CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

Prepared by:

Finance Department

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

Letter of Transmittal ..... vi - ix
GFOA Certificate of Achievement x
List of Principal Officials xi
Organizational Chart xii

FINANCIAL SECTION

Independent Auditor's Report ..... 1 and 2
Management's Discussion and Analysis ..... 3 - 11
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Assets ..... 12 and 13
Statement of Activities 14
Fund Financial Statements:
Balance Sheet – Governmental Funds ..... 15 and 16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ..... 17 and 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual ..... 20 - 22

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page No.

FINANCIAL SECTION (Continued)

Statement of Net Assets – Proprietary Funds ..... 23 - 25
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds ..... 26 and 27
Statement of Cash Flows – Proprietary Funds ..... 28 and 29
Statement of Fiduciary Net Assets – Fiduciary Funds 30
Statement of Changes in Fiduciary Net Assets – Pension Trust Fund 31
Notes to Financial Statements ..... 32 - 60
Required Supplementary Information:
Schedule of Funding Progress 61
Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 63
Hotel/Motel Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 64
Silver-Haired Legislature Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 65
Community Development Block Grant Program Income Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 66
Confiscated Assets Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 67
Community Home Improvement Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 68

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page No.

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules (Continued):

Statement of Assets and Liabilities – Agency Fund 69

Statement of Changes in Assets and Liabilities – Agency Fund 70

Component Units:

Balance Sheet – Component Unit – Milledgeville Baldwin County Allied Arts 71

Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Milledgeville Baldwin County Allied Arts 72

Balance Sheet – Component Unit – Mary Vinson Memorial Library 73

Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Mary Vinson Memorial Library 74

Balance Sheet – Component Unit – Downtown Development Authority 75

Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Downtown Development Authority 76

STATISTICAL SECTION

Net Assets by Component 77

Changes in Net Assets ..... 78 - 80

Governmental Activities Tax Revenue by Source 81

Fund Balances of Governmental Funds 82

Changes in Fund Balances of Governmental Funds ..... 83 and 84

General Governmental Tax Revenue by Source 85

Direct and Overlapping Sales Tax Rates 86

Taxable Sales Tax Distribution by Category 87

Assessed Value and Estimated Actual Value of Taxable Property 88

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page No.

STATISTICAL SECTION (CONTINUED)

Direct and Overlapping Property Tax Rates 89
Principal Property Taxpayers 90
Property Tax Levies and Collections 91
Ratios of Outstanding Debt by Type 92
Ratios of General Bonded Debt Outstanding 93
Direct and Overlapping Governmental Activities Debt 94
Legal Debt Margin Information 95
Pledged-Revenue Coverage 96
Demographic and Economic Statistics 97
Principal Employers 98
Full-time Equivalent City Government Employees by Function/Program 99
Operating Indicators by Function/Program 100
Capital Asset Statistics by Function 101

CONTINUING DISCLOSURE INFORMATION

Principal Water Customers 102
Principal Sewer Customers 103

CITY OF MILLEDGEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page No.

COMPLIANCE SECTION

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* ..... 104 - 106

Schedule of Findings and Responses ..... 107 - 112

Schedule of Prior Year Findings ..... 113 - 115

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2006 Issue 116

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2000 Issue 117

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 1996 Issue 118

THIS PAGE INTENTIONALLY LEFT BLANK.

INTRODUCTORY SECTION

MAYOR
Richard A. Bentley

ALDERMEN
M. Stephen Chambers
Kenneth Morgan
Richard Mullins, Jr.
Denese R. Shinholster
Ken A. Vance
Jeanette H. Walden

The City of Milledgeville

December 7, 2009

To the Honorable Mayor, Members of Council
And the Citizens of the City of Milledgeville

The Comprehensive Annual Financial Report (CAFR) of the City of Milledgeville for the fiscal year ended June 30, 2009, is hereby submitted in accordance with the Office Code of Georgia 36-81-7.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of Milledgeville. To provide a reasonable basis for making these presentations, the City has established internal control procedures designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal control should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements are free of material misstatement. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to help the reader understand the financial operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified opinion on the City of Milledgeville's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Known as Georgia's Antebellum Capital, the City of Milledgeville was founded in 1803 by an Act of the General Assembly of Georgia and was named for the Honorable John Milledge, Governor of Georgia. Milledgeville served as Georgia's fourth capital from 1804-1868. In 1868, the state capital was moved to Atlanta. Milledgeville owns the distinction of being one of only two planned capital cities in the United States, the other being Washington, D. C. The City

119 East Hancock Street • Post Office Box 1900 • Milledgeville, Georgia 31059-1900
Phone (478) 414-4010 • Fax (478) 414-4011
www.milledgevillega.us

occupies 20.79 square miles and is the county seat for Baldwin County. Milledgeville is located 79 miles southeast of Atlanta and 30 miles northeast of Macon.

Milledgeville is governed by a mayor and six (6) council members elected by the citizens. The Mayor is elected at large serving a four (4) year term and presides over all meetings of the City, signs all official contracts, ordinances, and resolutions adopted by council. Members of the City Council are elected from districts and serve four year concurrent terms. Council members are responsible for passing ordinances, adopting the budget, establishing tax rates, appointing committees and hiring both the city's manager and attorney. The City has operated under a council-manager form of government since May, 2003 when the City's charter was changed. The City Manager advises the mayor and council, prepares the budget, appoints department heads, supervises all employees and is responsible for day-to-day operations of the City.

The City provides a full range of service to approximately 20,000 residents. These services include general administration, police and fire protection, the construction and maintenance of bridges, streets, and other infrastructure, culture and recreation, and planning and development services. Water and sewer, in addition to sanitation collection services, are also provided.

The City is financially accountable for three legally separate component units. These component units include: The Mary Vinson Library (Twin Lakes Library System), the Milledgeville-Baldwin County Allied Arts and the Milledgeville Downtown Development Authority. These component units are reported separately within the City of Milledgeville's financial statements. Additional information for these programs may be found in the Notes to Financial Statements.

The annual budget serves as the foundation for the City of Milledgeville's financial planning and control. The budget process begins with departments and outside agencies submitting budget requests to the finance director in mid February. The finance director uses these requests as the starting point for developing a proposed budget. A draft budget is submitted to the city manager for consideration and approval. The city manager then submits the budget to the Council for review in early May. Public hearings are required to be held before final adoption of the budget, with final adoption no later than June 30, the end of the fiscal year as required by law. Activities of the general fund, special revenue funds, the capital project funds, and the enterprise funds are included in the annual appropriated budget. The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a department. Transfer of appropriations between departments, and increases or decreases in appropriations require the special approval of the City Council.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The Downtown Development Authority and the Chamber of Commerce continue to work diligently to attract new business and industry into the area as well as offering support to existing business and industry. Milledgeville works with the County on attracting potential businesses to a modern 500 acre industrial park strategically located on Georgia Highway 22. A highly educated local work force is provided by the Georgia College and State University and Georgia

Military College, both located in downtown Milledgeville. These institutions provide both opportunities for potential employers and provide a consumer population for local businesses.

The State of Georgia's headquarters for its Department of Corrections and the Youth Development Center for Juvenile Offenders is located in the City of Milledgeville. Central State Hospital, a district facility to provide mental health care, is also located in the City. These properties are exempted from the property tax digest but provide a large number of employment opportunities for the local economy as well as generation of sales taxes to the City's treasury.

Long Term Financial Planning

The City of Milledgeville is working towards increasing reserves and a pay as you go strategy to avoid future long term debt. This will provide strength to the City's financial position as well as some protection from fluctuations in the economy, or unforeseen natural disasters.

Major Initiatives

The City of Milledgeville continues to work diligently to improve the quality of life of its citizens as we continue to develop our City. Even with the downturn in the economy, the City continues to extend utilities to expand our number of retail and wholesale customers. The City has also developed a close partnership with the Milledgeville-Baldwin County Development Authority to more aggressively recruit new and expanded industry and high paying jobs to Milledgeville so as to strengthen and expand our tax and employment base.

The City has developed a partnership with the Oconee River Greenway Authority with the goal to construct a series of parks along the Oconee River and to connect the parks with walking and biking trails. The initial park has been constructed in Milledgeville immediately south of the Hancock Street Bridge and extends to the Fishing Creek Bridge. The concept development phase to extend Greene Street to the parks is complete and awaiting approval from the Department of Transportation.

The City of Milledgeville was awarded state funding to enable the City to become a "wireless" community. In October 2009, the City's wireless service, in a partnership with Sprint, was launched to customers and the City's public safety service.

The City adopted an enterprise zone in conjunction with the State's opportunity zone designation for providing tax incentives to new and existing business in the central business district. Community Development Block Grants (CDBG) and other grant programs have assisted with some revitalization of the area.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Milledgeville for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This is the twenty fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of

Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department. Appreciation is also expressed to the Mayor and Council for their support conducting the financial affairs of the City of Milledgeville in a responsible and progressive manner and to all City department heads and employees for their positive attitudes toward budgetary responsibility.

Respectfully submitted,

Donald Toms

Donald Toms

Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milledgeville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

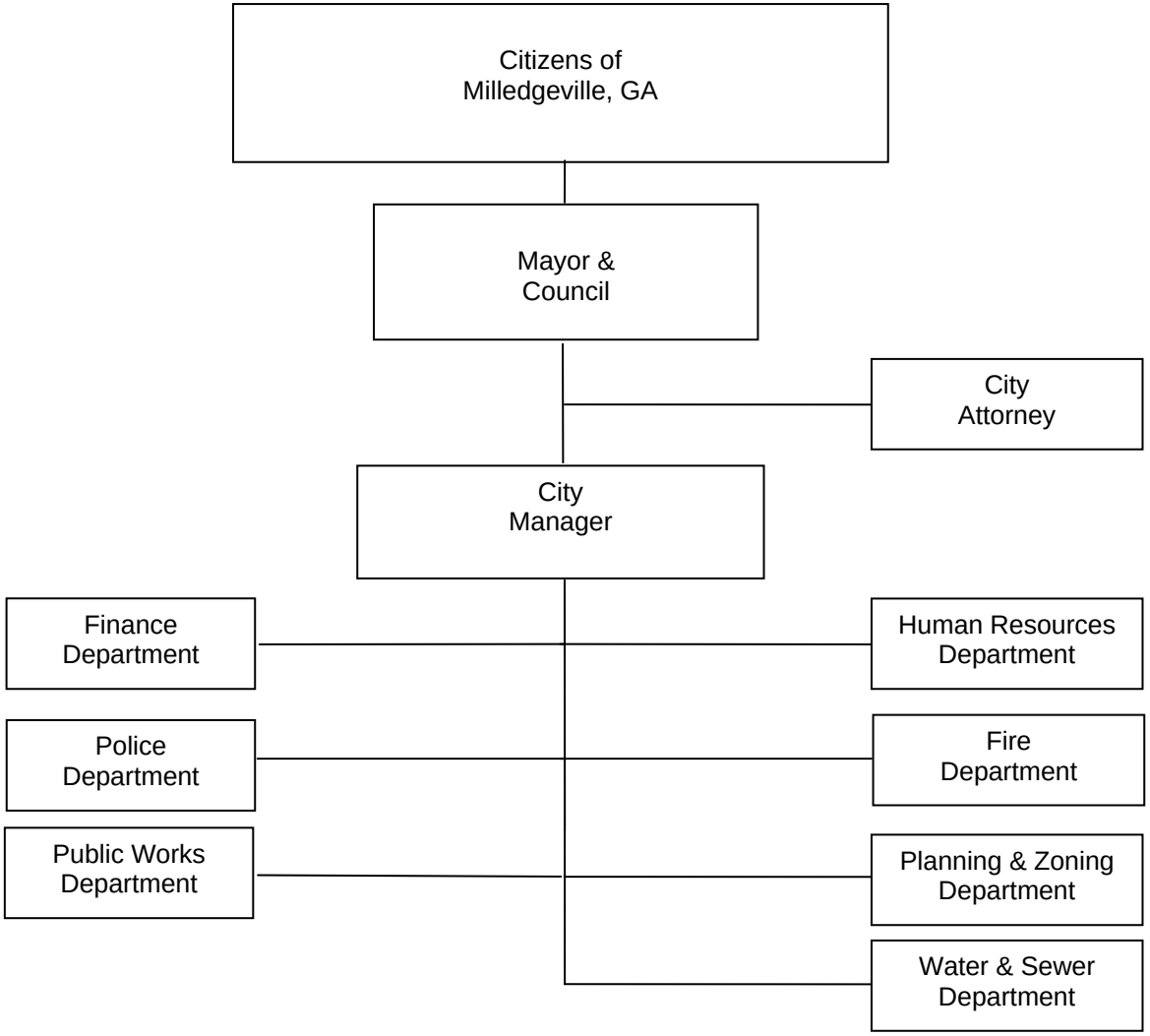
CITY OF MILLEDGEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009

Mayor	Richard A. Bentley
Mayor Pro-Tem	Stephen Chambers
Council	Kenneth B. Morgan Jeanette H. Walden Denese R. Shinholster Ken A. Vance Richard Mullins, Jr. Stephen Chambers
City Manager	E. Scott Wood
City Attorney	James D. Jordan
Municipal Court Judge	J. David McRee
City Clerk	Bo Danuser
Finance Director/Treasurer/Human Resources Director	Don Toms
Chief of Police	Woodrow W. Blue, Jr.
Fire Chief	J. Tom Dietrich
Public Works Director	Jack C. Graham
Water and Sewer Director	Barry Jarrett
Zoning Administrator	Mervin G. Graham

CITY OF MILLEDGEVILLE, GEORGIA

ORGANIZATIONAL CHART
JUNE 30, 2009



THIS PAGE INTENTIONALLY LEFT BLANK.

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Milledgeville, Georgia
Milledgeville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Milledgeville, Georgia** as of and for the year ended June 30, 2009, which collectively comprise the City of Milledgeville, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Milledgeville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milledgeville, Georgia as of June 30, 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 December 7, 2009, on our consideration of the City of Milledgeville, 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 on pages 3 through 11 and the Schedule of Funding Progress on page 61 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milledgeville Georgia's basic financial statements. The introductory section, statistical section, continuing disclosure information, and combining and individual nonmajor fund financial statements 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 Milledgeville, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, statistical section, and continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 7, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the City of Milledgeville (the "City") for the fiscal year ended June 30, 2009. We encourage readers to consider information presented here in conjunction with the letter of transmittal at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City of Milledgeville's assets exceeded its liabilities at June 30, 2009, by $46,557,313. Of this amount, $27,519,286 is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are $17,285,741 and may be used to meet the City's ongoing obligations. Unrestricted net assets from the governmental activities are $6,982,499.

- As of June 30, 2009, Milledgeville's governmental funds reported combined ending fund balances of $11,406,283. Approximately 95% of this total amount, $10,874,084 is available for spending at the City's Council's discretion, (unreserved fund balance). The governmental funds combined fund balance increased by $1,621,358 from fiscal year ending June 30, 2008.

- The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2009 are $5,882,834 and $13,117,461 respectively. $16,481,387 of the total $19,000,295 represents liabilities that are due in one year or more, such as long-term debt and compensated absences. This is a decrease of $122,087 for the governmental-type funds and a decrease of $697,134 for the business-type activities from fiscal year ending June 30, 2008.

- No new debt was incurred this fiscal year for the City's governmental or enterprise funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Discussion and Analysis narrative is intended to serve as an introduction to the City of Milledgeville's basic financial statements. The basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements of non-major funds, and a statistical section.

