51,781
Notes receivable		65,655
Total assets	$	117,436
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	308
Accrued liabilities		1,256
Total liabilities		1,564
FUND BALANCE		
Reserved for noncurrent notes receivable		65,655
Unreserved, undesignated		50,217
Total fund balance		115,872
Total liabilities and fund balance	$	117,436

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - MILLEDGEVILLE MAINSTREET DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Revenues		
Contributions	$	79,866
Special events		182,641
Interest revenue		7,016
Other revenues		220
Total revenues		269,743
Expenditures, housing and development		264,821
Net change in fund balance		4,922
Fund balance, July 1		110,950
Fund balance, June 30	$	115,872

STATISTICAL SECTION

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

Contents ..... **Page**

Financial Trends ..... **76 - 83**

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

Revenue Capacity ..... **84 - 90**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity ..... **91 - 95**

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

Demographic and Economic Information ..... **96 and 97**

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

Operating Information ..... **98 - 100**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 for the year ended December 31, 2003; schedules presenting financial information include information beginning in that year.

CITY OF MILLEDGEVILLE, GEORGIA

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	$ 4,201,618	$ 5,184,092	$ 8,063,087	$ 8,591,031	$ 13,327,842
Restricted	-	-	-	5,360,037	6,520,856
Unrestricted	(210,964)	2,280,214	1,664,442	(2,740,757)	(2,397,339)
Total governmental activities net assets	$ 3,990,654	$ 7,464,306	$ 9,727,529	$ 11,210,311	$ 17,451,359
Business-type activities:					
Invested in capital assets, net of related debt	$ 10,460,587	$ 11,386,155	$ 11,437,514	$ 13,443,166	$ 14,152,046
Restricted	876,917	1,025,536	1,410,557	485,662	474,415
Unrestricted	3,547,774	4,875,228	5,432,916	7,749,727	8,848,181
Total business-type activities net assets	$ 14,885,278	$ 17,286,919	$ 18,280,987	$ 21,678,555	$ 23,474,642
Primary government:					
Invested in capital assets, net of related debt	$ 14,662,205	$ 16,570,247	$ 19,500,601	$ 22,034,197	$ 27,479,888
Restricted	876,917	1,025,536	1,410,557	5,845,699	6,995,271
Unrestricted	3,336,810	7,155,442	7,097,358	5,008,970	6,450,842
Total primary government net assets	$ 18,875,932	$ 24,751,225	$ 28,008,516	$ 32,888,866	$ 40,926,001

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005 (1)	2006	2007
Expenses					
Governmental activities:					
General government	$ 1,532,755	$ 1,301,315	$ 650,503	$ 1,382,974	$ 1,554,126
Judicial	-	127,221 (2)	60,911	138,253	144,191
Public safety	4,500,525	4,142,449	2,226,618	4,950,692	5,057,547
Public works	3,037,978	1,614,112 (3)	870,502	1,474,717	2,722,253
Culture and recreation	757,894	856,664	458,576	899,585	1,006,164
Housing and development	162,805	609,672	306,324	723,575	798,266
Interest on long-term debt	9,760	4,911	832	762	-
Total governmental activities expenses	10,001,717	8,656,344	4,574,266	9,570,558	11,282,547
Business-type activities:					
Water and sewer	5,522,337	5,484,315	2,705,299	5,418,621	5,638,041
Solid waste	-	1,277,277 (3)	635,673	1,251,481	1,352,562
Total business-type activities expenses	5,522,337	6,761,592	3,340,972	6,670,102	6,990,603
Total primary government expenses	$ 15,524,054	$ 15,417,936	$ 7,915,238	$ 16,240,660	$ 18,273,150
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,225,143	$ 231,013 (3)	$ 85,661	$ 339,402	$ 288,359
Public safety	554,673	473,710	248,591	615,218	619,075
Public works	805,541	500,904	17,535	-	-
Other activities	53,471	21,479	1,179	2,362	2,567
Operating grants and contributions	101,109	185,675	37,698	62,420	73,463
Capital grants and contributions	-	539,731	2,587,472	653,838	432,839
Total governmental activities program revenues	2,739,937	1,952,512	2,978,136	1,673,240	1,416,303

