# CITY OF MOULTRIE, GEORGIA

Annual Financial Report

For the Year Ended September 30, 2009

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**CITY OF MOULTRIE, GEORGIA**
PRINCIPAL OFFICIALS
September 30, 2009

## ELECTED

William M. McIntosh, Mayor

George Walker, Council Member

Angela Castellow, Council Member

Betty Haggins, Council Member

Cecil Barber, Council Member

Ronald D. Wilson, Sr., Council Member

Daniel L. Dunn, Council Member

## STAFF

Mike Scott, City Manager

Gary McDaniel, Finance Director

# Bowen, Phillips, Carmichael, Davis & Sims

Certified Public Accountants & Consultants

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## INDEPENDENT AUDITORS' REPORT

To: The Honorable Mayor and
Members of the City Council
City of Moultrie, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moultrie, Georgia, as of, and for the year ended, September 30, 2009, which collectively comprise the City of Moultrie, Georgia's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Moultrie, Georgia's elected officials and management. Our responsibility is to express opinions on these financial statements, based on our audit. We did not audit the financial statements of the Pension Trust Fund, which statements reflect total assets of $10,098,311, as of September 30, 2009, and revenues of $903,296, for the year then ended. Those financial statements were audited by other auditors, whose report have been furnished to us, and, in our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, are based on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moultrie, Georgia, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 25, 2010, on our consideration of the City of Moultrie, Georgia's internal control over financial reporting and, on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Moultrie, Georgia's basic financial statements. The combining and individual fund financial statements, and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Moultrie, Georgia.

The accompanying schedule of special purpose local option sales tax expenditures is presented, as required by the Official Code of Georgia Annotated. The schedule of special purpose local option sales tax expenditures is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the schedule of special purpose local option sales tax expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Bauon, Phillips, Carmichael, Davis & Sims, LLP

May 25, 2010
Tifton, Georgia

*Management's Discussion and Analysis*

As management of the City of Moultrie, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2009. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

## FINANCIAL HIGHLIGHTS

- The City has $75.7 million in total assets of which $49.9 million are capital assets.
- The City has $22.7 million in total liabilities of which $13.09 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $52.9 million (net assets). Of this amount, $15.5 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $34.2 million is invested in capital assets net of related debt.
- The City's total net assets increased by $1.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4.99 million, an increase of $550 thousand in comparison with the prior year. This amount consists of $1.03 million reserved for specific projects and public services and an unreserved balance of $1.56 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $1.56 million, or 13% of total general fund expenditures.
- The City's long-term debt decreased by $1.49 million during the current fiscal year as a result of scheduled principal payments and the issuance of additional debt for capital assets and infrastructure.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements

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

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Moultrie's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer the question - is the City's financial health improving or deteriorating?

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the City include general government, public safety, public works, parks and recreation, community development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric, gas, cable TV, solid waste, airport operations, and telecommunications.

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

**Fund Financial Statements**

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

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

Governmental Funds

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

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

The City maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund only, because it is considered to be a major fund. Data from the other five (5) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

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

Fiduciary Funds

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

**Notes to the Financial Statements**

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

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

*Table 1*
**Major Features of the Basic Financial Statements**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Condensed Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $52.9 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (65.9%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of September 30, 2009 and 2008.

***Table 2***
**Condensed Statement of Net Assets**

| | Governmental Activities | | Business – type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 (restated) | 2009 | 2008 | 2009 | 2008 (restated) |
| **Assets** | | | | | | |
| Current and other assets | $ 9,478,876 | $ 8,993,006 | $ 16,301,356 | $ 16,811,288 | $ 25,780,232 | $ 25,804,294 |
| Capital assets | 25,836,339 | 26,222,632 | 24,059,115 | 23,012,091 | 49,895,454 | 49,234,723 |
| Total assets | 35,315,215 | 35,215,638 | 40,360,471 | 39,823,379 | 75,675,686 | 75,039,017 |
| **Liabilities** | | | | | | |
| Other liabilities | 4,033,003 | 4,174,201 | 5,598,982 | 4,950,334 | 9,631,985 | 9,124,535 |
| Long-term liabilities | 1,276,131 | 842,979 | 11,817,634 | 13,748,957 | 13,093,765 | 14,591,936 |
| Total liabilities | 5,309,134 | 5,017,180 | 17,416,616 | 18,699,291 | 22,725,750 | 23,716,471 |
| **Net assets** | | | | | | |
| Invested in capital assets, net of related debt | 24,605,810 | 25,389,504 | 9,588,292 | 7,400,666 | 34,194,102 | 32,790,170 |
| Restricted | 3,261,615 | 1,738,922 | -- | 427,257 | 3,261,615 | 2,166,179 |
| Unrestricted | 2,138,656 | 3,070,032 | 13,355,563 | 13,296,165 | 15,494,219 | 16,366,197 |
| Total net assets | $ 30,006,081 | $ 30,198,458 | $ 22,943,855 | $ 21,124,088 | $ 52,949,936 | $ 51,322,546 |

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets exceed liabilities by $52.95 million for 2009 as compared to $51.32 million for 2008 for an increase of 3.17%. Of this amount $22.95 million came from business-type activities and $30 million came from governmental activities.

An additional portion of the City's net assets (6.16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($15.49 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease of $872 thousand or 5.63%.

For governmental activities, the City reported a balance of $2.14 million in unrestricted net assets. This is a decrease of $931 thousand from 2008. The business-type activities unrestricted net assets were $13.36 million, an increase of $59.4 thousand from 2008.

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

## Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended September 30, 2009 and 2008. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

***Table 3***
**Condensed Statement of Activities**

| | Governmental Activities | | Business – type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 697,626 | $ 990,804 | $ 35,720,864 | $ 34,855,874 | $ 36,418,490 | $ 35,846,678 |
| Operating grants and contributions | 1,147,765 | 1,388.655 | 205,858 | 109,424 | 1,353,623 | 1,498,079 |
| Capital grants and contributions | 5,593 | 6.636 | | -- | 5,593 | 6,636 |
| General revenues: | | | | | | |
| Property taxes | 3,201,803 | 2,975,494 | -- | -- | 3,201,803 | 2,975,494 |
| Local option sales taxes | 1,035,045 | 2,117,086 | -- | -- | 1,035,045 | 2,117,086 |
| Other taxes | 2,075,091 | 2,067,628 | -- | -- | 2,075,091 | 2,067,628 |
| Investment income | 79,579 | 96,508 | 67,601 | 142,499 | 147,180 | 239,007 |
| Other revenues(loss) | 490,214 | 257,693 | 23,830 | (105,512) | 514,044 | 152,181 |
| Total revenues | 8,732,716 | 9,900,504 | 36,018,153 | 35,002,285 | 44,750,869 | 44,902,789 |
| **Expenses** | | | | | | |
| General government | 2,960,942 | 3,093,707 | -- | -- | 2,960,942 | 3,093,707 |
| Public safety | 6,237,582 | 5,783,178 | -- | -- | 6,237,582 | 5,783,178 |
| Public works | 3,490,153 | 2,152,763 | -- | -- | 3,490,153 | 2,152,763 |
| Parks and recreation | 812,989 | 1,148,812 | -- | -- | 812,989 | 1,148,812 |
| Community development | 7,683 | 94,152 | -- | -- | 7,683 | 94,152 |
| Elections | 2,700 | 4,282 | -- | -- | 2,700 | 4,282 |
| Interest - long-term debt | 35,893 | 25,814 | -- | -- | 35,893 | 25,814 |
| Water and sewer | -- | -- | 3,583,043 | 3,109,262 | 3,583,043 | 3,109,262 |
| Electric revenue | -- | -- | 15,624,313 | 13,599,054 | 15,624,313 | 13,599,054 |
| Gas revenue | -- | -- | 3,359,232 | 4,379,671 | 3,359,232 | 4,379,671 |
| Cable TV | -- | -- | 3,476,950 | 3,839,402 | 3,476,950 | 3,839,402 |
| Solid waste | -- | -- | 2,177,401 | 2,308,966 | 2,177,401 | 2,308,966 |
| Airport | -- | -- | 481,619 | 190,570 | 481,619 | 190,570 |
| Telecommunications | -- | -- | 689,150 | 1,240,021 | 689,150 | 1,240,021 |
| Telephony | -- | -- | 183,829 | -- | 183,829 | -- |
| Total expenses | 13,547,942 | 12,302,708 | 29,575,537 | 28,666,946 | 43,123,479 | 40,969,654 |
| Increase (decrease) in net assets before transfers | (4,815,226) | (2,402,204) | 6,442,616 | 6,335,339 | 1,627,390 | 3,933,135 |
| Transfers | 4,622,849 | 4,719,182 | (4,622,849) | (4,719,182) | -- | -- |
| **Change in net assets** | $ (192,377) | $ 2,316,978 | $ 1,819,767 | $ 1,616,157 | $ 1,627,390 | $ 3,933,135 |

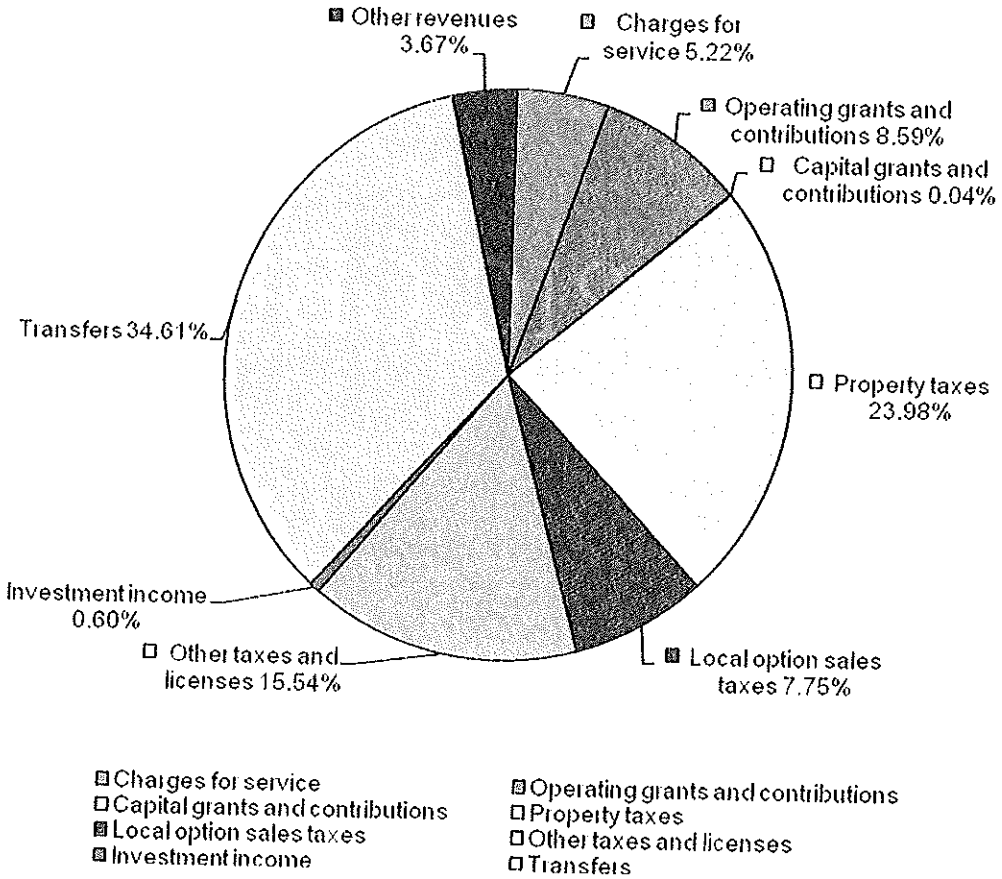
Governmental activities during the fiscal year ended September 30, 2009, decreased the City's net assets by $192 thousand. Business-type activities during the same period increased net assets by $1.82 million. The net change in net assets was an increase of $1.63 million. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2009 revenues from governmental activities at $8.73 million while expenses were $13.55 million. Business-type activities total revenues for 2009 were $36.02 million while expenses were $29.58 million. The largest revenue source for governmental activities comes from transfers from business-type activities of $4.62 million which is 34.61% of the total governmental activity funding. Property Taxes are the next largest governmental activity revenue source at $3.20 million or 23.97%. Revenues from Other Taxes are the second largest governmental activity revenue source at $2.08 million or 15.54%. Business-type activities program revenues exceeded expenses by $6.44 million before internal transfers to support the governmental activities.

## Program Revenues and Expenses for Governmental Activities

### Governmental Activities - Revenues by Source

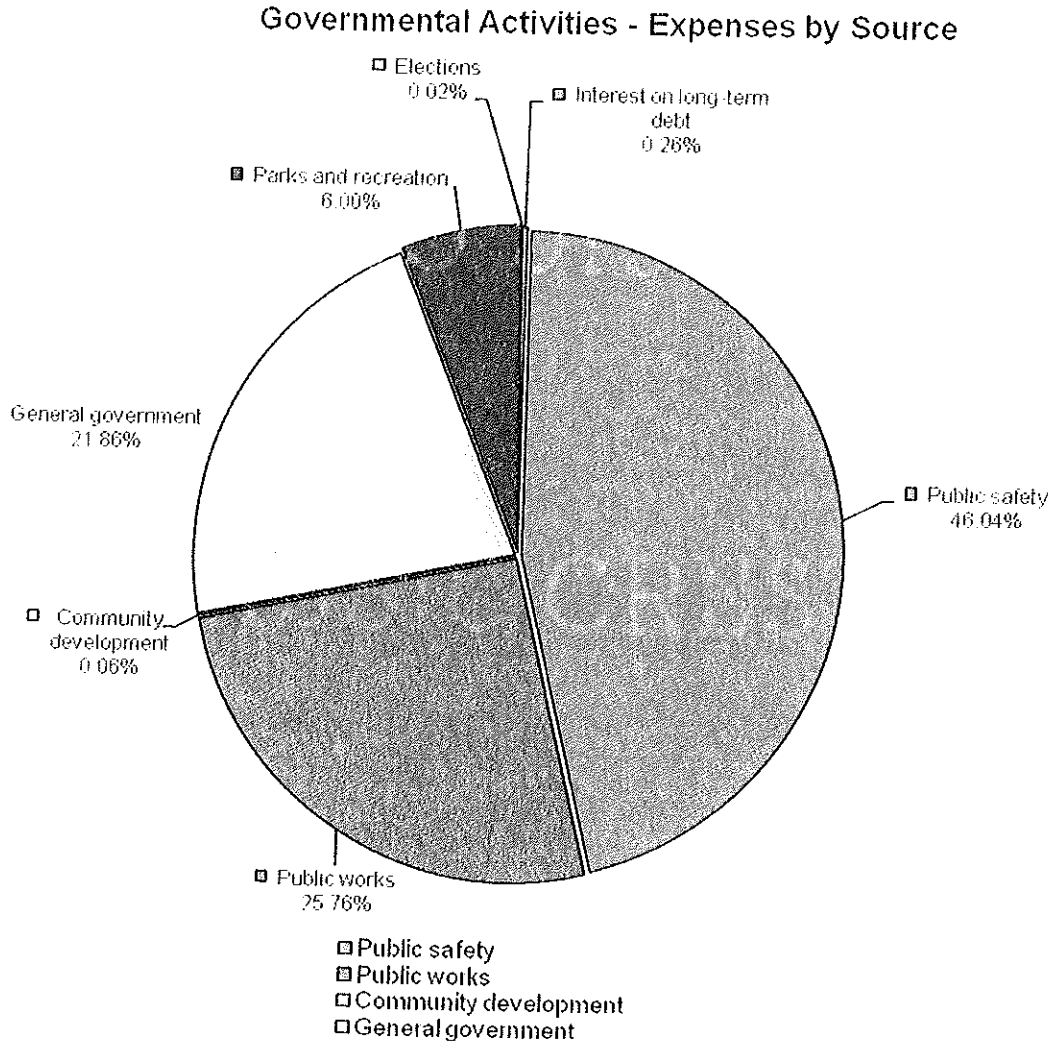
The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through transfers from the business-type activities. These transfers are 34.61% of the funding for the primary government. The second largest source of funding, property taxes only provided 23.97% of the Governmental Activities funding in 2009. Due to a slow economy and falling property values, the necessity for the Business-type activities to provide funding for the Governmental activities will increase in future years without an increase in other revenue sources and funding through grants and assistance from the Federal Government. For the year ended September 30, 2009, these transfers were $4.62 million.