Government-wide Financial Statements The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about the City of Milledgeville using the *accrual basis* of accounting, which is similar to the accounting method used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 12 and 13) is an attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between total assets and total liabilities is labeled *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The ***Statement of Activities*** (page 14) on the other hand, presents revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for

several weeks after the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *changes in net assets*. The primary focus of the Statement of Activities is on *net costs* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants or other sources.

In the Statement of Net Assets and the Statement of Activities, the City of Milledgeville is divided into three basic types of activities:

- ***Governmental Activities*** – Most of the City's basic services are reported under this category, including police, fire, public works and general administration. Sales tax, property taxes and intergovernmental revenues finance most of these services.

- ***Business-type Activities*** – The City charges fees to customers to assist in covering all or most of the costs for certain services it provides. The City's water and sewer system fees and refuse collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component Units are legally separate organizations for which the elected officials of the City are financially accountable. The City has three component units – Mary Vinson Memorial Library, Allied Arts and Milledgeville Downtown Development Authority.

The City's government-wide financial statements are presented on pages 12 - 14.

Fund Financial Statements

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 62. The City's funds are divided in to three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- ***Governmental Funds –*** These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City's basic governmental fund financial statements are presented on pages 15 - 22 of this report.

  The City of Milledgeville maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and SPLOST Fund which are considered major funds. Data for the other five (5) governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 62 and 63 of this report.

- ***Proprietary Funds –*** When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. The City maintains two (2) different types of proprietary funds: Enterprise funds and Internal Service funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Milledgeville uses the enterprise fund to account for the Water and Sewer system and Solid Waste system.

Internal service funds are an accounting device to account for services provided and billed on an internal basis. The City utilizes the internal service fund for the Risk Management Fund. Because of the nature of the City's internal service funds, they are allocated to both governmental activities and business-type activities on the government-wide statement.

The City's proprietary fund financial statements are presented on pages 23 - 29.

- ***Fiduciary Funds*** **–** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Milledgeville's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

  The City acts as trustee or fiduciary for its employee pension plan. It is also responsible for other assets that, because of the nature of the trust or agency arrangement, can be used only for the trust or agent beneficiaries.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The City's fiduciary fund financial statements are presented on pages 30 and 31.

Budgetary Comparisons

The City of Milledgeville adopts an annual appropriated budget for its General Fund and the non-major Special Revenue Funds. The budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget. The General Fund budgetary comparison statements can be found on pages 20 - 22. The non-major Special Revenue Fund budgetary comparison statements can be found on pages 64 - 68.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 60 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary and fiduciary funds. These funds are added together by fund type and presented together in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements. The combining and individual fund statements and schedules are presented immediately following the notes to the financial statements and can be found on pages 62 - 70 of this report.

The report includes two (2) schedules (pages 16 and 19) which reconcile the amounts on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting).

GOVERNMENT WIDE FINANCIAL ANALYSIS

The City's overall financial position and operations for the fiscal year is summarized in Table 1 below based on the information included in the government-wide financial statements (see pages 12 - 14).

City of Milledgeville Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$12,865,333	$11,337,214	$27,333,312	$12,416,392	$40,198,645	$23,753,606
Capital Assets	12,310,698	12,881,590	13,048,265	27,595,378	25,358,963	40,476,968
Total Assets	25,176,031	24,218,804	40,381,577	40,011,770	65,557,608	64,230,574
Long-term debt outstanding	4,956,206	5,078,293	11,525,181	12,222,315	16,481,387	17,300,608
Other Liabilities	926,628	1,022,119	1,592,280	1,477,015	2,518,908	2,499,134
Total Liabilities	5,882,834	6,100,412	13,117,461	13,699,330	19,000,295	19,799,742
Net Assets						
Invested in Capital assets, net of related debt	12,310,698	12,881,590	15,208,588	14,793,739	27,519,286	27,675,329
Restricted	-	7,186,892	1,752,286	522,712	1,752,286	7,709,604
Unrestricted	6,982,499	(1,950,090)	10,303,242	10,995,989	17,285,741	9,045,899
Total Net Assets	$19,293,197	$18,118,392	$27,264,116	$26,312,440	$46,557,313	$44,430,832

Net Assets – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2009, assets exceeded liabilities by $46.6 million. However, much of those net assets are either restricted as to purpose for which they can be used, or are invested in capital assets.

The largest portion of the City's net assets, $27,519,286, represents investments in capital assets. The investment in capital assets includes land, buildings, machinery and equipment, as well as infrastructure acquired in past years. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional $1,752,286 of the City's net assets represents resources that are subject to external restrictions on how they are to be used. The increase in the City's business type activities restricted assets ($1,229,574) resulted from the continued adjustment of restrictions on certain assets associated with revenue bond covenants. The remaining balance of unrestricted net assets of $17,285,741 (37%) may be used to meet the government's ongoing obligations to citizens and creditors.

Although the net assets of our business-type activities represent 59% ($27,264,116) of total net assets, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use these net assets to finance the continuing operations of the business-type activities.

Changes in Net Assets – Governmental and business-type activities increased the City's net assets by $2,126,485 in fiscal year 2009. The following table indicates the changes in net assets for the governmental and business-type activities in fiscal year 2009.

City of Milledgeville Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues:	2009	2008	2009	2008	2009	2008
Program Revenues:						
Charges for services	$889,015	$1,059,232	$9,551,986	$9,176,279	$10,441,001	$10,235,511
Operating grants and contributions	58,876	81,578		-	58,876	81,578
Capital grants and contributions	1,710,191	51,118	207,652	75,366	1,917,843	126,484
General Revenues:						
Property taxes	2,850,577	2,804,795	-	-	2,947,189	2,804,795
Sales taxes	2,431,098	4,584,724	-	-	2,431,098	4,584,724
Other taxes	3,675,922	3,416,219	-	-	3,675,922	3,416,219
Investment earnings	143,965	422,827	171,525	324,590	315,490	747,417
Total revenues	11,759,644	12,420,493	9,931,163	9,576,235	21,690,807	21,996,728
Expenses:						
General government	1,467,788	1,311,449	-	-	1,467,788	1,311,449
Judicial	157,986	146,822	-	-	157,986	146,822
Public safety	5,838,433	5,484,783	-	-	5,838,433	5,484,783
Public works	2,790,493	2,315,767	-	-	2,790,493	2,315,767
Housing and development	820,562	896,363	-	-	820,562	896,383
Culture/recreation	888,255	990,400	-	-	888,255	990,400
Interest on long term debt	-	-	-	-		
Water and sewer	-	-	6,096,709	5,926,373	6,096,709	5,926,373
Solid Waste	-	-	1,504,096	1,419,941	1,504,096	1,419,941
Total expenses	11,963,517	11,145,583	7,600,805	7,346,314	19,564,322	18,491,897
Increase (decrease) in net assets						
Before transfers	(203,873)	1,274,910	2,330,358	2,229,921	2,126,485	3,504,831
Transfers	1,378,682	(607,877)	(1,378,682)	607,877	-	-
Change in net assets	1,174,809	667,033	951,676	2,837,798	2,126,485	3,504,831
Net assets, beginning of year	18,118,388	17,451,359	26,312,440	23,474,642	44,430,828	40,926,001
Net assets, end of year	$19,293,197	$18,118,392	$27,264,116	$26,312,440	$46,557,313	$44,430,832

Governmental Activities – Governmental activities increased the City's net assets by $1,174,809 in fiscal year 2009. Key elements of this increase are as follows:

- Revenues were $11.76 million. Approximately 8% of the City's revenues came from fees charged for services, 24% from property taxes, 21% from sales taxes, and 31% from other taxes. Investment earnings decreased by 34% during the year compared to an increase of 4.4% increase in 2008 due to the declining interest rates. Capital grants and contributions decreased due to the completion of several grant funded projects.
- Expenses totaled $11.96 million. Approximately 49% of the City's expenses go to public safety, 23% to public works, 12% to general government and the remaining 16% to housing and development, judicial activities, and culture and recreation.

Business-Type Activities – The City's major business-type activities, the Water and Sewer Revenue Fund and Solid Waste Fund, increased net assets by $951,676 in fiscal year 2009. The City implemented a five year program to increase water rates by 3% per year effective July 1. July 1, 2009 begins the initial year of this program.

Financial Analysis of the City Funds

As noted earlier, the City of Milledgeville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of fiscal year 2009, the combined ending fund balance of the City's governmental funds was $11,406,283, an increase of 16.6% from fiscal year 2008. Approximately $10.9 million (95%) of combined fund balance consists of unreserved/undesignated fund balance, which is available working capital for current spending in accordance with the purpose of the specific funds. The unreserved/undesignated fund balance increased by $9.2 million. Expenses were 1.9% higher than the previous year while revenues decreased by 6.3%. This was offset by transfers in of $1,716,847 from the Water Fund. The transfer was a write-off of an amount due to the Water Fund on behalf of the General Fund. In addition, approximately $376,000 that was designated as of June 30, 2008 was shown as undesignated at June 30, 2009. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed to the following purposes: reserved for inventories and prepaid items ($26,080); health fair ($10,776); reserved for public safety ($80,573); community development ($395,321), Keep Baldwin Beautiful ($15,646), and encumbrances ($3,803).

The City has two major governmental funds, which are the General Fund and the SPLOST Fund.

1. *General Fund* – This is the primary operating fund of the City of Milledgeville government. It accounts for many of the City's core services such as law enforcement, fire protection, roads and streets, culture and recreation and administration. At the end of the current fiscal year, unreserved fund balance of the General Fund was $2,967,390, while total fund balance was $3,088,534. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 29.6% of total fiscal year 2009 expenditures, while total fund balance is 30.8% of that same amount.

2. *SPLOST Fund* – This fund is a capital project fund accounting for the City's negotiated share of the special purpose local option sales taxes. This tax is voted by referendum to collect a penny on sales that occur within Baldwin County. The tax must be used for specific capital expenditures. The total fund balance of $7,908,359 will be used to fund major capital projects, with the exception of $1,389 which is reserved for encumbrances.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found on the government-wide statements, but in more detail.

Unrestricted assets of the City's major proprietary fund, the Water and Sewer Fund, totaled $9,891,669. The total net assets increased by $275,103.
An increase of approximately 1% is attributed to a transfer to the General Fund in the amount of $1,716,847. The transfer was made to write-off an amount the General Fund owed the Water and Sewer Fund. This transfer offset the increase attributed to an increase in rates and customers during the fiscal year.

Unrestricted assets of the City's other proprietary fund, Solid Waste Fund, was $237,480 which is significantly greater than the deficit reported in the previous year. The reduction of the deficit from the prior year can be attributed to an increase in fees put in place during the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Milledgeville Code. The most significant budgeted fund is the General Fund.

In June 2008, the City Council appropriated $11 million for general fund expenditures.

City of Milledgeville 2009 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenues and other financing sources	$11,005,230	-	$11,005,230	$11,291,081
Expenditures and other financing uses	$11,005,230	-	$11,005,230	$10,370,913

There were no amendments to the annual budget during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City of Milledgeville has invested $39,644,010 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, land improvements, buildings and machinery and equipment. Approximately 69% of this investment is related to business-type activities while only 31% is related to governmental activities.

Capital assets held by the City at the end of the current fiscal year are summarized as follows:

City of Milledgeville Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$2,468,098	$2,468,098	$151,310	$151,310	$2,619,408	$2,619,408
Land improvements	34,297	42,015	59,312	47,261	93,609	89,276
Infrastructure	6,679,005	7,290,344	9,543,101	9,295,203	16,222,106	16,585,547
Buildings	1,759,348	1,868,725	16,110,760	16,521,708	17,870,108	18,390,433
Machinery and equipment	788,971	894,764	513,047	539,304	1,302,018	1,434,068
Construction in progress	580,979	317,644	955,782	1,040,592	1,536,761	1,358,236
Total Net Capital Assets	$12,310,698	$12,881,590	$27,333,312	$27,595,378	$39,644,010	$40,476,968

The City elected to implement the general provisions of GASB Statement No. 34 in fiscal year 2003 and fully implemented the retroactive infrastructure provisions in fiscal year June 30, 2007.

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Replacement of AC Unit at Allied Arts - $8,480
- Wireless Communication Equipment - $21,350 (addition to wireless project included in construction in progress)
- Purchase of Motorola Communication equipment - $102,500
- 6 - Used Police Crown Victoria Patrol Cars - $33,250
- Renovation of Dispatch Center - $30,873 (included in construction in progress)
- Addition to CAD system - $115,172 (included in construction in progress)
- 2 Rescue Fire Boats - $56,610
- 2009 F250 Heavy Duty Truck - $18,609
- Kubota F3680 4WD Mower -$14,773
- Mowers - $10,398
- Additions to Streetscape Project - $66,962 (included in construction in progress)
- Additions to Green Street Project - $28,979 (included in construction in progress)

Major capital asset purchases during the current fiscal year for the business-type activities included the following:

- Automated Gates at Lamar Hamm Plant - $19,390
- 9" Duplex Plunger Pump - $18,555
- Additional Water and Sewer Lines - $232,846
- Kubota B3030 Tractor with Bush Hog Mower - $15,444
- Bobcat - $49,269
- 2009 Ford F150 - $15,015
- Raw Water Pump Generator – $46,344
- Raw Water Station Upgrades - $18,509
- Altitude Valve – Lamar Hamm Plant - $17,000
- Blandy Road Improvements - $42,569
- Allenwood/Brookwood Water Project - $103,365
- West Charleston Booster Pump Station - $19,397

Additional information on the City of Milledgeville's capital assets can be found in Note 5 on pages 47 - 49 of this report.

Long-term debt – At June 30, 2009, the City of Milledgeville had $11,823,577 in bonds, notes and capital leases outstanding, a decrease of $659,714 over last year representing payments made to reduce bonds and notes outstanding.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent (10%) of its total assessed valuation. The current debt limitation for the City of Milledgeville is $36 million.

Additional information on the City's long-term debt can be found in Note 6 on pages 50 - 52 of this report.

City of Milledgeville Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	$ -	$ -	$11,145,000	$11,720,000	$11,145,000	$11,720,000
Notes payable	-	-	678,577	843,621	678,577	843,621
Total	$ -	$ -	$11,823,577	$12,483,291	$11,823,577	$12,483,291

Economic Factors and Next Year's Budget

The City of Milledgeville ended the fiscal year with an excess of revenues over expenses/expenditures in all funds. The City adopted a Council-Manager form of government in 2003 and changed its fiscal year from December 31 to June 30. The following factors are expected to have an effect on the City's financial position of operations and were taken into account in developing the FY 2010 Budget.

> The General Fund property taxes are expected to be static due to the slow down of growth in the area. Electric franchise taxes are expected to increase due to the rising cost of fuel.
>
> Utility revenues are anticipated to increase due to a yearly increase in the water and sewer rates of 3%, and raising water rates to wholesale customers. Sewer revenues are also expected to increase for Baldwin County and Central State Hospital due to a new flow study performed during fiscal year 2008.

These actions are anticipated to:

- Improve the fiscal health of the City by strengthening the enterprise funds and reducing the reliance of the solid waste fund on general fund revenues.
- These increases will allow the City to once again meet its debt service coverage and start a more active repair and replacement program for the City's infrastructure.
- To continue the implementation of a pay as you go budget to reduce the dependency on borrowed funds.

Growth in the City-wide gross taxable values is projected to be 5% with a 3% growth in the value of a mill.

