

**CITY OF FORT OGLETHORPE,
GEORGIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2010

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Mayor and City Council
City of Fort Oglethorpe, 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 Fort Oglethorpe, Georgia, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Fort Oglethorpe, Georgia. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

The financial statements of the Downtown Development Authority component unit have not been audited, and we were not engaged to audit the Downtown Development Authority's financial statements as part of our audit of the City's basic financial statements. The Downtown Development Authority's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 20 percent, 20 percent, and 31 percent of the assets, net assets, and revenues, respectively, of the City's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Downtown Development Authority's financial statements been audited, the financial statement referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Fort Oglethorpe, Georgia, as of December 31, 2010, and the changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Oglethorpe, Georgia, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2011, on our consideration of the City of Fort Oglethorpe, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Oglethorpe, Georgia's financial statements as a whole. The combining nonmajor fund financial statements and financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Johnson, Nicky & Meucham, P.C.

June 27, 2011

**City of Fort Oglethorpe, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Management's discussion and analysis provides an objective and easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City of Fort Oglethorpe and should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of three components. The Statement of Net Assets and the Statement of Activities (government-wide financial statements), on page 1 and 2, provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 3. For governmental activities, these statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The financial statements also include notes which explain some of the information in the Government-wide and Fund financial statements, and which provide additional detail concerning the financial activities of the City. The information contained in these notes is essential to a full understanding of the Government-wide and Fund financial statements. The notes to the basic financial statements begin on page 13 of this report.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page viii. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City’s basic services are reported here, including public safety, public works, recreation and general administration. Property taxes, license & permits, local option sales tax, business taxes and franchise fees finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City’s water and sewer activities are reported here.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) / Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City’s taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Charges for bad checks, charges for copies
Public safety	Fines and forfeitures
Housing and development	Building, plumbing and electrical permits
Culture and recreation	Pool admissions and pavilion fees
Grants and contributions	Predominantly grants from other governments for specific projects, also including proceeds from Special Local Option Sales Taxes, which are restricted for specific capital related activities

Other governmental revenues are reported as general. It is important to note that all taxes, with the exception of the Special Local Option Sales Taxes referred to above, are classified as general revenue even if restricted for a specific purpose.

Reporting the City’s Most Significant Funds

Fund Financial Statements

Our analysis of the City’s major funds begins on page x. The fund financial statements begin on page 3 and provide detailed information about the most significant funds – not the City as a whole. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal

grants. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the governmental-wide statements but provide more detail and additional information, such as cash flows.

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2010 and 2009, a summary of net assets of the primary government is as follows:

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 8,229,362	\$ 7,600,867	\$ 8,847,404	\$ 8,926,741	\$ 17,076,766	\$ 16,527,608
Capital Assets	<u>8,701,201</u>	<u>8,409,037</u>	<u>13,874,980</u>	<u>12,399,491</u>	<u>22,576,181</u>	<u>20,808,528</u>
Total Assets	<u>16,930,563</u>	<u>16,009,904</u>	<u>22,722,384</u>	<u>21,326,232</u>	<u>39,652,947</u>	<u>37,336,136</u>
Current liabilities	389,561	238,237	608,518	360,341	998,079	598,578
Long-term liabilities	<u>669,902</u>	<u>772,211</u>	<u>10,675,000</u>	<u>11,000,000</u>	<u>11,344,902</u>	<u>11,772,211</u>
Total liabilities	<u>1,059,463</u>	<u>1,010,448</u>	<u>11,283,518</u>	<u>11,360,341</u>	<u>12,342,981</u>	<u>12,370,789</u>
Net assets:						
Invested in capital assets						
net of related debt	8,073,333	7,781,169	3,199,980	1,399,491	11,273,313	9,180,660
Restricted	201,766	310,979	-	-	201,766	310,979
Unrestricted	<u>7,596,001</u>	<u>6,907,308</u>	<u>8,238,886</u>	<u>8,566,400</u>	<u>15,834,887</u>	<u>15,473,708</u>
Total net assets	<u>\$ 15,871,100</u>	<u>\$ 14,999,456</u>	<u>\$ 11,438,866</u>	<u>\$ 9,965,891</u>	<u>\$ 27,309,966</u>	<u>\$ 24,965,347</u>

The following table provides a summary of the primary government's operations and changes in net assets for the year ended December 31, 2010 with comparative totals for the year ended December 31, 2009.

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program revenues						
Charges for services	\$ 1,132,145	\$ 1,135,301	\$ 3,283,560	\$ 2,817,426	\$ 4,415,705	\$ 3,952,727
Government grants & contributions	2,360,282	105,746	49,991	51,541	2,410,273	157,287
General revenues						
Taxes	5,041,513	8,123,566	-	-	5,041,513	8,123,566
Investment earnings	80,838	163,287	152,294	32,799	233,132	196,086
Other	107,590	206,038	77,203	50,338	184,793	256,376
Total revenues	<u>8,722,368</u>	<u>9,733,938</u>	<u>3,563,048</u>	<u>2,952,104</u>	<u>12,285,416</u>	<u>12,686,042</u>
Expenses						
Judicial	374,113	406,649	-	-	374,113	406,649
General government	1,135,180	1,180,577	-	-	1,135,180	1,180,577
Public safety	2,987,993	2,812,559	-	-	2,987,993	2,812,559
Public works	1,187,472	1,184,687	-	-	1,187,472	1,184,687
Housing and development	169,116	173,064	-	-	169,116	173,064
Public welfare	26,594	21,212	-	-	26,594	21,212
General operating expenses	-	-	3,219,558	3,209,518	3,219,558	3,209,518
Culture and recreation	347,370	316,343	-	-	347,370	316,343
Interest	28,304	24,268	465,097	138,721	493,401	162,989
Bond call expense	-	-	-	14,125	-	14,125
Total expenses	<u>6,256,142</u>	<u>6,119,359</u>	<u>3,684,655</u>	<u>3,362,364</u>	<u>9,940,797</u>	<u>9,481,723</u>
Excess (deficiency) of revenues over expenses	2,466,226	3,614,579	(121,607)	(410,260)	2,344,619	3,204,319
Transfers	<u>(1,594,582)</u>	<u>(2,765,852)</u>	<u>1,594,582</u>	<u>2,765,852</u>	<u>-</u>	<u>-</u>
Change in assets	871,644	848,727	1,472,975	2,355,592	2,344,619	3,204,319
Net assets Jan. 1	14,999,456	14,150,729	9,965,891	7,610,299	24,965,347	21,761,028
Net assets Dec. 31	<u>\$ 15,871,100</u>	<u>\$ 14,999,456</u>	<u>\$ 11,438,866</u>	<u>\$ 9,965,891</u>	<u>\$ 27,309,966</u>	<u>\$ 24,965,347</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fort Oglethorpe, assets exceeded liabilities by \$ 27.3 million as of December 31, 2010.

Approximately 41.3% of the City's net assets reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any 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.

Governmental Activities

Governmental activities increased the City's net assets by \$871,644. Expenses planned for but not expended in the area of executive, general government buildings, administration, police, public works and parks were the major contributors to the increase in net assets.

Business-type Activities

Business-type activities increased the City's net assets by \$1,472,975. SPLOST proceeds totaling \$1,594,582 were used to purchase equipment for the water and sewer fund, as well as to pay principle and interest payments on the 2009 revenue bonds whose proceeds are being used for improving and constructing new infrastructure.

FUND FINANCIAL INFORMATION

The city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The general fund is the chief operating fund of the City. As of December 31, 2010, unreserved fund balance was \$7.2 million, an increase of approximately \$563 thousand from the prior year. The revenue budget was amended by approximately \$72,000 to reflect an increase in income from the county for fire protection. The expense budget was also amended to transfer \$276,341 from contingency to cover the following costs: \$200,872 to take over the Post Fire Department by hiring part-time city fire fighters, \$27,873 to set up a HRA account with the city's health care provider, \$24,276 to cover the costs of raises, \$15,000 to cover the cost of a special mayoral election, and \$8,320 to cover costs incurred by council. Actual revenues and other sources were more than the amount budgeted by approximately \$103,028 and actual expenditures and other uses were approximately \$772,995 less than the amount budgeted, yielding a positive variance of approximately \$876,023.

