

CITY OF CORDELE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by:
Department of Finance

INTRODUCTORY SECTION

CITY OF CORDELE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**The City Commission
Of the City of Cordele, Georgia
Cordele, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Cordele, Georgia** (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City of Cordele, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cordele, Georgia as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the City of Cordele, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the discretely presented component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the discretely presented component unit financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
December 11, 2009

CITY OF CORDELE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cordele, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Cordele, Georgia for the fiscal year ended June 30, 2009. The information presented here should be used in conjunction with the additional information provided in this financial report, which follows this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,725,119 (*net assets*). Of this amount, \$4,906,673 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$58,917.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,202,965, a decrease of \$1,329,755 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was (\$155,031).
- The City's total long-term debt (excluding compensated absences) decreased by \$276,780 during the current fiscal year. This change consisted of scheduled repayments of \$276,780.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report for the fiscal year ended June 30, 2009, marks the seventh year of reporting under the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion & Analysis for State and Local Governments*, issued June 1999. This standard includes Government-wide statements along with Fund based financial statements. The primary role of the Statement of Net Assets and the Statement of Activities in the new government-wide financial statements is to demonstrate operational accountability, while the primary role of the Fund financial statements is to demonstrate fiscal accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

This Discussion and Analysis is intended to serve as an introduction to the City of Cordele's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) notes to the financial statements. Comparative information between the current year and the prior year is included. This report also contains other supplementary information in addition to the basic financial statements themselves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, central purchasing and community development. The business-type activities of the City include water and sewer, natural gas, and sanitation.

The government-wide financial statements include not only the City of Cordele itself (known as the *primary government*), but also a legally separate Downtown Development Authority and Cordele Office Building Authority, for which the City has some degree of financial accountability. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12 and 13 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

The City maintains twelve (12) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, SPLOST, economic development funds only, because they are considered to be major funds. Data from the other nine (9) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 16 of this report.

Proprietary Funds. The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, the Natural Gas Fund, and the Sanitation Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Gas Revenue Fund, and the Sanitation Fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 20 - 24 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. The notes to the financial statements can be found on pages 25 - 50 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 - 59 of this report.

Government-Wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,725,119 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (69%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that 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.

	Governmental Activities		Business-type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Current and other assets	\$ 3,838,242	\$ 5,233,296	\$ 7,722,534	\$ 6,463,707	\$ 11,560,776	\$ 11,697,003
Capital assets	11,329,830	11,468,134	14,412,032	14,635,656	25,741,862	26,103,790
Total assets	15,168,072	16,701,430	22,134,566	21,099,363	37,302,638	37,800,793
Current liabilities	1,277,006	1,483,801	1,008,410	950,523	2,285,416	2,434,324
Long-term liabilities	22,811	50,051	5,269,292	5,532,382	5,292,103	5,582,433
Total liabilities	1,299,817	1,533,852	6,277,702	6,482,905	7,577,519	8,016,757
Net assets:						
Invested in capital assets, net of related debt	11,287,477	11,400,477	8,879,650	8,851,798	20,167,127	20,252,275
Restricted	1,578,923	1,483,711	2,148,675	3,026,769	3,727,598	4,510,480
Unrestricted	1,001,855	2,283,390	4,828,539	2,737,891	5,830,394	5,021,281
Total net assets	\$ 13,868,255	\$ 15,167,578	\$ 15,856,864	\$ 14,616,458	\$ 29,725,119	\$ 29,784,036

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The City of Cordele's combined net assets for the year ending June 30, 2009, were \$29,725,119 a decrease of \$58,917 from June 30, 2008. Of this amount \$15,856,864 came from business-type activities and \$13,868,255 came from governmental activities.

An additional portion of the City's net assets (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (amounting to \$4,906,673) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Statement of Activities

Governmental Activities. Governmental activities during the fiscal year ended June 30, 2009, decreased the City of Cordele's net assets by \$1,299,323. Business-type activities during the same period increased net assets by \$1,240,406 for a total decrease in net assets of \$58,917.

Total revenues from governmental activities amounted to \$9,387,471 for 2009 and \$9,601,299 for 2008 while expenses were \$10,242,152 for 2009 and \$8,581,071 for 2008. The largest revenue source for governmental activities comes from sales taxes at \$2,522,679 or 27% of revenues for 2009 and \$3,061,438 or 32% of revenues for 2008. The City of Cordele spent the greatest amount of its available funding on public safety at 36% for 2009 and at 42% for 2008.

Business-Type Activities. Business-type activities program revenues exceeded expenses by \$644,039 in 2009 and expenses exceeded revenues by \$1,630,381 in 2008 before transfers to support the governmental activities. The business-type activities largest revenue source is the Water/Sewer Fund in 2009 (48%) and the Water/Sewer Fund in 2008 (49%). The Water and Sewer Fund had the largest amount of expenses at 57% or \$4,220,234 for 2009 and 53% or \$3,838,874 for 2008.

The following chart shows the revenue and expenses by activity for the total primary government.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Cordele's Net Assets						
Fiscal Year Ending June 30 (Comparative)						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,512,901	\$ 1,024,710	\$ 5,944,388	\$ 5,669,565	\$ 7,457,289	\$ 6,694,275
Operating grants and contributions	62,070	149,488	-	-	62,070	149,488
Capital grants and contributions	30,000	270,000	2,147,990	-	2,177,990	270,000
General revenues:						
Property taxes	2,429,516	2,315,041	-	-	2,429,516	2,315,041
Sales taxes	2,522,679	3,061,438	-	-	2,522,679	3,061,438
Alcoholic beverages taxes	344,905	332,657	-	-	344,905	332,657
Other taxes	1,037,556	1,037,511	-	-	1,037,556	1,037,511
Franchise fees	1,273,999	1,198,055	-	-	1,273,999	1,198,055
Unrestricted investment earnings	127,094	250,583	151,725	239,768	278,819	490,351
Gain on sale of capital assets	46,751	(38,184)	-	-	46,751	(38,184)
Total revenues	<u>9,387,471</u>	<u>9,601,299</u>	<u>8,244,103</u>	<u>5,909,333</u>	<u>17,631,574</u>	<u>15,510,632</u>
Expenses:						
General government	2,197,012	1,845,318	-	-	2,197,012	1,845,318
Public works	1,986,831	2,248,234	-	-	1,986,831	2,248,234
Public safety	3,681,144	3,568,499	-	-	3,681,144	3,568,499
Community development	1,084,977	407,793	-	-	1,084,977	407,793
Central purchasing	122,285	111,795	-	-	122,285	111,795
Culture and recreation	411,737	395,315	-	-	411,737	395,315
Housing & Development	756,042	-	-	-	756,042	-
Interest on long-term debt	2,124	4,117	-	-	2,124	4,117
Water and sewer	-	-	4,220,234	3,838,874	4,220,234	3,838,874
Natural gas	-	-	2,353,147	2,564,255	2,353,147	2,564,255
Sanitation	-	-	874,958	896,817	874,958	896,817
Total expenses	<u>10,242,152</u>	<u>8,581,071</u>	<u>7,448,339</u>	<u>7,299,946</u>	<u>17,690,491</u>	<u>15,881,017</u>
Increase (decrease) in net assets before transfers	(854,681)	1,020,228	795,764	(1,390,613)	(58,917)	(370,385)
Transfers	(444,642)	(793,951)	444,642	793,951	-	-
Increase (decrease) in net assets	(1,299,323)	226,277	1,240,406	(596,662)	(58,917)	(370,385)
Net assets, beginning of year	15,167,578	14,941,301	14,616,458	15,213,120	29,784,036	30,154,421
Net assets, end of year	<u>\$ 13,868,255</u>	<u>\$ 15,167,578</u>	<u>\$ 15,856,864</u>	<u>\$ 14,616,458</u>	<u>\$ 29,725,119</u>	<u>\$ 29,784,036</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Balances

Major funds. The City of Cordele has three major governmental funds which are the General Fund, the SPLOST Fund and the Economic Development Fund. At the end of FY 2009 these three funds had fund balances of \$58,148, \$1,285,646, and \$149,487 respectively. This is a decrease of (\$1,372,839) to the beginning fund balance of the General Fund, an increase of \$150,410 to the beginning fund balance of the SPLOST Fund, and an increase of \$13,201 to the beginning fund balance of the Economic Development Fund.

The fund balances for the other governmental funds decreased by (\$120,527). The final fund balance for these funds decreased from \$830,211 at the beginning of the year to \$709,684 at the end of the year.

Business-Type Activities Funds

The enterprise funds, which include the City's Water & Sewer Fund, Natural Gas Fund, and the Sanitation Fund showed a combined cash and cash equivalents balance of \$2,375,699 at the end of the year ending June 30, 2009. This is a decrease of (\$132,860) from the previous year.

The Water and Sewer Fund had an ending cash and cash equivalents balance of \$2,324,464 for FY 2008-09. This is an increase of \$286,277 from the previous year.

The Gas Fund had an ending cash and cash equivalents balance of \$51,235 for FY2008-09. This is a decrease of (\$419,137) from the previous year.

The Sanitation Fund had an ending cash and cash equivalents balance of \$0 for FY2008-09. This is the same as in the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ending June 30, 2009, governmental activities and business-type activities had capital assets of \$25,741,862 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment, and infrastructure.

**City of Cordele's Capital Assets
(net of accumulated depreciation)
Fiscal Year Ended June 30 (Comparative)**

	Governmental Activities		Business-type Activities		Total	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Land	\$ 4,886,340	\$ 4,886,340	\$ 326,299	\$ 326,299	\$ 5,212,639	\$ 5,212,639
Construction in progress	303,346	303,346	491,708	266,927	795,054	570,273
Buildings	1,826,999	1,724,177	857,262	902,558	2,684,261	2,626,735
Improvements other than buildings	580,305	611,167	12,720,689	12,948,138	13,300,994	13,559,305
Infrastructure	2,727,286	2,961,512	-	-	2,727,286	2,961,512
Machinery and equipment	1,005,554	981,592	16,074	191,735	1,021,628	1,173,327
Total net assets	<u>\$ 11,329,830</u>	<u>\$ 11,468,134</u>	<u>\$ 14,412,032</u>	<u>\$ 14,635,657</u>	<u>\$ 25,741,862</u>	<u>\$ 26,103,791</u>

Additional information on the City's capital assets can be found in Note 6 of this report on pages 39 and 40.