The City continues to have retail business locating in the City limits and growth in the water and sewer system with new residential housing locating in Milledgeville and Baldwin County.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Milledgeville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or additional financial information should be addressed to the Finance Director, P. O. Box 1900, Milledgeville, GA 31059-1900.

THIS PAGE INTENTIONALLY LEFT BLANK.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
ASSETS						
Cash	$ 8,175,943	$ 8,684,573	$ 16,860,516	$ 158,592	$ 80,852	$ 192,397
Investments	2,930,369	-	2,930,369	-	-	-
Taxes receivable	292,304	-	292,304	-	-	-
Accounts receivable, net of allowances	32,196	1,152,795	1,184,991	-	-	50
Notes receivable	553	-	553	-	67,279	-
Due from other governments	876,431	-	876,431	6,996	-	-
Internal balances	(174,093)	174,093	-	-	-	-
Inventories	26,080	173,725	199,805	-	-	-
Restricted assets, cash and investments	-	2,406,750	2,406,750	-	-	-
Bond issuance costs, unamortized balance	-	456,329	456,329	-	-	-
Capital assets, non-depreciable	3,049,077	1,107,092	4,156,169	-	-	-
Capital assets, depreciable, net of accumulated depreciation	9,261,621	26,226,220	35,487,841	-	-	48,124
Other noncurrent asset	705,550	-	705,550	-	-	-
Total assets	25,176,031	40,381,577	65,557,608	165,588	148,131	240,571

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
LIABILITIES						
Accounts payable	$ 268,533	$ 441,733	$ 710,266	$ -	$ -	$ 6,104
Accrued liabilities	169,862	54,641	224,503	2,894	-	10,812
Unearned revenues	555	-	555	-	-	-
Liabilities payable from restricted assets	-	947,044	947,044	-	-	-
Claims payable due within one year	300,000	-	300,000	-	-	-
Claims payable due in more than one year	4,674,690	-	4,674,690	-	-	-
Compensated absences due within one year	187,678	59,727	247,405	9,611	-	26,829
Compensated absences due in more than one year	281,516	89,592	371,108	-	-	-
Notes payable due within one year	-	89,135	89,135	-	-	-
Notes payable due in more than one year	-	589,442	589,442	-	-	-
Bonds payable due in more than one year	-	10,846,147	10,846,147	-	-	-
Total liabilities	5,882,834	13,117,461	19,000,295	12,505	-	43,745
NET ASSETS						
Invested in capital assets, net of related debt	12,310,698	15,208,588	27,519,286	-	-	48,124
Restricted for debt service	-	1,699,375	1,699,375	-	-	-
Restricted for bond renewal and replacement	-	52,911	52,911	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Unrestricted	6,982,499	10,303,242	17,285,741	153,083	148,131	148,702
Total net assets	$ 19,293,197	$ 27,264,116	$ 46,557,313	$ 153,083	$ 148,131	$ 196,826

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Business-type Activities	Total	Component Units: Allied Arts	Mainstreet Downtown Dev. Authority	Mary Vinson Memorial Library
Primary government:										
Governmental activities:										
General government	$ 1,467,788	$ 276,769	$ 58,876	$ 16,470	$ (1,115,673)	$ -	$ (1,115,673)	$ -	$ -	$ -
Judicial	157,986	-	-	-	(157,986)	-	(157,986)	-	-	-
Public safety	5,838,433	609,284	-	609,375	(4,619,774)	-	(4,619,774)	-	-	-
Public works	2,790,493	-	-	1,060,943	(1,729,550)	-	(1,729,550)	-	-	-
Culture and recreation	888,255	-	-	-	(888,255)	-	(888,255)	-	-	-
Housing and development	820,562	2,962	-	23,403	(794,197)	-	(794,197)	-	-	-
Total governmental activities	11,963,517	889,015	58,876	1,710,191	(9,305,435)	-	(9,305,435)	-	-	-
Business-type activities:										
Water and sewer	6,096,709	7,819,991	-	207,652	-	1,930,934	1,930,934	-	-	-
Solid waste	1,504,096	1,731,995	-	-	-	227,899	227,899	-	-	-
Total business-type activities	7,600,805	9,551,986	-	207,652	-	2,158,833	1,930,934	-	-	-
Total primary government	$ 19,564,322	$ 10,441,001	$ 58,876	$ 1,917,843	$ (9,305,435)	$ 2,158,833	$ (7,374,501)	$ -	$ -	$ -
Component units:										
Allied Arts	$ 235,631	$ 45,185	$ 174,489	$ -	$ -	$ -	$ -	$ (15,957)	$ -	$ -
Mainstreet Downtown Dev. Auth.	229,165	214,347	36,709	-	-	-	-	-	21,891	-
Mary Vinson Memorial Library	704,738	43,182	691,843	-	-	-	-	-	-	30,287
Total component units	$ 1,169,534	$ 302,714	$ 903,041	$ -	$ -	$ -	$ -	$ (15,957)	$ 21,891	$ 30,287
General revenues:										
Property taxes					$ 2,850,577	$ -	$ 2,850,577	$ -	$ -	$ -
Sales taxes					2,431,098	-	2,431,098	-	-	-
Hotel/motel taxes					262,328	-	262,328	-	-	-
Franchise taxes					1,241,285	-	1,241,285	-	-	-
Insurance premium taxes					1,049,796	-	1,049,796	-	-	-
Alcoholic beverage taxes					507,557					
Business and occupation taxes					568,177					
Other taxes					46,779	-	46,779	-	-	-
Unrestricted investment earnings					143,965	171,525	315,490	378	5,092	359
Transfers					1,378,682	(1,378,682)	-	-	-	-
Total general revenues and transfers					10,480,244	(1,207,157)	8,197,353	378	5,092	359
Change in net assets					1,174,809	951,676	2,126,485	(15,579)	26,983	30,646
Net assets, beginning of year					18,118,388	26,312,440	44,430,828	168,662	121,148	166,180
Net assets, end of year					$ 19,293,197	$ 27,264,116	$ 46,557,313	$ 153,083	$ 148,131	$ 196,826

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,119,995	$ 5,431,427	$ 431,785	$ 7,983,207
Investments	-	2,930,369	-	2,930,369
Taxes receivable	271,614	-	20,690	292,304
Accounts receivable	32,196	-	-	32,196
Notes receivable	-	-	553	553
Due from other governments	336,685	539,746	-	876,431
Due from other funds	926,645	-	-	926,645
Inventories	26,080	-	-	26,080
Total assets	$ 3,713,215	$ 8,901,542	$ 453,028	$ 13,067,785
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 151,896	$ 27,209	$ 42,854	$ 221,959
Accrued liabilities	169,862	-	-	169,862
Deferred revenues	302,923	39,560	553	343,036
Due to other funds	-	926,414	231	926,645
Total liabilities	624,681	993,183	43,638	1,661,502

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

FUND BALANCES	General	SPLOST	Other Governmental Funds	Totals Governmental Funds
Fund balances:				
Reserved for:				
Inventories	$ 26,080	$ -	$ -	$ 26,080
Health fair	10,776	-	-	10,776
Public safety	65,633	-	14,940	80,573
Community development	595	-	394,726	395,321
Keep Baldwin Beautiful	15,646	-	-	15,646
Encumbrances	2,414	1,389	-	3,803
Unreserved, undesignated reported in:				
General fund	2,967,390	-	-	2,967,390
Special revenue funds	-	-	(276)	(276)
Capital projects fund	-	7,906,970	-	7,906,970
Total fund balances	3,088,534	7,908,359	409,390	11,406,283
Total liabilities and fund balances	$ 3,713,215	$ 8,901,542	$ 453,028	

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.	12,310,698
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	302,921
Internal service funds are used by management to charge the costs of property and health insurance and administrative costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(5,002,621)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(469,194)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	705,550
Net assets of governmental activities	$ 19,253,637

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 8,580,295	$ -	$ 262,328	$ 8,842,623
Licenses and permits	254,397	-	-	254,397
Intergovernmental	58,876	1,647,228	23,403	1,729,507
Fines and forfeitures	603,936	-	5,348	609,284
Charges for services	4,889	-	-	4,889
Interest income	54,358	84,687	3,488	142,533
Other revenues	17,483	-	2,962	20,445
Total revenues	9,574,234	1,731,915	297,529	11,603,678
Expenditures				
Current:				
General government	1,403,760	-	-	1,403,760
Judicial	157,390	-	-	157,390
Public safety	5,505,722	-	197	5,505,919
Public works	1,576,832	-	-	1,576,832
Culture and recreation	866,518	-	-	866,518
Housing and development	522,526	-	285,713	808,239
Capital outlay	-	1,042,344	-	1,042,344
Total expenditures	10,032,748	1,042,344	285,910	11,361,002

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	(458,514)	689,571	11,619	242,676
Other financing sources (uses)				
Transfers in	1,716,847	-	-	1,716,847
Transfers out	(338,165)	-	-	(338,165)
Total other financing sources (uses)	1,378,682	-	-	1,378,682
Net change in Fund balance	920,168	689,571	11,619	1,621,358
Fund balances, July 1	2,168,366	7,218,788	397,771	9,784,925
Fund balances, June 30	$ 3,088,534	$ 7,908,359	$ 409,390	$ 11,406,283

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	1,621,358
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 capital outlays exceeded depreciation in the current period.		
Capital outlay		507,955
Depreciation		(1,078,847)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		154,534
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(47,307)
Change in net pension asset		(21,815)
Internal service funds are used by management to charge the costs of workers' compensation and general liability insurance and administrative costs to individual funds.		38,931
	$	1,174,809

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,742,349	$ 2,742,349	$ 2,792,655	$ 50,306
Sales tax	2,630,000	2,630,000	2,374,046	(255,954)
Other taxes	3,152,500	3,152,500	3,413,594	261,094
Licenses and permits	216,600	216,600	254,397	37,797
Intergovernmental	334,000	334,000	58,876	(275,124)
Charges for services	8,200	8,200	4,889	(3,311)
Fines and forfeitures	630,000	630,000	603,936	(26,064)
Interest revenue	100,000	100,000	54,358	(45,642)
Other revenue	27,176	27,176	17,483	(9,693)
Total revenues	9,840,825	9,840,825	9,574,234	(266,591)
Expenditures:				
Current:				
General government:				
Legislative	198,663	198,663	150,547	48,116
Executive	504,022	504,022	395,985	108,037
Elections	10,000	10,000	789	9,211
Finance	481,624	481,624	458,625	22,999
Legal	61,900	61,900	72,531	(10,631)
Human resources	145,168	145,168	127,321	17,847
General government buildings and grounds	121,638	121,638	127,234	(5,596)
General engineering	102,024	102,024	13,538	88,486
General administration fees	57,045	57,045	57,190	(145)
Total general government	1,682,084	1,682,084	1,403,760	278,324
Judicial:				
Municipal court	161,327	161,327	157,390	3,937
Total judicial	161,327	161,327	157,390	3,937

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Police	$ 3,278,261	$ 3,278,261	$ 3,183,480	$ 94,781
Detention center	302,199	302,199	288,187	14,012
Police department buildings and grounds	106,019	106,019	102,248	3,771
Fire	1,957,418	1,957,418	1,897,538	59,880
Fire department buildings and grounds	43,100	43,100	34,269	8,831
Total public safety	5,686,997	5,686,997	5,505,722	181,275
Public works:				
Public works administration	145,138	145,138	135,046	10,092
Roadways and walkways	668,492	668,492	633,839	34,653
Storm drainage	9,000	9,000	3,728	5,272
Street lighting	260,000	260,000	273,565	(13,565)
Traffic engineering	344,000	344,000	48,096	295,904
Maintenance and shop	263,501	263,501	246,317	17,184
Cemetery	262,008	262,008	236,241	25,767
Total public works	1,952,139	1,952,139	1,576,832	375,307
Culture and recreation:				
Recreation	228,722	228,722	224,024	4,698
Parks	264,258	264,258	223,774	40,484
Twin Lakes Library	418,720	418,720	418,720	-
Total culture and recreation	911,700	911,700	866,518	45,182

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Current: (Continued)				
Housing and development				
Inspections	$ 149,421	$ 149,421	$ 134,626	$ 14,795
Planning and zoning	225,322	225,322	201,032	24,290
Mainstreet	-	-	33,802	(33,802)
Economic development	236,240	236,240	153,066	83,174
Total housing and development	610,983	610,983	522,526	88,457
Total expenditures	11,005,230	11,005,230	10,032,748	972,482
(Deficiency) of revenues over expenditures	(1,164,405)	(1,164,405)	(458,514)	705,891
Other financing sources:				
Transfers in	1,164,405	1,164,405	1,716,847	552,442
Transfers out	-	-	(338,165)	(338,165)
Total other financing sources	1,164,405	1,164,405	1,378,682	214,277
Net change in fund balance	-	-	920,168	920,168
Fund balances, July 1	2,168,366	2,168,366	2,168,366	-
Fund balances, June 30	$ 2,168,366	$ 2,168,366	$ 3,088,534	$ 920,168

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
CURRENT ASSETS				
Cash	$ 8,477,334	$ 207,239	$ 8,684,573	$ 192,736
Accounts receivable	1,011,693	141,102	1,152,795	-
Due from other funds	-	11,074	11,074	-
Inventories	173,725	-	173,725	-
Restricted assets				
Cash	1,174,770	-	1,174,770	-
Investments	1,231,980	-	1,231,980	-
Total current assets	12,069,502	359,415	12,428,917	192,736
NONCURRENT ASSETS				
Capital assets				
Land	151,310	-	151,310	-
Buildings	21,207,637	-	21,207,637	-
Site improvements	94,044	-	94,044	-
Machinery and equipment	1,834,715	-	1,834,715	-
Infrastructure	16,660,355	-	16,660,355	-
Construction in progress	955,782	-	955,782	-
	40,903,843	-	40,903,843	-
Less accumulated depreciation	(13,570,531)	-	(13,570,531)	-
Total capital assets (net of accumulated depreciation)	27,333,312	-	27,333,312	-
Bond issuance costs (unamortized balance)	456,329	-	456,329	-
Total noncurrent assets	27,789,641	-	27,789,641	-
Total assets	39,859,143	359,415	40,218,558	192,736

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

LIABILITIES	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	$ 347,752	$ 93,981	$ 441,733	$ 46,574
Compensated absences payable - current	51,212	8,515	59,727	-
Accrued liabilities	47,975	6,666	54,641	4,974,690
Current maturities of long-term debt	89,135	-	89,135	-
Due to other funds	11,074	-	11,074	-
	547,148	109,162	656,310	5,021,264
Payable from restricted assets:				
Current portion of revenue bonds	600,000	-	600,000	-
Accrued interest	54,464	-	54,464	-
Deposits	292,580	-	292,580	-
	947,044	-	947,044	-
Total current liabilities	1,494,192	109,162	1,603,354	5,021,264
NONCURRENT LIABILITIES				
Compensated absences	76,819	12,773	89,592	-
Revenue bonds payable (net of current portion)	10,846,147	-	10,846,147	-
Other long-term debt	589,442	-	589,442	-
Total noncurrent liabilities	11,512,408	12,773	11,525,181	-
Total liabilities	13,006,600	121,935	13,128,535	5,021,264

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

NET ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Invested in capital assets, net of related debt	$ 15,208,588	$ -	$ 15,208,588	$ -
Restricted for debt service	1,699,375	-	1,699,375	-
Restricted for bond renewal and replacement	52,911	-	52,911	-
Unrestricted (deficit)	9,891,669	237,480	10,129,149	(4,828,528)
Total net assets (deficit)	$ 26,852,543	$ 237,480	$ 27,090,023	$ (4,828,528)
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			174,093	
Net assets of business-type activities			$ 27,264,116	

