CITY OF COCHRAN, GEORGIA

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
AND
INDEPENDENT AUDITORS' REPORT

CITY OF COCHRAN, GEORGIA
Financial Statements
for the Fiscal Year Ended June 30, 2011

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Financial Section

INDEPENDENT AUDITORS REPORT

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INDEPENDENT AUDITORS' REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the City of Cochran, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that budgetary comparison information and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The City has not presented the Management's Discussion and Analysis that accounting standards generally accepted in the United States of America require to supplement, although not to be a part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

H. M. Vickers & Associates, P.C.

June 29, 2012

Basic Financial Statements

CITY OF COCHRAN, GEORGIA
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash	$ 460,410	$ 355,470	$ 815,880
Restricted investments, current	-	64,182	64,182
Receivables, net:			
Taxes	38,875	-	38,875
Fines and forfeitures	27,734	-	27,734
Customers	-	319,616	319,616
Intergovernmental	204,402	-	204,402
Others	5,982	-	5,982
Inventory, at cost	7,198	17,014	24,212
Prepaid items	45,556	33,485	79,041
Bond issue cost, net	-	31,468	31,468
Restricted investments, noncurrent	-	495,924	495,924
Investment in joint venture	-	670,861	670,861
Investments	-	241,040	241,040
Capital assets not being depreciated	1,430,981	10,215	1,441,196
Capital assets being depreciated, net	7,325,566	6,912,993	14,238,559
TOTAL ASSETS	9,546,704	9,152,268	18,698,972
LIABILITIES:			
Accounts payable	102,694	109,345	212,039
Customer deposits	-	31,066	31,066
Salaries and benefits payable	56,755	24,021	80,776
Other accrued liabilities	-	16,150	16,150
Compensated absences, payable within one year	48,178	19,367	67,545
Compensated absences, payable after one year	54,356	21,849	76,205
Lease payable due within one year	-	40,100	40,100
Bonds payable due within one year - (payable from restricted assets)	-	64,182	64,182
Bonds and leases payable due within one year	49,422	-	49,422
Bonds and leases payable due after one year	117,549	3,464,279	3,581,828
TOTAL LIABILITIES	428,954	3,790,359	4,219,313
NET ASSETS:			
Invested in capital assets, net of related debt	8,589,576	3,354,647	11,944,223
Restricted for capital improvements	837,272	-	837,272
Restricted for debt service	-	560,106	560,106
Unrestricted	(309,098)	1,447,156	1,138,058
TOTAL NET ASSETS	$ 9,117,750	$ 5,361,909	$ 14,479,659

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,124,747	$ 326,396	$ -	$ 35,331	$ (763,020)	$ -	$ (763,020)
Public safety	1,489,880	256,566	73,187	117,184	(1,042,943)	-	(1,042,943)
Public works	802,503	-	-	307,169	(495,334)	-	(495,334)
Airport	130,851	-	-	822,028	691,177	-	691,177
Community development	18,587	-	-	-	(18,587)	-	(18,587)
Interest on long-term debt	7,794	-	-	-	(7,794)	-	(7,794)
Total governmental activities	3,574,362	582,962	73,187	1,281,712	(1,636,501)	-	(1,636,501)
Business-type activities:							
Water and sewer	1,076,095	1,327,110	-	-	-	251,015	251,015
Natural gas	1,716,736	1,941,860	-	-	-	225,124	225,124
Solid waste	446,126	661,301	-	-	-	215,175	215,175
Total business-type activities	3,238,957	3,930,271	-	-	-	691,314	691,314
Total	$ 6,813,319	$ 4,513,233	$ 73,187	$ 1,281,712	(1,636,501)	691,314	(945,187)
General revenues:							
Property taxes					847,052	-	847,052
General sales tax					535,413	-	535,413
Hotel/Motel tax					18,587	-	18,587
Other taxes					359,238	-	359,238
Interest earnings					835	15,046	15,881
Miscellaneous					15,485	24,659	40,144
Capital asset reassignment					(2,500)	2,500	-
Transfers					1,163,040	(1,163,040)	-
Total general revenues and transfers					2,937,150	(1,120,835)	1,816,315
Changes in net assets					1,300,649	(429,521)	871,128
Net assets - beginning					7,817,101	5,933,970	13,751,071
Prior period adjustment						(142,540)	(142,540)
Net assets, as restated – beginning					7,817,101	5,791,430	13,608,531
Net assets - ending					$ 9,117,750	$ 5,361,909	$ 14,479,659

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Capital Projects-Special Sales Tax – 2007	Capital Projects-Airport Apron	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	$ 19,330	$ 279,212	$ 20,000	$ 141,868	$ 460,410
Receivables, net					
Taxes	38,875	-	-	-	38,875
Fines and forfeitures	27,734	-	-	-	27,734
Customers	-	-	-	-	-
Intergovernmental	101,040	103,362	-	-	204,402
Others	5,982	-	-	-	5,982
Due from other funds	4,463	237,258	-	112,829	354,550
Inventory at cost	7,198	-	-	-	7,198
Prepaid Items	45,556	-	-	-	45,556
TOTAL ASSETS	$ 250,178	$ 619,832	$ 20,000	$ 254,697	$ 1,144,707
LIABILITES:					
Accounts Payable	$ 38,562	$ 34,257	$ 20,000	$ 9,875	$ 102,694
Salaries and benefits payable	56,755	-	-	-	56,755
Other accrued Liabilities	-	-	-	-	-
Due to other funds .	350,087	-	-	4,463	354,550
Deferred Revenue	13,339	-	-	-	13,339
TOTAL LIABILTIES	458,743	34,257	20,000	14,338	527,338
FUND BALANCES (DEFICITS):					
Nonspendable:					
Inventory	7,198	-	-	-	7,198
Prepaid items	45,556	-	-	-	45,556
Restricted-					
Capital Projects	-	585,575	-	251,697	837,272
Unassigned:					
General Fund	(261,319)	-	-	-	(261,319)
Capital Projects Funds	-	-	-	(11,338)	(11,338)
TOTAL FUND BALANCES	(208,565)	585,575	-	240,359	617,369
TOTAL LIABILITIES AND FUND BALANCES	$ 250,178	$ 619,832	$ 20,000	$ 254,697	$ 1,144,707

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Differences in amounts reported for governmental activities in the statement of net assets:		
Fund balances (deficit) - total governmental funds	$	617,369
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds		8,756,547
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds - Liability for compensated absences	(	102,534)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the governmental funds	(	166,971)
Some governmental revenues will not be collected for several months after the year end and are deferred in the governmental funds		13,339
Net assets of governmental activities	$	9,117,750

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Capital Projects - Special Sales Tax – 2007	Capital Projects Airport Apron	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 1,743,880	$ -	$ -	$ 18,587	$ 1,762,467
Licenses and permits	305,585	-	-	-	305,585
Intergovernmental	145,524	393,541	822,028	6,436	1,367,529
Charges for services	20,811	-	-	-	20,811
Fines and forfeitures	256,566	-	-	-	256,566
Miscellaneous	16,320	441	-	86	16,847
Total Revenues	2,488,686	393,982	822,028	25,109	3,729,805
EXPENDITURES:					
Current:					
General government	1,133,010	-	-	-	1,133,010
Public safety	1,433,351	-	-	-	1,433,351
Public works	759,349	-	-	-	759,349
Airport	33,144	-	-	-	33,144
Community development	-	-	-	18,587	18,587
Capital outlay	-	467,912	783,470	162,357	1,413,739
Debt service:					
Principal	21,318	47,767	-	-	69,085
Interest	1,058	6,736	-	-	7,794
Total Expenditures	3,381,230	522,415	783,470	180,944	4,868,059
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(892,544)	(128,433)	38,558	(155,835)	(1,138,254)
OTHER FINANCING SOURCES (USES):					
Transfers in	1,163,040	-	24,642	-	1,187,682
Transfers out	(24,642)	-	-	-	(24,642)
Issuance of capital leases	-	-	-	-	-
Total Other Financing Sources (Uses)	1,138,398	-	24,642	-	1,163,040
NET CHANGE IN FUND BALANCES	245,854	(128,433)	63,200	(155,835)	24,786
FUND BALANCE (DEFICIT), BEGINNING	(454,419)	714,008	(63,200)	396,194	592,583
FUND BALANCE (DEFICIT), ENDING	$(208,565)	$ 585,575	$ -	$ 240,359	$ 617,369