Other Governmental Funds

The SPLOST capital projects funds assets were \$184,640, liabilities \$7,324 and unreserved fund balance was \$177,316 for the year ended December 31, 2010.

Special Revenue Funds

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are hotel/motel tax, confiscated assets, and law enforcement funds.

Combined total assets of the above funds were \$28,826 as of December 31, 2010, liabilities \$4,376 and unreserved fund balances were \$24,450.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements.

The City has one business-type activity, the water and sewer fund. Unrestricted net assets of the water and sewer operations at the end of the year were \$8,238,886.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund.

When comparing the final budget and the actual amounts, revenues for the general fund were \$103,028 more than projections, primarily due to actual sales and use taxes, alcoholic beverage licenses and franchise taxes being more than was budgeted. These increases resulted in actual revenues of approximately \$352,000 over budget, with budgeted revenue for fines and forfeitures under budget by \$64,000 investment income under budget by \$97,000 and other actual revenue sources under budget by approximately \$88,000. Expenditures were \$772,995 less than the anticipated budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2010, the City had \$22.6 million invested in capital assets including equipment, buildings, and public improvements. This represents a net increase of \$1,767,653 or 8.5 percent, compared to last year. This increase consisted of asset additions of approximately \$2.6 million, net of depreciation of \$827,788.

Asset additions for governmental activities were approximately \$823 thousand, and consisted of \$97,397 for equipment and vehicles, and \$725,346 for public improvements. Asset additions of approximately \$1,868,000 for business activities were primarily for additions and improvements to sewer lines.

A summary of capital assets, net of depreciation, is as follows:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 853,768	\$ 847,768	\$ 89,156	\$ 89,156	\$ 942,924	\$ 936,924
Building	4,582,709	4,118,062	52,244	55,537	4,634,953	4,173,599
Public Improvements	2,045,715	2,133,902	11,545,847	10,519,218	13,591,562	12,653,120
Equipment, vehicles, furniture and fixtures	951,614	1,153,020	110,115	85,425	1,061,729	1,238,445
Construction in progress	267,395	156,285	2,077,618	1,650,155	2,345,013	1,806,440
Total	\$ 8,701,201	\$ 8,409,037	\$ 13,874,980	\$ 12,399,491	\$ 22,576,181	\$ 20,808,528

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-Term Debt

At year-end the City had \$11,344,902 in outstanding long-term debt compared to \$11,772,211 last year. The majority of the long-term debt is from the 2009 Water and Sewer Revenue Refunding and Improvement Bond Issue. The proceeds from the bonds are being used for the addition, extension and improvement of the city's water and sewerage system. Bonds payable at the end of 2010 are \$10,675,000.

A summary of long-term debt is as follows:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital Lease Obligation	\$523,486	\$627,868	-	-	\$523,486	\$627,868
Compensated Absences	146,416	144,343	-	-	146,416	144,343
Revenue Bonds	-	-	10,675,000	11,000,000	10,675,000	11,000,000
Total	\$669,902	\$772,211	\$10,675,000	\$11,000,000	\$11,344,902	\$11,772,211

The long-term debt for the governmental activities consists of two capital lease obligations for a fire truck payable yearly through July, 2018 and police cars payable yearly through November, 2012.

The primary note payable for the business-type activity consists of Series 2009 Water Sewer Revenue Bonds payable semi-annually in varying amounts through October, 2038.

Additional information on the City's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In adopting the budget for the ensuing fiscal year 2011, the City officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective was to continue to provide basic services to the citizens while attempting to keep the property tax rate low.

The City budgeted a .7% increase in general fund revenues and expenses for 2011. The increase is due to an anticipated slight increase in property tax and sales tax.

The city budgeted a 16.4% increase in revenues in the proprietary fund (water and sewer fund) and also a 16.4% increase in expenditures. These increases are due to the City increasing water and sewer rates and including depreciation expense in the budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report was prepared by the Finance Department of the City of Fort Oglethorpe and is designed to present a general overview of the City's accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City of Fort Oglethorpe at 500 City Hall Drive, Fort Oglethorpe, Georgia. Phone # 706-866-2544.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	\$ 1,744,135	\$ 7,001,026	\$ 8,745,161	\$ 21,081
Restricted cash and cash equivalents	-	849,446	849,446	-
Certificates of deposit	3,048,850	1,691,738	4,740,588	-
Due from other governmental entities	909,438	-	909,438	-
Property taxes receivable	302,061	-	302,061	-
Other taxes receivable	313,689	-	313,689	-
Other receivables	61,821	269,074	330,895	-
Due from (to) other fund	1,670,129	(1,670,129)	-	-
Prepaid supplies	17,052	-	17,052	-
Prepaid insurance	162,187	34,985	197,172	-
Bond issue costs	-	671,264	671,264	-
Land and other nondepreciable assets	1,121,163	2,166,774	3,287,937	-
Other capital assets, net of accumulated depreciation	<u>7,580,038</u>	<u>11,708,206</u>	<u>19,288,244</u>	<u>-</u>
 Total assets	<u>\$ 16,930,563</u>	<u>\$ 22,722,384</u>	<u>\$ 39,652,947</u>	<u>\$ 21,081</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 274,584	\$ 279,654	\$ 554,238	\$ -
Payroll withholdings and accruals	113,957	26,248	140,205	-
Deferred revenue	1,020	4,138	5,158	-
Accrued interest payable	-	112,210	112,210	-
Compensated absences payable	-	41,332	41,332	-
Customer deposits	-	144,936	144,936	-
Long-term liabilities -				
Due within one year	255,221	230,000	485,221	-
Due in more than one year	<u>414,681</u>	<u>10,445,000</u>	<u>10,859,681</u>	<u>-</u>
 Total liabilities	<u>1,059,463</u>	<u>11,283,518</u>	<u>12,342,981</u>	<u>-</u>
Net assets:				
Invested in capital assets, net of related debt	8,073,333	3,199,980	11,273,313	-
Restricted for -				
SPLOST projects	177,316	-	177,316	-
Public safety	24,450	-	24,450	-
Unrestricted	<u>7,596,001</u>	<u>8,238,886</u>	<u>15,834,887</u>	<u>21,081</u>
 Total net assets	<u>15,871,100</u>	<u>11,438,866</u>	<u>27,309,966</u>	<u>21,081</u>
 Total liabilities and net assets	<u>\$ 16,930,563</u>	<u>\$ 22,722,384</u>	<u>\$ 39,652,947</u>	<u>\$ 21,081</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
Judicial	\$ 374,113	\$ -	\$ -	\$ -	\$ (374,113)	\$ -	\$ (374,113)	\$ -
General government	1,135,180	412	6,094	2,093,722	965,048	-	965,048	-
Public safety	2,987,993	930,508	10,763	1,294	(2,045,428)	-	(2,045,428)	-
Public works	1,187,472	-	-	248,409	(939,063)	-	(939,063)	-
Housing and development	169,116	93,769	-	-	(75,347)	-	(75,347)	-
Public welfare	26,594	-	-	-	(26,594)	-	(26,594)	-
Culture and recreation	347,370	107,456	-	-	(239,914)	-	(239,914)	-
Interest	28,304	-	-	-	(28,304)	-	(28,304)	-
Total governmental activities	6,256,142	1,132,145	16,857	2,343,425	(2,763,715)	-	(2,763,715)	-
Business-type activities:								
Water and sewer management	3,684,655	3,283,560	335	49,656	-	(351,104)	(351,104)	-
Total business-type activities	3,684,655	3,283,560	335	49,656	-	(351,104)	(351,104)	-
Total primary government	9,940,797	4,415,705	17,192	2,393,081	(2,763,715)	(351,104)	(3,114,819)	-
COMPONENT UNITS:								
Recreation Commission	7,574	-	10,000	-	-	-	-	2,426
Downtown Development Authority	2,697	-	4,420	-	-	-	-	1,723
Total component units	\$ 10,271	\$ -	\$ 14,420	\$ -	-	-	-	4,149
GENERAL REVENUES:								
Property taxes					1,351,743	-	1,351,743	-
Local option sales tax					1,756,086	-	1,756,086	-
Alcoholic beverage tax					132,263	-	132,263	-
Business and occupation tax					760,372	-	760,372	-
Franchise taxes and fees					851,290	-	851,290	-
Other taxes					189,759	-	189,759	-
Property rental					67,538	-	67,538	-
Interest					80,838	152,294	233,132	95
Other					40,052	77,203	117,255	-
Total general revenues					5,229,941	229,497	5,459,438	95
TRANSFERS					(1,594,582)	1,594,582	-	-
Change in net assets					871,644	1,472,975	2,344,619	4,244
NET ASSETS:								
Beginning					14,999,456	9,965,891	24,965,347	16,837
Ending					\$ 15,871,100	\$ 11,438,866	\$ 27,309,966	\$ 21,081

