CITY OF CRAWFORDVILLE, GEORGIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

CITY OF CRAWFORDVILLE, GEORGIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

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Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS
Augusta, Georgia Office

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Crawfordville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Crawfordville, Georgia as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, and each major fund of City of Crawfordville, Georgia as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2010, on our consideration of City of Crawfordville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
June 14, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Crawfordville

An Equal Opportunity Employer and Provider

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Valeria Bowman
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Vivian Stewart

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Cecelia Franklin

As management of the City of Crawfordville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009.

Financial Highlights

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Crawfordville's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of activities* follows the *statement of net assets* and presents information showing the changes in the net assets during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable, will produce changes in cash in a future fiscal period.

The *notes* provide additional detail concerning the financial activities and financial balances of Crawfordville, Georgia. Additional information about Crawfordville's accounting practices and investments are some of the items included in the *notes*.

Both of the government-wide financial statements distinguish functions of the City of Crawfordville that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City of Crawfordville include general government, public safety, health and welfare, public works, and culture and recreation. The business-type activities of the City of Crawfordville include a water distribution system, sewer and solid waste collection.

Fund Financial Statements

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

The City of Crawfordville maintains one governmental fund, referred to as the General Fund. The General Fund is a major fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances.

The City of Crawfordville maintains one proprietary fund. Proprietary funds report, in great detail, the same information presented as business-type activities in the government-wide financial statements for the Enterprise Fund, governing utilities. The Enterprise Fund is a major fund.

The City of Crawfordville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

The largest portion of the City's net assets reflects its cash position at the end of the year, and the value of its water and sewer system. The cash position is generally highest at year-end, because the tax revenue is received over the last four months. The assets of the utilities are capital assets used to provide services to citizens, and hence not available for future spending.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Crawfordville, assets exceeded liabilities by $5,068,036 at the close of fiscal year 2008 and assets exceeded liabilities by $4,964,681 at the close of the most recent fiscal year.

The General Fund is the chief operating fund of the City of Crawfordville. At the end of fiscal year 2008, unreserved, undesignated fund balance of the General Fund was $139,218. At the end of the most recent fiscal year, unreserved, undesignated fund balance of the General Fund was $170,070, which was also the total fund balance. The fund balance increased by $ 30,852 from year-end 2008.

General Fund Budgetary Highlights

The bond covenants for the City's revenue bonds require the City to establish a Reserve Fund; i.e. a bond sinking fund. This Reserve Fund is to be funded by the City depositing monthly an amount equal to one-tenth of the monthly bond payment ($200.30). At the end of ten years, the Reserve Fund would be fully funded and City payments to it would cease. In 2006, the City elected to fully fund the Reserve Fund from currently available reserves. This decision prevents the $200.30 monthly cost from having to be passed on to our customers.

Capital Asset and Debt Administration

The City General Fund has no long-term debt. The City Enterprise Fund has 40-year Sewer Revenue Bonds in the amount of $430,605 in 2009. The City also has an outstanding long-term water system improvement loan from Georgia Environmental Facilities Authority (GEFA), which amounted to $282,691 at the end of 2009.

Anticipated Expenditures in Future Years

After placing its new wastewater treatment plant in service, the City found that our aging sewer system has many pipes that are cracking, broken, clogged with roots, and sagging. Initially, these problems were masked by the State's prolonged drought, but the above normal rainfall in 2009 has highlighted them. We have had an almost overwhelming infusion of storm water into our sewer system. In 2009, the City began conducting a video inspection to determine the condition of some of its sewer lines. This effort was terminated, after the tool used to clear the pipe for inspection became hung outside a broken pipe, twice. The City of Crawfordville will continue to make spot repairs, but large-scale rehabilitation of existing sewer lines will require grant funds. The City collected and analyzed data in 2009 and filed a sewer rehabilitation grant application in April 2010. The City also appealed to Congressman John Barrow for assistance in rehabilitating sewer lines in the downtown area. He responded to our appeal by placing an earmark of $350,000 for the City of Crawfordville in the FY2009 Omnibus Appropriations Bill. This grant requires the City to provide matching funds equal to forty-five percent of the cost of the project. However, the matching funds may be from another grant. Therefore, work under both grants must be coordinated, and is expected to begin in 2010.

The City of Crawfordville was recently approved, by the Georgia Environmental Facilities Authority (GEFA), for a $115,000 loan to rehabilitate the City's water storage tank. Work on this project is expected to begin in July 2010 and be completed by the end of the year. The City will repay the loan over the next twenty years.

