

CITY OF WARNER ROBINS, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012



NICHOLS, CAULEY & ASSOCIATES, LLC
Certified Public Accountants
Certified Financial Planners™
Certified Internal Auditors
Certified Government Auditing Professionals
Certified Valuation Analysts
Financial and Business Development Advisors

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ANNUAL FINANCIAL REPORT
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A Professional Services Firm of:
Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals
Certified Financial Planners™
Certified Valuation Analysts

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

Atlanta • Clarkesville • Dublin • Warner Robins
www.nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warner Robins, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Warner Robins, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warner Robins, Georgia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the City of Warner Robins' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 60 and

the schedule of funding progress on pages 61 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warner Robins, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedule of state requirements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, schedule of state requirements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on page 84 lists each identified project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2012, the end of the fiscal year covered by this audit.

Richels, Cauley + Associates, LLC

Warner Robins, Georgia
December 28, 2012

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

The City of Warner Robins' basic financial statements are presented for the fiscal year ended June 30, 2012. The components of the financial statements include Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information (RSI). The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities. All numbers represented in this MD & A are in thousand dollars, unless otherwise noted.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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

The notes to the financial statements can be found on page 25 through 59 of this report.

Other Information

Combining and individual statements present more detailed views of non-major funds used in the governmental and enterprise funds beginning on page 63. Also included are statements for internal service funds beginning on page 79.

**CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012**

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

Table 1: Major Features of the Basic Financial Statements			
		Fund Financial Statements	
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City Government and any component Units	Activities of the City that are not proprietary	Activities of the City that are operated similar to private business
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses, and changes in net assets • Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long- term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received	<ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

Government-Wide Financial Analysis

Table 2 below presents the City's condensed statement of net assets as of June 30, 2012, and 2011, derived from the government-wide Statement of Net Assets.

City of Warner Robins

Table 2: Condensed Statements of Net Assets

As of June 30

(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 30,792	\$ 28,931	\$ 55,957	\$ 28,579	\$ 86,749	\$ 57,510
Other Assets	\$ -	\$ -	\$ -	\$ 6,152	\$ -	\$ 6,152
Capital Assets	<u>\$128,138</u>	<u>\$135,009</u>	<u>\$ 87,574</u>	<u>\$ 67,408</u>	<u>\$ 215,712</u>	<u>\$202,417</u>
Total assets	<u>\$158,930</u>	<u>\$163,940</u>	<u>\$143,531</u>	<u>\$102,139</u>	<u>\$ 302,461</u>	<u>\$266,079</u>
Long-term liabilities	\$ 6,213	\$ 4,400	\$ 44,088	\$ 17,903	\$ 50,301	\$ 22,303
Other liabilities	<u>\$ 2,027</u>	<u>\$ 2,537</u>	<u>\$ 6,239</u>	<u>\$ 5,750</u>	<u>\$ 8,266</u>	<u>\$ 8,287</u>
Total liabilities	<u>\$ 8,240</u>	<u>\$ 6,937</u>	<u>\$ 50,327</u>	<u>\$ 23,653</u>	<u>\$ 58,567</u>	<u>\$ 30,590</u>
Net assets:						
Invested in capital assets, net of related debt	\$127,633	\$135,002	\$ 39,544	\$ 47,994	\$ 167,177	\$182,996
Restricted	\$ 9,043	\$ 9,602	\$ 30,037	\$ 246	\$ 39,080	\$ 9,848
Unrestricted	<u>\$ 14,014</u>	<u>\$ 12,399</u>	<u>\$ 23,623</u>	<u>\$ 30,246</u>	<u>\$ 37,637</u>	<u>\$ 42,645</u>
Total net assets	<u>\$150,690</u>	<u>\$157,003</u>	<u>\$ 93,204</u>	<u>\$ 78,486</u>	<u>\$ 243,894</u>	<u>\$235,489</u>

By far the largest portion (\$167 million) of the City of Warner Robins' net assets reflect its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets are the next largest component, totaling \$38 million as of June 30, 2012. Restricted net assets (\$39 million) represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental Activities reflect a positive unrestricted net assets balance of \$14 million.

Business-type activities reflect a positive unrestricted net asset balance of \$24 million.

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2012 and 2011, as derived from the government-wide Statement of Activities on page 14. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities decreased by \$6.3 million and the net assets of the business-type activities increased by \$14.8 million.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

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

	Governmental Activities		Business-Type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 9,678	\$ 9,139	\$ 49,262	\$ 53,468	\$ 58,940	\$ 62,607
Operating grants & Contributions	\$ 122	\$ 90	\$ -	\$ -	\$ 122	\$ 90
Capital grants & Contributions	\$ 7,514	\$ 6,766	\$ 2,468	\$ 2,846	\$ 9,982	\$ 9,612
General revenues:						
Property & other taxes	\$ 23,759	\$ 22,122			\$ 23,759	\$ 22,122
Grants & contribution not restricted to specific programs		\$ -				
Sale of Land		\$ -				
Contribution of capital assets		\$ -			\$ -	\$ -
Other	\$ 187	\$ 221	\$ 64	\$ 250	\$ 251	\$ 471
Total revenues	\$ 41,260	\$ 38,338	\$ 51,794	\$ 56,564	\$ 93,054	\$ 94,902
Expense:						
General government	\$ 6,848	\$ 6,802		\$ -	\$ 6,848	\$ 6,802
Public safety	\$ 21,417	\$ 21,491		\$ -	\$ 21,417	\$ 21,491
Public works (Streets)	\$ 8,083	\$ 5,567		\$ -	\$ 8,083	\$ 5,567
Recreation	\$ 1,969	\$ 2,032		\$ -	\$ 1,969	\$ 2,032
City development	\$ 2,396	\$ 2,314		\$ -	\$ 2,396	\$ 2,314
Downtown Development	\$ 140	\$ 259		\$ -	\$ 140	\$ 259
Other	\$ 7	\$ 2		\$ -	\$ 7	\$ 2
Water & Sewer			\$ 13,165	\$ 11,734	\$ 13,165	\$ 11,734
Natural gas			\$ 20,039	\$ 24,444	\$ 20,039	\$ 24,444
Sanitation			\$ 7,812	\$ 7,999	\$ 7,812	\$ 7,999
Other enterprise funds			\$ 2,774	\$ 2,516	\$ 2,774	\$ 2,516
Total expenses	\$ 40,860	\$ 38,467	\$ 43,790	\$ 46,693	\$ 84,650	\$ 85,160
Increase (decrease) in net assets before transfers	\$ 400	\$ (129)	\$ 8,004	\$ 9,871	\$ 8,404	\$ 9,742
Transfers	\$ (6,713)	\$ 4,683	\$ 6,714	\$ (4,683)	\$ 1	\$ -
Increase (decrease) in net assets	\$ (6,313)	\$ 4,554	\$ 14,718	\$ 5,188	\$ 8,405	\$ 9,742
Net Assets - Beginning	\$ 157,003	\$ 152,449	\$ 78,486	\$ 73,298	\$ 235,489	\$ 225,747
Net Assets - Ending	\$ 150,690	\$ 157,003	\$ 93,204	\$ 78,486	\$ 243,894	\$ 235,489

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

Program Expenses and Revenues for Governmental Activities

Table 4 presents the net costs of governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. General revenues, mainly taxes, supported the net costs of governmental activities. Program revenues as a percentage of program expenses increased for governmental activities from fiscal year 2011 to fiscal year 2012.

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

Function/ Programs	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
			2012	2011	2012	2011
General government	\$6,848	\$4,587	\$2,261	\$2,833	67.0%	58.4%
Public safety	21,417	2,809	18,608	18,529	13.1%	13.7%
Recreation	1,969	430	1,539	1,633	21.8%	19.6%
Public works	8,083	6,418	1,665	2,865	79.4%	45.5%
City development	2,396	3,070	(674)	(520)	128.1%	122.4%
Other	148	-	148	259	0.0%	0.0%
Total	\$40,861	\$17,314	\$23,547	\$25,599	42.4%	32.0%

Program Expenses and Revenues for Business-type Activities

Table 5 presents the net income and costs of business-type activities. Program revenues generated were more than sufficient to cover program expenses. Overall, program expenses as a percentage of program revenues increased for business-type activities from fiscal year 2011 to fiscal year 2012.

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

Programs	Program Revenues	Less Program Expenses	Net Program Income/(Costs)		Program Expenses as a Percentage of Program Revenues	
			2012	2011	2012	2011
Natural gas system	\$21,505	\$20,039	\$1,466	\$3,033	93.2%	89.0%
Water & Sewer system	18,646	13,165	5,481	3,849	70.6%	75.3%
Sanitation system	8,018	7,813	205	(343)	97.4%	104.5%
Other programs	3,562	2,773	789	237	77.8%	91.4%
Total	\$51,731	\$43,790	\$7,941	\$6,776	84.6%	83.6%

**CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012**

Overall Analysis

Financial highlights for the City as a whole during the fiscal year ended June 30, 2012, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$151 million for the governmental activities and by \$93 million for the business-type activities.
- The City's total net assets increased during the year by \$8.4 million. Net assets of governmental activities decreased by \$6.3 million, while net assets of business-type activities increased by \$14.7 million. The result of transferring \$11.2 million of infrastructure assets from the City's General Fund to its Storm Water Drainage Fund was the main cause for the change in net assets for the governmental funds. The City's business-type funds reported positive net revenues for the year, with the exception of the City's golf course. The City's Water and Sewer experienced strong net revenue due to an increased customer base and increased water usage. The City's governmental activities net expense increased 5% which was the result of increase employment expenses and increased energy costs.

Fund Analysis

Funds that experienced significant changes during the fiscal year ended June 30, 2012, are as follows:

Governmental Funds:

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$151 million.

General Fund

The total General Fund's fund balances as of June 30, 2012 were \$14.4 million. In our implementation of the Governmental Accounting Standards Board (GASB) Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund's Fund Balances are segregated by the extent to which the governing body is bound to honor constraints on the specific purpose for which amounts in the General Fund can be used. Of the total General Fund's fund balances, \$314 is non-spendable, \$2.4 million are committed and \$11.7 million is unassigned. Although the City's General Fund had an increase in its operating expenditures over its operating revenues compared to FY 2011, the increase in the unassigned General Fund's fund balance for FY 2012 is the result of the governing body decision to annex island within the City which resulted in increased property tax and insurance premium tax revenues. FY 2012 General Fund revenues increased by \$2 million compared to FY 2011's revenues due to an increase in the City's tax digest as a result of annexations, and an increase in the City's insurance premium tax collection as result of the increased population of the City per the 2010 census. General Fund's expenditures increased by \$728 (2% over FY 2011). The increase in expenditures is mainly attributable to increased employee wages and benefit costs.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

Capital Project Fund/SPLOST

The fund balance for the 2006 SPLOST, classified as a major fund in FY 2012, as of June 30, 2012 totaled \$7.1 million, a decrease of \$415 from June 30, 2011. The change in fund balance was the result of project expenditures exceeding revenues. The fund balance for the 2001 SPLOST totaled \$1.3 million, a decrease of \$460 from June 30, 2011. The change in fund balance was the result of the use of prior SPLOST receipts in the completion of various projects. Sales tax receipts for the City's 2001 SPLOST ended December 2006 and expenditures for projects of the 2001 SPLOST will continue into Fiscal Year 2013. Sales tax receipts for the City's 2006 SPLOST will end in October 2012, but expenditures for project will continue into Fiscal Year 2013.

Proprietary Funds:

The City's Proprietary Funds reported net assets of \$93.2 million, a 19 % increase from the prior year. The City's internal service fund reported net assets of \$559, a decrease of 3% from the prior year.

Water and Sewer Fund

The Net Assets of the Water and Sewer Fund increased by \$3.76 million providing a total net asset balance of \$58.9 million at year end. The change in the balance of net assets was the result of positive operating revenues due to a larger customer base and increased water usage.

Natural Gas Fund

The Net Assets of the Natural Gas Fund decreased by \$1.2 million, generated by lower operating income as a direct result of unseasonably warm winter and operating transfers out to the City's General Fund.

Sanitation Fund

The Sanitation Fund reported a positive change in net assets of \$206 increasing total net asset balance to \$1.07 million at year end. The Fund's gross revenues increased due to an increased customer base as a result of annexations. The governing body did not budget operating transfers from the Sanitation Fund in FY 2012.

Storm Water Drainage Fund (SWD)

The SWD Fund reported its net assets of \$16 million at year end. This increase was primarily due to a transfer of infrastructure assets in the amount of \$11 million from the City's General Fund. These infrastructure assets were acquired through annexation, Public Works Department in-house construction and by contributions from real estate development.

Group Health Fund

Net Assets of the City's Group Health Internal Service Fund reported a negative net asset balance of \$339 at year end. Claim payments for health care services were greater than contributions to the Fund for the year resulting in a deficient balance.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

Budgetary Highlights

Over the course of the fiscal year, the Mayor and Council of the City of Warner Robins amended the budget several times. These budget amendments were supplemental appropriations for capital expenditures and for increases in appropriations to prevent budget overruns. No variances between the original and final budget, or between final and actual budget are expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the budgetary comparison schedule for the General Fund in the Other RSI section on page 59.

Differences between the original appropriated budget and the final amended budget in the General Fund amounted to \$2.15 million. This difference is attributable to allocations from unreserved fund balance for prior year's encumbrances of \$1.9 million, to supplemental appropriations for unanticipated revenues of \$229 were incorporated into this year's expenditure accounts.

Capital Asset and Debt Administration

Capital Assets The City of Warner Robins' investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$209 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and a network of streets and drainage systems.

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

- Infrastructure assets consisting of street, drainage systems, and water and sewer systems dedicated to the City either by annexations, contributed developers for maintenance or constructed by the City amounted to \$5 million. Dedicated assets for the water and sewer distribution system amounted to \$1.7 million. Dedicated assets for the Storm Water Drainage system amounted to \$732. \$11 million of drainage system infrastructure assets were contributed to the Storm water Drainage Utility Fund from the City's General Fund.
- The City's General fund expended \$1.01 million in the current fiscal year for vehicles and machinery and equipment and \$33 for building improvements.
- The Warner Robins Law Enforcement Center (LEC) began construction during FY 2012 and is expected to be completed by mid FY 2013. This project has a budgeted cost of \$9.6 million. The City's 2006 SPLOST will contribute \$5.2 million of this cost, while the 2012 SPLOST will contribute \$4.4 million.
- The City finalized plans for a major expansion of its Sandy Run Creek Wastewater Treatment Plant in FY 2012. The projected cost of this project is \$28.9 million. The plant treatment capacity will increase to 12 million GPD from 9 million GPD, and will comply with all current water quality standards. As of the end of FY 2012, \$700 has been spent on the project for professional design work.
- Various road improvement projects, sidewalk projects, building project and sewer line improvements are continuing related to the 2001 and 2006 SPLOST Funds. Amounts expended from the 2001 SPLOST fund for street projects totaled \$462. Amounts expended from the 2006 SPLOST fund for sidewalk improvement totaled \$21, for street light projects

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

totaled \$61, for street projects totaled \$487, for building project totaled \$2.1 million and for sewer line improvements totaled \$443.

