CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

Prepared by:

Finance Department

CITY OF MILLEDGEVILLE, GEORGIA

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

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INTRODUCTORY SECTION

MAYOR
Richard A. Bentley

ALDERMEN
M. Stephen Chambers
Phillip Joiner
Collinda J. Lee
Richard Mullins, Jr.
Denese R. Shinholster
Jeanette H. Walden

The City of Milledgeville

CITY MANAGER
Barry Jarrett

December 28, 2011

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, 2011, 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 control 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, are accurate in all material respects and are 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, 2011. 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 founded in 1803 by an Act of the General Assembly of Georgia and was named for the Honorable John Milledge, Governor of Georgia. Milledgeville served as Georgia's fourth capital from 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 (6) council members elected by the citizens. The Mayor is elected at large serving a four (4) year term and presides over 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. The City has operated under a council-manager form of government since May, 2003 when the City's charter was changed. The City Manager advises the mayor and council, prepares the budget, appoints department heads, supervises all employees and is responsible for day-to-day operations of the City.

The City provides a full range of service to approximately 18,000 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, in addition to sanitation collection services, are also provided.

The City is financially accountable for two legally separate component units. These component units include: The Mary Vinson Library (Twin Lakes Library System) and the Milledgeville-Baldwin County Allied Arts. These components are reported separately within the City of Milledgeville's financial statements. Additional information for these programs 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 finance director in mid February. The finance director uses these requests as the starting point for developing a proposed budget. A draft budget is submitted to the city manager for consideration and approval. The city manager then submits the budget to the Council for review in 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, and the enterprise funds 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, and increases or decreases in appropriations require the special approval of the City Council.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The Industrial Development Authority and the Chamber of Commerce continue to work diligently to attract new business and industry into the area as well as offering support to existing business and industry. Milledgeville works with the County on attracting potential businesses to a modern 500 acre industrial park strategically located on Georgia Highway 22. A highly educated local work force is provided by the Georgia College and State University and Georgia Military College, both located in downtown Milledgeville. These institutions provide both opportunities for potential employers and provide a consumer population for local businesses.

The State of Georgia's Central State Hospital, a district facility to provide mental health care, is located in the City. These properties are exempted from the property tax digest but provide a large number of employment opportunities for the local economy as well as generation of sales taxes to the City's treasury.

Long Term Financial Planning

The City of Milledgeville is working towards increasing reserves and a pay as you go strategy to avoid future long term debt. This will provide strength to the City's financial position as well as some protection from fluctuations in the economy, or unforeseen natural disasters.

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. Even with the downturn in the economy, 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 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 biking trails. The initial park has been constructed in Milledgeville immediately south of the Hancock Street Bridge and extends to the Fishing Creek Bridge.

The concept development phase to extend Greene Street to the parks is complete and awaiting approval from the Department of Transportation.

The City of Milledgeville was awarded state funding to enable the City to become a "wireless" community. In October 2009 the City's wireless service in a partnership with Sprint was launched to customers and the City's public safety service.

The City adopted an enterprise zone in conjunction with the State's opportunity zone designation for providing tax incentives to new and existing business in the central business district. New CDBG and other grant programs have assisted with some revitalization of the area.

The City is currently working with the State of Georgia, Georgia College and State University, local community leaders and our Federal Delegation on the redevelopment of the Campus of Central State Hospital on the south side of the City. This opportunity can breathe new life into not only the City of Milledgeville but also Baldwin County and the surrounding region. With a philosophy and techniques used similar to that of the Department of Defense BRAC (Base Realignment & Closure) Commission, this landmark property would be repurposed beginning with the Center of Excellence in Rural Healthcare Delivery as envisioned by the leadership of Georgia College and State University. It is hoped that this program with its concentration on Technology and Health Care Delivery would become the economic catalyst for the entire campus. We all anxiously await the implementation of this program.

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, 2010. This is the twenty-sixth 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 certification.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department. In addition, we

express our sincere appreciation to the Mayor and Council for their support and to the City Manager and all City department heads and employees for their positive attitudes toward budgetary responsibility.

Respectfully submitted,

Brenda A. Josey

Brenda A. Josey
Accountant

Chiquita O. Danzy

Chiquita O. Danzy
Accountant

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, 2010

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



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

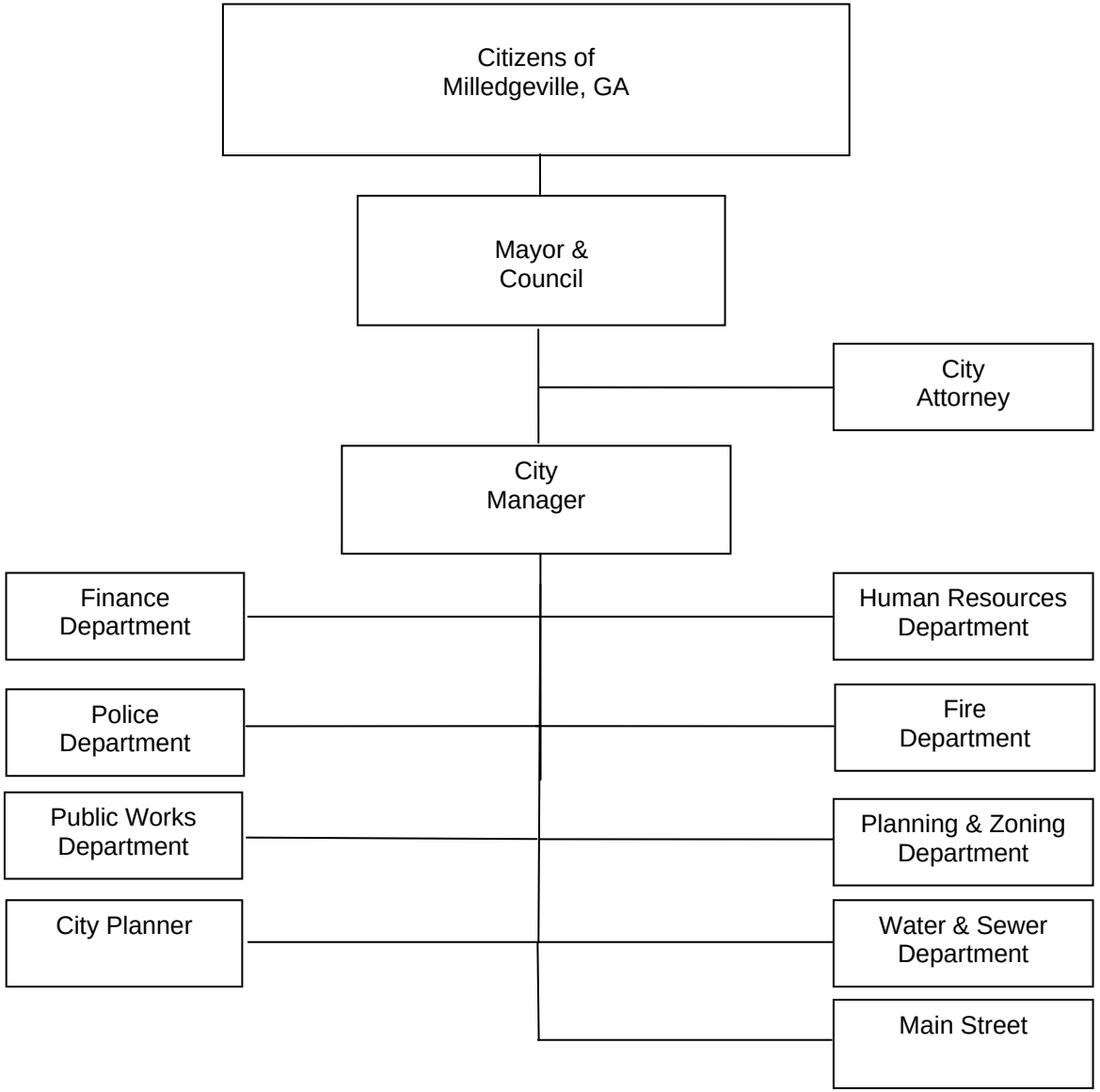
CITY OF MILLEDGEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011

Mayor	Richard A. Bentley
Mayor Pro-Tem	Denese R. Shinholster
Council	Dr. Collinda J. Lee Jeanette H. Walden Denese R. Shinholster Phillip Joiner Richard Mullins, Jr. Stephen Chambers
City Manager	Barry Jarrett
City Attorney	James D. Jordan
Municipal Court Judge	J. David McRee
City Clerk	Bo Danuser
City Planner	W. Michael Couch
Finance Director/Treasurer	Vacant
Chief of Police	Woodrow W. Blue, Jr.
Fire Chief	J. Tom Dietrich
Public Works Director	Jack C. Graham
Water and Sewer Director	Barry Jarrett
Zoning Administrator / Human Resources Director	Mervin G. Graham
Mainstreet Director	Carlee Schultz

CITY OF MILLEDGEVILLE, GEORGIA

ORGANIZATIONAL CHART
JUNE 30, 2011



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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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

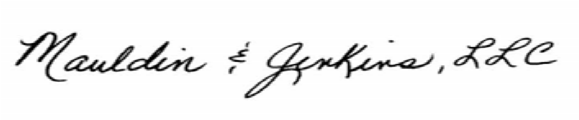
As discussed in Note 1, the City of Milledgeville, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milledgeville Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and continuing disclosure information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133 and is also not a required part of the financial statements of the City of Milledgeville, Georgia. The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections and the continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Macon, Georgia
December 28, 2011

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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, 2011. 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, 2011 by $52,523,584 of this amount $30,652,922 is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are $11,756,136 and may be used to meet the City's ongoing obligations. Unrestricted net assets from the governmental activities are ($347,928).

- As of June 30, 2011, Milledgeville's governmental funds reported combined ending fund balances of $11,654,734. Approximately 30% of this total amount, $3,439,158 is available for spending at the City Council's discretion, (unassigned fund balance). The governmental funds combined fund balance increased by $96,938 from fiscal year ending June 30, 2010. These changes are reflective of full implementation of GASB Statement No. 54 which redefines the reporting of fund balances for governmental funds (please see Note 1.L for detailed definitions of fund balance per GASB Statement No. 54).

- The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2011 are $6,169.399 and $11,955.707 respectively. $15,193,041 of the total $18,125,106 represents liabilities that are due in one year or more, such as long-term debt and compensated absences. This is a decrease of $60,359 for the governmental-type funds and a decrease of $482,240 for the business-type activities from fiscal year ending June 30, 2010.

- No new debt was incurred this fiscal year for the City's governmental fund. The Water Sewer Fund incurred $311,323 of additional debt related to the ARRA/GEFA loan/grant for the improvement and extension of the Allenwood and Brookwood subdivision water lines. This project was funded in part by Federal Stimulus dollars with a total project cost of $1,171,726. The City received 70% of this funding as a grant and the remaining balance has been funded through long-term financing through GEFA. The final long-term debt through GEFA was $351,518.

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 13 and 14) 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 15) 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 service 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 two component units – Mary Vinson Memorial Library and Allied Arts.

The City's government-wide financial statements are presented on pages 13 - 15.

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 63. 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. It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 16 - 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 63 and 64 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 65 - 69.

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 - 61 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 63 - 75 of this report.

The report includes two (2) schedules (pages 16 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 13 - 15).

City of Milledgeville Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$13,848,653	$13,549,077	$15,640,506	$13,917,637	$28,989,159	$27,466,714
Capital Assets	13,364,194	13,046,789	28,295,337	28,525,317	41,659,531	41,572,106
Total Assets	26,712,847	26,595,866	43,935,843	42,442,954	70,648,690	69,038,820
Long-term debt outstanding	4,849,604	4,909,963	10,343,437	10,825,677	15,193,041	15,735,640
Other Liabilities	1,319,795	1,160,969	1,612,270	1,763,385	2,932,065	2,924,354
Total Liabilities	6,169,399	6,070,932	11,955,707	12,589,062	18,125,106	18,659,994
Net Assets						
Invested in Capital assets, net of related debt	13,364,194	13,046,789	17,288,728	17,067,610	30,652,922	30,114,399
Restricted for capital projects	7,527,182		2,587,344	1,887,114	10,114,526	1,887,114
Unrestricted	(347,928)	1,160,969	12,104,064	10,899,168	11,756,136	18,377,313
Total Net Assets	$20,543,448	$20,524,934	$31,980,136	$29,853,892	$52,523,584	$50,378,826

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, 2011, assets exceeded liabilities by $52.5 million. However, much of those net assets are either restricted as to a purpose for which they can be used, or are invested in capital assets.

The largest portion of the City's net assets, $30,652,922, represents investments in capital assets. The investment in capital assets includes land, buildings, machinery and equipment, as well as infrastructure acquired in past years. 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 $10,114,526 of the City's net assets represents resources that are subject to external restrictions on how they are to be used. The increase in the City's business type activities restricted assets of $700,230 resulted from the continued adjustment of restrictions on certain assets associated with revenue bond covenants. The remaining balance of unrestricted net assets of $11,756,136 (22%) may be used to meet the government's ongoing obligations to citizens and creditors.

Although the net assets of our business-type activities represent 61% ($31,980,136) 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 $2,144,760 in fiscal year 2011. The following table indicates the changes in net assets for the government and business-type activities in fiscal year 2011.