Direct Concerns or Questions to:

J. H. Milner
Mayor
City of Crawfordville
P. O. Box 8
Crawfordville, GA 30631

Telephone: (706) 456-2605

City of Crawfordville Net Assets
December 31, 2009

	Governmental Activitites 2009	Business-type Activities 2009	Total 2009
Currrent Assets	$ 192,493	$ 150,605	$ 343,098
Capital Assets	753,457	4,629,846	5,383,303
Total Assets	945,950	4,780,451	5,726,401
Liabilities (All Current)	22,423	739,297	761,720
Net Assets	$ 923,527	$ 4,041,154	$ 4,964,681

City of Crawfordville Net Assets
December 31, 2008

	Governmental Activitites 2008	Business-type Activities 2008	Total 2008
Currrent Assets	$ 159,444	$ 165,458	$ 324,902
Capital Assets	782,022	4,776,643	5,558,665
Total Assets	941,466	4,942,101	5,883,567
Liabilities (All Current)	20,226	795,305	815,531
Net Assets	$ 921,240	$ 4,146,796	$ 5,068,036

City of Crawfordville Revenues and Expenses - FY 2009

	Governmental Activitites 2009	Business-type Activities 2009	Total 2009
Revenues			
Program Revenues:			
Charges for services	$	229,048	$ 229,048
Operating grants and contributions	-	19,616	19,616
Capital grants and contributions		46,523	46,523
General Revenues:			
Property taxes	111,291		111,291
Sales taxes	34,076		34,076
Real estate transfer taxes	161		161
Motor vehicle taxes	9,160		9,160
Franchise taxes	25,908		25,908
Insurance premiums	31,713		31,713
Business and occupational taxes	2,535		2,535
Other taxes	13,188		13,188
Interest income	2,841	5,061	7,902
Total Revenues	230,873	300,248	531,121
Expenses			
Government Activities			
General Government	129,811		129,811
Public Safety	46,247		46,247
Sanitation	210		210
Culture and Recreation	6,043		6,043
Highways and Streets	46,275		46,275
Water Enterprise Fund		405,891	405,891
Total Expenses	228,586	405,891	634,477
Transfers	-	-	-
Change in Net Assets	2,287	(105,643)	(103,356)
Net Assets, Beginning of Year	921,240	4,146,797	5,068,037
Net Assets, End of Year	$ 923,527	$ 4,041,154	$ 4,964,681

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BASIC FINANCIAL STATEMENTS

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CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 65,493	$ 29,906	$ 95,399
Investments	47,398	86,971	134,369
Receivables			
Taxes	79,602	-	79,602
Customer accounts	-	33,728	33,728
Capital assets not being depreciated	10,172	-	10,172
Capital assets, net of accumulated depreciation	743,285	4,629,846	5,373,131
Total assets	945,950	4,780,451	5,726,401
LIABILITIES			
Accounts payable	20,976	3,479	24,455
Accrued liabilities	1,447	11,411	12,858
Customer deposits	-	11,111	11,111
Noncurrent liabilities:			
Due within one year	-	47,112	47,112
Due in more than one year	-	666,184	666,184
Total liabilities	22,423	739,297	761,720
NET ASSETS			
Invested in capital assets, net of related debt	753,457	3,916,550	4,670,007
Unrestricted	170,070	124,604	294,674
Total net assets	$ 923,527	$ 4,041,154	$ 4,964,681

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 138,079	$ 5,338	$ -	$ -	$ (132,741)	$ -	$ (132,741)
Public safety	46,247	-	-	-	(46,247)	-	(46,247)
Sanitation	210	-	-	-	(210)	-	(210)
Culture and recreation	6,043	-	-	-	(6,043)	-	(6,043)
Highways and streets	46,275	-	-	-	(46,275)	-	(46,275)
Total governmental activities	236,854	5,338	-	-	(231,516)	-	(231,516)
Business-type activities:							
Utility Enterprise Fund	405,891	234,109	19,616	46,523	-	(105,643)	(105,643)
Total business-type activities	405,891	234,109	19,616	46,523	-	(105,643)	(105,643)
Total primary government	$ 642,745	$ 239,447	$ 19,616	$ 46,523	(231,516)	(105,643)	(337,159)
General revenues:							
Property taxes					114,221	-	114,221
Sales taxes					34,076	-	34,076
Real estate transfer taxes					161	-	161
Motor vehicle taxes					9,160	-	9,160
Franchise taxes					25,908	-	25,908
Insurance premium taxes					31,713	-	31,713
Business and occupational taxes					2,535	-	2,535
Other taxes					13,188	-	13,188
Interest income					2,841	-	2,841
Total general revenues					233,803	-	233,803
Change in net assets					2,287	(105,643)	(103,356)
Net assets, beginning of year					921,240	4,146,797	5,068,037
Net assets, end of year					$ 923,527	$ 4,041,154	$ 4,964,681