Governmental Activities - Revenues by Source



Governmental Activities – Expenses by Source

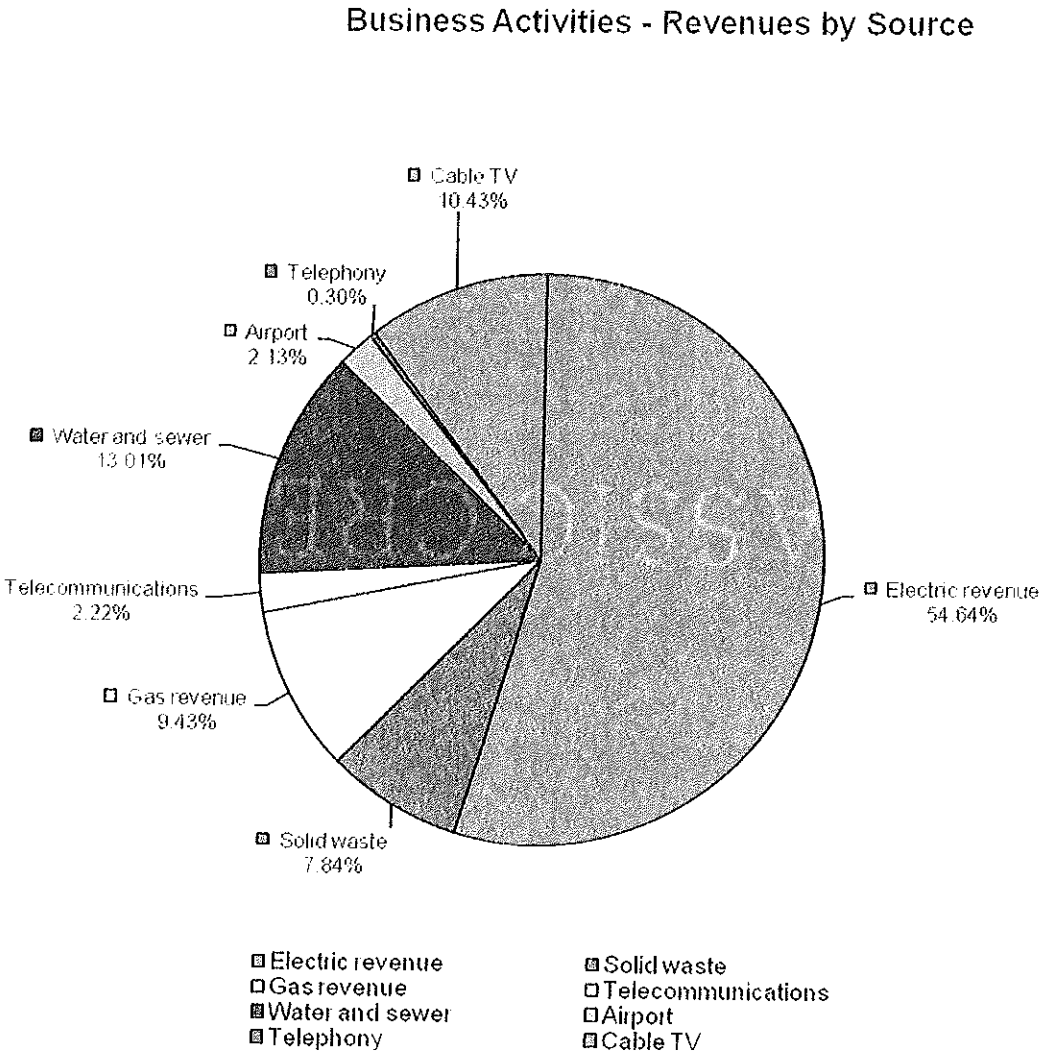
The following chart shows the governmental activities expenses by source. The City of Moultrie spent the greatest amount of its available funding on Public Safety at $6.24 million or 46.04%. The next largest governmental expense was for Public Works at $3.49 million or 25.76%.



## Program Revenues and Expenses for Business-Type Activities

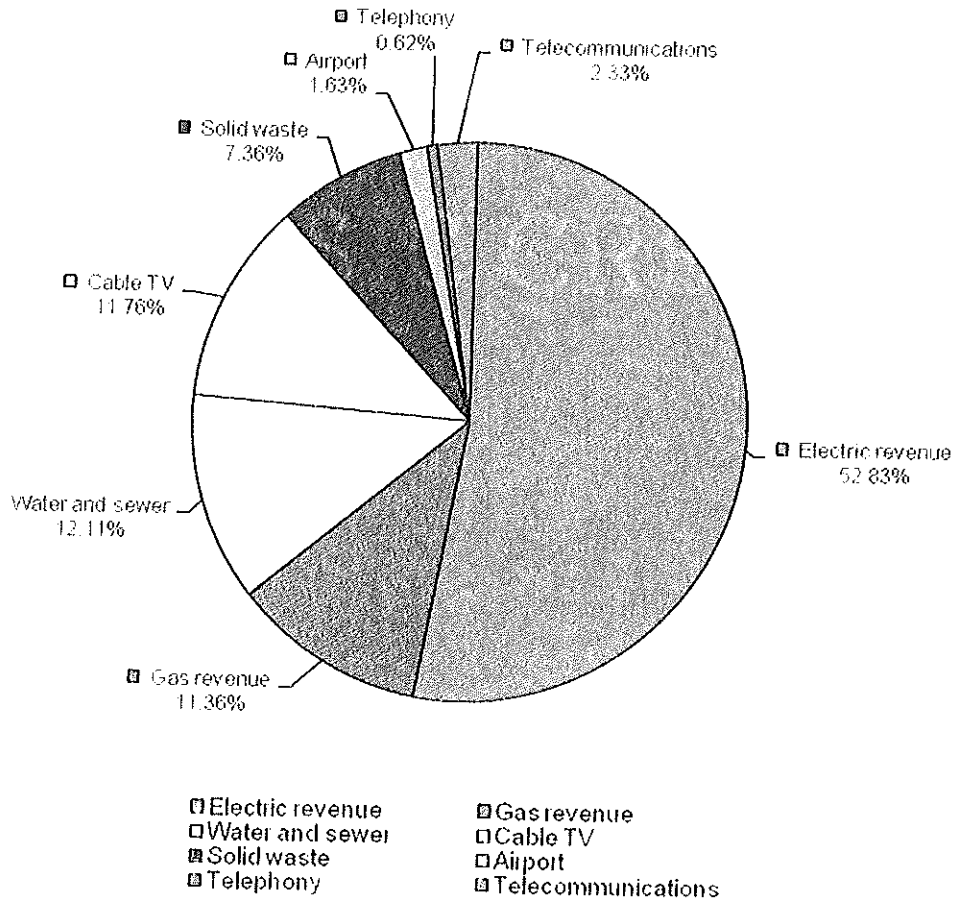
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Fund. More revenues by far (54.63%) or $19.68 million are generated by this Fund than all other business-type activity funds combined. The next largest business-type revenue source comes from the Water & Sewer Fund at 13% or $4.69 million.



Business-Type Activities – Expenses by Source

The Electric fund also has the largest amount of expenses as expected at 52.83% or $15.62 million but it generated profits of $3.99 million before its transfers to governmental activities.



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City of Moultrie has only one major governmental fund which is the General Fund. At September 30, 2009, the General Fund had a fund balance of $1.56 million. This is an increase of $367 thousand from the beginning fund balance as of October 1, 2008. The increase in the fund balance was due primarily to increased revenues from property taxes, other taxes and revenues as well as the primary source of revenues from intergovernmental transfers.

The fund balances for the other governmental funds increased by $203 thousand. The primary reasons for this increase were from the proceeds of intergovernmental revenues. The final fund balance for these funds was $3.44 million at the end of the year.

### Enterprise Funds

The Enterprise Funds, which include the City's Water & Sewer Fund, Electric Fund, Gas Fund, Cable TV Fund, and the non-major enterprise funds consisting of the Solid Waste, Airport, and Telecommunications Funds, showed a combined cash balance of $3.15 million for the year ended September 30, 2009. This was a decrease of $3.95 million from the previous year.

The Water and Sewer Fund had an ending cash balance of $2.41 million at September 30, 2009. This was a decrease of $3.38 million from the previous year due to a $6.58 million principal payment on water/sewer bonds under a restructuring of the Water & Sewer Fund's long term debt.

The Electric Fund had an ending cash balance of $169 thousand. This is an increase of $56 thousand from the previous year due to a change in transfers to the General Fund.

The Gas Fund had an ending cash balance of $666. Its cash balance decreased $217,451 from the beginning of the year due to reduced revenues and a continued transfer to the General Fund on the same level as the previous year.

The Cable TV Fund showed an ending cash balance of $152 thousand which is a decrease of $315 thousand from the beginning cash balance due to increasing bond payments paid on long term debt

The combined cash balance of the non-major enterprise funds at the end of the year was $418 thousand. This is a decrease of $94 thousand from the beginning cash balance. The decrease in cash balance is principally from the acquisition and construction of capital assets in the Solid Waste and Airport funds.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2009 related to the transfer of budgeted amounts between departments and did not result in additional appropriations.

The actual revenues of the General Fund exceeded the final budgeted amounts by $207 thousand for the year ended September 30, 2009. The major factors contributing to this difference were additional revenues from other taxes and other revenues.

The actual expenditures of the General Fund were less than final budgeted amounts by $368 thousand for the year ended September 30, 2009. The major factors contributing to this difference were a decrease in actual expenditures for public safety and public works which came in under the approved budget for the year by a combined total of $420 thousand.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2009, governmental activities and business-type activities had capital assets of $49.90 million (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased $11.91 million from the 2008 amount due to the purchase of vehicles, equipment and infrastructure improvements plus the retroactive reporting of infrastructure assets which increased the capital assets by $12.29 million. The net capital assets from business-type activities increased by $1.05 million from the prior year due to the construction of additional water and sewer projects and other infrastructure system improvements. There were also several major equipment expenditures during this period as well as the purchase of a new building to house all the utility services for the City.

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

### Long-term Debt

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

At September 30, 2009, the City had $1.28 million of outstanding long-term liabilities related to governmental activities and $11.82 million of long-term liabilities related to business-type activities for a total of $13.10 million compared to the previous year's total of $14.59 million. This is a decrease of $1.49 million as a result of payments toward the retirement of this debt.

The City's component unit also had $3.38 million in long-term debt outstanding in connection with Downtown Development Authority Revenue Bonds used to construct a United States Post Office and a Georgia Department of Labor. Under a lease agreement with the Postal Service, the Postal Service is to make rental payments to be used for the purpose of paying the principal and interest payments on the bonds until November of 2017. Under a lease agreement with the Department of Labor, the Department of Labor is to make rental payments to be used for the purpose of paying the principal and interest payments on the bonds for a period of twenty three years.

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

## FACTORS AFFECTING THE 2009 BUDGET

The Mayor and Council of the City of Moultrie considered many factors when approving the City's 2009 budget and are very aware of present economic conditions and their effect on its citizens. Because of a reevaluation of property values property tax collections increased in 2009 while Mayor and Council made no changes to the property tax rate for the year. General Fund expenses increased $1.245 million over 2008 while revenues for the same period decreased $1.167 million over the same period. While a decrease of Special Local option Sales tax proceeds attributed to $1.082 million of the reduced revenues and these revenues are restricted for special projects the impact is still felt by a negative change in net Assets for Governmental activities and this must be corrected. It will be very important to find other revenue sources in the coming years to slow the transfers from the business-type activities funds to the Governmental Activities Funds which will allow them to maintain positive balances themselves in the future. The use of capital leases and funding from grants will spread or reduce the City's expenses but there will also have to be reductions in the overall Governmental expenditures to make the necessary reductions in transfers possible and avoid any property tax increases to offset these reductions. A combination of rate increases and reductions in expenditures in the CNS Fund must be achieved to bring this fund back to a positive asset position and prevent additional borrowing from internal and external sources to keep it solvent in the future. In the present economic climate with the State and Federal Government passing more and more costs down to the City as they struggle to balance their budgets it will present some challenges for the City of Moultrie and its citizens in the future.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City Finance Department
City of Moultrie
P. O. Box 3368
Moultrie, Georgia 31776

*Basic Financial Statements*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF NET ASSETS
September 30, 2009

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 6,658,310 | $ 1,937,634 | $ 8,595,944 | $ 72,068 |
| Investments | - | 3,145,148 | 3,145,148 | - |
| Accounts receivable, net | 539,930 | 4,002,543 | 4,542,473 | 17,903 |
| Property tax receivable | 2,805,942 | - | 2,805,942 | - |
| Inventories | 103,240 | 1,705,890 | 1,809,130 | - |
| Other current assets | 213,633 | 94,089 | 307,722 | 1,832 |
| Due from other governments | 25,764 | - | 25,764 | - |
| Due from component unit | - | - | - | - |
| Internal balances | (2,288,506) | 2,288,506 | - | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 331,724 | 1,213,240 | 1,544,964 | 218,884 |
| Investments | - | 873,840 | 873,840 | - |
| Sales tax receivable | 66,266 | - | 66,266 | - |
| Program receivables | 581,522 | - | 581,522 | - |
| Investment in SGBDA | - | 1,040,466 | 1,040,466 | - |
| Other noncurrent assets | 441,051 | - | 441,051 | 116,219 |
| Capital assets: | | | | |
| Land | 1,394,670 | 1,282,470 | 2,677,140 | 709,191 |
| Construction in progress | - | - | - | - |
| Other capital assets, net of accumulated depreciation | 24,441,669 | 22,776,645 | 47,218,314 | 2,776,243 |
| Total assets | 35,315,215 | 40,360,471 | 75,675,686 | 3,912,340 |
| **LIABILITIES** | | | | |
| Accounts payable | 470,547 | 1,920,625 | 2,391,172 | - |
| Accrued expenses | 137,381 | 264,275 | 401,656 | 78,969 |
| Lines of Credit | - | 910,000 | 910,000 | - |
| Customer deposits | - | 629,082 | 629,082 | - |
| Deferred revenues | 3,088,655 | - | 3,088,655 | - |
| Due to other governments | 289,151 | - | 289,151 | - |
| Due to primary government | - | - | - | - |
| Liabilities payable from restricted assets | 47,269 | 1,315,000 | 1,362,269 | - |
| Short-term notes payable | - | 560,000 | 560,000 | - |
| Long-term liabilities: | | | | |
| Due within one year | 270,302 | 143,859 | 414,161 | 200,000 |
| Due in more than one year | 1,005,829 | 11,673,775 | 12,679,604 | 3,177,180 |
| Total liabilities | 5,309,134 | 17,416,616 | 22,725,750 | 3,456,149 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 24,605,810 | 9,588,292 | 34,194,102 | 108,254 |
| Restricted for: | | | | |
| Debt service | - | - | - | - |
| Capital projects | 3,238,383 | - | 3,238,383 | - |
| Public services | 23,232 | - | 23,232 | - |
| Unrestricted (deficit) | 2,138,656 | 13,355,563 | 15,494,219 | 347,937 |
| Total net assets | $ 30,006,081 | $ 22,943,855 | $ 52,949,936 | $ 456,191 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

| Functions / Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 2,960,942 | $ 543,946 | $ 403,050 | $ 5,593 | $ (2,008,353) |
| Public safety | 6,237,582 | 40,427 | 52,690 | - | (6,144,465) |
| Public works | 3,490,153 | - | - | - | (3,490,153) |
| Parks and recreation | 812,989 | 113,253 | 692,025 | - | (7,711) |
| Community development | 7,683 | - | - | - | (7,683) |
| Elections | 2,700 | - | - | - | (2,700) |
| Interest on long-term debt | 35,893 | - | - | - | (35,893) |
| Total governmental activities | 13,547,942 | 697,626 | 1,147,765 | 5,593 | (11,696,958) |
| Business-type activities: | | | | | |
| Water and sewer | 3,583,043 | 4,627,241 | - | - | 1,044,198 |
| Electric revenue | 15,624,313 | 19,617,239 | 57,874 | - | 4,050,800 |
| Gas revenue | 3,359,232 | 3,394,557 | - | - | 35,325 |
| Cable TV | 3,476,950 | 3,731,102 | - | - | 254,152 |
| Solid waste | 2,177,401 | 2,676,574 | 147,984 | - | 647,157 |
| Airport | 481,619 | 768,490 | - | - | 286,871 |
| Telecommunications | 689,150 | 796,694 | - | - | 107,544 |
| Warehouse | 183,829 | 108,967 | - | - | (74,862) |
| Total business-type activities | 29,575,537 | 35,720,864 | 205,858 | - | 6,351,185 |
| Total primary government | 43,123,479 | 36,418,490 | 1,353,623 | 5,593 | (5,345,773) |
| Component unit: | | | | | |
| Downtown Development Authority | $ 440,214 | $ 846,870 | $ - | $ - | $ 406,656 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF ACTIVITIES (continued)
For the Year Ended September 30, 2009