City of Milledgeville Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues:	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for services	$ 947,453	$ 1,030,327	$ 9,133,216	$ 8,935,160	$ 10,080,669	$ 9,965,487
Operating grants and contributions	290,553	63,744			290,553	63,744
Capital grants and contributions	2,382,085	2,869,600	32,377	2,029,935	2,414,462	4,899,535
General Revenues:						
Property taxes	2,931,647	2,958,098			2,931,647	2,958,098
Sales taxes	2,464,375	2,521,200			2,464,375	2,521,200
Other taxes	3,863,768	3,801,969			3,863,768	3,801,969
Investment earnings	122,072	94,254	97,346	230,951	219,418	325,205
Total revenues	13,001,953	13,339,192	9,262,939	11,196,046	22,064,892	24,535,238
Expenses:						
General government	1,583,367	1,438,368			1,583,367	1,438,368
Judicial	160,324	150,767			160,324	150,767
Public safety	6,255,838	5,931,232			6,255,838	5,931,232
Public works	2,708,035	3,566,034			2,708,035	3,566,034
Housing and development	1,135,551	1,027,572			1,135,551	1,027,572
Culture/recreation	753,213	916,789			753,213	916,789
Interest on long term debt						
Water and sewer			5,879,449	6,044,630	5,879,449	6,044,630
Solid Waste			1,645,373	1,638,333	1,645,373	1,638,333
Total expenses	12,596,328	13,030,762	7,523,822	7,682,963	20,121,150	20,713,725
Increase (decrease) in net assets Before transfers						
Transfers	(387,127)	923,307	387,127	(923,307)		
Change in net assets	18,516	1,231,737	2,126,244	2,589,776	2,144,760	3,821,513
Net assets, beginning of year	20,524,932	19,293,197	29,853,892	27,264,116	50,378,824	46,557,313
Net assets, end of year	$20,543,448	$20,524,932	$31,980,136	$29,853,892	$52,523,584	$50,378,826

Governmental Activities – Governmental activities increased the City's net assets by $18,516 in fiscal year 2011. Key elements of this increase are as follows:

- Revenues were $13 million. Approximately 7% of the City's revenues came from fees charged for services, 19% from sales taxes, 23% from property taxes and 30% from other taxes. Investment earnings increased by 13% during the year compared to a decrease of 35% in 2010 due to the City concerted efforts to utilize facilities that could offer higher interest rates. Capital grants and contributions decreased due to the completion of several grant funded projects.
- Expenses totaled $12.6. Approximately 50% of the City's expenses go to public safety, 21% to public works, 13% to general government and the remaining 16% 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 $2,126,244 in fiscal year 2011. The City implemented a five year program to increase water rates by 3% per year effective July 1. July 1, 2009 began the initial year of this program. In addition, the Water Sewer Fund was the recipient of a grant/loan from the Federal Stimulus ARRA program. This project was funded for a total of $1.17 million, 70% of which was funded as an ARRA grant through GEFA. The remaining 30% was funded by GEFA as a long term loan.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For the fiscal year ending June 30, 2011 as noted earlier in this report, the City of Milledgeville fully implemented GASB Statement No. 54 in regard to reporting of fund balance. The GASB Statement No. 54 recognizes the following classifications for fund balances for governmental funds: Non-spendable, Restricted, Committed, Assigned and Unassigned.

At the end of fiscal year 2011, the combined ending fund balance of the City's governmental funds was $11,654,734, an increase of 1% from fiscal year 2010. Approximately $3.4 million (29%) of combined fund balance consists of unassigned fund balance, which is available working capital for current spending in accordance with the purpose of the specific funds. The unassigned fund balance increased by $219,647. Expenses were 4% lower than the previous year while revenues were decreased by 3%. The remainder of fund balance is duly designed to indicate that it is not available for new spending because it is committed to the following purposes: non-spendable for inventories, prepaid items and encumbrances ($33,740), restricted for the employee health fair, SPLOST, other Governmental Funds ($8,115,608); committed for public safety ($65,633); assigned ($595), and unassigned ($3,439,158).

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, unassigned fund balance of the General Fund was $3,439,189, while total fund balance was $3,549,933. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 27% of total fiscal year 2011 expenditures, while total fund balance is 28% 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 $7,527,182 is classified as restricted and will be used to fund major capital projects.

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

Unrestricted assets of the City's major proprietary fund, the Water and Sewer Fund, totaled $11,224,748. This amount has been adjusted by $223,786 to reflect consolidation of internal service fund activities related to the enterprise fund. The total net assets increased by $1,849,778. An increase of approximately 6% is attributable to the efficient operations of the Water and Sewer Fund.

Unrestricted assets of the City's other proprietary fund, Solid Waste Fund, totaled $655,530 which demonstrates continued improvement in the operation of the Solid Waste Fund. Solid Waste fees were restructured effective July 1, 2009 and this has positively impacted revenue for this fund.

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 May 2010, the City Council appropriated $11.38 million for general fund expenditures.

Budgetary amendments were approved by the City Council as required by State law and the City of Milledgeville code. There were no significant budgetary amendments

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City of Milledgeville has invested $41,659,531 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, land improvements, buildings and machinery and equipment. Approximately 67% of this investment is related to business-type activities while only 33% is 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	
	2011	2010	2011	2010	2011	2010
Land	$ 2,468,098	$ 2,468,098	$ 181,310	$ 181,310	$ 2,649,409	$ 2,649,408
Land improvements	85,779	26,673	43,411	51,362	129,190	78,035
Infrastructure	6,195,628	6,119,985	9,189,385	9,396,441	15,385,013	15,516,426
Buildings	1,624,100	1,715,242	15,299,862	15,731,315	16,923,962	17,446,557
Machinery and equipment	1,878,851	2,345,736	2,384,749	2,191,062	4,263,600	4,536,798
Construction in progress	1,111,738	371,055	1,196,620	973,827	2,308,358	1,344,882
Total Net Capital Assets	$13,364,194	$13,046,789	$28,295,337	$28,525,317	$41,659,531	$41,572,106

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

- Drive-Thru Remote Counter - $21,002
- Handrail/Ceramic Tiles – City Hall - $10,925
- Info Seal with Conveyor - $8,575
- Police Department Computer Information System - $81,250
- Equipment for Fire Truck - $17,866
- 2011 Ford Expedition - $23,491
- Curb, Gutter, Resurfacing and Storm Projects - $692,713
- Construction in Progress - $740,683

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

- Footer for Booster Pump Station - $23,000
- Raise/Lower Manholes & Replace Valve boxes - $65,370
- Raw Water Station Upgrades - $70,770
- 2011 F-150 Truck - $17,298
- Tow-master Trailer - $7,600
- Electric Motor Refurbishment & Installation - $85,495
- Mower - $5,524
- Model 374 Heater - $113,230
- 302A VFD Drive Panel - $16,138
- Construction in Progress - $1,233,442

Additional information on the City of Milledgeville's capital assets can be found in Note 5 on pages 48 - 50 of this report.

Long-term debt – At June 30, 2011, the City of Milledgeville had $10,757,144 in bonds, notes and capital leases outstanding, a decrease of $728,782 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 $36 million.

Additional information on the City's long-term debt can be found in Note 6 on pages 51 - 53 of this report.

City of Milledgeville Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue Bonds	$ -	$ -	$ 9,910,000	$10,545,000	$ 9,910,000	$10,545,000
Notes payable	-	-	847,144	629,603	847,144	629,603
Total	$ -	$ -	$10,757,144	$11,174,603	$10,757,144	$11,174,603

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 2012 Budget.

> The General Fund property taxes are expected to be static 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.
>
> Utility revenues are anticipated to increase due to a yearly increase in the water and sewer rates of 3%, and raising water rates to wholesale customers. Sewer revenues have increased for Baldwin County and Central State Hospital due to a new flow study performed during fiscal year 2008, however, the closure of facilities located within the Central State Hospital campus have resulted in a reduction of utilization at that site. In addition, the City of Milledgeville reached an agreement with Baldwin County to bill for garbage service on behalf of the County for those customers who receive their water from the City. The City receives a $1 administration fee for each account billed each month. This administration fee represents approximately $18,000 annually in additional revenue for the Solid Waste Fund. In addition, as the initiative to realign and establish Central State Hospital as a viable operation that will serve multiple purposes for the City, Baldwin County and surrounding areas, we anticipate increased utilization for the City's water, sewer and solid waste services. We also anticipate growth in this area that will not only generate sales taxes as businesses open in the area but also the opportunity for assessment and collection of other tax revenues.

These actions are anticipated to:

- Improve the fiscal health of the City by strengthening the enterprise funds.
- Allow the City to continue to meet its debt service coverage and start a more active repair and replacement program for the City's infrastructure.
- Continue the implementation of a pay as you go budget to reduce the need for borrowed funds.

Growth in the City-wide gross taxable values is projected to remain constant with little or no growth in the value of a mill.

The City continues to have 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, however, the effects of the slow economy and the closure of key employers and state run facilities have significantly slowed the growth rate.

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 Department, P. O. Box 1900, Milledgeville, GA 31059-1900.

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CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mary Vinson Memorial Library
ASSETS					
Cash	$ 15,829,902	$ 5,759,993	$ 21,589,895	$ 144,123	$ 219,436
Investments	1,100,486	-	1,100,486	10,064	-
Taxes receivable	323,737	-	323,737	-	-
Accounts receivable, net of allowances	42,812	1,316,293	1,359,105	-	50
Due from other governments	693,826	189,557	883,383	300	-
Internal balances	(5,204,817)	5,204,817	-	-	-
Inventories	33,740	156,506	190,246	-	-
Restricted assets, cash	-	1,434,357	1,434,357	-	-
Restricted assets, investments	-	1,202,149	1,202,149		
Bond issuance costs, unamortized balance	-	376,834	376,834	-	-
Capital assets, non-depreciable	3,579,836	1,377,930	4,957,766	-	20,000
Capital assets, depreciable, net of accumulated depreciation	9,784,358	26,917,407	36,701,765	-	39,002
Other noncurrent asset	528,967	-	528,967	-	-
Total assets	26,712,847	43,935,843	70,648,690	154,487	278,488

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mary Vinson Memorial Library
LIABILITIES					
Accounts payable	$ 612,521	$ 351,595	$ 964,116	$ -	$ 5,234
Accrued liabilities	217,335	78,307	295,642	3,331	12,800
Unearned revenues	9,896	-	9,896	-	-
Liabilities payable from restricted assets	-	1,024,047	1,024,047	-	-
Claims payable due within one year	300,000	-	300,000	-	-
Claims payable due in more than one year	4,579,539	-	4,579,539	-	-
Compensated absences due within one year	180,043	59,507	239,550	8,612	16,548
Compensated absences due in more than one year	270,065	100,642	370,707	-	-
Notes payable due within one year	-	98,814	98,814	-	-
Notes payable due in more than one year	-	748,330	748,330	-	-
Bonds payable due in more than one year	-	9,494,465	9,494,465	-	-
Total liabilities	6,169,399	11,955,707	18,125,106	11,943	34,582
NET ASSETS					
Invested in capital assets, net of related debt	13,364,194	17,288,728	30,652,922	-	59,002
Restricted for debt service	-	2,533,004	2,533,004	-	-
Restricted for bond renewal and replacement	-	54,340	54,340	-	-
Restricted for capital projects	7,527,182	-	7,527,182	-	-
Restricted - other	654,059	-	654,059	-	-
Unrestricted	(1,001,987)	12,104,064	11,102,077	142,544	184,904
Total net assets	$ 20,543,448	$ 31,980,136	$ 52,523,584	$ 142,544	$ 243,906

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, 2011

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	Net (Expenses) Revenues and Changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and Changes in Net Assets: Total	Component Units: Allied Arts	Component Units: Mary Vinson Memorial Library
Primary government:									
Governmental activities:									
General government	$ 1,583,367	$ 323,490	$ 290,553	$ 506,860	$ (462,465)	$ -	$ (462,465)	$ -	$ -
Judicial	160,324	-	-	-	(160,324)	-	(160,324)	-	-
Public safety	6,255,838	623,963	-	337,907	(5,293,969)	-	(5,293,969)	-	-
Public works	2,708,035	-	-	1,234,186	(1,473,850)	-	(1,473,850)	-	-
Culture and recreation	753,213	-	-	-	(753,213)	-	(753,213)	-	-
Housing and development	1,135,550	-	-	303,133	(832,417)	-	(832,417)	-	-
Total governmental activities	12,596,328	947,453	290,553	2,382,085	(8,976,237)	-	(8,976,237)	-	-
Business-type activities:									
Water and sewer	5,878,449	7,209,392	-	32,377	-	1,363,320	1,363,320	-	-
Solid waste	1,645,373	1,923,824	-	-	-	278,451	278,451	-	-
Total business-type activities	7,523,822	9,133,216	-	32,377	-	1,641,771	1,641,771	-	-
Total primary government	$ 20,120,150	$ 10,080,669	$ 290,553	$ 2,414,462	$ (8,976,237)	$ 1,641,771	$ (7,334,466)	$ -	$ -
Component units:									
Allied Arts	$ 203,854	$ 38,350	$ 153,083	$ -	$ -	$ -	$ -	$ (12,421)	$ -
Mary Vinson Memorial Library	737,687	43,763	693,411	-	-	-	-	-	(513)
Total component units	$ 941,541	$ 82,113	$ 846,494	$ -	$ -	$ -	$ -	$ (12,421)	$ (513)
General revenues:									
Property taxes					$ 2,931,647	$ -	$ 2,931,647	$ -	$ -
Sales taxes					2,464,375	-	2,464,375	-	-
Hotel/motel taxes					461,852	-	461,852	-	-
Franchise taxes					1,224,963	-	1,224,963	-	-
Insurance premium taxes					1,009,723	-	1,009,723	-	-
Alcoholic beverage taxes					497,143	-	497,143	-	-
Business and occupation taxes					561,109	-	561,109	-	-
Other taxes					108,996	-	108,996	-	-
Unrestricted investment earnings					122,072	97,346	219,418	261	378
Transfers					(387,127)	387,127	-	-	-
Total general revenues and transfers					8,994,753	484,473	9,479,226	261	378
Change in net assets					18,516	2,126,244	2,144,760	(12,160)	(135)
Net assets, beginning of year					20,524,932	29,853,892	50,378,824	154,704	244,041
Net assets, end of year					$ 20,543,448	$ 31,980,136	$ 52,523,584	$ 142,544	$ 243,906

