CITY OF CAIRO, GEORGIA

Annual Financial Report

For the Year Ended June 30, 2011

CITY OF CAIRO, GEORGIA
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CITY OF CAIRO, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2011

ELECTED

Mayor
Richard VanLandingham

City Council
Lannis Thornton

Ernest W. Cloud, Jr.

James H. Douglas

Robert L. Gwaltney

Kermit Gilliard

APPOINTED

City Manager
Chris Addleton

Finance Director
Miriam Faircloth, CPA

City Clerk
Carolyn Lee

Human Resources Director
Carolyn Meades

City Attorney
Thomas L. Lehman

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Cairo, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Cairo, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cairo, Georgia's elected officials and management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the City of Cairo, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

ADVISORS AND CPAS 202 LOVE AVENUE PO BOX 7650 TIFTON, GEORGIA 31793 P 229 382 8576 F 229 238 0643
MEMBER OF CPAMERICA INTERNATIONAL

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Cairo, Georgia's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Cairo, Georgia. The accompanying Schedule of Special Purpose Local Option Sales Tax Expenditures is presented as required by the Official Code of Georgia Annotated. The Schedule of Special Purpose Local Option Sales Tax Expenditures is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Special Purpose Local Option Sales Tax Expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Bowen Phillips, LLP

December 21, 2011
Tifton, Georgia

Management's Discussion and Analysis

As management of the City of Cairo, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The City has $56.6 million in total assets of which $34.3 million are capital assets.
- The City has $23.0 million in total liabilities of which $16.5 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $33.5 million (net assets). Of this amount, $10.9 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $17.6 million is invested in capital assets net of related debt.
- The City's total net assets increased by $2.1 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $8 million, an increase of $376 thousand in comparison with the prior year. This amount consists of $4 million reserved for specific projects and public services and an unreserved balance of $4 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $4 million, or 61.9% of total general fund expenditures.
- The City's long-term debt decreased by $1.2 thousand during the current fiscal year as a result of scheduled principle payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (which serves as an introduction to the City's basic financial statements), the *basic financial statements*, and *supplementary information* that presents combining statements for nonmajor governmental funds and nonmajor enterprise funds as well as other selected information. The City's basic financial statements consist of three components: 1) Government-Wide financial statements, 2) Fund financial statements and 3) Notes to financial statements.

Government-Wide Financial Statements

The primary role of the government-wide financial statements is to demonstrate operational accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Cairo's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. 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 the question - is the City's financial health improving or deteriorating?

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. The statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The reader would need to consider other non-financial factors, 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.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the City include general

government, public safety, public works, parks and recreation, community development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric, gas, cable TV, solid waste, landfill, airport operations, and telecommunications.

The government-wide financial statements include not only the City of Cairo itself (known as the *primary government*), but also a legally separate City of Cairo Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The primary role of the Fund financial statements is to demonstrate fiscal accountability. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

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

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

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

The City maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund only, because it is considered to be a major fund. Data from the other six (6) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds
The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Electric Revenue Fund, Cable TV Fund, Solid Waste Fund, Airport Fund, Telecommunications Fund, Landfill Fund and Gas Revenue Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Electric Revenue Fund, and the Cable TV Fund, all of which are considered to be major funds of the City. Conversely, the non-major enterprise funds are combined into single aggregated presentations in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

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

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenditures, and Changes in Net Assets Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $33.5 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (60.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2011 and 2010.

Table 2
Condensed Statement of Net Assets

	Governmental Activities		Business – type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	$ 8,405,040	$ 7.936,235	$ 13,804,767	$ 12,259,868	$ 22,209,807	$ 20,196,103
Capital assets	4,621,011	4,654,795	29,721,201	30,021,126	34,342,212	34,675,921
Total assets	13,026,051	12,591,030	43,525,968	42,280,994	56,552,019	54,872,024
Liabilities						
Other liabilities	216,845	124,115	6,338,056	5,698,192	6,554,901	5,822,307
Long-term liabilities	529,320	630,281	15,959,858	17,045,778	16,489,178	17,676,059
Total liabilities	746,165	754,396	22,297,914	22,743,970	23,044,079	23,498,366
Net assets						
Invested in capital assets, net of related debt	4,056,277	4,090,061	13,565,702	12,762,741	17,621,979	16,852,802
Restricted	3,924,327	4,117,391	978,768	942,295	4,903,095	5,059,686
Unrestricted	4,299,282	3,629,182	6,683,584	5,831,988	10,982,866	9,461,170
Total net assets	$ 12,279,886	$ 11,836,634	$ 21,228,054	$ 19,537,024	$ 33,507,940	$ 31,373,658

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets exceed liabilities by $33.5 million for 2011 as compared to $31.37 million for 2010 for an increase of 6%. Of this amount $21.2 million came from business-type activities and $12.28 million came from governmental activities.

An additional portion of the City's net assets (14.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($10.98 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase of $1.5 million or 13.9% from 2010.

For governmental activities, the City reported a balance of $4.3 million in unrestricted net assets. This is an increase of $670 thousand from 2010. The business-type activities unrestricted net assets were $6.68 million, a increase of $852 thousand from 2010.

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

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended June 30, 2011 and 2010. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

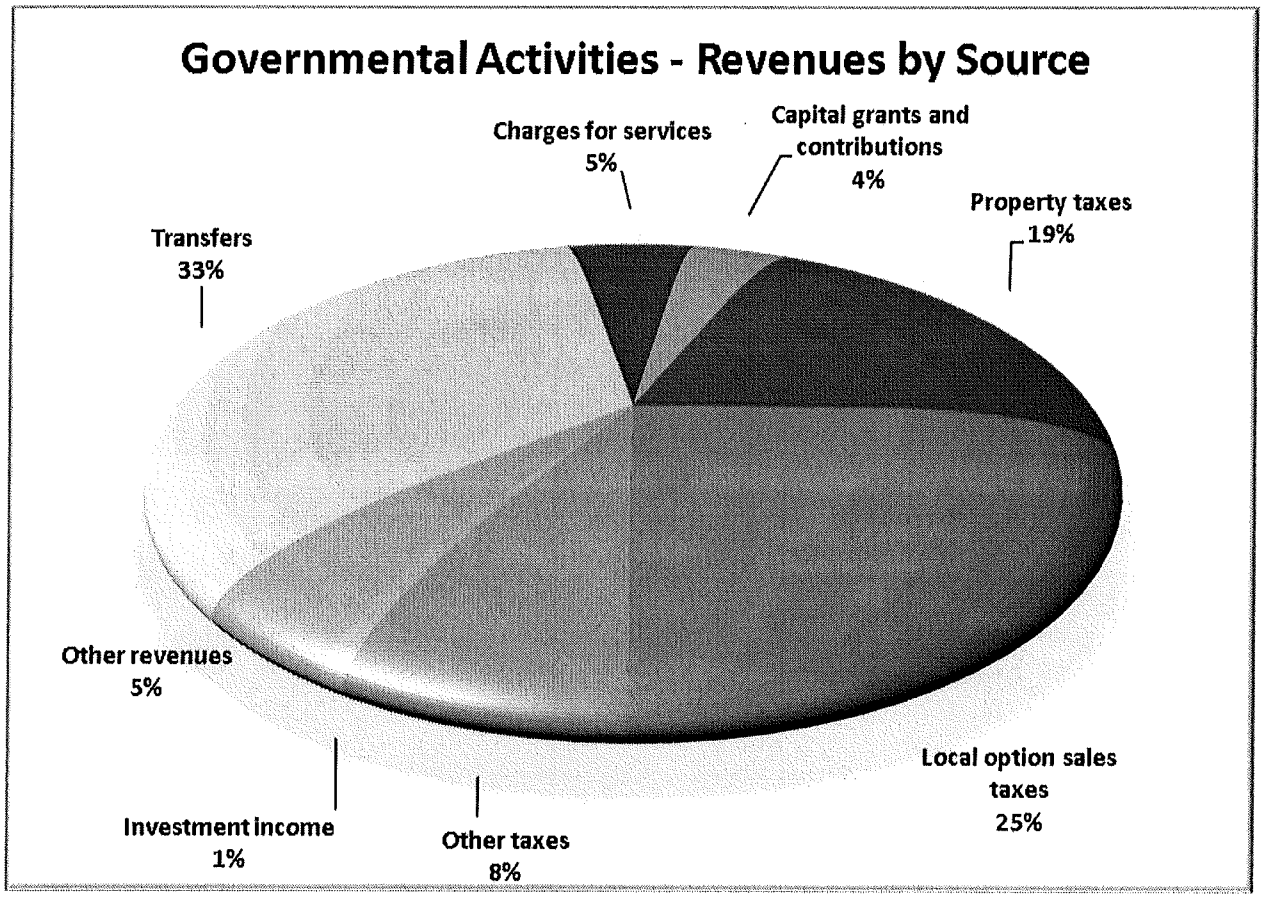
	Governmental Activities		Business – type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	$ 393,110	$ 387,222	$ 25,852,547	$ 25,399,331	$ 26,245,657	$ 25,786,553
Operating grants and contributions	--	1,069	--	--	--	1,069
Capital grants and contributions	295,547	423,122	--	--	295,547	423,122
General revenues:						
Property taxes	1,438,822	1,488,492	--	--	1,438,822	1,488,492
Local option sales taxes	1,884,551	1,866,610	--	--	1,884,551	1,866,610
Other taxes	639,397	670,470	--	--	639,397	670,470
Investment income	61,653	65,285	17,443	(37,185)	79,096	28,100
Gain (loss) on disposal of capital assets	--	--	463,716	465,601	463,716	465,601
Other revenues	370,217	553,312	372,251	270,592	742,468	823,904
Total revenues	5,083,297	5,455,582	26,705,957	26,098,339	31,789,254	31,553,921
Expenses						
General government	1,066,472	2,746,712	--	--	1,066,472	2,746,712
Public safety	3,396,777	3,302,254	--	--	3,396,777	3,302,254
Public works	1,295,754	944,042	--	--	1,295,754	944,042
Parks and recreation	814,560	515,425	--	--	814,560	515,425
Community development	553,659	421,122	--	--	553,659	421,122
Interest - long-term debt	13,188	17,376	--	--	13,188	17,376
Water and sewer	--	--	3,575,624	3,610,217	3,575,624	3,610,217
Electric revenue	--	--	12,171,105	11,638,459	12,171,105	11,638,459
Gas revenue	--	--	1,410,920	1,273,298	1,410,920	1,273,298
Cable TV	--	--	3,127,267	2,792,236	3,127,267	2,792,236
Garbage and trash	--	--	1,039,523	1,113,684	1,039,523	1,113,684
Airport	--	--	140,974	140,111	140,974	140,111
Telecommunications	--	--	414,471	375,168	414,471	375,168
Landfill	--	--	634,679	617,886	634,679	617,886
Total expenses	7,140,410	7,946,931	22,514,563	21,561,059	29,654,973	29,507,990
Increase (decrease) in net assets before transfers	(2,057,113)	(2,491,349)	4,191,3940	4,537,280	2,134,281	2,045,931
Transfers	2,500,364	1,897,028	(2,500,364)	(1,897.028)	--	--
Change in net assets	$ 443,251	$ (594,321)	$ 1,691,030	$ 2,640,252	$ 2,134,281	$ 2,045,931

Governmental activities during the fiscal year ended June 30, 2011, increased the City's net assets by $443 thousand. Business-type activities during the same period increased net assets by $1.7 million. The net change in net assets was an increase of $2.13 million. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2011 revenues from governmental activities at $5.08 million while expenses were $7.14 million. Business-type activities total revenues for 2011 were $26.70 million while expenses were $22.5 million. Transfers from business-type activities are the largest governmental activity revenue source at $2.5 million or 33%. The next largest revenue source for governmental activities comes from local option sales taxes of $1.88 million which is 24.9% of the total governmental activity funding. Revenues from property taxes are the third largest governmental activity revenue source at $1.43 million or 19%. Business-type activities program revenues exceeded expenses by $4.19 million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