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

Long-term Debt As of June 30, 2012, the City reported a total debt balance of \$52.7 million. The total debt increased by \$27.8 from Fiscal Year 2011. The current portion of this debt is comprised of Claims Payable (\$21), Compensated Absences (\$214), Capital Leases (\$341) and Bonds and Notes (\$3.2 million). The non-current portion is comprised of Compensated Absences (\$1.3 million), Capital Leases (\$5.7), Other Post Employment Benefits (\$5.6 million) and Bonds and Notes (\$32.8 million). The City's increase in total debt was due to the issuance of the Warner Robins Public Facilities Authority (WRPFA) Series 2012 Revenue Bond of \$28.2 million, the lease purchase of a fire truck (\$438) and bucket truck (\$86) through the Georgia Municipal Association and recognition of employee other post employment benefits, as required by the implementation of the Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," increased by \$1.7 million. As part of the WRPFA debt issuance, the City refunded the Georgia Environmental Facilities Authority note payable #95-L-26WS in the amount of \$353 and Georgia Environmental Facilities Authority note payable #CW-96015 in the amount of \$655. As a member of the Municipal Gas Authority of Georgia (MGAG), the Authority issued Series 1995 B and 1996 B Revenue Bond debts to facilitate construction of natural gas pipeline within the City's service delivery area. During FY 2012, the City requested that the MGAG refund these bonds in order to lower the City's interest cost on these debts. In October 2012, MGAG issued Series 2011 A and 2011 B revenue bonds in the amounts of \$1.6 million and \$1.9 million, respectively. The refunding of this conduit debt resulted in long term present value interest savings of \$536. The City's Water and Sewer Series 2002 Refunding Revenue Bonds will be retired on July 1, 2012.

The Constitution of the State of Georgia limits direct general obligation indebtedness of the City to an amount equivalent to ten percent of the assessed value of all taxable property within the City. The net assessed value of all taxable property in the City for the year 2011 was \$1.6 billion. The legal limit of general obligation debt for the City is \$160 million. As of June 30, 2012, the City has not issued general obligation debt bonds, nor does the City have any plans to do so.

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

Economic Factors and Next Year's Budgets

- The unemployment rate for the Warner Robins Metropolitan Statistical Area at the fiscal year-end remained at an 8% rate, the same as last fiscal year. The State's rate was 9% at the fiscal year-end. Over the last three fiscal years, the Area's unemployment rate has averaged at this 8% level.
- The City's 2011 net taxable digest (Fiscal Year 2012 income) experienced a modest increase of 2.45% over the net taxable digest of 2010 (Fiscal Year 2011 income). The governing body enacted the millage rate for FY 2013 of 9.99 mills in order to maintain the current level of

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
JUNE 30, 2012

services. Building permits sold have averaged 770 permits issued over the last three Fiscal Years signaling an improving residential and commercial construction market.

- The City annexed in Fiscal Year 2012 un-incorporated islands within the City proper which will increase its taxable digest base. While these annexations will provide future income streams, the City also assumed the cost of providing services to these areas.
- Decreased rates of return for United States Treasury investments have affected the City's budgeted revenues.
- The population of the City has increased approximately 36% since the 2000 census. Per the U. S. Census Bureau, 2000 census for the City show a population of 48,804; estimated population at July 1, 2011 is 68,500. In the year 2001, the City and Houston County were designated as a metropolitan statistical area.

City officials considered these factors in making judgments and estimates in developing the general fund budget for fiscal year 2013. The City approved a budget appropriation for Fiscal Year 2013 in the amount of \$35.8 million, an increase of 1 percent over the 2012 budget of \$35.3 million. Tax revenues will provide 60% of this appropriation. The majority of the remaining 40% of appropriations will be financed by selective sales and use taxes (16%) and other financing revenues (11%). The City will use these revenues to finance programs currently offered and to finance increased program costs due to the City's growth.

Budgeted expenditures rose 1% over fiscal year 2012 original budgeted appropriations. This modest increase in appropriations is attributable to increases in the cost of providing a modest increase in employee wages and employee benefits. Management directives limited increased appropriation for operating and maintenance and capital expenditures. The City did not add new programs to the 2013 budget.

The City's business-type activities are experiencing inflationary pressures on its operational expenses. Gross revenues of the Water and Sewer Fund, Sanitation Fund and Stormwater Drainage Fund are expected to increase due to additional customers gained through the City's recent annexation. Net revenues will decrease in the City's Sanitation Fund due to increase costs of contracted services. The City's Natural Gas Fund are expected to end the year with modest increase in net revenues.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 26,649,582	\$ 20,260,311	\$ 46,909,893
Investments	--	1,030	1,030
Accounts receivable, net	1,643,599	4,505,078	6,148,677
Internal balances	(858,875)	915,459	56,584
Due from other governments	1,573,192	30,351	1,603,543
Inventories, at cost	1,448,627	243,924	1,692,551
Prepaid items	336,137	88,826	424,963
Restricted assets -			
Cash and cash equivalents	--	29,911,527	29,911,527
 Total current assets	 <u>30,792,262</u>	 <u>55,956,506</u>	 <u>86,748,768</u>
Non-current assets:			
Restricted assets -			
Cash and cash equivalents	--	874,327	874,327
Receivables	--	5,557,266	5,557,266
Deferred charges	--	4,368	4,368
Land and other non-depreciable assets	26,692,943	9,323,139	36,016,082
Capital assets, net of accumulated depreciation	<u>101,444,938</u>	<u>71,814,658</u>	<u>173,259,596</u>
 Total non-current assets	 <u>128,137,881</u>	 <u>87,573,758</u>	 <u>215,711,639</u>
 Total assets	 <u>\$ 158,930,143</u>	 <u>\$ 143,530,264</u>	 <u>\$ 302,460,407</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES:</u>			
Current liabilities:			
Cash overdraft	\$ --	\$ 104,131	\$ 104,131
Accounts payable	577,983	2,443,425	3,021,408
Accrued payroll/related liabilities	565,815	79,806	645,621
Claims payable	20,991	--	20,991
Compensated absences	186,974	27,313	214,287
Deferred credits	573,578	--	573,578
Security deposits	19,817	--	19,817
Capital lease obligations	81,359	259,246	340,605
Accrued interest payable	--	102,730	102,730
Bonds, notes and loans payable	--	3,222,512	3,222,512
Total current liabilities	<u>2,026,517</u>	<u>6,239,163</u>	<u>8,265,680</u>
Non-current liabilities:			
Compensated absences	1,148,553	154,882	1,303,435
Capital lease obligations	423,746	5,278,842	5,702,588
Accrued interest payable	--	4,872,586	4,872,586
OPEB liability	4,641,117	947,702	5,588,819
Bonds, notes and loans payable	--	32,833,569	32,833,569
Total non-current liabilities	<u>6,213,416</u>	<u>44,087,581</u>	<u>50,300,997</u>
Total liabilities	<u>8,239,933</u>	<u>50,326,744</u>	<u>58,566,677</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net related debt	127,632,776	39,543,628	167,176,404
Restricted for debt service	--	125,000	125,000
Restricted for capital projects	9,043,065	29,911,527	38,954,592
Unrestricted	14,014,369	23,623,365	37,637,734
Total net assets	<u>\$ 150,690,210</u>	<u>\$ 93,203,520</u>	<u>\$ 243,893,730</u>

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 6,847,913	\$ 4,587,438	\$ --
Public safety	21,416,754	1,565,913	--
Recreation	1,968,862	430,214	--
Public works	8,083,422	24,634	122,373
City development	2,395,570	3,069,458	--
Downtown development	140,417	--	--
Interest on long-term debt	7,478	--	--
Total governmental activities	<u>40,860,416</u>	<u>9,677,657</u>	<u>122,373</u>
Business-type activities:			
Natural Gas System	20,038,977	21,504,761	--
Water and Sewer System	13,165,286	16,909,201	--
Sanitation System	7,812,208	8,017,498	--
International City Golf Course	475,056	308,960	--
Storm Water Drainage	2,298,394	2,521,325	--
Total business-type activities	<u>43,789,921</u>	<u>49,261,745</u>	<u>--</u>
Total primary government	<u>\$ 84,650,337</u>	<u>\$ 58,939,402</u>	<u>\$ 122,373</u>

General revenues:
Property taxes
Other taxes
Franchise fees
Interest income
Sale of assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ --	\$ (2,260,475)	\$ --	\$ (2,260,475)
1,243,098	(18,607,743)	--	(18,607,743)
--	(1,538,648)	--	(1,538,648)
6,270,870	(1,665,545)	--	(1,665,545)
--	673,888	--	673,888
--	(140,417)	--	(140,417)
--	(7,478)	--	(7,478)
<u>7,513,968</u>	<u>(23,546,418)</u>	<u>--</u>	<u>(23,546,418)</u>
--	--	1,465,784	1,465,784
1,736,710	--	5,480,625	5,480,625
--	--	205,290	205,290
--	--	(166,096)	(166,096)
731,692	--	954,623	954,623
<u>2,468,402</u>	<u>--</u>	<u>7,940,226</u>	<u>7,940,226</u>
<u>\$ 9,982,370</u>	<u>(23,546,418)</u>	<u>7,940,226</u>	<u>(15,606,192)</u>
	16,720,859	--	16,720,859
	3,100,555	--	3,100,555
	3,937,795	--	3,937,795
	26,661	30,067	56,728
	23,855	(36,155)	(12,300)
	136,654	70,021	206,675
	(6,713,243)	6,713,243	--
	<u>17,233,136</u>	<u>6,777,176</u>	<u>24,010,312</u>
	<u>(6,313,282)</u>	<u>14,717,402</u>	<u>8,404,120</u>
	<u>157,003,492</u>	<u>78,486,118</u>	<u>235,489,610</u>
	<u>\$ 150,690,210</u>	<u>\$ 93,203,520</u>	<u>\$ 243,893,730</u>

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

CITY OF WARNER ROBINS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	SPLOST 2006	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,985,953	\$ 6,437,871	\$ 4,498,986	\$ 23,922,810
Accounts receivable - net of uncollectable accounts	622,031	--	1,021,568	1,643,599
Due from other governments	641,016	697,173	235,003	1,573,192
Due from other funds	1,653,027	--	4,466	1,657,493
Prepaid expenses	254,641	--	--	254,641
Inventory of gas, oil, and supplies	59,465	--	--	59,465
Real estate-held for investment/resale	--	--	1,389,162	1,389,162
Total assets	<u>\$ 16,216,133</u>	<u>\$ 7,135,044</u>	<u>\$ 7,149,185</u>	<u>\$ 30,500,362</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued costs	\$ 228,796	\$ --	\$ 67,959	\$ 296,755
Accrued payroll/related expenses	550,446	--	15,369	565,815
Deferred revenue	1,075,374	--	148,155	1,223,529
Due to other funds	--	--	548,424	548,424
Escrow funds	--	--	19,817	19,817
Total liabilities	<u>1,854,616</u>	<u>--</u>	<u>799,724</u>	<u>2,654,340</u>
FUND BALANCES				
Nonspendable, inventories	59,465	--	--	59,465
Nonspendable, prepaid items	254,641	--	--	254,641
Restricted, capital projects fund	--	7,135,044	1,908,021	9,043,065
Committed, general government	217,032	--	--	217,032
Committed, public safety	551,296	--	--	551,296
Committed, public works	42,083	--	--	42,083
Committed, recreation	1,514,006	--	--	1,514,006
Committed, city development	68,975	--	--	68,975
Committed, special revenue fund	--	--	4,441,440	4,441,440
Unassigned, general fund	11,654,019	--	--	11,654,019
Total fund balances	<u>14,361,517</u>	<u>7,135,044</u>	<u>6,349,461</u>	<u>27,846,022</u>
Total liabilities and fund balances	<u>\$ 16,216,133</u>	<u>\$ 7,135,044</u>	<u>\$ 7,149,185</u>	<u>\$ 30,500,362</u>

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

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Fund balance - total governmental funds (page 15) \$ 27,846,022

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. 128,137,881

Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 649,951

Certain liabilities, such as compensated absences and claims payable are not due and payable in the current period and, therefore, are not reported in the funds. (1,356,518)

OPEB liabilities and expenses are not reported in the governmental funds (4,641,117)

Long-term liabilities, including capital leases, bonds, notes and loans payable, are not due and payable in the current period and therefore are not reported in the funds. (505,105)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities of the statement of net assets. 559,096

Net assets of governmental activities (page 13) \$ 150,690,210

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	SPLOST 2006	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 16,599,942	\$ --	\$ --	\$ 16,599,942
Other taxes	5,042,481	--	2,366,351	7,408,832
Licenses and permits	1,635,920	--	--	1,635,920
Fines and forfeitures	1,149,544	--	23,524	1,173,068
Intergovernmental	312,726	2,681,470	596,655	3,590,851
Other revenue	6,358,893	8,148	181,079	6,548,120
Total revenues	<u>31,099,506</u>	<u>2,689,618</u>	<u>3,167,609</u>	<u>36,956,733</u>
EXPENDITURES:				
Current:				
General government	6,400,774	--	--	6,400,774
Public safety	19,725,019	--	48,634	19,773,653
Recreation	1,664,509	--	185,950	1,850,459
Public works	4,352,147	--	--	4,352,147
City development	796,901	--	1,966,477	2,763,378
Downtown development	--	--	140,417	140,417
Intergovernmental -				
Payments to other governmental agencies	689,282	--	--	689,282
Capital Outlay -				
Special purpose	--	3,104,244	462,137	3,566,381
Total expenditures	<u>33,628,632</u>	<u>3,104,244</u>	<u>2,803,615</u>	<u>39,536,491</u>
EXCESS OF REVENUES (UNDER)/OVER				
EXPENDITURES	<u>(2,529,126)</u>	<u>(414,626)</u>	<u>363,994</u>	<u>(2,579,758)</u>
OTHER FINANCING SOURCES (USES):				
Capital lease	523,800	--	--	523,800
Sale of assets	23,855	--	--	23,855
Transfer in	4,913,102	--	168,461	5,081,563
Transfer out	(175,000)	--	(606,563)	(781,563)
Total other financing sources (uses), net	<u>5,285,757</u>	<u>--</u>	<u>(438,102)</u>	<u>4,847,655</u>
NET CHANGE IN FUND BALANCES	2,756,631	(414,626)	(74,108)	2,267,897
FUND BALANCES, Beginning	<u>11,604,886</u>	<u>7,549,670</u>	<u>6,423,569</u>	<u>25,578,125</u>
FUND BALANCES, Ending	<u><u>\$ 14,361,517</u></u>	<u><u>\$ 7,135,044</u></u>	<u><u>\$ 6,349,461</u></u>	<u><u>\$ 27,846,022</u></u>

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

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (page 17) \$ 2,267,897

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (3,064,501)

Governmental funds do not report general fixed assets or the related fund balances. General fixed assets having a net book value of \$11,013,243 were transferred to a proprietary fund and are presented as part of net transfers on the statement of activities. The net book value is presented as a capital contribution in the fund financial statements. (11,013,243)

Contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 7,231,860

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 116,662

The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds. However, the issuance has no effect on net assets. (523,800)

Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of activities. 25,022

The net revenues of the internal service funds (funds used to charge the costs of certain activities to individual funds) are reported with governmental activities. (16,781)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These include the net change in claims and adjustments of \$59,552 and OPEB liability of \$(1,383,891) (1,324,339)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year, accrued leave decreased. (12,059)

Change in net assets of governmental activities (page 14) \$ (6,313,282)

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,881,368	\$ 8,079,165
Investments	--	1,030
Accounts receivable, net	1,624,144	1,748,297
Due from other governments	--	30,351
Due from other funds	182,017	669,008
Inventories, at cost	--	243,924
Prepaid items	22,199	64,454
Restricted-		
Cash and cash equivalents	456,012	29,455,515
Total current assets	13,165,740	40,291,744
NON CURRENT ASSETS:		
Restricted -		
Cash and cash equivalents	--	874,327
Receivable	5,557,266	--
Unamortized bond expense, net	--	4,368
Due from other funds	156,584	--
Land and other non depreciable assets	494,586	6,539,639
Capital assets, net of accumulated depreciation	8,897,437	48,128,989
Total non current assets	15,105,873	55,547,323
Total assets	\$ 28,271,613	\$ 95,839,067