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Differences in amounts reported for governmental activities in the statement of activities:		
Net change in fund balances - total governmental funds	$	24,786
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets		1,520,581
Difference between Net gain (loss) on sale of assets and gross proceeds received from sale	(	939)
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities	(	301,051)
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net assets		69,085
Expenses for compensated absences are reported for governmental activities but do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds:		
Liability balance at current fiscal year end	(	102,534)
Liability balance at prior fiscal year end		105,118
Some governmental revenues will not be collected for several months after the year end and are deferred in the governmental funds:		
Deferred revenue balance at current fiscal year end		13,339
Deferred revenue balance at prior fiscal year end	(	27,736)
Change in net assets of governmental activities	$	1,300,649

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Water and Sewer	Natural Gas	Solid Waste	Total
ASSETS:				
Current Assets:				
Cash	$ -	$ 276,029	$ 79,441	$ 355,470
Restricted investments	64,182	-	-	64,182
Receivables, net	146,048	100,238	73,330	319,616
Inventory, at cost	10,269	3,329	3,416	17,014
Prepaid items	15,664	9,657	8,164	33,485
Bond issue cost, net	31,468	-	-	31,468
Total Current Assets	267,631	389,253	164,351	821,235
Noncurrent Assets:				
Investment in joint venture	-	670,861	-	670,861
Investments	-	241,040	-	241,040
Restricted investments	495,924	-	-	495,924
Capital assets:				
Land	9,700	515	-	10,215
Buildings, net	15,157	-	-	15,157
Machinery and equipment, net	87,024	21,798	310,024	418,846
Water and sewer system, net	6,219,325	-	-	6,219,325
Gas system, net	-	137,692	-	137,692
Transmission line, net	-	121,973	-	121,973
Total Noncurrent Assets	6,827,130	1,193,879	310,024	8,331,033
TOTAL ASSETS	7,094,761	1,583,132	474,375	9,152,268
LIABILITIES:				
Current Liabilities:				
Accounts payable	18,000	71,111	20,234	109,345
Deposits payable	22,083	8,983	-	31,066
Salaries and benefits payable	9,348	7,802	6,871	24,021
Accrued interest	16,150	-	-	16,150
Leases payable	-	-	40,100	40,100
Compensated absences	8,398	6,118	4,851	19,367
Total	73,979	94,014	72,056	240,049
Current Liabilities (payable from restricted assets) -				
Bonds payable	64,182	-	-	64,182
Total Current Liabilities (Payable from Restricted Assets)	64,182	-	-	64,182
Total Current Liabilities	138,161	94,014	72,056	304,231
Noncurrent Liabilities -				
Bonds and leases payable	3,401,444	-	62,835	3,464,279
Compensated absences	9,474	6,902	5,473	21,849
Total Noncurrent Liabilities	3,410,918	6,902	68,308	3,486,128
TOTAL LIABILITIES	3,549,079	100,916	140,364	3,790,359
NET ASSETS:				
Invested in capital assets, net of related debt	2,865,580	281,978	207,089	3,354,647
Restricted for debt service	560,106	-	-	560,106
Unrestricted	119,996	1,200,238	126,922	1,447,156
TOTAL NET ASSETS	$ 3,545,682	$ 1,482,216	$ 334,011	$ 5,361,909

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Water and Sewer	Natural Gas	Solid Waste	Total
OPERATING REVENUES:				
Water and sewer charges pledged as security for revenue bonds	$ 1,327,110	$ -	$ -	$ 1,327,110
Charges for services	-	1,941,860	661,301	2,603,161
Total Operating Revenues	1,327,110	1,941,860	661,301	3,930,271
OPERATING EXPENSES:				
Salaries and benefits	266,978	201,640	207,198	675,816
Services and fees	83,172	1,429,101	105,087	1,617,360
Supplies	89,141	11,837	13,891	114,869
Repairs and maintenance	46,845	6,549	12,511	65,905
Utilities	168,510	21,922	34,123	224,555
Insurance premiums	36,728	28,310	24,228	89,266
Depreciation	222,629	16,388	44,622	283,639
Amortization	1,011	-	-	1,011
Miscellaneous	1,246	989	-	2,235
Total Operating Expenses	916,260	1,716,736	441,660	3,074,656
OPERATING INCOME (LOSS)	410,850	225,124	219,641	855,615
NON-OPERATING REVENUES (EXPENSES):				
Interest income	7,935	7,111	-	15,046
Income from joint venture	-	24,659	-	24,659
Interest expense	(159,835)	-	(4,466)	(164,301)
Total Non-Operating Revenues (Expenses)	(151,900)	31,770	(4,466)	(124,596)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	258,950	256,894	215,175	731,019
Capital contributed	2,500	-	-	2,500
Transfers out	(438,440)	(250,000)	(474,600)	(1,163,040)
CHANGES IN NET ASSETS	(176,990)	6,894	(259,425)	(429,521)
NET ASSETS, BEGINNING	3,856,150	1,475,322	602,498	5,933,970
PRIOR PERIOD ADJUSTMENTS	(133,478)	-	(9,062)	(142,540)
NET ASSETS, BEGINNING, AS RESTATED	3,722,672	1,475,322	593,436	5,791,430
NET ASSETS, ENDING	$ 3,545,682	$ 1,482,216	$ 334,011	$ 5,361,909

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Water and Sewer	Natural Gas	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	$ 1,199,942	$ 1,924,324	$ 652,280	$ 3,776,546
Cash paid to suppliers	(418,757)	(1,498,780)	(185,700)	(2,103,237)
Cash paid to employees	(288,876)	(202,011)	(206,907)	(697,794)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	492,309	223,533	259,673	975,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES-				
Transfer to (from) other funds	(438,440)	(250,000)	(474,600)	(1,163,040)
NET CASH FLOWS PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(438,440)	(250,000)	(474,600)	(1,163,040)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(22,011)	(4,366)	-	(26,377)
Principal payments on notes	-	-	(38,722)	(38,722)
Principal payments on bonds	(60,978)	-	-	(60,978)
Interest paid on bonds and notes	(160,537)	-	(4,466)	(165,003)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(243,526)	(4,366)	(43,188)	(291,080)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	7,935	7,111	-	15,046
Decrease (increase) in restricted assets	71,308	-	-	71,308
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	79,243	7,111	-	86,354
NET INCREASE (DECREASE) IN CASH	(110,414)	(23,722)	(258,115)	(392,251)
CASH, BEGINNING	110,414	299,751	337,556	747,721
CASH, ENDING	$ -	$ 276,029	$ 79,441	$ 355,470
CASH ENDING -				
Unrestricted	$ -	$ 276,029	$ 79,441	$ 355,470
Total	$ -	$ 276,029	$ 79,441	$ 355,470

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Water and Sewer	Natural Gas	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 410,850	$ 225,124	$ 219,641	$ 855,615
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	222,629	16,388	44,622	283,639
Amortization	1,011	-	-	1,011
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(130,897)	(14,712)	(9,022)	(154,631)
Prepaid items, etc	(7,678)	(78)	(178)	(7,934)
Inventory, at cost	1,730	(463)	3,794	5,061
Increase (decrease) in:				
Accounts payable	(11,395)	454	724	(10,217)
Deposits payable	3,729	(2,808)	-	921
Salaries and benefits payable	2,330	(372)	92	2,050
Total adjustments	81,459	(1,591)	40,032	119,900
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 492,309	$ 223,533	$ 259,673	$ 975,515
NON-CASH TRANSACTIONS AFFECTING FINANCIAL POSITION:				
Acquisition of capital assets	$(2,500)	$ -	$ -	$(2,500)
Capital contribution	2,500	-	-	2,500
Net income from joint venture	-	24,659	-	24,659
Decrease (increase) in investment in joint venture	-	(24,659)	-	(24,659)
NET-EFFECT-NON-CASH TRANSACTIONS	$ -	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cochran, Georgia is an incorporated municipality under the provisions of Georgia law. The City operates under a Mayor and Council form of government. The City provides various services, levies taxes, and issues licenses as provided by the Charter. These services include public safety, highways and streets, sanitation, wastewater treatment, water, gas, and administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended or discretely presented component units.

