CITY OF SANDERSVILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Sandersville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandersville, Georgia, as of and for the year ended December 31, 2010 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Sandersville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sandersville, Georgia, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated June 29, 2011 on our consideration of the City of Sandersville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 45 through 47 are not a required part of the basic financial statements but are 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sandersville, Georgia's basic financial statements. The combining nonmajor fund financial statements, the schedule of projects constructed with special sales tax proceeds, and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wright & Wright, P.C.

June 29, 2011

CITY OF SANDERSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Within this section of the City of Sandersville, Georgia's (the City's) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and footnote disclosures following this section.

FINANCIAL HIGHLIGHTS

The City of Sandersville's total assets exceeded its total liabilities by $33,742,742 in 2010; a 2.1% increase from $33,049,473 in 2009. Of this amount, $20,275,105 (unrestricted net assets) may be used to meet the government's ongoing obligations.

The City's combined governmental funds reported a total ending fund balance of $3,132,557, a decrease of $902,934 in comparison to the prior year. A majority of the decrease is in the Capital Improvements Fund resulting from drawing down 2005 SPLOST funds. At the end of the current fiscal year, unreserved fund balance for the general fund was $719,654 or 15.1% of total general fund expenditures. This amount is available for budgetary spending at the government's discretion, as it is unreserved fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City of Sandersville's basic financial statements. The basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also includes supplementary information in addition to these basic financial statements.

Government-wide Financial Statements

The City's report includes two government –wide financial statements. The focus of these statements is on the overall financial position and activities of the City of Sandersville as a whole, in a manner similar to a private sector business. These statements use the full accrual basis of accounting.

The first government-wide statement is the **Statement of Net Assets**. This is the City-wide statement of position which presents information on all assets and liabilities with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the financial health of the City.

The second government-wide statement is the **Statement of Activities**. This report presents how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of the timing of related cash flows. A primary purpose of the Statement of Activities is to identify the net costs of various functions and services provided by the City and to determine the extent to which each function is self supporting by program revenues or is subsidized by general revenues.

The governmental activities of the City of Sandersville include general government, public safety, street department, public works administration, recreation, cemetery, and housing and economic development. Business type activities include water and sewer, electrical, telecom and solid waste. The government-wide financial statements include not only the funds of the City but also the discretely presented component unit, Downtown Development Authority of Sandersville. Financial information for this component unit is reported separately from the primary government, although included on the government-wide statements. The City's government-wide financial statements are presented on pages 14-15 of this report.

Fund Financial Statements

A fund is an accounting entity used to maintain control over resources segregated for specific activities or objectives and to ensure compliance with financial or legal laws and regulations. Major funds are reported in separate columns with all non-major funds reported in the aggregate. Individual financial information for these non-major funds is provided in combining statements in the supplemental information. The City has two kinds of funds: governmental and proprietary

Governmental Funds

Governmental funds are used to account for basically the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds financial statements focus on short term fiscal accountability as well as balances of expendable resources at the end of the fiscal year.

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 short term financial decisions Since these statements do have a different perspective and use different accounting methods to generate the financial information, reconciliations of the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance are presented to facilitate this comparison

The City of Sandersville maintains eight individual governmental funds. Information is presented separately for the General, Capital Projects (2005 SPLOST) and CDBG (2007) funds, all considered major funds. The other funds are combined into a single aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements on pages 48-49 of this report

Budgetary comparison schedules are included for the General Fund as required supplementary information immediately after the notes to the financial statements. Budgetary comparison schedules for the special revenue funds are included in the supplemental information section These schedules demonstrate compliance with the final revised budgets

The basic governmental fund financial statements are presented on pages 16-18 of this report.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services where the customer is charged a fee or where the determination of an increase or decrease in net assets is appropriate for capital maintenance, public policy, management control or full accountability. There are two types of proprietary funds; enterprise funds and internal service funds

Enterprise funds essentially encompass 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 operations, electrical services, telecommunications services and solid waste operations.

The City reports the water and sewer, electrical, telecom and solid waste funds all as major funds with no non-major funds to be presented in the aggregate. The City's proprietary funds are presented on pages 19–22

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23-44 of this report

Required Supplementary Information

The budgetary comparison schedules for the General Fund and the Community Development Block Grant (CDBG) Special Revenue Fund (2007) are provided for budget compliance presentation. These schedules are presented on pages 45-47.

Other Supplemental Information

Other supplemental information includes combining individual fund statements for non-major funds aggregated in the basic financial statements. Budgetary comparisons for non-major governmental funds are also presented. This supplemental information is presented on pages 48-55

The Special Report for Sales Tax proceeds is shown on page 56. This schedule shows expenditures for the 2005 SPLOST issues

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS

Net Assets

The City's overall financial position and operations for this fiscal year is summarized as follows based on information found in the government-wide financial statements on pages 14-15.