Debt Administration. The City's total long-term debt consists of revenue bonds, long-term notes, capital leases and compensated absences.

At June 30, 2009, the City had \$238,528 of outstanding long-term debt related to the governmental activities and \$5,570,019 of long-term debt related to business-type activities for a total \$5,808,547 compared to the previous year's total of \$6,076,205. This is a reduction of (\$267,658).

Additional information on the City's debt can be found in Note 7 of this report on pages 41 - 44.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Factors Affecting the FY2009-10 Budget:

The City Commission of the City of Cordele considered many factors when approving the City's FY 2010 budget and are very aware of present economic conditions and their effect on its citizens. Among the largest issues are the rising costs of health care and the economic downturn-loss of revenues. The City Commission and its employees have made sacrifices to maintain services for the residents of the City and continue to do so with the hopes that stronger measures will not be a necessity.

The City Commission is also committed to area industrial/commercial growth and development for the City and its immediate area. Noted as one of the top-rated areas for economic potential, the City of Cordele also has a strong economic pull from surrounding cities and counties, making the City a prime location for consumer demand and spending. With these factors noted, the City's component unit, the Cordele Office Building Authority, has issued over \$3 million in bonds for the infrastructure needs in establishing a new industrial/corporate park on the West side of the City. With one large industry already in the planning stages to locate in this park, the City is striving to do all things possible to bring more industrial/commercial business to the area. An economic development assistance grant of \$1 million dollars has been awarded to the City for use in further assistance in current and potential industrial development.

The City is also working to develop the area around I-75 and Highway 300, a major intersection of two corridors that are transportation links across the state. One quadrant of this area has been developed with the help of City-procured funding and over \$8 million of investment in business has been made. Infrastructure is already in place for utilities and current plans are to five-lane the access road in this area to attract potential commercial development. It is the intention of the City of Cordele to have this project started in the new fiscal year with the help of outside government agency injections to the project, grant funding, and commitment of current resources of the City.

Another accomplishment in the City with the aid of City-procured grant funding is a brand new building for the Boys/Girls Club of Cordele. This facility will provide services and activities benefiting over 200 children in the area. The City has provided the property for the building and has also renovated an old gymnasium in this project for use by the Boys/Girls Club.

Requests for Information

This financial report is designed to provide a general overview of the City of Cordele's finances for citizens, taxpayers, customers, investors and creditors and all others with an interest in the City. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department at the City of Cordele, P.O. Box 569, Cordele, Georgia, 31010-0569.

CITY OF CORDELE, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2009

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Cordele Office Building Authority
Cash and cash equivalents	\$ 1,383,624	\$ 1,239,575	\$ 2,623,199	\$ 16,722	\$ 2,503,833
Investments	512,877	-	512,877	-	-
Taxes receivable	322,036	-	322,036	-	-
Accounts receivable, net of allowances	14,084	397,751	411,835	-	-
Due from other governments	336,041	368,315	704,356	-	-
Internal balances	517,848	(517,848)	-	-	-
Inventories	112,656	812,129	924,785	-	-
Prepaid expenditures / expenses	523	2,778	3,301	-	-
Restricted assets:					
Cash and cash equivalents	-	212,403	212,403	-	-
Investments	-	5,040,910	5,040,910	-	-
Deferred charges, unamortized balance	-	166,521	166,521	-	54,418
Mortgages receivable	638,553	-	638,553	-	-
Capital assets:					
Non-depreciable	5,189,686	818,007	6,007,693	-	-
Depreciable, net of accumulated depreciation	6,140,144	13,594,025	19,734,169	-	-
Total assets	<u>15,168,072</u>	<u>22,134,566</u>	<u>37,302,638</u>	<u>16,722</u>	<u>2,558,251</u>
LIABILITIES					
Accounts payable	438,407	279,527	717,934	-	83,911
Accrued liabilities	73,015	260,701	333,716	-	21,012
Unearned revenues	549,867	-	549,867	-	-
Liabilities payable from restricted assets:					
Note payable due within one year	-	33,090	33,090	-	-
Bonds payable due within one year	-	230,000	230,000	-	310,000
Deposits payable	-	167,455	167,455	-	-
Compensated absences due within one year	196,175	37,637	233,812	-	-
Capital leases due within one year	19,542	-	19,542	-	-
Capital leases due in more than one year	22,811	-	22,811	-	-
Note payable due in more than one year	-	359,292	359,292	-	-
Bonds payable due in more than one year	-	4,910,000	4,910,000	-	1,980,000
Total liabilities	<u>1,299,817</u>	<u>6,277,702</u>	<u>7,577,519</u>	<u>-</u>	<u>2,394,923</u>
NET ASSETS					
Invested in capital assets, net of related debt	11,287,477	8,879,650	20,167,127	-	-
Restricted for:					
Debt service	-	2,148,675	2,148,675	-	-
Capital projects	1,285,646	-	1,285,646	-	-
Community clubhouse:					
Expendable	60,617	-	60,617	-	-
Nonexpendable	232,660	-	232,660	-	-
Unrestricted	1,001,855	4,828,539	5,830,394	16,722	163,328
Total net assets	<u>\$ 13,868,255</u>	<u>\$ 15,856,864</u>	<u>\$ 29,725,119</u>	<u>\$ 16,722</u>	<u>\$ 163,328</u>

The accompanying notes are an integral part of these financial statements

CITY OF CORDELE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net (Expenses) Revenues and Changes in Net Assets									
Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total	Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				Downtown Development Authority	Cordele Office Building Authority
Primary government:									
Governmental activities:									
General government	\$ 2,197,012	\$ 585,843	\$ -	\$ -	\$ (1,611,169)	\$ -	\$ (1,611,169)	\$ -	\$ -
Public works	1,986,831	-	-	30,000	(1,956,831)	-	(1,956,831)	-	-
Public safety	3,681,144	457,914	14,290	-	(3,208,940)	-	(3,208,940)	-	-
Community development	1,084,977	469,144	47,780	-	(568,053)	-	(568,053)	-	-
Central purchasing	122,285	-	-	-	(122,285)	-	(122,285)	-	-
Culture and recreation	411,737	-	-	-	(411,737)	-	(411,737)	-	-
Housing and development	756,042	-	-	-	(756,042)	-	(756,042)	-	-
Interest on long-term debt	2,124	-	-	-	(2,124)	-	(2,124)	-	-
Total governmental activities	10,242,152	1,512,901	62,070	30,000	(8,637,181)	-	(8,637,181)	-	-
Business-type activities:									
Water and sewer	4,220,234	2,864,769	-	1,245,605	-	(109,860)	(109,860)	-	-
Natural gas	2,353,147	2,196,186	-	902,385	-	745,424	745,424	-	-
Sanitation	874,958	883,433	-	-	-	8,475	8,475	-	-
Total business-type activities	7,448,339	5,944,388	-	2,147,990	-	644,039	644,039	-	-
Total primary government	\$ 17,690,491	\$ 7,457,289	\$ 62,070	\$ 2,177,990	\$ (8,637,181)	\$ 644,039	\$ (7,993,142)	\$ -	\$ -
Component units:									
Downtown Development Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
Cordele Office Building Authority	1,876,842	-	1,178,582	-	-	-	-	-	(698,260)
Total component units	\$ 1,876,842	\$ -	\$ 1,178,582	\$ -	-	-	-	-	(698,260)
General revenues:									
Property taxes					2,429,516	-	2,429,516	-	-
Sales taxes					2,522,679	-	2,522,679	-	-
Alcoholic beverage taxes					344,905	-	344,905	-	-
Franchise taxes					1,273,999	-	1,273,999	-	-
Hotel taxes					247,348	-	247,348	-	-
Other taxes					790,208	-	790,208	-	-
Unrestricted investment earnings					127,094	151,725	278,819	575	26,113
Gain on sale of capital assets					46,751	-	46,751	-	-
Transfers					(444,642)	444,642	-	-	-
Total general revenues and transfers					7,337,858	596,367	7,934,225	575	26,113
Change in net assets					(1,299,323)	1,240,406	(58,917)	575	(672,147)
Net assets, beginning of year					15,167,578	14,616,458	29,784,036	16,147	835,475
Net assets, end of year					\$ 13,868,255	\$ 15,856,864	\$ 29,725,119	\$ 16,722	\$ 163,328

The accompanying notes are an integral part of these financial statements

CITY OF CORDELE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

ASSETS	General	SPLOST Fund	Economic Development Fund Main Street District	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ -	\$ 738,084	\$ 129,487	\$ 487,298	\$ 1,354,869
Investments	280,217	-	-	232,660	512,877
Taxes receivable	299,543	-	-	22,493	322,036
Participant receivable	-	-	-	6,667	6,667
Accounts receivable	7,417	-	-	-	7,417
Due from other governments	242,493	93,548	-	-	336,041
Due from other funds	38,205	460,971	20,000	14,462	533,638
Inventories	112,656	-	-	-	112,656
Prepaid expenditures	523	-	-	-	523
Mortgage receivable	100,000	-	485,773	52,780	638,553
Total assets	<u>\$ 1,081,054</u>	<u>\$ 1,292,603</u>	<u>\$ 635,260</u>	<u>\$ 816,360</u>	<u>\$ 3,825,277</u>
LIABILITIES					
Accounts payable	\$ 210,419	\$ 6,957	\$ -	\$ 9,731	\$ 227,107
Accrued liabilities	73,015	-	-	-	73,015
Deferred revenues	264,039	-	485,773	64,094	813,906
Due to other funds	475,433	-	-	32,851	508,284
Total liabilities	<u>1,022,906</u>	<u>6,957</u>	<u>485,773</u>	<u>106,676</u>	<u>1,622,312</u>
FUND BALANCES					
Fund balances:					
Reserved for:					
Inventories/prepays	113,179	-	-	-	113,179
Loans	100,000	-	149,487	344,706	594,193
Endowment	-	-	-	60,617	60,617
Clubhouse	-	-	-	232,660	232,660
Unreserved, reported in:					
General Fund	(155,031)	-	-	-	(155,031)
Special revenue funds	-	-	-	53,837	53,837
Capital projects funds	-	1,285,646	-	17,864	1,303,510
Total fund balances	<u>58,148</u>	<u>1,285,646</u>	<u>149,487</u>	<u>709,684</u>	<u>2,202,965</u>
Total liabilities and fund balances	<u>\$ 1,081,054</u>	<u>\$ 1,292,603</u>	<u>\$ 635,260</u>	<u>\$ 816,360</u>	

