CITY OF HAHIRA, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

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FOR THE YEAR ENDED DECEMBER 31, 2009

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VALENTI, RACKLEY
& ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Hahira, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hahira, Georgia ("the City") as of and for the year ended December 31, 2009, which collectively comprise the 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, each major fund and the aggregate remaining fund information of the City of Hahira as of December 31, 2009, and the respective changes in 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 a report dated May 25, 2010, on our consideration of the City'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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, budgetary comparison information (on pages 30 and 31) and the schedule of retirement plan funding progress (on page 32) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Management has elected not to include the Management's Discussion and Analysis. We have applied certain limited procedures to the budgetary comparison information and schedule of retirement plan funding progress, 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.

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Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Schedules and the One Percent Special Purpose Local Option Sales Tax Project Cost Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Hahira, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Valenti, Rackley & Associates, LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

May 25, 2010

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 242,315	$ 77,472	$ 319,787
Certificates of deposit	232,506	151,689	384,195
Accounts receivable	281,090	78,253	359,343
Prepaid expenses	11,378	5,354	16,732
Inventory	-	17,174	17,174
Internal balances	147,823	(147,823)	-
Restricted cash	211,511	253,230	464,741
Capital assets:			
Land and improvements	145,866	230,897	376,763
Other capital assets, net of accumulated depreciation	1,677,063	5,804,564	7,481,627
Total assets	2,949,552	6,470,810	9,420,362
LIABILITIES			
Accounts payable and accrued expenses	96,502	69,369	165,871
Water deposits	-	67,488	67,488
Long-term liabilities:			
Compensated absences payable	27,649	10,066	37,715
Due within one year	16,085	73,809	89,894
Due in more than one year	72,072	2,601,725	2,673,797
Total liabilities	212,308	2,822,457	3,034,765
NET ASSETS			
Invested in capital assets, net of related debt	1,734,772	3,359,927	5,094,699
Restricted for capital projects	247,199	-	247,199
Restricted for water/sewer operations and debt	-	195,082	195,082
Unrestricted	755,273	93,344	848,617
Total net assets	$ 2,737,244	$ 3,648,353	$ 6,385,597

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Function/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
PRIMARY GOVERNMENT:							
Governmental activities							
General government	$ 246,174	$ 18,062	$ -	$ 71,440	$ (156,672)		$ (156,672)
Judicial	6,000	-	-	-	(6,000)		(6,000)
Public safety	652,167	175,365	-	75,399	(401,403)		(401,403)
Public works	167,417	-	3,275	291,828	127,686		127,686
Health and welfare	10,258	-	6,799	-	(3,459)		(3,459)
Culture and recreation	134,173	-	-	-	(134,173)		(134,173)
Housing and development	35,151	-	-	-	(35,151)		(35,151)
Interest on general long-term debt	2,424	-	-	-	(2,424)		(2,424)
Total governmental activities	1,253,764	193,427	10,074	438,667	(611,596)		(611,596)
Business-type activities:							
Water, sewer and sanitation	1,057,574	775,559	-	-	-	(282,015)	(282,015)
Total primary government	$ 2,311,338	$ 968,986	$ 10,074	$ 438,667	(611,596)	(282,015)	(893,611)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					440,290	-	440,290
Sales and use taxes					325,385	-	325,385
Business taxes					95,076	-	95,076
Investment earnings					7,571	5,438	13,009
Gain on disposal of capital assets					-	87,129	87,129
Miscellaneous					26,592	-	26,592
Transfers					(271,697)	271,697	-
Total general revenues and transfers					623,217	364,264	987,481
Change in net assets					11,621	82,249	93,870
Net assets - beginning					2,725,623	3,566,104	6,291,727
Net assets - ending					$ 2,737,244	$ 3,648,353	$ 6,385,597

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	SPLOST VI Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents:				
Unrestricted	$ 242,315	$ -	$ -	$ 242,315
Restricted	-	211,506	5	211,511
Total cash and cash equivalents	242,315	211,506	5	453,826
Certificates of deposit	232,506	-	-	232,506
Receivables:				
Taxes	167,889	-	-	167,889
Intergovernmental	31,113	79,293	2,795	113,201
Prepaid insurance	11,378	-	-	11,378
Interfund balances	161,345	-	903	162,248
Total assets	$ 846,546	$ 290,799	$ 3,703	$ 1,141,048
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 43,328	$ 30,981	$ 2,795	$ 77,104
Intergovernmental payable	19,398	-	-	19,398
Deferred revenue	33,922	-	-	33,922
Interfund balances	898	13,527	-	14,425
Total liabilities	97,546	44,508	2,795	144,849
Fund balances:				
Reserved for capital projects	-	246,291	908	247,199
Unreserved - general fund	749,000	-	-	749,000
Total fund balances	749,000	246,291	908	996,199
Total liabilities and fund balances	$ 846,546	$ 290,799	$ 3,703	

Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds only report liabilites that will be liquidated with current assets. Compensated absences payable, however, which will not be liquidated with current assets, are not liabilites of the governmental funds but are liabilities of the on the government-wide financial statements.	(27,649)
Long-term debt is not reported in governmental activities because it is not expected to be liquidated with expendable available financial resources but is reported in the government-wide financial statements.	(88,157)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	33,922
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,822,929
Net assets of governmental activities	$ 2,737,244

See accompanying notes to the basic financial statements.