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,542,369	\$ 177,316	\$ 24,450	\$ 1,744,135
Certificates of deposit	3,048,850	-	-	3,048,850
Due from other governmental entities	909,438	-	-	909,438
Due from other funds	1,687,837	-	-	1,687,837
Property taxes receivable	302,061	-	-	302,061
Other taxes receivable	313,689	-	-	313,689
Other receivables	50,121	7,324	4,376	61,821
Prepaid insurance	162,187	-	-	162,187
Other prepaid items	17,052	-	-	17,052
 Total assets	 <u>\$ 8,033,604</u>	 <u>\$ 184,640</u>	 <u>\$ 28,826</u>	 <u>\$ 8,247,070</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 274,584	\$ -	\$ -	\$ 274,584
Payroll withholdings and accruals	113,957	-	-	113,957
Due to other funds	6,008	7,324	4,376	17,708
Deferred tax revenue	242,846	-	-	242,846
Other deferred revenue	1,020	-	-	1,020
 Total liabilities	 <u>638,415</u>	 <u>7,324</u>	 <u>4,376</u>	 <u>650,115</u>
 Fund balances:				
Reserved for - Prepaid items	179,239	-	-	179,239
Unreserved, reported in - General fund	7,215,950	-	-	7,215,950
Special revenue funds	-	-	24,450	24,450
Capital projects funds	-	177,316	-	177,316
 Total fund balances	 <u>7,395,189</u>	 <u>177,316</u>	 <u>24,450</u>	 <u>7,596,955</u>
 Total liabilities and fund balances	 <u>\$ 8,033,604</u>	 <u>\$ 184,640</u>	 <u>\$ 28,826</u>	 <u>\$ 8,247,070</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Differences in amounts reported for governmental activities in the statement of net assets on page 1:

Fund balances - total governmental funds	\$ 7,596,955
--	--------------

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

Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	242,846
--	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,701,201
---	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(669,902)</u>
--	------------------

	<u>\$15,871,100</u>
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(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$4,968,021	\$ -	\$ 53,389	\$ 5,021,410
Licenses and permits	140,769	-	-	140,769
Charges for services	366,331	-	-	366,331
Intergovernmental	252,202	2,089,983	24,187	2,366,372
Fines, fees and forfeitures	623,771	-	888	624,659
Investment earnings	80,272	3,739	566	84,577
Other	107,590	-	386	107,976
Total revenues	6,538,956	2,093,722	79,416	8,712,094
EXPENDITURES:				
Current				
Judicial	374,113	-	-	374,113
General government	1,143,965	-	-	1,143,965
Public safety	2,763,164	-	27,713	2,790,877
Public works	1,153,154	7,058	-	1,160,212
Housing and development	169,116	-	-	169,116
Public welfare	26,594	-	-	26,594
Culture and recreation	391,032	-	-	391,032
Capital outlay	-	462,106	-	462,106
Debt service -				
Principal	-	104,383	-	104,383
Interest	-	28,304	-	28,304
Total expenditures	6,021,138	601,851	27,713	6,650,702
EXCESS OF REVENUES OVER EXPENDITURES	517,818	1,491,871	51,703	2,061,392
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	69,065	-	10,860	79,925
Transfers to other funds	(10,860)	(1,581,158)	(82,489)	(1,674,507)
NET CHANGE IN FUND BALANCE	576,023	(89,287)	(19,926)	466,810
FUND BALANCES:				
Beginning	6,819,166	266,603	44,376	7,130,145
Ending	\$7,395,189	\$ 177,316	\$ 24,450	\$ 7,596,955

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Differences in amounts reported for governmental activities
in the statement of activities on page 2:

Net change in fund balances - total governmental funds	\$ 466,810
--	------------

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

Capital outlay reported as expenditures in the governmental funds are shown as capital assets in the statement of activities.	804,465
---	---------

Depreciation expense on governmental capital assets are included in the statement of activities.	(512,215)
--	-----------

Long-term liabilities in the statement of net assets include an estimated liability for compensated absences. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds.	(2,073)
--	---------

Repayment of long-term debt and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	104,383
---	---------

Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	<u>10,274</u>
--	---------------

	<u>\$ 871,644</u>
--	-------------------

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
BUSINESS-TYPE ACTIVITIES
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 7,001,026
Accounts receivable, net of allowance for uncollectibles of \$18,478	250,369
Interest receivable	18,705
Due from other funds	10,384
Prepaid insurance	<u>34,985</u>
Total current assets	<u>7,315,469</u>

LONG-TERM ASSETS:

Restricted Assets -

Investments in certificates of deposit, restricted by bond covenants	1,691,738
Bond interest and sinking funds	<u>849,446</u>
	<u>2,541,184</u>

Capital Assets -

Land and other nondepreciable assets	2,166,774
Property, plant, and equipment	<u>16,911,813</u>

	19,078,587
Less accumulated depreciation	<u>5,203,607</u>

Net capital assets	<u>13,874,980</u>
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Other Assets -

Unamortized bond issue costs	<u>671,264</u>
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Total long-term assets	<u>17,087,428</u>
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Total assets	<u>\$ 24,402,897</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Current maturities of notes and bonds payable	\$ 230,000
Accounts payable	279,654
Due to other funds	1,680,513
Payroll withholdings and accruals	26,248
Accrued interest	112,210
Compensated absences payable	41,332
Customer deposits	144,936
Other deferred revenue	<u>4,138</u>

Total current liabilities	<u>2,519,031</u>
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LONG-TERM LIABILITIES, net of current portion shown above:

Bonds payable	<u>10,445,000</u>
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Total long-term liabilities	<u>10,445,000</u>
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Total liabilities	<u>12,964,031</u>
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NET ASSETS:

Invested in capital assets, net of related debt	3,199,980
Unrestricted	<u>8,238,886</u>

	<u>11,438,866</u>
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Total liabilities and net assets	<u>\$ 24,402,897</u>
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(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES:

Water sales	\$ 1,021,572
Sewer charges	2,195,068
Water and sewer taps	48,900
Meter and reconnect fees	18,020
Federal financial assistance	335
Local government grants	49,656
Other	<u>77,203</u>

Total revenues	<u>3,410,754</u>
----------------	------------------

OPERATING EXPENSES:

Depreciation and amortization	417,063
General operating expenses	<u>2,802,495</u>
	<u>3,219,558</u>

OPERATING INCOME	191,196
------------------	---------

NONOPERATING REVENUE (EXPENSE):

Interest revenue	152,294
Interest expense	<u>(465,097)</u>
Loss before transfers	(121,607)

TRANSFERS:

Transfer from other funds	<u>1,594,582</u>
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CHANGE IN NET ASSETS	1,472,975
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NET ASSETS:

Beginning	<u>9,965,891</u>
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Ending	<u><u>\$11,438,866</u></u>
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(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from user fees	\$ 3,252,454
Receipts from other governments	5,137
Payments to employees	(628,761)
Payments for goods and other services	(2,003,419)
Other receipts	<u>77,203</u>

Net cash provided by operating activities	<u>702,614</u>
---	----------------

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Purchase of capital assets	(273,853)
Payments on long-term debt	(325,000)
Interest paid	<u>(352,887)</u>

Net cash used by capital and related financing activities	<u>(951,740)</u>
---	------------------

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Loans from other fund	170
Payments on loans to other fund	<u>3,353</u>

Net cash provided by other financing activities	<u>3,523</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>141,633</u>
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Net cash provided by investing activities	<u>141,633</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(103,970)
---	-----------

CASH AND CASH EQUIVALENTS

Beginning	<u>9,646,180</u>
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Ending	<u>\$ 9,542,210</u>
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RECONCILIATION OF OPERATING LOSS TO NET

CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 191,196
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	417,063
Net change in operating assets	(41,613)
Net change in operating liabilities	<u>135,968</u>