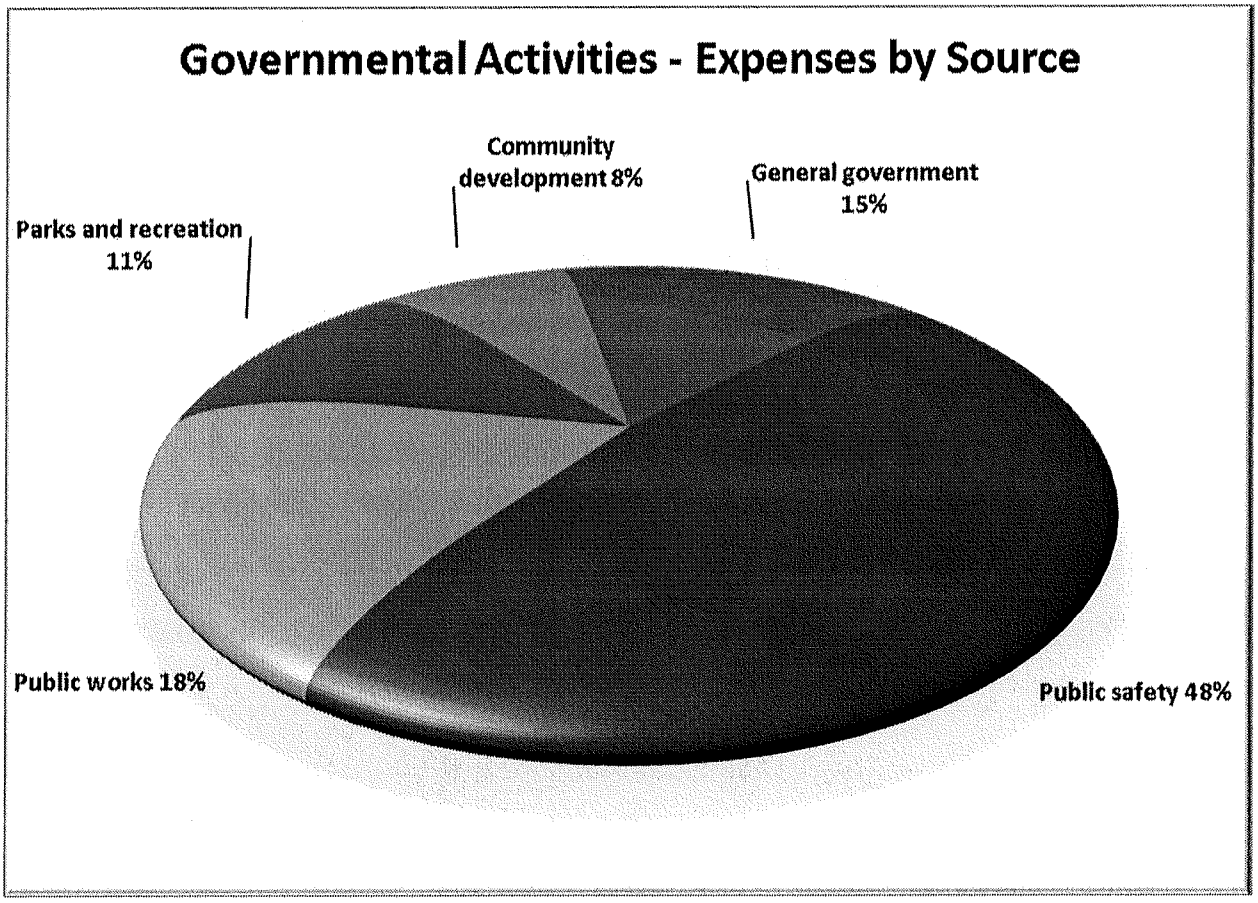
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through local option sales taxes (24.9%) of the primary government. For the year ended June 30, 2011, these revenues were $1.88 million.



Governmental Activities – Expenses by Source

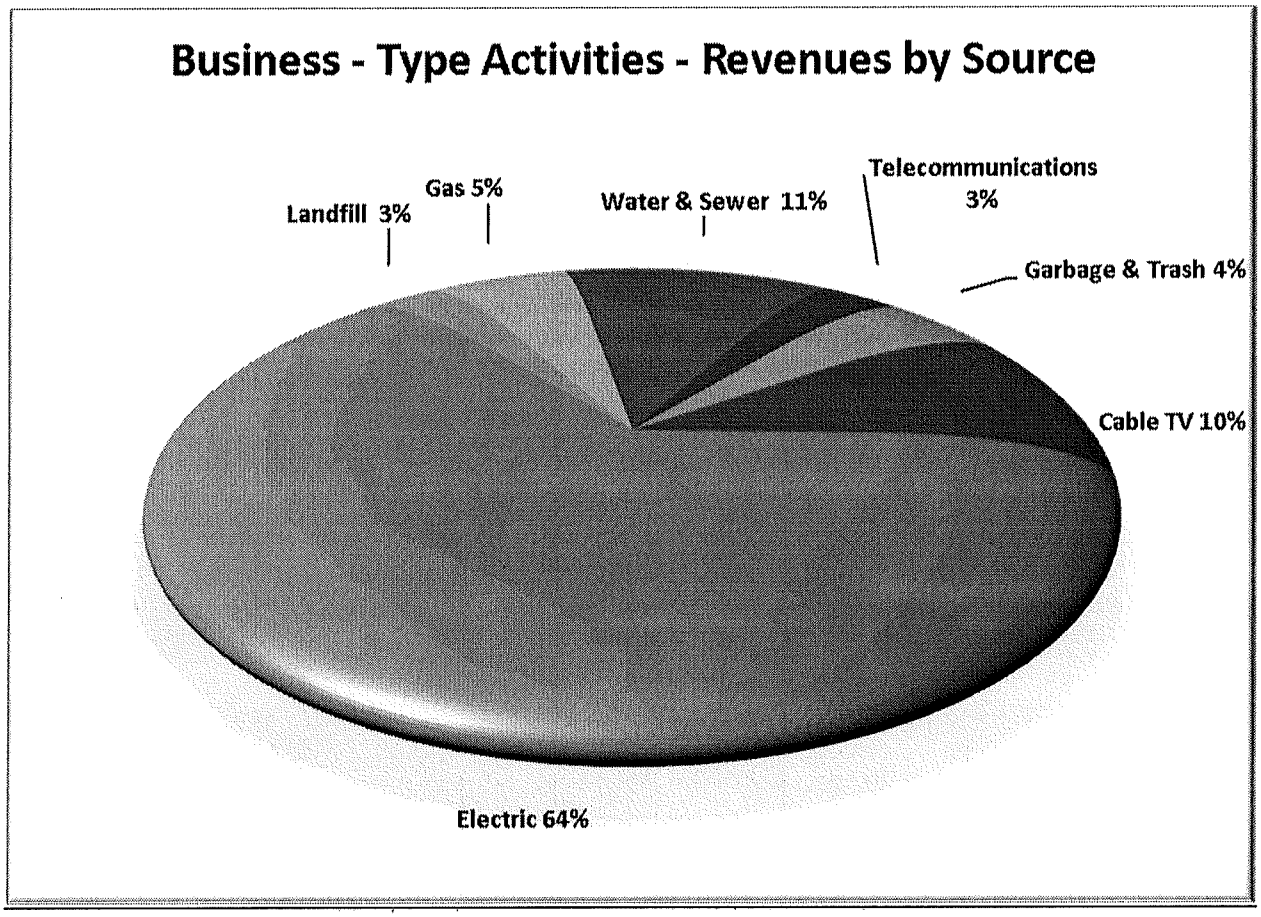
The following chart shows the governmental activities expenses by source. The City of Cairo spent the greatest amount of its available funding on Public safety (48%). The next largest funding was required for general government at (15%).



Program Revenues and Expenses for Business-Type Activities

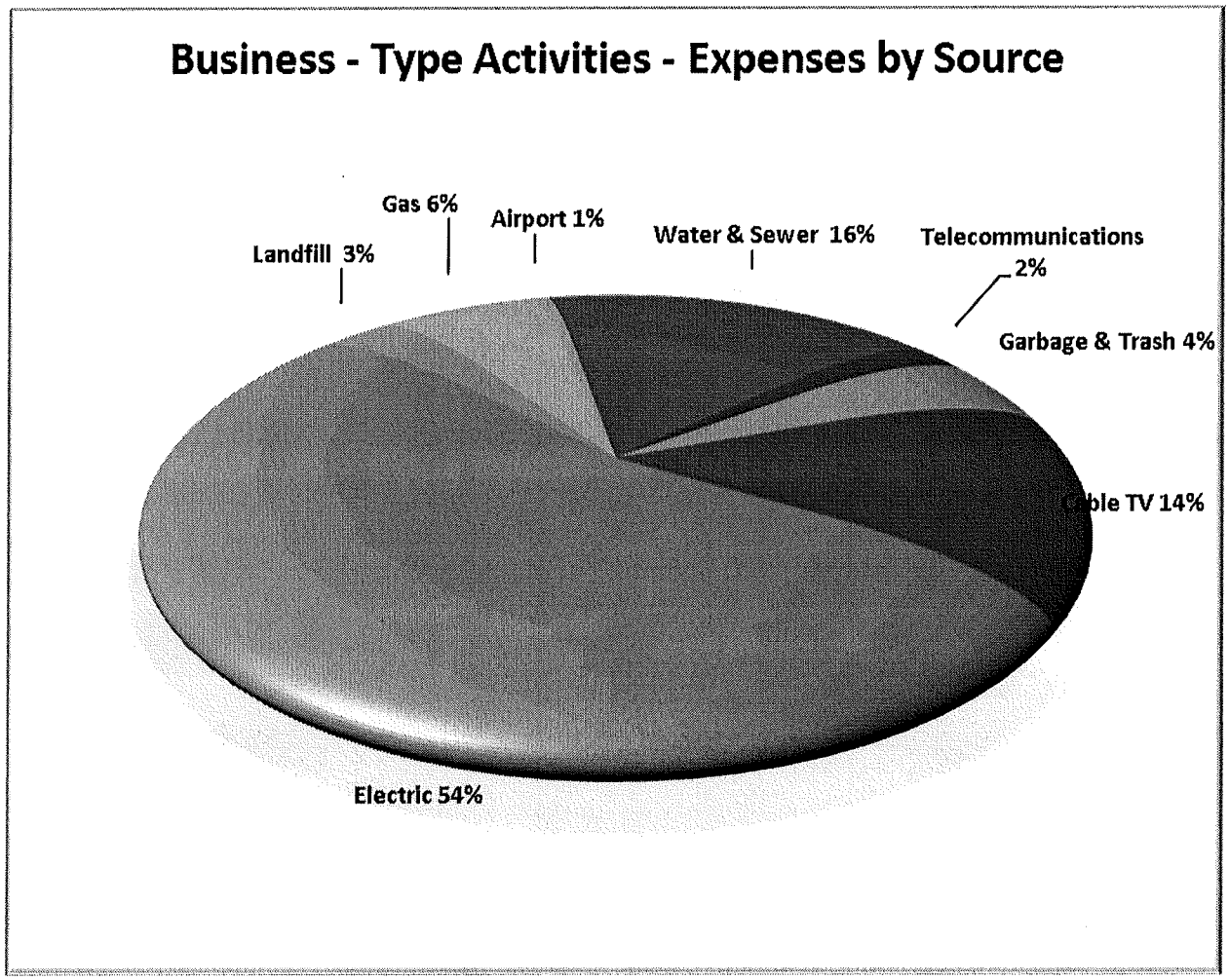
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues (64%) or $16.4 million are generated by the Electric Revenue Fund than all other business-type activities combined at (37%) or $9.36 million.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 54% or $12.2 million but generated profits of $4.2 million before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Cairo has only one major governmental fund which is the General Fund. At June 30, 2011, the General Fund had a fund balance of $4.01 million. This is an increase of $556 thousand from the beginning fund balance.

The fund balances for the other governmental funds decreased by $180 thousand. The final fund balance for these funds was $4.03 million at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Water and Sewer Fund, Electric Revenue Fund, Cable TV Fund, and the non major enterprise funds consisting of the Solid Waste, Airport, Telecommunications, Landfill, and Gas Revenue Funds showed a combined cash balance of $5.68 million for the year ended June 30, 2011. This was a increase of $420 thousand from the previous year.

The Water and Sewer Fund had an ending cash balance of $1.33 million at June 30, 2011. This was a decrease of $423 thousand from the previous year.

The Electric Fund had an ending cash balance of $21 thousand. This is an decrease of $536 thousand from the previous year.

The Cable TV Fund showed an ending cash balance of $1.08 million which is a increase of $267 thousand from the beginning cash balance.

The combined cash balance of the non-major enterprise funds at the end of the year was $3.25 million. This is an increase of $271 thousand from the beginning cash balance. The cash balance is principally from the operations of the City's Landfill Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2011 related to the transfer of budgeted amounts between departments and additional appropriations were due to elimination of interfund payables.

The actual revenues of the General Fund were more than final budgeted amounts by $159 thousand for the year ended June 30, 2011. The major factor contributing to this difference was an increase in the local option sales tax collected.

The actual expenditures of the General Fund were less than final budgeted amounts by $2 thousand for the year ended June 30, 2011. The major factor contributing to this difference was a decrease in actual expenditures in several departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, governmental activities and business-type activities had capital assets of $34.34 million (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased $33 thousand from the 2010 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities decreased by $299 thousand from the prior year due to current year acquisitions net of depreciation costs.

Additional information on the City's capital assets can be found in Note F of the Notes to Financial Statements.

Long-term Debt

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

At June 30, 2011, the City had $529 thousand of outstanding long-term liabilities related to governmental activities and $15.9 million of long-term liabilities related to business-type activities for a total of $16.43 million compared to the previous year's total of $17.6 million. This is a decrease of $1.2 million as a result of scheduled principle payments.

The City's component unit had $1.475 million in long-term debt outstanding in connection with City of Cairo Development Authority Taxable Revenue Bonds used to construct a United States Post Office. Under a lease agreement with the Postal Service, the Postal Service is to make rental payments to be used for the purpose of paying the principle and interest payments on the bonds until April of 2020.