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

	General Fund	SPLOST VI Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	$ 429,723	-	$ -	$ 429,723
Sales and use	325,385	-	-	325,385
Business	95,076	-	-	95,076
Licenses and permits	18,062	-	-	18,062
Intergovernmental	10,074	423,835	14,832	448,741
Fines and forfeitures	175,365	-	-	175,365
Investment earnings	7,561	-	10	7,571
Miscellaneous	25,042	-	-	25,042
Total revenues	1,086,288	423,835	14,842	1,524,965
EXPENDITURES				
Current:				
General government	210,442	-	-	210,442
Judicial	6,000	-	-	6,000
Public safety	589,168	60,567	14,832	664,567
Public works	158,441	-	-	158,441
Health and welfare	10,258	-	-	10,258
Culture and recreation	53,336	-	-	53,336
Housing and development	35,151	-	-	35,151
Total expenditures	1,062,796	60,567	14,832	1,138,195
Excess (deficiency) of revenues over (under) expenditures	23,492	363,268	10	386,770
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	20,131	-	6,909	27,040
Transfers out	(6,909)	(291,828)	-	(298,737)
Total other financing sources and uses	13,222	(291,828)	6,909	(271,697)
Net change in fund balances	36,714	71,440	6,919	115,073
Fund balances - beginning	712,286	174,851	(6,011)	881,126
Fund balances - ending	$ 749,000	246,291	$ 908	$ 996,199

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds	$	115,073
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($123,581) exceeded capital outlays ($75,399) in the current period.		(48,182)
Governmental funds only report compensated absense expense if the expense has been paid in the current year or will be paid with current funds. However, on the statement of activities the change in the liability is reflected as program expense. This is the amount of the change in compensated absences payable from the beginning of the year to the end of the year.		(11,303)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase in deferred revenue over prior year.		16,817
Governmental funds do not report disposals of capital assets because it is not a use of current financial resources, but disposals are reported in the statements of activities.		(76,163)
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreases liabilities in the statement of activities.		15,379
Change in net assets of governmental activities	$	11,621

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2009

	Enterprise Fund Water, Sewer and Sanitation Fund
ASSETS	
Current assets:	
Cash and cash equivalents:	
Unrestricted	$ 77,472
Restricted	253,230
Total cash and cash equivalents	330,702
Certificates of deposit	151,689
Accounts receivable (net)	78,253
Prepaid insurance	5,354
Inventory	17,174
Total current assets	583,172
Noncurrent assets:	
Capital assets:	
Land and land improvements	230,897
Buildings and improvements	24,074
Vehicles	62,286
Utility system and equipment	8,915,266
Less accumulated depreciation	(3,197,062)
Total noncurrent assets	6,035,461
Total assets	6,618,633
LIABILITIES	
Current liabilities:	
Accounts payable	49,859
Accrued interest	19,510
Interfund balances	147,823
Water deposits	67,488
Current portion:	
Note payable	21,605
Bonds payable	52,204
Total current liabilities	358,489
Noncurrent liabilities:	
Compensated absences	10,066
Note payable, less current portion	348,388
Bonds payable, less current portion	2,253,337
Total noncurrent liabilities	2,611,791
Total liabilities	2,970,280
NET ASSETS	
Invested in capital assets, net of related debt	3,359,927
Restricted for water/sewer operations and debt	195,082
Unrestricted	93,344
Total net assets	$ 3,648,353

See accompanying notes to the basic financial statements.

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

	Enterprise Fund Water, Sewer and Sanitation Fund
OPERATING REVENUES	
Charges for services	$ 758,409
Other	17,150
Total operating revenues	775,559
OPERATING EXPENSES	
Depreciation	243,240
Personnel services	223,194
Landfill/contracted sanitation services	197,072
Utilities	78,580
Repairs and maintenance	59,121
Technical services	37,848
Supplies and other expenses	47,031
Insurance	19,081
Fuel	14,090
Professional fees	8,520
Travel	1,518
Total operating expenses	929,295
Operating income (loss)	(153,736)
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,438
Interest expense	(128,279)
Gain on disposal of capital assets	87,129
Total nonoperating revenues (expenses)	(35,712)
Income (loss) before contributions	(189,448)
TRANSFERS	
Transfer in	271,697
Total transfers	271,697
Change in net assets	82,249
Total net assets - beginning	3,566,104
Total net assets - ending	$ 3,648,353

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

		Enterprise Fund Water, Sewer and Sanitation Fund
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	$	783,124
Internal activities - receipts from other funds		31,378
Payments to employees (or for their benefit) for services provided		(219,427)
Payments to suppliers for goods or services		(449,553)
Net cash provided (used) by operating activities		145,522
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfer in		271,697
Purchase of capital assets		(271,697)
Proceeds from sale of capital assets		101,250
Principal paid on capital debt		(70,985)
Interest paid on capital debt		(129,229)
Net cash provided (used) by capital and related financing activities		(98,964)
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit reinvestment		(3,787)
Interest income		5,438
Net cash provided by investing activities		1,651
Net increase (decrease) in cash and cash equivalents		48,209
Balances - beginning		282,493
Balances - ending	$	330,702
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$	(153,736)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		243,240
Change in assets and liabilities:		
Receivables, net		(17,105)
Prepaid expenses		3,264
Due to/from other funds		31,378
Deposits		24,670
Accounts payable and compensated absences		13,811
Net cash provided by operating activities	$	145,522

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the City of Hahira, Georgia, (the primary government) which operates under a mayor-council form of government. The City's major operations in addition to general administrative services include public safety (police and fire protection), public works (highways and streets), sanitation, water and sewer, health and welfare, culture and recreation.

The City of Hahira's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies, established in GAAP and used by the City, are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board sets forth criteria for determining the reporting entity. Organizations legally separate from the City of Hahira, Georgia, would be included in the financial statements of City of Hahira, Georgia, if the criteria of financial accountability were met as defined by Governmental Accounting Standards Board Statement Number 14 or if exclusion of the entity would cause the City's financial statements to be misleading or incomplete.

The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Based upon these criteria the financial statements of the City contain no component units.

B. Basic Financial Statements – Government-wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, highways and streets, health and welfare, culture and recreation and general administrative services are classified as governmental activities. The City's water, sewer and sanitation fund is classified as a business activity. There are no fiduciary funds, nor component units that are fiduciary in nature, included.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Restricted assets are liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.) and business activities (water, sewer and sanitation fund). The functions are also supported by general government revenues (taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, investment earnings, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The governmental funds employ the current financial resources measurement focus. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds.

The City's major funds are the General Fund, SPLOST VI Capital Project Fund, and the Water, Sewer and Sanitation Enterprise Fund.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

A. 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.

B. Capital Projects Funds

The City has four capital projects funds:

Special Purpose Local Option Sales Tax (SPLOST) IV - used to account for special local option sales taxes IV (1998 issue) received and restricted to use for qualifying capital expenditures.