Net cash provided by operating activities	<u>\$ 702,614</u>
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RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Cash and cash equivalents	\$ 7,001,026
Restricted cash and cash equivalents	849,446
Certificates of deposit	<u>1,691,738</u>

\$ 9,542,210

SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital assets acquired	\$ (1,868,435)
Transferred from SPLOST capital projects fund	1,581,158
Transferred from CDBG fund	<u>13,424</u>

Cash paid for capital assets	<u>\$ (273,853)</u>
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(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES
DECEMBER 31, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash and cash equivalents	\$ <u> -</u>	\$ <u>623,771</u>	\$ <u>623,771</u>	\$ <u> -</u>
LIABILITIES:				
Due to general fund	\$ <u> -</u>	\$ <u>623,771</u>	\$ <u>623,771</u>	\$ <u> -</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2010

	<u>Recreation Commission</u>	<u>Downtown Development Authority (Unaudited)</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,958	\$ 4,123	\$ 21,081
Total assets	<u>\$ 16,958</u>	<u>\$ 4,123</u>	<u>\$ 21,081</u>

LIABILITIES AND NET ASSETS

Net Assets:			
Unrestricted	\$ 16,958	\$ 4,123	\$ 21,081
Total net assets	<u>16,958</u>	<u>4,123</u>	<u>21,081</u>
Total liabilities and net assets	<u>\$ 16,958</u>	<u>\$ 4,123</u>	<u>\$ 21,081</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Recreation Commission	Downtown Development Authority (Unaudited)	Total
Recreation Commission:						
Recreation Commission operations	\$ 7,574	\$ -	\$ 10,000	\$ 2,426	\$ -	\$ 2,426
Downtown Development Authority (unaudited):						
Downtown Development Authority operations	2,697	-	4,420	-	1,723	1,723
Total component units	<u>\$ 10,271</u>	<u>\$ -</u>	<u>\$ 14,420</u>	<u>2,426</u>	<u>1,723</u>	<u>4,149</u>
GENERAL REVENUES:						
				95	-	95
				95	-	95
				2,521	1,723	4,244
NET ASSETS:						
				14,437	2,400	16,837
				<u>\$ 16,958</u>	<u>\$ 4,123</u>	<u>\$ 21,081</u>

(The accompanying notes are an integral part of these statements.)

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

The City of Fort Oglethorpe, Georgia operates under the Council-City Manager form of government, in which the City is governed by a mayor and five council members, with day to day operations vested in the appointed city manager.

The accounting policies of the City conform to generally accepted accounting principles applicable to local governments. The more significant policies of the City are summarized below.

Reporting Entity -

The accompanying financial statements include all funds of the City of Fort Oglethorpe, Georgia (the primary government).

For purposes of these financial statements, management has considered the existence of any potential component units, using the criteria set forth by accounting principles generally accepted in the United States of America and by statements from the Governmental Accounting Standards Board.

Component units include organizations which are legally separate from the primary government. They are considered component units because their boards are appointed by the City or because there is a financial benefit/burden relationship with the City.

Component units are determined to be presented blended or discretely, based upon the services provided and the amount of accountability to the governing authority.

The City's financial statements include the unaudited financial statements (the only ones available) of The Downtown Development Authority of the City of Fort Oglethorpe, Georgia, which was established to develop the downtown area of the City. This discretely presented component unit operates as a special revenue fund.

The City's financial statements include the financial statements (the only ones available) of the Fort Oglethorpe Recreation Commission, which was established to support a citywide recreation program. This discretely presented component unit operates as a special revenue fund.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Reporting Entity (continued) -

The Housing Authority of the City of Fort Oglethorpe, Georgia is a legally separate entity not considered a component unit under the criteria referred to above, but a related organization. Although its board was originally appointed by the City governing authority, the City is not able to impose its will upon the Housing Authority, and a financial benefit/burden relationship does not exist between the two governmental entities.

Basis of Presentation -

In accordance with current accounting standards, the basic financial statements include government-wide, based on the City as a whole, and fund financial statements, with emphasis on major funds. Both the government-wide and fund statements categorize activities as either governmental or business-type. The government-wide statements of net assets and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements. Transfers between governmental activities and business-type activities of the primary government are separately stated on the government-wide statement of net assets. Cash balances held by agency funds for governmental activities of the primary government are eliminated in the government-wide statement of net assets and in the fund financial statements.

The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with the function and include revenues from fines and forfeitures, licenses and permit fees, and charges for services. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while nonmajor funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund and SPLOST capital projects funds are the only funds reported as major governmental funds. The major enterprise fund is the Water & Sewer Fund.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting -

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the nonfiduciary activities of the City as a whole.

The fund-level financial statements of the governmental funds, consisting of the general fund, special revenue funds, debt service funds, and capital projects funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property and other taxes, federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are expected to be liquidated with future resources.

Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following the applicable fund statement which reconciles the adjustments necessary to convert the fund financial statements to the governmental activities column of the government-wide presentation.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting (continued) -

All business-type activities, including the primary government proprietary fund, use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred. For its proprietary funds and business-type activities, the City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City does not apply FASB pronouncements issued after November 30, 1989. Operating revenues of proprietary funds are those revenues that result from the activities of the fund, such as user fees and charges for services. All other revenue is considered nonoperating revenue and includes grants, investment earnings, and gain on the sale of capital assets. Likewise, operating expenses are those expenses related to the principal activity of the fund, including salaries and related costs, other services, operating supplies and depreciation. Nonoperating expenses include all other expenses not considered operating, such as interest expense.

Agency funds are custodial in nature, as they receive and disburse receipts for other funds and other entities. The City's agency fund is recorded using the economic resources measurement focus and the accrual basis of accounting.

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

Fund Accounting -

The accounts of the City are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net assets. The various funds are grouped into fund types as follows:

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting (continued) -

Governmental Funds:

General Fund -

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

Special Revenue Funds -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds -

Capital projects funds are used to account for the acquisition and construction of major capital facilities not financed by proprietary or trust funds.

Proprietary Funds:

Enterprise Funds -

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and therefore funded primarily through user charges.

Fiduciary Funds:

Trust and Agency Funds -

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Non-current governmental assets/liabilities:

Governmental activities capital assets and long-term debt are not presented in the fund level statements, but these records are maintained and incorporated into the governmental activities section of the government-wide financial statements.

The City maintains the following funds:

General fund

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting (continued) -

Special revenue funds -

Confiscated Assets Fund, which accounts for revenues and expenditures associated with currency forfeitures and drug fines and restitution.

Law Enforcement Fund, which accounts for grants and other specific revenues, and related expenditures, associated with the operation of law enforcement.

Hotel/Motel Tax Fund, which accounts for tax revenues from hotels and motels located in the City.

Recreation Commission Fund (a discretely presented component unit), which accounts for revenues and expenditures associated with the recreational activities of the Commission.

Downtown Development Authority (a discretely presented component unit), which accounts for certain revenues and expenditures associated with development of the City's downtown area.

Capital projects funds -

SPLOST Capital Projects Fund, which accounts for the acquisition of assets with proceeds from the special local option sales tax.

CDBG Grant Fund, which accounts for acquisition of assets with proceeds from state or federal Community Development Block Grants.

Proprietary funds -

The Water and Sewer Fund is an enterprise fund, which accounts for the City's water and sewer operations.

Fiduciary funds -

Municipal Court Fund, an agency fund, which accounts for receipts and disbursements of the Clerk's office, primarily fines and forfeitures. This fund collects only for the City's general fund, which then disburses, as required, to other governmental entities. As there are no receipts for or disbursements to other entities, and no funds are held for other entities, no "Statement of Fiduciary Assets and Liabilities" is presented in these financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budget and budgetary control -

Although no budget to actual statements are presented in the basic financial statements, the City provides, for information purposes, its budget requirements and process. Annual revenue estimates and expenditure appropriations, on the modified accrual basis of accounting, are prepared for all governmental funds, with the exception of the capital projects funds, for which no annual appropriation is required and none is adopted. The projects accounted for in the capital projects funds are subject to budgetary control on a project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period. A budget is not required for proprietary fund types. The City, however, adopts a budget on the accrual basis of accounting for its proprietary fund.