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Operating revenues:				
Water sales	$ 4,776,404	$ -	$ 4,776,404	$ -
Sewer sales	2,605,850	-	2,605,850	-
Sanitation fees	-	1,731,995	1,731,995	-
Tap fees	79,219	-	79,219	-
Late charges	126,929	-	126,929	-
Activation fees	47,180	-	47,180	-
Charges for services	-	-	-	452,229
Miscellaneous charges	184,409	-	184,409	-
Total operating revenues	7,819,991	1,731,995	9,551,986	452,229
Operating expenses:				
Water administration	93,081	-	93,081	-
Wastewater administration	89,920	-	89,920	-
Sanitary sewer maintenance	302,317	-	302,317	-
Sewer plants and lift station	1,171,771	-	1,171,771	-
Lamar Hamm Water Treatment Plant	1,497,856	-	1,497,856	-
James Baugh Water Treatment Plant	455,524	-	455,524	-
Distribution	688,628	-	688,628	-
Water meter	330,480	-	330,480	-
Solid waste collection	-	1,119,786	1,119,786	-
Yard trimmings collection and management	-	384,310	384,310	-
Insurance claims	-	-	-	308,285
Depreciation	859,768	-	859,768	-
Total operating expenses	5,489,345	1,504,096	6,993,441	308,285
Operating income	2,330,646	227,899	2,558,545	143,944

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Nonoperating revenues (expenses):				
Interest revenue	$ 137,099	$ -	$ 137,099	$ 5,496
Interest and fiscal charges	(713,809)	-	(713,809)	-
Net increase in fair value of investments	30,362	-	30,362	-
Total nonoperating revenues (expenses)	(546,348)	-	(546,348)	5,496
Income before contributions and transfers	1,784,298	227,899	2,012,197	149,440
Capital contributions	207,652	-	207,652	-
Transfers out	(1,716,847)	-	(1,716,847)	-
Transfers in	-	338,165	338,165	-
Change in net assets	275,103	566,064	841,167	149,440
Net assets (deficit), July 1	26,577,440	(328,584)	26,248,856	(4,977,968)
Net assets (deficit), June 30	$ 26,852,543	$ 237,480	$ 27,090,023	$ (4,828,528)

Reconciliation of change in net assets of the enterprise funds to change in net assets of business-type activities:	
Change in net assets of enterprise funds (from above)	$ 841,167
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	110,509
Change in net assets of business-type activities	$ 951,676

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 8,230,122	$ 1,725,808	$ 9,955,930	$ -
Receipts from interfund providers	-	-	-	452,229
Payments to suppliers and service providers	(1,318,220)	(1,640,954)	(2,959,174)	(453,049)
Payments to employees	(1,510,582)	(215,780)	(1,726,362)	-
Net cash provided by (used in) operating activities	5,401,320	(130,926)	5,270,394	(820)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(99,092)	-	(99,092)	-
Interest on investments	137,099	-	137,099	5,496
Net cash provided by investing activities	38,007	-	38,007	5,496
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	-	338,165	338,165	-
Transfer to other funds	(1,716,847)	-	(1,716,847)	-
Net cash provided by (used in) noncapital financing activities	(1,716,847)	338,165	(1,378,682)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(390,050)	-	(390,050)	-
Interest and fiscal charges paid	(707,693)	-	(707,693)	-
Principal payments on long-term borrowings	(659,714)	-	(659,714)	-
Net cash used in capital and related financing activities	(1,757,457)	-	(1,757,457)	-
Increase in cash	1,965,023	207,239	2,172,262	4,676
Cash, July 1	7,687,081	-	7,687,081	188,060
Cash, June 30	$ 9,652,104	$ 207,239	$ 9,859,343	$ 192,736

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Totals	Internal Service Fund
Classified as:				
Cash	$ 8,477,334	$ 207,239	$ 8,684,573	$ 192,736
Restricted assets, cash	1,174,770	-	1,174,770	-
	$ 9,652,104	$ 207,239	$ 9,859,343	$ 192,736
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	$ 2,330,646	$ 227,899	$ 2,558,545	$ 143,944
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	859,768	-	859,768	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	402,531	(6,187)	396,344	-
Decrease in due from other funds	1,716,847	-	1,716,847	-
Increase in inventories	(1,542)	-	(1,542)	-
Decrease in claims payable	-	-	-	(150,471)
Increase in accounts payable	65,479	191	65,670	5,707
Increase in accrued wages payable	7,753	1,433	9,186	-
Increase in compensated absences payable	12,238	3,099	15,337	-
Decrease in due to other funds	-	(357,361)	(357,361)	-
Increase in customer deposits	7,600	-	7,600	-
Net cash provided by (used in) operating activities	$ 5,401,320	$ (130,926)	$ 5,270,394	$ (820)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from SPLOST Fund	$ 194,450	$ -	$ 194,450	$ -
Contributions of capital assets from developers	13,202	-	13,202	-
Increase in fair value of investments	30,362	-	30,362	-
Total noncash investing, capital, and financing activities	$ 238,014	$ -	$ 238,014	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Pension Trust Fund	Agency Fund School Fund
ASSETS		
Cash	$ 934,667	$ -
Investments		
Certificates of deposit	1,270,000	-
U.S. government agencies	409	-
Mutual funds	2,584,802	-
Preferred stock	47,300	-
Common stock	1,041,191	-
Taxes receivable	-	39,053
Intergovernmental receivable	-	2,424
Total assets	5,878,369	41,477
LIABILITIES		
Accounts payable	20,091	4,505
Due to others	-	7,703
Uncollected taxes	-	29,269
Total liabilities	20,091	41,477
NET ASSETS		
Net assets held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 61)	$ 5,858,278	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

ADDITIONS		
Contributions - employer	$	971,334
Investment income		
Net depreciation in fair value of investments		(540,429)
Investment income		153,517
Total additions		584,422
DEDUCTIONS		
Benefits		470,544
Administration expense		66,651
Total deductions		537,195
Net increase		47,227
Net assets, July 1		5,811,051
Net assets, June 30	$	5,858,278

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Milledgeville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Milledgeville, Georgia operates under a council/manager form of government and provides the following services to its citizens: public safety, public works, sanitation, water and sewer, culture and recreation, municipal court, and general and administrative services. As required by generally accepted accounting principles, these financial statements present the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City. In conformity with accounting principles generally accepted in the United States of America, as set forth in Statement of Governmental Accounting Standards No. 14 "The Financial Reporting Entity," the financial statements of the component units are discretely presented in the government-wide financial statements.

The Milledgeville Baldwin County Allied Arts ("Allied Arts") is governed by a seven-member board, of which three members are appointed by the City, and one member is a joint appointment of the City and Baldwin County. The City approves the annual funding portion of the budget requested by Allied Arts, which is administered by the appointed Allied Arts Board. In addition, the City provides a substantial majority of funding for the operation of Allied Arts; therefore, Allied Arts is considered to be fiscally dependent on the City. Allied Arts is presented as a governmental fund type component unit. Separate statements are not prepared for the Milledgeville-Baldwin County Allied Arts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Mary Vinson Memorial Library (the "Library") is governed by an eight-member board, of which four members are appointed by the City. The City approves the annual funding portion of the budget requested by the Library, which is administered by the appointed Library Board. In addition, the City provides the majority of funding for the operation of the Library, therefore, the Library is considered to be fiscally dependent on the City. The Mary Vinson Memorial Library is presented as a governmental fund type component unit. Separate statements are not prepared for the Mary Vinson Memorial Library.

The Milledgeville Downtown Development Authority ("DDA") is governed by a seven-member board, all appointed by the City. The City approves the annual funding portion of the budget requested by the DDA, which is administered by the appointed Board. In addition, the City provides substantial funding for the operation of the DDA, therefore, it is considered to be fiscally dependent on the City. The Milledgeville Downtown Development Authority is presented as a governmental fund type component unit. Separate statements are not prepared for the Milledgeville Downtown Development Authority.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources* measurement focus and the *accrual* basis of accounting, as are the proprietary fund and the fiduciary fund financial statements, although agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The ***Special Purpose Local Option Sales Tax Fund (SPLOST)*** accounts for the construction or acquisition of major capital facilities financed by Special Purpose Local Option Sales Tax proceeds.

The City reports the following major business-type funds:

The ***Water and Sewer Fund*** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The ***Solid Waste Fund*** accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

The ***special revenue funds*** account for specific revenues that are legally restricted to expenditures for particular purposes.

The ***internal service fund*** accounts for assets set aside for claim settlements for general liability and workers' compensation claims.

The ***pension trust fund*** accounts for the activities of the City of Milledgeville Pension Plan, which accumulates resources for pension benefit payments to qualified employees.

The ***agency fund*** accounts for the 1 mill tax collected by the City as an agent for Georgia Military College.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and the other functions of the government. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Project length budgets are adopted for the capital projects fund. All annual appropriations lapse at fiscal year end. Budgets are adopted for the enterprise fund and the internal service fund strictly for managerial purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contract) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8 is a stable net asset investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1.00 per share. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value).

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

F. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Expenditures/Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items regardless of the acquisition date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following useful lives:

Asset	Years
Land improvements	10
Buildings	10 - 50
Infrastructure	10 - 50
Machinery and equipment	3 - 50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2009.

K. Compensated Absences

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences", no liability is recorded for non-vesting accumulating rights to receive sick pay benefits because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The gain on defeasance of bonds is presented as an addition to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

In governmental funds, reservations represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

N. Management Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing them.
2. Public hearings are conducted at City Hall to obtain citizen comment.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

4. Transfers of budgeted amounts between line items in a department must be approved by the City Manager. Any revisions that alter the total expenditures of any department must be approved by City Council. Requests for additional personnel within a department must also be approved by City Council. Encumbrances at year-end are carried forward to the ensuing year's budget.

5. Budgets for the General and Special Revenue Funds are legally adopted on a departmental basis and on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions. To ensure sound financial administration, the Council also adopts an annual operating budget for the City's Enterprise Funds, the Water and Sewer Fund and Solid Waste Fund. The budget is not formally integrated with the accounts of the Enterprise Funds, but interim detailed management reports are developed which indicate specific variances from the planned budget for operations.

6. Budgeted amounts are as originally adopted on June 26, 2008 or as amended by the City Council. The supplementary budgetary appropriations made were not material.

B. Deficit Fund Equity

The Hotel/Motel Fund had a fund balance deficit of $257 which will be eliminated through future tax receipts. The Silver-Haired Legislative Grant Fund had a fund balance deficit of $31. The deficit in the Silver-Haired Legislative Grant Fund will be eliminated through transfers from the General Fund. The Risk Management Internal Service Fund had a net asset deficit of $4,828,528 resulting from the incurred, but not reported liability (IBNR) as of June 30, 2009. This deficit will be eliminated through increased transfers from other funds. The Solid Waste Fund had a net asset deficit of $100,685 which will be eliminated through increased transfers from other funds and increased sanitation fees.

NOTE 3. CASH AND INVESTMENTS

Cash and investments are summarized as follows at June 30, 2009:

As reported in the Statement of Net Assets:		
Cash and cash equivalents	$	16,860,516
Investments		2,930,369
Restricted assets, cash and investments		2,406,750
	$	22,197,635
As reported in the Statement of Fiduciary Net Assets:		
Cash and cash equivalents	$	934,667
Investments		4,943,702
	$	5,878,369
Cash deposited with financial institutions	$	18,969,953
Cash deposited with Georgia Fund 1		2,930,369
Certificate of deposit with maturity greater than 3 months		1,369,000
Mutual equity funds		1,783,649
Preferred stock		47,300
Common stock		1,041,191
Mutual bond funds		801,153
U.S. Government Agency Obligations		409
U.S. Government Zero Coupon Bonds		198,930
U.S. Treasury Bond		934,050
	$	28,076,004

Credit risk. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). The City's Employee Retirement Plan Trust Fund invests in Mutual Funds whose underlying securities are U.S. Government or agency obligations and U. S. corporate equities.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 and 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. As of June 30, 2009, none of the City's deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its 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.

At June 30, 2009, the City's investments were as follows:

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**Rating**
Government agencies	$ 409	$ -	$ -	$ 409	$ -	AAA
Government bonds	1,132,980	-	-	-	1,132,980	AAA
Mutual bond funds	801,153	-	801,153	-	-	N/A
Mutual equity funds	1,783,799	-	-	-	-	N/A
Preferred stock	47,300	-	47,300	-	-	N/A
Common stock	1,041,191	-	-	-	-	N/A
Certificates of deposit	1,369,000	1,369,000	-	-	-	N/A
Georgia Fund 1	2,930,369	2,930,369	-	-	-	AAAm
Total fair value	$ 9,106,201	$ 4,299,369	$ 848,453	$ 409	$ 1,132,980	

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of $30,362 which is reflected in the Water and Sewer Fund and an unrealized loss of $540,429 which is reflected in the Pension Trust Fund.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of $30,362 which is reflected in the Water and Sewer Fund and an unrealized loss of $540,429 which is reflected in the Pension Trust Fund.

NOTE 4. RECEIVABLES

Receivables consisted of the following at June 30, 2009:

	General	Water and Sewer	Solid Waste	Nonmajor Funds	Total
Receivables:					
Taxes	$ 323,757	$ -	$ -	$ 20,690	$ 344,447
Accounts	32,196	1,656,439	202,396	-	1,891,031
Mortgages	-	-	-	553	553
Gross receivables	355,953	1,656,439	202,396	21,243	2,236,031
Less allowance for uncollectibles	(52,143)	(644,746)	(61,294)	-	(758,183)
Net total receivables	$ 303,810	$ 1,011,693	$ 141,102	$ 21,243	$ 1,477,848

Property taxes are levied by the City based on the assessed value of property as listed on the digest furnished by Baldwin County. Assessed values are forty percent (40%) of market value and are based on current property value.

The delinquent taxes receivable account represents the past nine years of uncollected tax levies.