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| Change in net assets: | | | | |
| Net (expense) revenue | $ (11,696,958) | $ 6,351,185 | $ (5,345,773) | $ 406,656 |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | 3,201,803 | - | 3,201,803 | - |
| Local option sales taxes | 1,035,045 | - | 1,035,045 | - |
| Other taxes | 2,075,091 | - | 2,075,091 | - |
| Investment income | 79,579 | 67,601 | 147,180 | 6,980 |
| Gain (loss) on disposal of capital assets | - | 23,830 | 23,830 | - |
| Other revenues | 490,214 | - | 490,214 | - |
| Transfers | 4,622,849 | (4,622,849) | - | - |
| Total general revenues and transfers | 11,504,581 | (4,531,418) | 6,973,163 | 6,980 |
| Change in net assets | (192,377) | 1,819,767 | 1,627,390 | 413,636 |
| Net assets, beginning of year (restated) | 30,198,458 | 21,124,088 | 51,322,546 | 42,555 |
| Net assets, end of year | $ 30,006,081 | $ 22,943,855 | $ 52,949,936 | $ 456,191 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 4,193,778 | $ 2,464,532 | $ 6,658,310 |
| Investments | - | - | - |
| Accounts receivable, net | 332,120 | - | 332,120 |
| Property tax receivable | 2,805,942 | - | 2,805,942 |
| Inventories | 87,766 | - | 87,766 |
| Other current assets | 202,887 | 1,315 | 204,202 |
| Due from other governments | 25,764 | - | 25,764 |
| Due from component unit | - | - | - |
| Due from general fund | - | 188,744 | 188,744 |
| Due from other funds | 1,444,256 | 100 | 1,444,356 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 331,724 | 331,724 |
| Investments | - | - | - |
| Sales tax receivable | 66,266 | - | 66,266 |
| Program receivables | - | 581,522 | 581,522 |
| Total assets | 9,158,779 | 3,567,937 | 12,726,716 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities | | | |
| Accounts payable | 393,951 | 4,153 | 398,104 |
| Accrued expenses | 113,763 | 2,202 | 115,965 |
| Customer deposits | - | - | - |
| Deferred revenues | 3,015,678 | 72,977 | 3,088,655 |
| Due to other governments | 289,151 | - | 289,151 |
| Due to General Fund | - | 770 | 770 |
| Due to other funds | 3,787,671 | 1,629 | 3,789,300 |
| Liabilities payable from restricted assets | - | 47,269 | 47,269 |
| Total liabilities | 7,600,214 | 129,000 | 7,729,214 |
| Fund balances | | | |
| Reserved for: | | | |
| Debt service | - | - | - |
| Specific projects | - | 984,083 | 984,083 |
| Public services | - | 46,464 | 46,464 |
| Unreserved (deficit), reported in | | | |
| General Fund | 1,558,565 | - | 1,558,565 |
| Capital projects funds | - | 2,408,390 | 2,408,390 |
| Total fund balances (deficit) | 1,558,565 | 3,438,937 | 4,997,502 |
| Total liabilities and fund balances (deficit) | $ 9,158,779 | $ 3,567,937 | $ 12,726,716 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2009

| | | |
|---|---|---|
| Total governmental fund balances | $ | 4,997,502 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 25,836,339 |
| Net pension asset that is not a financial asset in governmental activities and therefore not reported in governmental funds | | 441,051 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets. | | 12,637 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Accrued expenses | | (5,317) |
| Capital leases | | (660,283) |
| Notes payable | | (582,883) |
| Compensated absences | | (32,965) |
| Net assets of governmental activities | $ | 30,006,081 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 3,201,803 | $ - | $ 3,201,803 |
| Local option sales taxes | - | - | - |
| Other taxes and licenses | 1,925,744 | 149,347 | 2,075,091 |
| Fines, forfeitures and fees | 543,946 | - | 543,946 |
| Charges for services | 153,680 | - | 153,680 |
| Investment income | 41,186 | 38,393 | 79,579 |
| Intergovernmental | 778,028 | 1,410,375 | 2,188,403 |
| Other revenues | 407,661 | 37,760 | 445,421 |
| Total revenues | 7,052,048 | 1,635,875 | 8,687,923 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 2,349,248 | 220,577 | 2,569,825 |
| Public safety | 6,034,347 | - | 6,034,347 |
| Public works | 2,589,902 | - | 2,589,902 |
| Parks and recreation | 802,567 | - | 802,567 |
| Capital outlays | - | 1,106,001 | 1,106,001 |
| Debt service: | | | |
| Principal | 156,233 | - | 156,233 |
| Interest | 35,893 | - | 35,893 |
| Total expenditures | 11,968,190 | 1,326,578 | 13,294,768 |
| Excess (deficiency) of revenues over expenditures | (4,916,142) | 309,297 | (4,606,845) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers from other funds | 5,122,527 | 21,727 | 5,144,254 |
| Transfers to other funds | (393,000) | (128,405) | (521,405) |
| Sale of capital assets | - | - | - |
| Long - term debt issued | 553,634 | - | 553,634 |
| Total other financing sources (uses) | 5,283,161 | (106,678) | 5,176,483 |
| Net change in fund balances | 367,019 | 202,619 | 569,638 |
| Fund balances (deficit), beginning of year | 1,191,546 | 3,236,318 | 4,427,864 |
| Fund balances (deficit), end of year | $ 1,558,565 | $ 3,438,937 | $ 4,997,502 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA

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

For the Year Ended September 30, 2009

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 569,638 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. | | |
| Capital asset purchases capitalized | | 1,269,513 |
| Capital asset disposals | | (1,437,220) |
| Depreciation expense | | (1,347,400) |
| Loss on disposal of capital assets | | 1,128,814 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Debt issued | | (553,634) |
| Debt payments made | | 156,233 |
| 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. | | |
| Increase in net pension obligation | | 44,793 |
| Increase in compensated absences | | (23,114) |
| Change in net assets of governmental activities | $ | (192,377) |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2009

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ 3,227,096 | $ 3,227,096 | $ 3,201,803 | $ (25,293) |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | 1,884,792 | 1,884,792 | 1,925,744 | 40,952 |
| Fines, forfeitures and fees | 644,892 | 644,892 | 543,946 | (100,946) |
| Charges for services | 134,220 | 134,220 | 153,680 | 19,460 |
| Investment income | 27,500 | 27,500 | 41,186 | 13,686 |
| Intergovernmental | 764,820 | 764,820 | 778,028 | 13,208 |
| Other revenues | 161,741 | 161,741 | 407,661 | 245,920 |
| Total revenues | 6,845,061 | 6,845,061 | 7,052,048 | 206,987 |
| **EXPENDITURES** | | | | |
| **Current:** | | | | |
| **General government** | | | | |
| City council | 838,798 | 838,798 | 799,614 | 39,184 |
| City manager | 214,323 | 214,323 | 220,910 | (6,587) |
| Finance | 348,983 | 348,983 | 343,735 | 5,248 |
| Purchasing | 149,061 | 149,061 | 150,560 | (1,499) |
| Legal | - | - | - | - |
| Information systems | - | - | - | - |
| Municipal court | - | - | - | - |
| Human resources | 177,914 | 177,914 | 203,990 | (26,076) |
| City hall | 54,962 | 54,962 | 48,807 | 6,155 |
| Main street program | 237,269 | 237,269 | 226,512 | 10,757 |
| Engineering | 358,552 | 358,552 | 355,120 | 3,432 |
| Garage | - | - | - | - |
| Total general government | 2,379,862 | 2,379,862 | 2,349,248 | 30,614 |
| **Public safety** | | | | |
| Police | 3,220,346 | 3,220,346 | 3,029,319 | 191,027 |
| Fire | 2,676,699 | 2,676,699 | 2,644,516 | 32,183 |
| Planning and zoning | 421,085 | 421,085 | 360,512 | 60,573 |
| Total public safety | 6,318,130 | 6,318,130 | 6,034,347 | 283,783 |
| **Public works** | | | | |
| Office of the director | 180,162 | 180,162 | 180,828 | (666) |
| Streets and sidewalks | 1,456,343 | 1,456,343 | 1,423,409 | 32,934 |
| Beautification | 1,089,292 | 1,089,292 | 985,665 | 103,627 |
| Total public works | 2,725,797 | 2,725,797 | 2,589,902 | 135,895 |
| **Parks and recreation** | | | | |
| Recreation | 912,034 | 912,034 | 783,132 | 128,902 |
| Parks and cemetery | - | - | 19,435 | (19,435) |
| Northwest Community Center | - | - | - | - |
| Total parks and recreation | 912,034 | 912,034 | 802,567 | 109,467 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2009