The budget is prepared by the City Manager and presented to the City Council for review and questions. A public hearing is held to obtain taxpayer comments, after which the budget is adopted by resolution.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. Management may transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department and/or fund must be approved by the City Council. All annual budgetary appropriations lapse at the end of the fiscal year.

Receivables -

Receivables are reported at the outstanding principal amount, and are recorded net of an allowance for amounts considered uncollectible.

Estimates -

The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Capital Assets -

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For its proprietary funds and for governmental funds at the government-wide presentation, the City capitalizes long-lived assets with an original cost of \$5,000 or more. Such assets are recorded at cost.

For its proprietary funds and for its governmental funds at the government-wide presentation, depreciation of property and equipment is provided over periods of 3 to 40 years, based upon the estimated useful lives of the individual assets, by the straight-line method.

Public Domain Assets -

Public domain (infrastructure) assets, which include roads, streets, curbs, gutters, sidewalks, etc., are recorded in governmental funds as expenditures at the time of purchase. Under current accounting standards, governments are required to report public domain assets acquired after December 31, 2003 as capital assets. However, the City is not required to report infrastructure acquired in years prior to that date.

Property Taxes -

Property tax levies for the current year are based on \$6.495 per thousand of assessed valuation of property located in the City. Property is assessed by the Assessors of Property in Catoosa and Walker Counties. Property taxes are levied by the City and collected by the respective Counties, which remit to the City on a monthly basis. Property taxes are levied for a calendar year on October 20 and are delinquent after December 20 of each year. Property taxes attach as an enforceable lien on property as of the levy date.

Notes payable -

Notes payable reported in governmental funds are expected to be liquidated with future, expendable, available resources.

Encumbrances -

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Discounts/premiums/issuance costs -

In governmental funds, at the fund-level presentation, these types of transactions are recognized as revenue when received or as expenditures in the period in which incurred.

In proprietary funds, and at the government-wide presentation for governmental activities, these types of transactions are deferred and amortized over the benefit or payment period.

Cash equivalents -

For purposes of these financial statements, the City considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments -

The City is restricted to investments of cash and certificates of deposit with financial institutions and in the State of Georgia Local Government Investment Pool.

Restricted Assets -

Certain assets of the proprietary fund are classified as restricted because their use is limited by applicable bond covenants. These restricted assets consist of cash and cash equivalents.

Prepaid expenses -

Prepaid expenses consist of certain payments which reflect costs applicable to future periods. In governmental funds, these types of costs are recorded as expenditures during the term of the benefit period, rather than when paid.

Compensated Absences -

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid. The liability for compensated absences of the governmental funds is recorded in the government-wide financial statements. None of the liability is recorded in the governmental funds, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources. The liability for compensated absences of the proprietary fund is recorded as a liability of that fund.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(2) CASH AND INVESTMENTS:

The City reports its cash and other investments under GASB Statement Number 40, "Deposit and Investment Risk Disclosures." This statement eliminated or modified portions of the disclosures previously required by GASB Statement Number 3. GASB Statement Number 40 is designed to improve financial reporting of deposit and investment risks.

At December 31, 2010, the primary government's cash and investments consist of the following -

	Weighted Average Maturity (Years)	Fair Value
Savings and money market accounts	0.00	\$ 8,742,870
Certificates of deposit	0.38	4,740,588
Total	0.19	\$13,483,458

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the City's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The City's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk - The City's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance, by collateral held by the City's agent in the City's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the City may participate. The City limits its investments to certificates of deposit and savings and money market accounts with local banks and Georgia Fund 1, a combined state and local government investment pool (in which the City had no funds at December 31, 2010).

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool that follows Standard & Poors criteria

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(2) CASH AND INVESTMENTS (Continued):

Custodial Credit Risk (continued) -

for AAA rated money market funds. The State of Georgia Office of Treasury and Fiscal Services is the oversight agency for the Fund, which is operated in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940, and is considered to be a 2a-7-like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share.

Credit Risk - The City's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS:

Most interfund receivable and payable balances are attributable to unsettled balances for charges between funds, and are expected to be paid within one year. The interfund payable of \$1,680,513 for the water and sewer fund includes \$1,597 which results from the general fund paying expenses on behalf of the water and sewer fund. The interfund payable of \$7,324 for the SPLOST capital projects fund results from the general fund paying expenses on behalf of the SPLOST capital projects fund. The interfund payables of \$6,008 for the general fund and \$4,376 for the CDBG grant fund result from the water and sewer fund paying expenses for the general and CDBG funds. It is anticipated that these balances will be settled in the next fiscal year.

The remaining interfund payable of \$1,678,916 for the water and sewer fund is relative to a loan from the general fund to enable the water and sewer fund to set aside restricted funds to comply with a debt service requirement. No specific repayment schedule has been established, but the loan is expected to be paid over a several year period.

Interfund receivables and payables at December 31, 2010, are as follows -

	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 1,687,837	\$ 6,008
SPLOST capital projects	-	7,324
CDBG	-	4,376
Water and sewer fund	<u>10,384</u>	<u>1,680,513</u>
	<u>\$ 1,698,221</u>	<u>\$ 1,698,221</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Continued):

The purpose of transfers are to allocate revenues from the fund that collects them to the fund that expends the resources based on the budgetary operations of the City.

Transfers for the year ended December 31, 2010, were as follows -

From hotel/motel tax fund to general fund	\$ 53,389
From law enforcement fund to general fund	\$ 15,676
From general fund to law enforcement fund	\$ 10,860
From SPLOST Capital projects fund to water and sewer fund	\$1,581,158
From CDBG Capital projects fund to water and sewer fund	\$ 13,424

(4) CAPITAL ASSETS:

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows -

	<u>Beginning</u>	<u>Additions and Adjustments</u>	<u>Dispositions and Adjustments</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 847,768	\$ 6,000	\$ -	\$ 853,768
Construction in progress	156,285	701,069	(589,959)	267,395
	<u>\$ 1,004,053</u>	<u>\$ 707,069</u>	<u>\$ (589,959)</u>	<u>\$ 1,121,163</u>
Depreciable capital assets -				
Public improvements	\$ 2,641,908	\$ -	\$ -	\$ 2,641,908
Buildings	5,823,632	608,236	-	6,431,868
Equipment, vehicles, furniture and fixtures	3,909,445	97,397	(95,737)	3,911,105
	<u>12,374,985</u>	<u>705,633</u>	<u>(95,737)</u>	<u>12,984,881</u>
Less accumulated depreciation -				
Public improvements	508,006	88,187	-	596,193
Buildings	1,705,570	143,589	-	1,849,159
Equipment, vehicles, furniture and fixtures	2,756,425	280,439	(77,373)	2,959,491
	<u>4,970,001</u>	<u>512,215</u>	<u>(77,373)</u>	<u>5,404,843</u>
Depreciable capital assets, net	<u>\$ 7,404,984</u>	<u>\$ 193,418</u>	<u>\$ (18,364)</u>	<u>\$ 7,580,038</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(4) CAPITAL ASSETS (Continued):

Depreciation charged to expense totaled \$512,215, and is charged to functions as follows -

General government	\$ 198,211
Public safety	198,769
Public works	42,070
Culture and recreation	<u>73,165</u>
Total	<u>\$ 512,215</u>

Business-type activities

Capital assets of the proprietary fund are recorded at cost, including capitalized interest incurred during the construction phase, as applicable. Depreciation is provided on the cost of individual items of property by the straight-line method, over the estimated useful lives of 3 to 10 years for furniture, equipment and vehicles; 10 to 40 years for buildings and plants; and 20 to 40 years for transmission lines. Depreciation charged to expense totaled \$392,947.