The City is responsible for appointing some of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. These related organizations include the following:

Cochran-Bleckley Recreation Authority
Cochran-Bleckley Library Board
Cochran-Bleckley Industrial Development Authority
Cochran-Bleckley Health Board
Cochran Housing Authority
Cochran Municipal Airport Authority

Disbursements to these organizations based on contractual agreements have been budgeted and expended as part of the regular operations of the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax - 2007 -Capital Projects Fund** accounts for capital outlay and other transactions related to the additional one-percent local option sales tax currently in effect.

The **Airport Apron Capital Projects Fund** accounts for capital outlay and other transactions related to the construction of the airport apron with 2007 AirGeorgia Award Grant Funds.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The **Natural Gas Fund** is used to account for the provision of natural gas services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The **Solid Waste Fund** is used to account for the provision of solid waste services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The government-wide and business-type activities financial statements of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the options of following subsequent private-sector guidance for their business type activities and enterprise funds, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to follow subsequent private sector guidance.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

When both restricted and unrestricted resources are available for use for expenditures incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

D. Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval.

E. Budgets and Budgetary Accounting

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

1. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means by which they are to be financed.

2. The City Council holds a public hearing on the budget, giving notice thereof at least 10 days in advance by publication in the official organ of the City of Cochran.

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting prior to July 1 of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, or as amended by the Council. Amendments were made to the current year's budget. Appropriated annual budgets have been legally adopted for the General Fund, Special Revenue Fund, Debt Service Fund, and Enterprise Funds. A project length budget is adopted for the capital projects funds.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are reported in order to reserve that portion of applicable appropriations, is not employed by the City because it is considered impractical and not necessary to insure effective budgetary and cash planning and control.

G. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. For purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The City maintains only checking and interest-bearing savings accounts in Georgia financial institutions as permitted by OCGA 36-83-4. Restricted investments include cash and certificates of deposit which have been segregated under the provisions of the revenue bond agreement. These investments are stated at cost plus accrued interest which approximates market value.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

I. Prepaid Items

Prepaid items are recorded as expenditures in the governmental funds during the period benefited.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets prior to July 1, 2003, have not been recorded on the books of the City.

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

Major outlays for capital and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the assets' estimated useful lives as follows:

Asset Class	Estimated Useful Lives In Years	Capitalization Threshold
Buildings	50	$ 15,000
Building Improvements	20	$ 5,000
Machinery and equipment	3-10	$ 1,000
Water and sewer lines	30-50	$ 1,500
Gas Lines	30-50	$ 5,000
Airport runway	30-50	$ 10,000
Infrastructure	30	$ 7,500

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits

Vacation leave is earned by all permanent City employees at a rate determined by the amount of continuous employment the employee has with the City for the first 15 years of service. After fifteen years of service, the employees earn at a rate of eighteen days per year. Vacation leave may be accumulated and carried over to a maximum of 30 days per employee. Upon separation from the City, employees are entitled to accumulated vacation leave. In governmental funds, the cost of vacation leave is recognized when payments are made to employees. Proprietary funds accrue vacation leave in the period they are earned.

L. Long-Term Obligations

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

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

M. Fund Equity

1. Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “Restricted”.

2. Fund Statements

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

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

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

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

- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council can authorize the City Clerk or designee to assign fund balances.

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

Proprietary fund equity is classified the same as in the government-wide statements.

N. Bond Issuance Costs

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

O. Interfund Transactions

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

All other interfund transactions are reported as transfers.

P. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for all types of receivables which historically experience uncollectible accounts.

Q. Post-employment health care benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

R. Concentrations of Credit Risk

The City's Water and Sewer, Natural Gas, and Solid Waste Enterprise Funds services serve customers within the City of Cochran. The balance of receivables is composed mostly of residential and smaller commercial accounts. The City does not expect to incur significant losses as a result of these receivables. Management believes that the allowance for uncollectibles is adequate to cover all anticipated future losses on these receivables.

S. Use of Estimates

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

T. Advertising Costs

Advertising costs are recorded as expenditures or expenses, as appropriate, in the period incurred. No advertising costs are capitalized.

2. DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Government may not be able to recover its deposits or recover collateral securities in the possession of an outside party. At year end, the City had deposits of $2,006,467 the carrying amount for these deposits was $1,616,045. The City's deposits were insured or collateralized with securities held by the City, an agent in the name of the City, or securities pledged by the financial institution in the name of the City.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other state;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The City maintains only checking and interest-bearing savings accounts in Georgia financial institutions as permitted by OCGA 36-83-4. Restricted investments include cash and certificates of deposit which have been segregated under the provisions of the revenue bond agreement. These investments are stated at cost plus accrued interest which approximates market value.

Total deposits are reported under the following captions in the statement of net assets:

Cash	$ 814,899
Restricted Investments, Current	64,182
Restricted Investments, Noncurrent	495,924
Investments	241,040
Carrying Amount	1,616,045
Cash on hand	981
Totals	$ 1,617,026

Restricted investments have been reported as non-current restricted assets on the balance sheet.

3. PROPERTY TAXES

The City levies property taxes on September 1st of each year. Due date for these taxes is December 20th and the lien date is the following March 1st. Taxes are collected throughout the year.

Property taxes for the fiscal year ended June 30, 2011, were assessed at the net rate of 9.183 mills on the dollar on a total assessed valuation of $92,573,978.

In the governmental fund financial statements, property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year are therefore susceptible to accrual in accordance with GAAP and have been recognized as revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Over time, substantially all property taxes are collected.

4. ACCOUNTS RECEIVABLE

Receivables at year-end for the City's individual major funds and nonmajor funds in the aggregate and the related allowance for uncollectibles is as follows:

	General	Capital Projects SPLOST 2007	Nonmajor Governmental Funds	Water and Sewer Fund	Natural Gas Fund	Solid Waste Fund	Total
Taxes...	$ 57,875	$ -	$ -	$ -	$ -	$ -	$ 57,875
Less allowance for uncollectibles	(19,000)	-	-	-	-	-	(19,000)
Net Taxes	38,875	-	-	-	-	-	38,875
Fines....	403,913	-	-	-	-	-	403,913
Less allowance for uncollectibles	(376,179)	-	-	-	-	-	(376,179)
Net Fines	27,734	-	-	-	-	-	27,734
Customers	-	-	-	388,554	332,602	226,041	947,197
Less allowance for uncollectibles...	-	-	-	(242,506)	(232,364)	(152,711)	(627,581)
Net accounts.....	-	-	-	146,048	100,238	73,330	319,616
Intergovernmental	101,040	103,362	-	-	-	-	204,402
Others..	5,982	-	-	-	-	-	5,982
Total receivables	$ 173,631	$ 103,362	$ -	$ 146,048	$ 100,238	$ 73,330	$ 596,609