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.	11,329,830
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	264,039
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(238,528)
Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	309,949
Net assets of governmental activities	<u>\$ 13,868,255</u>

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

CITY OF CORDELE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	SPLOST Fund	Economic Development Fund Main Street District	Other Governmental Funds	Totals Governmental Funds
Revenues					
Taxes	\$ 5,166,649	\$ 570,779	\$ -	\$ 258,584	\$ 5,996,012
Licenses and permits	380,048	-	-	-	380,048
Intergovernmental	44,290	-	-	-	44,290
Charges for services	68,565	-	-	469,144	537,709
Fines and forfeitures	389,349	-	-	-	389,349
Administrative fees	558	-	-	-	558
Interest and penalties	172,350	1,493	583	(48,150)	126,276
Franchise and leases	1,273,999	-	-	-	1,273,999
Payments in lieu of taxes	282,188	-	-	-	282,188
Codes	13,082	-	-	-	13,082
Other revenues	179,537	-	12,618	47,780	239,935
Total revenues	<u>7,970,615</u>	<u>572,272</u>	<u>13,201</u>	<u>727,358</u>	<u>9,283,446</u>
Expenditures					
Current:					
General government	1,381,822	-	-	-	1,381,822
Public works	1,853,048	-	-	-	1,853,048
Public safety	3,629,195	-	-	-	3,629,195
Culture and recreation	392,004	-	-	3,653	395,657
Community development	303,299	-	-	722,890	1,026,189
Central purchasing	118,561	-	-	-	118,561
Debt service:					
Principal retirement	25,304	-	-	-	25,304
Interest and fiscal charges	2,124	-	-	-	2,124
Capital outlay	259,896	317,473	-	-	577,369
Total expenditures	<u>7,965,253</u>	<u>317,473</u>	<u>-</u>	<u>726,543</u>	<u>9,009,269</u>
Excess of revenues over expenditures	<u>5,362</u>	<u>254,799</u>	<u>13,201</u>	<u>815</u>	<u>274,177</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	46,752	-	-	-	46,752
Transfers in from other funds	477,398	-	-	121,880	599,278
Payments to Cordele Office Building Authority	(756,042)	-	-	-	(756,042)
Transfers out to other funds	(1,146,309)	(104,389)	-	(243,222)	(1,493,920)
Total other financing sources (uses)	<u>(1,378,201)</u>	<u>(104,389)</u>	<u>-</u>	<u>(121,342)</u>	<u>(1,603,932)</u>
Net change in fund balances	(1,372,839)	150,410	13,201	(120,527)	(1,329,755)
Fund balances, beginning of year	<u>1,430,987</u>	<u>1,135,236</u>	<u>136,286</u>	<u>830,211</u>	<u>3,532,720</u>
Fund balances, end of year	<u>\$ 58,148</u>	<u>\$ 1,285,646</u>	<u>\$ 149,487</u>	<u>\$ 709,684</u>	<u>\$ 2,202,965</u>

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

CITY OF CORDELE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Net change in fund balances - total governmental funds	\$	(1,329,755)
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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.

	(138,304)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Prior year long-term assets not available for current-period expenditures	\$	(207,584)	
Current year long-term assets not available for current-period expenditures		<u>264,039</u>	56,455

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

	25,304
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current year additions of compensated absences	(291,073)	
Current year reductions of compensated absences	<u>285,504</u>	(5,569)

Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported with governmental activities.

Current year change in net assets of the Health Benefit Internal Service Fund	8,452	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>84,094</u>	<u>92,546</u>
		<u>\$ (1,299,323)</u>

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

CITY OF CORDELE, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,643,500	\$ 5,643,500	\$ 5,166,649	\$ (476,851)
Licenses and permits	395,000	395,000	380,048	(14,952)
Intergovernmental	284,610	284,610	44,290	(240,320)
Charges for services	97,800	97,800	68,565	(29,235)
Fines and forfeitures	366,500	366,500	389,349	22,849
Administrative fees	-	-	558	558
Interest and penalties	180,000	180,000	172,350	(7,650)
Franchise and leases	1,244,000	1,244,000	1,273,999	29,999
Payments in lieu of taxes	330,300	330,300	282,188	(48,112)
Codes	29,000	29,000	13,082	(15,918)
Other revenues	160,950	160,950	179,537	18,587
Total revenues	8,731,660	8,731,660	7,970,615	(761,045)
Expenditures:				
Current:				
General government:				
Legislative	587,887	587,887	294,465	293,422
Executive	456,939	456,939	417,388	39,551
Judicial	72,780	72,780	55,831	16,949
Finance	649,147	649,147	614,138	35,009
Total general government	1,766,753	1,766,753	1,381,822	384,931
Public works:				
Highways and streets	2,005,026	2,005,026	1,853,048	151,978
Total public works	2,005,026	2,005,026	1,853,048	151,978
Public safety:				
Police	2,558,996	2,558,996	2,441,640	117,356
Fire	1,784,142	1,784,142	1,187,555	596,587
Total public safety	4,343,138	4,343,138	3,629,195	713,943
Community development	366,120	366,120	303,299	62,821
Central purchasing	118,808	118,808	118,561	247
Culture and recreation	411,123	411,123	392,004	19,119
Debt service:				
Principal retirement	37,212	37,212	25,304	11,908
Interest and fiscal charges	3,245	3,245	2,124	1,121
Total debt service	40,457	40,457	27,428	13,029

(Continued)

CITY OF CORDELE, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Variance
	Original	Final		
Expenditures (continued):				
Capital outlay	\$ 138,235	\$ 138,235	\$ 259,896	\$ (121,661)
Total expenditures	9,189,660	9,189,660	7,965,253	1,224,407
Excess (deficiency) of revenues over expenditures	(458,000)	(458,000)	5,362	463,362
Other financing sources (uses):				
Transfers in	228,000	228,000	477,398	249,398
Transfers out	-	-	(1,146,309)	(1,146,309)
Payments to Cordele Office Building Authority	-	-	(756,042)	(756,042)
Capital leases	220,000	220,000	-	(220,000)
Proceeds from sale of capital assets	10,000	10,000	46,752	36,752
Total other financing sources (uses)	458,000	458,000	(1,378,201)	(1,836,201)
Net change in fund balances	-	-	(1,372,839)	(1,372,839)
Fund balances, beginning of year	1,430,987	1,430,987	1,430,987	-
Fund balances, end of year	<u>\$ 1,430,987</u>	<u>\$ 1,430,987</u>	<u>\$ 58,148</u>	<u>\$ (1,372,839)</u>

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

CITY OF CORDELE, GEORGIA
ECONOMIC DEVELOPMENT FUND
MAIN STREET DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance
Revenues:			
Interest earned	\$ 350	\$ 583	\$ 233
Program income	12,618	12,618	-
Total revenues	12,968	13,201	233
Expenditures			
Community development	12,968	-	12,968
Total expenditures	12,968	-	12,968
Excess of revenues over expenditures	-	13,201	13,201
Fund balance, July 1	136,286	136,286	-
Fund balance, June 30	<u>\$ 136,286</u>	<u>\$ 149,487</u>	<u>\$ 13,201</u>

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

CITY OF CORDELE, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
CURRENT ASSETS					
Cash	\$ 1,239,575	\$ -	\$ -	\$ 1,239,575	\$ 28,755
Accounts receivable (net of allowance for uncollectibles)	245,844	78,812	73,095	397,751	-
Due from other funds	82,216	-	-	82,216	-
Due from other governments	128,377	239,938	-	368,315	-
Inventory	63,175	748,954	-	812,129	-
Prepaid expenses	-	2,778	-	2,778	-
Restricted assets					
Cash	44,948	-	-	44,948	-
Cash - customer deposits	116,220	51,235	-	167,455	-
Investments - sinking funds	192,433	-	-	192,433	-
Investments and certificates of deposit	3,109,963	1,738,514	-	4,848,477	-
Total current assets	5,222,751	2,860,231	73,095	8,156,077	28,755
NONCURRENT ASSETS					
Capital assets, at cost					
Land	317,299	9,000	-	326,299	-
Construction in progress	414,785	76,923	-	491,708	-
Buildings	1,825,899	244,967	-	2,070,866	-
Improvements other than buildings	25,413,579	3,026,899	-	28,440,478	-
Machinery and equipment	1,854,210	594,503	-	2,448,713	-
	29,825,772	3,952,292	-	33,778,064	-
Less accumulated depreciation	17,027,758	2,338,274	-	19,366,032	-
Total capital assets	12,798,014	1,614,018	-	14,412,032	-
Bond issuance costs, unamortized balance	166,521	-	-	166,521	-
Total noncurrent assets	12,964,535	1,614,018	-	14,578,553	-
Total assets	18,187,286	4,474,249	73,095	22,734,630	28,755
CURRENT LIABILITIES					
Payable from current assets:					
Vouchers payable	111,201	99,493	68,833	279,527	-
Accrued other expenses	40,607	-	-	40,607	-
Accrued payroll and vacation	41,959	18,202	-	60,161	-
Due to other funds	25,354	82,216	-	107,570	-
Pollution remediation liability	197,570	-	-	197,570	-
Unpaid claims and accrued estimated liability	-	-	-	-	211,300
Total	416,691	199,911	68,833	685,435	211,300
Payable from restricted assets:					
Current portion of revenue bonds	230,000	-	-	230,000	-
Current portion of note payable	33,090	-	-	33,090	-
Customer deposits	116,220	51,235	-	167,455	-
Total	379,310	51,235	-	430,545	-
Total current liabilities	796,001	251,146	68,833	1,115,980	211,300

(Continued)