The City's component unit also had $490 thousand in long-term debt outstanding in connection with City of Cairo Development Authority Taxable Revenue Bonds used for the acquisition, construction, and equipping of a cable television and telecommunications system The Authority and the City of Cairo entered into a lease contract whereby the Authority will lease to the City of Cairo the cable television and communications system. The lease contract appoints the City of Cairo as the agent for the Authority to contract for and complete the acquisition, construction and equipping of the project. The term of the lease begins with the issuance and delivery by the Authority of the bonds and shall continue in full force and effect until all bonds which shall have been issued and are outstanding and the interest thereon have been paid or provision for the payment thereof shall have been made but in no event shall the term exceed thirty years.

Additional information on the City's long-term debt can be found in Note G of the Notes to Financial Statements.

FACTORS AFFECTING THE 2011 BUDGET

The Mayor and Council of the City of Cairo considered many factors when approving the City's 2011 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenses in 2011 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

City Finance Department
City of Cairo
119 North Broad Street
Cairo, Georgia 31728

Basic Financial Statements

CITY OF CAIRO, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Cairo Development Authority
ASSETS				
Cash and cash equivalents	$ 827,356	$ 684,823	$ 1,512,179	$ -
Investments	-	6,480,973	6,480,973	-
Accounts receivable, net	39,324	3,010,757	3,050,081	-
Property tax receivable	-	-	-	-
Inventories	11,394	1,068,792	1,080,186	-
Other current assets	139,710	73,869	213,579	25,521
Due from other governments	-	-	-	-
Due from component unit	6,300	-	6,300	-
Due from primary government	-	-	-	-
Internal balances	3,380,960	(3,380,960)	-	-
Restricted assets:				
Cash and cash equivalents	3,073,845	5,003,873	8,077,718	93,128
Investments	-	-	-	592,441
Sales tax receivable	83,178	-	83,178	-
Program receivables	842,973	-	842,973	1,964,817
Investment in SGBDA	-	651,025	651,025	-
Other noncurrent assets	-	211,615	211,615	40,232
Capital assets:				
Land	425,666	1,601,315	2,026,981	-
Construction in progress	-	280,391	280,391	-
Other capital assets, net of accumulated depreciation	4,195,345	27,839,495	32,034,840	-
Total assets	13,026,051	43,525,968	56,552,019	2,716,139
LIABILITIES				
Accounts payable	214,815	2,257,450	2,472,265	-
Accrued expenses	30	425,796	425,826	41,276
Customer deposits	-	329,285	329,285	-
Deferred revenues	2,000	2,046,621	2,048,621	1,029,231
Due to other governments	-	10,402	10,402	-
Due to primary government	-	-	-	6,300
Due to component unit	-	-	-	-
Short term notes payable	-	-	-	-
Liabilities payable from restricted assets	-	1,268,502	1,268,502	200,000
Long-term liabilities:				
Due within one year	77,820	71,498	149,318	-
Due in more than one year	451,500	15,888,360	16,339,860	1,765,000
Total liabilities	746,165	22,297,914	23,044,079	3,041,807
NET ASSETS				
Invested in capital assets, net of related debt	4,056,277	13,565,702	17,621,979	-
Restricted for:				
Debt service	-	978,768	978,768	-
Capital projects	3,888,467	-	3,888,467	-
Public services	24,545	-	24,545	-
Perpetual care - nonexpendable	11,315	-	11,315	-
Unrestricted (deficit)	4,299,282	6,683,584	10,982,866	(325,668)
Total net assets	$ 12,279,886	$ 21,228,054	$ 33,507,940	$ (325,668)

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 1,066,472	$ 393,110	$ -	$ -	$ (673,362)
Public safety	3,396,777	-	-	-	(3,396,777)
Public works	1,295,754	-	-	-	(1,295,754)
Parks and recreation	814,560	-	-	-	(814,560)
Community development	553,659	-	-	295,547	(258,112)
Interest on long-term debt	13,188	-	-	-	(13,188)
Total governmental activities	7,140,410	393,110	-	295,547	(6,451,753)
Business-type activities:					
Water and sewer	3,575,624	2,828,138	-	-	(747,486)
Electric revenue	12,171,105	16,421,645	-	-	4,250,540
Gas revenue	1,410,920	1,428,824	-	-	17,904
Cable TV	3,127,267	2,545,453	-	-	(581,814)
Garbage and trash	1,039,523	1,140,362	-	-	100,839
Airport	140,974	67,960	-	-	(73,014)
Telecommunications	414,471	751,478	-	-	337,007
Landfill	634,679	668,687	-	-	34,008
Total business-type activities	22,514,563	25,852,547	-	-	3,337,984
Total primary government	29,654,973	26,245,657	-	295,547	(3,113,769)
Component unit:					
City of Cairo Development Authority	$ 102,704	$ -	$ -	$ -	$ (102,704)

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Cairo Development Authority
Change in net assets:				
Net (expense) revenue	$ (6,451,753)	$ 3,337,984	$ (3,113,769)	$ (102,704)
General revenues:				
Taxes:				
Property taxes	1,438,822	-	1,438,822	-
Local option sales taxes	1,884,551	-	1,884,551	-
Other taxes	639,397	-	639,397	-
Investment income	61,653	17,443	79,096	93,867
Gain (loss) on disposal of capital assets	-	463,716	463,716	-
Other revenues	370,217	372,251	742,468	-
Transfers	2,500,364	(2,500,364)	-	-
Total general revenues and transfers	6,895,004	(1,646,954)	5,248,050	93,867
Change in net assets	443,251	1,691,030	2,134,281	(8,837)
Net assets, beginning of year	11,836,635	19,537,024	31,373,659	(316,831)
Net assets, end of year	$ 12,279,886	$ 21,228,054	$ 33,507,940	$ (325,668)

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 685,972	$ 141,384	$ 827,356
Investments	-	-	-
Accounts receivable, net	39,324	-	39,324
Property tax receivable	-	-	-
Inventories	11,394	-	11,394
Other current assets	-	-	-
Due from other governments	-	-	-
Due from component unit	6,300	-	6,300
Due from general fund	-	-	-
Due from other funds	3,389,358	-	3,389,358
Restricted assets:			
Cash and cash equivalents	9,443	3,064,402	3,073,845
Investments	-	-	-
Sales tax receivable	83,178	-	83,178
Program receivables	-	842,973	842,973
Total assets	4,224,969	4,048,759	8,273,728
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	211,609	3,206	214,815
Accrued expenses	30	-	30
Customer deposits	-	-	-
Deferred revenues	-	2,000	2,000
Due to other governments	-	-	-
Due to general fund	-	-	-
Due to other funds	-	8,398	8,398
Due to component unit	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	211,639	13,604	225,243
Fund balances			
Restricted for:			
Special purposes	-	4,001,291	4,001,291
Public services	-	35,860	35,860
Unassigned (deficit), reported in			
General Fund	4,013,330	-	4,013,330
Capital projects funds	-	(1,996)	(1,996)
Total fund balances (deficit)	4,013,330	4,035,155	8,048,485
Total liabilities and fund balances (deficit)	$ 4,224,969	$ 4,048,759	$ 8,273,728

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total governmental fund balances	$	8,048,485
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,621,011
Prepaid expenses are reported as an expenditure of current financial resources in the period purchased in governmental activities and, therefore, are not reported in the funds.		139,710
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(125,728)
Capital leases		(403,592)
Net assets of governmental activities	$	12,279,886

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 1,438,822	$ -	$ 1,438,822
Local option sales taxes	1,004,726	847,528	1,852,254
Other taxes and licenses	640,357	31,337	671,694
Fines, forfeitures and fees	334,285	-	334,285
Charges for services	393,110	-	393,110
Investment income	5,042	56,611	61,653
Intergovernmental	-	295,547	295,547
Other revenues	35,932	-	35,932
Total revenues	3,852,274	1,231,023	5,083,297
EXPENDITURES			
Current:			
General government	1,051,003	-	1,051,003
Public safety	3,364,756	-	3,364,756
Public works	929,752	-	929,752
Parks and recreation	780,274	-	780,274
Other costs	273,551	420,100	693,651
Capital outlays	-	299,547	299,547
Debt service:			
Principal	75,416	-	75,416
Interest	13,188	-	13,188
Total expenditures	6,487,940	719,647	7,207,587
Excess (deficiency) of revenues over expenditures	(2,635,666)	511,376	(2,124,290)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	4,351,315	2,481	4,353,796
Transfers to other funds	(1,159,679)	(693,753)	(1,853,432)
Sale of capital assets	-	-	-
Long - term debt issued	-	-	-
Total other financing sources (uses)	3,191,636	(691,272)	2,500,364
Net change in fund balances	555,970	(179,896)	376,074
Fund balances (deficit), beginning of year	3,457,360	4,215,051	7,672,411
Fund balances (deficit), end of year	$ 4,013,330	$ 4,035,155	$ 8,048,485

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$	376,074
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report prepaid expenses as expenditures. However, in the Statement of Activities the cost of the services are recorded as expenses in the period consumed.		-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital asset purchases capitalized		250,509
Depreciation expense		(284,293)
The issuance of long-term debt provides current financial resources to governemental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. The issuance of long term debt increases long term liabilities and the repayment of long term debt reduces long term liabilities in the statement of net assets.		
Issuance of capital lease		-
Debt payments made		75,416
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		25,545
Change in net assets of governmental activities	$	443,251

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ 1,396,500	$ 1,396,500	$ 1,438,822	$ 42,322
Local option sales taxes	900,000	900,000	1,004,726	104,726
Other taxes and licenses	644,500	644,500	640,357	(4,143)
Fines, forfeitures and fees	375,000	375,000	334,285	(40,715)
Charges for services	375,500	375,500	393,110	17,610
Investment income	5,000	5,000	5,042	42
Intergovernmental	-	-	-	-
Other revenues	(3,376)	(3,376)	35,932	39,308
Total revenues	3,693,124	3,693,124	3,852,274	159,150
EXPENDITURES				
Current:				
General government				
City council	141,306	146,142	146,328	(186)
City manager	300,871	295,200	293,829	1,371
Finance	254,538	229,229	229,852	(623)
Purchasing	-	-	-	-
Legal	4,942	5,990	5,925	65
Information systems	-	-	-	-
Municipal court	34,188	32,343	32,383	(40)
Human resources	180,472	160,276	160,591	(315)
Clerk of council	194,483	184,609	182,095	2,514
Main street program	-	-	-	-
Engineering	-	-	-	-
Garage	-	-	-	-
Total general government	1,110,800	1,053,789	1,051,003	2,786
Public safety				
Police	2,068,863	2,153,251	2,157,371	(4,120)
School crossing guards	-	-	-	-
Fire	971,420	978,972	981,861	(2,889)
Code enforcement	237,826	225,041	225,524	(483)
Total public safety	3,278,109	3,357,264	3,364,756	(7,492)
Public works				
Office of the director	144,209	156,207	156,528	(321)
Streets and sidewalks	1,535,693	574,327	574,516	(189)
Maintenance and shop	192,306	198,173	198,708	(535)
Total public works	1,872,208	928,707	929,752	(1,045)
Parks and recreation				
Recreation	58,848	66,175	65,972	203
Parks and cemetery	452,759	388,384	388,828	(444)
Library	237,500	237,500	237,500	-
Administration	84,908	87,120	87,974	(854)
Total parks and recreation	834,015	779,179	780,274	(1,095)

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Other costs	311,722	307,000	273,551	33,449
Capital outlays	-	-	-	-
Debt service:				
Principal	78,041	75,417	75,416	1
Interest	14,663	13,190	13,188	2
Total expenditures	7,499,558	6,514,546	6,487,940	26,606
Excess (deficiency) of revenues over expenditures	(3,806,434)	(2,821,422)	(2,635,666)	185,756
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,806,434	3,986,662	4,351,315	364,653
Transfers to other funds	-	(1,165,240)	(1,159,679)	5,561
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Other sources	-	-	-	-
Total other financing sources (uses)	3,806,434	2,821,422	3,191,636	370,214
Net change in fund balances	-	-	555,970	555,970
Fund balances (deficit), beginning of year	3,457,360	3,457,360	3,457,360	-
Fund balances (deficit), end of year	$ 3,457,360	$ 3,457,360	$ 4,013,330	$ 555,970