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

Description	Balance Beginning	Additions	Retirements	Balance Ending
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 854,624	$ 21,750	$ -	$ 876,374
Construction in progress	4,217,509	518,256	4,181,158	554,607
Total capital assets, not being depreciated	5,072,133	540,006	4,181,158	1,430,981
Capital assets, being depreciated:				
Infrastructure	584,665	4,960,647	-	5,545,312
Buildings and improvements	1,545,734	100,750	-	1,646,484
Improvements other than buildings	88,462	18,205	-	106,667
Machinery and equipment	2,041,079	82,131	2,450	2,120,760
Total capital assets, being depreciated	4,259,940	5,161,733	2,450	9,419,223
Less accumulated depreciation for:				
Infrastructure	84,315	107,349	-	191,664
Buildings and improvements	489,954	40,041	-	529,995
Improvements other than buildings	8,782	1,769	-	10,551
Machinery and equipment	1,211,066	151,892	1,511	1,361,447
Total accumulated depreciation	1,794,117	301,051	1,511	2,093,657
Governmental activities capital assets, net of accumulated depreciation:				
Capital assets, not being depreciated:				
Land	854,624	21,750	-	876,374
Construction in progress	4,217,509	518,256	4,181,158	554,607
Total capital assets, not being depreciated	5,072,133	540,006	4,181,158	1,430,981
Capital assets being depreciated, net of accumulated depreciation:				
Infrastructure	500,350	4,853,298	-	5,353,648
Buildings and improvements	1,055,780	60,709	-	1,116,489
Improvements other than buildings	79,680	16,436	-	96,116
Machinery and equipment	830,013	(69,761)	(939)	759,313
Total capital assets being depreciated, net of accumulated depreciation	2,465,823	4,860,682	(939)	7,325,566
Total governmental activities capital assets, net of accumulated depreciation	$ 7,537,956	$ 5,400,688	$ 4,180,219	$ 8,756,547

Description	Balance Beginning	Additions	Retirements	Balance Ending
Business-type activities:				
Capital assets, not being depreciated -				
Land	$ 10,215	$ -	$ -	$ 10,215
Capital assets, being depreciated:				
Buildings and improvements	19,832	15,680	-	35,512
Machinery and equipment	1,387,557	13,197	40,305	1,360,449
Water and sewer system..	9,741,367	-	-	9,741,367
Gas system	585,395	-	-	585,395
Transmission line	667,584	-	-	667,584
Total capital assets, being depreciated	12,401,735	28,877	40,305	12,390,307
Less accumulated depreciation for:				
Buildings and improvements	19,752	603	-	20,355
Machinery and equipment	906,591	75,317	40,305	941,603
Water and sewer system	3,322,515	199,527	-	3,522,042
Gas system	443,185	4,518	-	447,703
Transmission line	541,937	3,674	-	545,611
Total accumulated depreciation	5,233,980	283,639	40,305	5,477,314
Business-type activities capital assets, net of accumulated depreciation:				
Capital assets, not being depreciated -				
Land	10,215	-	-	10,215
Capital assets, being depreciated, net of accumulated deprecation:				
Buildings and improvements	80	15,077	-	15,157
Machinery and equipment	480,966	(62,120)	-	418,846
Water and sewer system	6,418,852	(199,527)	-	6,219,325
Gas system	142,210	(4,518)	-	137,692
Transmission line	125,647	(3,674)	-	121,973
Total capital assets, being depreciated, net of accumulated depreciation	7,167,755	(254,762)	-	6,912,993
Business-type activities capital assets, net	$ 7,177,970	$ (254,762)	$ -	$ 6,923,208

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

Governmental activities:	
General government	$ 48,023
Public safety	112,167
Public works	43,154
Airport	97,707
Total depreciation expense - governmental activities	$ 301,051
Business-type activities:	
Water and sewer system	$ 222,629
Gas system	16,388
Solid waste system	44,622
Total depreciation expense - business-type activities	$ 283,639

6. JOINT VENTURES

The City of Cochran participates in three joint ventures, which are not part of the City's reporting entity.

A. Jointly Owned Natural Gas Transmission Line

The Jointly Owned Natural Gas Transmission Line was established in 1953 by the cities of Warner Robins, Perry, Hawkinsville, and Cochran, Georgia. The venture was established to provide maintenance and related services for the natural gas transmission line serving the member cities. The joint venture is governed by a four-member board composed of one member from each participating city. Under the terms of the joint venture contract, each city pays for and owns its own separate section of the transmission line. The income generated from the venture is allocated to each city based on various percentages as specified in the joint venture contract. Each city's share in the income and retained earnings of the joint venture is reported in the audited financial statements of the Jointly Owned Natural Gas Transmission Line. The Jointly Owned Natural Gas Transmission Line net income (loss) and retained earnings as of and for the years ended September 30, 2010 and 2009 allocated to the City of Cochran are reported in the Natural Gas Enterprise Fund as of and for the years ended June 30, 2011 and 2010.

The amounts allocated to the City of Cochran in the audited financial statements of the Jointly Owned Natural Gas Transmission Line as of and for the years ended September 30, 2010 and 2009 are as follows:

	2010	2009
Retained earnings, beginning	$646,202	$602,090
Net income (loss) for the year	24,659	44,112
Retained earnings, ending	$670,861	$ 646,202

The above amounts are reported in the Natural Gas Enterprise Fund of the City of Cochran as of and for the years ended June 30, 2011 and 2010, are as follows:

	2011	2010
Investment in joint venture	$670,861	$ 646,202
Net income (loss) from joint venture	$ 24,659	$ 44,112

The audited financial statements of the Jointly Owned Natural Gas Transmission Line are available at City Hall, P.O. Box 8, Cochran, Georgia 31014.

B. Cochran-Bleckley Emergency Management Office

The Cochran-Bleckley Emergency Management Office is a joint venture between the City of Cochran, Georgia and Bleckley County, Georgia. The net monthly cost of operations of this joint venture is paid equally by the City and the County. The total expenditures paid by the General Fund of the City of Cochran for the year ended June 30, 2011, is $26,676. However, the operations, capital assets and long-term debt were transferred to the books and records of Bleckley County, Georgia, under agreement with the City of Cochran and Bleckley County, Georgia, for 2004 and future years.

C. Regional Commission

Under Georgia law, the City, in conjunction with municipalities and counties in the eleven (11) county Heart of Georgia area are members of the Heart of Georgia Regional Commission (HGRC). Membership in the HGRC is required for each municipality and county in the Heart of Georgia region. The Official Code of Georgia Section 50-8-34 provides for the organizational structure. The HGRC Board membership includes the elected official of each county and the chief elected official of each municipality. The City

board members and municipal board members from the same county elect one Member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as a nonpublic member and a minority member who must be an elected official to serve as board members from a County. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of the HGRC. Separate financial statements for the HGRC are available from: Heart of Georgia Regional Commission, 5405 Oak Street, Eastman, GA 31023.

7. COMPLIANCE

The City levies and collects a five percent hotel/motel tax in accordance with the provisions of OCGA 48-13-51. The City has complied with the expenditure requirements of this code section as required under Code Section 36-81-7. Presented below is a table which summarizes hotel/motel tax transactions during the current fiscal year and is reported in the special revenue fund:

Total Hotel/Motel tax funds expended	$ 18,587
Total Hotel/Motel tax receipts	$ 18,587
Percentage of expenditures to tax receipts	100 %

Deficit Fund Balance-
The following funds had a deficit fund balance at year end:

General Fund	$ 208,565
Capital projects – CDBG	$ 11,338

Excess of Expenditures Over Appropriations in Individual Departments and Budget Compliance-
No individual funds or departments had an excess of expenditures over appropriations during the current year. The original budget, as adopted for the year ended June 30, 2011, was not balanced as required by O.C.G.A 36-81-3.

SPLOST Funds-
SPLOST Funds were maintained in separate bank accounts as required by O. C. G. A. 48-8-121(a)(1) during the current year. Funds had been advanced to and are due from other funds in the amount of $112,829 for the 2001 SPLOST and $237,258 for the 2007 SPLOST. A total of $273,922 was repaid to the SPLOST funds during the current year.