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 834,062	\$ 465,716	\$ 20,260,311	\$ 2,726,772
--	--	1,030	--
877,650	254,987	4,505,078	--
--	--	30,351	--
--	61,448	912,473	53,598
--	--	243,924	--
--	2,173	88,826	81,496
--	--	29,911,527	--
<u>1,711,712</u>	<u>784,324</u>	<u>55,953,520</u>	<u>2,861,866</u>
--	--	874,327	--
--	--	5,557,266	--
--	--	4,368	--
--	--	156,584	--
--	2,288,914	9,323,139	--
9,559	14,778,673	71,814,658	--
<u>9,559</u>	<u>17,067,587</u>	<u>87,730,342</u>	<u>--</u>
<u>\$ 1,721,271</u>	<u>\$ 17,851,911</u>	<u>\$ 143,683,862</u>	<u>\$ 2,861,866</u>

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
(Payable from current assets)		
Cash overdraft	\$ --	\$ --
Accounts payable	1,338,167	226,643
Accrued payroll/related liabilities	--	52,629
Due to other funds	--	--
Compensated absences	--	24,924
Capital lease payable	210,000	15,213
Accrued interest	62,275	15,455
Bonds, notes, and loans payable	15,683	1,956,829
(Payable from restricted assets)		
Accrued Interest	--	25,000
Bonds	--	1,250,000
Total current liabilities	<u>1,626,125</u>	<u>3,566,693</u>
NON CURRENT LIABILITIES:		
Compensated absences	--	141,234
Capital lease obligations	5,074,941	71,384
Accrued interest	4,872,586	--
OPEB liability	242,469	479,156
Bonds, notes and loans payable	197,270	32,636,299
Due to other funds - advance payable	--	--
Total non current liabilities	<u>10,387,266</u>	<u>33,328,073</u>
Total liabilities	<u>12,013,391</u>	<u>36,894,766</u>
NET ASSETS:		
Invested in capital assets, net of related debt	(1,040,732)	18,698,448
Restricted for debt service	--	125,000
Unrestricted	17,298,954	40,120,853
Total net assets	<u>16,258,222</u>	<u>58,944,301</u>
Total liabilities and net assets	<u>\$ 28,271,613</u>	<u>\$ 95,839,067</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ --	\$ 104,131	\$ 104,131	\$ --
649,012	229,603	2,443,425	281,228
--	27,177	79,806	--
--	53,598	53,598	2,021,542
--	2,389	27,313	--
--	34,033	259,246	--
--	--	77,730	--
--	--	1,972,512	--
--	--	25,000	--
--	--	1,250,000	--
<u>649,012</u>	<u>450,931</u>	<u>6,292,761</u>	<u>2,302,770</u>
--	13,648	154,882	--
--	132,517	5,278,842	--
--	--	4,872,586	--
--	226,077	947,702	--
--	--	32,833,569	--
--	100,000	100,000	--
<u>--</u>	<u>472,242</u>	<u>44,187,581</u>	<u>--</u>
<u>649,012</u>	<u>923,173</u>	<u>50,480,342</u>	<u>2,302,770</u>
9,559	16,901,037	34,568,312	--
--	--	125,000	--
<u>1,062,700</u>	<u>27,701</u>	<u>58,510,208</u>	<u>559,096</u>
<u>1,072,259</u>	<u>16,928,738</u>	<u>93,203,520</u>	<u>559,096</u>
<u>\$ 1,721,271</u>	<u>\$ 17,851,911</u>	<u>\$ 143,683,862</u>	<u>\$ 2,861,866</u>

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

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

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

Total assets for Statement of Net Assets - Proprietary Funds (page 19)	\$ 143,683,862
Elimination of interfund receivables relating to amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year end.	19,588
Elimination of interfund receivables relating to cash overdrafts reflected as due from other funds	<u>(173,186)</u>
Total assets for Statement of Net Assets - Business-type Activities (page 13)	<u><u>\$ 143,530,264</u></u>

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

Total liabilities for Statement of Net Assets - Proprietary Funds (page 20)	\$ 50,480,342
Elimination of interfund payables relating to amounts received by one fund for payments received on their behalf and not reimbursed as of year end.	19,588
Elimination of interfund payables relating to cash overdrafts reflected as due to other funds	<u>(173,186)</u>
Total liabilities for Statement of Net Assets - Business-type Activities (page 13)	<u><u>\$ 50,326,744</u></u>

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
OPERATING REVENUES:		
Charges for services	\$ 19,457,355	\$ 14,727,314
Connection charges	--	497,421
Penalties and cut-on fees	--	320,456
Miscellaneous	204,783	1,364,010
Refund-Southern Natural Gas	1,102,950	--
Distribution line income	739,673	--
Total operating revenues	<u>21,504,761</u>	<u>16,909,201</u>
OPERATING EXPENSES:		
Purchases/cost of sales	15,866,777	--
Personnel services	1,832,647	3,747,511
Operating expenses	329,866	4,387,827
Repairs and maintenance	296,315	947,134
Supplies	151,002	1,622,443
Distribution line expense	970,002	--
Bad debt expense	165,164	271,277
Depreciation	405,727	1,773,091
Insurance	21,477	119,639
Total operating expenses	<u>20,038,977</u>	<u>12,868,922</u>
Operating income (loss)	<u>1,465,784</u>	<u>4,040,279</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest earned	16,965	12,103
Interest expense and fees	--	(243,942)
Amortization of bond expense	--	(52,422)
Rental income	--	70,021
Gain on sale of capital assets	--	--
Total non-operating revenues (expenses), net	<u>16,965</u>	<u>(214,240)</u>
Income (loss) before capital contributions and transfers	<u>1,482,749</u>	<u>3,826,039</u>
CAPITAL CONTRIBUTIONS		
Capital contribution - developers	--	1,736,710
Capital contribution- net capital assets that previously supported a function in the general fund	--	--
Income (loss) before transfers	<u>1,482,749</u>	<u>5,562,749</u>
TRANSFERS IN (OUT)		
Transfers in	--	--
Transfers out	(2,650,000)	(1,800,000)
Total transfers	<u>(2,650,000)</u>	<u>(1,800,000)</u>
CHANGE IN NET ASSETS	<u>(1,167,251)</u>	<u>3,762,749</u>
NET ASSETS, Beginning	<u>17,425,473</u>	<u>55,181,552</u>
NET ASSETS, Ending	<u>\$ 16,258,222</u>	<u>\$ 58,944,301</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 7,837,388	\$ 2,756,715	\$ 44,778,772	\$ 8,620,246
--	--	497,421	--
158,148	41,567	520,171	--
21,962	32,003	1,622,758	--
--	--	1,102,950	--
--	--	739,673	--
<u>8,017,498</u>	<u>2,830,285</u>	<u>49,261,745</u>	<u>8,620,246</u>
--	--	15,866,777	--
--	1,423,074	7,003,232	--
7,695,803	437,673	12,851,169	8,639,180
575	38,354	1,282,378	--
--	351,047	2,124,492	--
--	--	970,002	--
114,413	25,124	575,978	--
1,417	492,067	2,672,302	--
--	--	141,116	--
<u>7,812,208</u>	<u>2,767,339</u>	<u>43,487,446</u>	<u>8,639,180</u>
<u>205,290</u>	<u>62,946</u>	<u>5,774,299</u>	<u>(18,934)</u>
999	--	30,067	2,153
--	(1,956)	(245,898)	--
--	(4,155)	(56,577)	--
--	--	70,021	--
--	(36,155)	(36,155)	--
<u>999</u>	<u>(42,266)</u>	<u>(238,542)</u>	<u>2,153</u>
<u>206,289</u>	<u>20,680</u>	<u>5,535,757</u>	<u>(16,781)</u>
--	731,692	2,468,402	--
--	11,013,243	11,013,243	--
<u>206,289</u>	<u>11,765,615</u>	<u>19,017,402</u>	<u>(16,781)</u>
--	150,000	150,000	--
--	--	(4,450,000)	--
<u>--</u>	<u>150,000</u>	<u>(4,300,000)</u>	<u>--</u>
206,289	11,915,615	14,717,402	(16,781)
<u>865,970</u>	<u>5,013,123</u>	<u>78,486,118</u>	<u>575,877</u>
<u>\$ 1,072,259</u>	<u>\$ 16,928,738</u>	<u>\$ 93,203,520</u>	<u>\$ 559,096</u>

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 21,642,471	\$ 16,668,371
Cash paid to suppliers for goods and services and claims paid	(17,514,491)	(7,175,893)
Cash received from other funds for goods and services	--	--
Cash received from miscellaneous services	--	--
Cash received for claims reimbursement	--	--
Cash paid to employees for services	(1,772,483)	(3,570,944)
Net cash provided (used) by operating activities	<u>2,355,497</u>	<u>5,921,534</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in (out)	(2,650,000)	(1,800,000)
Due from (to) other funds, net	126,193	181,161
Net cash provided (used) by noncapital financing activities	<u>(2,523,807)</u>	<u>(1,618,839)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments:		
Bonds, notes, and loans payable	(3,685,000)	26,938,614
Capital leases	(215,000)	(14,496)
Acquisition and construction of capital assets	(785,427)	(2,918,860)
Capital contributions - developers	--	1,736,710
Interest and fees paid on revenue bonds payable and notes payable	(134,770)	(276,546)
Proceeds from bond issuance	3,693,405	--
Proceeds from sale of capital assets	--	--
Net cash provided (used) for capital and related financing activities	<u>(1,126,792)</u>	<u>25,465,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment	--	313
Interest income on investments	16,965	12,103
Rental income	--	70,021
Net cash provided by investing activities	<u>16,965</u>	<u>82,437</u>
NET INCREASE (DECREASE) IN CASH	(1,278,137)	29,850,554
CASH, Beginning	12,615,517	8,558,453
CASH, Ending	<u>\$ 11,337,380</u>	<u>\$ 38,409,007</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 7,924,166	\$ 2,771,893	\$ 49,006,901	\$ 896,762
(8,371,446)	(703,496)	(33,765,326)	(8,887,650)
--	--	--	6,998,443
--	18,869	18,869	--
--	--	--	725,040
--	(1,598,689)	(6,942,116)	--
<u>(447,280)</u>	<u>488,577</u>	<u>8,318,328</u>	<u>(267,405)</u>
--	150,000	(4,300,000)	--
--	--	307,354	780,658
<u>--</u>	<u>150,000</u>	<u>(3,992,646)</u>	<u>780,658</u>
--	(117,000)	23,136,614	--
--	152,100	(77,396)	--
--	(1,721,677)	(5,425,964)	--
--	731,692	2,468,402	--
--	(3,663)	(414,979)	--
--	--	3,693,405	--
--	--	--	--
<u>--</u>	<u>(958,548)</u>	<u>23,380,082</u>	<u>--</u>
--	--	313	--
999	--	30,067	2,153
<u>--</u>	<u>--</u>	<u>70,021</u>	<u>--</u>
<u>999</u>	<u>--</u>	<u>100,401</u>	<u>2,153</u>
(446,281)	(319,971)	27,806,165	515,406
<u>1,280,343</u>	<u>681,556</u>	<u>23,135,869</u>	<u>2,211,366</u>
<u>\$ 834,062</u>	<u>\$ 361,585</u>	<u>\$ 50,942,034</u>	<u>\$ 2,726,772</u>

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

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds	
	Natural Gas System	Water and Sewer System
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:		
Cash, beginning:		
Current	\$ 12,283,929	\$ 6,222,510
Restricted	331,588	2,335,943
Total	<u>12,615,517</u>	<u>8,558,453</u>
Net increase (decrease):		
Current	(1,402,561)	1,856,655
Restricted	124,424	27,993,899
Total	<u>(1,278,137)</u>	<u>29,850,554</u>
Cash, ending:		
Current	10,881,368	8,079,165
Restricted	456,012	30,329,842
Total	<u>\$ 11,337,380</u>	<u>\$ 38,409,007</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ 1,465,784</u>	<u>\$ 4,040,279</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	416,175	1,773,091
Bad debt expense	165,168	--
Decrease (increase) in assets:		
Accounts receivable	302,878	(76,134)
Due from other governments	293,109	106,581
Inventory	--	(4,318)
Prepaid items	(2,135)	195
Increase (decrease) in liabilities:		
Accounts payable / accrued expenses	(345,646)	(94,677)
Customer deposits	--	(50)
Due to other funds	--	--
OPEB liability	60,164	159,062
Compensated absences payable	--	17,505
Total adjustments	<u>889,713</u>	<u>1,881,255</u>
Net cash provided (used) by operating activities	<u>\$ 2,355,497</u>	<u>\$ 5,921,534</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Sanitation System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,280,343	\$ 681,556	\$ 20,468,338	\$ 2,211,366
--	--	2,667,531	--
<u>1,280,343</u>	<u>681,556</u>	<u>23,135,869</u>	<u>2,211,366</u>
(446,281)	(319,971)	(312,158)	515,406
--	--	28,118,323	--
<u>(446,281)</u>	<u>(319,971)</u>	<u>27,806,165</u>	<u>515,406</u>
834,062	361,585	20,156,180	2,726,772
--	--	30,785,854	--
<u>\$ 834,062</u>	<u>\$ 361,585</u>	<u>\$ 50,942,034</u>	<u>\$ 2,726,772</u>
<u>\$ 205,290</u>	<u>\$ 62,946</u>	<u>\$ 5,774,299</u>	<u>\$ (18,934)</u>
1,417	492,067	2,682,750	--
--	--	165,168	--
(93,332)	(14,398)	119,014	--
--	43,780	443,470	--
--	--	(4,318)	--
--	2,035	95	(5,495)
(560,655)	103,482	(897,496)	(242,976)
--	--	(50)	--
--	(276,100)	(276,100)	--
--	74,702	293,928	--
--	63	17,568	--
<u>(652,570)</u>	<u>425,631</u>	<u>2,544,029</u>	<u>(248,471)</u>
<u>\$ (447,280)</u>	<u>\$ 488,577</u>	<u>\$ 8,318,328</u>	<u>\$ (267,405)</u>

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

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

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

B. REPORTING ENTITY

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

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

The component unit column included in the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that the component unit is legally separate from the City.

1. Blended Component Units

The Warner Robins Building Authority (WRBA)-International City Golf Course

Although legally a separate entity, the WRBA is appropriately blended as a proprietary fund type/Enterprise Fund. The City transfers funds for operation of the golf course as needed.

The Warner Robins Redevelopment Agency (WRRRA)

Although legally a separate entity, the WRRRA is appropriately blended as special revenue fund type. The Mayor and Council of the City of Warner Robins appoint its Board of Directors.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The Downtown Development Authority of the City of Warner Robins (DDA)

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

The Warner Robins Public Facilities Authority (WRPFA)

Although legally a separate entity, the WRPFA is appropriately blended as a part of the Water & Sewer System proprietary fund type/Enterprise Fund. The Mayor and Council of the City of Warner Robins serve as its governing board.

The above blended component units do not prepare separately issued financial statements.

2. Joint Ventures

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

Jointly Owned Natural Gas (JONG)

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

Middle Georgia Regional Commission (MGRC)

The City is a member of the Middle Georgia Regional Commission. The MGRC does various planning and consulting work for its members. During its year ended June 30, 2012, the City paid \$66,588 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commissions of Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission.

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

3. Related Organization

Warner Robins Housing Authority (WRHA)

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect cost amounts to the programs, functions and segments. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

The City also reports the following fund type:

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

E. BUDGETS

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

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

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

F. ASSETS, LIABILITIES AND EQUITY

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

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

OCGA Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA 45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in

CITY OF WARNER ROBINS, GEORGIA

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the demand deposit checking accounts. The City has no custodial credit risk policy that would require additional collateral requirements.