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 99,647	$ 21,340	$ 197,407	$ 366,429	$ 684,823
Investments	-	6,480,973	-	-	6,480,973
Accounts receivable, net	250,981	1,568,371	816,072	375,333	3,010,757
Inventories	95,108	571,801	354,969	46,914	1,068,792
Other current assets	31,772	6,801	2,063	33,233	73,869
Total current assets	477,508	8,649,286	1,370,511	821,909	11,319,214
Non - current assets					
Due from general fund	-	-	-	-	-
Due from other funds	-	2,896,594	8,397	81,120	2,986,111
Due from component unit	-	-	-	-	-
Due from other governments	-	-	-	-	-
Investment in SGBDA	-	-	651,025	-	651,025
Unamortized bond issuance cost	211,615	-	-	-	211,615
Restricted assets - cash	1,232,110	-	883,418	2,888,345	5,003,873
Capital assets:					
Land	1,419,016	118,595	-	63,704	1,601,315
Construction in progress	574,994	-	-	280,391	855,385
Other capital assets, net of accumulated depreciation	15,252,027	3,223,164	6,113,816	2,675,494	27,264,501
Total assets	19,167,270	14,887,639	9,027,167	6,810,963	49,893,039
LIABILITIES					
Current liabilities					
Accounts payable	125,607	1,791,272	197,407	143,164	2,257,450
Accrued expenses	31,163	129,347	34,754	230,532	425,796
Short term notes payable	-	-	-	-	-
Current portion of long - term debt	-	28,516	-	42,982	71,498
Customer deposits	-	329,285	-	-	329,285
Deferred revenue	-	-	442,973	22,628	465,601
Due to general fund	-	-	3,389,358	-	3,389,358
Due to other governments	-	-	-	10,402	10,402
Due to other funds	-	81,119	2,896,594	-	2,977,713
Liabilities payable from restricted assets:					
Current portion of long - term debt	551,484	-	717,018	-	1,268,502
Total current liabilities	708,254	2,359,539	7,678,104	449,708	11,195,605
Long - term debt, net of current portion	8,722,955	446,910	4,414,391	300,618	13,884,874
Deferred revenue	-	-	1,581,020	-	1,581,020
Compensated absences	33,975	40,908	-	19,026	93,909
Other liabilities - environmental remediation	-	-	-	1,909,577	1,909,577
Total liabilities	9,465,184	2,847,357	13,673,515	2,678,929	28,664,985
NET ASSETS					
Invested in capital assets, net of related debt	9,094,443	2,866,333	-	1,604,926	13,565,702
Restricted for debt service	-	-	-	978,768	978,768
Unrestricted (deficit)	607,643	9,173,949	(4,646,348)	1,548,340	6,683,584
Total net assets	$ 9,702,086	$ 12,040,282	$ (4,646,348)	$ 4,132,034	$ 21,228,054

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Utility revenues	$ -	$ 16,747,108	$ -	$ 1,429,353	$ 18,176,461
Charges for services	2,909,723	-	2,484,043	2,654,571	8,048,337
Intergovernmental	-	-	-	-	-
Total operating revenues	2,909,723	16,747,108	2,484,043	4,083,924	26,224,798
OPERATING EXPENSES					
Salaries and wages	951,798	447,921	123,974	588,304	2,111,997
Operating, administrative and maintenance	1,588,587	11,410,480	2,229,031	2,699,524	17,927,622
Depreciation	630,883	292,407	463,389	333,395	1,720,074
Total operating expenses	3,171,268	12,150,808	2,816,394	3,621,223	21,759,693
Operating income (loss)	(261,545)	4,596,300	(332,351)	462,701	4,465,105
NON - OPERATING INCOME (EXPENSES)					
Interest income	3,832	9,281	-	28,519	41,632
Loss from joint venture	-	-	(24,189)	-	(24,189)
Interest expense	(404,356)	(20,297)	(310,873)	(19,344)	(754,870)
Gain (loss) on disposal of capital assets	-	-	442,973	20,743	463,716
Income (loss) before contributions and transfers	(662,069)	4,585,284	(224,440)	492,619	4,191,394
Capital contributions	-	-	-	-	-
Transfers from other funds	1,501,666	990,100	389,767	511,589	3,393,122
Transfers to other funds	(231,954)	(3,631,314)	(112,800)	(1,917,418)	(5,893,486)
Change in net assets	607,643	1,944,070	52,527	(913,210)	1,691,030
Net assets (deficit), beginning of year	9,094,443	10,096,212	(4,698,875)	5,045,244	19,537,024
Net assets (deficit), end of year	$ 9,702,086	$ 12,040,282	$ (4,646,348)	$ 4,132,034	$ 21,228,054

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$ 2,795,750	$ 16,001,064	$ 2,401,043	$ 4,380,220	$ 25,578,077
Other operating receipts	-	-	(59,699)	26,613	(33,086)
Cash payments to employees	(950,975)	(418,430)	(123,974)	(433,429)	(1,926,808)
Cash payments to suppliers	(1,501,432)	(10,620,117)	(2,159,220)	(2,452,808)	(16,733,577)
Net cash provided (used) by operating activities	343,343	4,962,517	58,150	1,520,596	6,884,606
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,501,666	990,100	389,767	511,589	3,393,122
Transfers to other funds	(231,954)	(3,631,314)	(112,800)	(1,917,418)	(5,893,486)
Net change in due from general fund	-		-	-	-
Net change in due from other funds	-	(1,417,130)	(8,397)	279,223	(1,146,304)
Net change in due from component unit	-	-	-	-	-
Net change in due to general fund	-	-	542,761	-	542,761
Net change in due to other funds	-	81,119	405,930	10,402	497,451
Net cash provided (used) by noncapital financing activities	1,269,712	(3,977,225)	1,217,261	(1,116,204)	(2,606,456)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of long - term debt	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Proceeds from capital contributions	-	-	-	-	-
Acquisition and construction of capital assets	(1,098,657)	(115,040)	(109,088)	(100,816)	(1,423,601)
Principal payments on long - term debt	(537,222)	(52,422)	(588,489)	(41,285)	(1,219,418)
Interest paid	(404,356)	(20,927)	(310,873)	(19,344)	(755,500)
Net cash provided (used) by capital and related financing activities	(2,040,235)	(188,389)	(1,008,450)	(161,445)	(3,398,519)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	-	-	-	-	-
Purchase of investments	-	(1,341,919)	-	-	(1,341,919)
Loan disbursements	-	-	-	-	-
Interest received	3,832	9,281	-	28,519	41,632
Net cash provided (used) by investing activities	3,832	(1,332,638)	-	28,519	(1,300,287)
Net increase (decrease) in cash and cash equivalents	(423,348)	(535,735)	266,961	271,466	(420,656)
Cash and cash equivalents, beginning of year	1,755,105	557,075	813,864	2,983,308	6,109,352
Cash and cash equivalents, end of year	$ 1,331,757	$ 21,340	$ 1,080,825	$ 3,254,774	$ 5,688,696

See accompanying notes to financial statements.

CITY OF CAIRO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (261,545)	$ 4,596,300	$ (332,351)	$ 462,701	$ 4,465,105
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	630,883	292,407	463,389	333,395	1,720,074
Closure / post closure costs	-	-	-	183,321	183,321
Other	16,278	-	-	-	16,278
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(113,973)	(766,955)	(83,000)	322,909	(641,019)
Inventories	(4,043)	73,671	(32,584)	(8,718)	28,326
Other current assets	19,926	11,504	3,050	30,605	65,085
Due from general fund	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from component unit	-	-	-	-	-
Increase (decrease) in:					
Accounts payable	54,994	705,188	18,293	16,364	794,839
Accrued expenses	823	50,402	21,353	180,019	252,597
Due to general fund	-	-	-	-	-
Due to other funds	-	-	-	-	-
Net cash provided (used) by operating activities	$ 343,343	$ 4,962,517	$ 58,150	$ 1,520,596	$ 6,884,606

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cairo, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, the City has adopted GASB Statement of Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.* The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989 unless those pronouncements are inconsistent with GASB pronouncements. The more significant of the government's accounting policies are described below.

I. Reporting Entity

The City of Cairo was incorporated in 1906. The City's Charter provides for a Council-Mayor form of government. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the city government. The legislative authority of the City is vested in the Mayor and five Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire), public works, recreation, airport, and public utilities (water and sewer, gas, electric, solid waste, landfill, cable TV and Internet services).

The financial reporting entity has been determined by management in accordance with accounting principles generally accepted in the United States of America to be the City of Cairo (the primary government) and its component unit. A component unit is a legally separate organization for which the primary government is financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of the component unit included in the City's reporting unit as a discretely presented component unit.

City of Cairo Development Authority

The City of Cairo Development Authority (the Authority) plans and develops the downtown area of the City in order to attract new business and residences. The Mayor and Council elect all three members of the Authority's Board and the City possesses the authority to review, approve and revise the Authority's budget and governs collection and disbursement of its funds. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not issued.

II. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Changes in Net Assets) report information on all non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments* in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues to be available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The *General Fund* is the principal fund of the City and is used to account for all of its activities not otherwise accounted for by a specified fund.

Additionally the City reports the following governmental fund types:

The *Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The *Capital Projects Funds* are used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds. These projects are financed through budget appropriations, revenue bonds, sales tax proceeds and general obligation sales tax, and capital leases.

Proprietary Funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

The City reports the following major enterprise funds:

The *Water and Sewer Fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The *Electric Revenue Fund* accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The *Cable TV Fund* accounts for the provision of cable television services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Component Units: All component units are reported using the *economic resources measurement focus basis* and the *accrual basis of accounting.* Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored through subsequent years' budget appropriations.

Cash and Cash Equivalents

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

Investments

State Statutes authorize the City and the Authority to invest in obligations of the State of Georgia, obligations issued by the United States Government, obligations fully insured or guaranteed by the United States Government or by a government agency of the United States, obligations of any corporation of the United States Government, prime bankers' acceptances, the local government's investment pool established by Georgia Law, repurchase agreements, and obligations of other political sub-divisions of the State of Georgia, and, additionally, certificates of deposits, NOW accounts, and money market accounts of banks, which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such investment shall be secured by direct obligations of the State of Georgia or the United States, which are of a par value equal to one hundred ten percent (110%) of funds on deposit at the institution.

Investments for the City and its component unit are reported at fair value.

Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Inventories

Inventory in enterprise funds is valued at the lower of cost or market using the first-in / first-out method. Inventory in the governmental funds is valued at cost and consists of expendable supplies held for consumption. The City accounts for inventory on the purchase basis.

Prepaid Items

Certain payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements of the enterprise funds.

Interfund Receivables / Payables

Outstanding balances between funds at the end of the fiscal year are referred to as either "Due From Other Funds" or "Due To Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Restricted Assets

Certain assets of the City and the Authority are subject to restrictions imposed by parties outside the government (such as creditors, grantors, contributors, and laws or regulations of other governments). The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use, thereof, to a future project or replacement equipment acquisition.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold at $5,000 for reporting capital assets and infrastructure assets. All fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the year ended June 30, 2011 no interest incurred was attributable to the cost of capital assets associated with construction projects.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Governmental Assets:	
Buildings and improvements	10 - 30 years
Machinery and equipment	3 - 10 years
Infrastructure	20 - 50 years
Business-type Assets:	
Buildings and improvements	10 - 50 years
Machinery and equipment	3 - 10 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave, since the Government does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds, only if they have matured, for example, as a result of employee resignations and/or retirements. The General Fund is used to liquidate compensated absences, unless associated with a specific proprietary fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not significantly different than 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as restrictions of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2011, there were no encumbrances outstanding.

Use of Estimates

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

Subsequent Events

The City has performed an evaluation of subsequent events, as defined under ASC 855, through December 21, 2011, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that are required to be adjusted to, or disclosed in, the financial statements.

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

I. Budget Process

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is adopted for the General Fund and Enterprise Funds.

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

1) City departments submit budget requests to the City Manager.
2) Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council.
3) Public hearings on the proposed budget are held.
4) The budget is legally adopted by the Mayor and the City Council.
5) All budget revisions must be approved as required by Georgia law and administrative policy. Revisions that alter the total expenditures of any department or fund must be approved by the City Council.
6) Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Funds.
7) Budgets for the General Fund and the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Original budgeted amounts for the year ended June 30, 2011, were adopted by the City Council on June 15, 2010.

II. Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the City in the Capital Projects Funds, are subject to budgetary control on a project basis. The budgets are approved by the City Council and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

III. Deficit Fund Balances

The following funds had deficit fund balances / retained earnings as of June 30, 2011:

Fund		Deficit
Cable TV	$	4,646,348

The fund deficits above are expected to be reduced through increased user charges and General Fund appropriations.

NOTE C - DEPOSITS AND INVESTMENTS

I. Cash on Deposit

The City's deposits include cash on deposit with financial institutions. Cash equivalents subject to federal and state depository insurance are classified as deposits. For cash deposits, the bank balance is classified into three categories of credit risk:

1) Cash that is insured or collateralized with securities held by the government or by its agent in the government's name.
2) Cash collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.
3) Cash collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name, or uncollateralized.

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance.

As of June 30, 2011, the carrying amount of the City's deposits was $9,589,897 and the bank balance was $9,770,953. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 1,000,000	$ 8,770,953	$ --	$ 9,770,953

As of June 30, 2011, the carrying amount of deposits for the City of Cairo Development Authority was $93,128 and the bank balances were $93,128. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 93,128	$ --	$ --	$ 93,128

II. Investments

Primary Government

Municipal Competitive Trust

The Municipal Electric Authority of Georgia (MEAG) formed a Trust, known as the "Municipal Competitive Trust", for the benefit of its participants, (which includes the City of Cairo, Georgia, along with forty-six (46) other Cities and Counties). The Competitive Trust has been funded with certain monies, which have been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves, which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves, to preserve the security of the bondholders, thus, allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the participants to meet retail competition.