Special Purpose Local Option Sales Tax (SPLOST) V - used to account for special local option sales taxes V (2002 issue) received and restricted to use for qualifying capital expenditures.

Special Purpose Local Option Sales Tax (SPLOST) VI - used to account for special local option sales taxes VI (2007 issue) received and restricted to use for qualifying capital expenditures.

Community Development Block Grant -- used to account for grant receipts and expenditures from the Community Development Block Grant. For the year ended December 31, 2009, there were no reportable amounts.

2. Proprietary Fund:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or auxiliary activities.

The following is a description of the proprietary fund of the City:

Water, Sewer and Sanitation Enterprise Fund - used to account for the revenues and related expenses of providing water, sewer and sanitation services to the City's residents.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide and Proprietary Fund Financial Statement:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded

when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The City's definition of "available" means collectible within one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date less than three months from the date acquired by the City.

2. Investments

The City is limited by state law to the following investments: obligations of the State of Georgia, other states, or the U. S. Government; obligations fully insured by the U. S. Government or any agency thereof; obligations of any corporation of the U. S. Government; prime bankers' acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

3. Receivables and Property Taxes

Accounts receivable are recorded in the governmental funds for taxes receivable and amounts due from other governments. The accounts receivable for property taxes – real property are recorded net of the associated allowance for doubtful accounts in the general fund.

Taxes on real estate, motor vehicles, intangibles, real estate transfer and mobile homes are collected by the county tax collector and remitted to the City. The City bills and collects all other tax revenues. Georgia statutes do not provide a maximum millage rate which may be levied.

Tax revenues are recognized during the period in which they are levied. An allowance is established for delinquent taxes to the extent their collectability is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations.

The property tax rate for 2009 was $5.380 per $1,000 of assessed valuation, and current tax collection for the year then ended was 83.4% of the tax levied.

The full year property tax calendar is as follows:

Assessment date	January 1
Assessors submit returns to tax collector	July 1
Levy date	September 1
Tax collector mails annual tax bills	September 15
Due date of taxes, other than motor vehicles	November 15
Execution (lien) date for unpaid taxes	November 16

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Generally, assets with an initial estimated useful life of more than one year and have an original cost of $5,000 or more for infrastructure and $2,000 or more for other than infrastructure are capitalized. Assets purchased with SPLOST proceeds with a cost of less than $2,000 are also capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are listed below:

Buildings, improvements, water system	10 - 40 years
Infrastructure	40 – 50 years
Machinery and equipment	5 - 20 years

GASBS No. 34 requires the City to report and depreciate infrastructure assets. The City has elected not to report major general infrastructure assets retroactively, but began reporting newly acquired infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

5. Interfund Activity

Interfund activity is reported as loans, as services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. 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 statements.

Receipts and/or payments to or from other governmental units included in the reporting entity of the City are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

The principal purpose of the City's interfund transfers is for the SPLOST Capital Project Funds to compensate the General Fund and the Water, Sewer and Sanitation Fund for capital expenditures and debt service.

The principal purpose of interfund balances is to record the amount of reimbursement due from capital projects funds for qualified SPLOST expenditures purchased by other funds.

6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Revenues of the governmental funds susceptible to accrual are property taxes, sales tax and alcoholic beverage tax. Subsidies and grants to general or special revenue funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues reported on the statement of activities are: licenses and permits, fines and forfeitures, nutritional services to the elderly and operating and capital grants and contributions.

7. Expenditures

Expenditures are recognized when the related fund liability is incurred. Prepaid expenses are recorded when an expense is incurred but benefits are for a subsequent period.

8. Inventories

Significant materials on hand, if any, are shown as inventory. Inventory in the Water, Sewer and Sanitation Fund is typically comprised of water meters, pipe, pipe fittings, repair parts and related supplies and is valued at cost (first-in, first-out). The cost of other materials and supplies, including gasoline and fuel, are charged to operations using the purchase method of accounting.

9. Compensated Absences and Employee Benefits

Compensated Absences:

The City allows full-time, permanent employees to accumulate unused annual leave and sick leave to a maximum of 160 hours. Upon termination, up to 120 hours of accumulated annual leave is payable. Upon termination or retirement, only those employees employed before December 31, 1985 are entitled to be compensated for sick leave.

Vacation leave is accrued as a liability as the benefits are earned by the employee when the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means. Sick leave is accrued as a liability as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement.

Compensated absences are recorded as liabilities in the applicable government-wide, business-type activities or proprietary fund type statement of net assets. Only current amounts payable for employees terminated or retired at year end are recorded in the governmental funds.

Retirement Benefits:

The City maintains a non-contributory retirement plan (refer to Note 7 for additional plan information).

NOTE 2 – CASH AND EQUIVALENTS, CERTIFICATES OF DEPOSIT, CUSTODIAL RISK AND INTEREST RATE RISK

Cash, cash equivalents and certificates of deposit are as follows:

	Carrying Amount	Bank Balance
Governmental activities:		
General fund		
Deposits	$ 242,240	$ 262,846
Certificates of deposit	232,506	232,506
Petty cash	75	-
SPLOST VI fund	211,506	222,544
Other governmental fund	5	5
Total governmental activities	686,332	717,901
Business-type activities:		
Water, sewer and sanitation fund		
Deposits	330,627	335,219
Certificates of deposit	151,689	151,689
Petty cash	75	-
Total business-type activities	482,391	486,908
Total cash	$ 1,168,723	$ 1,204,809

Custodial Credit Risk - Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no custodial risk policy. Of the above carrying amount, all funds are collateralized by securities or insured by FDIC insurance.

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 rate risk. However the City has made no investments that would subject it to interest rate risk.

Restricted Cash

Restricted cash at year consists of the following:

Governmental activities. Cash in the SPLOST VI fund and other governmental funds of $211,511 is restricted for specific capital outlay projects.

Business-type activities. Cash in the enterprise fund of $185,742 is restricted by bond covenants and $67,488 is restricted for payment of water fund customer deposits.