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

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 3,407,260	$ 7,389,342	$ 616,872	$ 11,413,474
Investments	-	100,486	-	100,486
Taxes receivable	277,022	-	46,715	323,737
Accounts receivable, net of allowances	42,812	-	-	42,812
Due from other governments	492,082	200,284	-	692,366
Due from other funds	46,200	-	-	46,200
Inventories	33,740	-	-	33,740
Total assets	$ 4,299,116	$ 7,690,112	$ 663,587	$ 12,652,815
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 292,715	$ 137,642	$ 74,129	$ 504,486
Accrued liabilities	217,335	-	-	217,335
Deferred revenues	239,133	-	9,896	249,029
Due to other funds	-	25,288	1,943	27,231
Total liabilities	749,183	162,930	85,968	998,081

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

FUND BALANCES	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable - inventory	$ 33,740	$ -	$ -	$ 33,740
Restricted for:				
Capital projects	-	7,527,182		7,527,182
Promotion of tourism	-	-	159,012	159,012
Housing and development programs	-	-	406,817	406,817
Public safety programs	65,633	-	11,821	77,454
Health/welfare programs	10,776	-	-	10,776
Assigned for park improvements	595	-	-	595
Unassigned	3,439,189	-	(31)	3,439,158
Total fund balances	3,549,933	7,527,182	577,619	11,654,734
Total liabilities and fund balances	$ 4,299,116	$ 7,690,112	$ 663,587	

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.	13,364,194
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	239,133
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.	(4,793,472)
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	(450,108)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	528,967
Net assets of governmental activities	$ 20,543,448

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, 2011

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 8,911,255	$ -	$ 461,852	$ 9,373,107
Licenses and permits	216,867	-	-	216,867
Intergovernmental	290,553	2,018,481	303,133	2,612,167
Fines and forfeitures	620,808	-	3,155	623,963
Charges for services	8,272	-	-	8,272
Interest income	36,869	93,435	4,461	134,765
Other revenues	98,351	-	-	98,351
Total revenues	10,182,975	2,111,916	772,601	13,067,492
Expenditures				
Current:				
General government	1,274,842	-	-	1,274,842
Judicial	150,765	-	-	150,765
Public safety	5,626,941	-	5,812	5,632,753
Public works	1,906,304	-	-	1,906,304
Culture and recreation	797,390	-	-	797,390
Housing and development	460,469	-	676,190	1,136,659
Capital outlay	-	2,071,841	-	2,071,841
Total expenditures	10,216,711	2,071,841	682,002	12,970,554
Net change in fund balance	(33,736)	40,075	90,599	96,938
Fund balances, July 1	3,583,669	7,487,107	487,020	11,557,796
Fund balances, June 30	$ 3,549,933	$ 7,527,182	$ 577,619	$ 11,654,734

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, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	96,938
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		1,668,079
Depreciation		(1,350,674)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(146,263)
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.		
Change in compensated absences		24,802
Change in net pension asset		(118,096)
Internal service funds are used by management to charge the costs of workers' compensation and general liability insurance and administrative costs to individual funds.		(156,270)
	$	18,516

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, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,593,600	$ 2,593,600	$ 2,997,485	$ 403,885
Sales tax	2,400,000	2,400,000	2,511,836	111,836
Other taxes	3,253,700	3,253,700	3,401,934	148,234
Licenses and permits	228,000	228,000	216,867	(11,133)
Intergovernmental	323,000	323,000	290,553	(32,447)
Charges for services	10,100	10,100	8,272	(1,828)
Fines and forfeitures	625,000	625,000	620,808	(4,192)
Interest revenue	70,000	70,000	36,869	(33,131)
Other revenue	988,861	988,861	98,351	(890,510)
Total revenues	10,492,261	10,492,261	10,182,975	(309,286)
Expenditures:				
Current:				
General government:				
Legislative	192,241	192,241	134,232	58,009
Executive	344,937	344,937	230,751	114,186
Elections	2,500	2,500	-	2,500
Finance	583,484	583,484	467,745	115,739
Legal	83,320	83,320	84,199	(879)
Human resources	89,065	89,065	83,742	5,323
General government buildings and grounds	133,615	133,615	97,448	36,167
General engineering	111,907	111,907	102,732	9,175
General administration fees	58,160	74,360	73,993	367
Total general government	1,599,229	1,615,429	1,274,842	340,587
Judicial:				
Municipal court	172,163	172,163	150,765	21,398
Total judicial	172,163	172,163	150,765	21,398

(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, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Police	$ 3,578,653	$ 3,502,093	$ 3,272,883	$ 229,210
Detention center	328,525	328,525	295,764	32,761
Police department buildings and grounds	115,425	115,425	114,286	1,139
Fire	2,101,638	2,101,638	1,917,756	183,882
Fire department buildings and grounds	42,000	42,000	26,252	15,748
Total public safety	6,166,241	6,089,681	5,626,941	462,740
Public works:				
Public works administration	150,208	150,208	139,277	10,931
Roadways and walkways	628,401	628,401	598,568	29,833
Storm drainage	9,000	9,000	742	8,258
Street lighting	265,000	308,000	307,654	346
Traffic engineering	344,000	355,000	354,989	11
Maintenance and shop	273,990	273,990	251,076	22,914
Cemetery	338,828	338,828	253,998	84,830
Total public works	2,009,427	2,063,427	1,906,304	157,123
Culture and recreation:				
Recreation	208,750	214,250	214,159	91
Parks	305,816	305,816	274,387	31,429
Twin Lakes Library	308,849	308,849	308,844	5
Total culture and recreation	823,415	828,915	797,390	31,525

(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, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Housing and development				
Inspections	$ 141,106	$ 141,106	$ 72,874	$ 68,232
Planning and zoning	239,861	239,861	199,493	40,368
Mainstreet	111,919	111,919	71,367	40,552
Economic development	115,885	116,745	116,735	10
Total housing and development	608,771	609,631	460,469	149,162
Total expenditures	11,379,246	11,379,246	10,216,711	1,162,535
(Deficiency) of revenues over expenditures	(886,985)	(886,985)	(33,736)	853,249
Other financing sources:				
Transfers in	886,985	886,985	-	(886,985)
Total other financing sources	886,985	886,985	-	(886,985)
Net change in fund balance	-	-	(33,736)	(33,736)
Fund balances, July 1	3,583,669	3,583,669	3,583,669	-
Fund balances, June 30	$ 3,583,669	$ 3,583,669	$ 3,549,933	$ (33,736)

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

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

ASSETS	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 ASSETS				
Cash	$ 5,109,115	$ 650,878	$ 5,759,993	$ 4,416,428
Investments	-	-	-	1,000,000
Accounts receivable	1,143,268	173,025	1,316,293	1,460
Due from other governments	189,557	-	189,557	-
Due from other funds	5,000,000	11,074	5,011,074	-
Inventories	156,506	-	156,506	-
Restricted assets				
Cash	1,434,357	-	1,434,357	-
Investments	1,202,149	-	1,202,149	-
Total current assets	14,234,952	834,977	15,069,929	5,417,888
NONCURRENT ASSETS				
Capital assets				
Land	181,310	-	181,310	-
Buildings	21,259,086	-	21,259,086	-
Site improvements	94,044	-	94,044	-
Machinery and equipment	3,972,945	-	3,972,945	-
Infrastructure	16,978,217	-	16,978,217	-
Construction in progress	1,196,620	-	1,196,620	-
	43,682,222	-	43,682,222	-
Less accumulated depreciation	(15,386,885)	-	(15,386,885)	-
Total capital assets (net of accumulated depreciation)	28,295,337	-	28,295,337	-
Bond issuance costs (unamortized balance)	376,834	-	376,834	-
Total noncurrent assets	28,672,171	-	28,672,171	-
Total assets	42,907,123	834,977	43,742,100	5,417,888

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

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	$ 203,940	$ 147,655	$ 351,595	$ 108,035
Compensated absences payable - current	51,536	7,971	59,507	-
Accrued liabilities	70,372	7,935	78,307	4,879,539
Current maturities of long-term debt	98,814	-	98,814	-
Due to other funds	27,638	2,405	30,043	5,000,000
	452,300	165,966	618,266	9,987,574
Payable from restricted assets:				
Current portion of revenue bonds	665,000	-	665,000	-
Accrued interest	49,162	-	49,162	-
Deposits	309,885	-	309,885	-
	1,024,047	-	1,024,047	-
Total current liabilities	1,476,347	165,966	1,642,313	9,987,574
NONCURRENT LIABILITIES				
Compensated absences (net of current portion)	87,161	13,481	100,642	-
Revenue bonds payable (net of current portion)	9,494,465	-	9,494,465	-
Other long-term debt (net of current portion)	748,330	-	748,330	-
Total noncurrent liabilities	10,329,956	13,481	10,343,437	-
Total liabilities	11,806,303	179,447	11,985,750	9,987,574

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

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	$ 17,288,728	$ -	$ 17,288,728	$ -
Restricted for debt service	2,533,004	-	2,533,004	-
Restricted for bond renewal and replacement	54,340	-	54,340	-
Unrestricted (deficit)	11,224,748	655,530	11,880,278	(4,569,686)
Total net assets (deficit)	$ 31,100,820	$ 655,530	$ 31,756,350	$ (4,569,686)
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			223,786	
Net assets of business-type activities			$ 31,980,136	

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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Operating revenues:				
Water sales	$ 3,649,962	$ -	$ 3,649,962	$ -
Sewer sales	3,075,283	-	3,075,283	-
Sanitation fees	-	1,923,824	1,923,824	-
Tap fees	44,959	-	44,959	-
Late charges	169,925	-	169,925	-
Activation fees	45,550	-	45,550	-
Charges for services	-	-	-	559
Miscellaneous charges	226,723	-	226,723	-
Total operating revenues	7,212,402	1,923,824	9,136,226	559
Operating expenses:				
Water administration	61,291	-	61,291	-
Wastewater administration	56,235	-	56,235	-
Sanitary sewer maintenance	271,288	-	271,288	-
Sewer plants and lift station	1,285,700	-	1,285,700	-
Lamar Hamm Water Treatment Plant	1,210,663	-	1,210,663	-
James Baugh Water Treatment Plant	390,608	-	390,608	-
Distribution	571,178	-	571,178	-
Water meter	438,608	-	438,608	-
Solid waste collection	-	1,298,034	1,298,034	-
Yard trimmings collection and management	-	347,339	347,339	-
Insurance claims	-	-	-	240,581
Depreciation	936,694	-	936,694	-
Total operating expenses	5,222,265	1,645,373	6,867,638	240,581
Operating income (loss)	1,990,137	278,451	2,268,588	(240,022)

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Nonoperating revenues (expenses):				
Interest revenue	$ 135,829	$ -	$ 135,829	$ 81,767
Interest and fiscal charges	(656,184)	-	(656,184)	-
Net decrease in fair value of investments	(39,508)	-	(39,508)	-
Total nonoperating revenues (expenses)	(559,863)	-	(559,863)	81,767
Income (loss) before contributions	1,430,274	278,451	1,708,725	(158,255)
Capital contributions	419,504	-	419,504	-
Change in net assets	1,849,778	278,451	2,128,229	(158,255)
Net assets (deficit), July 1	29,251,042	377,079	29,628,121	(4,411,431)
Net assets (deficit), June 30	$ 31,100,820	$ 655,530	$ 31,756,350	$ (4,569,686)

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)	$ 2,128,229
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	(1,985)
Change in net assets of business-type activities	$ 2,126,244

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, 2011

	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	$ 7,019,064	$ 1,915,276	$ 8,934,340	$ -
Receipts from interfund providers	-	-	-	1,285
Payments to suppliers and service providers	(2,833,990)	(1,425,660)	(4,259,650)	(200,339)
Payments to employees	(1,631,386)	(175,263)	(1,806,649)	-
Net cash provided by operating activities	2,553,688	314,353	2,868,041	(199,054)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(27,777)	-	(27,777)	-
Interest on investments	135,829	-	135,829	81,767
Net cash provided by investing activities	108,052	-	108,052	81,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	(5,000,000)	-	(5,000,000)	3,890,965
Net cash used in noncapital financing activities	(5,000,000)	-	(5,000,000)	3,890,965
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(287,210)	-	(287,210)	-
Proceeds from note payable	246,610	-	246,610	
Interest and fiscal charges paid	(642,141)	-	(642,141)	-
Principal payments on long-term borrowings	(728,782)	-	(728,782)	-
Net cash used in capital and related financing activities	(1,411,523)	-	(1,411,523)	-
Increase (decrease) in cash	(3,749,783)	314,353	(3,435,430)	(117,287)
Cash, July 1	10,293,255	336,525	10,629,780	642,750
Cash, June 30	$ 6,543,472	$ 650,878	$ 7,194,350	$ 525,463