CITY OF CORDELE, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
LONG-TERM LIABILITIES					
Note payable (net of current portion)	\$ 359,292	\$ -	\$ -	\$ 359,292	\$ -
Revenue bonds (net of current portion)	4,910,000	-	-	4,910,000	-
Total long-term liabilities	5,269,292	-	-	5,269,292	-
 Total liabilities	 6,065,293	 251,146	 68,833	 6,385,272	 211,300
NET ASSETS					
Invested in capital assets, net of related debt	7,265,632	1,614,018	-	8,879,650	-
Restricted for debt service	2,148,675	-	-	2,148,675	-
Unrestricted	2,707,686	2,609,085	4,262	5,321,033	(182,545)
Total net assets	\$ 12,121,993	\$ 4,223,103	\$ 4,262	16,349,358	\$ (182,545)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(492,494)	
Net assets of business-type activities				\$ 15,856,864	

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

CITY OF CORDELE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
Operating revenues:					
Charges for services	\$ 2,836,880	\$ 2,196,186	\$ 883,433	\$ 5,916,499	\$ -
Employee and employer contributions	-	-	-	-	791,894
Miscellaneous income	27,889	-	-	27,889	-
Total operating revenues	<u>2,864,769</u>	<u>2,196,186</u>	<u>883,433</u>	<u>5,944,388</u>	<u>791,894</u>
Operating expenses:					
Natural gas purchases	-	1,667,978	-	1,667,978	-
Production	1,383,852	-	-	1,383,852	-
Distribution	830,801	552,937	-	1,383,738	-
Collection	-	-	874,958	874,958	-
Health benefit costs	-	-	-	-	1,234,260
Total operating expenses	<u>2,214,653</u>	<u>2,220,915</u>	<u>874,958</u>	<u>5,310,526</u>	<u>1,234,260</u>
Net operating income (loss) before depreciation	650,116	(24,729)	8,475	633,862	(442,366)
Depreciation expense	<u>1,047,034</u>	<u>118,430</u>	<u>-</u>	<u>1,165,464</u>	<u>-</u>
Operating income (loss)	<u>(396,918)</u>	<u>(143,159)</u>	<u>8,475</u>	<u>(531,602)</u>	<u>(442,366)</u>
Non-operating revenues (expenses):					
Interest revenue	93,030	58,695	-	151,725	818
Intergovernmental revenue	128,377	239,938	-	368,315	-
Interest expense	(257,343)	-	-	(257,343)	-
Amortization of bond costs	(10,801)	-	-	(10,801)	-
Pollution remediation expense	(197,570)	-	-	(197,570)	-
Payments to Cordele Office Building Authority	(422,541)	-	-	(422,541)	-
Total non-operating revenues (expenses)	<u>(666,848)</u>	<u>298,633</u>	<u>-</u>	<u>(368,215)</u>	<u>818</u>
Income (loss) before contributions and transfers	(1,063,766)	155,474	8,475	(899,817)	(441,548)
Capital contributions	176,655	662,447	-	839,102	-
Other contributions	940,573	-	-	940,573	-
Transfers in	724,462	350,000	-	1,074,462	450,000
Transfers out	<u>(350,000)</u>	<u>(267,947)</u>	<u>(11,873)</u>	<u>(629,820)</u>	<u>-</u>
Change in net assets	427,924	899,974	(3,398)	1,324,500	8,452
Net assets, July 1	<u>11,694,069</u>	<u>3,323,129</u>	<u>7,660</u>		<u>(190,997)</u>
Net assets, June 30	<u>\$ 12,121,993</u>	<u>\$ 4,223,103</u>	<u>\$ 4,262</u>		<u>\$ (182,545)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(84,094)</u>	
Change in net assets of business-type activities				<u>\$ 1,240,406</u>	

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

CITY OF CORDELE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers, including deposits	\$ 2,910,113	\$ 2,265,869	\$ 892,018	\$ 6,068,000	\$ -
Cash received from employer and employee contributions	-	-	-	-	791,894
Cash payments to:					
Suppliers	(1,097,940)	(2,241,344)	(880,145)	(4,219,429)	-
Medical providers and/or employees	-	-	-	-	(1,231,360)
Employees	(1,006,451)	(222,377)	-	(1,228,828)	-
City in lieu of taxes	(85,300)	(150,000)	-	(235,300)	-
Net cash provided by (used in) operating activities	720,422	(347,852)	11,873	384,443	(439,466)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances (to)/from other funds	(781,324)	(136,538)	-	(917,862)	-
Payments to Cordele Office Building Authority	(422,541)	-	-	(422,541)	-
Other contributions	940,573	-	-	940,573	-
Transfers from other funds	724,462	350,000	-	1,074,462	450,000
Transfers to other funds	(350,000)	(267,947)	(11,873)	(629,820)	-
Net cash provided by (used in) noncapital financing activities	111,170	(54,485)	(11,873)	44,812	450,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Retirement of bonds	(220,000)	-	-	(220,000)	-
Interest on bonds	(258,960)	-	-	(258,960)	-
Purchase of capital assets	(84,835)	(17,903)	-	(102,738)	-
Principal payments on notes payable	(31,476)	-	-	(31,476)	-
Net cash used in capital and related financing activities	(595,271)	(17,903)	-	(613,174)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investment sales	2,335,601	1,680,922	-	4,016,523	-
Purchase of investments	(3,109,963)	(1,738,514)	-	(4,848,477)	-
Interest received	93,030	58,695	-	151,725	818
Net cash provided by investing activities	(681,332)	1,103	-	(680,229)	818

(Continued)

CITY OF CORDELE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
Net increase (decrease) in cash	\$ (445,011)	\$ (419,137)	\$ -	\$ (864,148)	\$ 11,352
Cash and cash equivalents, July 1	2,038,187	470,372	-	2,508,559	17,403
Cash and cash equivalents, June 30	<u>\$ 1,593,176</u>	<u>\$ 51,235</u>	<u>\$ -</u>	<u>\$ 1,644,411</u>	<u>\$ 28,755</u>
Classified as:					
Cash	\$ 1,239,575	\$ -	\$ -	\$ 1,239,575	\$ 28,755
Restricted assets:					
Cash	44,948	-	-	44,948	-
Cash - customer deposits	116,220	51,235	-	167,455	-
Investments - sinking funds	<u>192,433</u>	<u>-</u>	<u>-</u>	<u>192,433</u>	<u>-</u>
	<u>\$ 1,593,176</u>	<u>\$ 51,235</u>	<u>\$ -</u>	<u>\$ 1,644,411</u>	<u>\$ 28,755</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (396,918)	\$ (143,159)	\$ 8,475	\$ (531,602)	\$ (442,366)
Depreciation	1,047,034	118,430	-	1,165,464	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	45,344	69,173	8,585	123,102	-
Decrease in due from component unit	32,671	-	-	32,671	-
(Increase) decrease in inventory	2	(255,440)	-	(255,438)	-
Increase in prepaid expenses	-	(74)	-	(74)	-
Decrease in vouchers payable	(11,552)	(124,999)	(5,187)	(141,738)	-
Increase in unpaid claims and accrued estimated liability	-	-	-	-	2,900
Increase in customer deposits	1,495	510	-	2,005	-
Increase (decrease) in accrued expenses	<u>2,346</u>	<u>(12,293)</u>	<u>-</u>	<u>(9,947)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 720,422</u>	<u>\$ (347,852)</u>	<u>\$ 11,873</u>	<u>\$ 384,443</u>	<u>\$ (439,466)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Donated Fixed Assets	<u>\$ 176,655</u>	<u>\$ 662,447</u>	<u>\$ -</u>	<u>\$ 839,102</u>	<u>\$ -</u>

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

CITY OF CORDELE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated December 22, 1888, and reincorporated April 18, 1969, under the provisions of Act No. 623 (House Bill 748). The City operates under a commission-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, community development, culture-recreation, public improvements, codes and engineering.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

The Downtown Development Authority (the "Authority") has been included as a discretely presented component unit in the accompanying financial statements. The Authority plans and develops the downtown area of the City in order to attract new business and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Authority is appointed by the City Commissioners. The Authority maintains a general fund with limited activity. Separate financial statements for the Downtown Development Authority are not available.

The Cordele Office Building ("COBA") has been included as a discretely presented component unit in the accompanying financial statements. COBA oversees the acquisition, construction and improvements to buildings for the benefit of the City in order to attract new businesses and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of COBA is appointed by the City Commissioners. COBA maintains a general fund with limited activity. Separate financial statements for COBA are not available.

There are no blended component units reflected in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component unit. The statement of net assets will include non-current assets which were previously reported in the General Fixed Assets Account Group and non-current liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions", the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 **SPLOST Fund** accounts for financing and construction of facilities and improvements in accordance with sales tax referendum.

The **Economic Development Fund – Main Street District** accounts for the repayment of a loan made with proceeds from 1993 and 1989 federal grants, which under the terms of the grants, all repayments are required to be accounted for in a separate account.

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund type:

The **Internal Service Fund** accounts for employer-employee contributions to and health benefits and related cost distributions from the City's self-funded Employee Health Benefit Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund and the Proprietary Funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenue Funds, Capital Project Funds, and Proprietary Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. The City Commission must approve any amendments to the budget which are interdepartmental. The budget officer (Finance Director) can approve amendments within a department, except an increase in the salary budget, which also requires City Commission approval. During the fiscal year ended June 30, 2009, no material budgetary amendments were approved by the City Commission.

All unencumbered budget appropriations lapse at the end of each year.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the primary government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). The pool is regulated by the Georgia Office of Treasury and Fiscal Services.

The City has implemented GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". As a governmental entity other than an external investment pool, and in accordance with GASB Statement No. 31, the City's investments are stated at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

In applying the GASB Statement No. 31, the City utilized the following methods and assumptions as of June 30, 2009:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: (a) items required to be reported at amortized costs; (b) items in external pools that are not SEC-registered; (c) items subject to involuntary participation in an external pool; and, (d) items associated with a fund other than the fund to which the income is assigned.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

G. Inventories and Prepaid Items

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories in governmental funds are stated at average cost. Proprietary funds' inventories are stated at lower of average cost or market. The consumption method is used to account for inventories. Under the consumption method, budgetary authority is slated and expenditures are recorded in terms of authority to use or consume inventory items. Reported inventories are equally offset by a fund balance reserve in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Items (Continued)

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items in both the government-wide and fund financial statements.