Summary of Net Assets (Financial Position)

	Governmental Activities		Business-type Activities		Total		Variance
	2010	2009	2010	2009	2010	2009	
Assets:							
Current assets	3,149,043	$ 4,101064	$ 17,875,021	$ 16,397,486	$ 21,024,064	$ 20,498,550	$ 525,514
Capital assets	6,320,906	5,979,345	10,979,922	10,483,892	$ 17,300,828	16,463,237	837,591
Other noncurrent assets	-	-	14,077	15,000	14,077	15,000	(923)
Total assets	9,469,949	10,080,409	28,869,020	26,896,378	38,338,969	36,976,787	1,362,182
Liabilities:							
Current liabilities	9,327	62,237	924,234	1,011,558	933,561	1,073,795	(140,234)
Long-term liabilities	-	-	3,662,666	2,853,519	3,662,666	2,853,519	809,147
Total liabilities	9,327	62,237	4,586,900	3,865,077	4,596,227	3,927,314	668,913
Net assets:							
Investment in capital assets, net of debt	6,320,906	5,979,345	7,146,731	7,481,160	13,467,637	13,460,505	7,132
Restricted	-	-	-	-	-	-	-
Unrestricted	3,139,716	4,038,827	17,135,389	15,550,141	20,275,105	19,588,968	686,137
Total net assets	$ 9,460,622	$ 10,018,172	$ 24,282,120	$ 23,031301	33,742,742	$ 33,049,473	693,269

As noted, the overall assets of the City increased $1,362,182 from 2009 with the largest increase occurring in capital assets The City's total liabilities increased $668,913, or 17%, with the largest increase in long-term

liabilities. Overall the City's net assets increased $693,269 or 2.1% from 2009 This is compared to an increase in net assets from the previous year of $989,352 The majority of this amount is unrestricted including 33.2% of governmental net assets and 70.6% of business type net assets. The unrestricted portion of net assets of $20,275,105 which is available for spending comprises 60.1% of the City's total net assets This increased $686,137 or 3 5% from 2009

Changes in Net Assets

The following condensed financial information was taken from the Government-wide Statement of Activities and reflects how the City of Sandersville's net assets changed during the fiscal year.

Summary of Changes in Net Assets

	2010				2009			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Revenues:								
Program Revenues:								
Charges for services	$ 361 725	$ 11 245 144	$ 11 606 869	70%	$ 394 456	$ 11 892 280	$ 12 286 736	69%
Operating grants and contributions	198 931	-	198 931	1%	246 562	3 604	250 166	1%
Capital grants and contributions	960 587	-	960 587	6%	569 193	375 989	945 182	5%
General Revenues:								
Property taxes	712 504	-	712 504	4%	753 523	-	753 523	4%
Sales tax	1 065 213	-	1 065 213	6%	1 336 819	-	1 336 819	7%
Other taxes	1 559 483	-	1 559 483	9%	1 809 121	-	1 809 121	10%
Interest earnings	17 663	149 039	166 702	1%	89 304	201 255	290 559	2%
Miscellenaeous	224,871	-	224,871	1%	155,061	-	155,061	1%
Total revenues	5,100,977	11,394,183	16,495,160	100%	5,354,039	12,473,128	17,827,167	100%
Program Expenses:								
General government	1 587 952	-	1 587 952	10%	1 514 258	-	1 514 258	9%
Public safety	2 498 264	-	2 498 264	16%	2 157 925	-	2 157 925	13%
Street department	1 122 009	-	1 122 009	7%	827 561	-	827 561	5%
Public works administration	150 093		150 093	1%	-	-	-	0%
Recreation	39 928	-	39 928	0%	49 353	-	49 353	0%
Cemetery	129 772	-	129 772	1%	87 670	-	87 670	1%
Housing & econ development	99 527	-	99 527	1%	237 373	-	237 373	1%
Interest on long-term debt	-	-	-	0%	-	-	-	0%
Water and sewer	-	1 655 582	1 655 582	10%	-	1 667 725	1 667 725	10%
Electrical	-	7 248 471	7 248 471	46%	-	9 112 414	9 112 414	54%
Telecommunications	-	390 485	390 485	2%	-	328 079	328 079	2%
Solid waste	-	879,808	879,808	6%	-	855,457	855,457	5%
Total expenses	5,627,545	10,174,346	15,801,891	100%	4,874,140	11,963,675	16,837,815	100%
Increase (decrease) in net assets before transfers	(526 568)	1 219 837	693 269		479 899	509 453	989 352	
Transfers	(30,982)	30,982	-		(281,304)	281,304	-	
Change in net assets	(557 550)	1 250 819	693 269		198 595	790 757	989 352	
Beginning net assets	10,018,172	23,031,301	33,049,473		9,819,577	22,240,544	32,060,121	
Ending net assets	$ 9,460,622	$ 24,282,120	$ 33,742,742		$ 10,018,172	$ 23,031,301	$ 33,049,473	

Revenues

The City's total revenues decreased $253,062 from 2009 or 4.7%. These decreases occurred mainly in operating grants and contributions and capital grants and contributions The capital grants and contributions were for SPLOST contributions and grants. There was a significant decrease in other taxes from $1,809,121 in 2009 to $1,559,483 in 2010 which occurred primarily due to the continuing downturn in the economy. Interest earnings decreased by 80.2% in 2010 as a result of declining interest rates.

Expenses

Total operational expenses for 2010 decreased $1,035,924 or 6.2%. Governmental Activities expenses increased $753,405, or 15 5%, from 2009. The majority of this increase was in public safety and street department This expense can be related to the increased cost in personal services where health benefits and retirement contributions increased as a result of market conditions and the economy.

Business activities expense decreased $1,789,329 or 15% from 2009 This is directly related to a decrease in the purchase of power in the Electric Fund where trust fund credits were applied to the MEAG monthly bill to reduce the cost of power. The water and sewer fund also experienced a decrease in expenses in the amount of $12,143, or 0.7% from 2009 while the solid waste fund and telecommunications fund both experienced increases in expenses in 2010 of $24,351 and $62,406, respectively.