NOTE 3 – RECEIVABLES AND ALLOWANCE FOR BAD DEBT

Receivables are detailed below:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes:			
Real property:			
Current	$ 43,453	$ -	$ 43,453
Delinquent	7,761	-	7,761
Less allowance for bad debt	(3,000)	-	(3,000)
Franchise	115,208	-	115,208
Total property taxes receivable	163,422	-	163,422
Intergovernmental:			-
Local option sales and use tax	26,012	-	26,012
Special purpose local option sales tax	82,088	-	82,088
Other intergovernmental	5,101	-	5,101
Total intergovernmental receivables	113,201	-	113,201
Water, sewer and sanitation charges:			
Billed	-	83,072	83,072
Less allowance for bad debt	-	(4,819)	(4,819)
Total water, sewer and sanitation charges receivable	-	78,253	78,253
Other receivables:			
Alcoholic beverage taxes	4,467	-	4,467
Total other receivables	4,467	-	4,467
Total receivables	$ 281,090	$ 78,253	$ 359,343

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers consist of the following:

	Interfund Balances			Transfers		
	Receivables	Payables	Net	In	Out	Net
Governmental activities:						
General Fund:						
Enterprise fund	$ 147,818	$ -	$ 147,818	$ -	$ -	$ -
SPLOST VI	13,527	-	13,527	20,131	-	20,131
Other governmental funds:	-	(898)	(898)	-	(6,909)	(6,909)
SPLOST VI:					-	
General fund	-	(13,527)	(13,527)	-	(20,131)	(20,131)
Enterprise fund	-	-	-	-	(271,697)	(271,697)
Other governmental funds:						
General fund	898	-	898	6,909	-	6,909
Enterprise fund	5	-	5	-	-	-
Total governmental activities	162,248	(14,425)	147,823	27,040	(298,737)	(271,697)
Business-type activities:						
Enterprise Fund:						
General fund	-	(147,818)	(147,818)	-	-	-
Other governmental funds	-	(5)	(5)	-	-	-
SPLOST VI	-	-	-	271,697	-	271,697
Total business-type activities	-	(147,823)	(147,823)	271,697	-	271,697
Total	$ 162,248	$ (162,248)	$ -	$ 298,737	$ (298,737)	$ -

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Reclassify	Additions	Retirements	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land and improvements	$ 176,821	$ -	$ -	$ (30,955)	$ 145,866
Total capital assets not being depreciated	176,821	-	-	(30,955)	145,866
Capital assets being depreciated					
Buildings and improvements	987,639	-	14,833	(97,427)	905,045
Infrastructure	989,502	-	-	-	989,502
Equipment and vehicles	1,101,133	-	60,566	(79,759)	1,081,940
Total assets being depreciated	3,078,274	-	75,399	(177,186)	2,976,487
Less accumulated depreciation for:					
Buildings and improvements	(421,442)	-	(20,625)	57,112	(384,955)
Infrastructure	(84,834)	-	(24,737)	-	(109,571)
Equipment and vehicles	(801,545)	-	(78,219)	74,866	(804,898)
Total accumulated depreciation	(1,307,821)	-	(123,581)	131,978	(1,299,424)
Total capital assets being depreciated, net	1,770,453	-	(48,182)	(45,208)	1,677,063
Governmental activities capital assets, net	$ 1,947,274	$ -	$ (48,182)	$ (76,163)	$ 1,822,929
Business-type activities:					
Capital assets not being depreciated					
Land and improvements	$ 231,725	$ (828)	$ -	$ -	$ 230,897
Total capital assets not being depreciated	231,725	(828)	-	-	230,897
Capital assets being depreciated					
Buildings and improvements	23,246	828	-	-	24,074
Utility system and equipment	8,677,868	-	271,697	(34,300)	8,915,265
Vehicles	181,547	-	-	(119,261)	62,286
Total assets being depreciated	8,882,661	828	271,697	(153,561)	9,001,625

	Beginning Balance	Reclassify	Additions	Retirements	Ending Balance
Less accumulated depreciation for:					
Buildings and improvements	(13,064)	-	(378)	-	(13,442)
Utility system and equipment	(2,911,018)	-	(236,037)	24,438	(3,122,617)
Vehicles	(169,180)	-	(6,825)	115,003	(61,002)
Total accumulated depreciation	(3,093,262)	-	(243,240)	139,441	(3,197,061)
Total capital assets being depreciated, net	5,789,399	828	28,457	(14,120)	5,804,564
Total business-type activities capital assets net	$ 6,021,124	$ -	$ 28,457	$ (14,120)	$ 6,035,461

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 35,357
Public safety	68,852
Public works	8,215
Culture and recreation	11,157
Total depreciation expense - governmental activities	$ 123,581
Business-type activities	
Water, sewer and sanitation fund	$ 243,240
Total depreciation expense - business-type activities	$ 243,240

NOTE 6 – LONG-TERM DEBT

Governmental Activities

Capital lease payable to Federal Signal Leasing on July 7, 2004 collateralized by a fire truck with a cost of $158,592. The capital lease is payable in ten annual installments of $20,131, including interest at 4.59% per annum through 2014.

The gross amount of assets recorded under capital lease is $158,592, with accumulated depreciation of $87,226 for use by the public safety department.

Business-type Activities

Business-type activities long-term debt consists of the following:

Note Payable - GEFA

Note payable to the Georgia Environmental Facilities Authority Revolving Loan Fund to fund water and sewer improvements in the original amount of $549,619 payable in quarterly installments of $8,115, including interest at 3% through November 1, 2023.

Water and Sewer Revenue Bonds

Revenue bonds payable consists of the following:

Water and sewer revenue bonds payable constitute special obligations secured by a lien on and pledge of the revenues of the water and sewer system. The revenue collateralizes the bonds payable to the United States Department of Agriculture Rural Development and the special funds established by the ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses and second to establish reserve funds for the repayment of bond obligations and to make replacements, additions, extensions, and improvements to the system. The ordinances contain provisions requiring the City to establish rates sufficient to pay operating and maintenance cost and maximum annual bond obligations. Provisions also apply to the issuance of additional parity bonds.

1972 Series. Bond payable to the United States Department of Agriculture Rural Development in the original amount of $125,000, payable in annual installments of $3,000 to $7,000 per annum, including interest at 5% through January 1, 2012. The bonds were issued to finance the extension of water and sewer lines.