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Classified as:				
Cash	$ 5,109,115	$ 650,878	$ 5,759,993	$ 525,463
Restricted assets, cash	1,434,357	-	1,434,357	-
	$ 6,543,472	$ 650,878	$ 7,194,350	$ 525,463
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 1,990,137	$ 278,451	$ 2,268,588	$ (240,022)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	936,694	-	936,694	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(202,358)	(8,548)	(210,906)	726
Decrease in inventories	63,769	-	63,769	-
Decrease in claims payable	-	-	-	(44,659)
Increase (decrease) in accounts payable	(232,169)	35,130	(197,039)	84,901
Increase in accrued wages payable	7,960	2,164	10,124	-
Increase (decrease) in compensated absences payable	(8,385)	7,156	(1,229)	-
Increase (decrease) in due to other funds	(10,980)	-	(10,980)	-
Increase in customer deposits	9,020	-	9,020	-
Net cash provided by operating activities	$ 2,553,688	$ 314,353	$ 2,868,041	$ (199,054)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from SPLOST Fund	$ 387,127	$ -	$ 387,127	$ -
Contributions of capital assets from developers	32,377	-	32,377	-
Decrease in fair value of investments	(39,508)	-	(39,508)	-
Total noncash investing, capital, and financing activities	$ (39,508)	$ -	$ (39,508)	$ -

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

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Pension Trust Fund	Agency Fund School Fund
ASSETS		
Cash	$ 391,894	$ 63,000
Investments		
U.S. government agencies	357	-
Mutual bond funds	3,913,638	-
Preferred stock	4,300	-
Common stock	258,291	-
Mutual equity funds	4,017,118	-
Taxes receivable	-	41,988
Total assets	8,585,598	104,988
LIABILITIES		
Accounts payable	35,738	67,931
Uncollected taxes	-	37,057
Total liabilities	35,738	104,988
NET ASSETS		
Net assets held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 61)	$ 8,549,860	$ -

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, 2011

ADDITIONS		
Contributions - employer	$	1,045,506
Investment income		
Net appreciation in fair value of investments		1,051,954
Investment income		117,825
Total additions		2,215,285
DEDUCTIONS		
Benefits		508,219
Administrative expense		42,473
Total deductions		550,692
Net increase		1,664,593
Net assets, July 1		6,885,267
Net assets, June 30	$	8,549,860

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

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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.

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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, although agency funds have no measurement focus. 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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).

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 value are reported at estimated fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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”.

F. 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.

G. Prepaid Expenditures/Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

H. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 capital 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

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, 2011.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

L. Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances. Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net assets”.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (continued)

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

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

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

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. City Council has the authority to assign fund balance.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (continued)

Flow Assumptions – When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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

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.

M. 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 22, 2010 or as amended by the City Council. The supplementary budgetary appropriations made were not material.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the General Fund's legal department by $879. Additionally, at June 30, 2011, expenditures exceeded appropriations in the Community Development Block Grant (CDBG) Program Income Fund by $184,616, in the Confiscated Assets Fund by $1,712, and in the CHIP Fund by $17,983. All overexpenditures were funded through unbudgeted revenues received during the fiscal year.

C. Deficit Fund Equity

The Silver-Haired Legislative Grant Fund had a fund balance deficit of $31 which will be eliminated in the subsequent year through transfers from the General Fund. The Risk Management Internal Service Fund had a net asset deficit of $4,569,686 resulting from the incurred, but not reported liability (IBNR) as of June 30, 2011. This deficit will be eliminated through increased transfers from other funds.

NOTE 3. CASH AND INVESTMENTS

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At of June 30, 2011, $2,706,454 of City deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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. The City does not have a formal custodial credit risk policy other than to only invest in obligations authorized by the State of Georgia.

Cash and investments are summarized as follows at June 30, 2011:

As reported in the Statement of Net Assets:		
Cash and cash equivalents	$	21,589,895
Investments		1,100,486
Restricted assets, cash and investments		2,636,506
Cash and cash equivalents - Pension Trust Fund		391,894
Investments - Pension Trust Fund		8,193,704
Cash - Agency Fund		63,000
	$	33,975,485
Cash deposited with financial institutions	$	24,479,146
Cash deposited with Georgia Fund 1		100,486
Mutual equity funds		4,017,118
Preferred stock		4,300
Common stock		258,291
Mutual bond funds		3,913,638
U.S. Government Agency Obligations		357
U.S. Treasury Bond		1,202,149
	$	33,975,485

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia.

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.

At June 30, 2011, 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	$ 357	$ -	$ -	$ 357	$ -	AAA
Government bonds	1,202,149	-	-	1,202,149	-	AAA
Mutual equity funds	4,017,118	-	-	-	-	N/A
Mutual bond funds	3,913,638	-	3,913,638	-	-	N/A
Preferred stock	4,300	4,300	-	-	-	N/A
Common stock	258,291	-	-	-	-	N/A
Certificates of deposit	1,000,000	-	1,000,000	-	-	N/A
Georgia Fund 1	100,486	-	-	-	-	AAAm
Total fair value	$ 10,496,339	$ 4,300	$ 4,913,638	$ 1,202,506	$ -	

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized loss of $39,508 which is reflected in the Water and Sewer Fund and an unrealized gain of $489,374 which is reflected in the Pension Trust Fund.

NOTE 4. RECEIVABLES

Receivables consisted of the following at June 30, 2011:

	General	Water and Sewer	Solid Waste	Nonmajor Funds	Internal Service Fund	Total
Receivables:						
Taxes	$ 345,862	$ -	$ -	$ 46,715	$ -	$ 392,577
Interest	-	748	-	-	-	748
Accounts	44,745	1,257,231	184,739	-	1,460	1,488,175
Gross receivables	390,607	1,257,979	184,739	46,715	1,460	1,881,500
Less allowance for uncollectibles	(70,773)	(114,711)	(11,714)	-	-	(197,198)
Net total receivables	$ 319,834	$ 1,143,268	$ 173,025	$ 46,715	$ 1,460	$ 1,684,302

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 November 9, 2010, and payable on or before January 12, 2011. Penalties were assessed on unpaid balances as of January 13, 2011 and interest began accruing on unpaid balances on January 13, 2011. The City bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2011 and expected to be collected by August 1, 2011, are recognized as revenues in fiscal year 2011. Net receivables estimated to be collectible subsequent to August 1, 2011, 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, 2011, is as follows:

	Balance July 1, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,468,098	$ -	$ -	$ -	$ 2,468,098
Construction in progress	371,055	740,683	-	-	1,111,738
Total	2,839,153	740,683	-	-	3,579,836
Capital assets, being depreciated:					
Buildings	3,747,188	31,927	-	-	3,779,115
Land improvements	76,240	71,574	-	-	147,814
Infrastructure	21,643,175	692,713	-	-	22,335,888
Machinery and equipment	6,387,772	131,182	-	-	6,518,954
Total	31,854,375	927,396	-	-	32,781,771
Less accumulated depreciation for:					
Buildings	2,031,946	123,069	-	-	2,155,015
Land improvements	49,567	12,468	-	-	62,035
Infrastructure	15,523,190	617,070	-	-	16,140,260
Machinery and equipment	4,042,036	598,067	-	-	4,640,103
Total	21,646,739	1,350,674	-	-	22,997,413
Total assets, being depreciated, net	10,207,636	(423,278)	-	-	9,784,358
Governmental activities capital assets, net	$ 13,046,789	$ 317,405	$ -	$ -	$ 13,364,194

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 181,310	$ -	$ -	$ -	$ 181,310
Construction in progress	973,827	302,285	-	(79,492)	1,196,620
Total	1,155,137	302,285	-	(79,492)	1,377,930
Capital assets, being depreciated:					
Buildings	21,259,086	-	-	-	21,259,086
Land improvements	94,044	-	-	-	94,044
Infrastructure	16,810,355	88,370	-	79,492	16,978,217
Machinery and equipment	3,656,886	316,059	-	-	3,972,945
Total	41,820,371	404,429	-	79,492	42,304,292
Less accumulated depreciation for:					
Buildings	5,527,771	431,453	-	-	5,959,224
Land improvements	42,682	7,950	-	-	50,632
Infrastructure	7,413,914	297,016	-	-	7,710,930
Machinery and equipment	1,465,824	200,275	-	-	1,666,099
Total	14,450,191	936,694	-	-	15,386,885
Total assets, being depreciated, net	27,370,180	(532,265)	-	79,492	26,917,407
Business-type activities capital assets, net	$ 28,525,317	$ (229,980)	$ -	$ -	$ 28,295,337

Included in increases above is $387,127 of additions acquired through the use of SPLOST funds.

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	247,570
Public safety		352,493
Public works		723,557
Culture and recreation		23,711
Housing and development		3,343
Total depreciation expense - governmental activities	$	1,350,674
Business-type activities:		
Water and sewer	$	936,695
Total depreciation expense - business-type activities	$	936,695

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, 2011 excluding the bond premium of $249,465 are as follows:

Purpose	Interest Rates	Terms	Due Date	Amount
Water & Sewer Improvements	3.60% - 6.00%	25 years	2021	$ 9,910,000

Revenue bonds debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	$ 665,000	$ 572,323
2013	700,000	533,700
2014	745,000	490,350
2015	790,000	444,300
2016	835,000	395,550
2017-2021	4,990,000	1,138,500
2021-2022	1,185,000	35,500
	$ 9,910,000	$ 3,610,223

NOTE 6. LONG-TERM DEBT (CONTINUED)

The City has incurred debt to the Georgia Environmental Facilities Authority for various water and sewer system projects. During the fiscal year ended June 30, 2010, the City entered into a $1,206,950 construction agreement with GEFA. Approximately 70% of this amount, or $844,865 is not required to be repaid, and was recorded as intergovernmental (grant) revenue in the Water and Sewer Fund in the prior year. The remaining 30% ($362,085) will be repaid and will be recorded as a note payable. As of June 30, 2011, only $351,518 of the loan amount had been drawn. Debt service for this note is not included in the debt service requirements to maturity below as payment terms will not be established until the entire balance is drawn. These notes are as follows at June 30, 2011:

Amount	Interest Rate	Term	Due Date	Amount
$ 800,000	4.8%	20 years	2015	$ 226,097
711,500	5.6%	20 years	2016	269,530
362,085	3.0%	15 years	2025	351,518
				$ 847,145

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

Fiscal Year Ending June 30,	Principal	Interest
2012	$ 98,814	$ 23,642
2013	104,080	18,377
2014	109,585	12,875
2015	115,315	7,060
2016	57,870	2,328
2017	9,963	70
	$ 495,627	$ 64,352

NOTE 6. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2011, is as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within One year
Governmental activities					
Compensated absences	$ 474,910	$ 277,255	$ 302,057	$ 450,108	$ 180,043
Claims payable	4,924,198	227,646	272,305	4,879,539	300,000
Long-term liabilities	$ 5,399,108	$ 504,901	$ 574,362	$ 5,329,647	$ 480,043
Business-type activities					
Revenue bonds payable	$ 10,545,000	$ -	$ 635,000	$ 9,910,000	$ 665,000
Add deferred amounts:					
For bond premium	283,104	-	33,639	249,465	-
Total bonds payable	10,828,104	-	668,639	10,159,465	665,000
Notes payable	629,603	311,323	93,782	847,144	98,814
Compensated absences	161,378	105,330	106,558	160,150	59,507
Long-term liabilities	$ 11,619,085	$ 416,653	$ 868,979	$ 11,166,759	$ 823,321

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. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 1,943
General Fund	Water and Sewer Fund	16,564
General Fund	Solid Waste Fund	2,405
General Fund	SPLOST Fund	25,288
Solid Waste Fund	Water and Sewer Fund	11,074
Water and Sewer Fund	Workers' Compensation Fund	5,000,000
		$ 5,057,274

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. Primarily, balances are attributed to expenditures paid by the General Fund to be reimbursed by the funds for which the expenditures benefit.

During the year ended June 30, 2011, SPLOST funds totaling $387,127 were used for construction of Water and Sewer Fund capital assets. In the fund level financial statements, this amount is shown as a capital contribution in the Water and Sewer Fund and capital outlay in the SPLOST Fund. At the government-wide level, this amount is shown as a transfer between governmental activities and business-type activities.

NOTE 8. 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 Council members. 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, 2010, the date of the most recent actuarial valuation, there were 290 participants consisting of:

Retirees and beneficiaries currently receiving benefits	82
Vested terminated employees not yet receiving benefits	34
Active employees	174
Total	290

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	$ 7,489,427	$ 13,963,885	$ 6,474,458	53.6 %	$ 5,248,000	123.4 %

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

NOTE 8. 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 value 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 19% 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, 2010 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: Lord Abbet Investment Dura Incm I, Vanguard St Federal Admiral, Pimco Funds Pac Investment Management, Scout Funds Core PLFD, Principal Funds Inc MC Blend Fund International, and Westport Funds Westport FD I.