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

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

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

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

- 2. Receivables** - Property taxes are levied on property as of January 1st of each year. The City billed property owners on October 26, and taxes were due on December 30. The tax levy was set on October 17, 2011. Property taxes are delinquent after January 1st and are subject to penalties and interest. Measurable but unavailable taxes as of the end of year are accounted for as deferred revenue, and while delinquent taxes are considered fully collectible, an allowance has been made for uncollectible taxes resulting from errors and omissions. The City considers property tax revenues available if they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities in the current period.

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

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

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

3. ***Inventories and Prepaid Items*** - Inventory of expendable supplies is valued at cost (first-in, first-out). The inventory is comprised of parts and material as well as consumable supplies for all departments of the City. They are charged to each department on a consumed basis. Certain payments which reflect costs applicable to future accounting periods are recorded as prepaid items.
4. ***Restricted Assets*** - These assets included the debt service, debt service reserves, renewal and extension, construction, and customer deposit funds. The debt service and debt service reserve funds were maintained in compliance with their respective bond resolutions. Expenditures from the construction funds require written approval of the City's consulting engineers. Details of the transactions are presented on the various pages as indicated in the table of contents of this report. The meter deposit fund includes deposits from both the water and gas customers. Interest earned on the investments is included in each of their respective funds.
5. ***Capital Assets*** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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6. **Deferred Revenue** - Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
7. **Compensated Absences** - The vacation policy of the City provides for the accumulation of up to 240 hours (360 hours for certain public safety officers) of earned vacation leave which may be carried forward from one year to the next. Such leave is fully vested when earned. For the governmental funds, the liability is not recorded since vacation leave is not expected to be materially liquidated with expendable available financial resources. For the government-wide and enterprise fund, the liability is recorded in each fund's financial statements.

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

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

8. **Long Term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. **Fund Balance Classification** – Fund balance reporting reflects GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning in fiscal year 2011. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. As of June 30, 2012, the classifications used in the governmental fund financial statements are as follows:

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NOTES TO FINANCIAL STATEMENTS
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- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories and prepaid Items as being nonspendable because they are assets that are not in a spendable form.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified forfeitures as being restricted because their use is restricted by State Statute for police investigative expenditures.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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

- **Investment in Capital Assets (net of related debt)** - is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.
- **Restricted Net Assets** - represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
- **Unrestricted Net Assets** - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

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

CITY OF WARNER ROBINS, GEORGIA

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

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

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

All other interfund transactions are reported as transfers.

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

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

- (1.) In accordance with the City Charter, six weeks prior to the start of the City's year, the Mayor submits to the City Council a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and means of financing them for the upcoming year.
- (2.) Public Hearings are conducted at City Hall to obtain taxpayer comment.
- (3.) Prior to the first day of the new year, the budget is legally enacted through passage of an ordinance for the General Fund, each Special Revenue Fund and for all Enterprise Funds except for the Building Authority of Warner Robins and the Development Authority of Warner Robins.
- (4.) Budgetary control is legally maintained at the expenditures level for each department and formal budgetary integration is employed as a management control device during the year.
- (5.) Budgets are prepared using the modified accrual basis of accounting with encumbrances included as budgetary basis expenditures.

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- (6.) The City Clerk or Chief Financial Officer is authorized to transfer budgeted amounts between departments, programs or functions, or increase expenditures resulting from revenues exceeding amounts estimated upon the approval of Mayor and Council.
- (7.) The Capital Projects Fund utilizes project length budgets.
- (8.) Unencumbered appropriations lapse at the end of each year.
- (9.) The City Council may authorize supplemental appropriations during the year. During the year several supplemental appropriations were necessary.
- (10.) There were no material violations of finance-related legal or contractual provisions in connection with the basic financial statements and to other governmental funds for which annual budgets are required.

B. BUDGET/APPROPRIATED-GOVERNMENTAL FUND TYPES RECONCILIATION

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

	<u>General Fund</u>
Original adopted budget	\$ 35,297,750
Prior year encumbrances carry forward	1,920,647
Legally adopted budget amendments	<u>1,088,115</u>
Final revised budget	<u>\$ 38,306,512</u>

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the City's General Fund there were no actual expenditures in excess of its budgeted appropriations during fiscal year 2012.

D. DEFICIT FUND EQUITY

At June 30, 2012, the Group Health Insurance Fund, a non-major internal service fund, has a deficit fund balance of \$338,973.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

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III. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A summary of the City's deposits and investments at June 30, 2012 follows:

<u>Account Balances</u>	
Petty cash	\$ 5,008
Demand deposits, net of cash overdraft of \$104,131	32,752,272
Investments	44,835,366
	<u>\$ 77,592,646</u>
<u>Ownership of Funds</u>	
<u>Primary Government:</u>	
Governmental funds:	
Cash and cash equivalents	\$ 23,922,810
Proprietary funds:	
Cash and cash equivalents, net of cash overdraft of \$104,131	20,156,180
Restricted cash and cash equivalents	30,785,854
Investments	1,030
Internal service funds:	
Cash and cash equivalents	2,726,772
Total primary government	<u>\$ 77,592,646</u>

As of June 30, 2012, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1 (investment pool)	less than 60 day average	\$ 41,672,388
GEAP (investment pool)	less than 60 day average	3,161,948
U.S. Government Securities	January 20, 2018	1,030
		<u>\$ 44,835,366</u>

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

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

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Credit risk is the risk an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note I.F.1. As of June 30, 2012, the City's investments in Georgia Fund I and GEAP were rated AAA by Standard and Poor's.

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

WATER AND SEWER FUND

First Securities is holding a \$100,000, 8% GNMA II Mortgage. The interest and a portion of the principal is paid to the City monthly. Interest is recorded on the City's accounts. The City's investment at June 30, 2012 was \$1,030.

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

The Community Development Fund holds property which it has acquired in the execution of its program requirements. Part of this property consists of residential dwellings which are being rented at low rates to qualified applicants with the balance of the property in open land held for resale. These properties are valued at cost. As of June 30, 2012, real estate held for investment and/or resale in the Community Development Fund was \$115,300.

The Redevelopment Agency Fund holds property which it purchased from the federal government. This property consists of land in close proximity to City Hall which has been subdivided into lots and is being held for resale. These properties are valued at cost. As of June 30, 2012, real estate held for investment and/or resale in the Redevelopment Agency Fund was \$1,273,862.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
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B. RECEIVABLES

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

Major Governmental Fund:	
General Fund	
Property taxes (net)	\$ 605,120
Business licenses (net)	5,487
Other	11,424
Total Major Governmental Fund	<u>622,031</u>
 Non-Major Governmental Fund -	
Accounts receivable (net)	<u>1,021,568</u>
Total Governmental Fund	<u>\$ 1,643,599</u>
 Major Proprietary Funds -	
Accounts receivable (net)- Gas, Water and Sanitation Funds	\$ 4,250,091
 Non-Major Proprietary Funds -	
Accounts receivable (net)	254,987
Total Business Type	<u>\$ 4,505,078</u>

The following is a brief description of the receivable amounts:

Major Governmental Fund-General Fund:

Unpaid property taxes for all years totaled \$631,996 at June 30, 2012, of which \$26,876 are estimated uncollectible.

Unpaid business licenses for the year ended June 30, 2012 totaled \$21,947 of which \$16,460 are estimated uncollectible.

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

Non-Major Governmental Fund-Special Revenue Fund:

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

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NOTES TO FINANCIAL STATEMENTS
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Major and Non-Major Proprietary Funds:

Accounts Receivable represented amounts owed to the Utility Department by its gas, water and sanitation customers for user charges. After accounts become three months past due, they are written off and turned over to the Credit Bureau for collection. Subsequent collections by the Credit Bureau, less their fee, are recorded as recovery of bad debts on the income statement. The estimated uncollectible amount of these accounts at June 30, 2012 was \$295,103.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General:	Group Health	\$ 801,042
	Community Development	548,424
	Workers Comp	303,561
Total General		<u>1,653,027</u>
Natural Gas:	Workers Comp	66,000
	Group Health	116,017
Total Natural Gas		<u>182,017</u>
Water and Sewer:	Group Health	479,538
	Workers Comp	189,470
Total Water and Sewer		<u>669,008</u>
Non-major Governmental Funds -		
	Group Health	4,466
Total Non-major Governmental Funds		<u>4,466</u>
Non-major Proprietary Funds:	Workers Comp	61,448
Total Non-major Proprietary Funds		<u>61,448</u>
Non-major Internal Service Funds:	Storm Water Drainage	53,598
Total Non-major Internal Service Funds		<u>53,598</u>
Total		<u>\$ 2,623,564</u>

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
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Interfund transfers were as follows:

Transfers To	Transfers From	Amount
Major Governmental Funds:		
General:	Tourism Allocation Board	\$ 463,102
	Natural Gas	2,650,000
	Water and Sewer	<u>1,800,000</u>
Total General		<u>4,913,102</u>
Non-major Governmental Funds:		
Bureau of Civic Affairs	General Fund	25,000
Redevelopment Agency	Motor Vehicle Rental Tax	<u>143,461</u>
Total Non-major Governmental Funds		<u>168,461</u>
Non-major Proprietary Funds -		
Golf Course	General Fund	<u>150,000</u>
Total Non-major Proprietary Funds		<u>150,000</u>
Total		<u>\$ 5,231,563</u>

The above listed transfers represent the total transfers to/from other funds at June 30, 2012 and were used for the purpose of supplementing the various fund sources. Interfund transfer are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

Additionally, transfers presented in the government-wide statement of activities include a transfer of \$11,013,243 from governmental activities to business type activities. This is a reconciling item from net change in fund balance – governmental funds to change in net assets in governmental activities and is recorded in the storm water drainage fund as a capital contribution from capital assets formerly used to support a function (public works) in the general fund.

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

	Receivable	Payable
Natural Gas System	\$ 156,584	\$ --
International City Golf Course	--	100,000
Redevelopment Agency	--	<u>56,584</u>
Total	<u>\$ 156,584</u>	<u>\$ 156,584</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
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D. DUE TO/FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2012, have been included in revenues of the General Fund and Water and Sewer System for the current year.

Major Governmental Fund - General Fund	
Federal Government:	
Department of Justice	\$ 27,961
State of Georgia -	
Department of Transportation	95,734
Houston County -	
Motor vehicle, mobile home and intangible taxes	377,486
City of Centerville, Georgia	902
Jointly Owned Transmission Lines	
Reimbursable expenses	138,933
Major Governmental Fund - SPLOST 2006	
Houston County -	
Special Local Option Sales Tax	<u>697,173</u>
Total Major Governmental Funds	<u>1,338,189</u>
Non-Major Governmental Fund	
Federal Government	<u>235,003</u>
Total Non-Major Governmental Fund	<u>235,003</u>
Total Governmental Funds	
	<u><u>\$ 1,573,192</u></u>
Business-Type Funds -	
Water and Sewer System -	
City of Centerville - Wastewater Treatment Fees	<u>30,351</u>
Total Business-Type Funds	<u><u>\$ 30,351</u></u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

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E. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental Activities:					
Nondepreciable assets:					
Land	\$ 14,601,925	\$ 408,435	\$ (153,749)	\$ (683,662)	\$ 14,172,949
Construction in progress	6,552,570	5,967,424	--	--	12,519,994
Total nondepreciable assets	<u>21,154,495</u>	<u>6,375,859</u>	<u>(153,749)</u>	<u>(683,662)</u>	<u>26,692,943</u>
Depreciable assets:					
Buildings and improvements	8,441,990	32,550	--	--	8,474,540
Machinery and equipment	16,258,474	1,011,858	(71,167)	--	17,199,165
Infrastructure	158,890,940	1,590,653	--	(11,705,928)	148,775,665
Total depreciable assets:	<u>183,591,404</u>	<u>2,635,061</u>	<u>(71,167)</u>	<u>(11,705,928)</u>	<u>174,449,370</u>
Less accumulated depreciation					
Buildings and improvements	4,772,494	268,309	--	--	5,040,803
Machinery and equipment	12,598,436	1,094,630	(75,549)	--	13,617,517
Infrastructure	52,366,337	3,356,123	--	(1,376,348)	54,346,112
Total accumulated depreciation	<u>69,737,267</u>	<u>4,719,062</u>	<u>(75,549)</u>	<u>(1,376,348)</u>	<u>73,004,432</u>
Total depreciable assets, net	<u>113,854,137</u>	<u>(2,084,001)</u>	<u>4,382</u>	<u>(10,329,580)</u>	<u>101,444,938</u>
Governmental activities capital assets, net	<u>\$ 135,008,632</u>	<u>\$ 4,291,858</u>	<u>\$ (149,367)</u>	<u>\$ (11,013,242)</u>	<u>\$ 128,137,881</u>
Business-Type Activities:					
Nondepreciable assets:					
Land	\$ 1,578,658	\$ 26,594	\$ --	\$ 683,662	\$ 2,288,914
Construction in progress	5,828,597	1,205,628	--	--	7,034,225
Total nondepreciable assets	<u>7,407,255</u>	<u>1,232,222</u>	<u>--</u>	<u>683,662</u>	<u>9,323,139</u>
Depreciable assets:					
Buildings and improvements	670,244	--	--	--	670,244
Machinery and equipment	8,422,781	797,130	(236,518)	--	8,983,393
Distribution systems	98,913,612	3,396,703	--	11,705,928	114,016,243
Total depreciable assets, net	<u>108,006,637</u>	<u>4,193,833</u>	<u>(236,518)</u>	<u>11,705,928</u>	<u>123,669,880</u>
Less accumulated depreciation					
Buildings and improvements	471,911	19,727	--	--	491,638
Machinery and equipment	7,218,359	389,253	(200,273)	--	7,407,339
Distribution systems	40,316,575	2,263,322	--	1,376,348	43,956,245
Total accumulated depreciation	<u>48,006,845</u>	<u>2,672,302</u>	<u>(200,273)</u>	<u>1,376,348</u>	<u>51,855,222</u>
Total depreciable assets, net	<u>59,999,792</u>	<u>1,521,531</u>	<u>(36,245)</u>	<u>10,329,580</u>	<u>71,814,658</u>
Business-Type activities capital assets, net	<u>\$ 67,407,047</u>	<u>\$ 2,753,753</u>	<u>\$ (36,245)</u>	<u>\$ 11,013,242</u>	<u>\$ 81,137,797</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Governmental Activities:

General Government	\$ 194,889
Public Safety	936,088
Recreation	106,977
Public Works	3,476,137
City Development	4,971
Total Depreciation Expense-Governmental Activities	<u><u>\$ 4,719,062</u></u>

Business-type Activities:

Natural Gas System	\$ 405,727
Water and Sewer Fund	1,773,091
Sanitation System	1,417
International City Golf Course	35,647
Stormwater Drainage	456,420
Total Depreciation Expense-Business-type Activities	<u><u>\$ 2,672,302</u></u>

Construction Commitments

Project	Spent-to-Date	Remaining Commitment
Governmental Activities:		
Sports Complex	\$ 624,523	\$ 3,375,477
MLK Jr Boulevard	156,414	243,586
Lake Joy Fire Station Road	46,307	27,300
Sidewalks	1,405,753	94,247
Law Enforcement Center	3,022,010	4,477,990
Watson/Davis	203,489	134,405
Margie Drive	471,200	24,800
Corder Road	8,225,831	644,169
Moody Road	6,032,878	4,416,233
Total Governmental Activities	<u><u>\$ 20,188,405</u></u>	<u><u>\$ 13,438,207</u></u>
Business-Type Activities:		
Water Meter Project	\$ 4,984,999	\$ --
New Water Service Lines	185,990	1,814,010
New Sewer Service Lines	671,183	1,328,817
Gas Meter Project	494,585	2,005,415
Total Business-Type Activities	<u><u>\$ 6,336,757</u></u>	<u><u>\$ 5,148,242</u></u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

F. LONG TERM OBLIGATIONS:

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 6,329	\$ 523,800	\$ 25,024	\$ 505,105	\$ 81,359
Compensated absences	1,323,467	--	(12,060)	1,335,527	186,974
Claims and judgments	80,543	20,991	80,543	20,991	20,991
OPEB liability	3,257,140	1,383,977	--	4,641,117	--
Total governmental activities	<u>\$ 4,667,479</u>	<u>\$ 1,928,768</u>	<u>\$ 93,507</u>	<u>\$ 6,502,740</u>	<u>\$ 289,324</u>
Business-Type Activities:					
Revenue bonds	\$ 2,582,000	\$ 29,951,251	\$ 1,332,000	\$ 31,201,251	\$ 2,783,981
Notes payable	6,439,514	--	1,584,684	4,854,830	438,531
Capital leases	5,615,484	3,636,550	3,713,946	5,538,088	259,246
Compensated absences	163,759	166,107	147,673	182,193	27,313
Accrued interest payable	4,776,501	463,446	264,631	4,975,316	102,730
OPEB liability	653,774	293,928	--	947,702	--
Total business-type activities	<u>\$ 20,231,032</u>	<u>\$ 34,511,282</u>	<u>\$ 7,042,934</u>	<u>\$ 47,699,380</u>	<u>\$ 3,611,801</u>
Total long-term liabilities	<u>\$ 24,898,511</u>	<u>\$ 36,440,050</u>	<u>\$ 7,136,441</u>	<u>\$ 54,202,120</u>	<u>\$ 3,901,125</u>

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

REVENUE BONDS:

Water and Sewer

\$10,870,000 - Series 2002 Water and Sewer Refunding Revenue Bonds due in annual installments of \$1,120,000 to \$1,250,000 through July, 2013; interest at 3.75% to 4.00%.