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on November 8, 2008, and payable on or before January 15, 2009. Penalties were assessed on unpaid balances as of January 16, 2009 and interest began accruing on unpaid balances on January 16, 2009. The City bills and collects its own property taxes. Property taxes levied for 2008 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2009 and expected to be collected by August 1, 2009, are recognized as revenues in fiscal year 2009. Net receivables estimated to be collectible subsequent to August 1, 2009, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Increases	Decreases	Transfers	Balance June 30, 2009
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,468,098	$ -	$ -	$ -	$ 2,468,098
Construction in progress	317,644	263,335	-	-	580,979
Total	2,785,742	263,335	-	-	3,049,077
Capital assets, being depreciated:					
Buildings	3,669,315	8,480	-	-	3,677,795
Land improvements	76,240	-	-	-	76,240
Infrastructure	21,591,183	-	-	-	21,591,183
Machinery and equipment	4,224,825	236,140	-	-	4,460,965
Total	29,561,563	244,620	-	-	29,806,183
Less accumulated depreciation for:					
Buildings	1,800,590	117,857	-	-	1,918,447
Land improvements	34,225	7,718	-	-	41,943
Infrastructure	14,300,840	611,338	-	-	14,912,178
Machinery and equipment	3,330,060	341,934	-	-	3,671,994
Total	19,465,715	1,078,847	-	-	20,544,562
Total assets, being depreciated, net	10,095,848	(834,227)	-	-	9,261,621
Governmental activities capital assets, net	$ 12,881,590	$ (570,892)	$ -	$ -	$ 12,310,698

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2008	Increases	Decreases	Transfers	Balance June 30, 2009
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 151,310	$ -	$ -	$ -	$ 151,310
Construction in progress	1,040,592	230,183	-	(314,993)	955,782
Total	1,191,902	230,183	-	(314,993)	1,107,092
Capital assets, being depreciated:					
Buildings	21,189,082	18,555	-	-	21,207,637
Land improvements	74,654	19,390	-	-	94,044
Infrastructure	16,112,516	232,846	-	314,993	16,660,355
Machinery and equipment	1,737,987	96,728	-	-	1,834,715
Total	39,114,239	367,519	-	314,993	39,796,751
Less accumulated depreciation for:					
Buildings	4,667,374	429,503	-	-	5,096,877
Land improvements	27,393	7,339	-	-	34,732
Infrastructure	6,817,313	299,941	-	-	7,117,254
Machinery and equipment	1,198,683	122,985	-	-	1,321,668
Total	12,710,763	859,768	-	-	13,570,531
Total assets, being depreciated, net	26,403,476	(492,249)	-	314,993	26,226,220
Business-type activities capital assets, net	$ 27,595,378	$ (262,066)	$ -	$ -	$ 27,333,312

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	72,253
Public safety		266,425
Public works		713,035
Culture and recreation		19,226
Housing and development		7,908
Total depreciation expense - governmental activities	$	1,078,847
Business-type activities:		
Water and sewer	$	859,768
Total depreciation expense - business-type activities	$	859,768

NOTE 6. LONG-TERM DEBT

Revenue Bonds. In 1996, the City issued $16,545,000 of serial bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2009 excluding the bond premium of $301,147 are as follows:

Purpose	Interest Rates	Terms	Due Date	Amount
Water & Sewer Improvements	3.60% - 6.00%	25 years	2021	$ 11,145,000

Revenue bonds debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	$ 600,000	$ 638,265
2011	635,000	606,455
2012	665,000	572,323
2013	700,000	533,700
2014	745,000	490,350
2015-2019	4,445,000	1,704,150
2020-2022	3,355,000	309,700
	$ 11,145,000	$ 4,854,943

NOTE 6. LONG-TERM DEBT (CONTINUED)

The City has incurred debt to the Georgia Environmental Facilities Authority for various water and sewer system projects. These notes are as follows at June 30, 2009:

Original Amount	Interest Rate	Term	Due Date	Amount
$ 800,000	4.8%	20 years	2015	$ 323,937
711,500	5.6%	20 years	2016	354,640
				$ 678,577

The primary government's total other long-term debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	$ 89,135	$ 33,321
2011	93,856	28,600
2012	98,792	23,664
2013	104,097	18,359
2014	109,584	12,873
2015-2017	183,113	9,462
	$ 678,577	$ 126,279

NOTE 6. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within One year
Governmental activities					
Compensated absences	$ 421,887	$ 289,603	$ 242,296	$ 469,194	$ 187,678
Claims payable	5,125,161	93,737	244,208	4,974,690	300,000
Long-term liabilities	$ 5,547,048	$ 383,340	$ 486,504	$ 5,443,884	$ 487,678
Business-type activities					
Revenue bonds payable	$ 11,720,000	$ -	$ 575,000	$ 11,145,000	$ 600,000
Add deferred amounts:					
For bond premium	318,348	-	17,201	301,147	-
Total bonds payable	12,038,348	-	592,201	11,446,147	600,000
Notes payable	763,291	-	84,714	678,577	89,135
Compensated absences	133,982	114,312	98,975	149,319	59,727
Long-term liabilities	$ 12,935,621	$ 114,312	$ 775,890	$ 12,274,043	$ 748,862

The current portion of revenue bonds payable is included in liabilities payable from restricted assets on the statement of net assets.

For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund and the Solid Waste Fund. Claims payable are liquidated by the Internal Service Fund.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2009, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	$ 338,165
General Fund	Other Governmental Funds	231
General Fund	SPLOST Fund	926,414
Water and Sewer Fund	General Fund	1,716,847
Solid Waste Fund	Water and Sewer Fund	11,074
		$ 2,992,731

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. No transfers were noted between funds for the fiscal year ending June 30, 2009.

NOTE 8. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Milledgeville maintains a single employer defined benefit pension plan, the City of Milledgeville Retirement Plan (the "Plan"). The Plan is administered by a board of trustees, which includes the Mayor, Finance Director, Personnel Director and two Council members. No stand alone financial statements are available. The Plan covers all full-time government employees who have completed one year of service. Also, elected and appointed members, including municipal legal officers are eligible immediately. Benefit provisions are established by City ordinance. The City of Milledgeville Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. At July 1, 2008, the date of the most recent actuarial valuation, there were 289 participants consisting of:

Retirees and beneficiaries currently receiving benefits	75
Vested terminated employees not yet receiving benefits	31
Active employees	183
Total	289

As of the most recent valuation date, July 1, 2008, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	$ 5,789,114	$ 10,847,535	$ 5,058,421	53.4 %	$ 5,144,000	98.3 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the City of Milledgeville Pension Plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

C. Contributions

The City makes all contributions to the City of Milledgeville Pension Plan, which is provided by City ordinance. Plan participants are not required to contribute. The City is required to contribute at an actuarially determined rate; the current rate is 17% of annual covered payroll. Administrative costs of the plan are financed through investment income. Any changes to the plan must be approved by the City Council.

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, and (b) projected salary increases of 3%.

D. Concentrations

Each of the following mutual fund plan investments represents 5% or more of plan net assets: Vanguard Long Term Investment, Fidelity Contrafund, Loomis Sayles Funds II (Value Fund), and Pioneer Cullen Value A.

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Annual Pension Cost and Net Pension Obligation (Asset)

Required contribution	$ 873,358
Interest on net pension obligation	(50,916)
Adjustment to annual required contribution	74,636
Annual pension cost	897,078
Employer contributions for period ending June 30, 2009	875,263
Increase (decrease) in net pension obligation (asset)	21,815
Net pension obligation (asset) beginning of year	(727,365)
Net pension obligation (asset) end of year	$ (705,550)

F. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual City Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/01	$ 232,189	$ 334,738	144 %	$ (523,889)
12/31/02	247,523	286,560	116	(562,926)
12/31/03	281,876	271,240	96	(552,290)
12/31/04	233,518	366,298	157	(685,070)
6/30/06	519,433	561,121	108	(726,758)
6/30/07	656,294	525,000	80	(595,464)
6/30/08	670,287	802,188	120	(727,365)
6/30/09	897,078	875,263	98	(705,550)

The City changed its fiscal year end from December 31 to June 30 beginning in 2005. Therefore, the actual City contribution shown above for June 30, 2006 is for 18 months.

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Basis of Valuation	
Current Valuation Date	July 1, 2008
Actuarial cost method	Projected Unit Credit
Amortization Method	Level percentage of projected payroll
Amortization Period	28 years, closed
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.00%
Post retirement benefit increases	None
Inflation	None
Mortality rate	1994 Group annuity mortality table

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in 1992, the City elected to stop carrying commercial insurance because of its prohibitive cost and began covering all claim settlements and judgments out of its General Fund and Water and Sewer Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the Risk Management Fund because it is expected to be liquidated with expendable available financial resources. Change in the balances of claims liabilities during the past year are as follows:

	June 30, 2009	June 30, 2008
Unpaid claims, beginning of year	$ 5,125,161	$ 5,221,335
Incurred claims and changes in estimates	93,737	142,819
Claim payments	(244,208)	(238,993)
Unpaid claims, end of year	$ 4,974,690	$ 5,125,161

NOTE 10. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2009, the City has contractual commitments on uncompleted contracts of approximately $581,700.

Litigation

The City is involved in several small or pending lawsuits. In the opinion of management, based on consultations with legal counsel, an unfavorable outcome in excess of insurance coverage is unlikely.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, the City's management believes such disallowances, if any, will not be significant.

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. A summary of the transactions for the fiscal year ending June 30, 2009, are as follows:

Balance of lodging tax funds on hand at July 1, 2008	$ (257)
Lodging tax receipts	262,328
Disbursements to Convention and Visitors Bureau	(262,328)
Balance of lodging tax funds on hand at June 30, 2009	$ (257)

NOTE 12. RELATED ORGANIZATIONS

The City's governing board is responsible for all of the board appointments of the Milledgeville Housing Authority. However, the City has no further accountability for this organization.

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 11-county, 22-city middle Georgia area, is a member of the Middle Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2009, the City paid $18,757 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Middle Georgia Regional Development Center
175-C Emery Highway
Macon, Georgia 31201

NOTE 14. SUBSEQUENT EVENT

In September 2009, the City accepted a loan up to $1,206,950 from the Drinking Water State Revolving Fund, which is administered by the Georgia Facilities Environmental Authority (GEFA). The loan will be utilized to replace waterlines in two residential neighborhoods within the City limits. No funds will be dispersed on the loan until actual construction begins on the projects noted above. Loan funds will be received through a series of draws as construction progresses. Once the draws are made, the balance will bear interest at a rate of 3%.

THIS PAGE INTENTIONALLY LEFT BLANK.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLEDGEVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/98	$ 5,949,954	$ 6,278,699	$ 328,745	94.8	$ 3,471,973	9.5
12/31/99	6,652,441	6,817,573	165,132	97.6	3,700,190	4.5
12/31/00	6,253,507	7,217,059	963,552	86.6	3,865,393	24.9
12/31/01	5,797,468	7,339,118	1,541,650	79.0	3,954,783	39.0
12/31/02	5,383,052	7,004,948	1,621,896	76.8	4,138,972	39.2
12/31/03	4,839,322	6,624,107	1,784,785	73.1	4,342,603	41.1
12/31/04	4,865,028	6,273,835	1,408,807	77.5	4,154,320	33.9
07/01/06	5,245,659	9,259,588	4,013,929	56.7	4,720,000	85.0
07/01/07	5,825,941	9,341,172	3,515,231	62.4	4,700,000	74.8
07/01/08	5,789,114	10,847,535	5,058,421	53.4	5,144,000	98.3

THIS PAGE INTENTIONALLY LEFT BLANK.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel taxes collected.

Silver-Haired Legislature Grant Fund – This fund is used to account for various grants received from the State of Georgia for the operating expenses of the Silver-Haired Legislature.

Community Development Block Grant Program Income Fund – This fund is used to account for the activity of the City's community development block grant programs. Financing was originally provided by a grant received from the U.S. Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Confiscated Assets Fund – This fund is used to account for condemnation proceeds. Funds may be used for public safety purposes except for salaries.

Community Home Improvement Program (CHIP) Fund – This fund is used to account for a grant received from the U.S. Department of Housing and Urban Development under the Community Home Investment Program.

CITY OF MILLEDGEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds					
ASSETS	**Hotel/Motel Tax Fund**	**Silver-Haired Legislature Grant Fund**	**CDBG Program Income Fund**	**Confiscated Assets Fund**	**CHIP Program Fund**	**Total**
Cash and cash equivalents	$ 21,907	$ 100	$ 394,726	$ 14,940	$ 112	$ 431,785
Taxes receivable	20,690	-	-	-	-	20,690
Notes receivable	-	-	553	-	-	553
Total assets	$ 42,597	$ 100	$ 395,279	$ 14,940	$ 112	$ 453,028
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 42,854	$ -	$ -	$ -	$ -	$ 42,854
Deferred revenue	-	-	553	-	-	553
Due to other funds	-	131	-	-	100	231
Total liabilities	42,854	131	553	-	100	43,638
FUND BALANCES						
Reserved for public safety	-	-	-	14,940	-	14,940
Reserved for community development	-	-	394,726	-	-	394,726
Unreserved, undesignated (deficit)	(257)	(31)	-	-	12	(276)
Total fund balances (deficits)	(257)	(31)	394,726	14,940	12	409,390
Total liabilities and fund balances	$ 42,597	$ 100	$ 395,279	$ 14,940	$ 112	$ 453,028

CITY OF MILLEDGEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					
	Hotel/Motel Tax Fund	Silver-Haired Legislature Grant Fund	CDBG Program Income Fund	Confiscated Assets Fund	CHIP Fund	Total
Revenues:						
Taxes	$ 262,328	$ -	$ -	$ -	$ -	$ 262,328
Intergovernmental	-	-	-	-	23,403	23,403
Fines and forfeitures	-	-	-	5,348	-	5,348
Interest revenue	-	-	-	3,488	-	3,488
Other revenues	-	-	2,962	-	-	2,962
Total revenues	262,328	-	2,962	8,836	23,403	297,529
Expenditures:						
Current:						
Public safety	-	-	-	197	-	197
Housing and development	262,328	-	-	-	23,385	285,713
Total expenditures	262,328	-	-	197	23,385	285,910
Excess (deficiency) of revenues over expenditures	-	-	2,962	8,639	18	11,619
Other financing sources, transfers in	-	-	-	-		-
Net change in fund balances	-	-	2,962	8,639	18	11,619
Fund balances (deficits), July 1	(257)	(31)	391,764	6,301	(6)	397,771
Fund balances (deficits), June 30	$ (257)	$ (31)	$ 394,726	$ 14,940	$ 12	$ 409,390

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, taxes	$ 250,000	$ 262,328	$ 12,328
Expenditures, housing and development	250,000	262,328	(12,328)
Net change in fund balances	-	-	-
Fund balances (deficits), July 1	(257)	(257)	-
Fund balances (deficits), June 30	$ (257)	$ (257)	$ -

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

SILVER-HAIRED LEGISLATURE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, intergovernmental	$ -	$ -	$ -
Expenditures, general government	-	-	-
Net change in fund balances	-	-	-
Fund balances (deficits), July 1	(31)	(31)	-
Fund balances (deficits), June 30	$ (31)	$ (31)	$ -

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, other	$ 2,376	$ 2,962	$ 586
Expenditures, housing and development	2,376	-	2,376
Net change in fund balances	-	2,962	2,962
Fund balances, July 1	391,764	391,764	-
Fund balances, June 30	$ 391,764	$ 394,726	$ 2,962

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	$ 5,000	$ 5,348	$ 348
Interest revenue	100	3,488	3,388
Total revenues	5,100	8,836	3,736
Expenditures, public safety	5,100	197	4,903
Net change in fund balances	-	8,639	8,639
Fund balances, July 1	6,301	6,301	-
Fund balances, June 30	$ 6,301	$ 14,940	$ 8,639

CITY OF MILLEDGEVILLE, GEORGIA
SPECIAL REVENUE FUND

COMMUNITY HOME IMPROVEMENT PROGRAM (CHIP)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance with Final Budget
Revenues, intergovernmental	$ 160,000	$ 23,403	$ (136,597)
Expenditures, housing and development	160,000	23,385	136,615
Net change in fund balances	-	18	18
Fund balances, July 1	(6)	(6)	-
Fund balances, June 30	$ (6)	$ 12	$ 18

AGENCY FUND

School Fund – This fund is used to account for the collection and disbursement of tax revenues levied for Georgia Military College.