8. LONG-TERM LIABILITIES

The following is a summary of debt transactions of the City of Cochran for the year ended June 30, 2011:

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-term Portion
Governmental Activities:						
Compensated Absences	$ 105,118	$ -	$ 2,584	$ 102,534	$ 48,178	$ 54,356
Notes and leases Payable:						
Capital leases	214,738	-	47,767	166,971	49,422	117,549
Notes Payable	21,318	-	21,318	-	-	-
Total Notes and Leases Payable	236,056	-	69,085	166,971	49,422	117,549
Total Governmental Activities	$ 341,174	$ -	$ 71,669	$ 269,505	$ 97,600	$ 171,905

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-term Portion
Business-Type Activities:						
Compensated Absences	$ 45,432	$ -	$ 4,216	$ 41,216	$ 19,367	$ 21,849
Bonds and Leases Payable						
Revenue Bonds:						
Series 1989	148,000	-	13,000	135,000	14,000	121,000
Series 2003	3,378,604	-	47,978	3,330,626	50,182	3,280,444
Total Revenue Bonds	3,526,604	-	60,978	3,465,626	64,182	3,401,444
Bonds and Leases Payable -						
Capital leases	141,657	-	38,722	102,935	40,100	62,835
Total Bonds and leases	3,668,261	-	99,700	3,568,561	104,282	3,464,279
Total Business-Type Activities	$ 3,713,693	$ -	$ 103,916	$ 3,609,777	$ 123,649	$ 3,486,128

Details of capital leases and notes payable are as follows:

	Balance Beginning	Additions	Retirements	Balance Ending
Governmental Activities:				
Capital Leases-				
3.42% Capital lease payable, with quarterly payments of $13,626, including interest, original principal of $251,000, made on October 15, 2009, incurred to purchase fire department equipment	$ 214,738	$ -	$ 47,767	$ 166,971
Total Capital Leases Payable	214,738	-	47,767	166,971
Notes Payable-				
5.00% Note payable, with annual payments of $22,399, including interest, original principal of $60,918, made on January 18, 2008, incurred to purchase real estate	21,318	-	21,318	-
Total Notes Payable	21,318	-	21,318	-
Total Capital Leases and Notes Payable - Governmental Activities	$ 236,056	$ -	$ 69,085	$ 166,971

	Balance Beginning	Additions	Retirements	Balance Ending
Business-Type Activities:				
Revenue Bonds Payable:				
6.375% Revenue bond payable (Series 1989), with payments due annually in increasing amounts due October 1 of of each year, original principal amount of $300,000, made on January 1, 1989, with final payment due on October 1, 2018, incurred to extend and improve water and sewer system	$ 148,000	$ -	$ 13,000	$ 135,000
4.50% Revenue bond payable (Series 2002), with payments due monthly in amounts of $16,590 beginning October 5, 2002, original principal amount of $3,685,650, made on September 5, 2002, with final payment due on August 5, 2042, incurred to extend and improve water and sewer system	3,378,604	-	47,978	3,330,626
Total Revenue Bonds Payable - Business-Type Activities	3,526,604	-	60,978	3,465,626
Capital Leases-				
3.51% Capital lease payable, with quarterly payments of $10,797, including interest, original principal of $197,336, made on November 21, 2008, incurred to purchase solid waste equipment	141,657	-	38,722	102,935
Total Capital Leases-Business-Type Activities	141,657	-	38,722	102,935
Total Revenue Bonds and Capital Leases-Business-Type Activities	$ 3,668,261	$ -	$ 99,700	$ 3,568,561

The total assets recorded in the governmental activities statement of net assets under capital leases outstanding at June 30, 2011, is $251,000. The total assets recorded in the business-type activities statement of net assets under capital leases outstanding at June 30, 2011, is $197,336.

The combined aggregate amount of maturities and sinking fund requirements of long-term borrowings is as follows:

	Governmental Activities								
Year ending	Notes Payable			Capital Leases Payable			Totals		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	-	-	-	49,422	5,081	54,503	49,422	5,081	54,503
2013	-	-	-	51,134	3,369	54,503	51,134	3,369	54,503
2014	-	-	-	52,905	1,598	54,503	52,905	1,598	54,503
2015	-	-	-	13,510	116	13,626	13,510	116	13,626
2016	-	-	-	-	-	-	-	-	-
2017-2021	-	-	-	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
Totals	$ -	$ -	$ -	$ 166,971	$ 10,164	$ 177,135	$ 166,971	$ 10,164	$ 177,135

Year ending	Business-Type Activities								
	Revenue Bonds			Capital Leases			Totals		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	64,182	157,504	221,686	40,100	3,088	43,188	104,282	160,592	264,874
2013	66,487	154,307	220,794	41,524	1,664	43,188	108,011	155,971	263,982
2014	69,898	151,003	220,901	21,311	281	21,592	91,209	151,284	242,493
2015	73,420	147,525	220,945	-	-	-	73,420	147,525	220,945
2016	77,058	143,867	220,925	-	-	-	77,058	143,867	220,925
2017-2021	403,302	658,812	1,062,114	-	-	-	403,302	658,812	1,062,114
2022-2026	430,995	564,405	995,400	-	-	-	430,995	564,405	995,400
2027-2031	539,518	455,882	995,400	-	-	-	539,518	455,882	995,400
2032-2036	675,367	320,033	995,400	-	-	-	675,367	320,033	995,400
2037-2041	845,422	149,978	995,400	-	-	-	845,422	149,978	995,400
2042-2046	219,977	7,138	227,115	-	-	-	219,977	7,138	227,115
Totals	$ 3,465,626	$2,910,454	$6,376,080	$ 102,935	$ 5,033	$ 107,968	$ 3,568,561	$ 2,915,487	$ 6,484,048

Total interest paid on long-term debt was $172,098 during the year ended June 30, 2011.

Governmental Activities			Business Type Activities		
Total Interest	Less Direct Interest	Net Interest	Total Interest	Less Capitalized Interest	Net Interest
$ 7,794	$ -	$ 7,794	$ 164,304	$ -	$ 164,304

The City had no earnings on unexpended debt proceeds and, accordingly, federal arbitrage regulations do not currently apply.

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

The City has several annually renewable leases on office equipment with no contingent payments included therein. Total equipment rental during the current year was $21,352.

The City did not have short-term debt activity during the current year.

9. RESTRICTED ASSETS - PROPRIETARY FUNDS

The revenue bonds payable require the restriction of certain fund assets for the purpose designated by the revenue bond agreement. The assets so designated have been identified as "restricted investments" on the balance sheet and include cash and certificates of deposit. The significant requirements of the bond covenants were met on a timely basis through June 30, 2011.

10. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of the end of the current year were for routine operating functions in payroll and debt service administration in prior years. The interfund balances are expected to be repaid within one year from June 30, 2011. During the current year, the Mayor and Council approved the full settlement of accumulated prior year interfund balances with interfund transfers in the amount of $1,163,040.

Interfund balances of amounts due to/from other funds and transfers by fund as of and for the year ended June 30, 2011, are as follows:

Fund	Due from Other Funds	Due to Other Funds
Major Governmental Funds:		
Capital Projects Fund- Special Sales Tax - 2007-Receivable from General Fund	$ 237,258	-
General Fund receivable from- Capital Projects - CDBG Fund	4,463	-
General Fund payable to:		
Capital Projects Fund - Special Sales Tax - 2001	-	112,829
Capital Projects Fund - Special Sales Tax - 2007	-	237,258
Total Major Governmental Funds	241,721	350,087
Nonmajor Governmental Funds	112,829	4,463
Totals	$ 354,550	$ 354,550

Fund	Transfers In	Transfers Out	Net Transfers In (Out)
Major Governmental Funds:			
General fund	$ 1,163,040	$ 24,642	$ 1,138,398
Capital Projects Fund - Capital Projects-Airport Apron	24,642	-	24,642
Total Major Governmental Funds	1,187,682	24,642	1,163,040
Nonmajor Governmental Funds .	-	-	-
Totals	$ 1,187,682	$ 24,642	$ 1,163,040
Major Proprietary Funds:			
Water and Sewer fund	$ -	$ 438,440	$(438,440)
Natural Gas fund	-	250,000	(250,000)
Solid Waste fund	-	474,600	(474,600)
Totals	$ -	$ 1,163,040	$ (1,163,040)

11. GRANTS

In the normal course of operations, the City, receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

12. RISK MANAGEMENT

The City is a member of the Georgia Municipal Association Self Insurance Workers Compensation Fund. The fund represents a self-insurance pool, whereby members agree to pay the workers compensation claims of other members of the fund. The City paid $97,538 to the fund during the year ended June 30, 2011. There were no assessments made against the City for additional losses incurred by the fund.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Cochran became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The effective date of membership was November 1, 1985. The liability of the fund to the employees of any employer (City of Cochran) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 City within the scope of loss protection furnished by the fund.

The City is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled $123,498 during the current year.