1991A Series. Bond payable to the United States Department of Agriculture Rural Development in the original amount of $787,000, payable in annual installments of $51,483, including interest at 5.875% through October 16, 2031. The bonds were issued to update and improve the water and sewer system.

1991B Series. Bond payable to the United States Department of Agriculture Rural Development in the original amount of $775,100, payable in annual installments of $45,171, including interest at 5% through October 15, 2031. The bonds were issued to update and improve the water and sewer system.

2001 Series. Bond payable to the United States Department of Agriculture Rural Development in the original amount of $1,160,504, payable in monthly installments of $5,223, including interest at 4.5% through November 7, 2041. The bonds were issued to update and improve the water and sewer system. Governmental and business-type activities long-term debt consists of the following:

	Beginning Balance 12/31/2008	Additions	Repayments	Ending Balance 12/31/2009	Due in One Year
Governmental activities:					
Capital Lease					
Federal Signal Leasing	$ 103,536	$ -	$ (15,379)	$ 88,157	$ 16,085
Total governmental activities	$ 103,536	$ -	$ (15,379)	$ 88,157	$ 16,085
Business-type activities:					
GEFA	$ 390,961	$ -	$ (20,968)	$ 369,993	$ 21,605
Water and sewer bonds:					
1972 Series	28,000	-	(7,000)	21,000	7,000
1991A Series	643,570	-	(13,690)	629,880	14,483
1991B Series	609,319	-	(14,709)	594,610	15,435
2001 Series	1,074,675	-	(14,624)	1,060,051	15,286
Total bonds	2,355,564	-	(50,023)	2,305,541	52,204
Total business-type activities	$ 2,746,525	$ -	$ (70,991)	$ 2,675,534	$ 73,809

Total interest cost incurred in the current year was as follows:

Governmental activities:	
Public safety	$ 2,424
Business-type activities:	
Water, sewer and sanitation	$ 128,279

Maturities of governmental long-term debt are as follows:

	Governmental Activities		
Year	Principal	Interest	Total
2010	$ 16,085	$ 4,046	$ 20,131
2011	16,823	3,308	20,131
2012	17,595	2,536	20,131
2013	18,403	1,728	20,131
2014	19,251	884	20,135
Total	$ 88,157	$ 12,502	$ 100,659

Maturities of business-type activities long-term debt are as follows:

	GEFA Note Payable			Water and Sewer Revenue Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2010	$ 21,605	$ 10,858	$ 32,463	$ 52,204	$ 115,177	$ 167,381
2011	22,260	10,203	32,463	54,528	112,502	167,030
2012	22,935	9,527	32,462	56,974	109,706	166,680
2013	23,631	8,832	32,463	52,547	106,784	159,331
2014	24,348	8,115	32,463	55,254	104,077	159,331
2015-2019	133,280	29,035	162,315	322,070	474,583	796,653
2020-2024	121,934	7,918	129,852	414,343	382,309	796,652
2025-2029	-	-	-	533,398	263,257	796,655
2030-2034	-	-	-	394,197	123,612	517,809
2035-2039	-	-	-	257,531	55,847	313,378
2040-2042	-	-	-	112,495	5,016	117,511
Total	$ 369,993	$ 84,488	$ 454,481	$ 2,305,541	$ 1,852,870	$ 4,158,411

The general fund will be utilized to liquidate the above governmental activities long-term debt and the enterprise fund will be utilized to liquidate the above business-type activities long-term debt.

Compensated absences payable, with a balance of $16,346 at December 31, 2008, increased by $11,303 to $27,649 at December 31, 2009 in the governmental activities. Compensated absences payable, with a balance of $6,299 at December 31, 2008, increased by $3,767 to $10,066 at December 31, 2009 in the business-type activities. The current portion of the liability is $0 and the long-term portion is $37,715. The general fund and water, sewer and sanitation fund will be used to liquidate these liabilities.

NOTE 7 – RETIREMENT BENEFITS

Plan Description

The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a noncontributory agent multiple-employer defined benefit public employer retirement system that acts as a common investment and administrative agent for governmental entities in the State of Georgia. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The plan is administered by Georgia Municipal Association. Benefit provisions and all other requirements are established by state statute. Plan features, including benefit provisions, are established by the plan Board of Trustees. Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303-3606.

Recommended Contribution

The Board of Trustees of the Georgia Municipal Employees Benefit System has adopted an actuarial funding policy for the determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1988 and 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 from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability.

Well-funded plans may have a full funding credit applied to reduce the recommended contributions. This credit insures that contributions are not required if a plan's assets exceed the present value of future benefits.

The annual recommended contribution is the greater of (1) the minimum contribution described above and (2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits.

Alternative Recommended Contribution

Due to recent unprecedented decline in the investment market and the volatility this creates for funding governmental pension plans, the Board of Trustees has adopted an alternative recommended contribution for plans which experienced an increase in their contribution rate of more than 2% of payroll due to the recent market downswing. This alternative recommended contribution will also be the Actuarial Required Contribution for GASB purposes.

The Alternative Recommended Contribution will be the greater of : (1) the prior year's recommended contribution plus 20% of the difference between the prior year's recommended contribution and the current year's recommendation, (2) the prior year's recommended contribution plus 2% and (3) the normal cost plus a 20-year level percentage of pay amortization of the unfunded actuarial accrued liability.

Please note both the recommended contribution and the alternative recommended contribution meet all state minimum and GASB funding requirements. The alternative allows cities to adopt a gradual increase to the higher contribution caused by the investment downturn.

State Funding Standards

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution as of May 1, 2009 under these standards is $33,552. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the plan will meet applicable state funding standards.

The recommended contributions under this policy for 2009 and 2008 are as follows:

	Year Ended 5/1/09	Year Ended 5/1/08
Normal Cost:		
Plan benefits	$ 15,152	$ 14,680
Administrative expenses	2,691	2,695
Payment on the unfunded actuarial accrued liability	20,062	3,636
Interest	1,408	733
Full funding credit	0	0
Minimum Contribution	33,552	21,744
Normal Cost	17,843	17,375
Recommended contribution	39,313	21,744
Covered payroll	495,592	455,459
Recommended contribution as a percent of covered payroll	7.93%	4.77%

The preceding actuarial terms are defined as follows:

Normal Cost – the amount of contributions required to fund the benefit allocated to the current year of service.