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

CITY OF CRAWFORDVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund
ASSETS	
Cash and cash equivalents	$ 65,493
Investments	47,398
Receivables	
Taxes	79,602
Total assets	$ 192,493
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	$ 20,976
Accrued liabilities	1,447
Total liabilities	22,423
Fund Balances	
Unreserved, undesignated	170,070
Total fund balances	170,070
Total liabilities and fund balances	$ 192,493

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

CITY OF CRAWFORDVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

Total fund balances - governmental funds	$ 170,070
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	10,172
Buildings and improvements	225,675
Furniture, fixtures, and equipment	178,973
Infrastructure	495,158
Accumulated depreciation	(156,521)
Total capital assets	753,457
Net assets of governmental activities	$ 923,527

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund
REVENUES	
Taxes, property	$ 114,221
Taxes, other than property	103,836
Licenses and permits	5,338
Intergovernmental revenues	12,904
Interest income	2,841
Total revenues	239,140
EXPENDITURES	
Current operating	
General government	128,557
Public safety	46,247
Streets	27,231
Sanitation	210
Cultural and recreation	6,043
Total expenditures	208,288
Excess of expenditures over revenues	30,852
CHANGE IN FUND BALANCE	30,852
FUND BALANCE, BEGINNING OF YEAR	139,218
FUND BALANCE, END OF YEAR	$ 170,070

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

CITY OF CRAWFORDVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund balances - governmental funds	$ 30,852
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts were:	
Depreciation expense	(28,565)
Change in net assets of governmental activities	$ 2,287

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Amended and Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes, property	$ 114,695	$ 110,482	$ 114,221	$ 3,739
Taxes, other than property	104,363	103,688	103,836	148
Licenses and permits	3,118	3,118	5,338	2,220
Fines and forfeitures	-	-	-	-
Intergovernmental	-	12,904	12,904	-
Interest	2,486	2,486	2,841	355
Total revenues	224,662	232,678	239,140	6,462
EXPENDITURES				
Current operating				
General government	127,759	135,075	128,557	(6,518)
Public safety	54,960	54,960	46,247	(8,713)
Streets	36,576	36,576	27,231	(9,345)
Solid waste	-	-	210	210
Cultural and recreation	5,367	6,067	6,043	(24)
Total expenditures	224,662	232,678	208,288	(24,390)
CHANGE IN FUND BALANCE	$ -	$ -	30,852	$ 30,852
FUND BALANCE, BEGINNING OF YEAR			139,218	
FUND BALANCE, END OF YEAR			$ 170,070	

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009

	Business-type activities Enterprise Funds Water Sewer and Solid Waste System
ASSETS	
Current asssets	
Cash	$ 29,906
Investments	86,971
Accounts receivables	33,728
Total current assets	150,605
Non-current assets	
Capital assets	5,985,965
Less accumulated deprecation	(1,356,119)
Total non-current assets	4,629,846
Total assets	4,780,451
LIABILITIES	
Current liabilities	
Accounts payable	3,479
Accrued liabilities	11,411
Customer deposits	11,111
Long-term debt, current portion	47,112
Total current liabilities	73,113
Non-current liabilities	
USDA loan, non-current portion	406,569
GEFA loan, non-current portion	38,945
GEFA subsidy, non-current portion	220,670
Total non-current liabilities	666,184
Total liabilities	739,297
NET ASSETS	
Invested in capital assets, net of related debt	3,916,550
Unrestricted	124,604
Total net assets	4,041,154
Total liabilities and net assets	$ 4,780,451

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type activities Enterprise Funds Water Sewer and Solid Waste System
Operating revenues	
Charges for services	$ 229,048
Total operating revenues	229,048
Operating expenses	
General administration	1,456
Bad debt	2,481
License	1,750
Personnel services	47,341
Supplies	8,824
Repairs and maintenance	60,704
Utilities	19,533
Solid waste collection expense	40,562
Professional fees	44,734
Miscellaneous	1,461
Depreciation and amortization	157,556
Total operating expenses	386,402
Operating loss	(157,354)
Nonoperating revenues (expenses)	
Interest income	5,061
Interest expense	(19,489)
	(14,428)
Total nonoperating revenue (expenses)	(14,428)
Income before contributions and transfers	(171,782)
Capital contributions:	
GEFA subsidy	19,616
USDA grant funds	3,204
CDBG grant funds	43,319
Total capital contributions	66,139
CHANGE IN NET ASSETS	(105,643)
NET ASSETS, BEGINNING OF YEAR	4,146,797
NET ASSETS, END OF YEAR	$ 4,041,154