Discretionary funds from the participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust, established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C., as an investment company. The City of Cairo, Georgia has recorded the investments in the Flexible

Trust Account, in the Electric Fund, at fair market value which was $6,480,973 at June 30, 2011. Fair market value is determined based on the fair value of the underlying portfolio, calculated daily, with earnings distributed monthly. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies, if guaranteed by the United States Government, direct and general obligations of States, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would, otherwise, be permissible under the laws of the State of Georgia.

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principle-only strips and interest only securities that are required to repay one hundred percent (100%) of their principal investment at maturity. The yield on derivative securities is based on cash flows received, as determined by a specified formula or index and/or cash flows from principle repayments on underlying mortgages. Therefore, the rate of return and market value of these securities may be sensitive to changes in their respective index or formula and/or in pre-payment on mortgages, which may result from changing interest rates.

MEAG Power and, therefore, the City of Cairo, Georgia, to the extent of its portion of the Flexible Trust Account, are exposed to credit and market risk, relating to its investments. Credit risk arises when an entity is unable to recover its investments, either by an inability to withdraw the funds through non-performance of a counter party or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines.

Derivative Financial Instruments

Derivative financial instruments are used principally in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counter parties to derivative transactions are major financial institutions, with either high investment grade credit ratings or agreements to collateralize their net position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value, based on the estimated amount that would be received or paid to terminate the options at the reporting date, based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Flexible Trust Account will be exposed to less variable rate exposure, if the counter party to the swap transaction defaults or if the swap is terminated. Any termination of the swap agreements may also result in MEAG Power, through the appropriate trust account, making or receiving a settlement payment.

Component Unit

The Authority's investments consist primarily of funds placed in irrevocable escrow accounts and invested in U.S. Treasury notes. These investments are restricted for the retirement of principle and interest on certain Revenue Bonds.

Classification of Investments

Investments are categorized into three categories of credit risk:

1) Insured or registered, or securities held by the City or Authority or their agent in the name of the City or Authority.
2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City or Authority's name.
3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City or Authority's name.

At June 30, 2011, The City's investments in the MEAG Municipal Competitive Trust investment pool totaling $6,480,973 are not evidenced by securities that exist, in physical or book entry form, and are not classified by category or credit risk. Additionally, no indication of the level of risk has been provided, because these investments are in pools managed by other governments or by other agents.

As of June 30, 2011, the City's investments were classified as follows:

	Category			
	1	2	3	Fair Value
U.S. Government Securities	$ --	$ 6,480,973	$ --	$ 6,480,973
				$ 6,480,973

As of June 30, 2011, the City's interest rate risk related to its investments was as follows:

	Fair Value	Maturities	Credit Quality
U.S. Government Securities	$ 6,480,973	July 1, 2011 through December 15, 2015	Unavailable
	$ 6,480,973		

III. Reconciliation of Cash and Investments to Financial Statement Presentation

A reconciliation of cash and investments of the primary government as shown above to the corresponding amounts shown on the Statement of Net Assets is as follows:

Cash – Primary Government from above	$ 9,589,897
Investments from above	6,480,973
Total	$ 16,070,870
Amounts as presented on the entity-wide Statement of Net Assets	
Governmental Activities:	
Cash and cash equivalents	$ 827,356
Restricted cash and cash equivalents	3,073,845
Business-type Activities:	
Cash and cash equivalents	684,823
Investments	6,480,973
Restricted cash and cash equivalents	5,003,873
Restricted investments	--
Total	$ 16,070,870

NOTE D – RECEIVABLES AND TAX REVENUE

I. Property Tax

Property taxes are levied in October based on property values assessed as of January 1. The billing representing the current year tax levy is mailed on December 15th. The billings are considered past due sixty (60) days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are ninety (90) days delinquent.

The tax rate levied during fiscal year 2011 for the City's operations was 7.490 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at June 30, 2011.

II. Sales Tax

Grady County, Georgia has levied two 1% Special Purpose Local Option Sales Tax Programs (SPLOST) which were passed by referendum in 2003 and 2007. The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Grady County, Georgia.

III. Receivables

Receivables as of June 30, 2011 are as follows:

Primary Government

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Accounts receivable	$ 39,324	$ --	$ 373,303	$ 2,116,197	$ 2,648,957
Property tax receivable	--	--	--	--	--
Sales tax receivable	83,178	--	--	--	--
Program receivables	--	842,973	--	--	--
Gross receivables	122,502	842,973	373,303	2,116,197	2,648,957
Less: Allowance for uncollectibles	--	--	(122,322)	(547,826)	(1,832,885)
Net total receivables	$ 122,502	$ 842,973	$ 250,981	$ 1,568,371	$ 816,072

	Nonmajor Enterprise Funds	Total
Accounts receivable	$ 465,437	$ 5,643,218
Property tax receivable	--	--
Sales tax receivable	--	83,178
Program receivables	--	842,973
Gross receivables	465,437	6,569,369
Less: Allowance for uncollectibles	(90,104)	(2,593,137)
Net total receivables	$ 375,333	$ 3,976,232

Component Unit

The City of Cairo Development Authority leases a post office building to the United States Postal Service under a sales-type lease, as defined in Accounting Standards Codification (ASC) 840, "*Accounting for Leases*". The investment in the sales-type lease is included in program receivables and unearned interest income is included in deferred revenues.

The components of the net investment in the sales-type lease at June 30, 2011 were as follows:

Minimum future rentals	$ 1,964,817
Less unearned interest income	(432,650)
Net investment in sales-type lease	$ 1,532,167

At June 30, 2011, the minimum future lease payments to be received under the sales-type lease are as follows:

Year Ending June 30,	Total
2012	$ 223,769
2013	223,769
2014	223,769
2015	223,769
2016	223,769
Thereafter	845,972
	$ 1,964,817

NOTE E – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

I. Interfund Receivables and Payables

Interfund receivables and payables result from timing differences between the dates goods and services are provided and the dates that payments are made. The composition of interfund receivables and payables as of June 30, 2011 is as follows:

	Due From				
Due To	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
General Fund	$ --	$ --	$ --	$ --	$ 3,389,358
Nonmajor Governmental Funds	--	--	--	--	--
Water and Sewer Fund	--	--	--	--	--
Electric Revenue Fund	--	--	--	--	2,896,594
Cable TV Fund	--	8,397	--	--	--
Nonmajor Enterprise Funds	--	--	--	81,120	--
Total	$ --	$ 8,397	$ --	$ 81,120	$ 6,285,952

	Due From	
Due To	Nonmajor Enterprise Funds	Total
General Fund	$ --	$ 3,389,358
Nonmajor Governmental Funds	--	--
Water and Sewer Fund	--	--
Electric Revenue Fund	--	2,896,594
Cable TV Fund	--	8,397
Nonmajor Enterprise Funds	--	81,120
Total	$ --	$ 6,375,469

II. Interfund Transfers

Interfund transfers are used to move revenues from the fund that the Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	Transfer To				
Transfer From	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
General Fund	$ --	$ 2,481	$ --	$ 905,864	$ 24,868
Nonmajor Governmental Funds	267,078	--	424,674	--	--
Water and Sewer Fund	226,251	--	--	--	--
Electric Revenue Fund	2,467,418	--	1,076,992	--	--
Cable TV Fund	112,800	--	--	--	--
Nonmajor Enterprise Funds	1,277,768	--	--	84,236	364,899
Total	$ 4,351,315	$ 2,481	$ 1,501,666	$ 990,100	$ 389,767

	Transfer To	
Transfer From	Nonmajor Enterprise Funds	Total
General Fund	$ 226,466	$ 1,159,679
Nonmajor Governmental Funds	2,001	693,753
Water and Sewer Fund	5,703	231,954
Electric Revenue Fund	86,904	3,631,314
Cable TV Fund	--	112,800
Nonmajor Enterprise Funds	190,515	1,917,418
Total	$ 511,589	$ 7,746,918

NOTE F – CAPITAL ASSETS

The following is a summary of capital asset activity as of June 30, 2011:

Primary Government

Governmental Activities:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated				
Land and land improvements	$ 425,666	$ --	$ --	$ 425,666
Construction in progress	--	--	--	--
Total capital assets not being depreciated	425,666	--	--	425,666
Other capital assets				
Buildings and improvements	5,147,207	133,589	--	5,280,796
Machinery and equipment	2,855,255	116,920	--	2,972,175
Infrastructure	2,080,711	--	--	2,080,711
Total other capital assets at cost	10,083,173	250,509	--	10,333,682
Less accumulated depreciation for				
Buildings and improvements	(1,455,216)	(160,155)	--	(1,615,371)
Machinery and equipment	(2,482,128)	(124,138)	--	(2,606,266)
Infrastructure	(1,916,700)	--	--	(1,916,700)
Total accumulated depreciation	(5,854,044)	(284,293)	--	(6,138,337)
Other capital assets, net	4,229,129	(33,784)	--	4,195,345
Governmental activities capital assets, net	$ 4,654,795	$ (33,784)	$ --	$ 4,621,011

Business-type activities:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated				
Land and land improvements	$ 1,601,315	$ --	$ --	$ 1,601,315
Construction in progress	280,391	--	--	280,391
Total capital assets not being depreciated	1,881,706	--	--	1,881,706
Other capital assets				
Buildings and system	47,881,918	1,218,444	--	49,100,362
Machinery and equipment	6,046,050	115,040	--	6,161,090
Total other capital assets at cost	53,927,968	1,333,484	--	55,261,452
Less accumulated depreciation for				
Buildings and system	(19,775,062)	(1,401,509)	--	(21,176,571)
Machinery and equipment	(6,013,486)	(231,900)	--	(6,245,386)
Total accumulated depreciation	(25,788,548)	(1,633,409)	--	(27,421,957)
Other capital assets, net	28,139,420	(299,925)	--	27,839,495
Business-type activities capital assets, net	$ 30,021,126	$ (299,925)	$ --	$ 29,721,201

Depreciation expense was charged to functions as follows:

Governmental activities		
General government	$	20,751
Public safety		121,985
Public works		68,216
Parks and recreation		73,341
Total governmental activities depreciation expense		284,293
Business-type activities		
Water and sewer		582,793
Electric		301,160
Cable TV		463,388
Garbage and trash		58,473
Airport		88,412
Telecommunications		47,649
Landfill		40,709
Gas		50,825
Total business-type activities depreciation expense		1,633,409
Total depreciation expense	$	1,917,702

Component Units

Governmental Activities:
The Authority had no governmental capital asset activity for the year ended June 30, 2011.

Business-type activities:
The Authority had no business-type capital asset activity for the year ended June 30, 2011.

NOTE G – LONG TERM DEBT

I. Revenue Bonds

Primary Government

The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at June 30, 2011, are as follows:

Enterprise Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Water and Sewer and Electric Funds - Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2004	$ 12,800,000	2.50 – 5.00%	2024	$ 9,670,000
Cable TV Fund and Telecommunications Fund – South Georgia Governmental Services Authority, Series 2004	9,725,000	2.00 – 5.00%	2016	5,680,000
			Unamortized bond premium and refunding costs	(125,126)
			Less current portion	(1,340,000)
				$ 13,884,874

Combined Utility Revenue Bonds, Series 2004

The City of Cairo Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2004 were issued December 1, 2004 in the amount of $12,800,000 to provide funds to prepay all the outstanding loans of the City obtained from the Georgia Environmental Facilities Authority in connection with water and sewerage system projects, to extinguish certain interim financing obtained by the City in connection with an electrical system project, to make extensions, additions and improvements to the water and sewerage system and to fund a reserve for payment of the bonds through the purchase of a debt service reserve credit instrument. These bonds will be repaid from the revenues and earnings derived from the City's ownership and operation of the water and sewerage system, the electric power distribution system and the natural gas distribution system.

The annual debt service requirement to maturity of the Series 2004 bonds at June 30, 2011 is as follows:

Year Ending June 30,	Principle	Interest	Total
2012	$ 580,000	$ 415,075	$ 995,075
2013	605,000	391,875	996,875
2014	630,000	367,675	997,675
2015	650,000	344,838	994,838
2016	675,000	320,463	995,463
2017-2021	3,815,000	1,155,571	4,970,571
2022-2024	2,715,000	270,344	2,985,344
	$ 9,670,000	$ 3,265,841	$ 12,935,841

South Georgia Governmental Services Authority Revenue Bonds, Series 2004

The Series 2004 bonds were issued on April 1, 2004 and were issued in the total amount of $35,405,000 (of which only $9,725,000 is applicable to the City of Cairo). The bonds were issued for the purpose of providing funds 1) to the City of Cairo, the City of Camilla, the City of Moultrie and the City of Thomasville to pay, on behalf of each of the Cities, certain intergovernmental contract obligations and bonds outstanding incurred to acquire, construct, and equip cable television and telecommunications systems for said Cities, 2) to the City of Cairo, the City of Camilla, the City of Thomasville for the acquisition, construction, and equipping of additional equipment and facilities to be used in connection with the cable television and communications systems for said Cities, 3) to fund a reserve for payment of the Bonds, and 4) to pay the necessary costs of issuing the Bonds. The Series 2004 bonds are limited obligations of the South Georgia Governmental Services Authority (the Authority) and are payable solely from and secured by the Trust Estate which includes rentals, revenues, earnings and funds of the Authority arising from the individual City projects as provided in the leases between the Authority and each of the Cities. The City of Cairo's obligation to make lease payments under the lease contract sufficient to pay the principal of, premium, if any, and interest on the 2004 Series bonds is absolute and unconditional and will not expire so long as any of the Series 2004 bonds remain outstanding and unpaid. Under the lease contract, the City has agreed to levy ad valorem property taxes, subject to millage limits prescribed by law, on all property in the City subject to such tax as may be necessary to make the payments required by the lease contract.