A summary of proprietary fund changes in capital assets and accumulated depreciation is as follows -

	<u>Beginning</u>	<u>Additions and Adjustments</u>	<u>Dispositions and Adjustments</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 89,156	\$ -	\$ -	\$ 89,156
Construction in progress	<u>1,650,155</u>	<u>1,808,604</u>	<u>(1,381,141)</u>	<u>2,077,618</u>
	<u>\$ 1,739,311</u>	<u>\$ 1,808,604</u>	<u>\$ (1,381,141)</u>	<u>\$ 2,166,774</u>
Depreciable capital assets -				
Buildings	\$ 102,270	\$ -	\$ -	\$ 102,270
Water/sewer system	14,544,295	1,388,232	-	15,932,527
Equipment and vehicles	<u>824,276</u>	<u>52,740</u>	<u>-</u>	<u>877,016</u>
	<u>15,470,841</u>	<u>1,440,972</u>	<u>-</u>	<u>16,911,813</u>
Less accumulated depreciation -				
Buildings	46,733	3,293	-	50,026
Water/sewer system	4,025,077	361,603	-	4,386,680
Equipment and vehicles	<u>738,850</u>	<u>28,051</u>	<u>-</u>	<u>766,901</u>
	<u>4,810,660</u>	<u>392,947</u>	<u>-</u>	<u>5,203,607</u>
Depreciable capital assets, net	<u>\$10,660,181</u>	<u>\$ 1,048,025</u>	<u>\$ -</u>	<u>\$11,708,206</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(5) LONG-TERM DEBT:

Governmental activities

Debt for governmental activities reported in the government-wide statement of net assets represents amounts not expected to be paid with expendable, available resources, and consists of the following -

Capital lease obligations recorded in the government-wide statement of net assets consist of the following -

Lease financed with Federal Signal Leasing, for acquisition of a fire truck in the amount of \$459,846 under a lease purchase agreement, payable in yearly payments of \$58,975 including interest at 4.8%, through 2018	\$ 384,270
Lease financed with Regions Equipment Finance Corporation, for acquisition of police vehicles in the amount of \$278,637 under a lease purchase agreement, payable in yearly payments of \$73,712 including interest at 3.9%, through 2012	<u>139,216</u>
	<u>\$ 523,486</u>

Maturities of lease obligations are as follows -

	<u>Gross Payments</u>	<u>Imputed Interest</u>	<u>Net Present Value</u>
For the year ending			
December 31, 2011	\$ 132,687	\$ 23,882	\$ 108,805
2012	132,687	19,270	113,417
2013	58,975	14,461	44,514
2014	58,975	12,324	46,651
2015	58,975	10,085	48,890
2016-2018	<u>176,926</u>	<u>15,717</u>	<u>161,209</u>
	<u>\$ 619,225</u>	<u>\$ 95,739</u>	<u>\$ 523,486</u>

The gross amount of governmental activities assets recorded under existing capital leases in the government-wide statement of net assets is \$738,483 for an equipment lease. Accumulated depreciation of assets acquired under capital leases is recorded at \$138,182.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(5) LONG-TERM DEBT (Continued):

Governmental activities (continued)

A summary of changes in long-term debt for governmental activities is as follows -

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Capital lease obligations	\$ 627,869	\$ -	\$ (104,383)	\$ 523,486
Compensated absences	<u>144,343</u>	<u>2,073</u>	<u>-</u>	<u>146,416</u>
	<u>\$ 772,212</u>	<u>\$ 2,073</u>	<u>\$ (104,383)</u>	<u>\$ 669,902</u>

Presentation of long-term debt of governmental activities in the government-wide statement of net assets is as follows -

Due within one year -

Capital lease obligations	\$ 108,805
Compensated absences	<u>146,416</u>

255,221

Due in more than one year

414,681

\$ 669,902

The resources of the general fund have been used in prior years to liquidate the balance of the compensated absences relative to governmental activities.

Business-type activities

In the proprietary fund financial statements, long-term debt and other long-term obligations relative to proprietary activities are reported as liabilities of the entity. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(5) LONG-TERM DEBT (Continued):

Business-type activities (continued)

Bonds payable of the water and sewer fund consist of the following -

Series 2009 Water and Sewer Revenue Refunding and improvement bonds, total original borrowings \$11,000,000, to provide for refinancing of a portion of the 1998 Water and Sewer bonds, interest not to exceed 6%, payable semi-annually in varying amounts through October, 2038 \$10,675,000

Maturities of proprietary fund bonds payable are as follows -

	<u>Gross Payments</u>	<u>Interest</u>	<u>Principal</u>
For the year ending:			
December 31, 2011	\$ 678,839	\$ 448,839	\$ 230,000
2012	679,239	444,239	235,000
2013	679,539	439,539	240,000
2014	679,739	434,739	245,000
2015	678,614	428,614	250,000
2016-2020	3,390,119	2,015,119	1,375,000
2021-2025	3,385,637	1,725,637	1,660,000
2026-2030	3,387,907	1,347,907	2,040,000
2031-2035	3,391,738	836,738	2,555,000
2036-2039	2,032,500	187,500	1,845,000
	<u>\$18,983,871</u>	<u>\$8,308,871</u>	<u>\$10,675,000</u>

A summary of changes in long-term debt for business-type activities is as follows -

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Revenue bonds	<u>\$11,000,000</u>	<u>\$ -</u>	<u>\$ (325,000)</u>	<u>\$10,675,000</u>

Presentation of long-term debt of business-type activities in the government-wide statement of net assets is as follows for the revenue bonds -

Due within one year	\$ 230,000
Due within more than one year	<u>10,445,000</u>
	<u>\$10,675,000</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(6) OPERATING LEASES:

The City leases equipment under operating leases expiring November 30, 2011 and May 25, 2013 at various amounts totaling \$650 per month. Minimum obligations relative to these leases are as follows -

For the year ending December 31, 2011	\$ 7,245
2012	1,129
2013	<u>471</u>
	<u>\$ 8,845</u>

Rent expense relative to the above leases was \$6,800 for the year ended December 31, 2010.

(7) PENSION PLAN:

Plan Description -

Employees of the City of Fort Oglethorpe, Georgia, are members of the Georgia Municipal Employees Benefit System (GMEBS), an agent, multiple-employer, defined benefit, public employee retirement system that acts as a common investment and administrative agent for cities. GMEBS provides retirement benefits as well as death and disability benefits. All full-time City employees are eligible to participate in the system after one year of continuous service. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 65 with five years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system become vested after five years of service. Benefit provisions are established in state statute and city ordinance. Political subdivisions such as the City of Fort Oglethorpe participate in the GMEBS as individual entities and are liable for all costs associated with the operation and administration of their plan.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(7) PENSION PLAN (Continued):

Plan Description (continued) -

The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, GA 30303.

Funding Policy and Annual Contributions -

The funding policy for the plan is to contribute an amount equal to the recommended contribution by the plan each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in current accounting standards, and estimated minimum annual contributions under Public Retirement Systems Standard law (Georgia Code Section 47-20-10). These contributions are determined under the projected unit credit actuarial cost method, and the asset valuation method for developing the actuarial value of assets by rolling forward prior years actuarial value with contributions, disbursements, and expected return on investments, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. 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.

The City of Fort Oglethorpe requires no employee contributions, and the employer contribution is based on an actuarially determined rate established annually by GMEBS. The required contribution amount for the year ended December 31, 2010 was \$298,097, based on 10.72% of estimated, annual covered payroll. The actual contribution was \$399,084, primarily because the contribution for January through April was more than required, as the amounts were based on the 2009 required contribution.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(7) PENSION PLAN (Continued):

Significant Actuarial Assumptions -

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 GMEBS has changed the reporting period for actuarial valuations from January 1 to July 1; therefore, the most recent actuarial valuation is July 1, 2010. The significant actuarial assumptions used in this valuation are as follows -

Rate of return on investments	7.75% per year
Projected salary increases	3.50% per year
Cost of living adjustment	0.0% per year
Inflation rate assumption	0.0% per year
Post retirement benefit increases	Not applicable

Trend Information -

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2010	\$340,109	100.00%	\$ -
12/31/2009	\$340,109	90.40%	\$ 32,637
12/31/2008	\$209,561	94.70%	\$ 11,110

Schedule of Funding Progress -
(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2010	\$3,972	\$4,721	\$ 749	84.14%	\$2,733	27.41%
1/1/2009	\$2,929	\$4,250	\$1,321	68.91%	\$2,548	51.84%
1/1/2008	\$3,435	\$3,951	\$ 516	86.94%	\$2,454	21.02%

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(8) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The City's policy is to purchase commercial insurance for its risk related to the above losses. The risks covered by commercial insurance include general liability, errors and omissions, and property and casualty losses, with a minor deductible payable by the City. Settled claims have not exceeded coverage for the three years ended December 31, 2010, 2009, and 2008. Deductibles for which the City was responsible amounted to \$1,021, \$9,000, and \$2,000, for the same three years, respectively.