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009

	School Fund
ASSETS	
Taxes receivable	$ 39,053
Intergovernmental receivable	2,424
Total assets	$ 41,477
LIABILITIES	
Due to others	$ 7,703
Due to other funds	4,505
Uncollected taxes	29,269
Total liabilities	$ 41,477

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

School Fund	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Cash	$ 3,140	$ 343,128	346,268	$ -
Taxes receivable	29,060	361,478	351,485	39,053
Intergovernmental receivable	-	2,424	-	2,424
Total assets	$ 32,200	$ 707,030	$ 697,753	$ 41,477
Due to others	$ 2,931	$ 348,569	$ 343,797	$ 7,703
Due to other funds	-	4,505	-	4,505
Uncollected taxes	29,269	-	-	29,269
Total liabilities	$ 32,200	$ 353,074	$ 343,797	$ 41,477

COMPONENT UNITS

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MILLEDGEVILLE BALDWIN COUNTY ALLIED ARTS
JUNE 30, 2009

ASSETS	
Cash	$ 158,592
Due from other governments	6,996
Total assets	$ 165,588
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accrued liabilities	$ 2,894
Total liabilities	2,894
FUND BALANCE	
Unreserved, undesignated	162,694
Total liabilities and fund balance	$ 165,588

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - MILLEDGEVILLE BALDWIN COUNTY ALLIED ARTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues		
Intergovernmental	$	7,723
Contributions		166,766
Interest revenue		378
Other revenues		45,185
Total revenues		220,052
Expenditures, culture and recreation		236,759
Net change in fund balance		(16,707)
Fund balance, July 1		179,401
Fund balance, June 30	$	162,694

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - MARY VINSON MEMORIAL LIBRARY
JUNE 30, 2009

ASSETS		
Cash	$	192,397
Accounts receivable		50
Total assets	$	192,447
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	6,104
Accrued liabilities		10,812
Total liabilities		16,916
FUND BALANCE		
Unreserved, undesignated		175,531
Total liabilities and fund balance	$	192,447

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - MARY VINSON MEMORIAL LIBRARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues		
Intergovernmental	$	154,423
Contributions		537,420
Interest revenue		359
Other revenues		43,182
Total revenues		735,384
Expenditures, education		682,278
Net change in fund balance		53,106
Fund balance, July 1		122,425
Fund balance, June 30	$	175,531

CITY OF MILLEDGEVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2009

ASSETS		
Cash	$	80,852
Notes receivable		67,279
Total assets	$	148,131
FUND BALANCE		
Reserved for noncurrent notes receivable	$	67,279
Unreserved, undesignated		80,852
Total fund balance	$	148,131

CITY OF MILLEDGEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues		
Contributions	$	36,709
Special events		214,347
Interest revenue		5,092
Total revenues		256,148
Expenditures, economic development		229,165
Net change in fund balance		26,983
Fund balance, July 1		121,148
Fund balance, June 30	$	148,131

STATISTICAL SECTION

This part of the City of Milledgeville's comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents ..... **Page**

Financial Trends ..... **77 - 84**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity ..... **85 - 91**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity ..... **92 - 96**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information ..... **97 and 98**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information ..... **99 - 101**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 for the year ended December 31, 2003; schedules presenting financial information include information beginning in that year.

CITY OF MILLEDGEVILLE, GEORGIA

NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	$ 4,201,618	$ 5,184,092	$ 8,063,087	$ 8,591,031	$ 13,327,842	$ 12,881,590	$ 12,310,698
Restricted	-	-	-	5,360,037	6,520,856	7,186,892	-
Unrestricted	(210,964)	2,280,214	1,664,442	(2,740,757)	(2,397,339)	(1,950,090)	6,982,499
Total governmental activities net assets	$ 3,990,654	$ 7,464,306	$ 9,727,529	$ 11,210,311	$ 17,451,359	$ 18,118,392	$ 19,293,197
Business-type activities:							
Invested in capital assets, net of related debt	$ 10,460,587	$ 11,386,155	$ 11,437,514	$ 13,443,166	$ 14,152,046	$ 14,793,739	$ 15,208,588
Restricted	876,917	1,025,536	1,410,557	485,662	474,415	522,712	1,752,286
Unrestricted	3,547,774	4,875,228	5,432,916	7,749,727	8,848,181	10,995,989	10,303,242
Total business-type activities net assets	$ 14,885,278	$ 17,286,919	$ 18,280,987	$ 21,678,555	$ 23,474,642	$ 26,312,440	$ 27,264,116
Primary government:							
Invested in capital assets, net of related debt	$ 14,662,205	$ 16,570,247	$ 19,500,601	$ 22,034,197	$ 27,479,888	$ 27,675,329	$ 27,519,286
Restricted	876,917	1,025,536	1,410,557	5,845,699	6,995,271	7,709,604	1,752,286
Unrestricted	3,336,810	7,155,442	7,097,358	5,008,970	6,450,842	9,045,899	17,285,741
Total primary government net assets	$ 18,875,932	$ 24,751,225	$ 28,008,516	$ 32,888,866	$ 40,926,001	$ 44,430,832	$ 46,557,313

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)
Expenses							
Governmental activities:							
General government	$ 1,532,755	$ 1,301,315	$ 650,503	$ 1,382,974	$ 1,554,126	$ 1,311,449	$ 1,467,788
Judicial	-	127,221 (3)	60,911	138,253	144,191	146,822	157,986
Public safety	4,500,525	4,142,449	2,226,618	4,950,692	5,057,547	5,484,782	5,838,433
Public works	3,037,978	1,614,112 (4)	870,502	1,474,717	2,722,253	2,315,767	2,790,493
Culture and recreation	757,894	856,664	458,576	899,585	1,006,164	990,400	888,255
Housing and development	162,805	609,672	306,324	723,575	798,266	896,363	820,562
Interest on long-term debt	9,760	4,911	832	762	-	-	-
Total governmental activities expenses	10,001,717	8,656,344	4,574,266	9,570,558	11,282,547	11,145,583	11,963,517
Business-type activities:							
Water and sewer	5,522,337	5,484,315	2,705,299	5,418,621	5,638,041	5,926,373	6,096,709
Solid waste	-	1,277,277 (4)	635,673	1,251,481	1,352,562	1,419,941	1,504,096
Total business-type activities expenses	5,522,337	6,761,592	3,340,972	6,670,102	6,990,603	7,346,314	7,600,805
Total primary government expenses	$ 15,524,054	$ 15,417,936	$ 7,915,238	$ 16,240,660	$ 18,273,150	$ 18,491,897	$ 19,564,322
Program revenues							
Governmental activities:							
Charges for services:							
General government	$ 1,225,143	$ 231,013 (4)	$ 85,661	$ 339,402	$ 288,359	$ 360,551	$ 276,769
Public safety	554,673	473,710	248,591	615,218	619,075	695,843	609,284
Public works	805,541	500,904	17,535	-	-	-	-
Other activities	53,471	21,479	1,179	2,362	2,567	2,838	2,962
Operating grants and contributions	101,109	185,675	37,698	62,420	73,463	81,578	58,876
Capital grants and contributions	-	539,731	2,587,472	653,838	432,839	51,118	1,710,191
Total governmental activities program revenues	2,739,937	1,952,512	2,978,136	1,673,240	1,416,303	1,191,928	2,658,082

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)
Program revenues (continued)							
Business-type activities:							
Charges for services:							
Water and sewer	$ 5,698,606	$ 6,786,049	$ 3,335,326	$ 6,829,185	$ 6,926,704	$ 7,590,421	$ 7,819,991
Solid waste	-	1,059,675	554,451	1,216,534	1,217,590	1,585,858	1,731,995
Capital grants and contributions	744,297	756,994	344,709	1,266,640	324,771	75,366	207,652
Total business-type activities program revenues	6,442,903	8,602,718	4,234,486	9,312,359	8,469,065	9,251,645	9,759,638
Total primary government program revenues	$ 9,182,840	$ 10,555,230	$ 7,212,622	$ 10,985,599	$ 9,885,368	$ 10,443,573	$ 12,417,720
Net (expense)/revenue							
Governmental activities	$ (7,261,780)	$ (6,703,832)	$ (1,596,130)	$ (7,897,318)	$ (9,866,244)	$ (9,953,655)	$ (9,305,435)
Business-type activities	920,566	1,841,126	893,514	2,642,257	1,478,462	1,905,331	2,158,833
Total primary government net expense	$ (6,341,214)	$ (4,862,706)	$ (702,616)	$ (5,255,061)	$ (8,387,782)	$ (8,048,324)	$ (7,146,602)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	$ 1,960,066	$ 1,933,792	$ 197,551	$ 2,648,399	$ 2,653,251	$ 2,804,795	$ 2,850,577
Sales taxes	4,245,870	4,311,240	1,927,570	4,126,742	4,592,017	4,584,724	2,431,098
Hotel/motel taxes	239,045	267,967	127,137	253,303	262,255	282,549	262,328
Franchise taxes	868,543	900,981	862,924	1,073,816	1,102,370	1,032,903	1,241,285
Insurance premium taxes	805,709	873,170	-	939,416	982,864	1,025,237	1,049,796
Alcoholic beverage taxes	-	-	-	-	-	-	507,557
Business and occupation taxes	-	-	-	-	-	-	568,177
Other taxes	413,064	1,008,178	705,067	1,021,223	1,078,493	1,075,530	46,779
Unrestricted investment earnings	27,973	37,694	39,105	120,737	404,965	422,827	143,965
Transfers	350,000	-	-	(803,536)	(77,217)	(607,877)	1,378,682
Total governmental activities	8,910,270	9,333,022	3,859,354	9,380,100	10,998,998	10,620,688	10,480,244

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)
General Revenues and Other Changes in Net Assets (continued)							
Business-type activities:							
Unrestricted investment earnings	$ 37,848	$ 96,236	$ 100,554	$ (48,225)	$ 240,408	$ 324,590	$ 171,525
Transfers	(350,000)	-	-	803,536	77,217	607,877	(1,378,682)
Total business-type activities	(312,152)	96,236	100,554	755,311	317,625	932,467	(1,207,157)
Total primary government	$ 8,598,118	$ 9,429,258	$ 3,959,908	$ 10,135,411	$ 11,316,623	$ 11,553,155	$ 9,273,087
Change in Net Assets							
Governmental activities	$ 1,648,490	$ 2,629,190	$ 2,263,224	$ 1,482,782	$ 1,132,754	$ 667,033	$ 1,174,809
Business-type activities	608,414	1,937,362	994,068	3,397,568	1,796,087	2,837,798	951,676
Total primary government	$ 2,256,904	$ 4,566,552	$ 3,257,292	$ 4,880,350	$ 2,928,841	$ 3,504,831	$ 2,126,485

(1) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

(2) Other taxes were further broken out into Alcohol Excise Taxes and Business and Occupation Taxes for the fiscal year ending June 30, 2009.

(3) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate Judicial function.

(4) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate enterprise fund for Solid Waste activities.

CITY OF MILLEDGEVILLE, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

Year	Property Tax	Sales Tax	Other Taxes (1)	Alcoholic Beverage Taxes (1)	Business and Occupation Taxes (1)	Franchise Tax	Insurance Premium Tax	Total
2003	1,960,066	4,245,870	652,109	-	-	868,543	805,709	8,532,297
2004	1,933,792	4,311,240	1,276,145	-	-	900,981	873,170	9,295,328
2005 (2)	197,551	1,927,570	832,204	-	-	862,924	-	3,820,249
2006	2,648,399	4,126,742	1,274,526	-	-	1,073,816	939,416	10,062,899
2007	2,653,251	4,592,017	1,340,748	-	-	1,102,370	982,864	10,671,250
2008	2,804,795	4,584,724	1,358,079	-	-	1,032,903	1,025,237	10,805,738
2009	2,850,577	2,431,098	309,107	507,557	568,177	1,241,285	1,049,796	8,957,597

(1) Includes hotel/motel taxes, alcoholic beverages taxes and business and occupation taxes for the years 2005-2008. Beginning in 2009, the alcoholic beverage taxes and business and occupation taxes were segregated into their own column.

(2) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	$ 56,320	$ 32,817	$ 37,885	$ 51,978	$ 111,763	$ 120,157	$ 121,144
Unreserved	868,718	1,415,369	782,125	1,462,210	1,842,682	2,048,211	2,967,390
Total governmental activities net assets	$ 925,038	$ 1,448,186	$ 820,010	$ 1,514,188	$ 1,954,445	$ 2,168,368	$ 3,088,534
All Other Governmental Funds							
Reserved	$ 380,314	$ 396,400	$ 398,235	$ 5,793,736	$ 6,926,294	$ 7,616,855	$ 411,055
Unreserved, reported in:							
Special revenue funds	10,723	1,027	298	(2,814)	(260)	(294)	(276)
Capital projects funds	3,687,874	4,934,033	5,283,251	(280)	-	-	-
Total all other governmental funds	$ 4,078,911	$ 5,331,460	$ 5,681,784	$ 5,790,642	$ 6,926,034	$ 7,616,561	$ 410,779

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005 (1)	2006	2007	2008	2009
Revenues:							
Taxes	$ 8,185,479	$ 9,302,348	$ 4,085,630	$ 10,001,357	$ 10,681,688	$ 10,774,086	$ 8,842,623
Licenses and permits	633,841	205,708	78,372	302,250	245,612	269,421	254,397
Intergovernmental	97,033	719,709	851,904	558,486	502,644	132,696	1,729,507
Fines and forfeitures	554,377	449,043	247,386	615,218	619,075	695,843	609,284
Charges for services	1,299,540	525,571 (2)	12,592	14,972	7,919	5,934	4,889
Interest income	27,973	37,115	38,946	120,242	400,066	416,981	142,533
Other revenues	124,370	52,481	26,003	24,542	41,053	88,034	20,445
Total revenues	10,922,613	11,291,975	5,340,833	11,637,067	12,498,057	12,382,995	11,603,678
Expenditures:							
General government	1,499,287	1,268,741	602,264	1,293,058	1,260,215	1,235,084	1,403,760
Judicial	-	126,017 (3)	58,765	134,956	139,081	145,044	157,390
Public safety	4,371,968	4,097,120	2,105,534	4,601,913	4,775,248	5,348,910	5,505,919
Public works	3,177,813	1,278,923 (3)	629,949	1,373,713	1,473,618	1,527,644	1,576,832
Culture and recreation	744,601	836,284	448,189	876,398	975,299	964,602	866,518
Housing and development	239,045	612,491	305,036	723,538	788,626	892,385	808,239
Capital outlay	-	1,259,535	1,444,916	1,782,391	1,433,104	1,467,746	1,042,344
Debt service:							
Principal	119,611	150,276	23,200	47,302	-	-	-
Interest	9,760	4,911	832	762	-	-	-
Total expenditures	10,162,085	9,634,298	5,618,685	10,834,031	10,845,191	11,581,415	11,361,002
Excess of revenues over (under) expenditures	760,528	1,657,677	(277,852)	803,036	1,652,866	801,580	242,676

(Continued)

CITY OF MILLEDGEVILLE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005 (1)	2006	2007	2008	2009
Other Financing Sources (Uses)							
Proceeds from capital leases	$ 138,990	$ -	$ -	$ -	$ -	$ -	$ -
Transfers in from other funds	350,000	8,375	-	54	-	102,870	1,716,847
Transfers out to other funds	-	(8,375)	-	(54)	(77,217)	-	(338,165)
Total other financing sources (uses)	488,990	-	-	-	(77,217)	102,870	1,378,682
Net change in fund balances	$ 1,249,518	$ 1,657,677	$ (277,852)	$ 803,036	$ 1,575,649	$ 904,450	$ 1,621,358
Debt service as a percentage of noncapital expenditures	1.33%	1.81%	0.56%	0.51%	0.00%	0.00%	0.00%

(1) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

(2) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate Judicial function.

(3) During fiscal year 2004, the City adopted the Uniform Chart of Accounts. The City began using a separate enterprise fund for Solid Waste activities.