The issuance of the Series 2004 bonds effectively paid off, via an advance refunding, the City's outstanding City of Cairo Development Authority Revenue Bonds, Series 2000 and 2002 in the amount of $7.6 million. The Series 2000 have been called and retired as of January 2010. The defeased Series 2002 bonds are outstanding at June 30, 2011 in the amount of $490,000.

The annual debt service requirement to maturity of the Revenue Bonds at June 30, 2011 is as follows:

Year Ending June 30,	Principle	Interest	Total
2012	$ 760,000	$ 235,888	$ 995,888
2013	780,000	212,138	992,138
2014	810,000	186,788	996,788
2015	840,000	152,850	992,850
2016	870,000	124,500	994,500
Thereafter	1,620,000	81,000	1,701,000
	$ 5,680,000	$ 993,164	$ 6,673,164

Component Unit

The City of Cairo Development Authority's revenue bonds outstanding at June 30, 2011 are as follows:

	Original Amount	Interest Rate	Due Date	Amount
City of Cairo Development Authority – Series 1999	$ 2,460,000	5.25-6.75%	2020	$ 1,475,000
City of Cairo Development Authority – Series 2002	1,065,000	3.00-4.50%	2017	490,000
				1,965,000
			Less current portion	(200,000)
				$ 1,765,000

City of Cairo Development Authority Taxable Revenue Bonds, Series 1999

The City of Cairo Development Authority (Authority) Series 1999 bonds were issued in April of 1999 in the amount of $2,460,000 to provide funds to finance the construction of the new post office building. The Authority and the City of Cairo entered into an intergovernmental contract as of April 1, 1999. This contract provides for the Authority to appoint the City of Cairo as its agent and authorizes the City of Cairo to complete the acquisition, construction and equipping of the Project. The U.S. Postal Service has entered into a lease agreement with the Authority effective April 26, 1999. The Authority will use the funds from the lease agreement to service its revenue bond indebtedness. The term of the lease is from April 12, 2000 until April 11, 2020. The annual lease payment is $223,769. At the end of the lease term the U.S. Postal Service has the option to purchase the building for $1.00. Bond issuance costs of $64,177 and original issue discount of $29,195 are being amortized over the life of the bonds.

City of Cairo Development Authority Taxable Revenue Bonds, Series 2000

The City of Cairo Development Authority (Authority) Series 2000 bonds were issued on January 1, 2000 in the amount of $6,560,000 to provide funds for the acquisition, construction, and equipping of a cable television and telecommunications system to be leased by the Authority to the City of Cairo. On January 1, 2000, the Authority and the City of Cairo entered into a lease contract whereby the Authority will lease to the City of Cairo the cable television and communications system. The lease contract appoints the City of Cairo as the agent for the Authority to contract for and complete the acquisition, construction and equipping of the project. The term of the lease begins with the issuance and delivery by the Authority of the bonds and shall continue in full force and effect until all bonds which shall have been issued and are outstanding and the interest thereon have been paid or provision for the payment thereof shall have been made but in no event shall the term exceed thirty years. The amount of the lease payment will be the amount necessary to provide sufficient funds for the payment of all principle and interest coming due on the bonds. Bond issuance costs of $160,624 are being amortized over the life of the bonds.

In January of 2010 the Series 2000 bonds were called and were retired with $4,700,000 from funds held in escrow for the City. Unamortized bond issuance costs of $59,590 related to the Series 2000 bonds were expensed during the year ended June 30, 2010.

City of Cairo Development Authority Taxable Revenue Bonds, Series 2002

The City of Cairo Development Authority (Authority) Series 2002 bonds were issued on July 1, 2002 in the amount of $1,065,000 to provide funds for the acquisition, construction, and equipping of a cable television and telecommunications system to be leased by the Authority to the City of Cairo. On January 1, 2000, the Authority and the City of Cairo entered into a lease contract whereby the Authority will lease to the City of Cairo the cable television and communications system. The lease contract appoints the City of Cairo as the agent for the Authority to contract for and complete the acquisition, construction and equipping of the project. The term of the lease begins with the issuance and delivery by the Authority of the bonds and shall continue in full force and effect until all bonds which shall have been issued and are outstanding and the interest thereon have been paid or provision for the payment thereof shall have been made but in no event shall the term exceed thirty years. The amount of the lease payment will be the amount necessary to provided sufficient funds for the payment of all principle and interest coming due on the bonds.

The annual debt service requirements to maturity of the Series 1999, 2000 and 2002 bonds at June 30, 2011 are as follows:

Year Ending June 30,	Principle	Interest	Total
2012	$ 200,000	$ 120,362	$ 320,362
2013	210,000	109,082	319,082
2014	220,000	97,138	317,138
2015	235,000	84,262	319,262
2016	245,000	70,314	315,314
2017-2020	855,000	137,028	992,028
	$ 1,965,000	$ 618,186	$ 2,583,186

II. Closure and Post Closure Care Liability

State and Federal laws and regulations require the City to place a final cover on its landfill site when it discontinues accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and post-closure care costs will be paid only near or after the date that the landfill discontinues accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The $1,909,577 reported as landfill closure and post closure care liability, as of June 30, 2011, represents the cumulative amount reported, based on a calculation using the utilized capacity percentage of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of $151,645, as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2011. The total landfill capacity used, as of June 30, 2011, is 75.4%. The City estimates the remaining useful life of the landfill, as eight years. The City has restricted assets for the payment of future closure and post closure costs. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

III. Capital Leases

The City has entered into various other lease agreements as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The following is an analysis of equipment leased under capital leases as of June 30, 2011:

	Governmental Activities
Machinery and equipment	$ 564,735
Less accumulated depreciation	(128,661)
Carrying value	$ 436,074

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at June 30, 2011:

Year Ending June 30,	Governmental Activities	Totals
2012	$ 77,820	$ 77,820
2013	42,426	42,426
2014	39,673	39,673
2015	40,982	40,982
2016	38,969	38,969
2017-2018	221,126	221,126
Total minimum lease payments	460,996	460,996
Less amount representing interest	(57,404)	(57,404)
Present value of future minimum lease payments	$ 403,592	$ 403,592

IV. Changes in Long-Term Liabilities

Primary Government

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

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Capital Leases	$ 479,008	$ --	$ (75,416)	$ 403,592	$ 77,820
Compensated absences	151,273	--	(25,545)	125,728	--
Governmental activities long-term liabilities	$ 630,281	$ --	$ (100,961)	$ 529,320	$ 77,820
Business-type activities:					
Revenue bonds	$ 16,645,000	$ --	$ (1,295,000)	$ 15,350,000	$ 1,340,000
Plus deferred amounts:					
Unamortized bond premium	83,945	--	(4,080)	79,865	--
Less deferred amounts:					
Deferred leasing costs	(305,217)	--	100,226	(204,991)	--
Total bonds payable	16,423,728	--	(1,198,854)	15,224,874	1,340,000
Capital leases	--	--	--	--	--
Compensated absences	121,731	--	(27,822)	93,909	--
Closure and post closure care liability	1,726,256	183,321	--	1,909,577	--
Business–type activities long-term liabilities	$ 18,271,715	$ 183,321	$ (1,226,676)	$ 17,228,360	$ 1,340,000

Component Unit

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

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Due Within One Year
Business-type activities:					
Revenue bonds	$ 2,155,000	$ --	$ (190,000)	$ 1,965,000	$ 200,000
Business–type activities long-term liabilities	$ 2,155,000	$ --	$ (190,000)	$ 1,965,000	$ 200,000

NOTE H – RESERVATIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of restricted and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

In the proprietary fund financial statements, fund balances consist of restricted and unrestricted amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unrestricted.

Fund balance restrictions at June 30, 2011 include:

Special Revenue Funds	
Reserved for restricted purposes to reflect resources legally restricted for specific purposes	$ 1,182,020
Capital Projects Funds	
Reserved for specific projects to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 2,843,816
Permanent Fund	
Reserved for restricted purposes to reflect resources legally restricted for specific purposes	$ 11,315
Enterprise Funds	
Reserved for landfill closure and post closure care costs	$ 978,768

NOTE I – PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Cairo Retirement Plan (CCRP), provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CCRP is affiliated with the Georgia Municipal Employees' Benefit System; an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the benefit provisions of the plans that participate in CCRP. The Georgia Municipal Employees' Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for CCRP. That report may be obtained by writing to the Georgia Municipal Employees' Benefit System, 201 Pryor Street, Southwest, Atlanta, Georgia 30303.

All full-time City employees are eligible to participate in the Plan after completing one year of service. Benefits vest after ten years of service. Participants become eligible to retire at age 65 with 5 years of participation in the Plan.

Funding Policy

The City is required to contribute at an actuarially determined rate in accordance with Section 47-20 of the Georgia Code, which sets forth the minimum funding standards for state and local government pension plans. Plan participants are not required to contribute to the Plan. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the contribution rates for the City and its plan participants.

Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of $610,307 for CCRP was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2011, actuarial valuation using the "Projected Unit Credit" actuarial cost method. The actuarial assumptions used in the valuation include: (a) an 8.0% investment rate of return, compounded annually, (b) projected salary increases of 3.5% annually, and (c) no annual cost-of-living adjustments. The actuarial value of CCRP assets was determined based on the asset's market value. The unfunded actuarial accrued liability of the CCRP is being amortized as a closed level dollar amount for the remaining unfunded liability.

Three – Year Trend Information for CCRP

Year Ended, June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 726,170	100%	$ --
2010	625,970	100%	--
2011	610,307	100%	--

Schedule of Funding Progress for CCRP

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a) / c)
5/1/2009	$ 4,403,982	8,085,281	3,681,299	54.47%	4,259,870	86.42%
1/1/2010	5,712,798	8,259,995	2,547,197	69.16%	4,327,569	58.86%
1/1/2011	6,289,877	8,689,262	2,399,385	72.39%	4,215,076	56.92%

Actuarial Valuation Information

Current Valuation Date	January 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	10 years
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.50%
Expected Annual Inflation	0%

NOTE J – JOINT VENTURES

Southwest Georgia Regional Development Center

Under Georgia law, the City, in conjunction with other cities and counties in the eight county southwest Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2011, the City paid $9,742 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 a RDC. Separate financial statements may be obtained from:

Southwest Georgia Regional Development Center
P.O. Box 346
Camilla, Georgia 31730

South Georgia Governmental Services Authority

The City of Cairo, in conjunction with the Cities of Camilla, Moultrie and Thomasville, whom provide distribution of broadband cable television and internet services under the trade name "CNS", created the South Georgia Governmental Services Authority (SGGSA). The SGGSA was created and activated under the provisions of the Development Authority Law of the State of Georgia (O.C.G.A. 36-62-1) for the purpose of providing governmental, proprietary and administrative services and facilities to the Cities of Cairo, Camilla, Moultrie, and Thomasville and other subdivisions, agencies and authorities within its area of operation. Each member city has contracted with the SGGSA to provide management and marketing services for its individually owned broadband communications system. Pursuant to the agreement, the SGGSA procures certain goods and services on behalf of the member cities when cost effective. The SGGSA is reimbursed by each member city for any expense incurred on its behalf. The member cities provide funding on an annual basis to the SGGSA in the form of dues and contributed capital. The City paid the SGGSA $44,335 in such dues for the year ended June 30, 2011. The City of Cairo's investment in the SGGSA is accounted for on the equity method and is recorded in the Cable TV enterprise fund. The investment had a carrying value of $651,025 at June 30, 2011 and a loss from the joint venture of $24,189 during the year. The SGGSA board is made up of eight members, two appointed by each participating city for one year terms. Separate financial statements may be obtained from:

South Georgia Governmental Services Authority
P.O. Box 1676
Thomasville, Georgia 31799

City of Cairo Sanitary Landfill

On February 10, 1992, the City of Cairo, Georgia entered into an agreement with Grady County, Georgia and the City of Whigham, Georgia, to deposit solid waste collected in the sanitary landfill operated by Cairo, Georgia. The agreement provides that each party will equitably share in the cost of the operation of the landfill. The agreement also provides that the City of Cairo will establish a sinking fund to meet future capital needs or expenditures that may be required to comply with local, state, or federal laws (i.e., ground water monitoring costs and other post-closure costs). Should the City of Cairo incur any unexpected costs or additional requirements associated with post-closure costs in excess of the sinking / reserve funds retained, each party will make a contribution toward the additional costs in the percentage that shall equal the percentage of the total waste deposited at the landfill by the parties over the term of this agreement. The City of Whigham and Grady County shall not be required to make contributions toward additional costs that are due solely to the negligent act or intentional wrongful act of the City of Cairo in the administration of the landfill.