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

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities Enterprise Funds Water and Sewer
Cash flows from operating activities:	
Cash received from customers and users	$ 222,538
Cash paid to suppliers for goods and services	(211,582)
Cash paid to employees	(45,646)
Net cash used in operating activities	(34,690)
Cash flows from capital and related financing activities:	
Capital contributions	46,523
Payment of long-term debt	(8,009)
Interest paid on capital debt	(19,489)
Acquisition of property and equipment	(10,759)
Net cash provided by capital and related financing activities	8,266
Cash flows from investing activity:	
Interest received	5,061
Proceeds of maturities of investments	19,038
Net cash provided by investing activities	24,099
Net decrease in cash and cash equivalents	(2,325)
Cash and cash equivalents, beginning of year	32,231
Cash and cash equivalents, end of year	$ 29,906
Reconciliation of net income to net cash provided (used) by operating activities:	
Operating (loss)	$ (157,354)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Increase in (decrease in):	
Depreciation	157,556
Accounts receivable	(6,510)
Accounts payable	(31,927)
Customer deposits	1,850
Accrued liabilities	1,695
Net cash used in operating activities	$ (34,690)

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

CITY OF CRAWFORDVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crawfordville, Georgia (the City) accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

The City of Crawfordville has adopted GASB Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for the State and Local Governments*. This statement established financial reporting requirements for state and local governments within the United States. As a part of this statement, there is a reporting requirement regarding the local government infrastructure (roads, bridges, curbs, etc.). This requirement permits a Phase III government an option of reporting the government's infrastructure retroactively. The City of Crawfordville, which is a phase III government, has opted not to report its infrastructure retroactively.

The Reporting Entity

The City operates under a City Council and Mayor form of government and provides the following services: public improvements and general and administrative services. In addition, the City operates water and sewer public utilities for the incorporated and surrounding areas.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government (The City of Crawfordville) are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, no potential component units are included in the reporting entity.

Basic Financial Statements-GASB No. 34

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The government-wide statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from activities during the fiscal year, whereas the fund financial statements focus is on the major funds. Non-major funds are summarized into a single column. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

In the government-wide Statement of Net Assets, both the governmental and business-type activities column are presented on a consolidated basis by column. The activities are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both gross and net costs by functional category, which are being supported by general government revenues. The Statement of Activities reduces gross costs by related program revenues. Program revenues include (a) charges for services which encompass fees charged to external parties for the use of goods or services, (b) operating grants and contributions which are restricted to the operational requirements of a function or business-activity, (c) capital grants and contributions which are restricted to capital projects of a function or business-type activity. These program revenues are directly associated with the function (public safety, streets, and so forth) or a business-type activity in which it benefits. The net costs of the function or business-type activity are covered by general gross revenues which include taxes, interest and investment earnings.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City does not currently support an indirect cost allocation system. An administrative fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement to address General Fund services.

Under grant contract agreements, the City may use funds to support a specific program by the use of cost-reimbursement grants, block grants, and general revenues. As expenses for a specific program are incurred, the City may use both restricted and unrestricted assets. The City's policy is to use cost-reimbursement grant revenues first followed by the funds from block grants and general revenues.

The governmental funds' major fund statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented following each statement. The reconciliation explains the adjustments necessary to transform the fund based financial statements into governmental column of the government-wide presentation.

Internal service funds of a government are presented in the summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are consolidated into the governmental column of the government-wide presentation; however, the City of Crawfordville does not currently have any internal service funds.

Fiduciary funds are presented in the fund financial statements by type. These funds are not incorporated in the government-wide statements. The City of Crawfordville does not currently have any fiduciary funds. GASB Statement No. 34's focus is on the City as a whole and the fund financial statements of governmental and business-type activities, as well as the fiduciary funds. Each presentation provides valuable information which can be analyzed to enhance the usefulness of the information.

Basis of Presentation-Fund Accounting
The accounts of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

The City reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

Water and Sewer Fund – The fund accounts for the operations of the water and sewer system. The fund is financed and operated similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the City on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City does not currently have any non-major funds for the governmental or enterprise funds.

Basis of Accounting and Measurement Focus
Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets, referred to as the flow of current financial resources measurement focus. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are other financing sources.