The City also manages its risk of loss related to injuries to employees through the purchase of commercial workers' compensation insurance. Payment of eligible claims is based on statutory requirements, and the City has no deductible in connection with claims paid.

(9) LITIGATION:

The City is currently the defendant in certain legal actions which are being vigorously defended. It is the opinion of management and legal counsel that these proceedings will not have a material effect on the financial position of the City.

(10) COMMITMENTS:

As of December 31, 2009, the City was in negotiation proceedings with Federal and Georgia Departments of Emergency Management (FEMA/GEMA) over costs applied for under a previous year grant during Hurricane Opal. During these proceedings, the grantor originally requested that the ineligible costs of \$75,380 which represents the replacement of an electrical panel be reimbursed. Subsequent negotiations between the City and FEMA/GEMA resulted in a decrease in the questioned costs to \$44,854. This amount was recorded as a liability of the water and sewer fund in prior years. During the 2010 year a request for reimbursement was made and the reimbursement was made by the City.

At December 31, 2010, the City has construction commitments in the amount of \$3,377,894, with \$2,234,665 unpaid on these contracts.

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(11) HOTEL/MOTEL LODGING TAX:

The City of Fort Oglethorpe, Georgia, levies a 6% lodging tax, of which 3% is required to be spent for tourism and development, as authorized in Georgia code OCGA 48-13-51. A summary of the transactions for the year ended December 31, 2010, is as follows:

Lodging tax - 6%	\$ 53,389
Disbursements for tourism and development	\$ 26,594

(12) JOINT VENTURE:

Under Georgia law, the City, in conjunction with other cities and counties in the eleven county northwest Georgia area, is a member of the Coosa Valley Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended December 31, 2010, the City paid \$9,868 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality 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 -

Coosa Valley Regional Development Center
P.O. Box 1793
Rome, Georgia 30162-1793

(13) CHANGES IN NET ASSETS:

Changes in the components of net assets at the fund level are as follows -

	<u>General Fund</u>		<u>SPLOST Capital Projects Restricted</u>	<u>Other Governmental Unreserved Undesignated</u>
	<u>Reserved</u>	<u>Unreserved</u>		
Beginning fund balances	\$ 166,345	\$6,652,821	\$ 266,603	\$ 44,376
Net change	<u>12,894</u>	<u>563,129</u>	<u>(89,287)</u>	<u>(19,926)</u>
Ending fund balances	<u>\$ 179,239</u>	<u>\$7,215,950</u>	<u>\$ 177,316</u>	<u>\$ 24,450</u>

CITY OF FORT OGLETHORPE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

(14) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 27, 2011, the date which this financial statement was available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
TAXES:				
Property taxes	\$1,330,104	\$1,330,104	\$1,341,469	\$ 11,365
Motor vehicle tax	77,000	77,000	81,097	4,097
Business and occupation tax	724,000	724,000	760,372	36,372
General sales and use tax	1,642,500	1,642,500	1,756,086	113,586
Franchise tax	788,880	788,880	851,290	62,410
Real estate transfer tax	2,200	2,200	5,299	3,099
Intangible tax	11,500	11,500	18,654	7,154
Alcoholic beverage tax	123,400	123,400	132,263	8,863
Other taxes	8,500	8,500	21,491	12,991
 Total taxes	 4,708,084	 4,708,084	 4,968,021	 259,937
 LICENSES AND PERMITS:				
Alcoholic beverage license	32,250	32,250	47,000	14,750
Other licenses and permits	89,320	89,320	93,769	4,449
 Total licenses and permits	 121,570	 121,570	 140,769	 19,199
 INTERGOVERNMENTAL:				
Road and bridge projects	300,000	300,000	234,985	(65,015)
Federal financial assistance	800	800	7,388	6,588
Federal government in lieu of taxes	9,800	9,800	9,829	29
 Total intergovernmental	 310,600	 310,600	 252,202	 (58,398)
 CHARGES FOR SERVICES:				
Public safety	189,300	261,300	255,328	(5,972)
Background checks	2,600	2,600	3,135	535
Culture and recreation	89,575	89,575	107,456	17,881
Other services	230	230	412	182
 Total charges for services	 281,705	 353,705	 366,331	 12,626
 FINES AND FORFEITURES:				
Police and courts	688,000	688,000	623,771	(64,229)
 Total fines and forfeitures	 688,000	 688,000	 623,771	 (64,229)

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget			Variance with Final Budget
	Original	Final	Actual	
MISCELLANEOUS:				
Investment Income	\$ 178,000	\$ 178,000	\$ 80,272	\$ (97,728)
Property rental	66,557	66,557	67,538	981
Insurance recovery	-	3,727	19,363	15,636
Other	8,000	8,750	20,689	11,939
Total miscellaneous	252,557	257,034	187,862	(69,172)
 Total revenues	 6,362,516	 6,438,993	 6,538,956	 99,963
EXPENDITURES:				
Judicial -				
Municipal Court	415,233	416,352	374,113	42,239
Total judicial	415,233	416,352	374,113	42,239
 General Government -				
Legislative	116,476	116,476	115,408	1,068
Executive	470,146	498,206	328,566	169,640
Administration	381,851	383,462	324,647	58,815
General government buildings	631,359	450,717	375,344	75,373
Total general government	1,599,832	1,448,861	1,143,965	304,896
 Public Safety -				
Police	2,049,577	2,065,682	1,930,048	135,634
Fire	671,098	875,356	833,116	42,240
Total public safety	2,720,675	2,941,038	2,763,164	177,874
 Public works -				
Public works administration	106,757	107,130	95,378	11,752
Highways and streets	542,020	544,629	449,609	95,020
Traffic engineering	88,681	89,054	82,448	6,606
Solid waste collection	471,449	472,195	467,784	4,411
Maintenance and shop	56,144	56,517	57,935	(1,418)
Total public works	1,265,051	1,269,525	1,153,154	116,371

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and Recreation -				
Parks administration	\$ 80,972	\$ 81,345	\$ 73,224	\$ 8,121
Parks operation	236,758	237,131	172,930	64,201
Swimming pools	175,355	175,355	136,400	38,955
Senior center	9,950	9,950	8,478	1,472
Total culture and recreation	503,035	503,781	391,032	112,749
Public welfare -				
Tourism	32,500	32,500	26,594	5,906
Total public welfare	32,500	32,500	26,594	5,906
Housing and development -				
Protective inspection	192,190	192,936	169,116	23,820
Total housing and development	192,190	192,936	169,116	23,820
Total expenditures	6,728,516	6,804,993	6,021,138	783,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(366,000)	(366,000)	517,818	883,818
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	66,000	66,000	69,065	3,065
Transfers to other funds	-	-	(10,860)	(10,860)
	66,000	66,000	58,205	(7,795)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(300,000)	(300,000)	576,023	876,023
FUND BALANCES:				
Beginning	6,819,166	6,819,166	6,819,166	-
Ending	\$6,519,166	\$6,519,166	\$7,395,189	\$ 876,023

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

CITY OF FORT OGLETHORPE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	<u>Special Revenue</u>				<u>Capital Projects</u>	
	<u>Confiscated Assets</u>	<u>Law Enforcement</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>	<u>CDBG Grant</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 23,403	\$ 1,047	\$ -	\$ 24,450	\$ -	\$ 24,450
Other receivables	-	-	-	-	4,376	4,376
 Total assets	<u>\$ 23,403</u>	<u>\$ 1,047</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ 4,376</u>	<u>\$ 28,826</u>
 LIABILITIES AND FUND BALANCES:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 4,376	\$ 4,376
 Fund balances:						
Unreserved, designated for specific purposes	23,403	1,047	-	24,450	-	24,450
 Total fund balances	<u>23,403</u>	<u>1,047</u>	<u>-</u>	<u>24,450</u>	<u>-</u>	<u>24,450</u>
 Total liabilities and fund balances	<u>\$ 23,403</u>	<u>\$ 1,047</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ 4,376</u>	<u>\$ 28,826</u>