Each year, the City of Cairo provides to the City of Whigham and Grady County information regarding the operation of the landfill during the previous year. If it is determined that the funds collected do not meet the cost of the operation of the landfill and sinking / reserve fund requirements, each party will make a contribution toward the deficit in a percentage that equals the percentage of the total waste deposited at the landfill by the parties. If it is determined that the funds collected exceed the cost of the operation of the landfill, the excess is transferred to the sinking / reserve fund and each party is given credit in an amount based upon the percentage of waste deposited at the landfill by the parties toward any future deficit.

Any excess that is accumulated over the term of the agreement is considered to be jointly owned by all parties based on the percentage of waste deposited at the landfill over the term of the agreement and will be disbursed at such time as there are no required costs to monitor the landfill.

At June 30, 2011 funds held in the landfill restricted account were $2,888,345 and the total projected costs for the closure and post-closure maintenance and monitoring of the landfill were $1,564,703. The City of Cairo has recognized a liability for the landfill closure and post-closure costs of $1,909,577 as of June 30, 2011. The landfill has an estimated remaining useful life of eight years.

Separate Financial Statements are not prepared or issued for the Landfill Joint Venture.

NOTE K – JOINTLY GOVERNED ORGANIZATION

The City of Cairo entered into an agreement with the City of Whigham and Grady County, Georgia, to establish a joint development authority. The purpose of the joint Grady County Development Authority is to facilitate economic development within Grady County, by coordinating the efforts of elected officials, the Cairo-Grady County Chamber of Commerce, private organizations and citizens, and state and local organizations and businesses located both within and outside of Grady County to foster economic growth and improve the welfare of all citizens of Grady County.

The business of the Grady County Development Authority is conducted and managed by its Board of Directors, which consists of seven members. The members are selected by the Grady County Board of Commissioners (3), the City of Cairo (3), and the City of Whigham (1), for such terms as the governing bodies shall determine.

NOTE L – RELATED ORGANIZATION

The City Council appoints Board members to the Housing Authority and the Library Board. However, the City has no further accountability for these organizations.

NOTE M – HOTEL / MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the year ended June 30, 2011, $31,337 of hotel/motel tax was collected and $20,965 was disbursed.

NOTE N - RISK MANAGEMENT

The City of Cairo is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has joined together with other municipalities in the State, as part of the Georgia-Interlocal Risk Management Agency (GIRMA) Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund, a public entity risk pool, currently operating as common risk management and insurance programs for member local governments. GIRMA exists by authority of the Official Code of Georgia Annotated O.C.G.A. 36-85-1. GIRMA is an unincorporated nonprofit instrumentality of its member governments. GIRMA establishes and administers one or more groups of self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of City government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may, at any time, be instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation, therefore, although such suits, other proceedings, allegations or demands may be wholly groundless, false or fraudulent.

As part of these risk pools, the City is obligated to pay all contributions and assessments, as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and, in accordance with any coverage descriptions issue, all incidents, which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds. The funds are to pay all costs taxed against members in any legal proceedings, defended by members, all interest accruing after judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Cairo retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss, up to the $1,000 deductible. The City is not aware of any claims that the City is liable, for which, were outstanding and unpaid, as of June 30, 2011.

The City of Cairo also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

During the year ended June 30, 2011, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage for the past three years.

NOTE O – COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be estimated. In the opinion of the City's management, the ultimate outcome of these proceedings will not have a material impact on the financial position of the City.

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City expects such disallowed amounts, if any, would not have a material impact on the financial position of the City.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits inure to the benefit of the public.

On October 1, 1975, the City of Cairo entered into a contract with MEAG and as an electric utility participant in MEAG is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG.

In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts were $10,133,160 in 2011.

At June 30, 2011, the outstanding debt of MEAG was approximately $5.86 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $99.47 million at June 30, 2011.

On April 26, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (Trust). The Trust was created by MEAG, in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electrical systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Cairo. MEAG expects that after such legislation is effective, market rates for power will result, which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Cairo and within the account, creates the following subaccount, in which the City of Cairo participates:

Credit Support Operating Trust Account

This subaccount may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds. On May 3, 1999, MEAG transferred $2,379,633 to this fund from the City's account in MEAG's Rate Stabilization Reserve Fund. The balance of the account, as of June 30, 2011, is $3,176,644. The balance in the Credit Support Operating Trust Account has not been recognized as an asset of the City of Cairo as the City's right to control the funds is contingent upon future events.

Flexible Trust Account

The MEAG trust agreement also created a flexible trust account. The City had the right to withdraw these funds, but it did not elect to do so prior to the fiscal year end of June 30, 2011. The balance in the flexible trust account, as of June 30, 2011, was $5,250,761 and has been recorded as an asset of the City.

The Municipal Competitive Trust also contains a "Reserve Funded Debt Account", which had, on June 30, 2011, a balance of $4,982,000. The balance in this account is not recognized as an asset of the City of Cairo as the City's right to control the funds is contingent upon future events.

Generation Trust Account

This subaccount may be funded by contributions by the City from any of its own funds that is has available for such purposes, including funds contained within the City's Flexible Operating Trust Account. The trustee is required to pay all or any portion of such amounts contained in the City's New Generation and Capacity Funding Account as directed in writing by the City for any of the following purposes: (1) to be applied as a credit against the City's obligation share of costs in connection with Plant Vogtle Units 3 and 4; (2) to be applied as credit against the City's obligation share of any other future generation project costs created by MEAG; (3) to be applied as a credit against any capital contributions committed to by Cairo in the event that MEAG provides the City with the option of paying interest expense incurred in connections with the construction of any generation project prior to its commercial operation date; (4) to be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City; and (5) as a payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City which exceeds the City's prior year budgeted Bulk Power Supply costs by greater than 12%. The balance in the New Generation Trust Account, as of June 30, 2011, was $1,230,212 and has been recorded as an asset of the City.

Lease Agreements

On January 18, 2000, the Grady County Joint Development Authority entered into a lease agreement with Pioneer Hi-Bred International, Inc. This agreement commenced on November 1, 1999 and terminated on October 31, 2004, with two successive automatic five year renewal periods. The monthly lease payment is $3,376. On the anniversary date of the lease agreement, during each year, the monthly lease payment will be adjusted to the amount necessary to amortize the sum of $306,000, over a period of fifteen years, together with the prime interest rate, as established by Wachovia Bank of Georgia, N.A., plus the sum expended by the Grady County Joint Development Authority, for ad valorem taxes upon the subject property. The lease provides Pioneer Hi-Bred International, Inc., with an option to purchase the property for one dollar ($1), upon the completion of two renewal terms (being on or about the 31st day of October, 2014). The option must be exercised within ninety days after the end of the second renewal period.

On May 1, 2000, pursuant to the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-20 through 36-82-85), as amended (the "Revenue Bond Law"), Article IX, Section III, Paragraph I of the Constitution of the State of Georgia and the Act of the General Assembly of the State of Georgia, creating the MEAG, the City of Cairo agreed to enter into a lease agreement with MEAG for the provision of land and the construction, thereon, of facilities for lease to Pioneer Hi-Bred International, Inc., so as to relieve abnormal unemployment conditions in the City of Cairo. The City of Cairo also agreed, on May 1, 2000, to enter into an agency agreement with MEAG, to cause the acquisition, construction, and installation of equipment for the facilities leased by Pioneer Hi-Bred International, Inc., from the Grady County Joint Development Authority, as described in the preceding paragraph.

On June 12, 2000, the Grady County Joint Development Authority assigned all of the lease payments from Pioneer Hi-Bred International, Inc., to the City of Cairo. On June 27, 2000, the City of Cairo assigned all of these lease payments to MEAG. On April 11, 2000, the Grady County Joint Development Authority conveyed the property to the City of Cairo, and on June 12, 2000, the City of Cairo conveyed the property to MEAG. The lease agreement between the City and MEAG was closed on August 23, 2000. On August 25, 2000, the City received $186,249 from MEAG for the project. The lease term is for ten years. The lease calls for 117 consecutive monthly payments, in the amount $2,233. The interest rate implied in the lease is 6.13%. The principle amount of the lease is $196,346 ($186,249 plus $10,097 for closing and legal fees). Payments began on September 1, 2000. The total lease payments will be $261,318, with $64,972 representing interest.

Joint Consent Agreement with the Georgia Public Service Commission

On July 25, 2011, the City entered a Joint Consent Agreement (Agreement) with the Georgia Public Service Commission (Commission) regarding an accident at the City's Gas Department in September 2010. Under the terms of the agreement, the City is subject to a combined civil penalty of $4,415,000. These maximum civil penalties will be satisfied contingent upon the City coming into full compliance and maintenance of said compliance with all mandates delineated in the Agreement for a period of sixty months from August 2, 2011, the date the Agreement was adopted by the Commission

In lieu of the maximum civil penalties of $4,415,000, the City agreed to a) pay the Commission penalties of $105,000, b) dedicate an additional $50,000 for the three mandatory training classes, a mandatory major "incident" response drill and investment in a fire detection and suppression training facility in Cairo, Georgia, and c) dedicate on an ongoing basis all such funds as are necessary to bring and keep the City in full compliance with all rules and regulations and terms outlined in the Agreement.

On August 9, 2011 the City paid the $105,000 penalty to the Commission and as of December 21, 2011, two of the three mandatory training exercises had been completed. The remaining requirements of a third training exercise, a major "incident" response drill, and investment in a fire detection and suppression training facility are scheduled to be completed within the requirements of the Agreement.

Supplementary Information

CITY OF CAIRO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds			Capital Projects Funds				Permanent Fund	
	EIP CDBG	Hotel / Motel Tax	Holder Park Improvements	Capital Projects	SPLOST 2003	Grant Projects	SPLOST 2008	Cemetery Perpetual Care	Total
ASSETS									
Cash and cash equivalents	$ -	$ 27,751	$ -	$ 113,633	$ -	$ -	$ -	$ -	$ 141,384
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-	-	-	-
Due from general fund	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	314,502	-	-	-	1,367,667	4	1,370,914	11,315	3,064,402
Investments	-	-	-	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-	-	-	-
Program receivables	842,973	-	-	-	-	-	-	-	842,973
Total assets	1,157,475	27,751	-	113,633	1,367,667	4	1,370,914	11,315	4,048,759
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	-	3,206	-	-	-	-	-	-	3,206
Accrued expenses	-	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	2,000	-	-	2,000
Due to other governments	-	-	-	-	-	-	-	-	-
Due to general fund	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	8,398	-	8,398
Liabilities payable from restricted assets	-	-	-	-	-	-	-	-	-
Total liabilities	-	3,206	-	-	-	2,000	8,398	-	13,604
Fund balances									
Restricted for:									
Specific projects	1,157,475	-	-	113,633	1,367,667	-	1,362,516	-	4,001,291
Public services	-	24,545	-	-	-	-	-	11,315	35,860
Unassigned	-	-	-	-	-	(1,996)	-	-	(1,996)
Total fund balances (deficit)	1,157,475	24,545	-	113,633	1,367,667	(1,996)	1,362,516	11,315	4,035,155
Total liabilities and fund balances	$ 1,157,475	$ 27,751	$ -	$ 113,633	$ 1,367,667	$ 4	$ 1,370,914	$ 11,315	$ 4,048,759

See independent auditors' report.

CITY OF CAIRO, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue Funds			Capital Projects Funds				Permanent Fund	
	EIP CDBG	Hotel / Motel Tax	Holder Park Improvements	Capital Projects	SPLOST 2003	Grant Projects	SPLOST 2008	Cemetery Perpetual Care	Total
REVENUES									
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-	-	-	847,528	-	847,528
Other taxes and licenses	-	31,337	-	-	-	-	-	-	31,337
Fines, forfeitures and fees	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Investment income	30,398	-	-	1,412	13,522	-	11,225	54	56,611
Intergovernmental	-	-	-	-	-	295,547	-	-	295,547
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	30,398	31,337	-	1,412	13,522	295,547	858,753	54	1,231,023
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Other costs	-	20,965	815	-	-	-	398,320	-	420,100
Capital outlays	-	-	-	-	-	299,547	-	-	299,547
Debt service:	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	-	20,965	815	-	-	299,547	398,320	-	719,647
Excess (deficiency) of revenues over expenditures	30,398	10,372	(815)	1,412	13,522	(4,000)	460,433	54	511,376
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	-	1,666	815	-	-	-	-	-	2,481
Transfers to other funds	-	-	-	-	(424,674)	-	(269,079)	-	(693,753)
Sale of capital assets	-	-	-	-	-	-	-	-	-
Long - term debt issued	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,666	815	-	(424,674)	-	(269,079)	-	(691,272)
Net change in fund balances	30,398	12,038	-	1,412	(411,152)	(4,000)	191,354	54	(179,896)
Fund balances (deficit), beginning of year	1,127,077	12,507	-	112,221	1,778,819	2,004	1,171,162	11,261	4,215,051
Fund balances (deficit), end of year	$ 1,157,475	$ 24,545	$ -	$ 113,633	$ 1,367,667	$ (1,996)	$ 1,362,516	$ 11,315	$ 4,035,155

See independent auditors' report.