H. Other Assets

Other assets held are recorded and accounted for at cost.

I. Restricted Assets

Proprietary funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Customer deposits that must be refunded upon the termination of service are also restricted.

J. 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 column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for governmental activities and \$500 for business-type activities 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.

During the fiscal year ended June 30, 2007, the City retroactively reported major general infrastructure assets. In this case, the City chose to include all items with an acquisition date of January 1, 1980 or later, as allowed by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", as amended and interpreted. The City was able to determine the historical cost for the initial reporting of these assets via vendor invoices stored in the City's vault.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Machinery & equipment	2-60
Improvements other than buildings	5-60
Infrastructure	20-40
Buildings	5-60

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

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

Proprietary fund type loans payable are reported as liabilities at their outstanding value.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

The provision for pension cost is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Management Estimates

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

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

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

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

Capital leases payable	\$ (42,353)
Compensated absences	<u>(196,175)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (238,528)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

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

Capital outlay	\$ 562,064
Depreciation expense	<u>(700,368)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (138,304)</u>

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

Compensated absences	\$ <u>(5,569)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (5,569)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

1. Prior to June 1, the City Manager submits to the Chairman and Commission a proposed operating and capital improvements budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the June City Commission meeting in the Cordele City Hall to obtain citizen comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. The City department heads are authorized to transfer budgeted amounts between line items within a department with the approval of the budget officer (Finance Director); however, any revisions that increase salaries must be approved by the City Commission. All appropriations at year end lapse. Legally-adopted budgets are prepared, as described above, on a departmental basis for General and Special Revenue Funds. Individual amendments were not material in relation to the appropriation resolution as originally approved.

To ensure sound financial administration, the City Commission also adopted an annual operating budget for the City's Proprietary Funds. Formal budgetary integration is employed as a management control device during the year for the General, Enterprise, and Special Revenue Funds.

5. Budgets for the General, Enterprise, and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations.

6. For the year ended June 30, 2009, expenditures exceeded budget, as follows:

<u>Fund or Department</u>	<u>Excess</u>
General Fund:	
Capital outlay	\$ 121,661

These over-expenditures were caused by the decision to purchase, rather than lease, a new street-sweeper. These excesses are intended to be eliminated in future years via better monitoring of expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2009, are summarized as follows:

As reported in the Statement of Net Assets:

Primary government:

Cash and cash equivalents	\$ 2,835,602
Investments	5,553,787
	<u>\$ 8,389,389</u>

Cash deposited with financial institutions	\$ 7,040,575
Cash deposited with Georgia Fund 1	923,721
Investment in U.S. Government Securities	192,433
Investments in Corporate Stock	232,660
	<u>\$ 8,389,389</u>

Component units:

Cash and cash equivalents	<u>\$ 2,520,555</u>
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Cash deposited with financial institutions	<u>\$ 2,520,555</u>
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Credit risk. State statutes authorize the Government to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2009, the Government's investments in Georgia Fund 1 were rated AAAM and the investments in U.S. Government Securities were rated AAA by Standard & Poor's.

At June 30, 2009, the Government had the following investments:

Investments	Maturities	Fair Value
Georgia Fund 1	42 day average maturity	\$ 923,721
U.S Government Securities	October 2009	192,433
Certificates of Deposit	110 day weighted average	4,204,973
Corporate Stock - Exxon	Not applicable	232,660
Total		<u>\$ 5,553,787</u>

Interest rate risk. The Government 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2009, the City did not have any balances exposed to custodial credit risk as uninsured and uncollateralized.

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

NOTE 5. RECEIVABLES

Property taxes are levied by the City based on the assessed value of property as listed on the digest furnished by the county. Assessed values are forty percent (40%) of market value and are based on current property value. Property taxes attach as an enforceable lien on property as of December 21. Taxes are levied on October 20 and payable on or before December 20. Property taxes not collected by December 20th are considered and reported as delinquent taxes receivable. Property taxes levied for the year ending June 30, 2009, are recorded as receivables, net of estimated uncollectibles. In the governmental funds, the net receivables collected during the year ended June 30, 2009, and expected to be collected by August 31, 2009, are recognized as revenues for the year ended June 30, 2009, whereas, net receivables estimated to be collectible subsequent to August 31, 2009, are recorded as revenue when received. Receivables at June 30, 2009, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Economic Development Main Street	Water and Sewer	Natural Gas	Sanitation	Nonmajor Governmental Funds
Receivables:							
Taxes	\$ 603,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,493
Accounts	7,417	-	-	297,449	93,947	92,227	-
Mortgages	100,000	-	485,773	-	-	-	52,780
Participant	-	-	-	-	-	-	6,667
Due from other governments	242,493	93,548	-	-	-	-	-
Gross receivables	953,230	93,548	485,773	297,449	93,947	92,227	81,940
Less allowance for uncollectible	303,777	-	-	51,605	15,135	19,132	-
Net total receivables	<u>\$ 649,453</u>	<u>\$ 93,548</u>	<u>\$ 485,773</u>	<u>\$ 245,844</u>	<u>\$ 78,812</u>	<u>\$ 73,095</u>	<u>\$ 81,940</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,886,340	\$ -	\$ -	\$ 4,886,340
Construction in progress	303,346	-	-	303,346
Total	5,189,686	-	-	5,189,686
Capital assets, being depreciated:				
Buildings	3,144,971	217,922	-	3,362,893
Improvements other than buildings	2,955,345	-	-	2,955,345
Infrastructure	4,477,131	12,419	-	4,489,550
Machinery and equipment	5,009,848	331,723	153,063	5,188,508
Total	15,587,295	562,064	153,063	15,996,296
Less accumulated depreciation for:				
Buildings	1,420,794	115,100	-	1,535,894
Improvements other than buildings	2,344,178	30,862	-	2,375,040
Infrastructure	1,515,619	246,645	-	1,762,264
Machinery and equipment	4,028,256	307,761	153,063	4,182,954
Total	9,308,847	700,368	153,063	9,856,152
Total capital assets, being depreciated, net	6,278,448	(138,304)	-	6,140,144
Governmental activities capital assets, net	\$ 11,468,134	\$ (138,304)	\$ -	\$ 11,329,830

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 326,299	\$ -	\$ -	\$ 326,299
Construction in progress	266,927	224,781	-	491,708
Total	593,226	224,781	-	818,007
Capital assets, being depreciated:				
Buildings	2,070,866	-	-	2,070,866
Improvements other than buildings	27,773,047	667,431	-	28,440,478
Machinery and equipment	2,399,086	49,627	-	2,448,713
Total	32,242,999	717,058	-	32,960,057
Less accumulated depreciation for:				
Buildings	1,168,308	45,296	-	1,213,604
Improvements other than buildings	14,824,909	894,880	-	15,719,789
Machinery and equipment	2,207,351	225,288	-	2,432,639
Total	18,200,568	1,165,464	-	19,366,032
Total capital assets, being depreciated, net	14,042,431	(448,406)	-	13,594,025
Business-type activities capital assets, net	\$ 14,635,657	\$ (223,625)	\$ -	\$ 14,412,032

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

Governmental activities:	
General government	\$ 96,259
Public safety	206,954
Public works	314,215
Community development	63,136
Central purchasing	3,724
Culture and recreation	16,080
Total depreciation expense - governmental activities	<u>\$ 700,368</u>
Business-type activities:	
Water and sewer	\$ 1,047,034
Natural gas	118,430
Total depreciation expense - business-type activities	<u>\$ 1,165,464</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 67,657	\$ -	\$ 25,304	\$ 42,353	\$ 19,542
Compensated absences	190,606	291,073	285,504	196,175	196,175
Governmental activity Long-term liabilities	<u>\$ 258,263</u>	<u>\$ 291,073</u>	<u>\$ 310,808</u>	<u>\$ 238,528</u>	<u>\$ 215,717</u>
Business-type activities:					
Revenue bonds	\$ 5,360,000	\$ -	\$ 220,000	\$ 5,140,000	\$ 230,000
Note payable	423,858	-	31,476	392,382	33,090
Compensated absences	34,084	41,657	38,104	37,637	37,637
Business-type activity Long-term liabilities	<u>\$ 5,817,942</u>	<u>\$ 41,657</u>	<u>\$ 289,580</u>	<u>\$ 5,570,019</u>	<u>\$ 300,727</u>
Component Units:					
Revenue bonds	<u>\$ 2,585,000</u>	<u>\$ -</u>	<u>\$ 295,000</u>	<u>\$ 2,290,000</u>	<u>\$ 310,000</u>

For the governmental activities, capital leases and compensated absences are generally liquidated by the general fund.

For the business-type activities, compensated absences are generally liquidated by the respective proprietary funds.

Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of leased assets under capital leases as of June 30, 2009:

	Governmental Activities
Machinery and equipment	\$ 89,363
Less: Accumulated depreciation	(53,919)
	<u>\$ 35,444</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the future minimum lease payments at June 30, 2009:

	Governmental Activities
Fiscal year ending June 30,	
2010	\$ 20,483
2011	17,330
2012	3,772
2013	2,040
Total minimum lease payments	43,625
Less amount representing interest	1,272
Present value of future minimum lease payments	<u>\$ 42,353</u>

Revenue Bonds – Business-type Activities.

Revenue bonds outstanding for business-type activities at June 30, 2009, are as follows:

Purpose	Interest Rate(s)	Term	Due Date	Original Amount	Balance at June 30, 2009
Water/Sewer	3.75 - 4.75%	25 years	November 2024	\$ 6,240,000	\$ 5,140,000

Revenue bonds debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2010	\$ 230,000	\$ 229,058	\$ 459,058
2011	235,000	219,408	454,408
2012	245,000	209,266	454,266
2013	260,000	198,405	458,405
2014	270,000	186,878	456,878
2015 - 2019	1,535,000	740,621	2,275,621
2020 - 2024	1,925,000	341,881	2,266,881
2025	440,000	10,450	450,450
	<u>\$ 5,140,000</u>	<u>\$ 2,135,967</u>	<u>\$ 7,275,967</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Revenue Bonds – Component Units.