The overall change in net assets for 2010 was $693,269 which was a $296,083, or 29 9%, decrease from the 2009 overall change in net assets. However, given the economic downturn and the decline in revenues, this increase in net assets demonstrates the City's efforts to keep expenses within the current revenue stream.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

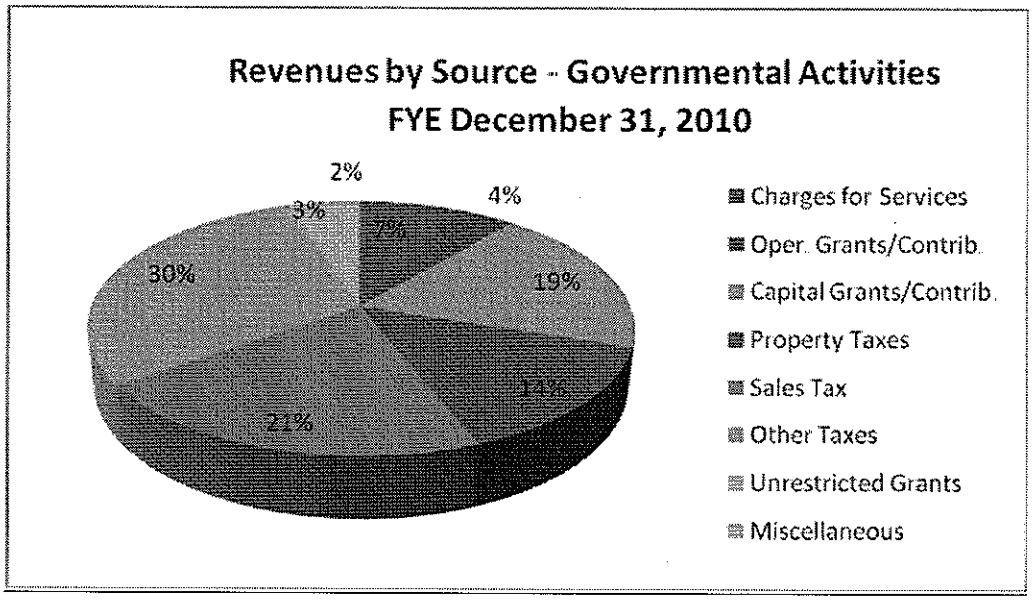
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net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

At the end of the current fiscal year, the City of Sandersville's governmental funds reported combined ending fund balances of $3,132,557, a decrease of $902,934 in comparison to the prior year. One hundred percent of the total amount of $3,132,557 constitutes unreserved fund balance, which is available for spending at the government's discretion Of this amount, $719,654 is reported in the general fund, $2,098,642 in capital projects funds, and $314,261 in special revenue funds.

Governmental Revenues

Governmental charges for services decreased slightly by $32,731 from the prior year. Operating grants and contributions also decreased by $47,631. Capital grants and contributions decreased from $1,043,375 in 2009 to $960,587 in 2010 for a 7.9% decrease. Local option sales tax increased from $862,637 in 2009 to $1,065,213 for an increase of $202,576. Franchise tax decreased $235,348 in 2010 while investment earnings also decreased $71,641 or 80.2% as available interest rates have continued to drop.

The following chart depicts the allocation by source of all governmental activities revenue.



Governmental Functional Expenses

General Government expenses increased by $73,694 or 4.9% Public Safety expenses increased $340,339 or 15 8%. Streets increased by $294,448 or 35 6%. Recreation and Housing & Economic Development experienced a decrease in expenses of $9,425 and $137,846, respectively.

The public safety function comprises 44.4% of the City's total governmental activity expenses and 15 8% of the total City expenses in fiscal year 2010. In fiscal year 2009 the figures were 44.3% and 12.8% respectively. In fiscal year 2010, general government totaled 28.2% of the total governmental activity expense, and 10% of the total City expenses In fiscal year 2009, general government totaled 31 1% of the total governmental activity expenses, and 9.0% of the total City expenses

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 1,587,952	$ 1,420,984	$ 1,514,258	$ 1,333,904
Public Safety	2,498,264	2,104,576	2,157,925	1,702,494
Street Department	1,122,009	161,422	827,561	258,368
Public Works Administratio	150,093	150,093	-	-
Recreation	39,928	39,928	49,353	49,353
Cemetery	129,772	129,772	87,670	87,670
Housing/Econ Development	99,527	99,527	237,373	232,140
Total	5,627,545	$ 4,106,302	4,874,140	$ 3,663,929

General Fund

General Fund Revenues

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, the fund balance of the general fund was $719,654 while the total fund balance for all governmental funds was $3,132,557. The General Fund's fund balance decreased by $347,199 in fiscal year 2010 as a result of decreased revenue sources of sales tax, franchise taxes and interest earnings.

Total taxes in the general fund were $3,292,981 or $85,985 (2.5%) lower than in fiscal year 2009. Licenses and permits decreased by 7.4% as a result of the continued declining housing and commercial building markets while fines and fees decreased by 7.5% in 2010. Intergovernmental revenues increased from $236,562 in 2009 to $264,717; an increase of $28,155 or 11.9%. Other revenues experienced a significant increase of $58,674 or 31.2% in 2010.

General Fund Expenditures

General Government expenses decreased by $202,094 or 14.1% in 2010 while Public Safety expenses increased by 13.9%, or $277,293. Recreation expenses decreased slightly from $46,417 in 2009 to $37,000 in 2010, or 20.3%. Cemetery experienced a significant increase in 2010 of $102,308 or 130.9% as a result of a planned project to construct a decorative fence around the cemetery. Housing and Economic Development increased $39,717, or 70.9%.