13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

There are currently no lawsuits pending against the City.

14. PENSION PLANS

A. Plan Description

The City's defined benefit plan, City of Cochran Retirement Plan, is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System Retirement Fund (GMEBS) an agent multiple employer pension fund. The plan was established by a City ordinance under authority of Georgia law. The authority to establish and amend the benefit provisions of the plan rests with the City. The amount of current year covered payroll is $1,793,606. The total current year payroll for all employees is $2,188,225. The GMEBS issues a publicly available financial report that includes financial statements and required supplemental information for GMEBS.

That report may be obtained at City Hall of Cochran, Georgia, or by contacting the Georgia Municipal Association Risk Management and Employee Benefit Services, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

The plan covers all employees who have completed one continuous year of service and who normally work thirty or more hours per week. The plan also covers elected officials, effective December 1, 1991. Benefits are fully vested after ten years of service. Normal retirement age for employees is the earlier of age sixty-five with five years of service or upon the completion of twenty-five years of service, whichever is earlier. Normal retirement date for elected or appointed officials is age sixty-five or upon the completion of twenty-five years of service, whichever is earlier. All participants may elect early retirement upon the attainment of age fifty-five with a minimum of ten years of service.

The monthly retirement benefits, upon normal retirement, are as follows:

Full-time employees:

One-twelfth (1/12) the sum of: one percent (1%) of the Participant's Final Average Earnings up to the amount of Covered Compensation for the Participant's applicable year of birth, plus one and three-fourths percent (1-3/4%) of the Participant's Final Average Earnings in excess of the Covered Compensation applicable to the Participant, multiplied by years of Total Credited Service.

Elected or appointed members:

Ten dollars per month for each year of Service or major fraction thereof. However, in no event shall the Participant's Monthly Retirement Benefit exceed 100% of the monthly salary he was receiving as an elected or appointed member of the governing authority immediately prior to his retirement.

Benefits are adjusted accordingly for early retirement and delayed retirement.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these funding standards is $200,568. If the City funds the recommended contribution each year, the Plan will meet applicable funding standards. Active plan members are not required or permitted to contribute to the Plan.

B. Effect of Plan Changes on the Actuarial Accrued Liability

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

C. Effect of Plan Changes on Recommended Contributions

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

D. Significant Actuarial Assumptions

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan used in the current valuation are:

-	Investment rate of return	7.8 %	per year
-	Inflation rate assumption	5.5 %	per year
-	Projected salary increase assumption	3.5 %	per year
-	Cost of living adjustments	0.09%	per year

E. Funding Policy and Annual Contribution

The funding policy for the plan is to contribute an amount equal to the annual pension cost listed in A. below in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraphs 9-10 of GASB Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets as described in 2. below. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

1. Trend Information For The Plan

Fiscal Year Ended	Annual Pension Cost	Actual City Contribution	Percentage Of APC Contributed	Net Pension Obligation
06/30/11	$ 306,438	$ 306,438	100.0%	$ -
06/30/10	$ 329,229	$ 329,229	100.0%	$ -
06/30/09	$ 278,679	$ 278,679	100.0 %	$ -

2. Funded Status

Actuarial Valuation Date (05/01)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded AAL as a Percentage of Payroll
2011	$ 2,119,141	$ 3,339,917	63.5%	$ 1,220,776	$ 1,793,606	68.1 %

3. Actuarial Assumptions and Methods

Economic Assumptions:

Interest Rate:	
On-going plan basis	8.0 %
Plan termination basis	4.5 %
Annual Rates of Increase in:	
Salaries	5.5 %
Future Social Security Wage Bases	5.5 %
Cost of living adjustment	N/A

Demographic Assumptions:

Mortality:	
On-going plan basis	RP-2000 CHM Table
Plan termination basis	1994 GAR Unisex Table
Disabled	RP-2000 DRM Table

Termination	Age	Rate
	20	.2580
	30	.1560
	40	.0945
	50	.0585
	60	-

Retirement	Employees: Earlier of 65 with 5 years of service and 60 with 30 years of service. Class 1: Earlier of 65 with 5 years of service and 60 with 25 years of service. Officials: Earlier of 65 and 60 with 30 years of service.
Form of Payment	Life annuity
Administrative Expenses	$5,000 plus $50 per participant, plus0.05% of the market value of assets. This calculation is completed by GMEBS as of the end of calendar year preceding this valuation.
Actuarial Methods:	
Normal Cost and Actuarial Accrued Liability Actuarial Value of Assets	Projected Unit Credit Cost Method. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by service.
Asset Valuation Method	Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value, for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% market value for 2012, 26% of market value for 2013, and 20% market value for 2014 and later years.

Other Features	First year of service not credited. Applies to participants terminating before 5-1-96. (effective 5-1-95)
	For participants who have completed ten (10) years of total credited service, unused sick leave counts at a rate of 20 days equals 1 month of additional credited service. No maximum. Partial months shall not be credited. Unused sick leave cannot count toward any age, service, participation or vesting requirement under the plan.
	In-service distribution effective 1-1-2000, retired participants who are elected to serve as council members may continue to receive early or normal retirement benefit if they return to elective office with the City. This early retirement provision requires participants to be retired for a minimum of six months prior to taking office.
	No changes in plan features since last valuation.

The City also participates in the Georgia Peace Officer's Annuity Benefit Program and does not present amounts under this defined contribution plan in its financial statements. Total employer payments under this plan for the years ended June 30, 2011 and 2010, respectively, are $7,957 and $8,469. Contributions are based upon fines collected and not upon salaries. Employees do not contribute to the plan.

15. AMORTIZATION

The following is a summary of bond issue cost and related amortization:

	Bond Issue Cost	Accumulated Amortization	Net
Balance, beginning of year	$ 40,311	$ 7,832	$ 32,479
Amortization expense	-	1,011	(1,011)
Balance, end of year	$ 40,311	$ 8,843	$ 31,468

16. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that an over billing had occurred on the account of the Georgia Department of Corrections Facility in Cochran. The overbilling, which occurred from June 2009 through February 2011, totaled $193,275. A refund was issued on February 25, 2011, in the amount of $96,637 and a credit of $96,638 was issued on the account to be used against future billings. Of the credit to be used against future billings, a total of $50,735 applied to current year services. The balance of $142,540 is reported in this financial statement as a prior period adjustment of $133,478 in the Water and Sewer Fund and $9,062 in the Solid Waste Fund. The table below summarizes the adjustment to the government-wide statement of net assets and the proprietary fund statements:

	Business-type Activities Net Assets	Proprietary Fund Net Assets
Overstatement of Water and Sewer Fund revenues:		
For the year ended June 30, 2009	$ 5,388	$ 5,388
For the year ended June 30, 2010	128,090	128,090
Subtotal-Water and Sewer Fund	133,478	133,478
Overstatement of Solid Waste Fund revenues-		
For the year ended June 30, 2010	9,062	9,062
Total adjustment to beginning net assets/fund net assets	$ 142,540	$ 142,540

17. SUBSEQUENT EVENT

Subsequent to the current year end, Lithonia Lighting, a major employer in the City of Cochran announced plans to close the Cochran plant at some time in the 2012 calendar year. Lithonia Lighting is a significant utility customer and taxpayer of the City. The financial and economic impact upon the City of Cochran has not been determined.