CITY OF CAIRO, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EIP CDBG REVOLVING LOAN FUND
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	31,535	31,535	30,398	(1,137)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	31,535	31,535	30,398	(1,137)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Other costs	-	-	-	-
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	31,535	31,535	30,398	(1,137)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	125,000	125,000	-	(125,000)
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	125,000	125,000	-	(125,000)
Net change in fund balances	156,535	156,535	30,398	(126,137)
Fund balances, beginning of year	1,127,077	1,127,077	1,127,077	-
Fund balances, end of year	$ 1,283,612	$ 1,283,612	$ 1,157,475	$ (126,137)

See independent auditors' report.

CITY OF CAIRO, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL / MOTEL TAX FUND
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	36,375	36,375	31,337	(5,038)
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	36,375	36,375	31,337	(5,038)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Other costs	36,375	36,375	20,965	15,410
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	36,375	36,375	20,965	15,410
Excess (deficiency) of revenues over expenditures	-	-	10,372	10,372
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	8,235	8,235
Transfers to other funds	-	-	(6,569)	(6,569)
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	1,666	1,666
Net change in fund balances	-	-	12,038	12,038
Fund balances, beginning of year	12,507	12,507	12,507	-
Fund balances, end of year	$ 12,507	$ 12,507	$ 24,545	$ 12,038

See independent auditors' report.

CITY OF CAIRO, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2011

	Business Type Activities - Enterprise Funds					
	Garbage & Trash	Airport Fund	Tele-Communications Fund	Landfill	Gas	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 10,722	$ 28,290	$ 63,236	$ 46,956	$ 217,225	$ 366,429
Investments	-	-	-	-	-	-
Accounts receivable, net	71,747	-	242,409	1,165	60,012	375,333
Inventories	-	-	-	-	46,914	46,914
Other current assets	19,731	-	-	7,491	6,011	33,233
Total current assets	102,200	28,290	305,645	55,612	330,162	821,909
Non - current assets						
Due from general fund	-	-	-	-	-	-
Due from other funds	-	81,120	-	-	-	81,120
Due from component unit	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Investment in SGBDA	-	-	-	-	-	-
Restricted assets - cash	-	-	-	2,888,345	-	2,888,345
Capital assets:						
Land	-	63,204	-	-	500	63,704
Construction in progress	-	-	-	280,391	-	280,391
Other capital assets, net of accumulated depreciation	67,044	1,030,759	518,017	248,417	811,257	2,675,494
Total assets	169,244	1,203,373	823,662	3,472,765	1,141,919	6,810,963
LIABILITIES						
Current liabilities						
Accounts payable	10,722	19,632	29,825	46,856	36,129	143,164
Accrued expenses	10,519	-	48,158	4,120	167,735	230,532
Current portion of long - term debt	-	-	42,982	-	-	42,982
Customer deposits	-	-	-	-	-	-
Deferred revenue	-	-	22,628	-	-	22,628
Due to other governments	-	-	-	10,402	-	10,402
Due to general fund	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Liabilities payable from restricted assets:						
Current portion of long term debt	-	-	-	-	-	-
Total current liabilities	21,241	19,632	143,593	61,378	203,864	449,708
Long - term debt, net of current portion	-	-	300,618	-	-	300,618
Deferred revenue	-	-	-	-	-	-
Compensated absences	10,242	-	-	3,725	5,059	19,026
Other liabilities - environmental remediation	-	-	-	1,909,577	-	1,909,577
Total liabilities	31,483	19,632	444,211	1,974,680	208,923	2,678,929
NET ASSETS						
Invested in capital assets, net of related debt	-	1,093,963	-	510,963	-	1,604,926
Restricted for debt service	-	-	-	978,768	-	978,768
Unrestricted (deficit)	137,761	89,778	379,451	8,354	932,996	1,548,340
Total net assets	$ 137,761	$ 1,183,741	$ 379,451	$ 1,498,085	$ 932,996	$ 4,132,034

See independent auditors' report.

CITY OF CAIRO, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds					
	Garbage & Trash	Airport Fund	Tele-Communications Fund	Landfill	Gas	Total
OPERATING REVENUES						
Utility revenues	$ -	$ -	$ -	$ -	$ 1,429,353	$ 1,429,353
Charges for services	1,159,258	67,960	751,478	675,875	-	2,654,571
Intergovernmental	-	-	-	-	-	-
Total operating revenues	1,159,258	67,960	751,478	675,875	1,429,353	4,083,924
OPERATING EXPENSES						
Salaries and wages	273,851	-	-	117,726	196,727	588,304
Operating, administrative and maintenance	707,199	74,469	348,262	407,333	1,162,261	2,699,524
Depreciation	58,473	66,505	47,649	109,620	51,148	333,395
Total operating expenses	1,039,523	140,974	395,911	634,679	1,410,136	3,621,223
Operating income (loss)	119,735	(73,014)	355,567	41,196	19,217	462,701
NON - OPERATING INCOME (EXPENSES)						
Interest income	-	1,181	94	26,792	452	28,519
Loss from joint venture	-	-	-	-	-	-
Interest expense	-	-	(18,560)	-	(784)	(19,344)
Gain (loss) on disposal of capital assets	-	-	20,743	-	-	20,743
Income (loss) before contributions and transfers	119,735	(71,833)	357,844	67,988	18,885	492,619
Capital contributions	-	-	-	-	-	-
Transfers from other funds	221,302	10,000	-	190,515	89,772	511,589
Transfers to other funds	(337,984)	(12,262)	(1,026,664)	(297,985)	(242,523)	(1,917,418)
Change in net assets	3,053	(74,095)	(668,820)	(39,482)	(133,866)	(913,210)
Net assets, beginning of year	134,708	1,257,836	1,048,271	1,537,567	1,066,862	5,045,244
Net assets, end of year	$ 137,761	$ 1,183,741	$ 379,451	$ 1,498,085	$ 932,996	$ 4,132,034

See independent auditors' report.

CITY OF CAIRO, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds					
	Garbage & Trash	Airport Fund	Tele-Communications Fund	Landfill	Gas	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	$ 1,111,965	$ 158,159	$ 995,109	$ 725,993	$ 1,388,994	$ 4,380,220
Other operating receipts	18,896	-	-	7,188	529	26,613
Cash payments to employees	(274,511)	-	-	(117,278)	(41,640)	(433,429)
Cash payments to suppliers	(728,946)	(47,836)	(312,617)	(218,457)	(1,144,952)	(2,452,808)
Net cash provided (used) by operating activities	127,404	110,323	682,492	397,446	202,931	1,520,596
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	221,302	10,000	-	190,515	89,772	511,589
Transfers to other funds	(337,984)	(12,262)	(1,026,664)	(297,985)	(242,523)	(1,917,418)
Net change in due from general fund	-	-	-	-	-	-
Net change in due from other funds	-	(81,120)	352,200	8,143	-	279,223
Net change in due from component unit	-	-	-	-	-	-
Net change in due to general fund	-	-	-	-	-	-
Net change in due to other funds	-	-	-	10,402	-	10,402
Net cash provided (used) by noncapital financing activities	(116,682)	(83,382)	(674,464)	(88,925)	(152,751)	(1,116,204)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of long - term debt	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-
Proceeds from capital contributions	-	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	(87,550)	(13,266)	(100,816)
Principal payments on long - term debt	-	-	(41,285)	-	-	(41,285)
Interest paid	-	-	(18,560)	-	(784)	(19,344)
Net cash provided (used) by capital and related financing activities	-	-	(59,845)	(87,550)	(14,050)	(161,445)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-
Loan disbursements	-	-	-	-	-	-
Interest received	-	1,181	94	26,792	452	28,519
Net cash provided (used) by investing activities	-	1,181	94	26,792	452	28,519
Net increase (decrease) in cash and cash equivalents	10,722	28,122	(51,723)	247,763	36,582	271,466
Cash and cash equivalents, beginning of year	-	168	114,959	2,687,538	180,643	2,983,308
Cash and cash equivalents, end of year	$ 10,722	$ 28,290	$ 63,236	$ 2,935,301	$ 217,225	$ 3,254,774

See independent auditors' report.

CITY OF CAIRO, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds					
	Garbage & Trash	Airport Fund	Tele-Communications Fund	Landfill	Gas	Total
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 119,735	$ (73,014)	$ 355,567	$ 41,196	$ 19,217	$ 462,701
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	58,473	66,505	47,649	109,620	51,148	333,395
Closure / post closure costs	-	-	-	183,321	-	183,321
Other	-	-	-	-	-	-
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(28,397)	90,199	243,631	57,306	(39,830)	322,909
Inventories	-	-	-	-	(8,718)	(8,718)
Other current assets	16,164	7,001	1,496	3,926	2,018	30,605
Due from general fund	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Increase (decrease) in:						
Accounts payable	(37,911)	19,632	9,005	1,629	24,009	16,364
Accrued expenses	(660)	-	25,144	448	155,087	180,019
Due to general fund	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Net cash provided (used) by operating activities	$ 127,404	$ 110,323	$ 682,492	$ 397,446	$ 202,931	$ 1,520,596

See independent auditors' report.

CITY OF CAIRO, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - CITY OF CAIRO DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2011

	City of Cairo Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ -
Other operating receipts	130,443
Cash payments to employees	-
Cash payments to suppliers	(34,325)
Net cash provided (used) by operating activities	96,118
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	-
Transfers to other funds	-
Net change in due from primary government	6,300
Net change in due from other funds	-
Net change in due from component unit	-
Net change in due to general fund	-
Net change in due to other funds	-
Net cash provided (used) by noncapital financing activities	6,300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	-
Principal payments - revenue bonds	(190,000)
Interest paid	(95,668)
Net cash provided (used) by capital and related financing activities	(285,668)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	70,000
Purchase of investments	-
Collections on lease	-
Interest received	93,867
Net cash provided (used) by investing activities	163,867
Net increase (decrease) in cash and cash equivalents	(19,383)
Cash and cash equivalents, beginning of year	112,511
Cash and cash equivalents, end of year	$ 93,128

See independent auditors' report.

CITY OF CAIRO, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - CITY OF CAIRO DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2011

	City of Cairo Development Authority
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (7,016)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	-
Unrealized gain on investment	-
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	134,764
Inventories	-
Other current assets	4,099
Due from other funds	-
Due from component unit	-
Increase (decrease) in:	
Accounts payable	(22,603)
Accrued expenses	(13,126)
Due to general fund	-
Due to other funds	-
Net cash provided (used) by operating activities	$ 96,118

See independent auditors' report.

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 Honorable Mayor and
Members of the City Council
City of Cairo, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Cairo Georgia's basic financial statements and have issued our report thereon dated December 21, 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 of Cairo, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cairo, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cairo, Georgia's internal control over financial reporting.

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2011-1 and 2011-2 to be material weaknesses.

ADVISORS AND CPAS 202 LOVE AVENUE PO BOX 7650 TIFTON, GEORGIA 31793 P 229 382 8576 F 229 238 0643
MEMBER OF CPAMERICA INTERNATIONAL

Compliance and Other Matters

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

The City of Cairo, Georgia's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings. We did not audit the City of Cairo, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Council of the City of Cairo, Georgia, management 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.

Bowen Phillips, LLP

December 21, 2011
Tifton, Georgia

CITY OF CAIRO, GEORGIA
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings noted on the 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.*

2011-1

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

The City of Cairo, Georgia is a small local government and has a limited amount of resources and employees. Therefore, The City does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition.

2011-2

Criteria:

Policies, procedures and monitoring controls should be in place to provide for the recording of salaries payable and accrued expenses.

Condition:

The City's policies and procedures for recording and monitoring salaries payable and accrued expenses did not prevent an understatement in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Salaries payable and accrued expenses were understated in the funds.

Response of Management:

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over salaries payable and accrued expenses.

See independent auditors' report.

CITY OF CAIRO, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES
For the Year Ended June 30, 2011

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Special Purpose Local Option Sales Tax - 2003					
Water treatment plant	$ 3,510,000	$ 2,998,334	$ 424,674	$ 3,423,008	98%
Industrial development	200,000	-	-	-	0%
Road improvements	40,000	-	-	-	0%
Total	$ 3,750,000	$ 2,998,334	$ 424,674	$ 3,423,008	
Special Purpose Local Option Sales Tax - 2007					
Hospital Authority imaging center	585,000	-	-	-	0%
Grady County Library	46,800	-	-	-	0%
Aquatic center recreational facility	351,000	-	-	-	0%
Historical Society	78,000	-	-	-	0%
City of Cairo	4,272,450	219,833	667,399	887,232	21%
City of Whigham	126,750	-	-	-	0%
Total	$ 5,460,000	$ 219,833	$ 667,399	$ 887,232	

See independent auditors' report.