Local option sales taxes and special local option sales taxes are considered measurable when they become due and payable to the City from intermediary collecting governments and are recognized as revenue at that time.

Property taxes, business and occupation taxes, and investment earnings are recorded when earned, which is when they are both measurable and available. It is anticipated that taxes recognized as revenues will be collected soon enough after year end to pay current expenditures and liabilities, with such a period not exceeding sixty days, except under unusual circumstances. Intergovernmental revenues received but not earned are recorded as deferred revenues. Licenses, fines, penalties, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due. The City does not account for prepaid expenses or inventories, because of the small amounts of these items.

Government-wide and Proprietary Fund Financial Statements
The government-wide financial statements and the proprietary fund financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and their expenses are recognized when they are incurred, which is the flow of economic resources measurement focus.

Unbilled Water and Sewer Fund utility services receivable are recorded at year end. Debt incurred by the enterprise fund which is expected to be paid with the resources of that fund is reported in that fund as a liability.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with the proprietary funds on-going operations. Operating revenues include charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and the Budgetary Process
An annual balanced budget is legally adopted for the General Fund. The City utilizes the following procedures in establishing the budgetary information reflected in the financial statements:

Prior to November 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain taxpayer comments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior to November 1, the budget is legally enacted through passage of an ordinance. The departmental budgets are established as the legal level of budgetary control at which any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Budget amendments are adopted at the regular City Council meeting during the budget year.

The General Fund annual budget is legally adopted on the modified accrual basis, and differs from generally accepted accounting principles in its classification and order in which line item expenditures are presented. Formal budgetary integration is employed as a management control device during the year for the General Fund. Under Georgia law, appropriations lapse at year end.

The City prepares an annual flexible budget for the Water and Sewer Fund, with revenues sufficient to operate and maintain the system and service its bonded indebtedness.

Budget amendments are adopted at the regular City Council meetings during the budget year.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, as a reservation of fund balances.

Cash and Cash Equivalents
The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments
Investments are stated at cost or amortized cost, which approximates market value.

Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded in the year of purchase in both government-wide and fund financial statements.

Inventory
All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories in the Water and Sewer Fund consist primarily of supplies and are not considered material to the financial statements.

Inter-fund Transactions
During the fiscal year, transactions occur between individual funds. These inter-fund receivables/payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and "internal balances" on the Statement of Net Assets of the government-wide financial statements

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Capital Assets
Property, plant and equipment are stated at original cost. Where cost could not be determined from available records, estimated historical cost was used to record the estimated value of the assets. Capital assets acquired or constructed for general governmental operation are capitalized at cost. Interest costs on governmental fund construction projects are capitalized.

Assets acquired by gift or bequest are recorded at their estimated fair market value at the date of transfer. The extent, if any, to which such estimated amounts differ from actual values has not been determined.

Additions and improvements which significantly extend the useful life of an asset are capitalized. Minimum capitalization costs are $500 for all categories of capital assets. Other costs incurred for repairs and normal maintenance that do not add to the value of the capital asset or materially extend capital assets' lives are capitalized. Property, plant and equipment acquired for proprietary funds are capitalized in the respective funds to which it applies.

Property, plant and equipment constructed or acquired with Special Purpose Local Option Sales Tax Capital Projects Fund resources will be transferred to either the General Fund or the Water and Sewer Fund upon completion of the various projects as inter-fund transfers.

GASB Statement No. 34 required the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year. Infrastructure assets consist of certain improvements other than buildings, such as roads, sidewalks, and bridges. Infrastructure capital assets acquired after December 31, 2001 are recorded. The City has opted to depreciate these assets, since these assets will necessarily be limited, and a system of inventorying, preserving and maintaining them has not been implemented. Thus the modified approach to depreciation has not been elected.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives of each major class of depreciable capital assets are as follows:

	Years
Buildings	25-30
Building improvements	25-30
Equipment	5-10
Vehicles	3-5
Specialized use equipment	2-10
Utility systems	10-75
Infrastructure	25-75

Compensated Absences
It is the City's policy to not permit employees to accumulate earned but not used vacation and sick pay benefits. There is no liability for unpaid accumulated vacation or sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

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

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

As of December 31, 2009, the City had the following investments and maturities:

Investments	Maturity	Fair Value	Credit Rating
Primary Government			
Certificates of deposit	March 23, 2013	$ 47,398	-
Business - Type Activities			
Certificates of deposit	March 23, 2013	$ 62,621	
Certificates of deposit	August 8, 2012	24,350	-
Total	-	$ 86,971	

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, The City of Crawfordville will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City had $229,768 of deposits with financial institutions, which is insured by the FDIC.