Required Supplementary Information

CITY OF COCHRAN, GEORGIA

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 1,846,500	$ 1,511,450	$ 1,743,880	$ 232,430
Licenses and permits	324,000	310,900	305,585	(5,315)
Intergovernmental	118,500	146,500	145,524	(976)
Charges for services	25,000	9,600	20,811	11,211
Fines and forfeitures	301,000	256,500	256,566	66
Miscellaneous	17,000	15,750	16,320	570
Total Revenues	2,632,000	2,250,700	2,488,686	237,986
EXPENDITURES:				
Current:				
General government	1,018,021	1,137,250	1,133,010	4,240
Public safety	1,407,403	1,437,250	1,433,351	3,899
Public works	669,899	760,400	759,349	1,051
Airport	61,543	33,650	33,144	506
Debt Service:				
Principal	-	21,400	21,318	82
Interest	-	1,100	1,058	42
TOTAL EXPENDITURES	3,156,866	3,391,050	3,381,230	9,820
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(524,866)	(1,140,350)	(892,544)	247,806
OTHER FINANCING SOURCES (USES):				
Transfers (in)	315,000	1,165,000	1,163,040	(1,960)
Transfers out	-	(24,650)	(24,642)	8
Issuance of capital leases	-	-	-	-
Total Other Financing Sources	315,000	1,140,350	1,138,398	(1,952)
NET CHANGE IN FUND BALANCES	(209,866)	-	245,854	245,854
FUND BALANCE (DEFICIT), BEGINNING	(454,419)	(454,419)	(454,419)	-
FUND BALANCE (DEFICIT), ENDING	$ (664,285)	$ (454,419)	$ (208,565)	$ 245,854

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF COCHRAN, GEORGIA
Required Supplementary Information
Schedule of Funding Progress – Defined Benefit Plan
For the Fiscal Year Ended June 30, 2011

Actuarial Valuation Date (05/01)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded AAL as a Percentage of Payroll
2011	$ 2,119,141	$ 3,339,917	63.5%	$ 1,220,776	$ 1,793,606	68.1 %
2010	$ 1,896,536	$ 3,261,958	58.1 %	$ 1,365,422	$ 1,902,050	71.8 %
2009	$ 1,428,696	$ 2,992,117	47.8 %	$ 1,563,421	$ 1,899,650	82.3 %

The assumptions used in the preparation of the above schedule are disclosed in Note 14 in the Notes to the Financial Statements.

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

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budget:

1. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means by which they are to be financed.

2. The City Council holds a public hearing on the budget, giving notice thereof at least 10 days in advance by publication in the official organ of the City of Cochran.

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting prior to July 1 of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, or as amended by the Council. Amendments were made to the current year's budget. Appropriated annual budgets have been legally adopted for the General Fund, Special Revenue Fund, Debt Service Fund, and Enterprise Funds. A project length budget is adopted for the Capital Projects Funds.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are reported in order to reserve that portion of applicable appropriations, is not employed by the City because it is considered impractical and not necessary to insure effective budgetary and cash planning and control.

Excess of Expenditures Over Appropriations in Individual Departments and Budget Compliance:

No individual funds or departments had an excess of expenditures over appropriations during the current year. The original budget, as adopted for the year ended June 30, 2011, was not balanced as required by O.C.G.A. 36-81-3.

Supplementary Information

CITY OF COCHRAN, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Capital Projects-Special Sales Tax - 2001	Special Revenue-Hotel/Motel Tax	Capital Projects-CDBG	Total Nonmajor Governmental Funds
ASSETS:				
Cash	$ 138,868	$ -	$ 3,000	$ 141,868
Receivables, net-				
Intergovernmental	-	-	-	-
Due from other funds	112,829	-	-	112,829
TOTAL ASSETS	$ 251,697	$ -	$ 3,000	$ 254,697
LIABILITIES:				
Accounts payable	$ -	$ -	$ 9,875	$ 9,875
Due to other funds	-	-	4,463	4,463
TOTAL LIABILITIES	-	-	14,338	14,338
FUND BALANCE (DEFICIT):				
Restricted-				
Capital Projects	251,697	-	-	251,697
Unassigned	-	-	(11,338)	(11,338)
TOTAL FUND BALANCE (DEFICIT)	251,697	-	(11,338)	240,359
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	$ 251,697	$ -	$ 3,000	$ 254,697

CITY OF COCHRAN, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2011

	Capital Projects-Special Sales Tax – 2001	Special Revenue-Hotel/ Motel Tax	Capital Projects-CDBG	Total Nonmajor Governmental Funds
REVENUES:				
Taxes	$ -	$ 18,587	$ -	$ 18,587
Interest Income	86	-	-	86
Intergovernmental	-	-	6,436	6,436
TOTAL REVENUES	86	18,587	6,436	25,109
EXPENDITURES:				
Current -				
Community development	-	18,587	-	18,587
Capital outlay	151,191	-	11,166	162,357
Debt service -				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	151,191	18,587	11,166	180,944
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE TRANSFERS	(151,105)	-	(4,730)	(155,835)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCES	(151,105)	-	(4,730)	(155,835)
FUND BALANCE (DEFICIT), BEGINNING	402,802	-	(6,608)	396,194
FUND BALANCE (DEFICIT), ENDING	$ 251,697	$ -	$ (11,338)	$ 240,359

CITY OF COCHRAN, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Nonmajor Governmental Fund
Special Revenue - Hotel/Motel Tax
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance With Final Budget
REVENUES -			
Taxes	$ 19,500	$ 18,587	$(913)
Total Revenues	19,500	18,587	(913)
EXPENDITURES -			
Current -			
Community development	19,500	18,587	913
Total Expenditures	19,500	18,587	913
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, BEGINNING	-	-	-
FUND BALANCE, ENDING	$ -	$ -	$ -

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2011

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Year	Expenditures Current Year	Total	Estimated Percentage of Completion
Beginning 2001:						
Recreation Department	$ 300,000	$ 300,000	$ 288,656	$ -	$ 288,656	96.22
Emergency Management Office	120,000	120,000	138,513	-	138,513	115.43
Roads, streets, water and sewer, municipal building, capital outlay projects	2,580,000	2,580,000	-	-	-	
Municipal Building	-	-	126,467	40,512	166,979	
Streets	-	-	1,047,323	110,679	1,158,002	
Water and Sewer	-	-	500,940	-	500,940	
Total roads, streets, water and sewer, municipal building, capital outlay projects	2,580,000	2,580,000	1,674,730	151,191	1,825,921	70.77
Total	$ 3,000,000	$3,000,000	$ 2,101,899	$ 151,191	$ 2,253,090	
Beginning 2006:						
Capital Outlay:						
Roads and Streets	$ 700,000	$ 700,000	$ -	$ -	$ -	-
Sewer System	600,000	600,000	382,061	206,350	588,411	98.07
Water System	285,000	285,000	28,188	242,021	270,209	94.81
Fire Department Equipment	200,000	200,000	44,802	54,503	99,305	49.65
Police Department Equipment	100,000	100,000	82,300	-	82,300	82.30
Utility Vehicles	100,000	100,000	100,000	-	100,000	100.00
Library	15,000	15,000	3,840	-	3,840	25.60
Recreation Department	180,000	180,000	63,860	10,916	74,776	41.54
Emergency Management Office	25,000	25,000	-	8,625	8,625	34.50
Total	$ 2,205,000	$2,205,000	$ 705,051	$ 522,415	$ 1,227,466	

CITY OF COCHRAN, GEORGIA
AIRGeorgia Award Program
Source and Application of Funds Schedule
Grant #07ga-012-2-4381
For the Period January 31, 2007 through June 30, 2011

I. Total Fiscal Year 2007 AIRGeorgia Funds Awarded to Recipient * (See Note Below)	$ 3,137,037
II. Total Amount Drawn Down by Recipient from DCA	$ 3,118,254
III. Less: AIRGeorgia Funds Expended by Recipient	3,118,254
IV. Amount of Fiscal Year 2007 AIRGeorgia Funds Held by Recipient	$ -

*Note: Project Finalized October 5, 2010

CITY OF COCHRAN, GEORGIA
AIRGeorgia Award Program
Project Cost Schedule
Grant #07ga-012-2-4381
For the Period January 31, 2007 through June 30, 2011

Program Activity	Activity Code	Approved Budget	Latest Expenditures To Date	Accumulative To Date Other Funds	Accumulative Expenditures Expenditures To Date	Grand Total of Questioned Costs
Public Infrastructure (other)	G71-1414-I	$ 2,696,643	$ 2,671,228	$ -	$ 2,671,228	$ -
Professional Services (architects, engineers, etc.) - Public	G71-1415-I	201,369	197,389	-	197,389	-
Purchase or Lease of Machinery and Equipment	G71-1501-I	239,025	249,637	-	249,637	-
Totals *(See Note Below)		$ 3,137,037	$ 3,118,254	$ -	$ 3,118,254	$ -