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Required contribution	$ 1,142,500
Interest on net pension obligation	(45,294)
Adjustment to annual required contribution	66,396
Annual pension cost	1,163,602
Employer contributions for period ending June 30, 2011	1,045,506
Decrease in net pension (asset)	118,096
Net pension (asset) beginning of year	(647,063)
Net pension (asset) end of year	$ (528,967)

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)
6/30/06	$ 519,433	$ 561,121	108 %	$ (726,758)
6/30/07	656,294	525,000	80	(595,464)
6/30/08	670,287	802,188	120	(727,365)
6/30/09	897,078	875,263	98	(705,550)
6/30/10	1,068,515	1,010,028	95	(647,063)
6/30/11	1,163,602	1,045,506	90	(528,967)

NOTE 8. 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:

Basis of Valuation	
Current Valuation Date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization Method	Level percentage of projected payroll
Amortization Period	27 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 9. 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, 2011	June 30, 2010
Unpaid claims, beginning of year	$ 4,924,198	$ 4,974,690
Incurred claims and changes in estimates	227,646	147,465
Claim payments	(272,305)	(197,957)
Unpaid claims, end of year	$ 4,879,539	$ 4,924,198

NOTE 10. COMMITMENTS AND CONTINGENCIES

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 11. HOTEL/MOTEL LODGING TAX

The City has levied a 8% lodging tax. A summary of the transactions for the fiscal year ending June 30, 2011, are as follows:

Balance of lodging tax funds on hand at July 1, 2010	$	70,251
Lodging tax receipts		461,852
Disbursements to Convention and Visitors Bureau		(373,091)
Balance of lodging tax funds on hand at June 30, 2011	$	159,012

NOTE 12. 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 13. 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 Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2011, the City paid $18,757 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
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
12/31/00	$ 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	4,720,000	85.0
07/01/07	5,825,941	9,341,172	3,515,231	62.4	4,700,000	74.8
07/01/08	5,789,114	10,847,535	5,058,421	53.4	5,144,000	98.3
07/01/09	6,801,787	12,929,800	6,128,013	52.6	5,465,000	112.1
07/01/10	7,489,427	13,963,885	6,474,458	53.6	5,248,000	123.4

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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 (CDBG) 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.

Community Home Improvement Program (CHIP) Fund – This fund is used to account for a grant received from the U.S. Department of Housing and Urban Development under the Community Home Investment Program.

CITY OF MILLEDGEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds					
ASSETS	**Hotel/Motel Tax Fund**	**Silver-Haired Legislature Grant Fund**	**CDBG Program Income Fund**	**Confiscated Assets Fund**	**CHIP Program Fund**	**Total**
Cash and cash equivalents	$ 186,426	$ 100	$ 416,613	$ 13,533	$ 200	$ 616,872
Taxes receivable	46,715	-	-	-	-	46,715
Total assets	$ 233,141	$ 100	$ 416,613	$ 13,533	$ 200	$ 663,587
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 74,129	$ -	$ -	$ -	$ -	$ 74,129
Deferred revenue	-	-	9,896	-	-	9,896
Due to other funds	-	131	-	1,712	100	1,943
Total liabilities	74,129	131	9,896	1,712	100	85,968
FUND BALANCES						
Restricted	159,012	-	406,717	11,821	100	577,650
Unassigned	-	(31)	-	-	-	(31)
Total fund balances (deficits)	159,012	(31)	406,717	11,821	100	577,619
Total liabilities and fund balances	$ 233,141	$ 100	$ 416,613	$ 13,533	$ 200	$ 663,587

CITY OF MILLEDGEVILLE, GEORGIA

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

	Special Revenue Funds					
	Hotel/Motel Tax Fund	Silver-Haired Legislature Grant Fund	CDBG Program Income Fund	Confiscated Assets Fund	CHIP Program Fund	Total
Revenues:						
Taxes	$ 461,852	$ -	$ -	$ -	$ -	$ 461,852
Intergovernmental	-	-	185,116	-	118,017	303,133
Fines and forfeitures	-	-	-	3,155	-	3,155
Interest revenue	-	-	4,408	53	-	4,461
Total revenues	461,852	-	189,524	3,208	118,017	772,601
Expenditures:						
Current:						
Public safety	-	-	-	5,812	-	5,812
Housing and development	373,091	-	185,116	-	117,983	676,190
Total expenditures	373,091	-	185,116	5,812	117,983	682,002
Net change in fund balances	88,761	-	4,408	(2,604)	34	90,599
Fund balances (deficits), July 1	70,251	(31)	402,309	14,425	66	487,020
Fund balances (deficits), June 30	$ 159,012	$ (31)	$ 406,717	$ 11,821	$ 100	$ 577,619

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, taxes	$ 391,600	$ 461,852	$ 70,252
Expenditures, housing and development	451,600	373,091	78,509
Net change in fund balances	(60,000)	88,761	148,761
Fund balances, July 1	70,251	70,251	-
Fund balances, June 30	$ 10,251	$ 159,012	$ 148,761

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, intergovernmental	$ -	$ -	$ -
Expenditures, general government	-	-	-
Net change in fund balances	-	-	-
Fund balances (deficits), July 1	(31)	(31)	-
Fund balances (deficits), June 30	$ (31)	$ (31)	$ -

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ -	$ 185,116	$ 185,116
Interest revenue	4,000	4,408	408
Total revenues	4,000	189,524	185,524
Expenditures, housing and development	500	185,116	(184,616)
Net change in fund balances	3,500	4,408	908
Fund balances, July 1	402,309	402,309	-
Fund balances, June 30	$ 405,809	$ 406,717	$ 908

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	$ 4,000	$ 3,155	$ (845)
Interest revenue	100	53	(47)
Total revenues	4,100	3,208	(892)
Expenditures, public safety	4,100	5,812	(1,712)
Net change in fund balances	-	(2,604)	(2,604)
Fund balances, July 1	14,425	14,425	-
Fund balances, June 30	$ 14,425	$ 11,821	$ (2,604)

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

COMMUNITY HOME IMPROVEMENT PROGRAM (CHIP) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, intergovernmental	$ 60,000	$ 118,017	$ 58,017
Expenditures, housing and development	100,000	117,983	(17,983)
Net change in fund balances	(40,000)	34	40,034
Fund balances, July 1	66	66	-
Fund balances, June 30	$ (39,934)	$ 100	$ 40,034

AGENCY FUNDS

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, 2011

	School Fund
ASSETS	
Cash	$ 63,000
Taxes receivable	41,988
Total assets	$ 104,988
LIABILITIES	
Due to others	$ 67,931
Uncollected taxes	37,057
Total liabilities	$ 104,988

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

School Fund	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Cash	$ 33,421	$ 364,827	335,248	$ 63,000
Taxes receivable	49,071	400,949	408,032	41,988
Total assets	$ 82,492	$ 765,776	$ 743,280	$ 104,988
Due to others	$ 36,296	$ 412,237	$ 380,602	$ 67,931
Uncollected taxes	46,196	353,539	362,678	37,057
Total liabilities	$ 82,492	$ 765,776	$ 743,280	$ 104,988

COMPONENT UNITS

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MILLEDGEVILLE BALDWIN COUNTY ALLIED ARTS
JUNE 30, 2011

ASSETS		
Cash	$	144,123
Investments		10,064
Due from other governments		300
Total assets	$	154,487
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued liabilities	$	3,331
Total liabilities		3,331
FUND BALANCE		
Unassigned		151,156
Total liabilities and fund balance	$	154,487

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, 2011

Revenues		
Intergovernmental	$	2,999
Contributions		150,084
Interest revenue		261
Other revenues		38,350
Total revenues		191,694
Expenditures, culture and recreation		206,829
Net change in fund balance		(15,135)
Fund balance, July 1		166,291
Fund balance, June 30	$	151,156

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MARY VINSON MEMORIAL LIBRARY
JUNE 30, 2011

ASSETS		
Cash	$	219,436
Accounts receivable		50
Total assets	$	219,486
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	5,234
Accrued liabilities		12,800
Total liabilities		18,034
FUND BALANCE		
Unassigned		201,452
Total liabilities and fund balance	$	219,486

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, 2011

Revenues		
Intergovernmental	$	155,995
Contributions		537,416
Interest revenue		378
Other revenues		43,763
Total revenues		737,552
Expenditures, culture and recreation		735,151
Net change in fund balance		2,401
Fund balance, July 1		199,051
Fund balance, June 30	$	201,452

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.

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CITY OF MILLEDGEVILLE, GEORGIA

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	$ 4,201,618	$ 5,184,092	$ 8,063,087	$ 8,591,031	$ 13,327,842	$ 12,881,590	$ 12,310,698	$ 13,046,789	$ 13,364,194
Restricted	-	-	-	5,360,037	6,520,856	7,186,892	-	7,487,107	7,527,182
Unrestricted	(210,964)	2,280,214	1,664,442	(2,740,757)	(2,397,339)	(1,950,090)	6,982,499	(8,962)	(1,001,987)
Total governmental activities net assets	$ 3,990,654	$ 7,464,306	$ 9,727,529	$ 11,210,311	$ 17,451,359	$ 18,118,392	$ 19,293,197	$ 20,524,934	$ 19,889,389
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	$ 14,793,739	$ 15,208,588	$ 17,067,610	$ 17,288,728
Restricted	876,917	1,025,536	1,410,557	485,662	474,415	522,712	1,752,286	1,887,114	2,587,344
Unrestricted	3,547,774	4,875,228	5,432,916	7,749,727	8,848,181	10,995,989	10,303,242	10,899,168	12,104,064
Total business-type activities net assets	$ 14,885,278	$ 17,286,919	$ 18,280,987	$ 21,678,555	$ 23,474,642	$ 26,312,440	$ 27,264,116	$ 29,853,892	$ 31,980,136
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	$ 27,675,329	27,519,286	$ 30,114,399	$ 30,652,922
Restricted	876,917	1,025,536	1,410,557	5,845,699	6,995,271	7,709,604	1,752,286	9,374,221	10,114,526
Unrestricted	3,336,810	7,155,442	7,097,358	5,008,970	6,450,842	9,045,899	17,285,741	10,890,206	11,102,077
Total primary government net assets	$ 18,875,932	$ 24,751,225	$ 28,008,516	$ 32,888,866	$ 40,926,001	$ 44,430,832	$ 46,557,313	$ 50,378,826	$ 51,869,525

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)	2010	2011
Expenses									
Governmental activities:									
General government	$ 1,532,755	$ 1,301,315	$ 650,503	$ 1,382,974	$ 1,554,126	$ 1,311,449	$ 1,467,788	$ 1,438,368	$ 1,583,367
Judicial	-	127,221 (3)	60,911	138,253	144,191	146,822	157,986	150,767	160,324
Public safety	4,500,525	4,142,449	2,226,618	4,950,692	5,057,547	5,484,782	5,838,433	5,931,232	6,255,838
Public works	3,037,978	1,614,112 (4)	870,502	1,474,717	2,722,253	2,315,767	2,790,493	3,566,034	2,708,035
Culture and recreation	757,894	856,664	458,576	899,585	1,006,164	990,400	888,255	916,789	753,213
Housing and development	162,805	609,672	306,324	723,575	798,266	896,363	820,562	1,027,572	1,135,550
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	11,145,583	11,963,517	13,030,762	12,596,328
Business-type activities:									
Water and sewer	5,522,337	5,484,315	2,705,299	5,418,621	5,638,041	5,926,373	6,096,709	6,044,630	5,878,449
Solid waste	-	1,277,277 (4)	635,673	1,251,481	1,352,562	1,419,941	1,504,096	1,638,333	1,645,373
Total business-type activities expenses	5,522,337	6,761,592	3,340,972	6,670,102	6,990,603	7,346,314	7,600,805	7,682,963	7,523,822
Total primary government expenses	$ 15,524,054	$ 15,417,936	$ 7,915,238	$ 16,240,660	$ 18,273,150	$ 18,491,897	$ 19,564,322	$ 20,713,725	$ 20,120,150
Program revenues									
Governmental activities:									
Charges for services:									
General government	$ 1,225,143	$ 231,013 (4)	$ 85,661	$ 339,402	$ 288,359	$ 360,551	276,769	325,864	$ 323,490
Public safety	554,673	473,710	248,591	615,218	619,075	695,843	609,284	703,910	623,963
Public works	805,541	500,904	17,535	-	-	-	-	-	-
Other activities	53,471	21,479	1,179	2,362	2,567	2,838	2,962	553	-
Operating grants and contributions	101,109	185,675	37,698	62,420	73,463	81,578	58,876	63,744	290,553
Capital grants and contributions	-	539,731	2,587,472	653,838	432,839	51,118	1,710,191	2,869,600	2,382,085
Total governmental activities program revenues	2,739,937	1,952,512	2,978,136	1,673,240	1,416,303	1,191,928	2,658,082	3,963,671	3,620,091
Business-type activities:									
Charges for services:									
Water and sewer	$ 5,698,606	$ 6,786,049	$ 3,335,326	$ 6,829,185	$ 6,926,704	$ 7,590,421	$ 7,819,991	$ 7,001,007	$ 7,209,392
Solid waste	-	1,059,675	554,451	1,216,534	1,217,590	1,585,858	1,731,995	1,934,153	1,923,824
Capital grants and contributions	744,297	756,994	344,709	1,266,640	324,771	75,366	207,652	2,029,935	32,377
Total business-type activities program revenues	6,442,903	8,602,718	4,234,486	9,312,359	8,469,065	9,251,645	9,759,638	10,965,095	9,165,593
Total primary government program revenues	$ 9,182,840	$ 10,555,230	$ 7,212,622	$ 10,985,599	$ 9,885,368	$ 10,443,573	$ 12,417,720	$ 14,928,766	$ 12,785,684
Net (expense)/revenue									
Governmental activities	$ (7,261,780)	$ (6,703,832)	$ (1,596,130)	$ (7,897,318)	$ (9,866,244)	$ (9,953,655)	$ (9,305,435)	$ (9,067,091)	$ (8,976,237)
Business-type activities	920,566	1,841,126	893,514	2,642,257	1,478,462	1,905,331	2,158,833	3,282,132	1,641,771
Total primary government net expense	$ (6,341,214)	$ (4,862,706)	$ (702,616)	$ (5,255,061)	$ (8,387,782)	$ (8,048,324)	$ (7,146,602)	$ (5,784,959)	$ (7,334,466)