Unfunded actuarial accrued liability – the extent to which the actuarial accrued liability of the plan exceeds the assets of the plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Interest - an adjustment at the valuation's assumed interest rate to account for the timing of contributions.

Full Funding Credit – the excess of the recommended contribution determined without regard to the full funding limitation over the full funding limit (the present value of future benefits plus administrative expenses less the market value of assets, minimum of the normal cost for administrative expenses).

Minimum Contribution – the normal cost plus the amount to fully amortize the unfunded actuarial liability over a specified number of years (in the same manner as monthly payments of principal and interest reduce the outstanding balance of a mortgage).

Recommended Contribution – the greater of (1) the minimum contribution or (2) normal cost (including administrative expenses) with interest.

Covered Payroll – annual reported salaries for all active participants on the valuation date.

Recommended contribution as a percent of covered payroll - the ratio of the annual contribution to covered payroll. In future valuations, this percentage should remain relatively stable (in the

absence of changes to the plan provisions or to the actuarial assumptions or methods). As the dollar amount of annual payroll increases or decreases, the recommended contribution is expected to adjust in a like manner. Experience of the plan which differs materially from that expected by the actuarial assumptions will also change the percentage of payroll over time.

Asset Values

	May 1, 2009	May 1, 2008
Market value of assets	$ 282,068	$ 430,959
Actuarial value of assets	338,482	467,776

The market value of assets is the current value of assets on the valuation date. This value fluctuates with changing financial market conditions.

To minimize the effect of random variations in financial market values on the recommended contribution, the Board of Trustees adopted an asset valuation method for use in the calculation. The method for determining the actuarial value of assets is part of the GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 8%, which is the valuation's investment return assumption.

Actuarial Assumptions

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standards of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

Valuation date	May 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount of the value exceeds or is less than the market valued at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Annual rate of return on investments	8.0%
Projected annual salary increases for	
Inflation	5.0%
Merit or seniority	0.5%
Post-retirement benefit increases	Not applicable

The effect on the actuarial accrued liability of any current-year changes in actuarial assumptions or benefit provisions is:

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

The effect on the recommended contributions of any current-year changes in actuarial assumptions, benefit provisions or actuarial funding method is:

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

Present Value of Accrued Plan Benefits (Ongoing Basis) as of May 1, 2009

	Number of Participants		Present Value of Benefits
Vested Benefits of retirees and beneficiaries currently receiving payments	7	$	268,406
Terminated employees entitled to benefits but not yet receiving them	4		75,100
Current active employees			
Vested	4		68,457
Nonvested	15		20,665
Total	30		432,628
Market Value of Assets			282,068
Unfunded Present Value of Accrued Plan Benefits (Surplus)		$	150,560
Funded Percentage			62.20%

Funded Status

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Surplus) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
5/1/2009	$ 338,482	$ 509,313	$ 170,831	66.46%	$ 495,592	34.47%

Four Year Trend Information

Fiscal Year End	Annual Pension Cost	Percentage of APC Contributed	Pension Obligation
2006	$ 13,702	100%	$ 0
2007	$ 19,446	100%	$ 0
2008	$ 21,744	100%	$ 0
2009	$ 39,313	100%	$ 0

The Schedule of Retirement Plan Funding Progress following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 8 – RISK FINANCING ACTIVITY

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks. There was no significant reduction of insurance coverage from the prior year. No losses in excess of insurance coverage have occurred in the last three years.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. The responsibilities of GIRMA are to defend and protect, in accordance with the member government contract and related coverage descriptions, any member of GIRMA against liability or loss.

The City's deductible limit is $1,000 per occurrence. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss over the deductible.

The City is also a member of the GMA Workers Compensation Self Insurance Fund (GMA). This Fund operates under the authority of OCGA 34-9-150.

The responsibility of the Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is also responsible for paying all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Coverage provides up to a maximum of $100,000 for each worker's compensation claim. There is no deductible under this Fund.

Responsibilities of the City regarding GIRMA or GMA are as follows:

To pay all contributions, assessments or other sums due at such times and in such amounts as shall be established.

To allow GIRMA or GMA and its agents, reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA or GMA.

To allow attorneys appointed 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 or Funds established by GIRMA or GMA.

To assist and cooperate in the defense and settlement of claims against the City.

NOTE 9 – CONTINGENCIES - COMMITMENTS

The City, in conjunction with cities and counties in a ten county South Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in a regional commission (RC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to an RC. The RC board membership includes the Chief elected official of each county and the chief elected official of each municipality. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond resources (O.C.G.A. 50-8-39.1). Separate financial statements are available from the Southern Georgia Regional Commission, Valdosta, Georgia. Management does not believe the SGRC is currently experiencing fiscal stress that could put a financial burden on the City.

In prior years, the City has received monies through various federal and state grants. These programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for expenses disallowed under the terms of the grants. Management believes that the City will not incur significant losses on possible grant disallowances

NOTE 10 – EXCESS EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded budget in the culture and recreation department and the housing and development department of the general fund by $877 and $1,926, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Amended		
Budgetary adjusted fund balance, January 1	$ 712,286	$ 712,286	$ 712,286	$ -
Resources (inflows):				
Taxes:				
Property:				
Real property	257,000	257,000	253,661	(3,339)
Railroad equipment	-	-	301	301
Personal property	22,000	22,000	19,963	(2,037)
Intangible/transfer	15,000	15,000	10,777	(4,223)
Franchise	152,745	152,745	144,611	(8,134)
Other	-	-	410	410
Sales and use:				
Local option	315,000	315,000	276,195	(38,805)
Beer and wine	35,000	35,000	49,190	14,190
Business	102,000	102,000	95,076	(6,924)
Licenses and permits	10,000	10,000	18,062	8,062
Intergovernmental	7,000	7,000	10,074	3,074
Fines and forfeitures	326,937	326,937	175,365	(151,572)
Investment earnings	7,500	7,500	7,561	61
Miscellaneous	29,000	29,000	25,042	(3,958)
Transfers from other funds	90,000	90,000	20,131	(69,869)
Amounts available for appropriation	2,081,468	2,081,468	1,818,705	(262,763)
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	112,537	112,537	119,533	6,996
Operating expenditures	121,372	121,372	90,909	(30,463)
Capital outlay	-	-	-	-
Total general government	233,909	233,909	210,442	(23,467)
Judicial				
Direct				
Personnel services	5,000	7,500	6,000	(1,500)
Total judicial	5,000	7,500	6,000	(1,500)
Public safety				
Direct				
Personnel services	501,594	501,594	404,492	(97,102)
Operating expenditures	238,405	235,905	166,873	(69,032)
Debt service	-	-	17,803	17,803
Capital outlay	104,500	104,500	-	(104,500)
Total public safety	844,499	841,999	589,168	(252,831)

See accompanying notes to Required Supplementary Information.