Proceeds were used to pay off Series 1992 Water and Sewer Refunding Revenue Bonds. \$ 1,250,000

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

\$28,220,000-Series 2012 Warner Robins Public Facilities Authority Revenue Bonds(Water And Sewer Projects) due in annual installments of \$579,815 to \$2,010,012 thru July 2032; Interest at .550% to 3.250%. Proceeds will be used to finance the acquiring, constructing, equipping, and installing upgrades to the Sandy Run Creek Wastewater Treatment Plant. Proceeds will also be used to repay interest and principal of notes payable to Georgia Environmental Facilities Authority (GEFA). (See Current Refunding below.) 28,220,000

Total revenue bonds \$ 29,470,000

The total annual debt service requirements for all revenue bonds outstanding at June 30, 2012, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,250,000	\$ 604,815	\$ 1,854,815
2014	900,000	1,009,213	1,909,213
2015	1,020,000	990,013	2,010,013
2016	1,040,000	964,213	2,004,213
2017	1,070,000	932,562	2,002,562
2018-2022	5,965,000	4,006,090	9,971,090
2023-2027	7,440,000	2,523,652	9,963,652
2028-2032	8,835,000	1,118,844	9,953,844
2033	1,950,000	34,125	1,984,125
	<u>\$ 29,470,000</u>	<u>\$ 12,183,527</u>	<u>\$ 41,653,527</u>

Also included in revenue bonds payable presented in the statement of net assets are bond premium of \$1,518,298 related to the \$28,220,000 – Series 2012 Revenue Bond to be amortized over the life of the bond, and \$212,953 premium recognized in conjunction with the series 2011 revenue bonds issued by MGAG for distribution lines, to be amortized over the life of the lease. (See Capital Leases below.)

NOTES PAYABLE:

Current Refunding

In connection with the issuance of the Series 2012 Warner Robins Public Facilities Authority Revenue Bonds (Water and Sewer Projects), a portion of the proceeds was used to repay principal and interest on certain notes payable to the GEFA: GEFA Loan No. 95-L26WS with an outstanding principal balance of \$352,990.33 as of June 1, 2012 and GEFA Loan No.CW96015 with an outstanding principal balance of \$655,333.03 as of June 1, 2012. The refunded obligations were paid in full on the date of issuance and deliver of the Series 2012 Bonds.

Water and Sewer

\$4,777,071 – 2007 GEFA due in monthly installments of \$26,494; interest at 3%. Matures October 1, 2029. Interest capitalized into note - \$188,004. Proceeds used for installation of new water meters to replace all manual read water meters. \$ 4,293,034

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

\$4,104,261 - State of Georgia '95 Revolving Loan due in quarterly installments of \$63,993.

Interest accrues at 2% on unpaid balance. Interest capitalized into the note - \$296,496.

Proceeds used for construction of sanitary sewer system.

561,796

Total notes payable

\$ 4,854,830

The total annual debt service requirements for all notes payable outstanding at June 30, 2012, are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$ 438,531	\$ 135,362	\$ 573,893
2014	449,130	124,763	573,893
2015	267,269	114,646	381,915
2016	209,613	108,309	317,922
2017	216,331	101,592	317,923
2018 - 2022	1,183,542	406,070	1,589,612
2023 - 2027	1,374,821	214,790	1,589,611
2028 - 2030	715,593	26,260	741,853
	<u>\$ 4,854,830</u>	<u>\$ 1,231,792</u>	<u>\$ 6,086,622</u>

The City was in compliance with all the significant limitations and restrictions contained in the bond indentures. The annual requirements to amortize all debt outstanding at June 30, 2012, including interest payments, are provided in the Supplementary Information of the report.

OUTSTANDING DEBT REFUNDED

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

CAPITAL LEASES:

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

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

Current portion -	
US Bancorp - copier	\$ 2,314
BB&T Fire Truck	62,642
BB&T Bucket Truck	16,403
	<u>81,359</u>
Long-term portion -	
US Bancorp - copier	1,807
BB&T Fire Truck	359,028
BB&T Bucket Truck	62,912
	<u>423,746</u>
Total capital lease	<u>\$ 505,105</u>

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

Current Portion:	
BB&T - Yamaha golf carts	\$ 34,033
Kansas State Bank - Komatsu dozer	15,213
MGAG - Distribution line (payable from restricted assets)	210,000
	<u>259,246</u>
Long-term portion:	
BB&T - Yamaha golf carts	132,517
Kansas State Bank - Komatsu dozer	71,384
MGAG - Distribution line (payable from restricted assets)	5,074,941
	<u>5,278,842</u>
	<u>\$ 5,538,088</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Future minimum lease payments under the leases, along with the present value of the minimum lease payments as of June 30, 2012, are as follows:

Year Ending June 30th	General	
	Government	Business-Type
2013	\$ 92,003	\$ 772,666
2014	91,389	828,153
2015	89,547	757,481
2016	89,547	755,847
2017	81,830	758,331
2018-2022	96,046	11,032,928
2022-2026	--	4,010,147
Total Minimum Lease Payment	540,362	18,915,553
Less Amount Representing Interest	35,257	13,377,465
Present Value of Lease Payment	<u>\$ 505,105</u>	<u>\$ 5,538,088</u>

Following is an analysis of capital assets leased under capital leases at June 30, 2012:

	General	
	Government	Business-Type
Capital assets	\$ 530,666	\$ 7,996,496
Less: Accumulated depreciation	7,960	2,529,943
Carrying value	<u>\$ 522,706</u>	<u>\$ 5,466,553</u>

G. DEFERRED CREDITS

Deferred credits at June 30, 2012 were comprised of the following balances:

General Fund:	
Fines Collected in Advance of Verdict	\$ 251,918
Performance Bonds	22,145
Police Special Projects	142,201
Confiscated funds	148,155
Houston County - Transportation Planning	8,962
City of Character Program	197
Total Deferred Revenue	<u>\$ 573,578</u>

CITY OF WARNER ROBINS, GEORGIA

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

H. CAPITALIZATION OF INTEREST

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

IV. OTHER INFORMATION

A. RISK MANAGEMENT

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

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

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

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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

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

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

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

	Group Health Insurance	Workers Compensation Insurance	Property and Casualty Insurance	Total
Unpaid Claims as of June 30, 2010	\$ 491,268	\$ 123,956	\$ 104,894	\$ 720,118
Incurred Claims	6,787,294	319,207	80,543	7,187,044
Payments	(6,884,319)	(362,953)	(104,894)	(7,352,166)
Unpaid Claims as of June 30, 2011	394,243	80,210	80,543	554,996
Incurred Claims	6,805,092	125,165	20,991	6,951,248
Payments	(6,936,502)	(199,728)	(80,543)	(7,216,773)
Unpaid Claims as of June 30, 2012	<u>\$ 262,833</u>	<u>\$ 5,647</u>	<u>\$ 20,991</u>	<u>\$ 289,471</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

B. LEGAL AND CONTRACTUAL MATTERS AND CONTINGENT LIABILITIES

LITIGATION:

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

The City's insurance companies and self-insurance pool are providing the defense for several lawsuits and legal counsel has advised that the likelihood of an unfavorable outcome on any of them is remote at the present time. The total claims for damages, should they prove successful against the City, are within the appropriate coverage carried at June 30, 2012.

The City was a defendant in a lawsuit for breach of contract, which arose in the course of government operations. During the year ended June 30, 2012, a settlement was reached which was paid from the Sanitation System Fund.

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

OTHER CONTINGENCIES:

The City participates in a number of federally assisted grant programs, principal of which is the Community Development Block Grant. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for, or including, the year ended June 30, 2012, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

COMMITMENTS:

The City had no other significant commitments at June 30, 2012.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

C. DEFERRED COMPENSATION PLAN

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

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

D. OTHER POST EMPLOYMENT BENEFITS

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

Plan Description and Funding Policy – The City Council authorizes participation in the OPEB and sets the contribution rates, benefits, funding policy and maintains the authority to change the policy. Coverage under the Plan includes medical, prescription drug, dental benefits and life insurance for retirees. Dependent coverage benefits are payable to a spouse only while the retiree is alive and less than 65, except for dependent life which is provided for life. Eligibility requirement for retired employee are retired on or after 60 (or 55 if public safety officer with at least 25 years of service) or disabled and entitled to social security disability payments. The Plan's assets may be used only for payment of benefits to members of the Plan, in accordance with terms of the Plan. The funding policy for the Plan is for the City to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (i.e. pay as you go basis). The Plan is noncontributory, with no contributions being required by the Plan members.

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

Plan Funded Status –

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

Schedule of Funding Progress						
	(1)	(2)	(3)	(4)	(5)	(6)
Measurement Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Funded Ratio (1)/(2)	Unfunded AAL/(UAAL) (2)-(1)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ -	\$ 17,493,000	0.0%	\$ 17,493,000	\$ 19,311,461	78.5%

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

Normal cost	\$	996,000
Amortization of Unfunded actuarial accrued liability(UAAL)		1,077,000
Adjustment for timing		<u>120,000</u>
Annual required contribution (ARC)	\$	2,193,000
Contribution made		<u>515,181</u>
Increase in net OPEB obligation	\$	1,677,819
Net OPEB obligation, beginning of year		<u>3,910,914</u>
Net OPEB obligation, end of year	\$	<u><u>5,588,733</u></u>

The percentage of OPEB cost contributed for the year ended June 30, 2012 was 23.5%. There is no interest component in the 2011 actuarial valuation.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

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The City's actuarial valuation information is as follows:

Valuation date	July 1, 2011	
Actuarial cost method	Project Unit Credit	
Amortization method	Level dollar, closed, 30 years	
Remaining amortization period	27 years as of June 30, 2012	
Asset valuation method	Market value	
Actuarial assumption:		
Investment rate of return	4.50% pay as you go	
Inflation rate	3.00%	
Medical and drug cost trend rate	10.00% graded to 5.00% at an annual reduction in rate of .5%	
Dental cost trend rate	5.00%	
Vision cost trend rate	5.00%	
Plan membership		
Actives (Fully Eligible)		65
Actives (Not Fully Eligible)		445
Retirees*		186
Total		<u>696</u>
Total unfunded Actuarial accrued liability	\$	17,493,000

* 49 Retirees are covered in the medical plan. The remaining 137 have life insurance only.

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

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

At June 30, 2012, the City has 8 participants eligible to receive benefits with a related cost to the City of \$74,269.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

E. JOINT VENTURES

JOINTLY OWNED NATURAL GAS (JONG)

The Natural Gas System is a 40% participant in Jointly Owned Natural Gas (A Joint Venture). The City appoints one member to its Board. The City's capital account as of September 30, 2011 was \$1,501,509. If the Jointly Owned Natural Gas Transmission Line were to be terminated, the available assets would be distributed pro rata based on contribution. The Joint Venture issues separate financial statements which are available from the Joint Venture office. Information taken from the audited statements of the Joint Venture for the fiscal year ended September 30, 2011.

Total Assets	\$ 4,101,450
Less: Current Liabilities	(295,790)
Long-term liabilities	(265,963)
Retained earnings	<u>\$ 3,539,697</u>
Total Revenues	\$ 1,313,752
Operating expenses	(1,634,640)
Non-operating revenue	<u>453,164</u>
Net income	<u>\$ 132,276</u>

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

MIDDLE GEORGIA REGIONAL COMMISSION

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

F. PENSION PLAN

PLAN DESCRIPTION, CONTRIBUTION INFORMATION, AND FUNDING POLICIES:

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

All full-time employees of the City (30 hours per week) are eligible to participate in GMEBS after one (1) year of service. Benefits fully vest after ten (10) years of service. Employees who retire at or after age sixty-

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

<u>Group</u>	<u>January 1, 2012</u>
Retirees and beneficiaries currently receiving benefits	222
Vested terminated employees	60
Active employees:	
Vested	265
Nonvested	209
 Total membership in the plan	 <u>756</u>

Funding Policy

The City is required to contribute based on actuarial funding policy. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1982 and changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise, and 3) interest on these amounts from the valuation date to the date contributions are paid. Plan provisions and contribution requirements are established by state statute and may be amended by the State. The contribution requirement for the year current year was \$3,371,626, which was 18.6% of the covered payroll. Employees are not required to contribute to the fund.

ANNUAL PENSION COST

For fiscal year 2012, the City's annual pension cost of \$3,371,626 for GMEBS was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, *Measuring Pension Obligations*, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

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

THREE YEAR TREND INFORMATION

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2010	\$ 3,412,900	100%
2011	3,247,768	100%
2012	3,371,626	100%

PLAN FUNDED STATUS

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

<u>Schedule of Funding Progress</u>						
<u>Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Funded Ratio (1)/(2)</u>	<u>(4) Unfunded AAL/(UAAL) (2)-(1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll</u>
1/1/2012	\$ 78,680,950	\$ 81,839,822	96.14%	\$ 3,158,872	\$ 17,899,336	17.65%

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

PEACE OFFICERS ANNUITY AND BENEFIT FUND

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

G. SUBSEQUENT EVENTS

The City assessed events that have occurred subsequent to June 30, 2012 through December 28, 2012 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the City's statements which were issued on December 28, 2012, except for the following:

Law Enforcement Center Financing

Subsequent to June 30, 2012, the City entered into a GMA capital lease loan agreement in the amount of \$1,841,550. Proceeds from this loan are to allow the City to make advance purchases for 2012 SPLOST equipment for the Law Enforcement Center, with future SPLOST revenues to be used as the source of repayment.

Wastewater Treatment Plant Design/Build Approval

On August 6, 2012, the City Council voted to approve a resolution authorizing a design/build contract for the City's Sandy Run Creek Water Pollution Control Plant Expansion Project.

Feagin Mill Road Expansion

On November 5, 2012, the City Council approved an agreement (MOA) between Houston County and the City concerning the widening of Feagin Mill Road.