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

Concentration of Credit Risk - The City places no limit on the amount that the City may invest in any one issuer.

NOTE 3 - PROPERTY TAXES

Property taxes were attached as an enforceable lien on property as of April 08, 2010. Taxes were levied on or about November 20 for the calendar year on assessed property values. In 2009, the tax bills were mailed on October 21, 2009 and were due January 08, 2010. An allowance is not established for delinquent taxes because of the small amount of taxes receivable. The tax receivables are limited to properties located in the City of Crawfordville. Collectability of the taxes historically has not been affected by the local economy.

NOTE 3 - PROPERTY TAXES - Continued

Property taxes are recognized as revenue when they become available and anticipated to be collected soon enough after year end to pay current expenditures and liabilities. A summary of the tax levy is as follows:

Millage rate	16.79 mills (net of rollbacks)
Tax digest	$ 6,577,690
Tax levy	$ 110,439

Taxes receivable at December 31, 2009 totaled $79,602.

NOTE 4 – CHANGE IN CAPITAL ASSETS

A summary of changes in capital assets, based on information currently available is as follows:

	Balance December 31, 2008	Additions	Deletions	Balance December 31, 2009
Governmental Activities				
Capital assets not being depreciated				
Land	$ 10,172	$ -	$ -	$ 10,172
Total capital assets not being depreciated	10,172	-	-	10,172
Capital assets being depreciated				
Infrastructure	495,158	-	-	495,158
Buildings and improvements	225,675	-	-	225,675
Furniture, fixtures and equipment	178,973	-	-	178,973
Total capital assets being depreciated	899,806	-	-	899,806
Less: accumulated depreciation	(127,956)	(28,565)	-	(156,521)
Net capital assets being depreciated	771,850	(28,565)	-	743,285
Governmental activities capital assets - net	$ 782,022	$ (28,565)	$ -	$ 753,457

Depreciation expense was charged to functions as follows:

General government	$ 9,521
Streets	19,044
Total	$ 28,565

NOTE 4 – CHANGE IN CAPITAL ASSETS - Continued

Business-type capital asset activity for the year ended December 31, 2009, was as follows:

	Balance December 31, 2008	Additions	Deletions	Balance December 31, 2009
Business-Type Activities				
Capital assets not being depreciated				
Construction in progress	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated				
Wastewater plant	1,920,731	-	-	1,920,731
Water system	895,745	6,563	-	902,308
Sewer system	3,091,641	4,196	-	3,095,837
Water and sewer equipment	67,089	-	-	67,089
Total capital assets being depreciated	5,975,206	10,759	-	5,985,965
Less: accumulated depreciation	(1,198,563)	(157,556)	-	(1,356,119)
Net capital assets being depreciated	4,776,643	(146,797)	-	4,629,846
Business-type activities capital assets - net	$ 4,776,643	$ (146,797)	$ -	$ 4,629,846

Depreciation expense was charged to business-type activity was as follows**:**

Water and sewer system	$ 157,556

NOTE 5 – COMMITMENTS AND CONTINGENT LIABILITIES

The City is subject to possible legal actions in the nature of claims for damages to persons and property, civil rights violations, and other similar types of actions arising in the course of normal City operations. In the opinion of City management, after consultation with legal counsel, the ultimate outcome of these possible legal actions will not have a material impact on the financial position of the City.

As of December 31, 2009, the City was not involved in any material matters of litigation, which, in the City attorney's opinion, would have a material effect on the City's financial statements.

NOTE 6 – INTERFUND TRANSACTIONS AND TRANSFERS

There were no individual fund interfund receivables and payables at December 31, 2009.

NOTE 7 – LONG-TERM DEBT

Governmental activities
For the year ended December 31, 2009 there was no long- term debt attributable to governmental activities.

Business-type activities
Debt under business-type activities consists of the following:

	Balance December 31, 2008	Additions	Deletions	Balance December 31, 2009	Due Within One Year
GEFA Loan	$ 45,866	$ -	$ (3,460)	$ 42,406	$ 3,460
GEFA Subsidy	259,902	-	(19,616)	240,286	19,616
USDA Note	435,153	-	(4,548)	430,605	24,036
	$ 740,921	$ -	$ (27,624)	$ 713,297	$ 47,112

A summary of notes as of December 31, 2009 follows:

Note payable to Georgia Environmental Facilities Authority (GEFA) dated February 1, 2001 in the amount of $450,000. The note is comprised of two components, a note in the original amount of $67,000 payable without interest in 78 quarterly payments of $835 though 2022, and a subsidy amount of $382,500, which is amortized over the 78 quarters.