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)	2010	2011
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	$ 2,804,795	$ 2,850,577	$ 2,958,098	$ 2,931,647
Sales taxes	4,245,870	4,311,240	1,927,570	4,126,742	4,592,017	4,584,724	2,431,098	2,521,200	2,464,375
Hotel/motel taxes	239,045	267,967	127,137	253,303	262,255	282,549	262,328	365,766	461,852
Franchise taxes	868,543	900,981	862,924	1,073,816	1,102,370	1,032,903	1,241,285	1,193,921	1,224,963
Insurance premium taxes	805,709	873,170	-	939,416	982,864	1,025,237	1,049,796	1,040,054	1,009,723
Alcoholic beverage taxes	-	-	-	-	-	-	507,557	459,052	497,143
Business and occupation taxes	-	-	-	-	-	-	568,177	626,357	561,109
Other taxes	413,064	1,008,178	705,067	1,021,223	1,078,493	1,075,530	46,779	116,819	108,996
Unrestricted investment earnings	27,973	37,694	39,105	120,737	404,965	422,827	143,965	94,254	122,072
Transfers	350,000	-	-	(803,536)	(77,217)	(607,877)	1,378,682	923,307	(387,127)
Total governmental activities	8,910,270	9,333,022	3,859,354	9,380,100	10,998,998	10,620,688	10,480,244	10,298,828	8,994,753
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	324,590	171,525	230,951	97,346
Transfers	(350,000)	-	-	803,536	77,217	607,877	(1,378,682)	(923,307)	387,127
Total business-type activities	(312,152)	96,236	100,554	755,311	317,625	932,467	(1,207,157)	(692,356)	484,473
Total primary government	$ 8,598,118	$ 9,429,258	$ 3,959,908	$ 10,135,411	$ 11,316,623	$ 11,553,155	$ 9,273,087	$ 9,606,472	$ 9,479,226
Change in Net Assets									
Governmental activities	$ 1,648,490	$ 2,629,190	$ 2,263,224	$ 1,482,782	$ 1,132,754	$ 667,033	$ 1,174,809	$ 1,231,737	$ 18,516
Business-type activities	608,414	1,937,362	994,068	3,397,568	1,796,087	2,837,798	951,676	2,589,776	2,126,244
Total primary government	$ 2,256,904	$ 4,566,552	$ 3,257,292	$ 4,880,350	$ 2,928,841	$ 3,504,831	$ 2,126,485	$ 3,821,513	$ 2,144,760

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

(2) Other taxes were further broken out into Alcohol Excise Taxes and Business and Occupation Taxes for the fiscal year ending June 30, 2009.

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

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

CITY OF MILLEDGEVILLE, GEORGIA

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

Year	Property Tax	Sales Tax (3)	Other Taxes (1)	Alcoholic Beverage Taxes (1)	Business and Occupation 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
2008	2,804,795	4,584,724	1,358,079	-	-	1,032,903	1,025,237	10,805,738
2009	2,850,577	2,431,098	309,107	507,557	568,177	1,241,285	1,049,796	8,957,597
2010	2,958,098	2,521,200	482,585	459,052	626,357	1,193,921	1,040,054	9,281,267
2011	2,931,647	2,464,375	570,848	497,143	561,109	1,224,963	1,009,723	9,259,808

(1) Includes hotel/motel taxes, alcoholic beverages taxes and business and occupation taxes for the years 2005-2008. Beginning in 2009, the alcoholic beverage taxes and business and occupation taxes were segregated into their own column.

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

(3) Beginning in fiscal year 2009, sales tax revenue includes only LOST revenue. Prior years included LOST and SPLOST revenue. Beginning in fiscal year 2009, SPLOST revenue is reported as Intergovernmental revenue.

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,740
Restricted	-	-	-	-	-	-	-	-	76,409
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	595
Unassigned	-	-	-	-	-	-	-	-	3,439,189
Reserved	56,320	32,817	37,885	51,978	111,763	120,157	121,144	364,158	-
Unreserved	868,718	1,415,369	782,125	1,462,210	1,842,682	2,048,211	2,967,390	3,219,511	-
Total governmental activities net assets	$ 925,038	$ 1,448,186	$ 820,010	$ 1,514,188	$ 1,954,445	$ 2,168,368	$ 3,088,534	$ 3,583,669	$ 3,549,933
All Other Governmental Funds									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	8,104,832
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(31)
Reserved	380,314	396,400	398,235	5,793,736	6,926,294	7,616,855	411,055	652,007	-
Unreserved, reported in:									
Special revenue funds	10,723	1,027	298	(2,814)	(260)	(294)	(276)	7,322,120	-
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	$ 7,616,561	$ 410,779	$ 7,974,127	$ 8,104,801

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011
Revenues:									
Taxes	$ 8,185,479	$ 9,302,348	$ 4,085,630	$ 10,001,357	$ 10,681,688	$ 10,774,086	$ 8,842,623	$ 9,231,756	$ 9,373,107
Licenses and permits	633,841	205,708	78,372	302,250	245,612	269,421	254,397	224,487	216,867
Intergovernmental	97,033	719,709	851,904	558,486	502,644	132,696	1,729,507	2,810,262	2,612,167
Fines and forfeitures	554,377	449,043	247,386	615,218	619,075	695,843	609,284	703,910	623,963
Charges for services	1,299,540	525,571 (2)	12,592	14,972	7,919	5,934	4,889	7,794	8,272
Interest income	27,973	37,115	38,946	120,242	400,066	416,981	142,533	204,046	134,765
Other revenues	124,370	52,481	26,003	24,542	41,053	88,034	20,445	94,136	98,351
Total revenues	10,922,613	11,291,975	5,340,833	11,637,067	12,498,057	12,382,995	11,603,678	13,276,391	13,067,492
Expenditures:									
General government	1,499,287	1,268,741	602,264	1,293,058	1,260,215	1,235,084	1,403,760	1,409,898	1,274,842
Judicial	-	126,017 (3)	58,765	134,956	139,081	145,044	157,390	162,685	150,765
Public safety	4,371,968	4,097,120	2,105,534	4,601,913	4,775,248	5,348,910	5,505,919	5,853,059	5,632,753
Public works	3,177,813	1,278,923 (3)	629,949	1,373,713	1,473,618	1,527,644	1,576,832	1,589,352	1,906,304
Culture and recreation	744,601	836,284	448,189	876,398	975,299	964,602	866,518	891,330	797,390
Housing and development	239,045	612,491	305,036	723,538	788,626	892,385	808,239	1,015,304	1,136,659
Capital outlay	-	1,259,535	1,444,916	1,782,391	1,433,104	1,467,746	1,042,344	3,126,557	2,071,841
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	11,581,415	11,361,002	14,048,185	12,970,554
Excess of revenues over (under) expen	760,528	1,657,677	(277,852)	803,036	1,652,866	801,580	242,676	(771,794)	96,938

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)									
Proceeds from capital leases	$ 138,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers in from other funds	350,000	8,375	-	54	-	102,870	1,716,847	923,307	-
Transfers out to other funds	-	(8,375)	-	(54)	(77,217)	-	(338,165)	-	-
Total other financing sources (uses)	488,990	-	-	-	(77,217)	102,870	1,378,682	923,307	-
Net change in fund balances	$ 1,249,518	$ 1,657,677	$ (277,852)	$ 803,036	$ 1,575,649	$ 904,450	$ 1,621,358	$ 151,513	$ 96,938
Debt service as a percentage of noncapital expenditures	1.33%	1.81%	0.56%	0.51%	0.00%	0.00%	0.00%	0.00%	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 Solid Waste activities.

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
LAST NINE 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
2008	2,773,143	4,584,724	1,358,079	1,032,903	1,025,237	10,774,086
2009 (4)	2,792,655	2,374,046	1,384,841	1,241,285	1,049,796	8,842,623
2010	2,898,995	2,530,792	1,567,994	1,193,921	1,040,054	9,231,756
2011	2,997,485	2,511,836	1,629,100	1,224,963	1,009,723	9,373,107

(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.

(4) Beginning in fiscal year 2009, sales tax revenue includes only LOST revenue. Prior years included both LOST and SPLOST revenue. Beginning in fiscal year 2009, SPLOST revenue is included as Intergovernmental revenue.

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 (2)	Total Direct and Overlapping Rates
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%
2008	1.00%	4.00%	1.00%	1.00%	7.00%
2009	1.00%	4.00%	1.00%	1.00%	7.00%
2010	1.00%	4.00%	1.00%	1.00%	7.00%
2011	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

(3) A new 1% special purpose local option sales tax referendum was passed in March 2011

CITY OF MILLEDGEVILLE, GEORGIA

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

By Category	2004	2005	2006	2007	2008	2009	2010
Food	$ 1,470,601	$ 1,484,331	$ 1,702,562	$ 1,789,423	$ 1,549,438	$ 1,106,221	$ 1,044,749
Apparel	88,660	96,057	96,479	101,552	103,119	110,742	122,828
General	1,166,570	1,273,629	1,319,042	1,344,124	1,313,985	1,231,299	1,211,914
Automotive	956,362	1,115,842	1,227,571	1,234,576	1,380,494	722,402	768,607
Home	256,630	289,122	362,778	310,193	276,404	110,742	260,032
Lumber	577,265	570,625	722,251	674,450	556,832	425,172	556,683
Miscellaneous Service	246,321	208,836	243,942	232,113	240,512	315,552	334,584
Manufacturers	187,422	151,253	186,704	133,567	139,918	325,454	260,032
Utilities	499,701	507,428	564,852	586,667	666,444	509,435	541,669
Miscellaneous	363,371	375,626	428,756	450,685	422,043	412,752	334,584
	$ 5,812,903	$ 6,072,749	$ 6,854,937	$ 6,857,350	$ 6,649,189	$ 5,269,771	$ 5,435,682

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Only seven years of data are available

(2) Information only available for Baldwin County

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)					
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%
2008	152,659,325	169,264,504	21,608,710	1,144,479	1,524,478	343,152,540	9.22	857,881,350	40%
2009	160,714,124	177,017,129	23,290,960	1,266,786	1,946,693	360,342,306	9.22	900,855,765	40%
2010	145,958,815	171,342,957	22,300,100	837,604	1,605,269	352,168,866	9.12	880,422,100	40%
2011	158,571,927	165,044,251	20,796,550	810,332	2,252,665	360,805,090	9.12	902,012,725	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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Milledgeville										
Maintenance & Operations	9.75	9.75	8.75	8.75	8.75	8.22	8.22	8.12	8.12	8.12
School Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City	10.75	10.75	9.75	9.75	9.75	9.22	9.22	9.12	9.12	9.12
Baldwin County	12.52	12.52	9.80	9.80	13.58	8.80	8.80	8.64	8.64	8.64
Baldwin County School District	18.65	18.65	14.57	14.57	14.57	16.07	16.07	16.07	16.07	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	42.17	42.17	34.37	34.37	38.15	34.34	34.34	34.08	34.08	34.08

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

	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	$ 8,390,880	1	2.30%	$ 5,281,967	1	3.03%
Campus Crest	5,676,055	2	1.60%	-		
Magnolia Park	4,999,280	3	1.38%	-		
Wal-Mart Real Estate Business	4,835,680	4	1.34%	3,656,881	3	2.10%
Rath Refactories, Inc.	4,693,524	5	1.30%			
Alltel	4,312,789	6	1.19%	4,282,373	2	2.46%
Oconee Regional Medical	3,209,360	7	0.89%	-		
Heritage Walk Investments	3,001,552	8	0.83%	-		
Gordon Giles	2,835,244	9	0.78%	-		
Wal-Mart	2,791,520	10	0.77%	-		
Shaw Industries	-		-	1,841,093	4	1.06%
Hatcher Square	-		-	2,049,093	5	1.18%
Pine Knoll Apartments, Inc	-		-	1,194,280	6	0.69%
K-Mart Corporation	-		-	1,117,569	7	0.64%
Century Bank & Trust	-		-	1,025,407	8	0.59%
Bob Mitzel Real Estate	-		-	1,023,360	9	0.59%
LPI Milledgeville, Inc.	-		-	914,769	10	0.52%
Totals	$ 44,745,884		12.39%	$ 22,386,792		12.86%

Source: City of Milledgeville and Baldwin County records

Note: Wal-Mart site opened in 2004 with other stores.

Campus Crest and Magnolia Park student housing sites opened late in 2006.

Shaw Industries ceased operations in 2009.

Winn-Dixie and IRT Property ceased operations in 2005.

K-Mart has downsized significantly since 2004.

Gordon Giles is a local property owner who purchased a significant amount of property since 2006.