Transfers in from other funds in 2010 totaled $254,752. The City transferred $130,215 to the General Fund from the Electric Fund, $130,215 to the General Fund from the Water & Sewer Fund, and $4,400 to the General Fund from the Hotel/ Motel Tax Fund in 2010. $10,078 was transferred out of the General Fund to the Confiscated Assets Fund.

Other Fund Activities

Capital Projects Fund

The 2005 Capital Projects Fund had a net decrease in fund balance of $1,073,768 from $2,557,300 in 2009 to $1,483,532 in 2010. This is a result of drawing down 2005 SPLOST funds for capital projects.

CDBG Fund

This fund accounts for 2007 Community Development Block Grant funds. $204,441 was received in intergovernmental revenues in this fund in 2010 while $204,553 was expended for capital outlays.

Other Governmental Funds

Other (non-major) governmental funds include Special Revenue and 2009 Capital Projects funds. The Special Revenue fund accounts for the 3% Hotel/ Motel taxes levied by the City. The City recognized $44,876 in revenues in this fund in 2010 and $17,590 in expenditures with an ending fund balance of $314,075. The Capital Projects fund (2009) accounts for the 2009 1% special purpose local option sales tax. This fund received $494,735 in revenues in 2010 and had no expenditures by year end with an ending fund balance of $615,110.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, reporting both short-term and long-term information about financial status. Each of the fund statements give detailed information about their financial condition. The City maintains four enterprise funds that account for activities of the City that are operated like a business. These funds include the Water & Sewer Fund, the Electrical Fund, the Telecom Fund, and the Solid Waste Fund.

Each specific fund reported the following operating income or loss:

	2010		2009	
	Amount	Percent Change	Amount	Percent Change
Water and sewer fund	$ (55,592)	41.7%	$ (95,426)	(307.4) %
Electric fund	$ 1,504,389	237.8%	$ 445,384	(76.5)%
Telecom fund	$ (162,676)	(4.7)%	$ (155,440)	--%
Solid waste fund	$ (96,114)	29.1%	$ (135,539)	21.8%

Water & Sewer Fund

Although the operating revenues increased and the operating expenses decreased in the water and sewer fund in 2010, the fund still had an operating loss of $55,592. This was an improvement of $39,834 from the prior year's loss of $95,426 where operating expenses had also decreased from $1,580,478 in 2008 to $1,542,772 in 2009. This fund had experienced an increase in operating income of $46,006 in 2008. The net assets in this fund which had increased in 2009 by $438,174, decreased in 2010 by $122,715.

Electric Fund

The City's electric fund's operating income increased by 237.8% over fiscal year 2009 from $445,384 to $1,504,389. This increase is primarily due to the decrease in the cost to purchase power from $7,515,108 in 2009 to $5,837,979 in 2010 resulting having trust fund credits applied to the City's MEAG bill to reduce the cost of power and to offset the decrease in revenues. The revenues in this fund decreased from $9,557,798 in 2009 to $8,752,860 in 2010, or 8.4%, over the prior year while the expenses also decreased in 2010 by $1,863,943, or 20.5%. Again, this decrease in expenses can be attributed to trust fund credits applied to decrease the cost to purchase power in 2010.

Telecom Fund

The telecom fund experienced an operating loss in 2010 of $162,676. Total operating revenues for the year were $227,809 while total operating expenses were $390,485. This fund saw a loss in operating income of $155,440 in 2009. The net assets in this fund at year end in 2010 totaled $826,824 which was an increase from fiscal year 2009 of $167,689.

Solid Waste Fund

The solid waste fund had experienced a loss in 2008 of $173,229. This fund 's operating loss decreased in 2009 by 21.8% from fiscal year 2008 because operating revenues increased by 4.9% while operating expenses decreased by 4.5%. In 2010 this fund experienced an operating loss of $96,114 which continues to be a decrease in loss from $173,229 in 2008 and from $135,839 in 2009.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on pages 45-46. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were in line with final budgeted amounts with the actual revenues exceeding the final adopted budget by $120,780 primarily resulting from receiving $80,594 in grant funds that were not budgeted. LOST funds received were $34,787 less than anticipated in the original and final budgets which continue to reflect the economic realities of the current recession. Actual expenditures of $4,766,606 were $148,625 less than projected in the final budget. The original adopted budget for expenditures of $4,792,206 was increased in the final budget to $4,915,23

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Sandersville has invested $17,300,828 in capital assets net of debt, with $6,320,906 in governmental activities and $10,979,922 in business-type activities. This investment in capital includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. This City's investment in capital assets increased 5.1% for the current fiscal year primarily from an increase in investment in infrastructure and in the purchase of equipment. Additional information on the City's capital assets can be found on page 32- 33 of this report.