Balance Due at December 31, 2009	
GEFA Loan	$ 42,406
Subsidy Portion	240,286
Total for GEFA Note	$ 282,692

Note payable to the United States Department of Agriculture (USDA) dated August 7, 2006, in the amount of $445,000. The note bears interest at the rate of 4.5% per annum with 480 monthly payments of $2,003.

Balance Due at December 31, 2009	
USDA Loan	$ 430,605

Total Debt

GEFA Loan	$ 282,692
USDA Loan	430,605
Long-Term Total Debt	$ 713,297

NOTE 7 – LONG-TERM DEBT - Continued

Annual debt service requirements through maturity on the GEFA note payable are as follows:

For the year ending December 31	GEFA Subsidy	GEFA Note Principal	GEFA Note Interest	Total
2010	$ 19,616	$ 3,461	$ -	$ 23,077
2011	19,616	3,461	-	23,077
2012	19,616	3,461	-	23,077
2013	19,616	3,461	-	23,077
2014	19,616	3,461		23,077
2015-2019	98,080	17,305	-	115,385
2020-2022	44,126	7,796	-	51,922
Total	$ 240,286	$ 42,406	$ -	$ 282,692

Annual debt service requirements through maturity on the USDA note payable are as follows:

For the year December 31	Principal	Interest	Total
2010	$ 4,713	$ 19,531	$ 24,244
2011	4,929	19,323	24,252
2012	5,156	19,107	24,263
2013	5,391	18,645	24,036
2014	5,639	18,397	24,036
2015-2019	32,337	87,843	120,180
2020-2024	40,499	79,681	120,180
2025-2029	50,719	69,461	120,180
2030-2034	63,518	56,662	120,180
2035-2039	79,547	40,634	120,181
2040-2044	99,621	20,559	120,180
2045-2046	38,536	1,551	40,087
Total	$ 430,605	$ 451,394	$ 881,999

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, theft of, damage to, and destructions of assets, errors and omissions, injuries to employees and natural disasters. The City manages its business risks through commercial insurance coverage. The risks borne by the City are general liability, surety, and workers compensation. The City does not provide health insurance coverage for its employees.

The City has joined together with other municipalities in the state as part of the Workers' Compensation Self-Insurance Fund. The Georgia Municipal Association administers the Workers' Compensation Self-Insurance Fund. As part of the Workers' Compensation Self-Insurance Fund, the City is obligated to pay all contributions and assessments as prescribed by the Fund, to cooperate with the Fund's agents and attorneys, to follow loss reduction policies 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 Fund'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 the loss protection furnished by the Fund.

The Fund is to defend and protect the members of the Fund against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The Fund is to pay all costs assessed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The general liability aggregate limit is $3,000,000, with a personal injury limit of $1,000,000. The employee blanket bond is $10,000. Workers compensation coverage is $100,000 for bodily injury for each occurrence, with a policy limit of $1,000,000. The Workers compensation coverage is a participant in the Georgia Municipal Association Risk Pool, where in the City shares in the risk of any pro-rata losses incurred by the Pool.

During the year ended December 31, 2009, the City paid no claims. The City is not aware of any claims that the City is liable for (up to the $1,000 deductible) which were outstanding and unpaid at December 31, 2009. No provision has been made in the financial statements for the year ended December 31, 2009 for any estimate of potential unpaid claims

NOTE 9 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the thirteen county east central Georgia area, is a member of the CSRA Regional Development Center (RDC) and is required to pay annual dues thereto. Membership in a RDC is required by the Official Code Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC board membership includes the chief official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligation of a RDC. Separate financial statements may be obtained from:

CSRA Regional Development Center
2123 Wrightsboro Road
Augusta, Georgia 30904-0800

NOTE 10 - RELATED ORGANIZATION

The Housing Authority of the City of Crawfordville is a related organization of the City of Crawfordville. The Housing Authority of the City of Crawfordville is registered with the Department of Community Affairs as a local government authority.

NOTE 11 - SUBSEQUENT EVENTS

On March 23, 2010, the Georgia Environmental Facilities Authority (GEFA) approved a $115,000 loan under the Drinking Water State Revolving Fund (DWSRF) for the purchase of water improvements. The total project cost is $115,000 with the DWSRF providing the entire amount. The City will pay three percent on the 20-year loan.

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 14, 2010.