CITY OF WARNER ROBINS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget
REVENUES:		
General property taxes	\$ 20,312,800	\$ 20,312,800
Other taxes	5,161,300	5,161,300
Licenses and permits	217,600	217,600
Intergovernmental	62,000	365,853
Charges for services	3,011,100	3,011,100
Fines and forfeitures	1,475,000	1,475,000
Investment revenue	35,000	35,000
Other revenues	125,000	156,925
Total revenues	<u>30,399,800</u>	<u>30,735,578</u>
EXPENDITURES:		
General Government		
Legislative	182,338	184,694
Executive	490,681	509,150
General adiministration	6,007,706	6,179,626
Judicial	642,381	602,836
Public Safety		
Police department	12,042,484	12,352,453
Fire department	7,524,464	8,569,954
Public works	5,418,026	5,304,079
Recreation	1,770,821	3,348,972
City development	1,043,849	1,079,748
Contingency	--	--
Total expenditures	<u>35,122,750</u>	<u>38,131,512</u>
Excess of revenues over (under) expenditures	<u>(4,722,950)</u>	<u>(7,395,934)</u>
OTHER FINANCING SOURCES (USES):		
Capital leases	--	--
Transfers in	4,897,950	5,421,750
Transfers out	(175,000)	(175,000)
Sale of assets	--	--
Total other financing sources (uses)	<u>4,722,950</u>	<u>5,246,750</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	--	(2,149,184)
Fund balance beginning	<u>--</u>	<u>2,149,184</u>
Fund balance ending	<u>\$ --</u>	<u>\$ --</u>

Variance Final Budget With Actual Budgetary Basis Positive (Negative)	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
\$ 90,645	\$ 20,403,445	\$ --	\$ 20,403,445
616,434	5,777,734	--	5,777,734
6,615	224,215	--	224,215
(53,127)	312,726	--	312,726
(46,721)	2,964,379	--	2,964,379
(325,456)	1,149,544	--	1,149,544
(10,492)	24,508	--	24,508
86,030	242,955	--	242,955
<u>363,928</u>	<u>31,099,506</u>	<u>--</u>	<u>31,099,506</u>
3,004	181,690	--	181,690
6,930	502,220	(96)	502,124
474,805	5,704,821	(216,936)	5,487,885
42,981	559,855	--	559,855
650,647	11,701,806	(535,536)	11,166,270
9,013	8,560,941	(15,760)	8,545,181
538,645	4,765,434	(42,083)	4,723,351
170,457	3,178,515	(1,514,006)	1,664,509
213,006	866,742	(68,975)	797,767
--	--	--	--
<u>2,109,488</u>	<u>36,022,024</u>	<u>(2,393,392)</u>	<u>33,628,632</u>
<u>2,473,416</u>	<u>(4,922,518)</u>	<u>(2,393,392)</u>	<u>(2,529,126)</u>
523,800	523,800	--	523,800
(508,648)	4,913,102	--	4,913,102
--	(175,000)	--	(175,000)
23,855	23,855	--	23,855
<u>39,007</u>	<u>5,285,757</u>	<u>--</u>	<u>5,285,757</u>
2,512,423	363,239	<u>\$ (2,393,392)</u>	2,756,631
<u>12,150,462</u>	<u>12,150,462</u>		<u>11,604,886</u>
<u>\$ 14,662,885</u>	<u>\$ 12,513,701</u>		<u>\$ 14,361,517</u>

CITY OF WARNER ROBINS, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2012

	Actuarial Valuation Date		
	1/1/2012	1/1/2011	1/1/2010
Actuarial Accrued Liability (AAL) Entry Age (b)	\$ 81,839,822	\$ 75,413,898	\$ 70,574,982
Actuarial Value of Assets Assets (a)	78,680,950	74,997,064	70,630,102
Unfunded AAL (funding excess) (UAAL) (b-a)	\$ 3,158,872	\$ 416,834	\$ (55,120)
Funded Ratio (a/b)	96.1%	99.4%	100.1%
Covered Payroll (c)	\$ 17,899,336	\$ 17,827,474	\$ 17,172,578
UAAL as a Percentage of Covered Payroll ((b-a)/c)	17.6%	2.3%	-0.3%

CITY OF WARNER ROBINS, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER'S CONTRIBUTION
 OTHER POST EMPLOYMENT BENEFIT
 FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	<u>7/1/2011</u>	<u>7/1/2009</u>
Actuarial Accrued Liability (AAL) Entry Age (b)	\$ 17,493,000	\$ 15,001,000
Actuarial Value of Assets Assets (a)	<u> --</u>	<u> --</u>
Unfunded AAL (funding excess) (UAAL) (b-a)	<u>\$ 17,493,000</u>	<u>\$ 15,001,000</u>
Funded Ratio (a/b)	<u> --</u>	<u> --</u>
Covered Payroll (c)	<u>\$ 19,311,461</u>	<u>\$ 19,101,543</u>
UAAL as a Percentage of Covered Payroll ((b-a)/c)	<u> 90.6%</u>	<u> 78.5%</u>

SCHEDULE OF EMPLOYER'S CONTRIBUTION

Fiscal Year Ended	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Annual Required Contributions (pay as you go)	<u>\$ 2,193,000</u>	<u>\$ 1,822,000</u>	<u>\$ 1,822,000</u>
Actual Contributions	<u>\$ 515,181</u>	<u>\$ 677,467</u>	<u>\$ 455,724</u>
Percentage Contributed	<u> 23.49%</u>	<u> 37.18%</u>	<u> 25.01%</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				
	Hotel - Motel				
	Bureau of Civic Affairs	Tourism Allocation Board	Motor Vehicle Rental Tax	Community Development	Law Enforcement
<u>ASSETS</u>					
Cash and cash equivalents	\$ 769,014	\$ 40,788	\$ --	\$ 735,786	\$ 471,452
Accounts receivable - net	--	--	13,359	994,850	--
Due from other governments	--	--	--	235,003	--
Due from other funds	--	--	--	--	--
Real estate held for resale	--	--	--	115,300	--
Total assets	<u>\$ 769,014</u>	<u>\$ 40,788</u>	<u>\$ 13,359</u>	<u>\$ 2,080,939</u>	<u>\$ 471,452</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>CURRENT LIABILITIES</u>					
Accounts payable and accrued costs	\$ 9,195	\$ 40,788	\$ 13,359	\$ --	\$ --
Accrued payroll/related expenses	15,369	--	--	--	--
Deferred revenue	--	--	--	--	148,155
Due to other funds	--	--	--	548,424	--
Escrow funds	--	--	--	19,817	--
Total liabilities	<u>24,564</u>	<u>40,788</u>	<u>13,359</u>	<u>568,241</u>	<u>148,155</u>
<u>FUND BALANCES</u>					
Fund balance - committed	744,450	--	--	1,512,698	323,297
Fund balance - assigned	--	--	--	--	--
Total fund balance	<u>744,450</u>	<u>--</u>	<u>--</u>	<u>1,512,698</u>	<u>323,297</u>
Total liabilities and fund balances	<u>\$ 769,014</u>	<u>\$ 40,788</u>	<u>\$ 13,359</u>	<u>\$ 2,080,939</u>	<u>\$ 471,452</u>

Special Revenue Funds			Capital Projects Funds				Total Nonmajor Government Funds
Recreation	Redevelopment Agency	Subtotal	Splost 2001	Parks and Recreation	Visitor Center	Subtotal	
\$ 65,395	\$ 508,530	\$ 2,590,965	\$ 1,277,713	\$ 69,876	\$ 560,432	\$ 1,908,021	\$ 4,498,986
--	13,359	1,021,568	--	--	--	--	1,021,568
--	--	235,003	--	--	--	--	235,003
--	4,466	4,466	--	--	--	--	4,466
--	1,273,862	1,389,162	--	--	--	--	1,389,162
<u>\$ 65,395</u>	<u>\$ 1,800,217</u>	<u>\$ 5,241,164</u>	<u>\$ 1,277,713</u>	<u>\$ 69,876</u>	<u>\$ 560,432</u>	<u>\$ 1,908,021</u>	<u>\$ 7,149,185</u>
\$ --	\$ 4,617	\$ 67,959	\$ --	\$ --	\$ --	\$ --	\$ 67,959
--	--	15,369	--	--	--	--	15,369
--	--	148,155	--	--	--	--	148,155
--	--	548,424	--	--	--	--	548,424
--	--	19,817	--	--	--	--	19,817
--	4,617	799,724	--	--	--	--	799,724
65,395	1,795,600	4,441,440	--	--	--	--	4,441,440
--	--	--	1,277,713	69,876	560,432	1,908,021	1,908,021
<u>65,395</u>	<u>1,795,600</u>	<u>4,441,440</u>	<u>1,277,713</u>	<u>69,876</u>	<u>560,432</u>	<u>1,908,021</u>	<u>6,349,461</u>
<u>\$ 65,395</u>	<u>\$ 1,800,217</u>	<u>\$ 5,241,164</u>	<u>\$ 1,277,713</u>	<u>\$ 69,876</u>	<u>\$ 560,432</u>	<u>\$ 1,908,021</u>	<u>\$ 7,149,185</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				
		Hotel - Motel			
	Bureau of Civic Affairs	Tourism Allocation Board	Motor Vehicle Rental Tax	Community Development	Law Enforcement
REVENUES:					
Other taxes	\$ 370,482	\$ 1,481,927	\$ 143,461	\$ --	\$ --
Fines and forfeitures	--	--	--	--	23,524
Intergovernmental	3,100	--	--	593,555	--
Other revenue	984	--	--	(27,023)	26,041
Total revenues	<u>374,566</u>	<u>1,481,927</u>	<u>143,461</u>	<u>566,532</u>	<u>49,565</u>
EXPENDITURES:					
Current:					
Public safety	--	--	--	--	48,634
Recreation	--	--	--	--	--
Civic affairs (city development)	343,499	1,018,825	--	--	--
Economic development (city development)	--	--	--	604,153	--
Downtown development	--	--	--	--	--
Capital Outlay	--	--	--	--	--
Total expenditures	<u>343,499</u>	<u>1,018,825</u>	<u>--</u>	<u>604,153</u>	<u>48,634</u>
Excess of revenue over (under) expenditures	<u>31,067</u>	<u>463,102</u>	<u>143,461</u>	<u>(37,621)</u>	<u>931</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	25,000	--	--	--	--
Transfer out	--	(463,102)	(143,461)	--	--
Total other financing sources (uses)	<u>25,000</u>	<u>(463,102)</u>	<u>(143,461)</u>	<u>--</u>	<u>--</u>
Excess of revenues and other sources over (under) expenditures and other uses	56,067	--	--	(37,621)	931
FUND BALANCES, Beginning	<u>688,383</u>	<u>--</u>	<u>--</u>	<u>1,550,319</u>	<u>322,366</u>
FUND BALANCES, Ending	<u>\$ 744,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512,698</u>	<u>\$ 323,297</u>

Special Revenue Funds			Capital Projects Funds				Total Nonmajor Government Funds
Recreation	Redevelopment Agency	Subtotal	Splost 2001	Parks and Recreation	Visitor Center	Subtotal	
\$ --	\$ --	\$ 1,995,870	\$ --	\$ 92,620	\$ 277,861	\$ 370,481	\$ 2,366,351
--	--	23,524	--	--	--	--	23,524
--	--	596,655	--	--	--	--	596,655
130,685	48,082	178,769	1,845	47	418	2,310	181,079
<u>130,685</u>	<u>48,082</u>	<u>2,794,818</u>	<u>1,845</u>	<u>92,667</u>	<u>278,279</u>	<u>372,791</u>	<u>3,167,609</u>
--	--	48,634	--	--	--	--	48,634
130,508	--	130,508	--	55,442	--	55,442	185,950
--	--	1,362,324	--	--	--	--	1,362,324
--	--	604,153	--	--	--	--	604,153
--	140,417	140,417	--	--	--	--	140,417
--	--	--	462,137	--	--	462,137	462,137
<u>130,508</u>	<u>140,417</u>	<u>2,286,036</u>	<u>462,137</u>	<u>55,442</u>	<u>--</u>	<u>517,579</u>	<u>2,803,615</u>
<u>177</u>	<u>(92,335)</u>	<u>508,782</u>	<u>(460,292)</u>	<u>37,225</u>	<u>278,279</u>	<u>(144,788)</u>	<u>363,994</u>
--	143,461	168,461	--	--	--	--	168,461
--	--	(606,563)	--	--	--	--	(606,563)
--	143,461	(438,102)	--	--	--	--	(438,102)
177	51,126	70,680	(460,292)	37,225	278,279	(144,788)	(74,108)
<u>65,218</u>	<u>1,744,474</u>	<u>4,370,760</u>	<u>1,738,005</u>	<u>32,651</u>	<u>282,153</u>	<u>2,052,809</u>	<u>6,423,569</u>
<u>\$ 65,395</u>	<u>\$ 1,795,600</u>	<u>\$ 4,441,440</u>	<u>\$ 1,277,713</u>	<u>\$ 69,876</u>	<u>\$ 560,432</u>	<u>\$ 1,908,021</u>	<u>\$ 6,349,461</u>