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **Debt service:** | | | | |
| Principal | - | - | 156,233 | (156,233) |
| Interest | - | - | 35,893 | (35,893) |
| Total expenditures | 12,335,823 | 12,335,823 | 11,968,190 | 367,633 |
| Excess (deficiency) of revenues over expenditures | (5,490,762) | (5,490,762) | (4,916,142) | 574,620 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds | 4,521,795 | 4,521,795 | 5,122,527 | 600,732 |
| Transfers to other funds | - | - | (393,000) | (393,000) |
| Sale of capital assets | - | - | - | - |
| Long - term debt issued | - | - | 553,634 | 553,634 |
| Total other financing sources (uses) | 4,521,795 | 4,521,795 | 5,283,161 | 761,366 |
| Net change in fund balances | (968,967) | (968,967) | 367,019 | 1,335,986 |
| Fund balances (deficit), beginning of year | 1,191,546 | 1,191,546 | 1,191,546 | - |
| Fund balances (deficit), end of year | $ 222,579 | 222,579 | $ 1,558,565 | $ 1,335,986 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF NET ASSETS
## PROPRIETARY FUNDS
September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | Governmental Activity |
|---|---|---|---|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund | Cable TV Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| **ASSETS** | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | $ 1,368,059 | $ - | $ - | $ 151,685 | $ 417,890 | $ 1,937,634 | $ - |
| Investments | - | 3,145,148 | - | - | - | 3,145,148 | - |
| Accounts receivable, net | 649,430 | 2,531,472 | 237,579 | 374,223 | 417,649 | 4,210,353 | 207,810 |
| Inventories | 207,495 | 1,139,413 | 200,040 | 136,184 | 38,232 | 1,721,364 | 15,474 |
| Other current assets | 25,210 | 18,798 | 5,117 | 5,223 | 49,172 | 103,520 | 9,431 |
| Total current assets | 2,250,194 | 6,834,831 | 442,736 | 667,315 | 922,943 | 11,118,019 | 232,715 |
| Non - current assets | | | | | | | |
| Due from general fund | 225,256 | 1,084,310 | 92,647 | 23 | 2,196,691 | 3,598,927 | - |
| Due from other funds | 1,567,451 | 3,571,277 | 150,000 | - | 1,456,043 | 6,744,771 | 1,147,498 |
| Due from component unit | - | - | - | - | - | - | - |
| Investment in SGBDA | - | - | - | 1,040,466 | - | 1,040,466 | - |
| Restricted assets - cash | 1,043,055 | 169,519 | 666 | - | - | 1,213,240 | - |
| Restricted assets - investments | - | - | - | 873,840 | - | 873,840 | - |
| Capital assets: | | | | | | | |
| Land | 80,027 | 1,112,569 | 89,874 | - | - | 1,282,470 | - |
| Construction in progress | - | - | - | - | - | - | - |
| Other capital assets, net of accumulated depreciation | 8,771,044 | 5,305,903 | 347,075 | 6,086,282 | 2,266,341 | 22,776,645 | - |
| Total non - current assets | 11,686,833 | 11,243,578 | 680,262 | 8,000,611 | 5,919,075 | 37,530,359 | 1,147,498 |
| Total assets | 13,937,027 | 18,078,409 | 1,122,998 | 8,667,926 | 6,842,018 | 48,648,378 | 1,380,213 |
| **LIABILITIES** | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | 79,634 | 1,300,551 | 172,432 | 237,868 | 202,584 | 1,993,069 | 72,443 |
| Accrued expenses | 149,284 | 14,841 | 5,085 | 77,939 | 33,225 | 280,374 | 16,099 |
| Lines of credit | - | - | - | 910,000 | - | 910,000 | - |
| Short - term notes payable | | 560,000 | | | | 560,000 | |
| Current portion of long - term debt | 80,171 | - | - | - | 70,803 | 150,974 | 7,115 |
| Customer deposits | - | - | - | - | 629,082 | 629,082 | - |
| Due to other governments | - | - | - | - | - | - | - |
| Due to general fund | 36,843 | 87,309 | 7,636 | - | 1,311,598 | 1,443,386 | 1,277,295 |
| Due to other funds | 1,102,301 | 1,638,151 | 236,830 | 2,897,854 | 868,205 | 6,743,341 | 1,739 |
| Liabilities payable from restricted assets: | | | | | | | |
| Current portion of long - term debt | 550,000 | - | - | 765,000 | - | 1,315,000 | - |
| Total current liabilities | 1,998,233 | 3,600,852 | 421,983 | 4,888,661 | 3,115,497 | 14,025,226 | 1,374,691 |
| Long - term debt, net of current portion | 4,819,798 | - | - | 6,465,249 | 289,250 | 11,574,297 | 5,522 |
| Other liabilities - environmental remediation | 105,000 | - | - | - | - | 105,000 | - |
| Total liabilities | 6,923,031 | 3,600,852 | 421,983 | 11,353,910 | 3,404,747 | 25,704,523 | 1,380,213 |
| **NET ASSETS** | | | | | | | |
| Invested in capital assets, net of related debt | 3,284,345 | 5,999,464 | 436,949 | (2,053,967) | 1,921,501 | 9,588,292 | - |
| Restricted for debt service | - | - | - | - | - | - | - |
| Unrestricted (deficit) | 3,729,651 | 8,478,093 | 264,066 | (632,017) | 1,515,770 | 13,355,563 | - |
| Total net assets | $ 7,013,996 | $ 14,477,557 | $ 701,015 | $ (2,685,984) | $ 3,437,271 | $ 22,943,855 | $ - |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | Governmental Activity |
|---|---|---|---|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund | Cable TV Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| **OPERATING REVENUES** | | | | | | | |
| Utility revenues | $ - | $ 19,617,239 | $ 3,394,557 | $ - | $ - | $ 23,011,796 | $ - |
| Charges for services | 4,627,241 | - | - | 3,731,102 | 4,350,725 | 12,709,068 | 1,300,502 |
| Intergovernmental | - | 57,874 | - | - | 147,984 | 205,858 | - |
| Total operating revenues | 4,627,241 | 19,675,113 | 3,394,557 | 3,731,102 | 4,498,709 | 35,926,722 | 1,300,502 |
| **OPERATING EXPENSES** | | | | | | | |
| Salaries and wages | 744,066 | 743,115 | 205,695 | - | 634,629 | 2,327,505 | 486,118 |
| Operating, administrative and maintenance | 1,553,397 | 14,461,021 | 3,084,228 | 2,667,564 | 2,586,259 | 24,352,469 | 814,236 |
| Depreciation | 675,219 | 420,177 | 69,309 | 401,085 | 297,886 | 1,863,676 | - |
| Total operating expenses | 2,972,682 | 15,624,313 | 3,359,232 | 3,068,649 | 3,518,774 | 28,543,650 | 1,300,354 |
| Operating income (loss) | 1,654,559 | 4,050,800 | 35,325 | 662,453 | 979,935 | 7,383,072 | 148 |
| **NON - OPERATING INCOME (EXPENSES)** | | | | | | | |
| Interest income | 58,004 | 3,315 | 3,207 | 1,549 | 1,526 | 67,601 | - |
| Interest expense | (610,361) | - | - | (408,301) | (13,225) | (1,031,887) | (148) |
| Gain (loss) on disposal of capital assets | - | - | - | 23,830 | - | 23,830 | - |
| Income (loss) before contributions and transfers | 1,102,202 | 4,054,115 | 38,532 | 279,531 | 968,236 | 6,442,616 | - |
| Capital contributions | - | - | - | - | - | - | - |
| Transfers from other funds | 13,616 | 309,200 | 3,088 | - | 142,639 | 468,543 | - |
| Transfers to other funds | (1,114,140) | (2,837,716) | (551,113) | (273,752) | (314,671) | (5,091,392) | - |
| Change in net assets | 1,678 | 1,525,599 | (509,493) | 5,779 | 796,204 | 1,819,767 | - |
| Net assets (deficit), beginning of year | 7,012,318 | 12,951,958 | 1,210,508 | (2,691,763) | 2,641,067 | 21,124,088 | - |
| Net assets (deficit), end of year | $ 7,013,996 | $ 14,477,557 | $ 701,015 | $ (2,685,984) | $ 3,437,271 | $ 22,943,855 | $ - |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | Governmental Activity |
|---|---|---|---|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund | Cable TV Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | |
| Cash received from customers and users | $ 5,081,455 | $ 18,920,189 | $ 3,492,699 | $ 3,790,893 | $ 4,334,442 | $ 35,619,678 | $ 1,281,579 |
| Other operating receipts | - | 57,874 | - | - | 147,984 | 205,858 | - |
| Cash payments to employees | (737,975) | (742,768) | (204,029) | - | (634,653) | (2,319,425) | (564,462) |
| Cash payments to suppliers | (1,522,966) | (14,878,169) | (3,112,829) | (2,754,052) | (2,637,109) | (24,905,125) | (250,840) |
| Net cash provided (used) by operating activities | 2,820,514 | 3,357,126 | 175,841 | 1,036,841 | 1,210,664 | 8,600,986 | 466,277 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | | | | |
| Transfers from other funds | 13,616 | 309,200 | 3,088 | - | 142,639 | 468,543 | - |
| Transfers to other funds | (1,114,140) | (2,837,716) | (551,113) | (273,752) | (314,671) | (5,091,392) | - |
| Net change in due from general fund | (180,729) | (1,084,310) | (93,387) | (23) | (691,110) | (2,049,559) | - |
| Net change in due from other funds | (1,567,451) | 816,394 | 456,229 | - | (121,374) | (416,202) | (414,488) |
| Net change in due from component unit | - | - | - | - | - | - | - |
| Net change in due to general fund | - | (696) | - | - | 34,300 | 33,604 | (69,552) |
| Net change in due to other funds | (1,085,249) | 1,618,568 | (142,586) | 55,229 | 243,129 | 689,091 | 5,274 |
| Net cash provided (used) by noncapital financing activities | (3,933,953) | (1,178,560) | (327,769) | (218,546) | (707,087) | (6,365,915) | (478,766) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | | | |
| Proceeds from issuance of long - term debt | 5,440,000 | 560,000 | - | - | - | 6,000,000 | 15,380 |
| Proceeds from sale of assets | - | - | - | - | - | - | - |
| Proceeds from capital contributions | - | - | - | - | - | - | - |
| Acquisition and construction of capital assets | (572,043) | (1,246,975) | (68,730) | (67,027) | (517,970) | (2,472,745) | - |
| Principal payments on long - term debt | (6,582,820) | - | - | (719,483) | (68,427) | (7,370,730) | (2,743) |
| Interest paid | (610,361) | - | - | (348,590) | (13,225) | (972,176) | (148) |
| Net cash provided (used) by capital and related financing activities | (2,325,224) | (686,975) | (68,730) | (1,135,100) | (599,622) | (4,815,651) | 12,489 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | |
| Proceeds from sale of investments | - | 477,157 | - | - | - | 477,157 | - |
| Purchase of investments | - | (1,915,964) | - | - | - | (1,915,964) | - |
| Loan disbursements | - | - | - | - | - | - | - |
| Interest received | 58,004 | 3,315 | 3,207 | 1,549 | 1,526 | 67,601 | - |
| Net cash provided (used) by investing activities | 58,004 | (1,435,492) | 3,207 | 1,549 | 1,526 | (1,371,206) | - |
| Net increase (decrease) in cash and cash equivalents | (3,380,659) | 56,099 | (217,451) | (315,256) | (94,519) | (3,951,786) | - |
| Cash and cash equivalents, beginning of year | 5,791,773 | 113,420 | 218,117 | 466,941 | 512,409 | 7,102,660 | - |
| Cash and cash equivalents, end of year | $ 2,411,114 | $ 169,519 | $ 666 | $ 151,685 | $ 417,890 | $ 3,150,874 | $ - |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | Governmental Activity |
|---|---|---|---|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund | Cable TV Fund | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| **RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | | | | |
| Operating income (loss) | $ 1,654,559 | $ 4,050,800 | $ 35,325 | $ 662,453 | $ 979,935 | $ 7,383,072 | $ 148 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation | 675,219 | 420,177 | 69,309 | 401,085 | 297,886 | 1,863,676 | - |
| Unrealized (gain) loss on investment | 538,770 | (14,237) | - | - | - | 524,533 | - |
| Changes in assets and liabilities: | | | | | | | |
| (Increase) decrease in: | | | | | | | |
| Accounts receivable | (121,399) | (742,177) | 91,279 | 4,109 | (41,119) | (809,307) | (18,923) |
| Deferred charges | 131,115 | - | - | - | - | 131,115 | - |
| Inventories | - | (55,103) | 47,959 | - | (22,758) | (29,902) | 456,097 |
| Other current assets | 13,445 | (1,025) | 812 | (1,717) | 2,819 | 14,334 | - |
| Due from general fund | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - |
| Due from component unit | - | - | - | - | - | - | - |
| Increase (decrease) in: | | | | | | | |
| Accounts payable | (114,129) | 66,046 | (78,112) | (29,089) | (28,361) | (183,645) | 25,064 |
| Accrued expenses | 6,091 | 347 | 1,666 | - | 23,660 | 31,764 | 3,891 |
| Due to general fund | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Net cash provided (used) by operating activities | $ 2,783,671 | $ 3,724,828 | $ 168,238 | $ 1,036,841 | $ 1,212,062 | $ 8,925,640 | $ 466,277 |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009

| | Pension Trust Fund | Agency Fund-Municipal Court |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,560,901 | $ 55,973 |
| Investments: | | |
| U.S. Government securities | 959,117 | - |
| Corporate bonds | 1,333,610 | - |
| Municipal bonds | 2,088,112 | - |
| Equities - common stock | 2,668,154 | - |
| Mutual funds | 1,070,977 | - |
| Certificate of deposit | 335,559 | - |
| Receivables: | | |
| Accounts receivable, net | - | - |
| Employer and employee's contribution | - | - |
| Accrued investment income | 81,881 | - |
| Total assets | 10,098,311 | 55,973 |
| **LIABILITIES** | | |
| Settlements payable | - | - |
| Due to others | - | 56,631 |
| Total liabilities | - | 56,631 |
| **NET ASSETS** | | |
| Held in trust for pension benefits (a schedule of funding progress is presented in the notes to financial statements) | $ 10,098,311 | $ (658) |

*See accompanying notes to financial statements.*

## CITY OF MOULTRIE, GEORGIA
## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
## FIDUCIARY FUND
For the Year Ended September 30, 2009

| | Pension Trust Fund |
|---|---|
| **ADDITIONS** | |
| Contributions | |
| Employer | $ 283,924 |
| Participants | 283,924 |
| Total contributions | 567,848 |
| Investment income | |
| Net appreciation in fair value of investments | - |
| Interest and dividends | 405,360 |
| Less - investment expenses | (69,912) |
| Net investment income | 335,448 |
| Total additions | 903,296 |
| **DEDUCTIONS** | |
| Net depreciation in fair value of investments | 95,779 |
| Pension benefits paid | 474,321 |
| Administrative expenses | 17,881 |
| Total deductions | 587,981 |
| Net increase | 315,315 |
| Net assets held in trust for pension benefits | |
| Beginning of year | 9,782,996 |
| End of Year | $ 10,098,311 |

*See accompanying notes to financial statements.*

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### I. Reporting Entity

The City of Moultrie was created in December, 1879, under the provisions of an act by the General Assembly of the State of Georgia. The City's Charter provides for a Council/Manager form of government. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the city government. The legislative authority of the City is vested in the Mayor and six Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire), public works, airport, recreation, animal control, emergency management and public utilities (water and sewer, gas, electric, solid waste and cable TV).

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

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

Downtown Development Authority of the City of Moultrie

The Downtown Development Authority of the City of Moultrie (the Authority) plans and develops the downtown area of the City in order to attract new business and residences. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not issued.

### II. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, 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.

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

### Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

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

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

### Fund Financial Statements

*Governmental Fund* financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net

current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues to be available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

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

Additionally, the City reports the following governmental fund types:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

*Fiduciary Funds* are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City reports the following fiduciary funds:

> The *Pension Trust Fund* is used to account for the activities of the City's Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees.
>
> The *Municipal Court Agency Fund* is used to account for assets held by the County as an agent for individuals, private organizations, other governments, and the County departments.

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

When 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.

Budgets

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

Cash and Cash Equivalents

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

Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government agencies, the State of Georgia, other counties, municipal corporations and political subdivisions of the State of Georgia, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

Receivables

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

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

Inventories

Inventory in enterprise funds is valued at the lower of cost or market. Inventory in the General Fund is valued at cost and consists of expendable supplies held for consumption. The City accounts for inventory on the purchase basis.

Prepaid Items

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

Interfund Receivables / Payables

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

Restricted Assets

Proceeds from certain revenues and other resources in the General Fund, Special Revenue Funds and Capital Projects Funds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable statutes or agreements. The Water and Sewer Fund and Cable TV Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources, consisting of cash and temporary investments that can be used only to service outstanding debt.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold at $1,000 for reporting capital assets and infrastructure assets. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the year ended September 30, 2009, $116,219 of interest was capitalized within the component unit.

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

*Governmental Assets:*

| | |
|---|---|
| Buildings and improvements | 50 years |
| Machinery and equipment | 5 – 15 years |
| Infrastructure | 25 years |

*Business-type Assets:*

| | |
|---|---|
| Buildings | 5 – 50 years |
| Improvements other than buildings | 2 – 50 years |
| Machinery and equipment | 3 – 50 years |

Compensated Absences

City employees accrue vacation in different amounts, according to the number of years of service. Employees under ten years of service accrue two weeks of vacation each year. Upon reaching ten years of service, employees can accrue three weeks per year. These days can be taken either by time off or by payment upon retirement. (Employees who are terminated forfeit all vacation time they have not taken at the time of termination.)

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination if termination is by manner other than death or retirement. Employees can accrue up to a maximum of 960 hours of sick leave and will be paid up to 65% of the hours accrued at the time of retirement based on the age of the employee at retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when it is expected to be liquidated with expendable available resources.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Pursuant to GASB Statement of Accounting Standards No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the Plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements.

Long-Term Obligations

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

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

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserved fund balances represent those portions of fund equity legally segregated for a specific future use or otherwise not appropriable for expenditure. Designated fund balances represent tentative management plans for future use of financial resources that are subject to change.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At September 30, 2009, there were no encumbrances outstanding.

Use of Estimates

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

Subsequent Events

The City adopted the provisions of Statement of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 855-10, Subsequent Events effective December 31, 2009. FASB ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The City has performed an evaluation of subsequent events, as defined under FASB ASC 855-10, through May 25, 2010, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that are required to be adjusted to, or disclosed in, the financial statements.

## NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

### I. Budget Process

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

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

1) Budget requests are completed in July.
2) Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council in August.
3) Public hearings on the proposed budget are held in August and September.
4) The budget is legally adopted by the Mayor and the City Council in September.
5) All budget revisions must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of $5,000 between object categories within departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the object category level. Revisions that alter the total expenditures of any department or fund must be approved by the City Council.
6) Formal budgetary integration is employed as a management control device during the year for the

General Fund, Special Revenue Fund, Capital Projects Funds and the Enterprise Funds.

7) Budgets for the General Fund, Special Revenue Fund and the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**II. Capital Projects Budget**

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

**III. Excess of Expenditures Over Appropriations in Individual Funds**

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended September 30, 2009:

| Department | | Excess of Expenditures Over Budgeted Amounts |
|---|---|---|
| City Manager | $ | 6,587 |
| Purchasing | $ | 1,499 |
| Human Resources | $ | 26,076 |
| Public Works | $ | 666 |
| Parks and Cemetery | $ | 19,435 |
| Debt Service | $ | 192,126 |
| Transfer to Other Funds | $ | 393,000 |

These over expenditures were funded by greater than anticipated revenues, transfers and by available fund balance.

The following funds had deficit fund balances / retained earnings as of September 30, 2009:

| Fund | | Deficit |
|---|---|---|
| Cable TV Fund | $ | 2,685,984 |
| Telephony Fund | $ | 76,260 |

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

**NOTE C - DEPOSITS AND INVESTMENTS**

**I. Cash on Deposit**

The City's deposits include cash on deposit with financial institutions, cash equivalents, including money market accounts, and cash invested in the State of Georgia's local government investment pool, Georgia Fund 1. Cash equivalents subject to federal and state depository insurance are classified as deposits. For cash deposits, the bank balance is classified into three categories of credit risk:

1) Cash that is insured or collateralized with securities held by the government or by its agent in the government's name.

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

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to or not less than 100 percent of the deposited public funds.

As of September 30, 2009, the carrying amount of the City's deposits was $11,728,766 and the bank balance was $10,367,166. The deposits were classified as follows:

| | *Category* | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | Total |
| Bank balance | $ 593,174 | $ 9,773,992 | $ -- | $ 10,367,166 |

As of September 30, 2009, the carrying amount of deposits for the Downtown Development Authority was $290,952 and the bank balances were $293,236. The deposits were classified as follows:

| | *Category* | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | Total |
| Bank balance | $ 293,236 | $ -- | $ -- | $ 293,236 |

**II. Investments**

The City's investment policies are authorized by State Statutes and City Ordinances. Permissible investments include securities of the United States Treasury, agencies and instrumentalities, repurchase agreements and the Georgia Fund 1 investment pool regulated by the Georgia Office of Treasury and Fiscal Services.