Revenue bonds outstanding for component units at June 30, 2009, are as follows:

<u>Purpose</u>	<u>Interest Rate(s)</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Balance at June 30, 2009</u>
Cordele Industrial Park	3.67%	20 years	April 2025	\$ 3,145,000	\$ 2,290,000

Revenue bonds debt service requirements to maturity for the component units are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2010	\$ 310,000	\$ 84,043	\$ 394,043
2011	320,000	72,666	392,666
2012	330,000	60,922	390,922
2013	80,000	48,811	128,811
2014	85,000	45,875	130,875
2015 - 2019	475,000	180,014	655,014
2020 - 2024	565,000	86,429	651,429
2025	125,000	4,588	129,588
	<u>\$ 2,290,000</u>	<u>\$ 583,348</u>	<u>\$ 2,873,348</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Note Payable. The Water and Sewer Fund has also incurred debt to the Georgia Environmental Facilities Authority for the acquisition of the Newtown Water System from Crisp County, Georgia. This note is as follows at June 30, 2009:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Balance at June 30, 2009</u>
5.03%	18 years	December 2018	\$ 615,849	\$ 392,382

The City's note payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2010	\$ 33,090	\$ 19,119	\$ 52,209
2011	34,786	17,423	52,209
2012	36,569	15,640	52,209
2013	38,443	13,766	52,209
2014	40,414	11,795	52,209
2015 - 2019	209,080	25,861	234,941
	<u>\$ 392,382</u>	<u>\$ 103,604</u>	<u>\$ 495,986</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 25,354
General Fund	Non-major governmental funds	12,851
Economic Development Main Street	Non-major governmental funds	20,000
Non-major governmental funds	General Fund	14,462
SPLOST Fund	General Fund	460,971
Water and Sewer Fund	Natural Gas Fund	82,216
		<u>\$ 615,854</u>

NOTES TO FINANCIAL STATEMENTS

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

Interfund Transfers recorded and transacted during the year ended June 30, 2009 are as follows:

Transfers out:	Transfers In:					Total
	General Fund	Gas Fund	Water & Sewer Fund	Non-major Governmental	Health Benefit Internal Service Fund	
General Fund	\$ -	\$ -	\$ 678,818	\$ 17,491	\$ 450,000	\$ 1,146,309
Gas Fund	222,303	-	45,644	-	-	267,947
Water & Sewer	-	350,000	-	-	-	350,000
Sanitation Fund	11,873	-	-	-	-	11,873
SPLOST Fund	-	-	-	104,389	-	104,389
Non-major Governmental Funds	243,222	-	-	-	-	243,222
	<u>\$ 477,398</u>	<u>\$ 350,000</u>	<u>\$ 724,462</u>	<u>\$ 121,880</u>	<u>\$ 450,000</u>	<u>\$ 2,123,740</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. PENSION COSTS

The City of Cordele is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), an Agent Multiple Employer Defined Benefit Pension Plan. GMEBS is not a component unit of the City. The GMEBS issues a financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303. All full-time employees, elected officials and legal counsel are eligible to participate in the system after one year of service. Benefits vest after 10 years service, except for elected or appointed members of the governing authority and municipal legal officers who are 100% vested upon termination of tenure of office. Benefit provisions and other requirements are established by state statute and City ordinances. Employees are not required to make contributions. No securities of the City are a part of the plan assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION COSTS (CONTINUED)

The plan provides pension benefits, deferred allowance, and disability benefits.

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial value of assets is determined by rolling forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the prior 10 years. 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.

For the plan year ended December 31, 2008, the City's annual pension cost of \$288,772 was equal to the City's required and actual contributions. These contributions represented 6.90% of covered payroll. The total payroll for employees covered by the plan was \$4,183,911.

<u>Plan Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	204,211	100	-
12/31/07	227,506	100	-
12/31/08	288,772	100	-

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 8.0% per year
- Projected salary increases for
 - Inflation 5.0% per year
 - Merit or seniority 0.5% per year
- Post-retirement benefit increases Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION COSTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS			
	January 1, 2007	January 1, 2008	January 1, 2009
Actuarial valuation date			
Actuarial value of assets	\$ 8,071,173	\$ 8,543,164	\$ 7,093,459
Actuarial accrued liability	7,990,678	8,839,557	9,256,739
Total unfunded actuarial liability (funding excess)	(80,495)	296,393	2,163,280
Funded ratio	101.0 %	96.6 %	76.6 %
Annual covered payroll	3,986,750	4,183,911	4,277,302
Ratio of unfunded (excess) to annual covered payroll	- %	7.1 %	50.6 %

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

NOTE 10. CONTINGENCIES

The City participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At June 30, 2009, there were no known amounts questioned or earmarked for disallowance. Based upon prior experience, management of the City believes such disallowances, if any, will not have a material effect on any individual governmental fund or the overall financial position of the City.

Pending Litigation - The City is the defendant in a number of lawsuits in the nature of civil violations, claims for damages to persons and property and other similar types of suits. Liability, if any, which might result from these proceedings, would not, in the opinion of the management and the city council, have a material adverse effect on the financial position of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City carries commercial insurance for other risks of losses such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City has adopted a self-insured/funded employee health benefit plan for employees employed full time or at least 30 hours per week and elected officials. The City has retained the services of an independent plan supervisor, experienced in claims processing, to handle health claims. Additionally, the City has purchased a specific deductible stop loss contract with a major insurer whereby the City's maximum loss per person is \$40,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

Reconciliation of changes in the aggregate liabilities for claims:

	June 30, 2009	June 30, 2008
Claims liability, beginning of year	\$ 208,400	\$ 180,000
Incurred claims (including IBNRs)	1,234,260	969,828
Claims paid	(1,913,093)	(1,061,959)
Claims reimbursed from reinsurers	681,733	120,531
Claims liability, end of year	<u>\$ 211,300</u>	<u>\$ 208,400</u>

In accordance with GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City recognizes liabilities for any expected pollution remediation outlays with reasonably estimable cost. During the fiscal year ended June 30, 2009, the City was made aware of certain petroleum-contaminated soils found at the construction site of a current infrastructure development project. After consultation with the Georgia Environmental Protection Division, the City has contracted with an independent third party to remove the soils to an approved contamination site at an estimated cost of \$197,570. Accordingly, the City has accrued a liability for this amount in the Water and Sewer Fund at June 30, 2009.

NOTE 12. RELATED ORGANIZATIONS

The City's governing council is responsible for all of the board appointments of the Cordele Housing Authority. However, the City has no further accountability for this organization. In the year ending June 30, 2009, the City did not provide any contributions to the Cordele Housing Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the River Valley Regional Commission (formerly Middle Flint Regional Development Center) and is required to pay annual dues thereto. During its year ended June 30, 2009, the City paid \$14,510 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of Regional Development Centers (RDCs) in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from the River Valley Regional Commission, 228 West Lamar Street, Americus, Georgia 31709.

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. Revenues collected during the fiscal year ended June 30, 2009, were \$247,348. Of the tax received, 30%, or \$74,274 is paid to the Cordele/Crisp County Tourism Commission (CCTC). Management represents that 100% of the lodging tax received during the year ended June 30, 2009, was used for the promotion of tourism, conventions, or trade shows.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Economic Development Fund - To account for 1984 and 1989 federal grants to the City to be used by the City for Economic Development Assistance to private or for-profit entities. The proceeds of this grant were loaned to local businesses as an employment incentive. Under the terms of this grant, all funds recaptured through repayment of economic development loans are required to be deposited in a Special Economic Development account bearing the highest possible legal rate of interest. The City Commission may, by vote, designate expenditures from this account for economic development in the City of Cordele on a case by case basis, but will require recapture of any principal in full with a negotiated interest rate based on projection and forecast.

Condemnation Proceeds Fund - To account for proceeds of property seized or forfeited pursuant to federal law regarding controlled substances, marijuana or dangerous drugs. Georgia law (Code 1981 16-13-49-F (2) A) provides that said funds may be used to defray the cost of complex investigations, to purchase equipment, to provide matching funds to obtain federal grants and for such other law enforcement purposes as the governing authority of the municipality deems appropriate except that none of the monies shall be used to pay all or part of salaries of law enforcement personnel. The governing authority may in its discretion limit the amount of such money expended for such law enforcement purposes during the calendar year to \$200,000. The remainder of such money, if any, received by the governing authority during the calendar year may be expended for other public purposes.

Downtown Revitalization Fund - To account for proceeds from a special tax earmarked for the downtown revitalization, and equal amounts contributed by the City of Cordele, the Crisp County Commissioners and the Crisp County Power Commission. The Main Street Director is appointed by the Downtown Revitalization Committee. The director is responsible for coordinating all activities for the main street programs.

Hotel Tax Fund - To account for the City's revenues and expenditures related to the Hotel Lodging tax levied during the year. The City collects 3% of lodging fees and forwards 27.67% of revenue collected to the Tourism Board.

Capital Projects Funds

CDBG Rehabilitation and Grant Funds - These funds are used to account for financing and construction of low income housing authorized by Community Development Block Grants provided through the federal government.

GEMA Fund - These funds are used to account for the purchase and acquisition of real property and the relocation assistance costs to move low income housing citizens from a flood plain area within the City of Cordele as authorized by Georgia Emergency Management Agency Grants provided through the federal government.

CDBG CHIP Grant Fund - These funds are to be used in conjunction with the Community HOME Investment Program (CHIP) to provide low-interest loan funds to low/moderate and elderly/handicapped homeowners for rehabilitation of their substandard homes.

CDBG Boys/Girls Fund - These funds are to be used to assist the Boys & Girls Club of Crisp County to expand its programs and serve more youth through the development of a new center in Cordele.

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund

Non-expendable Trust Fund - The A.B. Branan Community Clubhouse Trust Fund - This fund is used to account for the trust of 1,664 shares of Exxon Corporate stock donated November 19, 1991. The corpus of the trust shall exist in perpetuity under statutory authority provided by O.C.G.A. # 36-37-1. The income from the corpus is exclusively dedicated to the maintenance, care and beautification of the Cordele Community Clubhouse.