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005 (1)	2006	2007
Program revenues (continued)					
Business-type activities:					
Charges for services:					
Water and sewer	$ 5,698,606	$ 6,786,049	$ 3,335,326	$ 6,829,185	$ 6,926,704
Solid waste	-	1,059,675	554,451	1,216,534	1,217,590
Capital grants and contributions	744,297	756,994	344,709	1,266,640	324,771
Total business-type activities program revenues	6,442,903	8,602,718	4,234,486	9,312,359	8,469,065
Total primary government program revenues	$ 9,182,840	$ 10,555,230	$ 7,212,622	$ 10,985,599	$ 9,885,368
Net (expense)/revenue					
Governmental activities	$ (7,261,780)	$ (6,703,832)	$ (1,596,130)	$ (7,897,318)	$ (9,866,244)
Business-type activities	920,566	1,841,126	893,514	2,642,257	1,478,462
Total primary government net expense	$ (6,341,214)	$ (4,862,706)	$ (702,616)	$ (5,255,061)	$ (8,387,782)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	$ 1,960,066	$ 1,933,792	$ 197,551	$ 2,648,399	$ 2,653,251
Sales taxes	4,245,870	4,311,240	1,927,570	4,126,742	4,592,017
Hotel/motel taxes	239,045	267,967	127,137	253,303	262,255
Franchise taxes	868,543	900,981	862,924	1,073,816	1,102,370
Insurance premium taxes	805,709	873,170	-	939,416	982,864
Other taxes	413,064	1,008,178	705,067	1,021,223	1,078,493
Unrestricted investment earnings	27,973	37,694	39,105	120,737	404,965
Transfers	350,000	-	-	(803,536)	(77,217)
Total governmental activities	8,910,270	9,333,022	3,859,354	9,380,100	10,998,998

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005 (1)	2005 (1)	2006
General Revenues and Other Changes in Net Assets (continued)					
Business-type activities:					
Unrestricted investment earnings	$ 37,848	$ 96,236	$ 100,554	$ (48,225)	$ 240,408
Transfers	(350,000)	-	-	803,536	77,217
Total business-type activities	(312,152)	96,236	100,554	755,311	317,625
Total primary government	$ 8,598,118	$ 9,429,258	$ 3,959,908	$ 10,135,411	$ 11,316,623
Change in Net Assets					
Governmental activities	$ 1,648,490	$ 2,629,190	$ 2,263,224	$ 1,482,782	$ 1,132,754
Business-type activities	608,414	1,937,362	994,068	3,397,568	1,796,087
Total primary government	$ 2,256,904	$ 4,566,552	$ 3,257,292	$ 4,880,350	$ 2,928,841

(1) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

(2) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate Judicial function.

(3) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate enterprise fund for the Solid Waste activities.

CITY OF MILLEDGEVILLE, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

Year	Property Tax	Sales Tax	Other Taxes (1)	Franchise Tax	Insurance Premium Tax	Total
2003	$ 1,960,066	$ 4,245,870	$ 652,109	$ 868,543	$ 805,709	$ 8,532,297
2004	1,933,792	4,311,240	1,276,145	900,981	873,170	9,295,328
2005 (2)	197,551	1,927,570	832,204	862,924	-	3,820,249
2006	2,648,399	4,126,742	1,274,526	1,073,816	939,416	10,062,899
2007	2,653,251	4,592,017	1,340,748	1,102,370	982,864	10,671,250

(1) Includes alcoholic beverages taxes and hotel/motel taxes.

(2) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	$ 56,320	$ 32,817	$ 37,885	$ 51,978	$ 111,763
Unreserved	868,718	1,415,369	782,125	1,462,210	1,842,682
Total governmental activities net assets	$ 925,038	$ 1,448,186	$ 820,010	$ 1,514,188	$ 1,954,445
All Other Governmental Funds					
Reserved	$ 380,314	$ 396,400	$ 398,235	$ 5,793,736	$ 6,926,294
Unreserved, reported in:					
Special revenue funds	10,723	1,027	298	(2,814)	(260)
Capital projects funds	3,687,874	4,934,033	5,283,251	(280)	-
Total all other governmental funds	$ 4,078,911	$ 5,331,460	$ 5,681,784	$ 5,790,642	$ 6,926,034

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005 (1)	2006	2007
Revenues:					
Taxes	$ 8,185,479	$ 9,302,348	$ 4,085,630	$ 10,001,357	$ 10,681,688
Licenses and permits	633,841	205,708	78,372	302,250	245,612
Intergovernmental	97,033	719,709	851,904	558,486	502,644
Fines and forfeitures	554,377	449,043	247,386	615,218	619,075
Charges for services	1,299,540	525,571 (2)	12,592	14,972	7,919
Interest income	27,973	37,115	38,946	120,242	400,066
Other revenues	124,370	52,481	26,003	24,542	41,053
Total revenues	10,922,613	11,291,975	5,340,833	11,637,067	12,498,057
Expenditures:					
General government	1,499,287	1,268,741	602,264	1,293,058	1,260,215
Judicial	-	126,017 (3)	58,765	134,956	139,081
Public safety	4,371,968	4,097,120	2,105,534	4,601,913	4,775,248
Public works	3,177,813	1,278,923 (2)	629,949	1,373,713	1,473,618
Culture and recreation	744,601	836,284	448,189	876,398	975,299
Housing and development	239,045	612,491	305,036	723,538	788,626
Capital outlay	-	1,259,535	1,444,916	1,782,391	1,433,104
Debt service:					
Principal	119,611	150,276	23,200	47,302	-
Interest	9,760	4,911	832	762	-
Total expenditures	10,162,085	9,634,298	5,618,685	10,834,031	10,845,191
Excess of revenues over (under) expenditures	760,528	1,657,677	(277,852)	803,036	1,652,866