CITY OF FORT OGLETHORPE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Law Enforcement</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>	<u>CDBG Grant</u>	
REVENUES:						
Taxes	\$ -	\$ -	\$ 53,389	\$ 53,389	\$ -	\$ 53,389
Intergovernmental	-	10,763	-	10,763	13,424	24,187
Fines, fees and forfeitures	888	-	-	888	-	888
Interest	520	46	-	566	-	566
Other	-	386	-	386	-	386
Total revenues	<u>1,408</u>	<u>11,195</u>	<u>53,389</u>	<u>65,992</u>	<u>13,424</u>	<u>79,416</u>
EXPENDITURES:						
Current -						
Public safety	<u>13,204</u>	<u>14,509</u>	<u>-</u>	<u>27,713</u>	<u>-</u>	<u>27,713</u>
Total expenditures	<u>13,204</u>	<u>14,509</u>	<u>-</u>	<u>27,713</u>	<u>-</u>	<u>27,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,796)</u>	<u>(3,314)</u>	<u>53,389</u>	<u>38,279</u>	<u>13,424</u>	<u>51,703</u>
OTHER FINANCING SOURCES (USES):						
Transfer from other funds	-	10,860	-	10,860	-	10,860
Transfer to other funds	<u>-</u>	<u>(15,676)</u>	<u>(53,389)</u>	<u>(69,065)</u>	<u>(13,424)</u>	<u>(82,489)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(11,796)</u>	<u>(8,130)</u>	<u>-</u>	<u>(19,926)</u>	<u>-</u>	<u>(19,926)</u>
FUND BALANCES:						
Beginning	<u>35,199</u>	<u>9,177</u>	<u>-</u>	<u>44,376</u>	<u>-</u>	<u>44,376</u>
Ending	<u>\$ 23,403</u>	<u>\$ 1,047</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ -</u>	<u>\$ 24,450</u>

FINANCIAL SCHEDULES

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>Total</u>
TAXES RECEIVABLE,					
Beginning	\$ -	\$ 251,303	\$ 51,297	\$ 11,898	\$ 314,498
TAX LEVY	1,328,224	-	-	-	1,328,224
ADJUSTMENTS:					
Releases, net of pickups	(1,048)	(1,436)	(1,354)	-	(3,838)
COLLECTIONS	<u>(1,092,875)</u>	<u>(194,372)</u>	<u>(34,628)</u>	<u>(11,164)</u>	<u>(1,333,039)</u>
TAXES RECEIVABLE,					
Ending	<u>234,301</u>	<u>55,495</u>	<u>15,315</u>	<u>734</u>	<u>305,845</u>
Less allowance for uncollectible taxes	<u>(2,452)</u>	<u>(463)</u>	<u>(135)</u>	<u>(734)</u>	<u>(3,784)</u>
TAXES RECEIVABLE,					
Net	<u>\$ 231,849</u>	<u>\$ 55,032</u>	<u>\$ 15,180</u>	<u>\$ -</u>	<u>\$ 302,061</u>

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF WATER AND SEWER RATES
DECEMBER 31, 2010

The water and sewer rates for the City of Fort Oglethorpe, Georgia at December 31, 2010, are as follows -

	<u>Water Rates</u>	<u>Sewer Rates</u>
Residential:		
First 2,000 gallons	\$11.17/minimum	\$12.09/minimum
All over 2,000 gallons	\$2.87/1,000 gallons	\$3.11/1,000 gallons
Commercial:		
First 2,000 gallons	\$14.78/minimum	\$15.56/minimum
All over 2,000 gallons	\$5.66/1,000 gallons	\$6.04/1,000 gallons

As of December 31, 2010, the City had approximately 2,500 water and sewer customers.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Pass-Through Number</u>	<u>Beginning Accrued (Deferred)</u>	<u>Cash Receipts (Refunds)</u>	<u>Expenditures</u>	<u>Ending Accrued (Deferred)</u>
National Highway Traffic						
Safety Administration:						
Pass-through from Governor's Office of Highway Safety - State and Community Highway Safety	20.600	TEN-2010-216-0027	\$ 4,913	\$ 15,676	\$ 10,763	\$ -
Total Highway Safety Administration			4,913	15,676	10,763	-
U.S. Department of Justice:						
Justice Assistance Grant Byrne Vest Program	16.580	Unavailable	-	1,295	1,295	-
Total Department of Justice			-	1,295	1,295	-
U.S. Department of Homeland						
Security:						
Disaster Grants - Public Assistance	97.036	FEMA-1858-DR-GA	61,300	67,728	6,428	-
Total Department of Homeland Security			61,300	67,728	6,428	-
Total Federal Awards			<u>\$ 66,213</u>	<u>\$ 84,699</u>	<u>\$ 18,486</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

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

INTERNAL CONTROL AND COMPLIANCE SECTION



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

**To the Mayor and City Council
City of Fort Oglethorpe, Georgia:**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units (except for the financial statements of the Downtown Development Authority, which have not been audited), each major fund, and the aggregate remaining fund information of the City of Fort Oglethorpe, Georgia as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2011. 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'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.

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

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

Compliance and Other Matters

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

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

Johnson, Nicky & Menckson, P.C.

June 27, 2011

**SPECIAL LOCAL OPTION
SALES TAX**



INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

To the Mayor and City Council
City of Fort Oglethorpe, Georgia:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Fort Oglethorpe, Georgia for the year ended December 31, 2010, and have issued our report thereon dated June 27, 2011. We have also audited the accompanying schedule of the City's projects constructed with special local option sales tax funds, for the year ended December 31, 2010. This schedule is the responsibility of the management of the City. Our responsibility is to express an opinion on the schedule based on our audit.

Specific projects allowed to be expended with Catoosa County funds have been identified in resolutions dated April 7, 2003, and June 17, 2008, which approved the intergovernmental agreements allowing the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. Specific projects allowed to be expended with Walker County funds have been identified in intergovernmental agreements dated January 1, 1998, September 30, 2003, and October 1, 2008 which approved the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of the City's projects constructed with special local option sales tax funds are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of the City's projects constructed with special local option sales tax funds, as referred to above, presents fairly, in all material respects, the amounts of projects constructed with proceeds from the City's allocation of special local option sales tax for the year ended December 31, 2010, on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Mayor and City Council, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Hickey & Murchison, P.C.

June 27, 2011

**CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

PROJECT	ORIGINAL	REALLOCATIONS	REVISED	EXPENDITURES			PERCENTAGE
	ESTIMATED COST		ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	OF COMPLETION
Catoosa County Special							
Local Option Sales Tax -							
2004 Cycle							
Sewer projects	\$ 4,535,177	\$ (334,278)	\$ 4,200,899	\$ 3,294,897	\$ 906,002	\$ 4,200,899	100%
Street, parking lot, and sidewalk projects	565,843	597,123	1,162,966	788,961	374,005	1,162,966	100%
Public safety vehicles	359,980	385,681	745,661	674,836	70,825	745,661	100%
2009 Cycle							
Debt reduction for sewer bonds	3,395,245	-	3,395,245	-	622,406	622,406	18%
Lease payments on public safety vehicles	516,011	-	516,011	-	73,712	73,712	14%
Streets and trails	700,000	-	700,000	-	25,848	25,848	4%
Building renovations and improvements	2,000,000	-	2,000,000	-	-	-	0%
GIS and IT projects	350,000	-	350,000	-	-	-	0%
Vehicles and equipment	150,744	-	150,744	-	17,188	17,188	11%
Walker County Special							
Local Option Sales Tax -							
1998 Cycle							
Bike/pedestrian trail	97,500	(9,167)	88,333	-	28,005	28,005	32%
2003 Cycle							
Street, bridge, and sidewalk improvements, capital equipment, and other capital projects	107,250	(33,830)	73,420	-	-	-	0%
Sewer equipment	-	33,830	33,830	33,830	-	33,830	100%
2008 Cycle							
Street, bridge, and sidewalk improvements, capital equipment, and other capital projects	148,500	(20,748)	127,752	-	65,018	65,018	51%
Public safety equipment	-	20,748	20,748	20,748	-	20,748	100%
	<u>\$ 12,926,250</u>	<u>\$ 639,359</u>	<u>\$ 13,565,609</u>	<u>\$ 4,813,272</u>	<u>\$ 2,183,009</u>	<u>\$ 6,996,281</u>	
Reconciliation of current year expenditures -							
Total capital projects expenditures					601,851		
Capital projects for water and sewer fund					<u>1,581,158</u>		
					\$ 2,183,009		