CITY OF CORDELE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds			
	Economic Development Fund	Condemnation Proceeds Fund	Downtown Revitalization Fund	Hotel Tax Fund
ASSETS				
Cash	\$ 311,926	\$ 20,631	\$ 18,744	\$ -
Investments	-	-	-	-
Due from other funds	-	-	14,462	-
Mortgages receivable	52,780	-	-	-
Taxes receivables	-	-	-	22,493
Participant receivables	-	-	-	-
Total assets	<u>\$ 364,706</u>	<u>\$ 20,631</u>	<u>\$ 33,206</u>	<u>\$ 22,493</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	9,642
Due to other funds	20,000	-	-	12,851
Total liabilities	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>22,493</u>
FUND BALANCES (DEFICITS)				
Reserved for loans	344,706	-	-	-
Reserved for endowmen	-	-	-	-
Reserved for clubhouse expenses	-	-	-	-
Unreserved	-	20,631	33,206	-
	<u>344,706</u>	<u>20,631</u>	<u>33,206</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 364,706</u>	<u>\$ 20,631</u>	<u>\$ 33,206</u>	<u>\$ 22,493</u>

Capital Projects Funds				Permanent Fund	
CDBG Rehabilitation Fund	CDBG No. 96m-x-040-128-006 Fund	GEMA Fund	Boys & Girls Club Fund	A.B. Branan Community Clubhouse Fund	Total Nonmajor Governmental Funds
\$ 12,977	\$ 61,303	\$ -	\$ 1,100	\$ 60,617	\$ 487,298
-	-	-	-	232,660	232,660
-	-	-	-	-	14,462
-	-	-	-	-	52,780
-	-	-	-	-	22,493
-	6,667	-	-	-	6,667
<u>\$ 12,977</u>	<u>\$ 67,970</u>	<u>\$ -</u>	<u>1,100</u>	<u>\$ 293,277</u>	<u>\$ 816,360</u>
\$ -	\$ 64,094	\$ -	\$ -	\$ -	\$ 64,094
-	-	-	89	-	9,731
-	-	-	-	-	32,851
<u>-</u>	<u>64,094</u>	<u>-</u>	<u>89</u>	<u>-</u>	<u>106,676</u>
-	-	-	-	-	344,706
-	-	-	-	60,617	60,617
-	-	-	-	232,660	232,660
12,977	3,876	-	1,011	-	71,701
<u>12,977</u>	<u>3,876</u>	<u>-</u>	<u>1,011</u>	<u>293,277</u>	<u>709,684</u>
<u>\$ 12,977</u>	<u>\$ 67,970</u>	<u>\$ -</u>	<u>\$ 1,100</u>	<u>\$ 293,277</u>	<u>\$ 816,360</u>

CITY OF CORDELE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	Economic Development Fund	Condemnation Proceeds Fund	Downtown Revitalization Fund	Hotel Tax Fund
Revenues:				
Taxes	\$ -	\$ -	\$ 11,236	\$ 247,348
Charges for services	-	-	-	-
Donations	-	-	47,780	-
Interest and dividend income	6,661	-	61	-
Net decrease in the fair value of investment	-	-	-	-
Total revenues:	<u>6,661</u>	<u>-</u>	<u>59,077</u>	<u>247,348</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Community development	100,657	5,000	56,522	74,274
Total expenditures:	<u>100,657</u>	<u>5,000</u>	<u>56,522</u>	<u>74,274</u>
Excess (deficiency) of revenues over expenditure	<u>(93,996)</u>	<u>(5,000)</u>	<u>2,555</u>	<u>173,074</u>
Other financing sources (uses):				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	(173,074)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(173,074)</u>
Net change in fund balances	(93,996)	(5,000)	2,555	-
Fund balances (deficits), beginning of year	<u>438,702</u>	<u>25,631</u>	<u>30,651</u>	<u>-</u>
Fund balances, end of year	<u>\$ 344,706</u>	<u>\$ 20,631</u>	<u>\$ 33,206</u>	<u>\$ -</u>

Capital Projects Funds				Permanent Fund	
CDBG Rehabilitation Fund	CDBG No. 96m-x-040-128-006 Fund	GEMA Fund	Boys & Girls Club Fund	A.B. Branam Community Clubhouse Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,584
-	-	-	469,144	-	469,144
-	-	-	-	-	47,780
44	282	-	-	5,438	12,486
-	-	-	-	(60,636)	(60,636)
44	282	-	469,144	(55,198)	727,358
-	-	-	3,653	-	3,653
-	-	-	486,437	-	722,890
-	-	-	490,090	-	726,543
44	282	-	(20,946)	(55,198)	815
-	-	104,389	17,491	-	121,880
-	-	(70,148)	-	-	(243,222)
-	-	34,241	17,491	-	(121,342)
44	282	34,241	(3,455)	(55,198)	(120,527)
12,933	3,594	(34,241)	4,466	348,475	830,211
\$ 12,977	\$ 3,876	\$ -	\$ 1,011	\$ 293,277	\$ 709,684

**CITY OF CORDELE, GEORGIA
ECONOMIC DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual	Variance
Revenues:			
Interest earned	\$ 11,600	\$ 6,661	\$ (4,939)
Total revenues	<u>11,600</u>	<u>6,661</u>	<u>(4,939)</u>
Expenditures			
Community development	<u>11,600</u>	<u>100,657</u>	<u>(89,057)</u>
Total expenditures	<u>11,600</u>	<u>100,657</u>	<u>(89,057)</u>
Excess of revenues over expenditures	-	(93,996)	(93,996)
Fund balance, July 1	<u>438,702</u>	<u>438,702</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 438,702</u></u>	<u><u>\$ 344,706</u></u>	<u><u>\$ (93,996)</u></u>

**CITY OF CORDELE, GEORGIA
CONDEMNATION PROCEEDS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual	Variance
Revenues:			
Program income	\$ 3,000	\$ -	\$ (3,000)
Total revenues	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Expenditures			
Public safety	<u>3,000</u>	<u>5,000</u>	<u>(2,000)</u>
Total expenditures	<u>3,000</u>	<u>5,000</u>	<u>(2,000)</u>
Excess of revenues over expenditures	-	(5,000)	(5,000)
 Fund balance, July 1	 <u>25,631</u>	 <u>25,631</u>	 <u>-</u>
Fund balance, June 30	<u><u>\$ 25,631</u></u>	<u><u>\$ 20,631</u></u>	<u><u>\$ (5,000)</u></u>

**CITY OF CORDELE, GEORGIA
DOWNTOWN REVITALIZATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual	Variance
Revenues:			
Tax district	\$ -	\$ 11,236	\$ 11,236
Donations	58,800	47,780	(11,020)
Interest earned	100	61	(39)
Total revenues	<u>58,900</u>	<u>59,077</u>	<u>177</u>
Expenditures			
Community development	<u>58,900</u>	<u>56,522</u>	<u>2,378</u>
Total expenditures	<u>58,900</u>	<u>56,522</u>	<u>2,378</u>
 Excess of revenues over expenditures	 -	 2,555	 2,555
 Fund balance, July 1	 <u>30,651</u>	 <u>30,651</u>	 <u>-</u>
 Fund balance, June 30	 <u><u>\$ 30,651</u></u>	 <u><u>\$ 33,206</u></u>	 <u><u>\$ 2,555</u></u>

CITY OF CORDELE, GEORGIA
HOTEL TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual	Variance
Revenues:			
Tax revenue	\$ 240,000	\$ 247,348	\$ 7,348
Total revenues	<u>240,000</u>	<u>247,348</u>	<u>7,348</u>
Expenditures			
Community development	<u>64,700</u>	<u>74,274</u>	<u>(9,574)</u>
Total expenditures	<u>64,700</u>	<u>74,274</u>	<u>(9,574)</u>
Excess of revenues over expenditures	<u>175,300</u>	<u>173,074</u>	<u>(2,226)</u>
Other financing sources (uses):			
Transfers out	<u>(175,300)</u>	<u>(173,074)</u>	<u>(2,226)</u>
Excess of revenues over expenditures and other financing uses	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CORDELE, GEORGIA
A.B. BRANAN COMMUNITY CLUBHOUSE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual	Variance
Revenues:			
Interest earned	\$ 150	\$ -	\$ (150)
Dividends earned	4,500	5,438	938
Net decrease in the fair value of investments	-	(60,636)	(60,636)
Total revenues	<u>4,650</u>	<u>(55,198)</u>	<u>(59,848)</u>
Expenditures:			
Program services	<u>4,650</u>	-	4,650
Total expenditures	<u>4,650</u>	-	4,650
Excess of revenues over expenditures	-	(55,198)	(64,498)
Fund balance, July 1	<u>348,475</u>	<u>348,475</u>	-
Fund balance, June 30	<u><u>\$ 348,475</u></u>	<u><u>\$ 293,277</u></u>	<u><u>\$ (64,498)</u></u>

CITY OF CORDELE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>2001 REFERENDUM</u>					
<u>No.</u>	<u>Project</u>	<u>Original and Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
1	Engineering and design of the Industrial Area West	\$ 600,000	\$ 534,045	\$ -	\$ 534,045
2	Wastewater Treatment Plant improvements	2,500,000	2,402,425	-	2,402,425
	Totals	<u>\$ 3,100,000</u>	<u>\$ 2,936,470</u>	<u>\$ -</u>	<u>\$ 2,936,470</u>
<u>2006 REFERENDUM</u>					
1	Library improvements	\$ 300,000	\$ 143,100	\$ -	\$ 143,100
2	Industrial Park Elevated Tank	1,000,000	953,609	-	953,609
3	Water/Sewer Improvements	1,110,000	204,457	5,985	210,442
4	Police Vehicles	600,000	222,024	93,567	315,591
5	City Hall Improvements / HVAC/ADA	500,000	248,928	217,921	466,849
6	Emergency Warnings Signals	100,000	-	-	-
7	Public Works Equipment	90,000	-	-	-
8	Fire HVAC Systems	50,000	8,441	-	8,441
	Totals	<u>\$ 3,750,000</u>	<u>\$ 1,780,559</u>	<u>\$ 317,473</u>	<u>\$ 2,098,032</u>