Century Bank & Trust sold some of its property in 2007.

Pine Knoll has downsized since 2004.

Hatcher Square has maintained its acreage since opening in 1972, but downsized operations in 2008.

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
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
2008	2,822,462	2,694,554	95.5	175,008	2,869,562	101.7
2009	2,769,525	2,664,606	96.2	-	2,664,606	96.2
2010	2,958,098	2,904,863	98.2	86,467	2,991,330	101.1
2011	3,103,327	2,910,692	93.8	19,304	2,929,996	94.4

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)(2)	Per Capita (1)
	General Obligation Bonds	Capital Lease Obligations	Water & Sewer Notes	Revenue Bonds			
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
2008	-	-	763,291	11,720,000	12,483,291	N/A	665.53
2009	-	-	678,577	11,145,000	11,823,577	N/A	630.36
2010	-	-	629,603	10,545,000	11,174,603	N/A	595.76
2011	-	-	847,144	9,910,000	10,757,144	N/A	607.23

Source: City of Milledgeville financial records

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
(2) Information not available for 2007, 2008, and 2009.

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)
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-

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, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Debt repaid with property taxes: Baldwin County	$ 1,997,859	29.00%	$ 579,379
Subtotal, overlapping debt			579,379
City of Milledgeville direct debt			$ -
Total direct and overlapping debt			$ 579,379

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, 2011 as provided by Baldwin County.

(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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legal debt limit	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126	$ 34,315	$36,034	$ 35,217	$ 36,081
Total net debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126	$ 34,315	$ 36,034	$ 35,217	$ 36,081
Legal debt margin as a percentage of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	$ 360,805
Debt limit (10% of assessed value)	36,081
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	$ 36,081

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 Func.

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	
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
2008	7,590,421	4,349,460	3,240,961	545,000	702,119	2.60
2009	7,819,991	4,629,577	3,190,414	575,000	674,408	2.55
2010	6,952,141	4,483,666	2,468,475	600,000	646,352	1.98
2011	7,212,402	4,285,571	2,926,831	635,000	656,184	2.27

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 (1)	School Enrollment (2)	Unemployment Rate (3)
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	25,134	5,582	5.90
2008	18,757	N/A	N/A	5,486	6.70
2009	18,757	N/A	17,481	6,807	11.60
2010	18,757	N/A	1,748	6,832	15.10
2011	17,715	N/A	13,074	6,623	14.70

(1) Source: U. S. Bureau of the Census
(2) Source: Baldwin County Board of Education, John Milledge Academy, GMC Prep School, Sinclair Christian Academy
(3) Source: Georgia Department of Labor

N/A - Not Available

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
Employer	Employees (1)	Rank	Percentage of Total County Employment (3)	Employees (2)	Rank	Percentage of Total County Employment (4)
Central State Hospital	2,177	1	23.50 %	2,900	1	N/A
Baldwin County Board of Education	807	2	8.70	900	5	N/A
Georgia College & State University	805	3	8.69	1,228	2	N/A
Oconee Regional Medical Center	701	4	7.56	779	6	N/A
Triump Aerostructures (Vought Air. Ind., Inc.)	573	5	6.18	550	7	N/A
Wal-Mart	418	6	4.51	735	5	N/A
Georgia Military College	385	7	4.15	385	10	N/A
Mohawk	315	8	3.40			
Georgia Department of Corrections	310	9	3.35	1,200	3	N/A
Oconee Center	300	10	3.20			
Rheem Manufacturing Company				1,000	4	N/A
Bill Ireland Y.D.C.				435	9	N/A
Priva-Trends				467	8	N/A

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

N/A - Not Available

Note:

Northrup Grumman Aircraft relocated in 2002.
Central State Hospital has downsized in the last several years.
Vought Aircraft has maintained its employment status from 2008. It is where Northrup Grumman relocated to in 2002.
Priva-Trends became part of Central State Hospital in 2004.
United Veteran Services of Georgia maintained its employment from 2008.
Rheem Manufacturing closed in December 2009.

CITY OF MILLEDGEVILLE, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program									
General Government									
Administrative	2	3	3	3	3	3	3	3	4
Finance	8	8	8	7	7	7	8	7	6
Personnel	2	2	2	2	2	1	1	1	2
Planning	5	5	5	5	5	5	5	4	4
Other	7	7	7	7	8	8	6	3	3
Police									
Officers	49	49	49	49	49	49	51	51	52
Civilians	15	14	14	13	13	13	13	9	9
Fire									
Firefighters	31	31	31	31	33	33	34	34	33
Civilians	1	1	1	1	1	1	0	0	0
Public Works									
Administrative	2	2	2	2	2	2	2	2	2
Maintenance	18	20	20	16	12	12	16	13	13
Parks and Recreation	6	6	6	6	10	10	10	11	9
Water	41	40	40	39	39	39	35	33	32
Wastewater	15	16	16	18	18	18	21	18	16
Refuse	5	5	5	9	9	9	9	7	7
Total	207	209	209	208	211	210	214	196	192

Source: City of Milledgeville Human Resources Department

Note: The City is only able to report information for nine fiscal years due to the lack of records prior to 2003.

City Manager added beginning in fiscal year 2004. City changed form of government from Mayor-Council to Council-Manager

In 2009, the City added an additional accountant within the Finance Department, hired two (2) police officers, reclassed a civilian to a firefighter, reclassed four (4) employees from Water to Maintenance, and added three (3)

CITY OF MILLEDGEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Parking violations	3,300	3,326	3,040	956	3,008	2,360	3,737	3,891	4,598	3,103
Traffic violations	3,689	3,858	3,084	2,196	4,387	5,335	6,155	5,520	5,558	4,503
Fire										
Number of calls answered	1,093	1,138	1,058	463	1,043	1,015	971	988	989	1,155
Number of inspections conducted	866	876	1,068	697	1,404	2,091	2,302	2,327	2,025	1,855
Highways and streets										
Street resurfacing (miles)	N/A	N/A	1.5	1.0	1.5	1.0	0.5	0.0	1.4	2.3
Potholes repaired	N/A	N/A	51	37	53	157	191	290	338	351
Sanitation										
Yard trimmings collected (tons/day)	N/A	N/A	1.5	1.5	1.5	2.7	3.8	3.8	3.2	3.4
Water										
Number of service connections	6,178	6,178	6,693	6,693	7,008	7,231	7,388	7,746	7,564	7,589
Average daily consumption (thousands of gallons)	6,630	6,630	6,630	6,668	6,706	6,638	6,515	6,432	6,325	6,336
Sewer										
Number of service connections	5,398	5,398	5,398	5,587	5,777	5,792	6,000	6,125	6,071	6,072
Average daily sewage treatment (thousands of gallons)	4,500	4,500	4,500	4,820	4,360	3,750	4,043	4,380	4,369	4,372

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.
A full-time City Engineer was hired in July 2009. Subsequently, several street improvement projects have been initiated.

CITY OF MILLEDGEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	41	50	50	50	50	50	50	42	50	59
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Miles of streets	110	110	114	116	117	117	119	120	120	120
Number of street lights	1,529	1,529	1,556	1,568	1,536	1,541	1,547	1,547	1,547	1,547
Water										
Water mains (miles)	162	164	187	187	190	190	194	196	196	200
Number of water plants	2	2	2	2	2	2	2	2	2	2
Fire hydrants	672	672	672	678	678	678	715	728	728	728
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	237	277	278	232	232	233	233	233	233
Storm sewers (miles)	27	27	27	27	27	28	30	30	30	30
Maximum daily capacity (thousands of gallons)	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500

Source: City of Milledgeville records

Note: 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.
In 2009, the City police department retired eight (8) patrol cars and capacity at the City's Water Plant was increased due to capital improvements.
In 2010, the City police department acquired eight (8) patrol cars to replace those retired in the previous year.

CONTINUING DISCLOSURE INFORMATION

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings
Central State Hospital	$ 551,178	1	29.90%	$ 507,516	2	13.55%
Georgia College & State University	365,892	2	19.80%	90,699	4	2.42%
Mohawk	281,615	3	15.30%	68,340	5	1.83%
Chemtex Division	202,187	4	10.90%			
Georgia Military College	89,482	5	4.90%			
Magnolia Park Student Housing	77,193	6	4.20%			
The Grove	71,626	7	3.90%			
Pine Knoll Apartments	71,432	8	3.90%			
Triump Aerostructures (Vought Air. Ind., Inc.)	70,042	9	3.80%	19,507	10	0.52%
Villamar Town Home Apartments	63,745	10	3.40%	31,751	6	0.85%
Baldwin County				855,901	1	22.86%
Oconee Regional Medical Center				29,826	7	0.80%
Bill E. Ireland YDC				29,678	8	0.79%
Concord Fabrics				274,216	3	7.32%
Shaw Industries				22,546	9	0.60%

Source: City of Milledgeville records

Note: Northrup Grumman Aircraft relocated in 2002.
Concord Fabrics, Inc. ceased operations in 2006
Magnolia Park Student Housing began operations in late fall of 2006.
Oconee Regional Medical Center became a water customer in 1990. It has increased operations and added on to the facility since 2003.
Shaw Industries ceased operations in 2009.
Pine Knoll Apartments has downsized since 2004.
Chemtex Division opened in 2001
Bill E. Ireland Y.D.C. closed in the spring of 2010.
Baldwin County has built its own water system.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings
Central State Hospital	$ 373,883	1	22.90%	$ 269,775	1	13.29%
Georgia College	317,750	2	19.50%	71,898	4	3.54%
Baldwin County Commissioners	258,541	3	15.80%	1,304,006	3	6.42%
Chemtex Division	202,187	4	12.40%			
Mohawk	140,411	5	8.60%	41,487	5	2.04%
Magnolia Park Student Housing	77,193	6	4.70%			
Pine Knoll Apartments	71,432	7	4.40%			
Triump Aerostructures (Vought Air. Ind., Inc.)	70,042	8	4.30%	15,663	10	0.77%
Villamar Townhome Apartments	63,745	9	3.90%	26,978	6	1.33%
Georgetown Apartments	57,838	10	3.50%			
Oconee Regional Medical Center				25,352	7	1.25%
Bill E. Ireland YDC				25,233	8	1.24%
Shaw Industries				16,772	9	0.83%
Concord Fabrics, Inc.				230,300	2	11.34%

Source: City of Milledgeville records

Note: Northrup Grumman Aircraft relocated in 2002.

Concord Fabrics, Inc. ceased operations in 2006.

Magnolia Park Student Housing began operations in late fall of 2006.

Shaw Industries ceased operations in 2009.

Oconee Regional Medical Center became a water customer in 1990. It has increased operations and added on to the facility since 2003.

Chemtex Division opened in 2001.

Big E M Company was acquired by the owners of Pine Knoll Apartments in 2002.

Pine Knoll has downsized since 2004.

Bill E. Ireland Y.D.C. closed in the spring of 2010.

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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 2011. As discussed in Note 1, the City of Milledgeville, Georgia implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as of July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule

of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011–1 and 2011-2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2011-3 to be a significant deficiency.

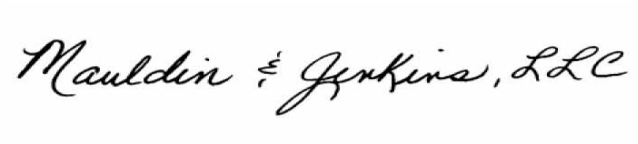
Compliance and Other Matters

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is included in the accompanying schedule of findings and questioned costs as item 2011-4.

We noted certain matters that we reported to management of the City in a separate letter dated December 28, 2011.

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

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



Macon, Georgia
December 28, 2011

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

Compliance

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

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

In our opinion, the City of Milledgeville, Georgia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-05.

Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Macon, Georgia
December 28, 2011

CITY OF MILLEDGEVILLE, GEORGIA

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

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Transportation Enhancement Activities (TEA) Grant-Streetscape (ARRA)	20.205	CSTEE-0008-00 (065)	$ 558,281
Transportation Enhancement Activities (TEA) Grant-Striping Project	20.205	CSSFT-0008-00 (746)	283,715
Transportation Enhancement Activities (TEA) Grant-Green Street Project	20.205	PEHPP-0007-00 (531)	24,707
Total Highway Planning & Construction Cluster			866,703
Total U.S. Department of Transportation			866,703
U.S. Department of Justice			
Bulletproof Vest Program	16.607	2002BUBX02010089	704
Bulletproof Vest Program	16.607	2003BUBX03017606	1,134
Total U.S. Department of Justice			1,838
U.S. Department of Housing and Urban Development			
Passed through the Georgia Department of Community Affairs			
Community Development Block Grant - Housing	14.228	09h-x-005-2-5153	185,116
Total CDBG -State-Administered Small Cities Program Cluster			185,116
Community Housing Improvement Program (CHIP)	14.239	07m-x-005-2-2958	118,037
Total U.S. Department of Housing and Urban Development			303,153
Environmental Protection Agency (EPA)			
Passed through Georgia Environmental Facilities Authority (GEFA)			
Capitalization Grants for Drinking Water-State Revolving Funds-ARRA (loan)	66.468	DW09.008	286,699
Total Environmental Protection Agency			286,699
Total Expenditures of Federal Awards			$ 1,458,393

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

CITY OF MILLEDGEVILLE, GEORGIA

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

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	___ yes X no
Significant deficiencies identified not considered to be material weaknesses?	___ yes X none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	X yes ___ no

Identification of major program:

CFDA Number	Name of Federal Program
20.205	U.S. Department of Transportation-Highway Planning & Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	___ yes X no

CITY OF MILLEDGEVILLE, GEORGIA

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

SECTION II FINANCIAL STATEMENT FINDINGS

2011-1. Recording of Accounts Payable and Retainage Payable (Repeat of Prior Year Finding 2010-2)

Criteria: Generally accepted accounting principles require reporting of all current liabilities when goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of June 30, 2011 as it relates to accounts payable and retainage payable items within the General Fund, SPLOST Fund, Solid Waste Fund, Water and Sewer Fund, and Workers Comp Fund at June 30, 2011. We noted items improperly excluded from accounts payable, amounts improperly included in accounts payable, as well as prior year accounts and retainage payable amounts that had not been reversed.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts and retainage payable that should be recorded in these funds as of June 30, 2011.