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005 (1)	2006	2007
Other Financing Sources (Uses)					
Proceeds from capital leases	$ 138,990	$ -	$ -	$ -	$ -
Transfers in from other funds	350,000	8,375	-	54	-
Transfers out to other funds	-	(8,375)	-	(54)	(77,217)
Total other financing sources (uses)	488,990	-	-	-	(77,217)
Net change in fund balances	$ 1,249,518	$ 1,657,677	$ (277,852)	$ 803,036	$ 1,575,649
Debt service as a percentage of noncapital expenditures	1.33%	1.81%	0.56%	0.51%	0.00%

(1) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

(2) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate Judicial function.

(3) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate enterprise fund for the Solid Waste activities.

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

Year	Property Tax	Sales Tax	Other Taxes (2)	Franchise Tax	Insurance Premium Tax	Total
2003	$ 1,960,066	$ 3,899,052	$ 652,109	$ 868,543	$ 805,709	$ 8,185,479
2004	1,940,812	4,311,240	1,276,145	900,981	873,170	9,302,348
2005 (3)	462,932	1,927,570	832,204	862,924	-	4,085,630
2006	2,586,857	4,126,742	1,274,526	1,073,816	939,416	10,001,357
2007	2,663,689	4,592,017	1,340,748	1,102,370	982,864	10,681,688

(1) Includes General, Special Revenue and Capital Projects Funds

(2) Includes alcoholic beverages taxes and hotel/motel taxes.

(3) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	Direct	Overlapping			
	City	State of Georgia	Baldwin County (1)	Baldwin County School Board	Total Direct and Overlapping Rates
1998	1.00%	4.00%	1.00%	1.00%	7.00%
1999	1.00%	4.00%	1.00%	1.00%	7.00%
2000	1.00%	4.00%	1.00%	1.00%	7.00%
2001	1.00%	4.00%	1.00%	1.00%	7.00%
2002	1.00%	4.00%	1.00%	1.00%	7.00%
2003	1.00%	4.00%	1.00%	1.00%	7.00%
2004	1.00%	4.00%	1.00%	1.00%	7.00%
2005	1.00%	4.00%	1.00%	1.00%	7.00%
2006	1.00%	4.00%	1.00%	1.00%	7.00%
2007	1.00%	4.00%	1.00%	1.00%	7.00%

Source: Georgia Department of Revenue, Sales and Use Tax Division

Notes:

(1) Current 1% special purpose local option sales tax expires March 31, 2012

(2) Current 1% education local option sales tax expires September 30, 2011

CITY OF MILLEDGEVILLE, GEORGIA

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

By Category	2004	2005	2006	2007
Food	$ 1,470,601	$ 1,484,331	$ 1,702,562	$ 1,642,198
Apparel	88,660	96,057	96,479	92,965
General	1,166,570	1,273,629	1,319,042	1,246,576
Automotive	956,362	1,115,842	1,227,571	1,141,843
Home	256,630	289,122	362,778	287,895
Lumber	577,265	570,625	722,251	635,949
Miscellaneous Service	246,321	208,836	243,942	209,455
Manufacturers	187,422	151,253	186,704	119,198
Utilities	499,701	507,428	564,852	545,532
Miscellaneous	363,371	375,626	428,756	414,712
	$ 5,812,903	$ 6,072,749	$ 6,854,937	$ 6,336,323

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Only four years of data are available

(2) Information only available for Baldwin County

(3) January - November 2007 distributions

CITY OF MILLEDGEVILLE, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other (1)					
1998	$ 71,227,174	$ 88,099,825	$ 9,523,261	$ 1,035,782	$ 633,280	$ 169,252,762	$ 9.75	$ 423,131,905	40%
1999	72,536,137	90,871,763	18,875,664	1,085,636	850,648	182,518,552	9.75	456,296,380	40%
2000	73,632,576	96,176,265	19,773,565	782,086	896,501	189,467,991	9.75	473,669,978	40%
2001	74,382,687	100,396,928	19,925,000	1,534,049	885,898	195,352,766	9.75	488,381,915	40%
2002	75,465,212	100,035,281	19,409,120	1,972,526	1,131,838	195,750,301	10.75	489,375,753	40%
2003	77,114,714	103,014,513	19,525,470	1,548,700	944,996	200,258,401	10.75	500,646,003	40%
2004	116,731,852	136,497,794	19,725,310	1,634,885	1,393,044	273,196,797	9.75	682,991,993	40%
2005	-	-	-	-	-	-	-	-	40%
2006	119,488,468	152,230,477	18,769,420	1,426,748	1,612,988	290,302,125	9.75	725,755,313	40%
2007	142,537,338	159,997,227	19,063,920	1,243,248	1,582,132	321,259,601	9.22	803,148,252	40%

Source: Baldwin County Tax Commissioner

(1) Includes mobile homes and heavy equipment.