Georgia Fund I, created by OCGA 36-83-8, is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund I 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). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City can elect to have their funds deposited in MEAG's voluntary flexible operating account fund in lieu of receiving a refund. This voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct the MEAG to retain or use the discretionary funds. At September 30, 2009, the City's balance in the discretionary stabilization fund was $3,145,148.
Investments are categorized into three categories of credit risk:

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

As of September 30, 2009, the City's investments were classified as follows:

| | Category | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | Cost | Fair Value |
| Pension Trust Fund | | | | | |
| U.S. Government Securities | $ -- | $ 959,117 | $ -- | $ 951,180 | $ 959,117 |
| Municipal Bonds | -- | 2,088,112 | -- | 2,048,461 | 2,088,112 |
| Corporate Bonds | -- | 1,333,610 | -- | 1,266,509 | 1,333,610 |
| Equities – Common Stock | -- | 2,668,154 | -- | 2,894,430 | 2,668,154 |
| Mutual Funds | -- | 439,579 | -- | 439,350 | 439,579 |
| Certificate of Deposit | -- | 335,559 | -- | 335,559 | 335,559 |
| Asset-Backed Securities | -- | 631,398 | -- | 615,698 | 631,398 |
| Proprietary Funds | | | | | |
| U.S. Government Securities | -- | 873,840 | -- | 873,840 | 873,840 |
| Municipal Competitive Trust – Short -term | -- | 3,145,148 | -- | 3,145,148 | 3,145,148 |
| | | | | $ 12,570,175 | $ 12,474,517 |

As of September 30, 2009, the City's Credit and Interest Rate Risk related to the City's investments were as follows:

| | Fair Value | Maturities | Credit Quality |
|---|---|---|---|
| Pension Trust Fund | | | |
| U.S. Government Securities | $ 959,117 | April 17, 2014 thru October 15, 2021 | Unavailable |
| Municipal Bonds | 2,088,112 | December 1, 2009 thru July 1, 2023 | Unavailable |
| Corporate Bonds | 1,333,610 | March 15, 2011 thru September 1, 2019 | Unavailable |
| Equities – Common Stock | 2,668,154 | Not applicable | Unavailable |
| Mutual Funds | 439,579 | Not applicable | Unavailable |
| Certificate of Deposit | 335,559 | August 13, 2010 | Unavailable |
| Asset-Backed Securities | 631,398 | October 1, 2021 thru June 1, 2028 | |
| Proprietary Funds | | | |
| U.S. Government Securities | 873,840 | October 1, 2009 thru October 10, 2010 | Unavailable |
| Municipal Competitive Trust– Short -term | 3,145,148 | Not applicable | AAA |
| | $ 12,474,517 | | |

**III. Reconciliation of Cash and Investments to Financial Statement Presentation**

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

| | |
|---|---|
| Cash – Primary Government from above | $ 11,728,766 |
| Investments from above | 12,474,517 |
| Total | $ 24,203,283 |
| Amounts as presented on the entity-wide Statement of Net Assets | |
| *Governmental Activities:* | |
| Cash and cash equivalents | $ 6,643,802 |
| Restricted cash and cash equivalents | 331,724 |
| *Business-type Activities:* | |
| Cash and cash equivalents | 1,937,634 |
| Investments | 3,145,148 |
| Restricted cash and cash equivalents | 1,213,240 |
| Restricted investments | 873,840 |
| Amounts as presented on the Statement of Fiduciary Net Assets | |
| Cash and cash equivalents | 1,602,366 |
| Investments | 8,455,529 |
| Total | $ 24,203,283 |

## NOTE D – RECEIVABLES AND TAX REVENUE

**I. Property Tax**

Property taxes were levied in September 2008 and payable before December 2008 for the fiscal year 2009 tax. Property tax revenues are recognized when levied to the extent they result in current receivables. The City's fiscal year 2009 tax was levied prior to September 30, 2009 and was recorded as taxes receivable and deferred revenue within the City's General Fund.

The tax rate levied during fiscal year 2009 for the City's operations were 10.902 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at September 30, 2009.

**II. Sales Tax**

Colquitt County, Georgia has levied three 1% Special Purpose Local Option Sales Tax Programs (SPLOST) which were passed by referendum in 1994, 2001 and 2006. The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Colquitt County, Georgia.

## III. Receivables

Receivables as of September 30, 2009 are as follows:

| | General Fund | Nonmajor Governmental Funds | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund |
|---|---|---|---|---|---|
| Accounts Receivable | $ 381,805 | $ -- | $ 917,334 | $ 3,228,176 | $ 390,787 |
| Property Tax Receivable | 2,805,942 | -- | -- | -- | -- |
| Sales Tax Receivable | 140,582 | -- | -- | -- | -- |
| Program Receivables | -- | 669,034 | -- | -- | -- |
| Gross Receivables | 3,328,329 | 669,034 | 917,334 | 3,228,176 | 390,787 |
| Less: Allowance for Uncollectibles | (124,001) | (87,512) | (267,904) | (696,704) | (153,208) |
| Net Total Receivables | $ 3,204,328 | $ 581,522 | $ 649,430 | $ 2,531,472 | $ 237,579 |

| | Cable TV Fund | Nonmajor Enterprise Funds | Total |
|---|---|---|---|
| Accounts Receivable | $ 1,089,523 | $ 602,270 | $ 6,609,895 |
| Property Tax Receivable | -- | -- | 2,805,942 |
| Sales Tax Receivable | -- | -- | 140,582 |
| Program Receivables | -- | -- | 669,034 |
| Gross Receivables | 1,089,523 | 602,270 | 10,225,453 |
| Less: Allowance for Uncollectibles | (715,300) | (184,621) | (2,229,250) |
| Net Total Receivables | $ 374,223 | $ 417,649 | $ 7,996,203 |

## NOTE E – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of September 30, 2009 consisted of $25,764 due from the State of Georgia for grant program reimbursements.

## NOTE F – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

### I. Interfund Receivables and Payables

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one to two months. The composition of interfund receivables and payables as of September 30, 2009 is as follows:

| | Due From | | | | |
|---|---|---|---|---|---|
| Due To | General Fund | Nonmajor Governmental Funds | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund |
| General Fund | $ -- | $ 770 | $ 36,843 | $ 87,309 | $ 7,636 |
| Nonmajor Governmental Funds | 188,744 | 100 | -- | -- | -- |
| Water and Sewer Fund | 225,256 | -- | -- | 1,564,615 | 925 |
| Electric Revenue Fund | 1,084,310 | 3 | 743,153 | -- | 206,602 |
| Gas Revenue Fund | 92,647 | -- | -- | -- | -- |
| Cable TV Fund | 23 | -- | -- | -- | -- |
| Nonmajor Enterprise Funds | 2,196,691 | -- | 210,977 | -- | -- |
| Internal Service Fund | -- | 1,526 | 148,171 | 73,536 | 29,303 |
| Total | $ 3,787,671 | $ 2,399 | $ 1,139,144 | $ 1,725,460 | $ 244,466 |

| | Due From | | | |
|---|---|---|---|---|
| Due To | Cable TV Fund | Nonmajor Enterprise Funds | Internal Service Fund | Total |
| General Fund | $ -- | $ 34,303 | $ 1,277,295 | $ 1,444,156 |
| Nonmajor Governmental Funds | -- | -- | -- | 188,844 |
| Water and Sewer Fund | 113 | 251 | 1,547 | 1,792,707 |
| Electric Revenue Fund | 2,621,398 | 116 | 5 | 4,655,587 |
| Gas Revenue Fund | 150,000 | | -- | 242,647 |
| Cable TV Fund | -- | -- | -- | 23 |
| Nonmajor Enterprise Funds | 12,115 | 1,364,487 | -- | 3,784,270 |
| Internal Service Fund | 114,228 | 780,646 | 188 | 1,147,598 |
| Total | $ 2,897,854 | $ 2,179,803 | $ 1,279,035 | $ 13,255,832 |

The composition of receivables and payables between the City and its component unit as of September 30, 2009 is as follows:

| Due To | Due From Downtown Development Authority |
|---|---|
| General Fund | $ -- |
| Total | $ -- |

## II. Interfund Transfers

Interfund transfers are used to 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 to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended September 30, 2009, consisted of the following:

| | Transfer To | | | | |
|---|---|---|---|---|---|
| Transfer From | General Fund | Nonmajor Governmental Funds | Water and Sewer Fund | Electric Revenue Fund | Gas Revenue Fund |
| General Fund | $ 378,000 | $ 15,000 | $ -- | $ -- | $ -- |
| Nonmajor Governmental Funds | -- | -- | -- | -- | -- |
| Water and Sewer Fund | 962,114 | -- | -- | 152,026 | -- |
| Electric Revenue Fund | 2,778,792 | 6,727 | 13,616 | 21,259 | 3,088 |
| Gas Revenue Fund | 504,100 | -- | -- | 47,013 | -- |
| Cable TV Fund | 184,850 | -- | -- | 88,902 | -- |
| Nonmajor Enterprise Funds | 314,671 | -- | -- | -- | -- |
| Total | $ 5,122,527 | $ 21,727 | $ 13,616 | $ 309,200 | $ 3,088 |

| | Transfer To | | |
|---|---|---|---|
| Transfer From | Cable TV Fund | Nonmajor Enterprise Funds | Total |
| General Fund | $ -- | $ -- | $ 393,000 |
| Nonmajor Governmental Funds | -- | 128,405 | 128,405 |
| Water and Sewer Fund | -- | -- | 1,114,140 |
| Electric Revenue Fund | -- | 14,234 | 2,837,716 |
| Gas Revenue Fund | -- | -- | 551,113 |
| Cable TV Fund | -- | -- | 273,752 |
| Nonmajor Enterprise Funds | -- | -- | 314,671 |
| Total | $ -- | $ 142,639 | $ 5,612,797 |

Transfers between the City and its component unit for the year ended September 30, 2009 is as follows:

| Transfer From | Transfer To Downtown Development Authority |
|---|---|
| General Fund | $ -- |
| Total | $ -- |

## NOTE G – CAPITAL ASSETS

As discussed in Note S, the City has determined that a restatement of the assets of the governmental activities is required to reflect the retroactive reporting of infrastructure assets to beginning balances of capital assets. The restatement increased capital assets by $12,292,495. The following is a summary of capital asset activity as of September 30, 2009:

Primary Government

*Governmental Activities:*

| | Balance September 30, 2008, restated | Increases | Decreases | Transfers | Balance September 30, 2009 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | $ 1,394,670 | $ -- | $ -- | $ -- | $ 1,394,670 |
| Construction in progress | -- | -- | -- | -- | -- |
| Total capital assets not being depreciated | 1,394,670 | -- | -- | -- | 1,394,670 |
| Other capital assets | | | | | |
| Buildings and improvements | 12,940,383 | 19,331 | (11,270) | (2,374,936) | 10,573,508 |
| Machinery and equipment | 6,327,183 | 792,855 | (72,991) | (20,206) | 7,026,841 |
| Infrastructure | 45,501,259 | 457,327 | -- | 1,042,183 | 47,000,769 |
| Total other capital assets at cost | 64,768,825 | 1,269,513 | (84,261) | (1,352,959) | 64,601,118 |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (5,234,597) | (399,445) | 4,143 | 1,573,493 | (4,056,406) |
| Machinery and equipment | (4,486,231) | (450,312) | 72,991 | 17,804 | (4,845,748) |
| Infrastructure | (30,220,035) | (497,643) | -- | (539,617) | (31,257,295) |
| Total accumulated depreciation | (39,940,863) | (1,347,400) | 77,134 | 1,051,680 | (40,159,449) |
| Other capital assets, net | 24,827,962 | (77,887) | (7,127) | (301,279) | 24,441,669 |
| Governmental activities capital assets, net | $ 26,222,632 | $ (77,887) | $ (7,127) | $ (301,279) | $ 25,836,339 |

*Business-type activities:*

| | Balance September 30, 2008 | Increases | Decreases | Transfers | Balance September 30, 2009 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | $ 1,328,053 | $ 281,000 | $ (326,583) | $ -- | $ 1,282,470 |
| Construction in progress | -- | -- | -- | -- | -- |
| Total capital assets not being depreciated | 1,328,053 | 281,000 | (326,583) | -- | 1,282,470 |
| Other capital assets | | | | | |
| Buildings | 2,369,491 | 547,405 | -- | 983,025 | 3,944,815 |
| Improvements other than buildings | 49,283,099 | 1,467,143 | (62,975) | 855,813 | 51,026,077 |
| Machinery and equipment | 8,395,853 | 664,033 | -- | (467,007) | 9,090,710 |
| Total other capital assets at cost | 60,048,443 | 2,678,581 | (62,975) | 1,371,831 | 64,061,602 |
| Less accumulated depreciation for | | | | | |
| Buildings | (1,333,482) | (95,532) | -- | (683,927) | (2,131,973) |
| Improvements other than buildings | (30,988,141) | (1,307,840) | 7,293 | (536,038) | (33,024,791) |
| Machinery and equipment | (6,042,782) | (428,199) | -- | 149,413 | (6,547,201) |
| Total accumulated depreciation | (38,364,405) | (1,831,571) | 7,293 | (1,070,552) | (41,703,965) |
| Other capital assets, net | 21,684,038 | 847,010 | (55,682) | 301,279 | 22,357,637 |
| Business-type activities capital assets, net | $ 23,012,091 | $ 1,128,010 | $ (382,265) | $ 301,279 | $ 24,059,115 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental activities | |
| General government | $ 375,786 |
| Public safety | 336,235 |
| Public works | 355,036 |
| Parks and recreation | 274,238 |
| Community development | 6,105 |
| Total governmental activities depreciation expense | 1,347,400 |
| Business-type activities | |
| Water and sewer | 675,219 |
| Electric | 420,077 |
| Gas | 69,309 |
| Cable TV | 401,086 |
| Sanitation | 138,176 |
| Airport operations | 110,705 |
| Telecommunications | 16,999 |
| Total business-type activities depreciation expense | 1,831,571 |
| Total depreciation expense | $ 3,178,971 |

Component Units

Capital asset activity for the Downtown Development Authority of the City of Moultrie, a discretely presented component unit, for the year ended September 30, 2009 is as follows:

*Governmental Activities:*

The Authority had no governmental capital asset activity for the year ended September 30, 2009.

*Business-type activities:*

| | Balance September 30, 2008 | Increases | Decreases | Balance September 30, 2009 |
|---|---|---|---|---|
| Capital assets, not being depreciated: Land | $ 397,296 | $ 311,895 | $ -- | $ 709,191 |
| Total capital assets not being depreciated | 397,296 | 311,895 | -- | 709,191 |
| Other capital assets Buildings | 2,156,568 | 1,930,788 | -- | 4,087,356 |
| Total other capital assets at cost | 2,156,568 | 1,930,788 | -- | 4,087,356 |
| Less accumulated depreciation for Buildings | (1,203,273) | (107,840) | -- | (1,311,113) |
| Total accumulated depreciation | (1,203,273) | (107,840) | -- | (1,311,113) |
| Other capital assets, net | 953,295 | 1,822,948 | -- | 2,776,243 |
| Business-type activities capital assets, net | $ 1,350,591 | $ 2,134,843 | $ -- | $ 3,485,434 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental activities | $ -- |
| Business-type activities | 107,840 |
| Total depreciation expense | $ 107,840 |

## NOTE H – SHORT TERM DEBT

At September 30, 2009, the Cable TV Fund had revolving line of credit agreements with banks whereby it may borrow up to $1 million at 4.45% to fund short term budget deficits. The revolving line of credit agreements mature on December 3, 2009.

At September 30, 2009, the Electric Fund had a short term note with a bank for $560,000 to fund short term budget deficits. The short term note payable agreement matures on December 20, 2009.

Short-term liability activity for the year ended September 30, 2009, was as follows:

| | Balance September 30, 2008 | Increases | Decreases | Balance September 30, 2009 |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| Lines of Credit | $ 910,000 | $ -- | $ -- | $ 910,000 |
| Note Payable | -- | 560,000 | -- | 560,000 |
| Business-type activities short-term debt | $ 910,000 | $ 560,000 | $ -- | $ 1,470,000 |

## NOTE I – LONG TERM DEBT

### I. Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at September 30, 2009, are as follows:

| Enterprise Fund and Description | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Water and Sewer Fund - Refunding Project, Series 2009 | $ 5,440,000 | 2.00 – 3.50% | 2018 | $ 5,440,000 |
| Cable TV Fund – South Georgia Governmental Services Authority, Series 2004 | 10,180,000 | 2.00 – 5.00% | 2016 | 7,780,000 |
| | | | | 13,220,000 |
| | | Unamortized discount / premium / issuance costs / loss | | (693,988) |
| | | | Less current portion | (1,315,000) |
| | | | | $ 11,211,012 |

South Georgia Governmental Services Authority Revenue Bonds, Series 2009

The City of Moultrie Revenue Bonds, Water and Sewer Refunding Project, Series 2009 were issued September 17, 2009. The Series 2009 bonds were issued to provide funds to refund and redeem the City of Moultrie Combined Utility Revenue Bonds, Series 1998 and provide funds to prepay an outstanding loan made to the City by the Georgia Environmental Facilities Authority and pay certain costs of issuing the hereinafter described bonds.