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SUPPLEMENTARY INFORMATION

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Baird & Company *CPAs, LLC*
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Crawfordville, 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 City of Crawfordville, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City of Crawfordville, Georgia's basic financial statements and have issued our report thereon dated June 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Crawfordville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Crawfordville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Crawfordville, 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. See findings 2009-2, 2008-1 and 2008-2. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crawfordville, 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 statements 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 or other maters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2009-1.

City of Crawfordville'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 Crawfordville's response and, accordingly, we express no opinion on it.

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY CPAs, LLC
Certified Public Accountants

Augusta, Georgia
June 14, 2010

CITY OF CRAWFORDVILLE, GEORGIA
SUMMARY OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2009

I. Summary of Auditors' Results

A. An unqualified opinion was issued on the basic financial statements of the City of Crawfordville, Georgia for the year ended December 31, 2009.

B. Our audit of the basic financial statements disclosed no material weaknesses in internal controls over financial reporting.

C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

II. Findings related to the Audit of the Financial Statements of the City of Crawfordville, Georgia:

Finding: 2009-1

Criteria:
Local governments are required to adopt and use the Uniform Chart of Accounts for Local Governments of Georgia (UCOA).

Condition:
The City has not fully adopted the Uniform Chart of Accounts for Local Governments of Georgia.

Cause:
The City's accounting software will not accept the accounts numbers required to meet the state requirements.

Effect:
The City has modified its account structure to follow the Uniform Chart of Accounts for Local Governments as closely as possible.

Auditors' Recommendation:
To comply with state requirements, management should adopt and use the Uniform Chart of Accounts for Local Governments of Georgia (UCOA).

Management's Response:
To meet the requirements of the Uniform Chart of Accounts for Local Governments of Georgia, the City will have to purchase new software that will accommodate the required account structure. The cost of purchasing new software to meet this requirement outweighs the benefits that would be realized.

Finding: 2009-2

Criteria:
Account transactions should be correctly recorded prior to the start of the audit.

Condition:
During our audit, we found that certain accounts required adjustment to meet generally accepted accounts principles.

Cause:
Certain transactions were not correctly posted prior to the audit.

Effect:
The financial statements did not accurately report the balances and activity of the City for the reporting period.

CITY OF CRAWFORDVILLE, GEORGIA
SUMMARY OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2009

Auditors' Recommendation:
To improve internal control, management should establish policies and procedures to record all transactions to properly reflect the account balances at the audited year end.

Management's response:
Management has made significant progress in recording the transactions of the City. Policies and procedures have been established to correct this deficiency.

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CITY OF CRAWFORDVILLE, GEORGIA
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Prior Audit Findings Related to the Audit of the Financial Statements

The prior audit findings reported in the financial statements for the year ended December 31, 2008 are as follows:

Finding: 2008-1

Criteria:
Management should establish policies and procedures that require the timely deposit of receipts.

Condition:
Undeposited funds were stolen.

Cause:
Deposits were not made in a timely manner.

Effect:
Misappropriation of assets are likely when deposits are not made daily.

***Management's Response**:*
Upon discovery that unsecured funds had been taken by a burglar, management required that all funds, on-hand overnight, be placed in a locked safe. Going forward, management will require more frequent fund deposits.

Finding: 2008-2

Condition and Criteria:
There was a lack of segregation of duties in accounting duties for the City of Crawfordville.

Effect:
Initiation, approval, and recording of transactions are performed by the same person.

Cause:
The City has a limited number of staff available to properly segregate duties.

Auditors' Recommendation:
Management should adopt policies and procedures that promote adequate segregation of duties. When adequate segregation cannot be obtained due to limited staff size, management should adopt additional approval and oversight controls to reduce risk of misuse of the City's assets to an acceptable level.

Management's Response:
The City has separated functions to the maximum amount feasible with a two person staff. No further changes are contemplated.

CITY OF CRAWFORDVILLE, GEORGIA
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Finding 2008-3

Condition and Criteria:
The City of Crawfordville does not maintain a detailed physical asset listing of its governmental or business-type activities.

Effect:
The City is not in compliance with state laws and regulations.

Cause:
The City is not maintaining a detailed physical asset listing.

Auditors' Recommendation:
We recommend that the City take a physical inventory of its capital assets classified by category and fund. The City should adopt a formal capitalization policy for its capital assets and maintain up to date records relating to depreciation of its capital assets.

Management's Response:
In 2009 the City employed an engineering firm to compile an inventory of physical assets. The work is nearing completion.

Findings 2008-2 and 2008-3 still remain as findings as of December 31, 2009.