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

	Fiscal Year Ended									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City of Milledgeville										
Maintenance & Operations	8.75	8.75	8.75	8.75	9.75	9.75	8.75	8.75	8.75	8.22
School Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City	9.75	9.75	9.75	9.75	10.75	10.75	9.75	9.75	9.75	9.22
Baldwin County	12.77	12.77	12.52	12.52	12.52	12.52	9.80	9.80	13.58	8.80
Baldwin County School District	16.65	16.65	16.65	16.65	18.65	18.65	14.57	14.57	14.57	16.07
Baldwin County School Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total	39.42	39.42	39.17	39.17	42.17	42.17	34.37	34.37	38.15	34.34

Source: City of Milledgeville financial records

Note: In 2004, there was a general reassessment of property values.
The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	$ 7,860,909	1	2.45%	$ 7,207,974	1	4.52%
Alltel	5,876,956	2	1.83%	4,706,852	2	2.99%
Lowe's of Milledgeville	5,318,058	3	1.66%	-		-
Eric S. Zorn, Trustee	4,904,680	4	1.53%	-		-
Wal-Mart	4,491,161	5	1.40%	3,391,940	3	2.13%
Heritage Walk Investments	3,208,480	6	1.00%	1,973,387	7	1.24%
Shaw Industries	3,103,664	7	0.97%	2,534,947	4	1.59%
Hatcher Square	2,070,400	8	0.64%	2,134,918	6	1.34%
Exchange Bank	1,778,240	9	0.55%	1,300,692	9	0.82%
Woodland Terrace Properties	1,761,864	10	0.55%	-		
Brunos, Inc.	-		-	2,521,055	5	1.58%
Century Bank	-		-	1,560,469	8	0.98%
Pine Knoll Apartments, Inc.	-		-	1,194,281	10	0.75%
Totals	$ 40,374,412		12.58%	$ 28,526,515		17.94%

Source: City of Milledgeville and Baldwin County records

Note: Zorn Trustee (new Wal-Mart site) opened in 2004 with other stores.
Lowe's opened in 2005.
Woodland Terrace Properties developed in late 2005.

CITY OF MILLEDGEVILLE, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the 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
1998	$ 1,423,056	$ 1,335,233	93.8 %	$ 84,448	$ 1,419,681	99.8 %
1999	1,469,111	1,372,393	93.4	92,719	1,465,112	99.7
2000	1,524,048	1,399,773	91.8	112,124	1,511,897	99.2
2001	1,567,253	1,479,450	94.4	83,839	1,563,289	99.7
2002	1,689,634	1,442,656	85.4	235,773	1,678,429	99.3
2003	1,790,083	1,425,917	79.7	359,250	1,785,167	99.7
2004	2,313,713	231,781	10.0	2,066,964	2,298,745	99.4
2005	-	-	-	-	-	-
2006	2,483,150	2,301,053	92.7	72,192	2,373,245	95.6
2007	2,608,910	2,440,936	93.6	-	2,440,936	93.6

Source: City of Milledgeville financial records.

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only. 2004 property taxes were not levied until December 23, 2004.

CITY OF MILLEDGEVILLE, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Lease Obligations	Water & Sewer Notes	Revenue Bonds			
1998	$ 2,055,000	$ 151,696	$ 1,392,534	$ 15,825,000	$ 19,424,230	6.73%	$ 1,095.74
1999	1,960,000	495,604	1,333,596	15,445,000	19,234,200	5.87%	1,085.02
2000	1,855,000	395,113	1,272,661	15,050,000	18,572,774	4.66%	990.18
2001	-	294,042	1,214,783	14,635,000	16,143,825	4.05%	860.68
2002	-	201,399	1,153,860	14,205,000	15,560,259	4.04%	829.57
2003	-	220,778	1,097,161	13,755,000	15,072,939	3.91%	803.59
2004	-	70,502	1,027,467	13,280,000	14,377,969	3.36%	766.54
2005	-	47,302	992,499	13,280,000	14,319,801	3.22%	763.44
2006	-	-	919,978	12,785,000	13,704,978	2.94%	730.66
2007	-	-	843,621	12,265,000	13,108,621	N/A	698.87