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

Capital Assets (net of depreciation)
as of December 31, 2010

	Governmental Activities		Business Activities		Total	
	2009	2010	2009	2010	2009	2010
Non-depreciable assets:						
Land	$ 944,416	$ 960 416	$ 222,257	$ 222,257	$ 1,166,673	$ 1,182 673
Construction in progress	360,804	74,720	399,903	1,220,931	760,707	1,295,651
Total non-depreciable	1,305,220	1,035,136	622,160	1,443,188	1,927,380	2,478,324
Depreciable assets:						
Buildings	2,966,965	3,052,959	459 109	459,109	3 426 074	3,512 068
Improvements other than buildings	-	-	-	-	-	-
Machinery and equipment	3,591,688	3,736 238	3,761,082	4,063.845	7,352,770	7,800,083
Infrastructure	958,594	1,659,869	20,842,045	20,928,631	21,800,639	22,588,500
Total depreciable assets	7,517,247	8 449 066	25,062,236	25,451 585	32 579,483	33,900,651
Less accumulated depreciation	2,843,122	3,163,296	15,200,504	15,914,851	18,043,626	19,078,147
Book value - depreciable assets	5,979,345	6,320,906	10,483,892	10,979,922	16,463,237	17,300,828
Percentage depreciated	38%	37%	61%	63%	55%	56%

Long-term Debt

At the end of fiscal year 2010 the City's enterprise funds reported $3,833,191 in notes payable for various capital outlays for the water and sewer system. This is an increase of $830,458 from the prior year resulting from the addition of a GEFA note in the amount of $1,195,000 to fund the extension of sewer to the Walden Woods subdivision. Payments of $154,505 were made to the Georgia Environmental Facilities Authority (GEFA) to reduce the outstanding principal on four notes.

As in the prior year, the City's governmental activities reported no outstanding debt.

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Capital leases	$ -	$ -	$ -	$ -	$ -	$ -
Revenue bonds	-	-	-	-	-	-
Notes payable	-	-	3,833,191	3,002,733	3,833,191	3,002,733
Total	$ -	$ -	$ 3,833,191	$ 3,002,733	$ 3,833,191	$ 3,002,733

Additional information on the City's long-term debt can be found on pages 33-34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Washington County is currently 13 8%, down from 15 9% one year ago. In recent years the Kaolin industry has seen a decrease in employment in Sandersville as many of these jobs are going to other countries. Trojan Battery, along with other area industries, reduced or stopped production altogether as a result of the economic downturn. However, there is some evidence of improvement in the local labor market as indicated in the decrease in the unemployment rate from last year. Lampson Pipe, now AD Technologies, has expanded their production line in recent months and the facility formerly occupied by Cross Ties is now occupied by Beasley Brothers Forestry. The City Council continues to work with the Washington County Development Authority to attract new industry to the community that will provide much needed employment opportunities.

The City of Sandersville, like many other cities, experienced the impact of the economic recession with declining revenues particularly in Local Option Sales Tax which decreased from $1,286,080 in 2008 to $862,637, or 33%, in 2009. However, along with improvement in the job sector, we have experienced an increased in LOST revenues in fiscal year 2010 from $862,637 to $1,065,213. In the current year, the City's property tax collection rate has not experienced a decrease and we have not seen an increase in delinquent accounts. Other revenue concerns for the City include the uncertain future of franchise taxes which decreased in 2010 from $1,273,876 to $1,038,528, legislative interference in restricting local government revenue sources and local government control of finance and budgetary decisions. Georgia's budget crisis continues to affect all local governments and their funding along with sustained concerns regarding the escalating cost of health care and the impact of the health care bill passed by the Federal Government. These were among the many factors considered when preparing the FY 2011 budget. The 2011 budget was adopted being cautiously optimistic with slow signs of improvement in our local economy and with continued concern that the economy at the national level may continue its recent weakness.

A 2009 SPLOST initiative approved by the voters in March, 2009 will provide the City with an estimated $2.1 million in funding in addition to remaining 2005 SPLOST funds for capital projects for FY 2011 – FY 2016. During this period the City will continue to invest in infrastructure while funding a preventative maintenance program for vehicles and equipment. One of the most visible and costly of the traditional government services is public safety consuming 42 5% of the City's general fund budget. In FY 2011, the 2005 Special Purpose Local Option Sales Tax (SPLOST) will provide funding for the purchase of a Fire Apparatus vehicle.

Also in 2011, the 2005 SPLOST Fund appropriates funding for matching funds for two sidewalk improvement projects to be funded with transportation enhancement grants (ISTEA) on Sun Hill Road and Highway 15, South in the Wal-Mart area. The 2009 Community Development Block Grant (CDBG) and Community Home Investment Program (CHIP) will continue the housing rehabilitation, and roadway and drainage improvements in the MLK area.

In the Electric Fund, the FY 2011 Budget continues the trend of the FY 2009 and FY 2010 Budgets of considering the economic downturn, reviewing historic data and power consumption and sales and investment revenue trends Spending cutbacks and generally conservative financial policies were taken into consideration in projecting revenues for the Electric Fund as well as other local and broader economic indicators that will influence the revenue stream. Funds have been appropriated in the Electric Fund for the purchase and implementation of an automated meter reading system that will provide more accuracy in reading the meters and promote efficiency in the billing process. Additionally, funds are budgeted in FY 2011 for the replacement of a 21 year old digger derrick truck

Our City leadership has been proactive in improving the quality of life for our residents through city owned fiber, downtown development and a streetscape, city wide recycling and major upgrades to infrastructure. Transportation has been improved through completed portions of the fall line freeway, Georgia Highway 15, and funding provided for a new airport terminal at Kaolin Field. To continue vital transportation initiatives in our area, in 2011 and 2012 the City will partner with Washington County and other local governments in the Central Savannah Regional Area to promote the implementation of HB 277, the Transportation Investment Act (TIA) of 2010, which will provide funding for transportation projects throughout our region with the passage of a transportation SPLOST in 2012.