*Note: Project Finalized October 5, 2010

CITY OF COCHRAN, GEORGIA
Community Development Block Grant Program
Source and Application of Funds Schedule
Grant # 09p-x-012-2-5165
For the Period September 25, 2009 through June 30, 2011

I. Total Fiscal Year 2009 CDBG Funds Awarded to Recipient	$ 465,998
II. Total Amount Drawn Down by Recipient from CDBG	$ 36,180
III. Less: CDBG Funds Expended by Recipient	36,180
IV. Amount of Fiscal Year 2009 CDBG Funds Held by Recipient	$ -

CITY OF COCHRAN, GEORGIA
Community Development Block Grant Program
Project Cost Schedule
Grant # 09p-x-012-2-5165
For the Period September 25, 2009 through June 30, 2011

Program Activity	Activity Code	Latest Approved Budget	Accumulative Expenditures To Date	Accumulative Expenditures To Date Other Funds	Grand Total of Expenditures To Date	Questioned Costs
Acquisition of Property	P-001-01	$ 13,000	$ -	$ -	$ -	$ -
Street Improvements	P-03K-01	195,100	1,000	-	1,000	-
Floods and drainage	P-03K-02	84,900	-	-	-	-
Contingency	C-022-00	35,755	-	-	-	-
Administration	A-21A-00	26,787	5,242	-	5,242	-
Engineering Water and Sewer	T-03J-00	9,010	8,284	-	8,284	-
Water Facilities	P-03J-01	77,550	-	-	-	-
Engineering for Streets	T-03K-00	23,896	32,992	-	32,992	-
Totals		$ 465,998	$ 47,518	$ -	$ 47,518	$ -

CITY OF COCHRAN, GEORGIA
Georgia Department of Transportation Award Program
Source and Application of Funds Schedule
Grant # AP100-9014-20(203)
For the Period March 16, 2010 through June 30, 2011

I.	Total Fiscal Year 2010 GADOT Funds Awarded to Recipient	$ 988,669
II.	Total Amount Drawn Down by Recipient from GADOT	$ 942,696
III.	Less: GADOT Funds Expended by Recipient	942,696
IV.	Amount of Fiscal Year 2010 GADOT Funds Held by Recipient	$ -

CITY OF COCHRAN, GEORGIA
Georgia Department of Transportation Award Program
Project Cost Schedule
Grant # AP100-9014-20(203)
For the Period March 16, 2010 through June 30, 2011

Program Activity	Latest Approved Budget	Accumulative Expenditures To Date	Accumulative Expenditures To Date Other Funds	Grand Total of Expenditures To Date	Questioned Costs
Phase I	$ 650,947	$ 604,944	$ 24,642	$ 629,586	$ -
Phase II	18,071	18,071	-	18,071	-
Phase III	213,042	213,042	-	213,042	-
Phase IV	106,639	106,639	-	106,639	-
Totals	$ 988,699	$ 942,696	$ 24,642	$ 967,338	$ -

Compliance Section

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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 Cochran, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Cochran, Georgia's basic financial statements and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of Cochran, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Cochran, 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 City of Cochran, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Cochran, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 06-1, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cochran, 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 instances of noncompliance and other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item numbers 09-2 and 09-3.

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

This report is intended solely for the information and use of the City Council, other elected officials, 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.

H. M. Vickers & Associates, P.C.

June 29, 2012

D. M. Vickers & Assoc., P.C.

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

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

Compliance

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

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

In our opinion, the City of Cochran, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 06-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of Cochran, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Cochran, Georgia's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City Council, other elected officials, 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.

H. M. Vickers & Associates, P.C.

June 29, 2012

CITY OF COCHRAN, GEORGIA
Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation - Federal Aviation Administration			
Passed through State of Georgia - Georgia Department of Transportation - Airport Improvement Program	20.106	AP100-9014-20(023)	$783,470
Total Department of Transportation			$783,470
Department of Housing and Urban Development			
Passed through State of Georgia - Georgia Community Development Block Grant Program- Small Cities Programs	14.219	09p-x-012-2-5165	$ 11,166
Total Department of Housing and Urban Development			$ 11,166
Department of Justice			
Direct program - Office of Community Oriented Policing Services - Public Safety Partnership and Community Policing Grants	16.710	2010CKWX0373	$ 55,638
Total Department of Justice			$ 55,638
Total Federal Assistance Expended			$850,274

NOTE A - BASIS OF PRESENTATION

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

NOTE B - NONMOMETARY ASSISTANCE

The City did not receive nonmonetary assistance during the year ended June 30, 2011.

NOTE C - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, no amounts were provided to subrecipients by the City of Cochran, Georgia.

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cochran, Georgia.

2. One significant deficiency relating to the audit of financial statements is reported in the Report of 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*, and is included in the Schedule of Findings and Questioned Costs as item 06-1. The condition is not reported as a material weakness.

3. Two instances of noncompliance material to the financial statements of City of Cochran, Georgia, which were required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit and are included in the Schedule of Findings and Questioned Costs as items 09-2 and 09-3.

4. No material weaknesses and one significant deficiency in internal control were disclosed during the audit of the major federal award program.

5. The auditors' report on compliance for the major federal award programs for City of Cochran, Georgia, expresses an unqualified opinion on the major federal program.

6. Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133 are reported in this Schedule.

7. The programs tested as major programs included:

Major Program	CFDA Number
Department of Transportation - Federal Aviation Administration Airport Improvement Program	20.106

8. The threshold for distinguishing Types A and B programs was $300,000.

9. City of Cochran, Georgia was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

06-1 Segregation of duties

Condition: Due to the limited number of personnel, overlapping of duties exists in the City's operations, primarily in the areas of cash receipts and disbursements. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

Criteria: Internal controls should be in place that provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

Effect: Failure to fully segregate duties between recording, processing and reconciliation of accounts can lead to misappropriation of funds that are not detected during the normal course of business.

Recommendation: That management continually exercise alert supervision of employees in order to protect the assets of the County and continue to use compensating controls. It is further recommended that the County implement an internal audit review to be performed on a quarterly basis. This internal audit would serve to further mitigate the lack of segregation of duties.

Response: We concur. We realize that with limited personnel complete segregation of duties is not possible. Therefore, to mitigate this, we will exercise alert supervision over all employees and continue the use of compensating controls. We will consider the feasibility of performing quarterly internal audits in the future.

COMPLIANCE AND OTHER MATTERS

09-2 Violation of Georgia Law - Balanced Budget

Condition: The City of Cochran did not adopt an original balanced budget for the General Fund, however the amended budget was balanced.

Criteria: The OCGA Section 36-81-3(b)(1) states that each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government.

Effect: The City of Cochran was in violation of the Georgia Law.

Recommendation: The General Fund budget should be balanced for subsequent years both in the original and final budget to be compliant with OCGA Section 36-81-3(b)(1).

Response: We concur with the finding. The Mayor and Council will adopt a balanced budget in subsequent years both in the original and final budgets.

09-3 Violation of Georgia Law - SPLOST Funds

Condition: The City of Cochran has advanced some SPLOST funds to the general fund.

Criteria: The OCGA Section 48-8-121(a)(1) states that the proceeds received from the tax authorized by this part shall be used by the county and qualified municipalities within the special district receiving proceeds of the sales and use tax exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such county and each qualified municipality receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds of such county and each qualified municipality receiving proceeds of the sales and use tax prior to the expenditure.

Effect: The City of Cochran is in violation of the Georgia Law OCGA Section 48-8-121(a)(1).

Recommendation: All amounts owed by the general fund should be repaid to the SPLOST funds.

Response: We concur with the finding. The City intends to repay all funds used for purposes which were not specified in the referendum with general fund monies as soon as practical.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY

11-1 Segregation of duties finding same as financial statement finding 06-01.

PRIOR YEAR FINDINGS AND SIGNIFICANT DEFICIENCIES:

PRIOR YEAR FINDINGS - None reported due to no single audit for prior year.

PRIOR YEAR SIGNIFICANT DEFICIENCIES - None reported due to no single audit for prior year.