Source: City of Milledgeville financial records

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

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended	General Obligation Bonds	Percentage of Actual Property Value (2)	Per Capita (1)
1998	$ 2,055,000	0.49%	$ 115.92
1999	1,960,000	0.43%	110.57
2000	1,855,000	0.39%	98.90
2001	-	-	-
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007			

Source: City of Milledgeville financial records

(1) See the Schedule of Demographic and Economic Statistics for population data.
(2) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Debt repaid with property taxes: Baldwin County	$ 1,784,734	31.27%	$ 558,086
Subtotal, overlapping debt			558,086
City of Milledgeville direct debt			-
Total direct and overlapping debt			$ 558,086

Source: Assessed value data used to estimate applicable percentages provided by the Baldwin County Tax Assessors Office.
Debt outstanding data is for fiscal year ending June 30, 2006 as provided by Baldwin County. 2007 figures are not available.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF MILLEDGEVILLE, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legal debt limit	$ 15,869	$ 16,299	$ 17,007	$ 17,561	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126
Total net debt applicable to debt limit	2,055	1,960	1,855	-	-	-	-	-	-	-
Legal debt margin	$ 13,814	$ 14,339	$ 15,152	$ 17,561	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126
Legal debt margin as a percentage of the debt limit	12.95%	12.03%	10.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2006	
Assessed value	$321,260
Debt limit (10% of assessed value)	32,126
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	$ 32,126

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

These amounts do not include revenue bonds that are being repaid from the Enterprise Fund.

CITY OF MILLEDGEVILLE, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	$ 5,326,071	$ 3,438,277	$ 1,887,794	$ 380,000	$ 878,368	1.50
1999	4,594,289	3,418,781	1,175,508	395,000	859,408	0.94
2000	4,895,269	3,753,273	1,141,996	415,000	842,225	0.91
2001	5,109,818	4,169,269	940,549	430,000	823,550	0.75
2002	5,870,357	3,882,656	1,987,701	450,000	803,770	1.59
2003	5,698,606	3,949,885	1,748,721	475,000	782,620	1.39
2004	6,786,049	3,820,670	2,965,379	495,000	759,820	2.36
2005	3,335,326	1,883,021	1,452,305	-	379,910	3.82
2006	6,829,185	3,801,879	3,027,306	495,000	747,692	2.44
2007	6,926,704	4,033,516	2,893,188	520,000	728,453	2.32

Notes: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Utility service charges include tap fees, but exclude interest.
Operating expenses do not include interest, depreciation, or amortization expense.

CITY OF MILLEDGEVILLE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (2)
1998	17,727	$ 288,436	$ 16,271	6,428	5.40 %
1999	17,727	327,719	18,487	6,386	5.70
2000	18,757	398,905	21,267	6,364	3.50
2001	18,757	398,905	21,267	6,336	4.70
2002	18,757	385,569	20,556	6,233	4.00
2003	18,757	385,569	20,556	5,894	4.00
2004	18,757	428,316	22,835	5,947	4.50
2005	18,757	445,235	23,737	6,032	5.60
2006	18,757	465,474	24,816	5,948	5.50
2007	18,757	N/A	N/A	5,582	5.90

(1) Source: U. S. Bureau of the Census.
(2) Source: Georgia Department of Economic Analysis
(3) Source: Georgia Department of Education
(4) Source: Georgia Department of Labor

Note: 2007 per capita information is not available.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2007			1998		
Employer	Employees (1)	Rank	Percentage of Total County Employment (3)	Employees (2)	Rank	Percentage of Total County Employment (3)
Central State Hospital	2,238	1	11.28 %	3,924	1	23.46 %
Rheem Manufacturing Company	1,550	2	7.81	900	5	5.38
Georgia College & State University	1,228	3	6.19	600	7	3.59
Georgia Department of Corrections	1,225	4	6.17	1,200	2	7.18
Baldwin County Board of Education	900	5	4.54	1,058	3	6.33
Oconee Regional Medical Center	710	6	3.58	615	6	3.68
Vought Aircraft Industries, Inc.	513	7	2.59			
Bill Ireland Y.D.C.	435	8	2.19	305	10	1.82
United Veteran Services of Georgia	425	9	2.14			
Georgia Military College	400	10	2.02	314	9	1.88
Forstman & Co., Inc.				1,050	4	6.28
Northrup Grumman Aircraft				400	8	2.39

(1) Source: Milledgeville Baldwin County Chamber of Commerce
(2) Source: City of Milledgeville records
(3) Source: Georgia Department of Labor

Note: Forstman & Company relocated out of the county in 1999
Northrup Grumman Aircraft relocated in 2002
Central State Hospital has downsized in the last several years

CITY OF MILLEDGEVILLE, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Function/Program						
General Government						
Administrative	1	2	3 (1)	3	3	3
Finance	9	8	8	8	7	7
Personnel	2	2	2	2	2	2
Planning	5	5	5	5	5	5
Other	6	7	7	7	7	8
Police						
Officers	42	49	49	49	49	49
Civilians	17	15	14	14	13	13
Fire						
Firefighters	31	31	31	31	31	33
Civilians	1	1	1	1	1	1
Public Works						
Administrative	1	2	2	2	2	2
Maintenance	18	18	20	20	16	12
Parks and Recreation	6	6	6	6	6	10
Water	41	41	40	40	39	39
Wastewater	13	15	16	16	18	18
Refuse	5	5	5	5	9	9
Total	198	207	209	209	208	211

Source: City of Milledgeville Human Resources Department

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
The City is only able to report information for five fiscal years due to the lack of records prior to 2002.