With each budget cycle the City continues to address the challenge of providing quality services to constituents with increasingly limited resources. To accomplish the vision established by the Mayor and City Council of the City of Sandersville the FY 2011 budget links developed organizational goals and objectives with the financial resources available to fund them

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment of fiscal accountability to the public Questions or request for additional information on this report should be directed to the City's Finance Department at 141West Haynes Street, Sandersville, Georgia, 31082, or call (478) 552-2525.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 2,710,267	$ 9,692,540	$ 12,402,807	$ 17,288
Investments	-	6,652,853	6,652,853	-
Accounts receivable, net	97,361	839,380	936,741	-
Receivable from other governments	261,559	-	261,559	-
Prepaid expenses	-	-	-	-
Internal balances	18,433	(18,433)	-	-
Inventory	61,423	708,681	770,104	-
Total current assets	3,149,043	17,875,021	21,024,064	17,288
Noncurrent assets:				
Other assets:				
Loan costs, net of accumulated amortization	-	14,077	14,077	-
Capital assets:				
Land	960,416	222,257	1,182,673	-
Construction in progress	74,720	1,220,931	1,295,651	-
Depreciable capital assets, net of accumulated depreciation	5,285,770	9,536,734	14,822,504	-
Total assets	9,469,949	28,869,020	38,338,969	17,288
LIABILITIES:				
Current liabilities:				
Accounts payable	9,327	442,150	451,477	299
Current portion of long-term debt	-	170,525	170,525	-
Meter deposits held	-	274,817	274,817	-
Other accrued liabilities	-	36,742	36,742	-
Deferred revenue	-	-	-	-
Total current liabilities	9,327	924,234	933,561	299
Noncurrent liabilities:				
Notes payable, less current portion	-	3,662,666	3,662,666	-
Total liabilities	9,327	4,586,900	4,596,227	299
NET ASSETS:				
Invested in capital assets, net of related debt	6,320,906	7,146,731	13,467,637	-
Restricted	-	-	-	-
Unrestricted	3,139,716	17,135,389	20,275,105	16,989
	$ 9,460,622	$ 24,282,120	$ 33,742,742	$ 16,989

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary government:								
Governmental activities:								
General government	$ 1,587,952	$ 166,968	$ -	$ -	$ (1,420,984)	$ -	$ (1,420,984)	
Public safety	2,498,264	194,757	198,931	-	(2,104,576)	-	(2,104,576)	
Street department	1,122,009	-	-	960,587	(161,422)	-	(161,422)	
Public works administration	150,093	-	-	-	(150,093)	-	(150,093)	
Recreation	39,928	-	-	-	(39,928)	-	(39,928)	
Cemetery	129,772	-	-	-	(129,772)	-	(129,772)	
Housing and economic development	99,527	-	-	-	(99,527)	-	(99,527)	
Interest on long-term debt	-	-	-	-	-	-	-	
Total governmental activities	5,627,545	361,725	198,931	960,587	(4,106,302)	-	(4,106,302)	
Business-type activities:								
Water and sewer	1,655,582	1,481,201	-	-	-	(174,381)	(174,381)	
Electrical	7,248,471	8,752,440	-	-	-	1,503,969	1,503,969	
Telecom	390,485	227,809	-	-	-	(162,676)	(162,676)	
Solid waste	879,808	783,694	-	-	-	(96,114)	(96,114)	
Total business-type activities	10,174,346	11,245,144	-	-	-	1,070,798	1,070,798	
Total primary government	$ 15,801,891	$ 11,606,869	$ 198,931	$ 960,587	(4,106,302)	1,070,798	(3,035,504)	
Component unit:								
Downtown development authority	$ 36,061	$ -	$ 12,000	$ -				$ (24,061)
General revenues:								
Taxes:								
Property taxes					712,504	-	712,504	-
General sales and use tax					1,065,213	-	1,065,213	-
Franchise tax					1,038,528	-	1,038,528	-
Insurance company premium tax					330,743	-	330,743	-
Other taxes					190,212	-	190,212	-
Unrestricted grants and contributions					146,160	-	146,160	-
Interest and dividend earnings					17,663	149,039	166,702	4
Miscellaneous					78,711	-	78,711	-
Transfers					(30,982)	30,982	-	-
Total general revenues and transfers					3,548,752	180,021	3,728,773	4
Change in net assets					(557,550)	1,250,819	693,269	(24,057)
Net assets, beginning					10,018,172	23,031,301	33,049,473	41,046
Net assets, ending					$ 9,460,622	$ 24,282,120	$ 33,742,742	$ 16,989

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Capital Projects Fund (2005)	CDBG Fund (2007)	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 453,805	$ 1,495,445	$ -	$ 761,017	$ 2,710,267
Accounts receivable, net	89,131	-	-	8,230	97,361
Receivables from other funds	30,684	-	-	-	30,684
Receivables from other governments	101,097	-	-	160,462	261,559
Prepaid expenses	-	-	-	-	-
Inventories	61,423	-	-	-	61,423
Total assets	$ 736,140	$ 1,495,445	$ -	$ 929,709	$ 3,161,294
LIABILITIES:					
Accounts payable	$ 9,327	$ -	$ -	$ -	$ 9,327
Other liabilities	-	-	-	-	-
Due to other funds	-	11,913	124	214	12,251
Deferred revenue	7,159	-	-	-	7,159
Total liabilities	16,486	11,913	124	214	28,737
FUND BALANCES:					
Reserved fund balance	-	-	-	-	-
Unreserved, reported in:					
General fund	719,654	-	-	-	719,654
Special revenue funds	-	-	(124)	314,385	314,261
Capital projects funds	-	1,483,532	-	615,110	2,098,642
Total fund balances	719,654	1,483,532	(124)	929,495	3,132,557
Total liabilities and fund balances	$ 736,140	$ 1,495,445	$ -	$ 929,709	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $3,163,296	6,320,906
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	7,159
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds	-
Net assets of governmental activities	$ 9,460,622