The issuance of the Series 2009 bonds effectively paid off, via an advance refunding, the City's outstanding Moultrie Combined Utility Revenue Bonds, Series 1998 in the amount of $5.935 million. The defeased Series 1998 bonds are outstanding at September 20, 2009 in the amount of $5.935 million.

South Georgia Governmental Services Authority Revenue Bonds, Series 2004

The Series 2004 bonds were issued on April 1, 2004 and were issued in the total amount of $35,405,000 (of which only $10,180,000 is applicable to the City of Moultrie). The bonds were issued for the purpose of providing funds 1) to the City of Cairo, the City of Camilla, the City of Moultrie and the City of Thomasville to pay, on behalf of each of the Cities, certain intergovernmental contract obligations and bonds outstanding incurred to acquire, construct, and equip cable television and telecommunications systems for said Cities, 2) to the City of Cairo, the City of Camilla, the City of Thomasville for the acquisition, construction, and equipping of additional equipment and facilities to be used in connection with the cable television and communications systems for said Cities, 3) to fund a reserve for payment of the Bonds, and 4) to pay the necessary costs of issuing the Bonds. The Series 2004 bonds are limited obligations of the South Georgia Governmental Services Authority (the Authority) and are payable solely from and secured by the Trust Estate which includes rentals, revenues, earnings and funds of the Authority arising from the individual City projects as provided in the leases between the Authority and each of the Cities. The City of Moultrie's obligation to make lease payments under the lease contract sufficient to pay the principal of, premium, if any, and interest on the 2004 Series bonds is absolute and unconditional and will not expire so long as any of the Series 2004 bonds remain outstanding and unpaid. Under the lease contract, the City has agreed to levy ad valorem property taxes, subject to millage limits prescribed by law, on all property in the City subject to such tax as may be necessary to make the payments required by the lease contract.

The issuance of the Series 2004 bonds effectively paid off, via an advance refunding, the City's outstanding Moultrie-Colquitt County Development Authority Revenue Bonds, Series 2000 in the amount of $8.55 million. The defeased Series 2000 bonds are outstanding at September 30, 2009 in the amount of $8.55 million.

The annual debt service requirement to maturity of the Revenue Bonds at September 30, 2009 is as follows:

| Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2010 | $ 1,315,000 | $ 459,642 | $ 1,774,642 |
| 2011 | 1,430,000 | 412,506 | 1,842,506 |
| 2012 | 1,555,000 | 366,606 | 1,921,606 |
| 2013 | 1,605,000 | 324,481 | 1,929,481 |
| 2015 | 1,655,000 | 278,259 | 1,933,259 |
| 2015-2018 | 5,660,000 | 448,513 | 6,108,513 |
| | $ 13,220,000 | $ 2,290,007 | $ 15,510,007 |

Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 2006 A & B – Component Unit

The City's component unit's revenue bonds outstanding at September 30, 2009, are as follows:

| | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Downtown Development Authority – Series A | $ 1,580,000 | 5.95% | 2017 | $ 1,300,000 |
| Downtown Development Authority – Series B | $ 2,410,000 | 4.92% | 2028 | $ 2,280,000 |
| | | | | 3,580,000 |
| | | | Unamortized issuance and refunding costs | (202,820) |
| | | | Less current portion | (200,000) |
| | | | | $ 3,177,180 |

Downtown Development Authority of Moultrie Taxable Refunding Revenue Bonds, Series 2006 A

The Downtown Development Authority of Moultrie Taxable Refunding Revenue Series 2006 A bonds were issued to provide funds to advance refund the Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 1996 and to pay the cost of the acquisition, construction and equipping of a post office located in the urban redevelopment area of the City. The post office facility is leased by the Downtown Development Authority of Moultrie, as assignee of the City of Moultrie, to the United States Postal Service until 2017. The term of the lease is from February 5, 1996 through November 2, 2017.

The Series 2006 A bonds are limited obligations of the Downtown Development Authority of Moultrie. The bonds are payable solely from payments to be made to the Authority by the U.S. Postal Service under the lease. The City has agreed, in the event of default by the U.S. Postal Service, to levy an ad valorem tax at a rate not to exceed 3 mills upon all property located in the City subject to taxation for bond purposes.

The net proceeds of $1,615,054 from the Downtown Development Authority of Moultrie of the Series 2006 A bonds maturing in November 2017 were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds and to achieve certain debt service savings. The result of this transaction is a decrease in future debt service payments of $282,808 resulting in a net present value savings to the City of $142,750. At September 30, 2009, $1,540,000 of outstanding revenue bonds are considered defeased.

Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 2006 B

The Downtown Development Authority of Moultrie Taxable Revenue Series 2006 B bonds were issued to provide funds for the purpose of financing the acquisition, construction, installation and equipping of a building for lease to the Georgia Department of Labor. The facility will be leased by the Downtown Development Authority of Moultrie, as assignee of the City of Moultrie, to the Georgia Department of Labor for a period of twenty years.

The Series 2006 B bonds are limited obligations of the Downtown Development Authority of Moultrie. The bonds are payable solely from payments to be made to the Authority by the Georgia Department of Labor under the lease. The City has agreed, in the event of default by the Georgia Department of Labor, to levy an ad valorem tax at a rate not to exceed 3 mills upon all property located in the City subject to taxation for bond purposes.

The Series 2006 A and B revenue bond debt service requirements to maturities, including interest, are as follows:

| Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2010 | $ 200,000 | $ 178,347 | $ 378,347 |
| 2011 | 210,000 | 166,625 | 376,625 |
| 2012 | 215,000 | 154,605 | 369,605 |
| 2013 | 230,000 | 141,744 | 371,744 |
| 2014 | 240,000 | 128,339 | 368,339 |
| 2015-2019 | 1,075,000 | 439,444 | 1,514,444 |
| 2020-2024 | 620,000 | 258,300 | 878,300 |
| 2025-2029 | 790,000 | 81,426 | 871,426 |
| | $ 3,580,000 | $ 1,548,830 | $ 5,128,830 |

## II. Other Long-Term Debt

The General Fund has incurred debt to a bank for the purchase of real estate. This note is as follows at September 30, 2009:

| Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|
| $ 700,000 | 4.25% | 2017 | $ 582,883 |
| | | Less Current Portion | (62,393) |
| | | | $ 520,490 |

The General Fund long-term debt service requirements to maturity, including interest are as follows:

| Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2010 | $ 62,393 | $ 25,261 | $ 87,654 |
| 2011 | 65,097 | 22,557 | 87,654 |
| 2012 | 67,918 | 19,736 | 87,654 |
| 2013 | 70,862 | 16,792 | 87,654 |
| 2014 | 73,932 | 13,722 | 87,654 |
| 2015-2018 | 242,681 | 21,379 | 264,060 |
| | $ 582,883 | $ 119,447 | $ 702,330 |

## III. Capital Leases

The City has entered into several lease agreements as lessee for financing the acquisition of equipment and a fire station through the Georgia Municipal Association direct installment program. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. These leases are being serviced by General Fund, Water and Sewer Fund, Solid Waste Fund, and Telecommunications Fund payments with annual interest rates varying from 3.27% to 4.71%.

The following is an analysis of equipment leased under capital leases as of September 30, 2009:

| | | Business-type Activities | | |
|---|---|---|---|---|
| | Governmental Activities | Water and Sewer | Solid Waste Fund | Tele-communications Fund |
| Buildings and improvements | $ -- | $ -- | $ -- | $ -- |
| Equipment | 837,551 | 239,865 | 593,095 | 434,488 |
| Less accumulated depreciation | (105,321) | (3,998) | (65,786) | (434,488) |
| Carrying value | $ 732,230 | $ 235,867 | $ 527,309 | $ -- |

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at September 30, 2009:

| | | Business-type Activities | | | |
|---|---|---|---|---|---|
| | Governmental Activities | Water and Sewer | Solid Waste Fund | Tele-communications Fund | Totals |
| Year Ending September 30, | | | | | |
| 2010 | $ 221,508 | $ 84,270 | $ 75,438 | $ -- | $ 381,216 |
| 2011 | 208,890 | 63,204 | 75,438 | -- | 347,532 |
| 2012 | 139,602 | -- | 75,438 | -- | 215,040 |
| 2013 | 94,648 | -- | 75,438 | -- | 170,086 |
| 2014 | 27,482 | -- | 61,766 | -- | 89,248 |
| 2015-2018 | -- | -- | 15,561 | -- | 15,561 |
| Total minimum lease payments | 692,130 | 147,474 | 379,079 | -- | 1,218,683 |
| Less amount representing interest | (44,483) | (5,024) | (34,239) | -- | (83,746) |
| Present value of future Minimum lease payments | $ 647,647 | $ 142,450 | $ 344,840 | $ -- | $ 1,134,937 |

## IV. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

| | Balance September 30, 2008 | Increases | Decreases | Balance September 30, 2009 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Notes Payable | $ 642,684 | $ -- | $ (59,801) | $ 582,883 | $ 62,393 |
| Capital leases | 190,444 | 569,013 | (99,174) | 660,283 | 207,909 |
| Compensated absences | 9,851 | 23,114 | -- | 32,965 | -- |
| Governmental activities long-term liabilities | $ 842,979 | $ 576,748 | $ (156,232) | $ 1,276,131 | $ 270,302 |
| **Business-type activities:** | | | | | |
| Revenue bonds | $ 14,370,000 | $ 5,440,000 | $ (6,590,000) | $ 13,220,000 | $ 1,315,000 |
| Less deferred amounts: | | | | | |
| For issuance discounts | (788,858) | 94,870 | -- | (693,988) | -- |
| Total bonds payable | 13,581,142 | 5,534,870 | (6,590,000) | 12,526,012 | 1,315,000 |
| Notes payable | 459,678 | 560,000 | (459,678) | 560,000 | 560,000 |
| Capital leases | 413,389 | 127,143 | (40,606) | 499,926 | 206,137 |
| Compensated absences | 2,532 | 11,801 | -- | 14,333 | -- |
| Environmental remediation liability | 210,000 | -- | (105,000) | 105,000 | 105,000 |
| Business –type activities long-term liabilities | $ 14,666,741 | $ 6,233,814 | $ (7,195,284) | $ 13,705,271 | $ 2,186,137 |

Long-term liability activity for the City's component unit for the year ended September 30, 2009, was as follows:

| | Balance September 30, 2008 | Increases | Decreases | Balance September 30, 2009 | Due Within One Year |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| Revenue bonds | $ 3,645,000 | $ -- | $ (65,000) | $ 3,580,000 | $ 200,000 |
| Less deferred amounts: | | | | | |
| For issuance and refunding costs | (217,480) | -- | 14,660 | (202,820) | -- |
| Governmental activities long-term liabilities | $ 3,427,520 | $ -- | $ (50,340) | $ 3,377,180 | $ 200,000 |

Compensated absences are liquidated by the General Fund and Enterprise Funds for which the liability is incurred.

## NOTE J – LEASING ACTIVITIES

As part of the issuance of the Downtown Development Authority Revenue bonds, the Authority entered into a lease agreement with the United States Postal Service (USPS) to lease certain property and buildings for use by the USPS. Under the terms of the lease, the USPS will make rental payments in the amount of $213,505 annually, which shall be paid to the City as agent for the Authority in equal installments at the end of each month. The lease payments will be used for the purpose of paying the principal of, redemption premium (if any) and interest on the Downtown Development Authority bonds. The property and building is leased under an operating lease, which expires on November 2, 2017.

At September 30, 2009, the amount of property and buildings leased by the USPS which is included on the statement of net assets of the Downtown Development Authority is $2,776,243, net of accumulated depreciation of $1,311,114.

At September 30, 2009, the minimum future lease payments to be received under the operating lease are as follows:

| Year Ending September 30 | Total |
|---|---|
| 2010 | $ 213,505 |
| 2011 | 213,505 |
| 2012 | 213,505 |
| 2013 | 213,505 |
| 2014 | 213,505 |
| 2015-2018 | 854,020 |
| | $ 1,921,545 |

## NOTE K – RESERVATIONS OF FUND BALANCES

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

Fund balance reservations at September 30, 2009 include:

| | |
|---|---|
| Capital Projects Funds | |
| Reserved for specific projects to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants | $ 984,083 |
| Special Revenue Funds | |
| Reserved for restricted purposes to reflect resources legally restricted for specific purposes | $ 45,724 |

## NOTE L – PENSION PLAN

### I. Plan Description

The City of Moultrie maintains a single-employer defined benefit pension plan, the Retirement Plan for Employees of the City of Moultrie (the Plan). The Plan is administered by a board of trustees in accordance with a trust agreement between the City of Moultrie and the board of trustees. The board of trustees acts in the dual capacity of the administrator of the Plan and the trustee of the trust fund created in accordance with the Plan and the Trust Agreement. Benefit provisions and contributions are established and may be amended by the City Council.

The Plan covers all full-time employees of the City of Moultrie. Employees become eligible to participate in the Plan after six months and are fully vested after ten years. Prior to October 1, 1994, the Plan excluded employees for whom the City made contributions directly or indirectly to another retirement program. Employees in this category (firefighters and police officers) became participants in the Plan on October 1, 1994, if they filed an application to participate. Benefit provisions are established by City Ordinance. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. At October 1, 2007, the date of the most recent actuarial valuation, there were 289 participants consisting of the following:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 58 |
| Vested terminated employees not yet receiving benefits | 34 |
| Active employees | 197 |
| Total | 289 |

The Plan issues a separate financial report, which can be obtained by writing to:

*The Retirement Plan for the Employees of the City of Moultrie*
P.O. Box 3368
Moultrie, Georgia 31776

## II. Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements of the 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.

### Contributions

The City and individual participants make contributions to the Plan. Effective February 1, 2005, all employees are required to contribute 4.2% of their annual earnings to the Plan. Prior to February 1, 2005, participants contributed 3.5% of their annual earnings. The City's funding policy is to contribute the amount in excess of employee's contribution required to fund the Plan benefits as determined by the Plan actuary. Administrative costs are financed through investment earnings.

The annual required contribution for the year ended September 30, 2009 was determined as part of the October 1, 2008, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually and net of investment expenses, b) projected salary increases of 3.75% per year and c) no inflation rate assumption.