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Amended		
Public works				
Direct				
Personnel services	57,412	57,412	62,891	5,479
Operating expenditures	128,250	128,250	95,550	(32,700)
Capital outlay	-	-	-	-
Total public works	185,662	185,662	158,441	(27,221)
Health and welfare				
Direct				
Personnel services	6,751	6,751	4,159	(2,592)
Operating expenditures	7,677	7,677	6,099	(1,578)
Total nutrition	14,428	14,428	10,258	(4,170)
Culture and recreation				
Direct				
Personnel services	26,809	26,809	39,309	12,500
Operating expenditures	16,350	16,350	14,027	(2,323)
Capital outlay	9,300	9,300	-	(9,300)
Total culture and recreation	52,459	52,459	53,336	877
Housing and development				
Direct				
Personnel services	20,000	20,000	16,280	(3,720)
Operating expenditures	13,225	13,225	18,871	5,646
Total housing and development	33,225	33,225	35,151	1,926
Transfer out	-	-	6,909	6,909
Total charges to appropriations	1,369,182	1,369,182	1,069,705	(299,477)
Budgetary fund balance, December 31	$ 712,286	712,286	$ 749,000	$ 36,714

See accompanying notes to Required Supplementary Information.

CITY OF HAHIRA
SCHEDULE OF RETIREMENT PLAN FUNDING PROGRESS
LAST FIVE YEARS
DECEMBER 31, 2009

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Surplus) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
5/1/2009	$ 338,482	$ 509,313	$ 170,831	66.46%	$ 495,592	34.47%
5/1/2008	$ 467,776	$ 494,128	$ 26,352	94.67%	$ 455,459	5.79%
5/1/2007	$ 451,105	$ 464,001	$ 12,896	97.22%	$ 410,607	3.14%
5/1/2006	$ 434,734	$ 436,015	$ 1,281	99.71%	$ 343,719	0.37%
5/1/2005	$ 411,473	$ 435,581	$ 24,108	94.47%	$ 401,821	6.00%

See accompanying notes to Required Supplementary Information.

NOTE A - BUDGETS

The City's Finance Ordinance requires the governing authority to adopt budgets for all governmental fund types (general and special revenue funds). An annual budget is also prepared for the City's enterprise. Budgets for capital projects fund are adopted on a total project basis rather than on an annual basis. The annual budgets are prepared in accordance with the basis of accounting utilized by that fund. The legal level of budgetary control is the department level.

The budget may be amended by the Mayor and Council during or after the public hearing except that no amendment shall be effective with a public hearing if (1) a new item of appropriation is added in excess of one percent of the total amount of appropriations stated in the initially approved budget, (2) there is an increase or decrease in any item of appropriations by more than 10%, or (3) there is an increase in appropriations requiring an increase in taxes by more than 5%. Notice of hearings on budget amendments must be advertised at least three days prior to the date set for the hearing.

In October 2004, the City Finance Ordinance was amended to provide that: (1) the budget shall state the objectives and services to be provided in a clear general summary for each department, (2) each departmental budget shall include totals for the categories of: salaries and wages, supplies, contracted services and capital outlays, (3) the general fund budget includes designated sections for revenues, debt service, and capital expenditures, (4) the total proposed expenditures shall not exceed the total anticipated revenues.

Department managers may transfer appropriations in any fund among the various accounts within a department with certain restrictions. Transfers within a department, which increase salaries, require approval of the City Council. Any increase in appropriation for any fund or department within a fund requires approval of the City Council. Except for appropriations for capital expenditures, all appropriations, to the extent not expended or encumbered, lapse at the close of the period for which the appropriation was budgeted. Appropriations for capital expenditures continue in effect until the purpose for which it was made has been accomplished or abandoned. Capital appropriations are deemed abandoned after three years when there has been no disbursement or encumbrance of the appropriation.

The Mayor and Council advertise and conduct public hearings on the proposed budget in accordance with ordinances and state law requirements. The budget for the year ended December 31, 2009 was adopted by the council on October 9, 2008 and amended on November 25, 2009.

Excess Expenditures Over Appropriations

Expenditures exceeded budget in the culture and recreation department and the housing and development department of the general fund by $877 and $1,926, respectively.

CITY OF HAHIRA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE B - BUDGET - TO - ACTUAL RECONCILIATION

An explanation of the difference between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 1,818,705
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(712,286)
Transfers from other funds are inflows of budgetary resources but are regarded as a "special item", rather than revenue, for financial reporting purposes	(20,131)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 1,086,288
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,069,705
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(6,909)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 1,062,796

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF HAHIRA
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	SPLOST IV Capital Projects Fund	SPLOST V Capital Projects Fund	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents:			
Restricted	$ 5	$ -	$ 5
Accounts receivable	-	2,795	2,795
Interfund balances	5	898	903
Total assets	$ 10	$ 3,693	$ 3,703
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 2,795	$ 2,795
Total liabilities	-	2,795	2,795
Fund balances:			
Unreserved	10	898	908
Total fund balances	10	898	908
Total liabilities and fund balances	$ 10	$ 3,693	$ 3,703