CITY OF MILLEDGEVILLE, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
LAST SEVEN FISCAL YEARS
(modified accrual basis of accounting)

Year	Property Tax	Sales Tax	Other Taxes (2)	Franchise Tax	Insurance Premium Tax	Total
2003	1,960,066	3,899,052	652,109	868,543	805,709	8,185,479
2004	1,940,812	4,311,240	1,276,145	900,981	873,170	9,302,348
2005 (3)	462,932	1,927,570	832,204	862,924	-	4,085,630
2006	2,586,857	4,126,742	1,274,526	1,073,816	939,416	10,001,357
2007	2,663,689	4,592,017	1,340,748	1,102,370	982,864	10,681,688
2008	2,773,143	4,584,724	1,358,079	1,032,903	1,025,237	10,774,086
2009	2,792,655	2,374,046	1,384,841	1,241,285	1,049,796	8,842,623

(1) Includes General, Special Revenue and Capital Projects Funds

(2) Includes alcoholic beverages taxes and hotel/motel taxes.

(3) The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	Direct	Overlapping			
	City	State of Georgia	Baldwin County (1)	Baldwin County School Board	Total Direct and Overlapping Rates
2000	1.00%	4.00%	1.00%	1.00%	7.00%
2001	1.00%	4.00%	1.00%	1.00%	7.00%
2002	1.00%	4.00%	1.00%	1.00%	7.00%
2003	1.00%	4.00%	1.00%	1.00%	7.00%
2004	1.00%	4.00%	1.00%	1.00%	7.00%
2005	1.00%	4.00%	1.00%	1.00%	7.00%
2006	1.00%	4.00%	1.00%	1.00%	7.00%
2007	1.00%	4.00%	1.00%	1.00%	7.00%
2008	1.00%	4.00%	1.00%	1.00%	7.00%
2009	1.00%	4.00%	1.00%	1.00%	7.00%

Source: Georgia Department of Revenue, Sales and Use Tax Division

Notes:

(1) Current 1% special purpose local option sales tax expires March 31, 2012

(2) Current 1% education local option sales tax expires September 30, 2011

CITY OF MILLEDGEVILLE, GEORGIA

TAXABLE SALES TAX DISTRIBUTION BY CATEGORY
LAST FIVE CALENDAR YEARS (1) (2)

By Category	2004	2005	2006	2007	2008
Food	$ 1,470,601	$ 1,484,331	$ 1,702,562	$ 1,789,423	$ 1,549,438
Apparel	88,660	96,057	96,479	101,552	103,119
General	1,166,570	1,273,629	1,319,042	1,344,124	1,313,985
Automotive	956,362	1,115,842	1,227,571	1,234,576	1,380,494
Home	256,630	289,122	362,778	310,193	276,404
Lumber	577,265	570,625	722,251	674,450	556,832
Miscellaneous Service	246,321	208,836	243,942	232,113	240,512
Manufacturers	187,422	151,253	186,704	133,567	139,918
Utilities	499,701	507,428	564,852	586,667	666,444
Miscellaneous	363,371	375,626	428,756	450,685	422,043
	$ 5,812,903	$ 6,072,749	$ 6,854,937	$ 6,857,350	$ 6,649,189

Source: Georgia Department of Revenue, Local Government Services Division

Notes:

(1) Only five years of data are available

(2) Information only available for Baldwin County

CITY OF MILLEDGEVILLE, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other (1)					
2000	73,632,576	96,176,265	19,773,565	782,086	896,501	189,467,991	9.75	473,669,978	40%
2001	74,382,687	100,396,928	19,925,000	1,534,049	885,898	195,352,766	9.75	488,381,915	40%
2002	75,465,212	100,035,281	19,409,120	1,972,526	1,131,838	195,750,301	10.75	489,375,753	40%
2003	77,114,714	103,014,513	19,525,470	1,548,700	944,996	200,258,401	10.75	500,646,003	40%
2004	116,731,852	136,497,794	19,725,310	1,634,885	1,393,044	273,196,797	9.75	682,991,993	40%
2005	-	-	-	-	-	-	-	-	40%
2006	119,488,468	152,230,477	18,769,420	1,426,748	1,612,988	290,302,125	9.75	725,755,313	40%
2007	142,537,338	159,997,227	19,063,920	1,243,248	1,582,132	321,259,601	9.22	803,148,252	40%
2008	152,659,325	169,264,504	21,608,710	1,144,479	1,524,478	343,152,540	9.22	857,881,350	40%
2009	160,714,124	177,017,129	23,290,960	1,266,786	1,946,693	360,342,306	9.22	900,855,765	40%

Source: Baldwin County Tax Commissioner

(1) Includes mobile homes and heavy equipment.

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

	Fiscal Year Ended									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Milledgeville										
Maintenance & Operations	8.75	8.75	9.75	9.75	8.75	8.75	8.75	8.22	8.22	8.12
School Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City	9.75	9.75	10.75	10.75	9.75	9.75	9.75	9.22	9.22	9.12
Baldwin County	12.52	12.52	12.52	12.52	9.80	9.80	13.58	8.80	8.80	8.64
Baldwin County School District	16.65	16.65	18.65	18.65	14.57	14.57	14.57	16.07	16.07	16.07
Baldwin County School Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total	39.17	39.17	42.17	42.17	34.37	34.37	38.15	34.34	34.34	34.08

Source: City of Milledgeville financial records

Note: In 2004, there was a general reassessment of property values.

The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	$ 7,559,253	1	2.10%	$ 7,413,326	1	5.24%
Campus Crest at Milledgeville	5,864,402	2	1.63%			
Alltel	5,287,202	3	1.47%	5,013,518	2	3.54%
Lowe's of Milledgeville	5,062,455	4	1.40%			
Magnolia Park	4,999,280	5	1.39%			
Wal-Mart Real Estate Business	4,829,080	6	1.34%			
Wal-Mart	3,218,294	7	0.89%	3,453,045	3	2.44%
Heritage Walk Investments	3,209,360	8	0.89%			
Gordon Giles	2,963,112	9	0.82%			
Shaw Industries	2,920,762	10	0.81%	1,893,476	6	1.33%
Hatcher Square	-		-	2,049,094	4	1.44%
IRT Property	-		-	1,973,387	5	1.39%
Pine Knoll Apartments, Inc.	-		-	1,194,281	7	0.84%
K-Mart Corporation	-		-	1,172,778	8	0.82%
Winn-Dixie	-		-	1,026,085	9	0.72%
Century Bank & Trust	-		-	1,025,407	10	0.72%
Totals	$ 45,913,200		12.74%	$ 26,214,397		18.48%

Source: City of Milledgeville and Baldwin County records

Note: Zorn Trustee (new Wal-Mart site) opened in 2004 with other stores.

Lowe's opened in 2005.

Campus Crest and Magnolia Park student housing sites opened late in 2006.

Shaw Industries ceased operations in 2009.

Winn-Dixie and IRT Property ceased operations in 2005.

K-Mart has downsized significantly since 2004.

Gordon Giles is a local property owner who purchased a significant amount of property since 2006.

Century Bank & Trust sold some of its property in 2007.

Pine Knoll has downsized since 2004.

Hatcher Square downsized operations in 2008.

CITY OF MILLEDGEVILLE, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	1,524,048	1,399,773	91.8	112,124	1,511,897	99.2
2001	1,567,253	1,479,450	94.4	83,839	1,563,289	99.7
2002	1,689,634	1,442,656	85.4	235,773	1,678,429	99.3
2003	1,790,083	1,425,917	79.7	359,250	1,785,167	99.7
2004	2,313,713	231,781	10.0	2,066,964	2,298,745	99.4
2005	-	-	-	-	-	-
2006	2,483,150	2,301,053	92.7	72,192	2,373,245	95.6
2007	2,608,910	2,440,936	93.6	-	2,440,936	93.6
2008	2,822,462	2,694,554	95.5	175,008	2,869,562	101.7
2009	2,769,525	2,664,606	96.2	-	2,664,606	96.2

Source: City of Milledgeville financial records.

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
2004 property taxes were not levied until December 23, 2004.

CITY OF MILLEDGEVILLE, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)(2)	Per Capita (1)
	General Obligation Bonds	Capital Lease Obligations	Water & Sewer Notes	Revenue Bonds			
2000	1,855,000	395,113	1,272,661	15,050,000	18,572,774	4.66%	990.18
2001	-	294,042	1,214,783	14,635,000	16,143,825	4.05%	860.68
2002	-	201,399	1,153,860	14,205,000	15,560,259	4.04%	829.57
2003	-	220,778	1,097,161	13,755,000	15,072,939	3.91%	803.59
2004	-	70,502	1,027,467	13,280,000	14,377,969	3.36%	766.54
2005	-	47,302	992,499	13,280,000	14,319,801	3.22%	763.44
2006	-	-	919,978	12,785,000	13,704,978	2.94%	730.66
2007	-	-	843,621	12,265,000	13,108,621	N/A	698.87
2008	-	-	763,291	11,720,000	12,483,291	N/A	665.53
2009	-	-	678,577	11,145,000	11,823,577	N/A	630.36

Source: City of Milledgeville financial records

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
(2) Information not available for 2007, 2008, and 2009.

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF MILLEDGEVILLE, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended	General Obligation Bonds	Percentage of Actual Property Value (2)	Per Capita (1)
2000	1,855,000	0.39%	98.90
2001	-	-	-
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-

Source: City of Milledgeville financial records

(1) See the Schedule of Demographic and Economic Statistics for population data.
(2) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.

CITY OF MILLEDGEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Debt repaid with property taxes: Baldwin County	$ 8,705,002	29.00%	$ 2,524,451
Subtotal, overlapping debt			2,524,451
City of Milledgeville direct debt			$ -
Total direct and overlapping debt			$ 2,524,451

Source: Assessed value data used to estimate applicable percentages provided by the Baldwin County Tax Assessors Office.
Debt outstanding data is for fiscal year ending June 30, 2007 as provided by Baldwin County. 2008 figures are not available.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF MILLEDGEVILLE, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Legal debt limit	$ 17,007	$ 17,561	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126	$ 34,315	$ 36,034
Total net debt applicable to debt limit	1,855	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 15,152	$ 17,561	$ 17,434	$ 18,226	$ 26,813	$ 26,813	$ 27,011	$ 32,126	$ 34,315	$ 36,034
Legal debt margin as a percentage of the debt limit	10.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2009	
Assessed value	$ 360,342
Debt limit (10% of assessed value)	36,034
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	$ 36,034

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

These amounts do not include revenue bonds that are being repaid from the Enterprise Fund.

CITY OF MILLEDGEVILLE, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	4,895,269	3,753,273	1,141,996	415,000	842,225	0.91
2001	5,109,818	4,169,269	940,549	430,000	823,550	0.75
2002	5,870,357	3,882,656	1,987,701	450,000	803,770	1.59
2003	5,698,606	3,949,885	1,748,721	475,000	782,620	1.39
2004	6,786,049	3,820,670	2,965,379	495,000	759,820	2.36
2005	3,335,326	1,883,021	1,452,305	-	379,910	3.82
2006	6,829,185	3,801,879	3,027,306	495,000	747,692	2.44
2007	6,926,704	4,033,516	2,893,188	520,000	728,453	2.32
2008	7,590,421	4,349,460	3,240,961	545,000	702,119	2.60
2009	7,819,991	4,629,577	3,190,414	575,000	674,408	2.55

Notes: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Utility service charges include tap fees, but exclude interest.
Operating expenses do not include interest, depreciation, or amortization expense.

CITY OF MILLEDGEVILLE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2000	18,757	398,905	21,267	6,364	3.50
2001	18,757	398,905	21,267	6,336	4.70
2002	18,757	385,569	20,556	6,233	4.00
2003	18,757	385,569	20,556	5,894	4.00
2004	18,757	428,316	22,835	5,947	4.50
2005	18,757	445,235	23,737	6,032	5.60
2006	18,757	465,474	24,816	5,948	5.50
2007	18,757	N/A	25,134	5,582	5.90
2008	18,757	N/A	N/A	5,486	6.70
2009	18,757	N/A	N/A	6,807	11.60

(1) Source: U. S. Bureau of the Census.
(2) Source: Georgia Department of Economic Analysis
(3) Source: Georgia Department of Education
(4) Source: Georgia Department of Labor

Note: 2008 per capita information is not available.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
Employer	**Employees (1)**	**Rank**	**Percentage of Total County Employment (3)**	**Employees (2)**	**Rank**	**Percentage of Total County Employment (4)**
Central State Hospital	2,500	1	11.95 %	2,900	1	N/A
Rheem Manufacturing Company	1,100	2	5.26	1,000	3	N/A
Baldwin County Board of Education	900	3	4.30	900	4	N/A
Georgia College & State University	797	4	3.81	600	6	N/A
Oconee Regional Medical Center	750	5	3.58	480	8	N/A
Georgia Department of Corrections	580	6	2.77	1,200	2	N/A
Vought Aircraft Industries, Inc.	513	7	2.45			
Bill Ireland Y.D.C.	435	8	2.08	435	9	N/A
United Veteran Services of Georgia	425	9	2.03			
Georgia Military College	400	10	1.91	375	10	N/A
Northrup Grumman Aircraft				730	5	N/A
Priva-Trends				600	7	N/A

(1) Source: Milledgeville Baldwin County Chamber of Commerce
(2) Source: City of Milledgeville records
(3) Source: Georgia Department of Labor
(4) Information not available for the year 2000.

Note:

Northrup Grumman Aircraft relocated in 2002.
Central State Hospital has downsized in the last several years.
Vought Aircraft has maintained its employment status from 2008. It is where Northrup Grumman relocated to in 2002.
Priva-Trends became part of Central State Hospital in 2004.
United Veteran Services of Georgia maintained its employment from 2008.

CITY OF MILLEDGEVILLE, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Function/Program							
General Government							
Administrative	2	3	3	3	3	3	3
Finance	8	8	8	7	7	7	8
Personnel	2	2	2	2	2	1	1
Planning	5	5	5	5	5	5	5
Other	7	7	7	7	8	8	6
Police							
Officers	49	49	49	49	49	49	51
Civilians	15	14	14	13	13	13	13
Fire							
Firefighters	31	31	31	31	33	33	34
Civilians	1	1	1	1	1	1	0
Public Works							
Administrative	2	2	2	2	2	2	2
Maintenance	18	20	20	16	12	12	16
Parks and Recreation	6	6	6	6	10	10	10
Water	41	40	40	39	39	39	35
Wastewater	15	16	16	18	18	18	21
Refuse	5	5	5	9	9	9	9
Total	207	209	209	208	211	210	214

Source: City of Milledgeville Human Resources Department

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
The City is only able to report information for five fiscal years due to the lack of records prior to 2002.

In 2007, one firefighter, an Assistant Fire Marshall and an engineer were added, while one custodian was deleted.
City Manager added beginning in fiscal year 2004. City changed form of government from Mayor-Council to Council-Manager

In 2009, the City added an additional accountant within the Finance Department, hired two (2) police officers, reclassed a civilian to a firefighter, reclassed four (4) employees from Water to Maintenance, and added three (3) employees in the Wastewater Treatment Plant.