Annual Pension Cost and Net Pension Obligation

| | For the Plan Year Ending September 30, | | |
|---|---|---|---|
| | 2007 | 2008 | 2009 |
| Annual required contribution | $ 140,774 | $ 236,165 | $ 240,786 |
| Interest on net pension obligation | (15,486) | (24,171) | (28,729) |
| Adjustment to annual required contribution | 7,543 | 17,841 | 21,205 |
| Annual pension cost | 132,831 | 229,835 | 233,262 |
| Contributions made | (272,648) | (292,706) | (278,055) |
| Increase (decrease) in net pension obligation | (139,817) | (62,871) | (44,793) |
| Net pension (asset), beginning of year | (193,570) | (333,387) | (396,258) |
| Net pension (asset), end of year | $ (333,387) | $ (396,258) | $ (441,051) |

Schedule of Employer Contributions

| Year Ended September 30, | Annual Required Contribution | Percentage of Annual Required Contribution Contributed |
|---|---|---|
| 2005 | $ 219,405 | 100% |
| 2006 | $ 140,774 | 100% |
| 2007 | $ 236,165 | 100% |
| 2008 | $ 240,786 | 100% |
| 2009 | $ 307,810 | 100% |

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded (Excess) AAL (UAAL) (b – a) | Funded Ratio (a / b) | Covered Payroll (c) | Unfunded (Excess) as a Percentage Of Covered Payroll ((b-a) / c) |
|---|---|---|---|---|---|---|
| 10/1/06 | 9,340,945 | 7,073,745 | (2,267,200) | 132.1% | 6,171,145 | (36.7)% |
| 10/1/07 | 10,475,787 | 7,862,735 | (2,613,052) | 133.2% | 6,238,450 | (41.9)% |
| 10/1/08 | 9,782,996 | 8,160,870 | (1,622,126) | 119.9% | 5,856,540 | (27.7)% |

## NOTE M – JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended September 30, 2009, the City paid $13,587 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from:

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

The City of Moultrie, in conjunction with the Cities of Cairo, Camilla and Thomasville, who provide distribution of broadband cable television and internet services under the trade name "CNS", created the South Georgia Business Development Authority (SGBDA). The SGBDA was created and activated under the provisions of the Development Authority Law of the State of Georgia (O.C.G.A. 36-62-1) for the purpose of providing governmental, proprietary and administrative services and facilities to the Cities of Cairo, Camilla, Moultrie, and Thomasville and other subdivisions, agencies and authorities within its area of operation. Each member city has contracted with the SGBDA to provide management and marketing services for its individually owned broadband communications system. Pursuant to the agreement, the SGBDA procures certain goods and services on behalf of the member cities when cost effective. The SGBDA is reimbursed by each member city for any expense incurred on its behalf. The member cities provide funding on an annual basis to the SGBDA in the form of dues and contributed capital. The City paid the SGBDA $35,729 in such dues for the year ended September 30, 2009. The City of Moultrie's equity investment in the SGBDA is $1,040,466 and is recorded within the Cable TV enterprise fund. The SGBDA board is made up of eight members, two appointed by each participating city for one year terms. Separate financial statements may be obtained from:

*South Georgia Business Development Authority*
P.O. Box 1676
Thomasville, Georgia 31799

Under an agreement with the Moultrie – Colquitt County Development Authority (MCCDA) in conjunction with Colquitt County, the City of Moultrie provides funding on an annual basis to the MCCDA. The City paid the MCCDA $75,000 for the year ended September 30, 2009. The MCCDA board is made up of eleven members, four appointed by the County, four appointed by the City and three appointed by the previously appointed eight. The MCCDA is charged with promoting industry and the development of trade, by inducing manufacturing, industrial and commercial enterprises to locate in Moultrie and Colquitt County. Separate financial statements may be obtained from:

*Moultrie – Colquitt County Development Authority*
P.O. Box 487
Moultrie, Georgia 31776

## NOTE N – RELATED ORGANIZATION

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

## NOTE O – HOTEL / MOTEL LODGING TAX

The City has levied a 5% lodging tax. Of this percentage, 1% is allocated each year to the Moultrie/Colquitt County Chamber of Commerce and 1% to the Main Street Program for use in the promotion of tourism within the City. For the year ended September 30, 2009, $149,347 of hotel/motel tax was collected and $34,455 was remitted to the Chamber of Commerce.

## NOTE P - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and General Liability and Workers' Compensation

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Worker's Compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Group Medical Benefits

The City is self-insured for group medical and dental benefits up to $50,000 annually per participant. The self-insurance program is administered by a third party insurance service company. Administrative costs are allocated among the General Fund, Water and Sewer Fund, Electric Revenue Fund, Gas Revenue Fund, Solid Waste Fund and the Airport Fund. 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 payouts and other economic social factors. The liability for claims payable is reported in the General Fund. The change in the balance of claim liabilities during the past two years is as follows:

| | Year Ended September 30, | |
|---|---|---|
| | 2008 | 2009 |
| Unpaid claims, beginning of year | $ 214,016 | $ 261,000 |
| Incurred claims (including IBNRs) | 3,114,207 | 2,836,882 |
| Claim Payments | (3,067,223) | (3,213,263) |
| Unpaid claims, end of year | $ 261,000 | $ 115,381 |

Settlements

During the year ended September 30, 2009, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage in the years ended September 30, 2007, 2008 and 2009.

## NOTE Q – COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants from Governments

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

Agreements with the Municipal Electric Authority of Georgia

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

As of September 30, 2009, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to $13,192,631 in 2009.

At September 30, 2009, the outstanding debt of MEAG was approximately $3.68 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $98 million at September 30, 2009.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2016, are general obligations of the City to

which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG costs to provide such supply, including bonds issues to purchase long-term rights to bulk supply. The total payments under these contracts amounted to $2,584,019 for the year ended September 30, 2009.

At September 30, 2009, MGAG's bonds to which the City's obligation share is applicable were outstanding in the approximate principal amount of $110 million. The City's obligation share of that amount totals approximately $5.27 million at September 30, 2009.

**NOTE R – POST RETIREMENT HEALTH CARE**

From September 1, 2007 through October 15, 2007, the City of Moultrie offered enrollment for post retirement health insurance benefits under the City's self-insured group medical plan (the Plan) covering employees that were 55 years of age, had completed 15 years of service with the City and had elected retirement by November 1, 2007. Participants are required to contribute a portion of the premiums and are eligible for benefits until the age at which they qualify for Medicare.

At September 30, 2009, three employees were eligible and receiving benefits under the Plan. For the year ended September 30, 2009, the cost of premiums for providing post-retirement health care was $53,501.

At September 30, 2008, five employees were eligible and receiving benefits under the Plan. For the year ended September 30, 2008, the cost of premiums for providing post-retirement health care was $31,160.

**NOTE S – RETROACTIVE REPORTING OF INFRASTRUCTURE ASSETS**

The City has determined that a restatement of the assets of the governmental activities is required to reflect the retroactive reporting of infrastructure assets to beginning balances of capital assets. The restatement increased capital assets by $12,292,496.

Accordingly, the City has restated its previously reported net assets for Governmental Activities as follows:

| | |
|---|---|
| Net Assets of Governmental Activities At September 30, 2008, as previously reported | $ 17,905,963 |
| Adjustment for retroactive reporting of infrastructure assets | 12,292,496 |
| Net Assets of Governmental Activities at September 30, 2008, as restated | $ 30,198,458 |

*Supplementary Information*

## CITY OF MOULTRIE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

| | Special Revenue Funds | | Capital Projects Funds | | | |
|---|---|---|---|---|---|---|
| | Multiple Grants | Hotel / Motel Tax | SPLOST | Paving Program | Community Development | Total |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ - | $ 16,532 | $ 2,448,000 | $ - | $ - | $ 2,464,532 |
| Investments | - | - | - | - | - | - |
| Accounts receivable, net | - | - | - | - | - | - |
| Property tax receivable | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | - |
| Other current assets | - | 1,315 | - | - | - | 1,315 |
| Due from other governments | - | - | - | - | - | - |
| Due from component unit | - | - | - | - | - | - |
| Due from general fund | - | - | 9,013 | 179,731 | - | 188,744 |
| Due from other funds | 100 | - | - | - | - | 100 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 35,545 | - | - | 196 | 295,983 | 331,724 |
| Investments | - | - | - | - | - | - |
| Sales tax receivable | - | - | - | - | - | - |
| Program receivables | - | - | - | - | 581,522 | 581,522 |
| Total assets | 35,645 | 17,847 | 2,457,013 | 179,927 | 877,505 | 3,567,937 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | - | 4,153 | - | - | - | 4,153 |
| Accrued expenses | - | 2,202 | - | - | - | 2,202 |
| Customer deposits | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | 72,977 | 72,977 |
| Due to other governments | - | - | - | - | - | - |
| Due to General Fund | 670 | - | - | - | 100 | 770 |
| Due to other funds | - | 3 | 1,526 | 100 | - | 1,629 |
| Liabilities payable from restricted assets | - | - | 47,097 | - | 172 | 47,269 |
| Total liabilities | 670 | 6,358 | 48,623 | 100 | 73,249 | 129,000 |
| Fund balances | | | | | | |
| Reserved for: | | | | | | |
| Debt service | - | - | - | - | - | - |
| Specific projects | - | - | - | 179,827 | 804,256 | 984,083 |
| Public services | 34,975 | 11,489 | - | - | - | 46,464 |
| Unreserved | - | - | 2,408,390 | - | - | 2,408,390 |
| Total fund balances (deficit) | 34,975 | 11,489 | 2,408,390 | 179,827 | 804,256 | 3,438,937 |
| Total liabilities and fund balances | $ 35,645 | $ 17,847 | $ 2,457,013 | $ 179,927 | $ 877,505 | $ 3,567,937 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

| | Special Revenue Funds | | Capital Projects Funds | | | |
|---|---|---|---|---|---|---|
| | Multiple Grants | Hotel / Motel Tax | SPLOST | Paving Program | Community Development | Total |
| **REVENUES** | | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - | - | - |
| Other taxes and licenses | - | 149,347 | - | - | - | 149,347 |
| Fines, forfeitures and fees | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Investment income | - | - | 12,977 | - | 25,416 | 38,393 |
| Intergovernmental | 375,330 | - | 1,035,045 | - | - | 1,410,375 |
| Other revenues | - | 37,760 | - | - | - | 37,760 |
| Total revenues | 375,330 | 187,107 | 1,048,022 | - | 25,416 | 1,635,875 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | - | 220,577 | - | - | - | 220,577 |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | - |
| Nondepartmental | - | - | - | - | - | - |
| Capital outlays | 210,041 | - | 893,932 | - | 2,028 | 1,106,001 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 210,041 | 220,577 | 893,932 | - | 2,028 | 1,326,578 |
| Excess (deficiency) of revenues over expenditures | 165,289 | (33,470) | 154,090 | - | 23,388 | 309,297 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers from other funds | - | 21,727 | - | - | - | 21,727 |
| Transfers to other funds | (128,405) | - | - | - | - | (128,405) |
| Sale of capital assets | - | - | - | - | - | - |
| Long - term debt issued | - | - | - | - | - | - |
| Total other financing sources (uses) | (128,405) | 21,727 | - | - | - | (106,678) |
| Net change in fund balances | 36,884 | (11,743) | 154,090 | - | 23,388 | 202,619 |
| Fund balances (deficit), beginning of year | (1,909) | 23,232 | 2,254,300 | 179,827 | 780,868 | 3,236,318 |
| Fund balances (deficit), end of year | $ 34,975 | $ 11,489 | $ 2,408,390 | $ 179,827 | $ 804,256 | $ 3,438,937 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MULTIPLE GRANTS FUND
For the Year Ended September 30, 2009

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | - | - | - | - |
| Fines, forfeitures and fees | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| Intergovernmental | 375,330 | 375,330 | 375,330 | - |
| Other revenues | - | - | - | - |
| Total revenues | 375,330 | 375,330 | 375,330 | - |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Nondepartmental | - | - | - | - |
| Capital outlays | 279,997 | 279,997 | 210,041 | 69,956 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 279,997 | 279,997 | 210,041 | 69,956 |
| Excess (deficiency) of revenues over expenditures | 95,333 | 95,333 | 165,289 | 69,956 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | (128,405) | (128,405) | (128,405) | - |
| Sale of capital assets | - | - | - | - |
| Long - term debt issued | - | - | - | - |
| Total other financing sources (uses) | (128,405) | (128,405) | (128,405) | - |
| Net change in fund balances | (33,072) | (33,072) | 36,884 | 69,956 |
| Fund balances, beginning of year | (1,909) | (1,909) | (1,909) | - |
| Fund balances, end of year | $ (34,981) | $ (34,981) | $ 34,975 | $ 69,956 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL / MOTEL TAX FUND
For the Year Ended September 30, 2009

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | 155,000 | 155,000 | 149,347 | (5,653) |
| Fines, forfeitures and fees | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Other revenues | 38,000 | 38,000 | 37,760 | (240) |
| Total revenues | 193,000 | 193,000 | 187,107 | (5,893) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 231,161 | 231,161 | 220,577 | 10,584 |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Nondepartmental | - | - | - | - |
| Capital outlays | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 231,161 | 231,161 | 220,577 | 10,584 |
| Excess (deficiency) of revenues over expenditures | (38,161) | (38,161) | (33,470) | 4,691 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds | 15,000 | 15,000 | 21,727 | 6,727 |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long - term debt issued | - | - | - | - |
| Total other financing sources (uses) | 15,000 | 15,000 | 21,727 | 6,727 |
| Net change in fund balances | (23,161) | (23,161) | (11,743) | 11,418 |
| Fund balances, beginning of year | 23,232 | 23,232 | 23,232 | - |
| Fund balances, end of year | $ 71 | $ 71 | $ 11,489 | $ 11,418 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
## COMBINING STATEMENT OF NET ASSETS
## NONMAJOR ENTERPRISE FUNDS
September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Solid Waste Fund | Airport Fund | Tele-Communications Fund | Warehouse Fund | Utilities Deposit Funds | Telephony Fund | Total |
| **ASSETS** | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | $ - | $ - | $ 417,890 | $ - | $ - | $ - | $ 417,890 |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable, net | 149,497 | 105 | 43,030 | 207,810 | - | 17,207 | 417,649 |
| Inventories | - | - | - | 15,474 | - | 22,758 | 38,232 |
| Other current assets | 33,940 | 5,801 | - | 9,431 | - | - | 49,172 |
| Total current assets | 183,437 | 5,906 | 460,920 | 232,715 | - | 39,965 | 922,943 |
| Non - current assets | | | | | | | |
| Due from general fund | 1,501,373 | 231,868 | 6,005 | - | 457,445 | - | 2,196,691 |
| Due from other funds | - | - | 97,568 | 1,147,498 | 210,977 | - | 1,456,043 |
| Due from component unit | - | - | - | - | - | - | - |
| Investment in SGBDA | - | - | - | - | - | - | - |
| Restricted assets - cash | - | - | - | - | - | - | - |
| Restricted assets - investments | - | - | - | - | - | - | - |
| Capital assets: | | | | | | | |
| Land | - | - | - | - | - | - | - |
| Construction in progress | - | - | - | - | - | - | - |
| Other capital assets, net of accumulated depreciation | 932,693 | 1,166,283 | 167,365 | - | - | - | 2,266,341 |
| Total assets | 2,617,503 | 1,404,057 | 731,858 | 1,380,213 | 668,422 | 39,965 | 6,842,018 |
| **LIABILITIES** | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | 101,378 | 2,358 | 8,264 | 72,443 | - | 18,141 | 202,584 |
| Accrued expenses | 12,818 | 4,308 | - | 16,099 | - | - | 33,225 |
| Lines of credit | - | - | - | - | - | - | - |
| Current portion of long - term debt | 63,688 | - | - | 7,115 | - | - | 70,803 |
| Customer deposits | - | - | - | - | 617,849 | 11,233 | 629,082 |
| Due to other governments | - | - | - | - | - | - | - |
| Due to general fund | 34,303 | - | - | 1,277,295 | - | - | 1,311,598 |
| Due to other funds | 728,847 | 52,166 | - | 1,739 | - | 85,453 | 868,205 |
| Liabilities payable from restricted assets: | | | | | | | |
| Current portion of long term debt | - | - | - | - | - | - | - |
| Total current liabilities | 941,034 | 58,832 | 8,264 | 1,374,691 | 617,849 | 114,827 | 3,115,497 |
| Long - term debt, net of current portion | 283,728 | - | - | 5,522 | - | - | 289,250 |
| Other liabilities - environmental remediation | - | - | - | - | - | - | - |
| Total liabilities | 1,224,762 | 58,832 | 8,264 | 1,380,213 | 617,849 | 114,827 | 3,404,747 |
| **NET ASSETS** | | | | | | | |
| Invested in capital assets, net of related debt | 587,853 | 1,166,283 | 167,365 | - | - | - | 1,921,501 |
| Restricted for debt service | - | - | - | - | - | - | - |
| Unrestricted (deficit) | 804,888 | 178,942 | 556,229 | - | 50,573 | (74,862) | 1,515,770 |
| Total net assets | $ 1,392,741 | $ 1,345,225 | $ 723,594 | $ - | $ 50,573 | $ (74,862) | $ 3,437,271 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Solid Waste Fund | Airport Fund | Tele-Communications Fund | Warehouse Fund | Utilities Deposit Funds | Telephony Fund | Total |
| **OPERATING REVENUES** | | | | | | | |
| Utility revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Charges for services | 2,676,574 | 768,490 | 796,694 | - | - | 108,967 | 4,350,725 |
| Intergovernmental | 147,984 | - | - | - | - | - | 147,984 |
| Total operating revenues | 2,824,558 | 768,490 | 796,694 | - | - | 108,967 | 4,498,709 |
| **OPERATING EXPENSES** | | | | | | | |
| Salaries and wages | 630,933 | 3,696 | - | - | - | - | 634,629 |
| Operating, administrative and maintenance | 1,395,088 | 331,540 | 675,823 | - | - | 183,808 | 2,586,259 |
| Depreciation | 138,176 | 146,383 | 13,327 | - | - | - | 297,886 |
| Total operating expenses | 2,164,197 | 481,619 | 689,150 | - | - | 183,808 | 3,518,774 |
| Operating income (loss) | 660,361 | 286,871 | 107,544 | - | - | (74,841) | 979,935 |
| **NON - OPERATING INCOME (EXPENSES)** | | | | | | | |
| Interest income | - | - | 1,526 | - | - | - | 1,526 |
| Interest expense | (13,204) | - | - | - | - | (21) | (13,225) |
| Gain (loss) on disposal of capital assets | - | - | - | - | - | - | - |
| Income (loss) before contributions and transfers | 647,157 | 286,871 | 109,070 | - | - | (74,862) | 968,236 |
| Capital contributions | - | - | - | - | - | - | - |
| Transfers from other funds | 14,234 | 128,405 | - | - | - | - | 142,639 |
| Transfers to other funds | (264,751) | (9,321) | (40,599) | - | - | - | (314,671) |
| Change in net assets | 396,640 | 405,955 | 68,471 | - | - | (74,862) | 796,204 |
| Net assets, beginning of year | 996,101 | 939,270 | 655,123 | - | 50,573 | - | 2,641,067 |
| Net assets, end of year | $ 1,392,741 | $ 1,345,225 | $ 723,594 | $ - | $ 50,573 | $ (74,862) | $ 3,437,271 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Solid Waste Fund | Airport Fund | Tele-Communications Fund | Warehouse Fund | Utilities Deposit Funds | Telephony Fund | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | |
| Cash received from customers and users | $ 2,687,397 | $ 769,845 | $ 760,604 | $ - | $ 24,836 | $ 91,760 | $ 4,334,442 |
| Other operating receipts | 147,984 | - | - | - | - | - | 147,984 |
| Cash payments to employees | (630,957) | (3,696) | - | - | - | - | (634,653) |
| Cash payments to suppliers | (1,416,003) | (327,663) | (714,853) | - | - | (178,590) | (2,637,109) |
| Net cash provided (used) by operating activities | 788,421 | 438,486 | 45,751 | - | 24,836 | (86,830) | 1,210,664 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | | | | |
| Transfers from other funds | 14,234 | 128,405 | - | - | - | - | 142,639 |
| Transfers to other funds | (264,751) | (9,321) | (40,599) | - | - | - | (314,671) |
| Net change in due from general fund | (558,316) | (131,764) | - | - | (1,030) | - | (691,110) |
| Net change in due from other funds | - | - | (97,568) | - | (23,806) | - | (121,374) |
| Net change in due from component unit | - | - | - | - | - | - | - |
| Net change in due to general fund | 34,300 | - | - | - | - | - | 34,300 |
| Net change in due to other funds | 152,418 | 3,860 | - | - | - | 86,851 | 243,129 |
| Net cash provided (used) by noncapital financing activities | (622,115) | (8,820) | (138,167) | - | (24,836) | 86,851 | (707,087) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | | | |
| Proceeds from issuance of long - term debt | - | - | - | - | - | - | - |
| Proceeds from sale of assets | - | - | - | - | - | - | - |
| Proceeds from capital contributions | - | - | - | - | - | - | - |
| Acquisition and construction of capital assets | (84,675) | (429,666) | (3,629) | - | - | - | (517,970) |
| Principal payments on long - term debt | (68,427) | - | - | - | - | - | (68,427) |
| Interest paid | (13,204) | - | - | - | - | (21) | (13,225) |
| Net cash provided (used) by capital and related financing activities | (166,306) | (429,666) | (3,629) | - | - | (21) | (599,622) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | |
| Proceeds from sale of investments | - | - | - | - | - | - | - |
| Purchase of investments | - | - | - | - | - | - | - |
| Loan disbursements | - | - | - | - | - | - | - |
| Interest received | - | - | 1,526 | - | - | - | 1,526 |
| Net cash provided (used) by investing activities | - | - | 1,526 | - | - | - | 1,526 |
| Net increase (decrease) in cash and cash equivalents | - | - | (94,519) | - | - | - | (94,519) |
| Cash and cash equivalents, beginning of year | - | - | 512,409 | - | - | - | 512,409 |
| Cash and cash equivalents, end of year | $ - | $ - | $ 417,890 | $ - | $ - | $ - | $ 417,890 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2009