CITY OF HAHIRA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	SPLOST IV Capital Projects Fund	SPLOST V Capital Projects Fund	Total Other Governmental Funds
REVENUES			
Intergovernmental	$ -	$ 14,832	$ 14,832
Investment earnings	10	-	10
Total revenues	10	14,832	14,842
EXPENDITURES			
Capital outlays	-	14,832	14,832
Total expenditures	-	14,832	14,832
Excess (deficiency) of revenues over (under) expenditures	10	-	10
OTHER FINANCING SOURCES (USES)			
Transfer in	6,909	-	6,909
Total other financing sources and uses	6,909	-	6,909
Net change in fund balances	6,919	-	6,919
Fund balances - beginning	(6,909)	898	(6,011)
Fund balances - ending	$ 10	$ 898	$ 908

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - SPLOST VI CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Project-Length Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, January 1	$ 174,851	$ 174,851	$ -
Resources (inflows):			
Intergovernmental	4,000,300	423,835	(3,576,465)
Amounts available for appropriation	4,175,151	598,686	(3,576,465)
Charges to appropriation (outflows):			
Capital outlay	4,000,300	60,567	(3,939,733)
Transfer out	-	291,828	291,828
Total charges to appropriations	4,000,300	352,395	(3,647,905)
Budgetary fund balance, December 31	$ 174,851	$ 246,291	$ 71,440

An explanation of the difference between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 598,686
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(174,851)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances	$ 423,835
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 352,395
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(291,828)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances	$ 60,567

STATE COMPLIANCE SECTION

CITY OF HAHIRA
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years	Current Period	Total	
SPLOST IV - 1998 Issue						
Referendum Expenditures:						
Road, street and bridge projects		$ 365,000	$ 412,323	$ -	$ 412,323	113%
Renovation, construction and improvements to public facilities and equipment for City Hall and the Fire Station		138,000	252,007	-	252,007	183%
Construction and improvement to water and sewer facilities		460,000	488,421	-	488,421	106%
Construction and improvements of public facilities and equipment for environmental protection		208,148	-	-	-	0%
Totals	$ 1,175,000	1,171,148	$ 1,152,751	$ -	$ 1,152,751	98%

CITY OF HAHIRA
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years	Current Period	Total	
SPLOST V - 2002 Issue						
Referendum Expenditures:						
Road, street and bridge projects	$ 400,000	364,497	12,075	14,832	26,907	
Other capital outlay projects:						
Purchase, renovation, construction and improvements to public facilities and equipment consisting of the City Hall and Fire Station			177,694	-	177,694	
Construction and improvements and equipment for water and sewer facilities			371,744	-	371,744	
Purchase, renovation, construction and improvements of public facilities and equipment for environmental protection			-	-	-	
Total other capital outlay projects	590,000	590,000	549,438	-	549,438	
Totals	$ 990,000	954,497	$ 561,513	$ 14,832	$ 576,345	60%

CITY OF HAHIRA
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years	Current Period	Total	
SPLOST VI - 2007 Issue						
Referendum Expenditures:						
Construction and improvements to:						
Road, street and bridge projects	$ 650,000	-	-	-	-	
Water and sewer facilities	1,950,000	-	315,249	271,697	586,946	
Construction of, improvements to and major capital equipment for:						
Community center facilities	600,000	-	-	-	-	
Police: facilities, computer equipment communication equipment and vehicles	250,000	-	2,323	30,400	32,723	
Firefighting: facilities, computer equipment, training facilities, vehicles and equipment	200,000	-	20,131	50,298	70,429	
Retirement of previously incurred general obligation debt	350,300	-	-	-	-	
Totals	$ 4,000,300	-	$ 337,703	$ 352,395	$ 690,098	17%

Prepared on the accrual basis of accounting.

FEDERAL COMPLIANCE SECTION

VALENTI, RACKLEY
& ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and Council
City of Hahira, Georgia

We have audited the financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the City of Hahira, Georgia ("the City") as of and for the year ended December 31, 2009 and have issued our report thereon dated May 25, 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's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that could, in our judgment, adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably consistent with the assertions of management in the financial statements. Significant deficiencies are described in the accompanying Schedule of Findings and Responses as items 09-01 through 09-02.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement in relation to the financial statements being audited will not be prevented or detected by the City's internal control. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe item 09-01 in the accompanying Schedule of Findings and Responses constitutes a material weakness.

208 W. Park Ave., Valdosta, GA 31602 Telephone: 229-247-8005, Fax: 229-247-8998

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 09-03.

We noted certain matters that we reported to management of the City in a separate letter dated May 25, 2010.

This report is intended solely for the information and use of the Mayor and Council, management, federal and state awarding agencies and Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Valenti, Rackley & Associates, LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

May 25, 2010

CITY OF HAHIRA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2009

09-01

Condition: Inadequate segregation of accounting duties among personnel.

Cause: Limited staff size and resources.

Effect: Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliations; accounts payable and recording of general ledger and payroll processing and general ledger due to limited staff size. Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and preparation of financial statements.

Recommendation: We recommend that increased management oversight of the accounting function be utilized to mitigate risk.

Management Response: See management's Corrective Action Plan separately submitted.

09-02

Condition: Inadequate design of internal control over the preparation of the financial statements being audited. Optimum internal control exists when an entity has the ability to prepare its own financial statements in conformity with *Generally Accepted Accounting Principles* (GAAP).

Cause: Due to limited resources the City can not employ staff with the necessary technical expertise to prepare the City's financial statements in conformity with GAAP.

Effect: The City must rely on its external auditors to ensure that year end financial statements are prepared in conformity with GAAP.

Recommendation: No practical solution currently exists.

Management Response: See management's Corrective Action Plan separately submitted.

09-03

Condition: Budgets are a legal spending limit at the department level. Expenditures exceeded budget in two departments of the general fund.

Cause: Expenditures were not limited to budgeted amounts.

Effect: Expenditures exceeded budget in the culture and recreation department and the housing and development department by $877 and $1,926, respectively.

Recommendation: We recommend that expenditures be held to the legally adopted limit.

Management Response: See management's Corrective Action Plan separately submitted

CITY OF HAHIRA, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

Audit Reference Number	
08-01	Uncorrected in current year and recited as 09-01.
08-02	Uncorrected in current year and recited as 09-02
08-03	Corrected.
08-04	Corrected.
08-05	Corrected.
08-06	Corrected.