CITY OF MILLEDGEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Parking violations	2,860	1,525	3,300	3,326	3,040	956	3,008	2,360	3,737	3,891
Traffic violations	2,067	3,052	3,689	3,858	3,084	2,196	4,387	5,335	6,155	5,520
Fire										
Number of calls answered	1,135	1,042	1,093	1,138	1,058	463	1,043	1,015	971	988
Number of inspections conducted	800	1,226	866	876	1,068	697	1,404	2,091	2,302	2,327
Highways and streets										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	1.5	1.0	1.5	1.0	0.5	0.0
Potholes repaired	N/A	N/A	N/A	N/A	51	37	53	157	191	290
Sanitation										
Yard trimmings collected (tons/day)	N/A	N/A	N/A	N/A	1.5	1.5	1.5	2.7	3.8	3.8
Water										
Number of service connections	6,176	6,176	6,178	6,178	6,693	6,693	7,008	7,231	7,388	7,746
Average daily consumption (thousands of gallons)	6,769	6,630	6,630	6,630	6,630	6,668	6,706	6,638	6,515	6,432
Sewer										
Number of service connections	5,231	5,231	5,398	5,398	5,398	5,587	5,777	5,792	6,000	6,125
Average daily sewage treatment (thousands of gallons)	5,960	5,960	4,500	4,500	4,500	4,820	4,360	3,750	4,043	4,380

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Indicators are not available for the general government function.
Records for Highways, streets and sanitation were not kept before 2004.
There were no streets resurfaced in 2009 and tons per day of yard trimmings did not change.

CITY OF MILLEDGEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	47	43	41	50	50	50	50	50	50	42
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Miles of streets	109	109	110	110	114	116	117	117	119	120
Number of street lights	1,518	1,518	1,529	1,529	1,556	1,568	1,536	1,541	1,547	1,547
Water										
Water mains (miles)	162	162	162	164	187	187	190	190	194	196
Number of water plants	2	2	2	2	2	2	2	2	2	2
Fire hydrants	672	672	672	672	672	678	678	678	715	728
Maximum daily capacity (thousands of gallons both plants)	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440
Sewer										
Sanitary sewers (miles)	232	232	232	237	277	278	232	232	233	233
Storm sewers (miles)	27	27	27	27	27	27	27	28	30	30
Maximum daily capacity (thousands of gallons)	7,000	7,000	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005. 2005 is for six months only.
Indicators are not available for the general government function.
The City changed the type of street light in downtown in 2005 thus reducing the number of lights needed.
In 2009, the City police department retired eight (8) patrol cars and capacity at the City's Water Plant was increased due to capital improvements.

CONTINUING DISCLOSURE INFORMATION

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Water Billings
Baldwin County	$ 1,553,343	1	37.98%	$ 796,415	1	23.13%
Central State Hospital	780,625	2	19.09%	489,758	2	14.22%
Georgia College & State University	328,350	3	8.03%	75,636	4	2.20%
Bill E. Ireland YDC	103,691	4	2.54%	35,191	6	1.02%
Mohawk	86,540	5	2.12%	33,212	7	0.96%
Pine Knoll Apartments	74,263	6	1.82%			
Magnolia Park Student Housing	68,475	7	1.67%			
Oconee Regional Medical Center	67,947	8	1.65%			
Villamar Town Home Apartments	62,385	9	1.53%	18,143	9	0.53%
Chemtex Division	55,228	10	1.35%			
Rheem Manufacturing				12,148	10	0.35%
Concord Fabrics, Inc.				336,644	3	9.77%
Shaw Industries				20,901	8	0.60%
Northrup-Grumman Corporation				36,445	5	1.06%

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005.
Northrup Grumman Aircraft relocated in 2002.
Concord Fabrics, Inc. ceased operations in 2006.
Rheem Manufacturing is decreasing operations.
Magnolia Park Student Housing began operations in late fall 2006.
Shaw ceased operations in 2009.
Oconee Regional Medical Center became a water customer in 1990. Since then, it has increased operations. Additionally, an addition to the facility was done in 2003.
Chemtex Division opened in 2001.

CITY OF MILLEDGEVILLE, GEORGIA

PRINCIPAL SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings	Amount Billed for Twelve Months	Rank	Estimated Percentage of Total Sewer Billings
Central State Hospital	$ 373,407	1	18.32%	$ 170,662	2	8.93%
Georgia College	275,313	2	13.50%	63,050	4	3.30%
Baldwin County Commissioners	241,269	3	11.83%	79,749	3	4.17%
Bill E. Ireland, YDC	103,691	4	5.09%	29,912	7	1.56%
Mohawk	86,540	5	4.24%	30,229	6	1.58%
Pine Knoll Apartments	74,263	6	3.64%			
Magnolia Park Student Housing	68,475	7	3.36%			
Oconee Regional Medical Center	67,947	8	3.33%			
Villamar Town Home Apartments	62,385	9	3.06%	15,421	8	0.80%
Chemtex Division	55,228	10	2.71%			
Shaw Industries				15,384	9	0.80%
Concord Fabrics, Inc.				242,972	1	12.71%
Northrup-Grumman Corporation				30,977	5	1.62%
Big E M Company				11,988	10	0.62%

Source: City of Milledgeville records

Note: The City changed its fiscal year end from December 31 to June 30 beginning in 2005.

Northrup Grumman Aircraft relocated in 2002.

Central State Hospital is now billed on a percentage basis rather than metered basis and is not included in 2007 billings.

Concord Fabrics, Inc. ceased operations in 2006.

Magnolia Park student housing began operations in late fall of 2006.

Shaw ceased operations in 2009.

Oconee Regional Medical Center became a water customer in 1990. Since then, it has increased operations. Additionally, an addition to the facility was done in 2003.

Chemtex Division opened in 2001.

Big E M Company was acquired by the owners of Pine Knoll Apartments in 2002.

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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 *GOVERNMENTAL AUDITING STANDARDS*

Honorable Mayor and City Council
City of Milledgeville, Georgia
Milledgeville, Georgia

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milledgeville, Georgia (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2009. 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 Milledgeville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2009–3 and 2009-4 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as 2009-1 and 2009-2 to be significant deficiencies.

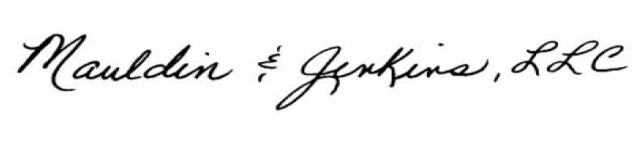
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the City in a separate letter dated December 7, 2009.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the City of Milledgeville, Georgia, management, others within the organization, the State Accounting Office, and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.



Macon, Georgia
December 7, 2009

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

The total amount of federal awards expended for the fiscal year ended June 30, 2009 was less than $500,000; therefore, no Single Audit was performed.

SECTION II FINANCIAL STATEMENT FINDINGS

2009-1. Capital Asset Accounting

Criteria: The City is required to maintain a current listing of all capital assets from which depreciation expense and accumulated depreciation are calculated and maintained. Such a listing should be one that provides the details of all capital assets including: location, costs, useful lives, types of assets, and their respective function.

Condition: The City does maintain capital asset listings; however, we noted instances within the Water and Sewer Fund where capital assets and associated accumulated depreciation were not properly recorded. In addition, the payment of capital expenditures by the SPLOST Fund for the benefit of the Water Fund was not properly recorded as a capital contribution in the Water Fund.

2009-1. Capital Asset Accounting (continued)

Context: See above condition

Effect: The effect of the above condition resulted in several audit adjustments related to the current period. Specifically, accumulated depreciation was overstated by approximately $29,000. An audit entry of approximately $29,000 was recorded to accurately report accumulated depreciation of the Water and Sewer Fund capital assets. In addition, entries were required in the Water and Sewer Fund to record capital contributions for capital items purchased with proceeds from SPLOST. The total amount of the contribution to the Water and Sewer Fund was $219,058. An entry for this same amount was also recorded in the SPLOST Fund to reverse entries posted by the client that had cleared out the expenditures for the items purchased for the Water and Sewer Fund. The expenditures were shown in the SPLOST Fund; however, the capital assets are recorded in the Water and Sewer Fund.

Recommendation: We recommend the City periodically evaluate and review the capital assets listings, and properly include provisions for additions, deletions, capital contributions, and depreciation as they occur during the fiscal year.

Views of Responsible Officials: We concur with the recommendation. The responsible parties have reviewed the current capabilities of the City's computer system and will make the necessary adjustments for future capital contributions.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

2009-2. Payments to Retirees

Criteria: Employees retiring from the City that have met the requirements to receive pension benefits are issued monthly payments based on the amount computed by the actuary as of the employee's date of retirement. Payments are based on years of service and salary at retirement. The City's accounts payable department prepares the checks based on information input into the financial system from the employee's pension file. Pension benefits should be terminated when the former employee becomes deceased. Under no circumstances are the benefits to be received by the retiree's widow.

Condition: During the performance of audit procedures related to testing of the City's pension participants, one instance was noted in which a retiree's spouse was receiving benefits after the death of the former employee. In addition, we noted a situation related to a 2006 retiree, in which the retiree's benefits could not be verified based on documentation available in the pension file.

Context: See above condition

Effect: The effect of the above condition resulted in the widow receiving benefits for approximately three (3) months after the death of her spouse. In contrast, it was also discovered that this employee did not receive the full pension increase approved by the City Council on January 1, 2006. The total underpayment was calculated to be approximately $500. In regards to the situation in which we were unable to verify the appropriate amount of a retiree's benefits, we were unable to determine if the individual has been appropriately paid since his/her retirement in 2006.

Recommendation: We recommend the City periodically evaluate the employee pension files in conjunction with the data from the financial system to ensure the information from each is in agreement. For future retirees, the benefit calculation received from the actuary should be reviewed by someone other than the employee entering the data into the system. In addition, death verification checks should be performed at least annually to ensure pension benefits are not being received subsequent to death.

Views of Responsible Officials: We concur with the recommendation. The City is avidly working to resolve the issues noted above. The City plans to review each pension file to determine that proper payments are being made. In conjunction with this process, the City will verify that each retiree is currently living and is receiving the appropriate pension benefit payment.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

2009-3 Adjustment to Fund Equity (Downtown Development Authority-Component Unit)

Criteria: Adjusting audit entries should be posted and fund balance reconciled to the audited financial statement each year.

Condition: The Downtown Development Authority did not record audit entries for the fiscal years ending June 30, 2007 and June 30, 2008. Therefore, fund balance was understated at June 30, 2009.

Context: See above condition.

Effect: Audit adjustments totaling approximately $65,000 were necessary in order to correctly state fund balance at June 30, 2009.

Recommendation: We recommend the Downtown Development Authority post all audit entries provided to them at the end of each annual audit.

Views of Responsible Officials: We concur with the recommendation. We will post all entries for the periods stated above.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

2009-4 Segregation of Duties –Downtown Development Authority (Component Unit)

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

Condition: During our audit, we noted a lack of proper segregation of duties within several areas of the Downtown Development Authority (the "Authority"). Examples of segregation of duties issues include:

- Cash receipts and disbursements are handled by the same individual who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger;
- Authorized check signers are not independent of check preparation and/or approval of invoices;
- Reconciliations of bank accounts are not performed by an individual who is independent of all payable, disbursing, cash, receiving, and general ledger functions. Additionally, no review of the completed reconciliations is performed by management.

Context: See above condition.

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

Recommendation: The duties of recording, distribution and reconciliation of accounts should be segregated between employees.

Views of Responsible Officials: We concur. We will work with staff to segregate duties and apply compensation controls to the extent possible.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Not Applicable

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

2008-1 Adjustment to Fund Equity

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The City posted current year transactions to fund balance/net assets of the General Fund, the Risk Management Fund, the Hotel/Motel Tax Fund and the School Agency Fund.

Auditee Response/Status: Resolved in fiscal year ending June 30, 2009.

2008-2 Posting of Prior Year Audit Entries - Component Unit – Allied Arts

Criteria: Adjusting entries posted by the auditors must also be recorded on the books of Allied Arts in order to reflect the appropriate opening balances for the following year.

Condition: Allied Arts did not post the audit adjustments from fiscal year 2007 audit to their general ledger.

Auditee Response/Status: Resolved in fiscal year ending June 30, 2009.

2008-3 Posting of Project Account Transactions - Component Unit – Allied Arts

Criteria: All transactions of an organization must be recorded in the general ledger to accurately reflect the activities and account balances of the organization.

Condition: Allied Arts does not record the transactions of the Project bank account on its general ledger.

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

2008-3 Posting of Project Account Transactions - Component Unit – Allied Arts (Continued)

Auditee Response/Status: Resolved in fiscal year ending June 30, 2009.

2008-4 Recording of Receivables from Grantor Organizations

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: Allied Arts did not properly record amounts due from grantor agencies as of June 30, 2008.

Auditee Response/Status: Resolved in fiscal year ending June 30, 2009.

2008-5 Segregation of Duties – Downtown Development Authority (Component Unit)

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

CITY OF MILLEDGEVILLE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

2008-5 Segregation of Duties – Downtown Development Authority (Component Unit) (Continued)

Condition: During our audit, we noted a lack of proper segregation of duties within several areas of the Downtown Development Authority (the "Authority"). Examples of segregation of duties issues include:

- Cash receipts and disbursements are handled by the same individual who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger;
- Authorized check signers are not independent of check preparation and/or approval of invoices;
- Reconciliations of bank accounts are not performed by an individual who is independent of all payable, disbursing, cash, receiving, and general ledger functions. Additionally, no review of the completed reconciliations is performed by management.

Auditee Response/Status: Unresolved. See current year finding at 2009-4.

2008-6 Undercollateralization of City Deposits

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended June 30, 2008, the City's deposits held at two financial institutions were under collateralized.

Auditee Response/Status: Resolved in fiscal year ending June 30, 2009.

STATE COMPLIANCE SECTION

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS – 2006 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Public works	$ 3,400,000	$ 3,400,000			
Improvements			$ 58,793	$ 12,785	$ 71,578
Equipment and vehicles			229,938	58,338	288,276
City facilities	3,000,000	3,000,000			
Improvements			3,748	7,188	10,936
Equipment and vehicles			100,226	2,501	102,727
Public safety	2,000,000	2,000,000			
Improvements			80,216	30,873	111,089
Equipment and vehicles			280,203	267,554	547,757
Improvements - water system, water treatment and waste treatment	4,000,000	4,000,000	446,841	180,195	627,036
	$ 12,400,000	$ 12,400,000	$ 1,199,965	$ 559,434	$ 1,759,399

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS – 2000 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer, flood control	$ 3,000,000	$ 3,000,000	$ 2,082,870	$ 37,637	$ 2,120,507
Retirement of general obligation debt issued for capital outlay projects eligible for funding	1,500,000	1,500,000	1,500,000	-	1,500,000
Road, street, sidewalk and bridge improvements	2,000,000	2,000,000	727,128	324,838	1,051,966
General government and public safety	1,500,000	1,500,000			
General government buildings			62,172	-	62,172
General government equipment			285,000	-	285,000
Public safety building			261,829	6,004	267,833
Public safety equipment			475,766	64,101	539,867
	$ 8,000,000	$ 8,000,000	$ 5,394,765	$ 432,580	$ 5,827,345

CITY OF MILLEDGEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS – 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Way of Life Building	$ 75,000	$ 75,000	$ 69,074	$ -	$ 69,074
Convention and Visitors Bureau renovations	100,000	58,580	58,580	-	58,580
Inter-city park recreation	500,000	516,865	516,865	-	516,865
Street improvements	1,187,500	1,727,656	1,727,656	-	1,727,656
Flood control	1,000,000	1,658,636	1,635,249	-	1,635,249
Fire department improvements	100,000	100,000	100,000	-	100,000
Water storage facilities	400,000	409,776	399,109	-	399,109
	$ 3,362,500	$ 4,546,513	$ 4,506,533	$ -	$ 4,506,533

THIS PAGE INTENTIONALLY LEFT BLANK.