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUREAU OF CIVIC AFFAIRS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Hotel/Motel tax	\$ 338,750	\$ 338,750	\$ 370,482	\$ 31,732
Other revenue:				
Grant income - local assistance	6,200	6,200	3,100	(3,100)
Interest	1,500	1,500	984	(516)
Total revenues	<u>346,450</u>	<u>346,450</u>	<u>374,566</u>	<u>28,116</u>
EXPENDITURES -				
Current -				
Civic affairs	<u>358,097</u>	<u>502,553</u>	<u>343,499</u>	<u>159,054</u>
Total expenditures	<u>358,097</u>	<u>502,553</u>	<u>343,499</u>	<u>159,054</u>
Excess of revenues over (under) expenditures	(11,647)	(156,103)	31,067	187,170
OTHER FINANCING SOURCES -				
Transfer in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>--</u>
Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>--</u>
Excess of revenues and other sources over (under) expenditures	<u>13,353</u>	<u>(131,103)</u>	56,067	<u>\$ 187,170</u>
FUND BALANCE ALLOCATION	<u>(2,118)</u>	<u>125,742</u>		
FUND BALANCE, Beginning	<u>\$ 11,235</u>	<u>\$ (5,361)</u>	<u>688,383</u>	
FUND BALANCE, Ending			<u>\$ 744,450</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL - MOTEL TOURISM ALLOCATION BOARD FUND (TAB)
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES -				
Other taxes -				
Hotel/Motel tax	\$ 1,355,000	\$ 1,481,893	1,481,927	\$ 34
Total revenues	<u>1,355,000</u>	<u>1,481,893</u>	<u>1,481,927</u>	<u>34</u>
EXPENDITURES -				
Current -				
Civic affairs	931,562	1,018,791	1,018,825	(34)
Total expenditures	<u>931,562</u>	<u>1,018,791</u>	<u>1,018,825</u>	<u>(34)</u>
Excess of revenues over expenditures	423,438	463,102	463,102	--
OTHER FINANCING USES -				
Transfer out	(423,438)	(463,102)	(463,102)	--
Total other financing uses	<u>(423,438)</u>	<u>(463,102)</u>	<u>(463,102)</u>	<u>--</u>
Excess of revenues over (under) expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	--	<u>\$ --</u>
FUND BALANCES, Beginning			<u>--</u>	
FUND BALANCES, Ending			<u>\$ --</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR VEHICLE RENTAL TAX FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES -				
Other taxes -				
Motor vehicle rental tax	<u>\$ 153,000</u>	<u>\$ 153,000</u>	<u>\$ 143,461</u>	<u>\$ (9,539)</u>
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>143,461</u>	<u>(9,539)</u>
 EXPENDITURES -				
Current -				
Downtown development	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	153,000	153,000	143,461	(9,539)
 OTHER FINANCING USES -				
Transfer out	<u>(153,000)</u>	<u>(153,000)</u>	<u>(143,461)</u>	<u>9,539</u>
Total other financing uses	<u>(153,000)</u>	<u>(153,000)</u>	<u>(143,461)</u>	<u>9,539</u>
Excess of revenues over (under) expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	--	<u>\$ --</u>
 FUND BALANCES, Beginning			<u>--</u>	
 FUND BALANCES, Ending			<u>\$ --</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental -				
Grants - federal - CDBG	\$ 612,500	\$ 612,500	\$ 593,555	\$ (18,945)
Other revenue -				
Program income	<u>39,424</u>	<u>39,424</u>	<u>(27,023)</u>	<u>(66,447)</u>
Total revenues	<u>651,924</u>	<u>651,924</u>	<u>566,532</u>	<u>(85,392)</u>
EXPENDITURES -				
Economic development:				
Administration	144,949	145,025	135,463	9,562
Disposition	5,032	5,032	8,212	(3,180)
Housing	176,984	176,984	156,552	20,432
Public services	164,750	165,250	145,303	19,947
Public facility	2,000	2,000	2,000	--
Code enforcement	59,571	59,571	40,954	18,617
Clearance	<u>137,408</u>	<u>136,832</u>	<u>115,669</u>	<u>21,163</u>
Total expenditures	<u>690,694</u>	<u>690,694</u>	<u>604,153</u>	<u>86,541</u>
Excess of revenues over (under) expenditures	<u>\$ (38,770)</u>	<u>\$ (38,770)</u>	(37,621)	<u>\$ 1,149</u>
FUND BALANCE, Beginning			<u>1,550,319</u>	
FUND BALANCES, Ending			<u>\$ 1,512,698</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC SAFETY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES -				
Fines and forfeitures:				
Condemnation	\$ 23,524	\$ 23,524	\$ 23,524	\$ -
Interest and miscellaneous	--	--	28	28
Donations	<u>8,822</u>	<u>8,822</u>	<u>26,013</u>	<u>17,191</u>
Total revenues	<u>32,346</u>	<u>32,346</u>	<u>49,565</u>	<u>17,219</u>
EXPENDITURES -				
Current -				
Public safety	<u>--</u>	<u>48,633</u>	<u>48,634</u>	<u>(1)</u>
Total expenditures	<u>--</u>	<u>48,633</u>	<u>48,634</u>	<u>(1)</u>
Excess of revenues over (under) expenditures	<u>\$ 32,346</u>	<u>\$ (16,287)</u>	931	<u>\$ 17,218</u>
FUND BALANCES, Beginning			<u>322,366</u>	
FUND BALANCES, Ending			<u>\$ 323,297</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES -				
Other revenue -				
Recreation fee	\$ 115,509	\$ 115,509	\$ 130,685	\$ 15,176
Total revenues	<u>115,509</u>	<u>115,509</u>	<u>130,685</u>	<u>15,176</u>
 EXPENDITURES -				
Current -				
Recreation	<u>115,509</u>	<u>130,508</u>	<u>130,508</u>	<u>--</u>
Total expenditures	<u>115,509</u>	<u>130,508</u>	<u>130,508</u>	<u>--</u>
Excess of revenues over (under) expenditures	\$ --	\$ (14,999)	177	<u>\$ 15,176</u>
 FUND BALANCE ALLOCATION	<u>--</u>	<u>14,999</u>		
 FUND BALANCES, Beginning	<u>\$ --</u>	<u>\$ --</u>	<u>65,218</u>	
 FUND BALANCES, Ending			<u>\$ 65,395</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Other revenue:				
Other	27,600	27,600	47,807	20,207
Interest	500	649	275	(374)
Total revenues	<u>28,100</u>	<u>28,249</u>	<u>48,082</u>	<u>19,833</u>
EXPENDITURES -				
Current -				
Economic development	<u>178,961</u>	<u>441,001</u>	<u>140,417</u>	<u>300,584</u>
Total expenditures	<u>178,961</u>	<u>441,001</u>	<u>140,417</u>	<u>300,584</u>
Excess of revenues under expenditures	(150,861)	(412,752)	(92,335)	320,417
OTHER FINANCING SOURCES -				
Transfer in	<u>153,000</u>	<u>153,000</u>	<u>143,461</u>	<u>(9,539)</u>
Total other financing sources	<u>153,000</u>	<u>153,000</u>	<u>143,461</u>	<u>(9,539)</u>
Excess of revenues and other sources over (under) expenditures	2,139	(259,752)	51,126	<u>\$ 310,878</u>
FUND BALANCE ALLOCATION	<u>(2,139)</u>	<u>259,752</u>		
FUND BALANCE, Beginning	<u>\$ --</u>	<u>\$ --</u>	<u>1,744,474</u>	
FUND BALANCE, Ending			<u>\$ 1,795,600</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPLOST 2001
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Years	Current Year	Total to Date	Revised Projected Costs
REVENUES -				
Other revenue:				
Special purpose local option sales tax	\$ 12,763,226	\$ --	\$ 12,763,226	\$ 12,763,226
Interest	336,256	1,845	338,101	338,101
Total revenues	<u>13,099,482</u>	<u>1,845</u>	<u>13,101,327</u>	<u>13,101,327</u>
EXPENDITURES -				
Capital outlay:				
Road construction/reconstruction	1,112,452	--	1,112,452	2,390,147
Drainage construction	601,694	--	601,694	601,710
Sidewalk construction	999,998	--	999,998	1,000,000
Street resurfacing	8,647,333	462,137	9,109,470	9,109,470
Total expenditures	<u>11,361,477</u>	<u>462,137</u>	<u>11,823,614</u>	<u>13,101,327</u>
Excess of revenues over (under) expenditures	<u>\$ 1,738,005</u>	(460,292)	<u>\$ 1,277,713</u>	<u>\$ --</u>
FUND BALANCES, Beginning		<u>1,738,005</u>		
FUND BALANCES, Ending		<u>\$ 1,277,713</u>		

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS AND RECREATION CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Other taxes -				
Hotel/Motel tax	\$ 84,688	\$ 84,688	\$ 92,620	\$ 7,932
Other revenue -				
Interest	--	--	47	47
Total revenues	84,688	84,688	92,667	7,979
 EXPENDITURES -				
Current -				
Recreation:				
Buildings/improvements	--	22,898	26,231	(3,333)
Swimming pool equipment	--	12,050	12,050	--
Playgroud equipment	84,688	49,740	17,161	32,579
Total expenditures	84,688	84,688	55,442	29,246
 Excess of revenues over (under) expenditures	\$ --	\$ --	37,225	\$ 37,225
 FUND BALANCES, Beginning			32,651	
 FUND BALANCES, Ending			\$ 69,876	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VISITOR CENTER CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other taxes -				
Hotel/Motel tax	\$ 254,063	\$ 254,063	\$ 277,861	\$ 23,798
Other revenue -				
Interest	--	--	418	418
Total revenues	254,063	254,063	278,279	24,216
 EXPENDITURES -				
Capital outlay -				
Building/improvements	254,063	254,063	--	254,063
Total expenditures	254,063	254,063	--	254,063
 Excess of revenues over (under) expenditures	\$ --	\$ --	278,279	\$ 278,279
 FUND BALANCES, Beginning			282,153	
 FUND BALANCES, Ending			\$ 560,432	

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ --	\$ 465,716	\$ 465,716
Accounts receivable, net	111	254,876	254,987
Due from other funds	--	61,448	61,448
Prepaid items	2,173	--	2,173
	<u>2,284</u>	<u>782,040</u>	<u>784,324</u>
Total current assets			
NONCURRENT ASSETS:			
Unamortized bond expense, net	--	--	--
Land and other non depreciable assets	1,583,958	704,956	2,288,914
Capital assets, net of accumulated depreciation	291,976	14,486,697	14,778,673
	<u>1,875,934</u>	<u>15,191,653</u>	<u>17,067,587</u>
Total non current assets			
Total assets	<u>\$ 1,878,218</u>	<u>\$ 15,973,693</u>	<u>\$ 17,851,911</u>

	Business-type Activities -		
	Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Cash overdraft	\$ 104,131	\$ --	\$ 104,131
Accounts payable	177,036	52,567	229,603
Accrued payroll/related liabilities	6,631	20,546	27,177
Due to other funds	--	53,598	53,598
Compensated absences	1,426	963	2,389
Capital lease payable	34,033	--	34,033
Accrued interest	--	--	--
Bonds, notes, and loans payable	--	--	--
Total current liabilities	<u>323,257</u>	<u>127,674</u>	<u>450,931</u>
NON CURRENT LIABILITIES:			
Due to other funds - advance payable	100,000	--	100,000
Compensated absences	9,543	4,105	13,648
Capital lease payable	132,517	--	132,517
OPEB Liability	63,547	162,530	226,077
Total non current liabilities	<u>305,607</u>	<u>166,635</u>	<u>472,242</u>
Total liabilities	<u>628,864</u>	<u>294,309</u>	<u>923,173</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,841,901	15,191,653	17,033,554
Unrestricted	(592,547)	487,731	(104,816)
Total net assets	<u>1,249,354</u>	<u>15,679,384</u>	<u>16,928,738</u>
Total liabilities and net assets	<u>\$ 1,878,218</u>	<u>\$ 15,973,693</u>	<u>\$ 17,851,911</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities -		
	Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
OPERATING REVENUES:			
Charges for services	\$ 290,091	\$ 2,466,624	\$ 2,756,715
Penalties and cut-on fees	--	41,567	41,567
Miscellaneous	18,869	13,134	32,003
Total operating revenues	<u>308,960</u>	<u>2,521,325</u>	<u>2,830,285</u>
OPERATING EXPENSES:			
Personnel services	303,395	1,119,679	1,423,074
Operating expenses	15,135	422,538	437,673
Repairs and maintenance	24,385	13,969	38,354
Supplies	90,383	260,664	351,047
Bad debt expense	--	25,124	25,124
Depreciation	35,647	456,420	492,067
Total operating expenses	<u>468,945</u>	<u>2,298,394</u>	<u>2,767,339</u>
OPERATING INCOME (LOSS)	<u>(159,985)</u>	<u>222,931</u>	<u>62,946</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest expense and fees	(1,956)	--	(1,956)
Amortization of bond expense	(4,155)	--	(4,155)
Loss on sale of capital assets	(36,155)	--	(36,155)
Total non-operating expenses, net	<u>(42,266)</u>	<u>--</u>	<u>(42,266)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(202,251)</u>	<u>222,931</u>	<u>20,680</u>
CAPITAL CONTRIBUTIONS			
Capital contribution-developers	--	731,692	731,692
Capital contribution- net capital assets that previously supported a function in the general fund	--	11,013,243	11,013,243
INCOME (LOSS) BEFORE TRANSFERS	<u>(202,251)</u>	<u>11,967,866</u>	<u>11,765,615</u>
TRANSFERS IN	<u>150,000</u>	<u>--</u>	<u>150,000</u>
CHANGE IN NET ASSETS	<u>(52,251)</u>	<u>11,967,866</u>	<u>11,915,615</u>
NET ASSETS, Beginning	<u>1,301,605</u>	<u>3,711,518</u>	<u>5,013,123</u>
NET ASSETS, Ending	<u>\$ 1,249,354</u>	<u>\$ 15,679,384</u>	<u>\$ 16,928,738</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities -		
	Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 290,079	\$ 2,481,814	\$ 2,771,893
Cash received from miscellaneous services	18,869	--	18,869
Cash paid to suppliers for goods and services	(110,707)	(592,789)	(703,496)
Cash paid to employees for services	(290,754)	(1,307,935)	(1,598,689)
Net cash provided (used) by operating activities	(92,513)	581,090	488,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	150,000	--	150,000
Net cash provided by noncapital financing activities	150,000	--	150,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments:			
Bonds, notes, and loans payable	(117,000)	--	(117,000)
Capital leases	152,100	--	152,100
Acquisition and construction of capital assets	(193,055)	(1,528,622)	(1,721,677)
Capital contribution-developers	--	731,692	731,692
Interest and fees paid on bonds payable and notes payable	(3,663)	--	(3,663)
Net cash used for capital and related financing activities	(161,618)	(796,930)	(958,548)
NET DECREASE IN CASH	(104,131)	(215,840)	(319,971)
CASH, Beginning	--	681,556	681,556
CASH (OVERDRAFT), Ending	\$ (104,131)	\$ 465,716	\$ 361,585

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	International City Golf Course	Storm Water Drainage	Total Nonmajor Proprietary
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:			
Cash, beginning			
Current	\$ --	\$ 681,556	\$ 681,556
Total	<u> --</u>	<u>681,556</u>	<u>681,556</u>
Net decrease			
Current	(104,131)	(215,840)	(319,971)
Total	<u>(104,131)</u>	<u>(215,840)</u>	<u>(319,971)</u>
Cash (overdraft), ending			
Current	(104,131)	465,716	361,585
Total	<u>\$ (104,131)</u>	<u>\$ 465,716</u>	<u>\$ 361,585</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	<u>\$ (159,985)</u>	<u>\$ 222,931</u>	<u>\$ 62,946</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	35,647	456,420	492,067
Decrease (increase) in assets:			
Accounts receivable	(12)	(14,386)	(14,398)
Due from other governments	17,433	26,347	43,780
Prepaid items	2,035	--	2,035
Increase (decrease) in liabilities:			
Accounts payable / accrued expenses	166,862	(63,380)	103,482
Due to other funds	(175,514)	(100,586)	(276,100)
OPEB liability	20,958	53,744	74,702
Compensated absences payable	63	--	63
Total adjustments	<u>67,472</u>	<u>358,159</u>	<u>425,631</u>
Net cash provided (used) by operating activities	<u>\$ (92,513)</u>	<u>\$ 581,090</u>	<u>\$ 488,577</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2012

ASSETS

	Worker's Compensation	Group Health Insurance	Total
CURRENT ASSETS			
Cash	\$ 1,442,699	\$ 1,284,073	\$ 2,726,772
Due from other funds	--	53,598	53,598
Prepaid items	81,496	--	81,496
Total assets	<u>\$ 1,524,195</u>	<u>\$ 1,337,671</u>	<u>\$ 2,861,866</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable/accrued expenses	\$ 5,647	\$ 275,581	\$ 281,228
Due to other funds	<u>620,479</u>	<u>1,401,063</u>	<u>2,021,542</u>
Total current liabilities	626,126	1,676,644	2,302,770

NET ASSETS

Unrestricted	<u>898,069</u>	<u>(338,973)</u>	<u>559,096</u>
Total liabilities and net assets	<u>\$ 1,524,195</u>	<u>\$ 1,337,671</u>	<u>\$ 2,861,866</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Worker's Compensation</u>	<u>Group Health Insurance</u>	<u>Total</u>
OPERATING REVENUES -			
Charges for services	\$ 779,711	\$ 7,840,535	\$ 8,620,246
Total operating revenues	<u>779,711</u>	<u>7,840,535</u>	<u>8,620,246</u>
OPERATING EXPENSES -			
Operating expenses	<u>759,531</u>	<u>7,879,649</u>	<u>8,639,180</u>
Total operating expenses	<u>759,531</u>	<u>7,879,649</u>	<u>8,639,180</u>
OPERATING INCOME (LOSS)	<u>20,180</u>	<u>(39,114)</u>	<u>(18,934)</u>
NON-OPERATING REVENUES -			
Interest earned	<u>2,153</u>	<u>-</u>	<u>2,153</u>
Total non-operating revenues, net	<u>2,153</u>	<u>-</u>	<u>2,153</u>
CHANGE IN NET ASSETS	22,333	(39,114)	(16,781)
NET ASSETS, Beginning	<u>875,736</u>	<u>(299,859)</u>	<u>575,877</u>
NET ASSETS, Ending	<u>\$ 898,069</u>	<u>\$ (338,973)</u>	<u>\$ 559,096</u>