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Capital Projects Fund (2005)	CDBG Fund (2007)	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 3,292,981	$ -	$ -	$ 40,398	$ 3,333,379
Licenses and permits	166,968	-	-	-	166,968
Intergovernmental	264,717	147,149	204,441	491,708	1,108,015
Fees and fines	193,125	-	-	-	193,125
Charges for services	-	-	-	-	-
Other	246,864	39,668	-	9,137	295,669
Total revenues	4,164,655	186,817	204,441	541,243	5,097,156
EXPENDITURES:					
Current operating:					
General government	1,229,978	276,492	-	17,590	1,524,060
Public safety	2,278,187	-	-	2,687	2,280,874
Street department	794,835	234,328	-	-	1,029,163
Public works administration	150,338	-	-	-	150,338
Recreation	37,000	-	-	-	37,000
Cemetery	180,495	-	-	-	180,495
Housing and economic development	95,773	-	-	-	95,773
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlays	-	749,765	204,553	8,499	962,817
Total expenditures	4,766,606	1,260,585	204,553	28,776	6,260,520
Excess (deficiency) of revenues over expenditures	(601,951)	(1,073,768)	(112)	512,467	(1,163,364)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in (out)	254,752	-	214	5,464	260,430
Total other financing sources and uses	254,752	-	214	5,464	260,430
Net change in fund balance	(347,199)	(1,073,768)	102	517,931	(902,934)
FUND BALANCE, beginning	1,066,853	2,557,300	(226)	411,564	4,035,491
FUND BALANCE, ending	$ 719,654	$ 1,483,532	$ (124)	$ 929,495	$ 3,132,557

(Continued)

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds	$ (902,934)
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 outlays	742,249
Depreciation	(380,836)
	361,413
The effect of various capital asset disposals and sales, net of accumulated depreciation	(19,850)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	3,821
	$ (557,550)

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Water and Sewer	Electrical	Telecom	Solid Waste	Total
ASSETS					
CURRENT ASSETS:					
Cash in bank	$ 2,835,573	$ 6,499,386	$ 357,581	$ -	$ 9,692,540
Investment in MEAG Trust	-	6,652,853	-	-	6,652,853
Accounts receivable, net of allowance	104,641	658,862	16,042	59,835	839,380
Inventories	84,958	603,257	20,466	-	708,681
Total current assets	3,025,172	14,414,358	394,089	59,835	17,893,454
LONG-TERM ASSETS:					
Other Assets:					
Loan closing costs, net	14,077	-	-	-	14,077
Due from general fund	-	-	-	-	-
Due from water fund	-	483	-	-	483
Due from telecommunications fund	-	95,735	-	-	95,735
	14,077	96,218	-	-	110,295
Capital Assets:					
Land	168,636	53,621	-	-	222,257
Buildings	156,636	185,896	-	116,577	459,109
Equipment	1,294,007	292,068	105,305	450,339	2,141,719
Meters	298,587	190,415	-	-	489,002
Vehicles	541,451	856,735	34,938	-	1,433,124
Distribution system	12,677,035	3,070,253	1,168,748	-	16,916,036
Construction in progress	1,220,931	-	-	-	1,220,931
Sewerage treatment plant	4,012,595	-	-	-	4,012,595
	20,369,878	4,648,988	1,308,991	566,916	26,894,773
Less accumulated depreciation	(11,547,341)	(3,146,261)	(767,400)	(453,849)	(15,914,851)
Total capital assets	8,822,537	1,502,727	541,591	113,067	10,979,922
Total assets	11,861,786	16,013,303	935,680	172,902	28,983,671
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	2,311	414,620	10,921	14,298	442,150
Current portion of notes payable	170,525	-	-	-	170,525
Sales tax payable	-	36,742	-	-	36,742
Customer deposits held	-	272,617	2,200	-	274,817
Total current liabilities	172,836	723,979	13,121	14,298	924,234
NONCURRENT LIABILITIES:					
Due to electrical fund	483	-	95,735	-	96,218
Due to general fund	10,851	6,951	-	631	18,433
Notes payable, net of current portion	3,662,666	-	-	-	3,662,666
Total noncurrent liabilities	3,674,000	6,951	95,735	631	3,777,317
Total liabilities	3,846,836	730,930	108,856	14,929	4,701,551
NET ASSETS					
INVESTED IN CAPITAL ASSETS, net of related debt	4,989,346	1,502,727	541,591	113,067	7,146,731
RESTRICTED	-	-	-	-	-
UNRESTRICTED	3,025,604	13,779,646	285,233	44,906	17,135,389
Total net assets	$ 8,014,950	$ 15,282,373	$ 826,824	$ 157,973	$ 24,282,120