In 2007, one firefighter, an Assistant Fire Marshall and an engineer were added, while one custodian was deleted.
(1) City Manager added beginning in fiscal year 2004. City changed form of government from Mayor-Council to Council-Manager.

CITY OF MILLEDGEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal year 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Parking violations	2,926	2,893	2,860	1,525	3,300	3,326	3,040	956	3,008	2,360
Traffic violations	4,227	2,559	2,067	3,052	3,689	3,858	3,084	2,196	4,387	5,335
Fire										
Number of calls answered	1,243	1,189	1,135	1,042	1,093	1,138	1,058	463	1,043	1,015
Number of inspections conducted	708	760	800	1,226	866	876	1,068	697	1,404	2,091
Highways and streets										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	1.5	1.0	1.5	1.0
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	51	37	53	157
Sanitation										
Yard trimmings collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	1.5	1.5	1.5	2.7
Water										
Number of service connections	6,014	6,095	6,176	6,176	6,178	6,178	6,693	6,693	7,008	7,231
Average daily consumption (thousands of gallons)	6,430	6,442	6,769	6,630	6,630	6,630	6,630	6,668	6,706	6,638
Sewer										
Number of service connections	5,109	5,162	5,231	5,231	5,398	5,398	5,398	5,587	5,777	5,792
Average daily sewage treatment (thousands of gallons)	5,420	5,630	5,960	5,960	4,500	4,500	4,500	4,820	4,360	3,750

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Indicators are not available for the general government function.
Records for Highways, streets and sanitation were not kept before 2004.

CITY OF MILLEDGEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	30	30	47	43	41	50	50	50	50	50
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Miles of streets	108	108	109	109	110	110	114	116	117	117
Number of street lights	1,510	1,510	1,518	1,518	1,529	1,529	1,556	1,568	1,536	1,541
Water										
Water mains (miles)	162	162	162	162	162	164	187	187	190	190
Number of water plants	2	2	2	2	2	2	2	2	2	2
Fire hydrants	649	649	672	672	672	672	672	678	678	678
Maximum daily capacity (thousands of gallons both plants)	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440
Sewer										
Sanitary sewers (miles)	232	232	232	232	232	237	277	278	232	232
Storm sewers (miles)	27	27	27	27	27	27	27	27	27	28
Maximum daily capacity (thousands of gallons)	7,000	7,000	7,000	7,000	10,500	10,500	10,500	10,500	10,500	10,500

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Indicators are not available for the general government function.
The City changed the type of street light in downtown in 2005 thus reducing the number of lights needed.

CONTINUING DISCLOSURE INFORMATION

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2007			1998		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings
Baldwin County	$ 1,014,512	1	25.92%	$ 717,417	1	21.09%
Central State Hospital	335,346	2	8.57%	482,648	2	14.19%
Georgia College	257,496	3	6.58%	74,317	4	2.18%
Mohawk	126,411	4	3.23%			
Bill E. Ireland YDC	92,309	5	2.36%	43,717	5	1.28%
Villamar Town Home Apartments	81,879	6	2.09%	19,229	10	0.57%
Oconee Regional Medical Center	73,364	7	1.87%			
Vought Aircraft Industry	71,007	8	1.81%			
Rheem Manufacturing	64,941	9	1.66%	23,687	8	9.25%
Pine Knoll Apartments	61,445	10	1.57%			
Concord Fabrics, Inc.				314,571	3	9.25%
Shaw Industries				32,675	6	0.96%
Northrup-Grumman Corporation				32,625	7	0.96%
Meadow Div Barnet & Son				20,514	9	0.60%

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005.
Northrup Grumman Aircraft relocated in 2002
Meadow Div Barnet & Son relocated out of area
Concord Fabrics, Inc. ceased operations in 2006