COMPONENT UNITS

CITY OF CORDELE, GEORGIA

BALANCE SHEET COMPONENT UNITS JUNE 30, 2009

	Downtown Development Authority	Cordele Office Building Authority
ASSETS		
Cash	\$ 16,722	\$ 2,503,833
Total assets	<u>\$ 16,722</u>	<u>\$ 2,503,833</u>
LIABILITIES		
Accounts payable	\$ -	\$ 83,911
Total liabilities	<u>-</u>	<u>83,911</u>
FUND BALANCES		
Unreserved, undesignated	16,722	2,419,922
Total fund balances	<u>16,722</u>	<u>2,419,922</u>
Total liabilities and fund balances	<u>\$ 16,722</u>	<u>\$ 2,503,833</u>

CITY OF CORDELE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Downtown Development Authority</u>	<u>Cordele Office Building Authority</u>
Revenues		
Unrestricted investment earnings	\$ 575	\$ 26,113
Contribution revenues	-	1,178,582
Total revenues	<u>575</u>	<u>1,204,695</u>
Expenditures		
Capital contributions	-	839,102
Other contributions to primary government	-	940,573
Debt service:		
Principal retirement	-	295,000
Interest and fiscal charges	-	95,720
Total expenditures	<u>-</u>	<u>2,170,395</u>
Net change in fund balances	575	(965,700)
Fund balances, July 1	<u>16,147</u>	<u>3,385,622</u>
Fund balances, June 30	<u><u>\$ 16,722</u></u>	<u><u>\$ 2,419,922</u></u>

SINGLE AUDIT SECTION

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

**The City Commission
of the City of Cordele, Georgia
Cordele, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cordele, Georgia (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2009-1 and 2009-3 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies noted, we consider item 2009-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and other responses as item 2009-4.

We also noted certain additional matters that we reported to management of the City of Cordele, Georgia in a separate letter dated December 11, 2009.

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

This report is intended solely for the information and use of the City's Finance Committee, 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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 11, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**The City Commission
of the City of Cordele, Georgia
Cordele, Georgia**

Compliance

We have audited the compliance of the City of Cordele with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Cordele's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Cordele's management. Our responsibility is to express an opinion on the City of Cordele's compliance based on our audit.

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

In our opinion, the City of Cordele complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Cordele is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cordele's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Cordele's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. We consider item 2009-2 to be a material weakness.

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

Macon, Georgia
December 11, 2009

Mauldin & Jenkins, LLC

CITY OF CORDELE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF COMMERCE:		
Passed through Economic Development Administration		
Public Works Program	11.300	<u>\$ 368,316</u>
U. S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT:		
Passed through Georgia Department of Community Affairs		
Community Development Block Grant	14.228	<u>499,144</u>
U.S DEPARTMENT OF HOMELAND SECURITY:		
Direct Federal Award		
Assistance to Firefighters Grant	97.044	<u>14,290</u>
Total Expenditures of Federal Awards		<u>\$ 881,750</u>

CITY OF CORDELE, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$300,000 or three percent of total federal expenditures. The threshold of \$300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The Authority did not qualify as a low-risk auditee for the fiscal year ended June 30, 2009.

Amount Provided to Subrecipients

The City provided \$30,000 to subrecipients of its major programs during the fiscal year ended June 30, 2009.

CITY OF CORDELE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2009

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:
Material weaknesses identified?

☒ yes ☐ no

Significant deficiencies identified not considered
to be material weaknesses?

☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal Control over major programs:
Material weaknesses identified?

☒ yes ☐ no

Significant deficiencies identified not considered
to be material weaknesses?

☐ yes ☒ none reported

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

Unqualified

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

☐ yes ☒ no

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

U.S. Department of Commerce:

Passed through Economic Development

Administration:

Public Works Program

11.300

U.S. Department of Housing & Urban Development:

Passed through Georgia Department of

Community Affairs:

Community Development Block Grant

14.228

Dollar threshold used to distinguish between
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CITY OF CORDELE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2009 - 1. Lack of Segregation of Duties

Criteria: Good, sound internal controls require a proper segregation of duties.

Condition: For the fiscal year ending June 30, 2009, we noted the City of Cordele, Georgia did not have a proper segregation of duties in the area of cash management.

Specifically, we noted the following issues related to segregation of duties:

- Individuals responsible for performing cash and investment transactions with financial institutions are also involved in the general ledger function.
- Recordkeeping functions for securities are done by employees that also have access to physical securities, authorize security transactions, and have duties in the cash area.

Context: See above condition.

Effect: The failure of the City of Cordele, Georgia to have proper segregation of duties could lead to undetected misappropriation of funds or delays in finding potential fraud.

Recommendation: The City should work to immediately eliminate the above deficiency.

Views of Responsible Officials and Planned Corrective Action: As of June 11, 2009, an Assistant Finance Director has been employed by the City. This employee is in charge of all general ledger functions. The Finance Director no longer posts transactions to the general ledger, but rather approves them before posting. This is also true for the recordkeeping function for securities. Access to physical securities and authorization of security transactions is maintained by the Finance Director only, and neither the Finance Director nor Assistant has duties in the cash area.

2009 - 2. Grant Management

Criteria: Generally accepted accounting principles require that grant revenues be recognized at the time any grant-related expenditures are made, regardless of when grant reimbursements are actually received. In addition, grant-related revenues should be recorded through the income statement as grant proceeds.

Condition: The City records grant transactions on a cash basis, and did not make the necessary full accrual adjustments related to grant expenditures incurred during the year ended June 30, 2009. The City also failed to properly recognize the receipt and expense of certain grant funds which were disbursed to sub-recipients. In addition, the City recorded certain other grant-related inter-fund contributions as direct increases to fund balance, rather than recording the proceeds through the appropriate revenue accounts.

CITY OF CORDELE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2009 - 2. Grant Management (Continued)

Context: See above condition.

Effect: An audit adjustment to increase grant receivables and revenues by \$128,377 was recorded in the Water and Sewer Fund to properly reflect grant revenues earned during the fiscal year ended June 30, 2009. A similar adjustment of \$239,938 was recorded in the Gas Fund. An audit adjustment to increase grant revenues and increase expenditures by \$30,000 was recorded in the General Fund. An audit adjustment to decrease fund balance and increase contribution revenues by \$176,655 was recorded in the Water & Sewer Fund. A similar adjustment of \$662,447 was recorded in the Gas Fund.

Recommendation: We recommend the City begin recognizing and recording grant revenues as grant-related expenditures are incurred. We recommend that all sub-recipient grant transactions be properly recorded. We also recommend that any inter-fund contributions be appropriately recognized as revenues.

Views of Responsible Officials and Planned Corrective Action: The Finance Department has taken necessary steps to insure that all grant funding and expenditures are recorded correctly and in a timely fashion so as to avoid any errors in recognizing revenues when expenditures are incurred.

2009 - 3. Recording of Inventories

Criteria: The City uses the consumption method for accounting for inventories, which requires that expendable supplies and items acquired for future use be recorded as assets when purchased, and then expensed as consumed.

Condition: As of June 30, 2009, the City did not properly record the value of certain gas inventory on hand.

Context: We addressed this matter with City officials, and they were able to determine the amount of gas inventory on hand as of June 30, 2009.

Effect: An audit adjustment of \$45,771 was recorded to increase inventory and decrease energy expenses in the General Fund as of June 30, 2009. While the adjustment may not be deemed material to the City of Cordele as a whole, it is considered to be significant relative to the respective General Fund.

Recommendation: The City should begin recognizing the value of all significant inventory on hand as of year-end in order to properly report all assets and expenses for the fiscal year.

CITY OF CORDELE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2009 - 3. Recording of Inventories (Continued)

Views of Responsible Officials and Planned Corrective Action: In the past, gas inventories were not recognized; however, it is agreed that any inventory on hand would be considered an asset for the City. In the future, gas inventories will be recorded and expensed as consumed in order to properly account for asset and expense functions.

2009 - 4. Management of SPLOST Funds

Criteria: Official Code of Georgia (OCGA) Section 48-8-121 requires that proceeds from SPLOST (Special Purpose Local Option Sales Taxes) be kept in separate accounts from other funds and not commingled with other funds prior to expenditure.

Condition: The City currently deposits SPLOST proceeds into the General Fund. As a result, the SPLOST fund shows a receivable of \$460,971 from the General Fund as of June 30, 2009.

Context: See above condition.

Effect: The City is not in compliance with the Official Code of Georgia Section 48-8-121.

Recommendation: The City should set up a separate account for SPLOST proceeds, and SPLOST funds should not be commingled with other funds.

Views of Responsible Officials and Planned Corrective Action: The City concurs with this finding and will immediately establish a separate account for SPLOST proceeds to be deposited rather than depositing into the City's pooled investment account.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

See finding 2009-2 above.

CITY OF CORDELE, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

2008 - 1. Lack of Segregation of Duties

Criteria: Good, sound internal controls require a proper segregation of duties.

Condition: For the fiscal year ending June 30, 2008, we noted the City of Cordele, Georgia did not have a proper segregation of duties in the area of cash management.

Specifically, we noted the following issues related to segregation of duties:

- Individuals responsible for performing cash and investment transactions with financial institutions are also involved in the general ledger function.
- Recordkeeping functions for securities are done by employees that also have access to physical securities, authorize security transactions, and have duties in the cash area.

Auditee Response/Status – Unresolved. See current year finding number 2009-1.

2008 - 2. Management of Accounts Payable Liabilities

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

Condition: The City did not properly address the above criteria as of June 30, 2008 as it relates to accounts payable items within the General Fund.

Auditee Response/Status – Resolved. The City recognized and recorded necessary adjustments as required to reflect accounts payable balances at the conclusion of the financial reporting cycle.

2008 – 3. Capital Assets

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including capital assets and other long-term assets. As part of that reporting process, the City should record reductions in capital assets in times of sale or retirement of an asset, and the net effect of this type of adjustment should flow through the proprietary funds operating statement.

Condition: The City did not properly record the sale of a capital asset entered into by the Natural Gas Fund.

Auditee Response/Status – Resolved. The City recorded all deletions of capital assets offset by their respective proceeds in the proper funds during the fiscal year.

CITY OF CORDELE, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There was not an audit of major federal award programs as of June 30, 2008 due to the total amount expended being less than \$500,000.

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