Effect: Numerous significant audit adjustments were required to be recorded in the above referenced funds. Specifically, we provide the following details:

a) General Fund – an adjustment of $122,171 associated with health insurance costs was required to decrease accounts payable;
b) Solid Waste Fund – an adjustment associated with health insurance costs was required to decrease accounts payable in the amount of $6,607:
c) Water and Sewer Fund – an adjustment of $42,820 associated with health insurance costs was required to decrease accounts payable and an adjustment of $38,111 was required to increase accounts payable for construction costs. Additionally, an adjustment in the amount of $32,376 was required to decrease retainage payable for amounts already paid in FY2011;
d) SPLOST Fund – adjustments totaling $71,304 were required to decrease retainage payable related to various construction projects;
e) Workers Comp Fund – adjustments totaling $184,859 were required to record additional accounts payable. An adjustment of $44,659 was required to reduce accounts payable based on the open claims report provided by the City's insurance claim administrator.

Recommendation: We recommend the City begin recognizing and recording accounts payable and retainage payable as required, and record the necessary adjustments to reflect the accounts payable and retainage payable balances at the conclusion of each financial reporting cycle.

Views of responsible officials and planned corrective action: Management concurs with this finding. The reconciliation of accounts payable and retainage payable on a monthly basis will be included in the task assignments distributed to the accounting staff.

CITY OF MILLEDGEVILLE, GEORGIA

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

2011-2. Recording of Intergovernmental Receivables (Repeat of Prior Year Finding 2010-3 and 2010-7)

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The City did not properly record various year end accounts receivable from other governmental agencies in the General Fund and SPLOST Fund during the year ended June 30, 2011.

Context: We addressed this matter with City personnel and they were able to determine the appropriate receivables that should be recorded as of June 30, 2011.

Effect: Audit adjustments were required to be recorded in the above referred to funds. Specifically, we provide the following details:

a) General Fund – an adjustment of $258,428 was required to increase receivables for amounts due to the City under the DOT Striping Grant and an adjustment of $111,956 to reduce the amount due from the Georgia Department of Revenue for Local Option Sales Tax; and
b) SPLOST Fund – an adjustment of $343,684 to reduce the amount of SPLOST funds due from Baldwin County at June 30, 2011.

Recommendation: We recommend the City begin recognizing and recording all necessary accounts receivable adjustments at the end of each financial reporting cycle, as well as assigning a responsible employee the task of reviewing receivable balances for proper recording on a periodic basis.

Views of responsible officials and planned corrective action: Management concurs with this finding. Responsibility for recording and reconciling the City's accounts receivable balances will be assigned to an appropriate member of the accounting staff.

2011-3. Payments to Retirees (Repeat of Prior Year Finding 2010-1 and 2009-2)

Criteria: Employees retiring from the City that have met the requirements to receive pension benefits are issued monthly payments based on the amount computed by the actuary as of the employee's date of retirement. Payments are based on years of service and salary at retirement. The City's accounts payable department prepares the checks based on information input into the financial system from the employee's pension file.

Condition: During the performance of audit procedures related to testing of the City's pension participants, several instances were noted where retirees' information included in their personnel files did not agree to the information provided by the City to the actuary. Additionally, several instances were noted in which the City's calculation of benefits to be paid did not agree to our recalculation.

CITY OF MILLEDGEVILLE, GEORGIA

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

2011-3. Payments to Retirees (Repeat of Prior Year Finding 2010-1 and 2009-2)

Criteria: Employees retiring from the City that have met the requirements to receive pension benefits are issued monthly payments based on the amount computed by the actuary as of the employee's date of retirement. Payments are based on years of service and salary at retirement. The City's accounts payable department prepares the checks based on information input into the financial system from the employee's pension file.

Condition: During the performance of audit procedures related to testing of the City's pension participants, several instances were noted where retirees' information included in their personnel files did not agree to the information provided by the City to the actuary. Additionally, several instances were noted in which the City's calculation of benefits to be paid did not agree to our recalculation.

Context: See above condition

Effect: The results of these errors included both excess benefits being paid to retirees as well as deficiencies in amounts paid to retirees.

Recommendation: We recommend the City periodically evaluate the employee pension files in conjunction with the data from the financial system to ensure the information from each is in agreement. For future retirees, the benefit calculation received from the actuary should be reviewed by someone other than the employee entering the data into the system.

Views of responsible officials and planned corrective action: We concur with the recommendation. The City is avidly working to resolve the issues noted above. The City plans to review each pension file to determine that proper payments are being made. In conjunction with this process, the City will verify that each retiree is receiving the appropriate pension benefit payment. Additionally, information will be reviewed prior to providing it to the actuary to ensure all information is in agreement with the personnel files.

CITY OF MILLEDGEVILLE, GEORGIA

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

2011-4. Undercollateralization of Deposits

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

Condition: For the year ended June 30, 2011, the deposits of the City of Milledgeville were undercolllateralized at one financial institution.

Context: During our review of the collateral confirmations obtained from the financial institutions that handle City deposits, we noted that the City's deposits were undercollateralized by $2,706,454.

Effect: The accounts of the City were not adequately collateralized, allowing for the possibility of loss of assets should the financial institution become insolvent.

Recommendation: We recommend City management contact the financial institution to ensure all City deposits are coded as public funds and to and request that adequate collateral be pledged to secure the deposits of the City.

Views of Responsible Officials and Planned Corrective Action: We concur. The collateralization issue will be resolved for fiscal year 2012.

CITY OF MILLEDGEVILLE, GEORGIA

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

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

2011-5. U.S. Department of Transportation, Transportation Enhancement Activities Grant – David-Bacon Act Compliance
CFDA# 20.205
Program CSSFT-0008-00-746, Striping Project

Criteria: As a recipient of a Transportation Enhancement Activities Grant, the City is required to monitor contractors for compliance with the Davis-Bacon Act.

Condition: The City did not receive certified payrolls from the contractor for two weeks during the construction period.

Effect: Without proper receipt and associated review of certified payrolls, it is possible that contractors were not in compliance with the Davis-Bacon Act during the year.

Questioned Costs: None

Cause: Lack of management oversight and review

Recommendation: We recommend the City take appropriate measures in regards to future projects to obtain and review certified payrolls from the contractors so that the contractors can be appropriately monitored for compliance with the Davis-Bacon Act.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the recommendation. Appropriate measures will be taken to ensure compliance with grant requirements in the future.

CITY OF MILLEDGEVILLE, GEORGIA

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

2010-1. Payments to Retirees (Repeat of Prior Year Findings 2010-1 and 2009-2)

Criteria: Employees retiring from the City that have met the requirements to receive pension benefits are issued monthly payments based on the amount computed by the actuary as of the employee's date of retirement. Payments are based on years of service and salary at retirement. The City's accounts payable department prepares the checks based on information input into the financial system from the employee's pension file. Pension benefits should be terminated when the former employee becomes deceased. Under no circumstances are the benefits to be received by the retiree's widow.

Condition: During the performance of audit procedures related to testing of the City's pension participants, several instances were noted where retirees' benefits could not be verified based on documentation available in the pension file. Specifically, these instances included situations where retirees were not receiving the correct benefit amount. This includes excess benefits being paid as well as deficiencies.

Auditee Response/Status: Unresolved. Refer to current year finding at 2011-3.

2010-2. Recording of Accounts Payable and Retainage Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities when goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of June 30, 2010 as it relates to accounts payable and retainage payable items within the School Fund, Workers' Compensation Fund, Solid Waste Fund, Water and Sewer Fund, SPLOST Fund, General Fund, and several of the funds classified as nonmajor at June 30, 2010.

Auditee Response/Status: Unresolved. Refer to current year finding at 2011-1.

CITY OF MILLEDGEVILLE, GEORGIA

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

2010-3. Recording of Receivables, Including Taxes, Interest, and General Accounts Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The City did not properly record various year end accounts receivable in the School Fund, Workers' Compensation Fund, Water and Sewer Fund, and several funds classified as nonmajor during the year ended June 30, 20101.

Auditee Response/Status: Partially resolved. Refer to current year finding at 2011-2.

2010-4. Vacation Payable (Compensated Absences) as Reported in the Enterprise Funds

Criteria: Generally accepted accounting principles require the reporting of current and long-term liabilities for vacation days accrued by City personnel but not taken as of June 30, 2010. Per City policy, up to a certain threshold, vacation time can be carried forward from year to year. Upon separation from the City, accrued vacation hours are paid to the employee in full.

Condition: The City did not properly address the above criteria as of June 30, 2010 as it relates to compensated absences reported in the Water and Sewer Fund and the Solid Waste Fund.

Auditee Response/Status: Resolved

2010-5. Capital Asset Accounting

Criteria: The City is required to maintain a current listing of all capital assets from which depreciation expense and accumulated depreciation are calculated and maintained. Such a listing should be one that provides the details of all capital assets including: location, costs, useful lives, types of assets, and their respective function.

CITY OF MILLEDGEVILLE, GEORGIA

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

2010-5. Capital Asset Accounting (Continued)

Condition: The City does maintain capital asset listings; however, we noted instances within the Water and Sewer Fund where capital assets and associated accumulated depreciation were not properly recorded. Specifically, capital assets were charged to expense accounts within the income statement instead of being classified with the assets on the balance sheet.

Auditee Response/Status: Resolved.

2010-6. Debt Transactions in the Water and Sewer Fund (Enterprise)

Criteria: Generally accepted accounting principles require all cash transactions to be accurately recorded. Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt.

Condition: The City did not appropriately record debt transactions in the Water and Sewer Fund. During our audit, we noted that payments of principal had been charged to an expense account rather than posted against the liability. Accounts in which debt transactions are recorded had beginning balances that mirrored the prior year ending balances.

Auditee Response/Status: Resolved.

2010-7. Due from Other Governments, Including SPLOST, LOST, and Grants Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. This includes revenue associated with grants awarded to the City.

Condition: The City did not properly record various year-end receivables for LOST, SPLOST, and grants as of June 30, 2011

Auditee Response/Status: Unresolved. Refer to current year finding at 2011-2.

CITY OF MILLEDGEVILLE, GEORGIA

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

2010-8. Recording of Deferred Revenue

Criteria: Generally accepted accounting principles require reporting of deferred revenue when revenues have been received and not yet earned.

Condition: The City did not properly address the above criteria as of June 30, 2011 as it relates to deferred property tax revenue reported in the School Fund and the General Fund and grant revenues for funds classified as nonmajor.

Auditee Response/Status: Resolved

2010-9. Allied Arts Grants Receivable (Component Unit)

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. This includes revenue associated with grants awarded to Allied Arts, a component unit of the City of Milledgeville, Georgia.

Condition: Allied Arts did not properly reverse prior year grants receivable for which payment was received in the current fiscal year.

Auditee Response/Status: Resolved

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STATE COMPLIANCE SECTION

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS – 2006 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Public works	$ 3,400,000	$ 3,400,000			
Improvements			$ 81,877	$ -	$ 81,877
Equipment and vehicles			531,961	368,024	899,985
City facilities	3,000,000	3,000,000			
Improvements			32,830	-	32,830
Equipment and vehicles			102,727	-	102,727
Public safety	2,000,000	2,000,000			
Improvements			116,029	42,599	158,628
Equipment and vehicles			926,031	3,700	929,731
Improvements - water system, water treatment and waste treatment	4,000,000	4,000,000	1,812,419	803,710	2,616,129
	$ 12,400,000	$ 12,400,000	$ 3,603,874	$ 1,218,033	$ 4,821,907

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS – 2000 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer, flood control	$ 3,000,000	$ 3,000,000	$ 2,120,507	$ -	$ 2,120,507
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	1,253,971	12,381	1,266,352
General government and public safety	1,500,000	1,500,000			
General government buildings			62,172	-	62,172
General government equipment			285,000	-	285,000
Public safety building			272,202	-	272,202
Public safety equipment			803,219	126,181	929,400
	$ 8,000,000	$ 8,000,000	$ 6,297,071	$ 138,562	$ 6,435,633

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Way of Life Building	$ 75,000	$ 75,000	$ 69,074	$ -	$ 69,074
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	1,658,636	1,635,249	-	1,635,249
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	$ 4,546,513	$ 4,506,533	$ -	$ 4,506,533

Note: Capital outlay expenditures in the SPLOST Fund totaled $2,071,841; however, only $1,356,595 was attributed to the spending of actual SPLOST Funds. The remaining expenditures of $715,246 were associated with grants received for specific projects. The grants are utilized to fund a portion of the projects. The remainder is covered by SPLOST funds.

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