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2007			1998		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings
Georgia College	222,327	1	8.85%	$ 54,737	4	3.73%
Mohawk	95,873	2	3.82%			
Bill E. Ireland YDC	92,309	3	3.68%	40,141	5	2.73%
Villamar Townhome Apartments	81,879	4	3.26%	15,033	9	1.02%
Vought Aircraft Industry	71,500	5	2.85%			
Oconee Regional Medical Center	66,428	6	2.65%			
Rheem Manufacturing	65,147	7	2.59%			
Pine Knoll Apartments	61,445	8	2.45%			
Shaw Industries	55,186	9	2.20%	32,677	6	2.22%
Baldwin County Commissioners	52,429	10	2.09%	93,666	3	6.37%
Concord Fabrics, Inc.				175,181	1	11.92%
Central State Hospital				157,881	2	10.74%
Northrup-Grumman Corporation				25,645	7	1.75%
Meadow Div Barnet & Son				16,087	8	1.09%
Big E M Company				10,820	10	0.74%

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005.
Northrup Grumman Aircraft relocated in 2002
Forstmann & Company relocated out of area in 2002
Central State Hospital is now billed on a percentage basis rather than metered basis and is not included in 2007 billings.
Concord Fabrics, Inc. ceased operations in 2006

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Honorable Mayor and City Council
City of Milledgeville, Georgia
Milledgeville, Georgia

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milledgeville, Georgia (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as items 2007-1, 2007-2, 2007-3, and 2007-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above and listed as items 2007-2 and 2007-4 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated December 19, 2007.

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

This report is intended solely for the information and use of the members of the City of Milledgeville, Georgia, management, others within the organization, the State Accounting Office, and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 19, 2007

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

The total amount of federal awards expended for the fiscal year ended June 30, 2007 was less than $500,000; therefore, no Single Audit was performed.

SECTION II FINANCIAL STATEMENT FINDINGS

2007-1. Maintenance and Reconciliation of Subsidiary Ledgers (Repeat Finding)

Condition: For the fiscal year ending June 30, 2007, we noted a number of general ledger accounts for which subsidiary ledgers were not being maintained or for which the subsidiary ledgers were not being reconciled to the general ledger on a monthly basis.

Criteria: Good, sound policies and procedures require effective design and operation of internal controls. A significant element of internal controls involves the maintenance and reconciliation of subsidiary ledgers to the general ledger.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2007-1. Maintenance and Reconciliation of Subsidiary Ledgers (Repeat Finding)

Effect: The failure of the City to maintain and reconcile subsidiary ledgers could lead to undetected misappropriation of funds or delays in finding other potential errors or irregularities.

Recommendation: The City should work to maintain the appropriate subsidiary ledgers and reconcile them to the general ledger on a monthly basis.

Views of Responsible Officials: We concur with the finding. The City is addressing this issue and will have subsidiary ledgers maintained and reconciled to the general ledger for the fiscal year ended June 30, 2008.

2007-2. Revenue/Receivables Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The City did not appropriately record all transactions involving the receivable and revenue accounts during the year ended June 30, 2007. In addition, the City did not adjust their allowance account during the year.

Context/Cause: During our testing of revenues and receivables, audit adjustments were required to correct various account balances. These adjustments were due to the exclusion of receivables that should have been recorded at year-end, as well adjusting the allowance account.

Effect: An audit adjustment to increase revenue and receivables in the amount of $26,915 was recorded in the Hotel Motel Fund. An audit adjustment to increase allowance and decrease revenue in the amount of $50,053 was recorded in the Solid Waste Fund. An adjustment to decrease revenue and increase allowance in the amount of $217,061 was recorded in the Water & Sewer Fund.

2007-2. Revenue/Receivables Cycle (Continued)

Recommendation: We recommend the City carefully review the year end closing entries in order to ensure all journal entries are properly recorded at year-end.

Views of Responsible Officials: We concur with the recommendation. We will take the appropriate measures to ensure all journal entries are properly recorded.

2007-3. Debt

Criteria: Procedures should be in place to ensure the annual amortization of bond issuance costs and premium on bonds are properly recorded.

Condition: The City did not record amortization of bond issuance costs and amortization of the bond premium for the year ended June 30, 2007.

Context/Cause: During our audit, an adjustment was required to correct year-end balances of both the bond issuances cost and the bond premium.

Effect: An audit adjustment to decrease bond issuance costs in the amount of $23,687, decrease unamortized premium on bonds in the amount of $15,632, and increase bond interest in the amount of $8,055 was recorded in the Water & Sewer Fund.

Recommendation: We recommend the City carefully review the year end closing entries in order to ensure the amortization of bond issuance costs and amortization of the premium on bonds are properly recorded.

Views of Responsible Officials: We concur. Amortization of both the bond issuance costs and bond premium will be recorded in fiscal year 2008.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

2007-4. Liabilities – Self Insurance Risk Management Fund

Criteria: Procedures should be in place to ensure all payables and expenditures are properly recorded in a timely manner as part of the year-end closing procedures.

Condition: The City did not adjust the claims payable account in the Risk Management Fund for the year ended June 30, 2007.