| | Business Type Activities - Enterprise Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Solid Waste Fund | Airport Fund | Tele-Communications Fund | Warehouse Fund | Utilities Deposit Funds | Telephony Fund | Total |
| **RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | | | | |
| Operating income (loss) | $ 660,361 | $ 286,871 | $ 107,544 | $ - | $ - | $ (74,841) | $ 979,935 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation and amortization | 138,176 | 146,383 | 13,327 | - | - | - | 297,886.00 |
| Changes in assets and liabilities: | | | | | | | |
| (Increase) decrease in: | | | | | | | |
| Accounts receivable | 10,823 | 1,355 | (36,090) | - | - | (17,207) | (41,119) |
| Inventories | - | - | - | - | - | (22,758) | (22,758) |
| Other current assets | (3,266) | 6,085 | - | - | - | - | 2,819 |
| Due from general fund | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - |
| Due from component unit | - | - | - | - | - | - | - |
| Increase (decrease) in: | | | | | | | |
| Accounts payable | (17,697) | (1,008) | (39,030) | - | - | 29,374 | (28,361) |
| Accrued expenses | 24 | (1,200) | - | - | 24,836 | - | 23,660 |
| Due to general fund | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Net cash provided (used) by operating activities | $ 788,421 | $ 438,486 | $ 45,751 | $ - | $ 24,836 | $ (85,432) | $ 1,212,062 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2009

| | Downtown Development Authority |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Cash received from customers and users | $ 846,870 |
| Other operating receipts | - |
| Cash payments to employees | - |
| Cash payments to suppliers | (66,486) |
| Net cash provided (used) by operating activities | 780,384 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Transfers from other funds | - |
| Transfers to other funds | - |
| Net change in due from general fund | - |
| Net change in due from other funds | - |
| Net change in due from component unit | - |
| Net change in due to general fund | - |
| Net change in due to other funds | - |
| Net cash provided (used) by noncapital financing activities | - |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition and construction of capital assets | (2,248,299) |
| Principal payments - revenue bonds | (65,000) |
| Proceeds from bond offering | - |
| Defeasance of revenue bonds | - |
| Payment of bond issuance costs | - |
| Interest paid | (265,491) |
| Net cash provided (used) by capital and related financing activities | (2,578,790) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Proceeds from sale of investments | - |
| Purchase of investments | - |
| Loan disbursements | - |
| Interest received | 6,980 |
| Net cash provided (used) by investing activities | 6,980 |
| Net increase (decrease) in cash and cash equivalents | (1,791,426) |
| Cash and cash equivalents, beginning of year | 2,082,378 |
| Cash and cash equivalents, end of year | $ 290,952 |

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2009

| | Downtown Development Authority |
|---|---|
| **RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | |
| Operating income (loss) | $ 672,146 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation and amortization | 107,840 |
| Changes in assets and liabilities: | |
| (Increase) decrease in: | |
| Accounts receivable | - |
| Inventories | - |
| Other current assets | 1,020 |
| Due from general fund | - |
| Due from other funds | - |
| Due from component unit | - |
| Increase (decrease) in: | |
| Accounts payable | (622) |
| Accrued expenses | - |
| Due to general fund | - |
| Due to other funds | - |
| Net cash provided (used) by operating activities | $ 780,384 |

*See independent auditors' report.*

*Compliance Section*

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moultrie, Georgia, as of and for the year ended September 30, 2009, which collectively comprise the City of Moultrie Georgia's basic financial statements and have issued our report thereon dated May 25, 2010. We did not audit the financial statements of the Pension Trust Fund, which statements reflect total assets of $10,098,311 as of September 30, 2009 and revenues of $903,296 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors. 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 Moultrie, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Moultrie, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Moultrie, Georgia's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Moultrie, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Moultrie, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Moultrie, Georgia's internal control. We consider the deficiencies 2009-1 through 2009-6 described in the

accompanying schedule of financial statement findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Mayor and City Council of the City of Moultrie, Georgia, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bowen, Phillips, Carmichael, Davis & Sims, LLP

May 25, 2010

Tifton, Georgia

# CITY OF MOULTRIE, GEORGIA
## SCHEDULE OF FINANCIAL STATEMENT FINDINGS
For the Year Ended September 30, 2009

**FINANCIAL STATEMENT FINDINGS**

Findings noted on the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards.*

**2009-1**

**Criteria:**

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

**Condition:**

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

**Cause of Condition:**

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

**Effect of Condition:**

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

**Response of Management:**

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

**2009-2**

**Criteria:**

Policies, procedures and monitoring controls should be in place to provide for the recording of accruals.

**Condition:**

The City's policies and procedures for recording an monitoring accruals did not prevent misstatements in the funds.

**Cause of Condition:**

The City's monitoring controls were not implemented.

**Effect of Condition:**

Accruals were misstated in the funds.

**Response of Management:**

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over accruals.

**2009-3**

**Criteria:**

Policies, procedures and monitoring controls should be in place to provide for the recording of transactions to accounts receivable.

**Condition:**

The City's policies and procedures for recording an monitoring accounts receivable did not prevent misstatements in the funds.

**Cause of Condition:**

The City's monitoring controls were not implemented.

**Effect of Condition:**

Accounts receivable were misstated in the funds.

**Response of Management:**

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over accounts receivable.

*See independent auditors' report.*

# CITY OF MOULTRIE, GEORGIA
## SCHEDULE OF FINANCIAL STATEMENT FINDINGS
For the Year Ended September 30, 2009

**FINANCIAL STATEMENT FINDINGS**

Findings noted on the Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards.*

**2009-4**

**Criteria:**

Policies, procedures and monitoring controls should be in place to provide for the recording of transactions to the investment accounts.

**Condition:**

The City's policies and procedures for recording and monitoring the investment accounts did not prevent misstatements in the funds.

**Cause of Condition:**

The City's monitoring controls were not implemented.

**Effect of Condition:**

Investment accounts were misstated in the funds.

**Response of Management:**

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over the investment accounts.

**2009-5**

**Criteria:**

Policies, procedures and monitoring controls should be in place to provide for the recording of transactions to interfund accounts.

**Condition:**

The City's policies and procedures for recording an monitoring interfund accounts did not prevent misstatements in the funds.

**Cause of Condition:**

The City's monitoring controls were not implemented.

**Effect of Condition:**

Interfund accounts were misstated in the funds.

**Response of Management:**

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over interfund accounts.

**2009-6**

**Criteria:**

Policies, procedures and monitoring controls should be in place to provide for the recording of transactions to long term debt accounts.

**Condition:**

The City's policies and procedures for recording an monitoring long term debt accounts did not prevent misstatements in the funds.

**Cause of Condition:**

The City's monitoring controls were not implemented.

**Effect of Condition:**

Long term debt accounts were misstated in the funds.

*See independent auditors' report.*

## CITY OF MOULTRIE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES
For the Year Ended September 30, 2009

| | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | |
| **Special Purpose Local Option Sales Tax - 2001** | | | | | | |
| **Recreation:** | | | | | | |
| SW/NW gym | $ - | $ 309,304 | $ 308,734 | - | $ 308,734 | 100% |
| New recreation office | - | 222,466 | 224,730 | - | 224,730 | 100% |
| SW/NW pools | - | 421,000 | 420,852 | - | 420,852 | 100% |
| McCrary Complex | 120,000 | 180,200 | 187,813 | - | 187,813 | 100% |
| Park Improvements | 10,618 | 58,000 | 54,500 | - | 54,500 | 94% |
| William Bryant Park (Drew Field) | 291,000 | 109,861 | 163,088 | - | 163,088 | 100% |
| Magnolia Sports Complex | 367,000 | 1,025,980 | 839,218 | - | 839,218 | 82% |
| Goff Complex | 609,500 | 1,065,884 | 1,357,857 | - | 1,357,857 | 100% |
| Pedestrian Plazas | - | 144,000 | 52,240 | - | 52,240 | 36% |
| Youth centers | - | 50,797 | 98,013 | - | 98,013 | 100% |
| Plazas | 97,000 | 97,000 | - | - | - | 0% |
| Concession stand - Magnolia Complex | - | 210,000 | 196,552 | - | 196,552 | 94% |
| Northwest Community Center | 250,000 | 420,085 | 480,475 | - | 480,475 | 100% |
| City Hall - renovation | 79,701 | - | 656,350 | - | 656,350 | n/a |
| Westside Drain - improvement | 140,422 | - | 263 | - | 263 | n/a |
| SW drainage ditch | 85,193 | - | 4,415 | - | 4,415 | n/a |
| GYMS HVAC upgrade | - | - | 112,213 | - | 112,213 | n/a |
| Police Dept Building - renovation | 106,600 | - | 1,923,606 | - | 1,923,606 | n/a |
| Eng. Fees 94 Recreation projects | - | 15,488 | 15,488 | - | 15,488 | 100% |
| Total recreation | 2,157,034 | 4,330,065 | 7,096,407 | - | 7,096,407 | |
| **Roads:** | | | | | | |
| Driveway entrance to youth complex | - | 221,375 | 188,552 | - | 188,552 | 85% |
| RD resurfacing / paving / drainage | - | 120,000 | 1,532,410 | 81,922 | 1,614,332 | 100% |
| Magnolia Sports parking lot | 112,500 | 112,500 | 66,751 | - | 66,751 | 59% |
| Magnolia Sports parking lot driveway | 38,982 | 30,921 | 35,751 | - | 35,751 | 100% |
| Goff Drive | - | 138,918 | 228,372 | - | 228,372 | 100% |
| Flintridge upgrade | - | 7,165 | 111,518 | - | 111,518 | 100% |
| Second Street, N.W. | - | 13,621 | 17,987 | - | 17,987 | 100% |
| Magnolia Lane - complete street | 160,530 | 160,530 | 171,307 | - | 171,307 | 100% |
| Magnolia Lane - curb and gutter | 13,380 | 13,380 | - | - | - | 0% |
| Third Street, S.E. | 36,000 | 36,000 | 38,057 | - | 38,057 | 100% |
| Fire Station #3 street improvements | - | - | 22,465 | - | 22,465 | n/a |
| Westside drainage improvements | 380,000 | 380,000 | 531,692 | | 531,692 | 100% |
| Fifth Ave. N.W. storm drainage | 10,000 | 10,000 | 5,616 | - | 5,616 | 56% |
| Grant Chapel storm drainage | 15,000 | 15,000 | 10,532 | - | 10,532 | 70% |
| Paving Group I | 492,149 | 922,702 | 911,384 | - | 911,384 | 99% |
| Paving Group II | 257,176 | 380,244 | 917,378 | - | 917,378 | 100% |
| Resurfacing Group III | 73,444 | 258,238 | - | - | - | 0% |
| Paving Group III | 269,567 | 269,567 | 411,777 | - | 411,777 | 100% |
| Resurfacing Group III | 64,739 | 64,739 | - | - | - | 0% |
| Paving Group IV | 244,537 | 244,537 | - | - | - | 0% |
| CDBG SE Paving Grant - transfer | 150,446 | 150,446 | 213,358 | - | 213,358 | 100% |
| Total roads | 2,318,450 | 3,549,883 | 5,414,907 | 81,922 | 5,496,829 | |
| Grand total | $ 4,475,484 | $ 7,879,948 | $ 12,511,314 | $ 81,922 | $ 12,593,236 | |
| **Special Purpose Local Option Sales Tax - 2006** | | | | | | |
| Waste water treatment improvement Project | 9,725,000 | - | 114,723 | 115,259 | 229,982 | 2% |
| Streets and drainage project | 2,000,000 | - | 459,439 | 696,751 | 1,156,190 | 58% |
| | $ 11,725,000 | $ - | $ 574,162 | $ 812,010 | $ 1,386,172 | |

*See independent auditors' report.*