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Worker's Compensation	Group Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 413,938	\$ 482,824	\$ 896,762
Cash paid to suppliers for goods and services	(839,588)	(8,048,062)	(8,887,650)
Cash received from other funds for goods and services	365,772	6,632,671	6,998,443
Cash received for claims reimbursements	--	725,040	725,040
Net cash used by operating activities	<u>(59,878)</u>	<u>(207,527)</u>	<u>(267,405)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -			
Due from other funds, net	<u>(32,637)</u>	<u>813,295</u>	<u>780,658</u>
Net cash provided by noncapital financing activities	<u>(32,637)</u>	<u>813,295</u>	<u>780,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES -			
Interest income on investments	<u>2,153</u>	<u>-</u>	<u>2,153</u>
Net cash provided by investing activities	<u>2,153</u>	<u>-</u>	<u>2,153</u>
NET INCREASE (DECREASE) IN CASH	(90,362)	605,768	515,406
CASH, Beginning	<u>1,533,061</u>	<u>678,305</u>	<u>2,211,366</u>
CASH, Ending	<u>\$ 1,442,699</u>	<u>\$ 1,284,073</u>	<u>\$ 2,726,772</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	<u>\$ 20,180</u>	<u>\$ (39,114)</u>	<u>\$ (18,934)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Changes in assets and liabilities:			
Decrease (increase) in prepaid items	(5,495)	--	(5,495)
(Decrease) increase in accounts payable/ accrued expenses	<u>(74,563)</u>	<u>(168,413)</u>	<u>(242,976)</u>
Total adjustments	<u>(80,058)</u>	<u>(168,413)</u>	<u>(248,471)</u>
Net cash provided (used) by operating activities	<u>\$ (59,878)</u>	<u>\$ (207,527)</u>	<u>\$ (267,405)</u>

CITY OF WARNER ROBINS, GEORGIA
WATER AND SEWER SYSTEM
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - RESTRICTED ASSETS
REQUIRED BY REVENUE BOND ORDINANCE - SERIES 2002
FOR THE YEAR ENDED JUNE 30, 2012

WATER & SEWER BONDS SERIES 2002	INTEREST AND <u>SINKING</u>	DEBT SERVICE <u>RESERVE</u>	RENEWAL AND <u>EXTENSION</u>	<u>TOTAL</u>
CASH BALANCE				
June 30, 2011	\$ 1,279,910	\$ 368,600	\$ --	\$ 1,648,510
RECEIPTS				
Transfer from revenue fund	915,205	--	--	915,205
Interest earned	--	--	602	602
Transfer from 2002 renewal and extension	602	--	--	602
Proceeds from bond closing	--	--	--	--
Total receipts	<u>915,807</u>	<u>--</u>	<u>602</u>	<u>916,409</u>
DISBURSEMENTS				
Principal and interest	1,289,300	--	--	1,289,300
Transfer to interest and sinking	--	--	602	602
Payment of bond closing costs	--	--	--	--
Total disbursements	<u>1,289,300</u>	<u>--</u>	<u>602</u>	<u>1,289,902</u>
CASH BALANCE				
June 30, 2012	906,417	368,600	--	1,275,017
INVESTMENTS	<u>--</u>	<u>--</u>	<u>500,000</u>	<u>500,000</u>
TOTAL FUNDS ON HAND	<u>\$ 906,417</u>	<u>\$ 368,600</u>	<u>\$ 500,000</u>	<u>\$ 1,775,017</u>
REQUIRED BALANCE	<u>\$ --</u>	<u>\$ 125,000</u>	<u>\$ 500,000</u>	

CITY OF WARNER ROBINS, GEORGIA
WATER AND SEWER SYSTEM
SCHEDULE OF BONDS PAYABLE WITH INTEREST
WATER AND SEWER REVENUE BONDS
FOR THE YEAR ENDED JUNE 30, 2012

SERIES 2002

<u>YEAR OF MATURITY</u>	<u>BONDS OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>ACCRUED INTEREST</u>
2012	1,250,000	4.00	25,000
	<u>\$ 1,250,000</u>		<u>\$ 25,000</u>

The above bonds bear interest as shown and are payable semiannually, January 1 and July 1 of each year. Accrued interest represents six months at June 30, 2012. The bonds mature July 1 of the year shown.

SERIES 2012

<u>YEAR OF MATURITY</u>	<u>BONDS OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>ACCRUED INTEREST</u>
2013	\$ -	2.000%	\$ 579,815
2014	900,000.00	2.000	1,009,213
2015	1,020,000.00	3.000	990,013
2016	1,040,000.00	3.000	964,213
2017	1,070,000.00	3.000	932,563
2018	1,105,000.00	3.000	899,938
2019	1,135,000.00	4.000	861,338
2020	1,180,000.00	5.000	809,813
2021	1,240,000.00	5.000	749,313
2022	1,305,000.00	5.000	685,688
2023	1,370,000.00	5.000	618,813
2024	1,435,000.00	3.000	562,500
2025	1,480,000.00	4.000	503,438
2026	1,555,000.00	5.000	443,113
2027	1,600,000.00	4.000	395,788
2028	1,650,000.00	4.000	341,413
2029	1,710,000.00	4.000	283,250
2030	1,765,000.00	4.000	226,781
2031	1,825,000.00	4.000	166,163
2032	1,885,000.00	4.000	101,238
2033	1,950,000.00	4.000	34,125
	<u>\$ 28,220,000</u>		<u>\$ 12,158,529</u>

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
JUNE 30, 2012

SCHEDULE OF STATE AWARDS EXPENDED

<u>State Program Name</u>		<u>Contract Number</u>	<u>Revenue Received</u>	<u>Expenditures</u>	<u>Amount Due From State</u>
Ga Dept. of Transportation					
WRATS	(1)	PL-000-0009-00(669)	\$ 23,725	\$ 57,360	\$ 33,635
WRATS	(1)	GA-80-0007-01	1,838	2,972	1,134
WRATS	(1)	GA-90-2309	--	50,789	50,789
Total Dept. of Transportation			<u>25,563</u>	<u>111,121</u>	<u>85,558</u>
Total state and pass through grant			<u>\$ 25,563</u>	<u>\$ 111,121</u>	<u>\$ 85,558</u>

(1) includes Federal pass through

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

<u>PROJECTS</u>	<u>Original</u>		<u>EXPENDITURES</u>			<u>Estimated Percentage of Completion Total</u>
	<u>Estimated Cost</u>	<u>Revised Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
2006 Referendum - capital outlay:						
Road, street and sidewalk	\$ 5,515,000	\$ 5,515,000	\$ 2,441,224	\$ 569,368	\$ 3,010,592	54.59%
Public safety facilities	6,000,000	6,150,000	1,775,905	2,091,995	3,867,900	62.89%
Water and sewer system	4,000,000	4,000,000	414,291	442,881	857,172	21.43%
	<u>\$ 15,515,000</u>	<u>\$ 15,665,000</u>	<u>\$ 4,631,420</u>	<u>\$ 3,104,244</u>	<u>\$ 7,735,664</u>	

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

<u>PROJECTS</u>	<u>Original</u>		<u>EXPENDITURES</u>			<u>Estimated Percentage of Completion Total</u>
	<u>Estimated Cost Cost</u>	<u>Revised Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
2001 Referendum - capital outlay:						
Road construction /						
reconstruction	\$ 1,950,000	\$ 2,900,878	\$ 1,112,452	\$ --	\$ 1,112,452	38.35%
Drainage construction	565,000	601,710	601,694	--	601,694	100.00%
Sidewalk construction	1,000,000	1,000,000	999,998	--	999,998	100.00%
Streets resurfacing	8,598,750	8,598,750	8,647,333	462,137	9,109,470	105.94%
	<u>\$ 12,113,750</u>	<u>\$ 13,101,338</u>	<u>\$ 11,361,477</u>	<u>\$ 462,137</u>	<u>\$ 11,823,614</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
JUNE 30, 2012

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES -				
Other taxes -				
Motor vehicle rental tax	\$ 153,000	\$ 153,000	\$ 143,461	\$ (9,539)
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>143,461</u>	<u>(9,539)</u>
EXPENDITURES -				
Current -	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	153,000	153,000	143,461	(9,539)
OTHER FINANCING (USES) -				
Transfer out	<u>(153,000)</u>	<u>(153,000)</u>	<u>(143,461)</u>	<u>9,539</u>
Total other financing uses	<u>(153,000)</u>	<u>(153,000)</u>	<u>(143,461)</u>	<u>9,539</u>
Excess of revenues over (under) expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ --</u>
FUND BALANCES, Beginning			<u>--</u>	
FUND BALANCES, Ending			<u>\$ --</u>	

SCHEDULE OF HOTEL/MOTEL TAX REPORT

		<u>8%</u>
Amount of tax collected	\$ 1,481,927	100.00%
Amount expended to promote tourism (General Fund)	\$ 463,102	31.25%
Amount expended to support the Museum of Aviation	\$ 277,861	18.75%
Amount expended for city promotion (Bureau of Civic Affairs)	\$ 370,482	25.00%
Amount expended for a visitor center (Bureau of Civic Affairs)	\$ 277,861	18.75%
Amount expended for recreation capital project (Parks and Recreation)	\$ 92,620	6.25%



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

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

We have audited the basic financial statements of the City of Warner Robins, Georgia as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs in a Circular A-133 audit as items 1996-01 and 2012-01 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Warner Robins, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is

required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs in a Circular A-133 audit as item 2012-01.

The City of Warner Robins, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs in a Circular A-133 audit. We did not audit the City of Warner Robins, Georgia's response and, accordingly, we express no opinion on it.

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

Richels, Cauley + Associates, LLC

Warner Robins, Georgia

December 28, 2012

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Federal Program Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Community Development Block Grant:		
Entitlement Grant	14.218	\$ 595,577
"ARRA" Entitlement Grant	14.253R	576
Total U.S. Dept. of Housing and Urban Development		<u>596,153</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Police Bullet Proof Vests	16.607	6,794
JAG Recovery Subgrant	16.803	46,657
JAG Equipment-Recovery ACT	16.804	41,285
JAG Equipment 2009	16.738	--
JAG Equipment 2010	16.738	--
JAG Equipment 2011	16.738	--
COPS Technology Grant	16.710	19,548
Project Safe Neighborhood	16.609	24,925
Total U.S. Department of Justice		<u>139,209</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Federal Highway Administration		
Passed Through Georgia Department of Transportation	20.205	
WRATS-Planning	PL-0009-00-669	57,360
WRATS-Transit	GA-80-0007-01	2,972
WRATS-Transit	GA-90-2309	50,789
Total U.S. Department of Transportation		<u>111,121</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>		
Federal Emergency Management Agency	97.044	
Assistance to Firefighters Grant	EMW-2006-FF-03635	49,564
Total U. S. Department of Homeland Security		<u>49,564</u>
<u>U. S. DEPARTMENT OF ENERGY</u>		
Energy Efficiency and Conservation Block Grant	81.128	307,767
Total U. S. Department of Energy		<u>307,767</u>
Total Expenditures of Federal Awards		<u>\$ 1,203,814</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF WARNER ROBINS, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Warner Robins, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule. City records should be consulted to determine amounts expended from non-federal sources.

NOTE 2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grant – Entitlement Grant	14.218	<u>\$ 239,214</u>

CITY OF WARNER ROBINS, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

PRIOR FINANCIAL STATEMENT FINDINGS

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

Status: No change-continues to be finding as of June 30, 2012.

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

Status: Management has taken the proper steps to correct the finding during the current Fiscal Year; therefore, this is no longer a finding as of June 30, 2012.

PRIOR FEDERAL AWARDS FINDINGS

None



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

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

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

Compliance

We have audited the compliance of the City of Warner Robins, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget 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, 2012. The City of Warner Robins, 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 entity's management. Our responsibility is to express an opinion on the City of Warner Robins, Georgia's compliance based on our audit.

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

In our opinion, the City of Warner Robins, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-01.

Internal Control over Compliance

The management of the City of Warner Robins, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Warner Robins, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing 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 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 Warner Robins, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified one deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Richards, Cauley + Associates, LLC

Warner Robins, Georgia
December 28, 2012

CITY OF WARNER ROBINS, GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I. SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal Control over major programs:	
Material weakness identified?	No
Significant deficiency identified not considered to be material weakness?	Yes
Type of Auditor's report issued on compliance for major program:	Unqualified
Any audit finding disclosed that is required to be reported in Accordance with OMB Circular A-133, Section .510(A)?	Yes
Identification of major programs:	
CFDA Number:	81.128
Name of Federal Program:	Energy Efficiency and Conservation Block Grant
CDFA Number:	14.218
Name of Federal Program:	Community Development Block Grant
Dollar threshold used to distinguish between Type A and Type B programs?	\$300,000
Auditee qualified as low risk auditee?	Yes

SECTION II. FINANCIAL STATEMENT FINDINGS

1996-01: Criteria	Internal Control Structure should provide reasonable assurance that cash on deposit be reconciled with Municipal Court records. This is a repeat finding reported from in prior years.
-------------------	--

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Condition	In our review of Municipal Court records, we determined that efforts were made by the court personnel to reconcile the cash on deposit in the Municipal Court bank account with the open cases; however, they remained unreconciled at June 30, 2012.
Context	The Municipal Court could not provide a reconciliation of cash account to open cases.
Effect	Funds on deposit in the Municipal Court account may be in excess of the open cases. Any excess could be funds available to the City.
Cause	Because of the high volume of cases and limited availability of time for staff to perform the reconciliation, cases have not been reconciled.
Recommendation	Policies and procedures should be implemented to correct this deficiency.
Management's Response and Planned Corrective Action	<i>Management concurred with this finding. Management believes that internal controls currently in place are providing reasonable assurance that processing of open cases and cash bonds with cash deposits are functioning properly. However, as the audit has noted, court records indicate that the amount of funds that the court are required to be accountable for is less than the amount of funds held on deposit within the municipal court checking account. This excess of funds may have accumulated due to the past practice of accepting partial payments on fines and the corresponding cases not being adjudicated. Management is continuing to monitor this situation.</i>

SECTION III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2012-01: Criteria	Any contractor or vendor should be compared to the suspended and debarred list before Federal Grant monies are used to pay them. The OMB A-133 Compliance Supplement states that "covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. §__.220 of the government-wide nonprocurement debarment and suspension. The A-102 common rule states, "Non-Federal entities are
-------------------	--

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

prohibited from contracting with or making sub awards under covered transactions to parties that are suspended or debarred.”

Condition The City does not have a documented process or controls in place requiring potential vendors and contractors to be compared to the suspended and debarred list prior to paying them with Federal Grant Money. The vendors and contractors retained for the project funded by the grant were not checked against the suspended or debarred list.

Context The City was awarded a Federal Grant by the Department of Energy. Purchasing does not have a process for ensuring that procurement contracts or vendors the City expects to pay at least \$25,000 are compared to the suspended and debarred list.

Effect The lack of a process to check vendors and contractors against the suspended and debarred list could potentially allow the City to contract with an individual who is suspended or debarred. Additionally, the lack of controls in place to detect new federal requirements with which the City is required to comply could result in further violations of federal compliance requirements.

Cause Because of the lack of control and process, vendors and contractors are not being compared to the suspended and debarred list.

Recommendation We recommend the City develop and implement policies and procedures that will ensure all vendors and contractors are compared to the suspended and debarred list before contracting with them. We also recommend that controls be implemented to assist the City in identifying and implementing new federal requirements applicable to the City.

**Management’s
Response and
Planned Corrective
Action**

Management concurs with finding. Due to staff turnover in the City’s Purchasing Department and to non-documented procedures related to verifying vendors to federal suspended or debarment listings, contractors selected for work on this grant project were not confirmed as being suspended or disbarred from performing work on Federal grants. A subsequent review of those vendors used on this federal grant project was found to be cleared for such work. The City will draft procedures to be used by the Purchasing Department requiring all vendors be checked for federal suspension and debarment.