Context/Cause: During our audit, an audit adjustment was required to correct the year-end balance of claims payable.

Effect: An audit adjustment to decrease claims payable and decrease operating expense in the amount of $97,807 was recorded in the Risk Management Fund.

Recommendation: We recommend the City carefully review the year end closing entries in order to ensure the necessary journal entries are properly recorded at year-end.

Views of Responsible Officials: We concur. The claims payable balance will be adjusted at year-end based on information provided by the City's Risk Management Agency.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Not Applicable

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

2006-1. Maintenance and Reconciliation of Subsidiary Ledgers

Condition: For the fiscal year ending June 30, 2006, we noted a number of general ledger accounts for which subsidiary ledgers were not being maintained or for which the subsidiary ledgers were not being reconciled to the general ledger on a monthly basis.

Criteria: Good, sound policies and procedures require effective design and operation of internal controls. A significant element of internal controls involves the maintenance and reconciliation of subsidiary ledgers to the general ledger.

Auditee Response/Status: Unresolved. See current year finding number 2007-1.

Auditee Comments: See financial statement finding number 2007-1.

STATE COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

Honorable Mayor and City Council
City of Milledgeville, Georgia
Milledgeville, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about the City of Milledgeville, Georgia's compliance during the year ended June 30, 2007, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grants #05-C-L-05, and #06-C-L-001. Management is responsible for the City of Milledgeville, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the City of Milledgeville, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the City of Milledgeville, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Milledgeville, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that the City of Milledgeville, Georgia complied with the aforementioned requirement for the year ended June 30, 2007, is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Mayor and City Council of the City of Milledgeville, Georgia and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 19, 2007

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	City of Milledgeville, Georgia
B	State Awarding Agency	Department of Community Affairs State of Georgia
C	Grant Identification Number	06-C-L-001
D	Grant Title	Local Assistance Grant
E	Grant Award Date	11/21/05
F	Grant Amount	$5,000.00

		COLUMN 1 Current Year Activity For the Year Ended: June 30, 2007	COLUMN 2 Cumulative Grant Activity Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$793.00	
I	Grant Receipts or Revenue Recognized	$1,250.00	$5,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$2,043.00	$5,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 12/19/07

Signature of Chief Financial Officer _____ Date 12/19/07

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	City of Milledgeville, Georgia
B	State Awarding Agency	Department of Community Affairs State of Georgia
C	Grant Identification Number	05-C-L-05
D	Grant Title	Local Assistance Grant
E	Grant Award Date	05/25/05
F	Grant Amount	$5,000.00

		COLUMN 1 Current Year Activity For the Year Ended: June 30, 2007	COLUMN 2 Cumulative Grant Activity Through the Year Ended: June 30, 2007
G			
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
I	Grant Receipts or Revenue Recognized	$1,250.00	$5,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$1,250.00	$5,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official Richard D. Bentley Date 12/19/07

Signature of Chief Financial Officer [signature] Date 12/19/07

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2006 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Public works projects and equipment	$ 3,400,000	$ 3,400,000	$ -	$ 243,174	$ 243,174
Imrpovements and equipment for City facilities	3,000,000	3,000,000	-	52,781	52,781
Public safety improvements and equipment	2,000,000	2,000,000	-	137,191	137,191
Improvements - water system, water treatment and waste treatment	4,000,000	4,000,000	-	22,665	22,665
	$ 12,400,000	$ 12,400,000	$ -	$ 455,811	$ 455,811

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2000 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer, flood control	$ 3,000,000	$ 3,000,000	$ 1,477,766	$ 287,941	$ 1,765,707
Retirement of general obligation debt issued for capital outlay projects eligible for funding	1,500,000	1,500,000	1,500,000	-	1,500,000
Road, street, sidewalk and bridge improvements	2,000,000	2,000,000	600,577	91,371	691,948
General government and public safety	1,500,000	1,500,000			
General government buildings			62,172	-	62,172
General government equipment			85,000	200,000	285,000
Public safety building			221,580	-	221,580
Public safety equipment			390,471	79,583	470,054
	$ 8,000,000	$ 8,000,000	$ 4,337,566	$ 658,895	$ 4,996,461

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Way of Life Building	$ 75,000	$ 75,000	$ 33,944	$ 280	$ 34,224
Convention and Visitors Bureau renovations	100,000	58,580	58,580	-	58,580
Inter-city park recreation	500,000	516,865	516,865	-	516,865
Street improvements	1,187,500	1,727,656	1,727,656	-	1,727,656
Flood control	1,000,000	1,471,708	1,266,858	131,287	1,398,145
Fire department improvements	100,000	100,000	100,000	-	100,000
Water storage facilities	400,000	409,776	399,109	-	399,109
	$ 3,362,500	$ 4,359,585	$ 4,103,012	$ 131,567	$ 4,234,579