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water and Sewer	Electrical	Telecom	Solid Waste	Total
OPERATING REVENUES:					
Charges for services	$ 1,413,708	$ 8,402,784	$ 221,663	$ 783,694	$ 10,821,849
Miscellaneous income	67,493	350,076	6,146	-	423,715
Total operating revenue	1,481,201	8,752,860	227,809	783,694	11,245,564
OPERATING EXPENSES:					
Personal services and employee benefits	553,323	585,891	67,122	152,458	1,358,794
Supplies	206,800	29,962	31,434	994	269,190
Power purchased	-	5,837,979	-	-	5,837,979
Franchise and other user fees	-	369,020	149,373	682,731	1,201,124
Maintenance and repairs	109,999	100,156	6,679	10,956	227,790
Vehicle expense	24,567	12,813	-	9,070	46,450
Depreciation	526,197	135,260	67,410	14,745	743,612
Other costs	115,907	177,390	68,467	8,854	370,618
Total operating expenses	1,536,793	7,248,471	390,485	879,808	10,055,557
OPERATING INCOME (LOSS)	(55,592)	1,504,389	(162,676)	(96,114)	1,190,007
NON-OPERATING REVENUES (EXPENSES):					
Interest and dividend income	32,600	113,978	1,961	500	149,039
Change in fair market value of investments	-	(420)	-	-	(420)
State grant	-	-	-	-	-
Interest expense	(118,789)	-	-	-	(118,789)
Total non-operating revenues (expenses)	(86,189)	113,558	1,961	500	29,830
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(141,781)	1,617,947	(160,715)	(95,614)	1,219,837
CAPITAL CONTRIBUTIONS	163,483	127,929	-	-	291,412
NET INCOME (LOSS) BEFORE TRANSFERS	21,702	1,745,876	(160,715)	(95,614)	1,511,249
TRANSFERS IN (OUT)	(144,417)	(554,417)	328,404	110,000	(260,430)
CHANGE IN NET ASSETS	(122,715)	1,191,459	167,689	14,386	1,250,819
NET ASSETS, beginning of year	8,137,665	14,090,914	659,135	143,587	23,031,301
NET ASSETS, end of year	$ 8,014,950	$ 15,282,373	$ 826,824	$ 157,973	$ 24,282,120

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-Type Activities Enterprise Funds				
	Water and Sewer	Electrical	Telecom	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 1,474,796	$ 8,748,632	$ 225,749	$ 780,597	$ 11,229,774
Cash paid to suppliers for goods and services	(472,592)	(6,652,111)	(227,009)	(738,639)	(8,090,351)
Cash paid to employees	(553,323)	(585,891)	(67,122)	(152,458)	(1,358,794)
Net cash provided by (used for) operating activities	448,881	1,510,630	(68,382)	(110,500)	1,780,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from (to) other funds	(144,417)	(554,417)	328,404	110,000	(260,430)
Net cash provided by (used for) noncapital financing activities	(144,417)	(554,417)	328,404	110,000	(260,430)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of assets	(882,961)	(39,877)	(137)	-	(922,975)
Principal paid on notes payable	(149,518)	-	-	-	(149,518)
Interest paid on notes payable	(132,086)	-	-	-	(132,086)
Proceeds from notes payable	973,013	-	-	-	973,013
Net cash provided by (used for) capital and related financing activities	(191,552)	(39,877)	(137)	-	(231,566)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Loans (to) from General Fund	10,851	10,373	-	-	21,224
Loans (to) from Water Fund	-	-	-	-	-
Loans (to) from Electric Fund	39	-	95,735	-	95,774
Loans (to) from Telecommuniations Fund	-	(95,735)	-	-	(95,735)
Interest and dividends received	32,600	113,978	1,961	500	149,039
Investment in MEAG Trust	-	(727,633)	-	-	(727,633)
Net cash provided by (used for) investing activities	43,490	(699,017)	97,696	500	(557,331)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	156,402	217,319	357,581	-	731,302
CASH AND CASH EQUIVALENTS, beginning of year	2,679,171	6,282,067	-	-	8,961,238
CASH AND CASH EQUIVALENTS, end of year	$ 2,835,573	$ 6,499,386	$ 357,581	$ -	$ 9,692,540

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Business-Type Activities Enterprise Funds				
	Water and Sewer	Electrical	Telecom	Solid Waste	Total
RECONCILIATION OF NET INCOME (LOSS) to NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Net operating income (loss)	$ (60,587)	$ 1,504,389	$ (162,676)	$ (96,114)	$ 1,185,012
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation and amortization expense	527,120	135,260	67,410	14,745	744,535
Changes in assets and liabilities:					
Accounts receivable	(6,405)	(4,228)	(2,060)	(3,097)	(15,790)
Inventories	(7,602)	(34,964)	18,073	-	(24,493)
Accounts payable	(3,645)	(95,240)	10,921	(26,034)	(113,998)
Customer deposits	-	5,153	(50)	-	5,103
Other liabilities	-	260	-	-	260
Net cash provided by (used for) operating activities	$ 448,881	$ 1,510,630	$ (68,382)	$ (110,500)	$ 1,780,629

NONCASH CAPITAL FINANCING ACTIVITIES:

During 2010 the Water and Sewer Fund received $163,483 of noncash contributions from Capital Projects Funds for the funding of capital assets

During 2010 the Electrical Fund received $127,929 of noncash contributions from Capital Projects Funds for the funding of capital assets

The accompanying notes are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Sandersville (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Currently, the City has no blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Included as a discretely presented component unit in a separate column in the combined financial statements to emphasize it is legally separate from the City:

> Downtown Development Authority - The Development Authority was created by a resolution of the City Council of Sandersville on April 12, 2001, to promote the development of the downtown area of the City. The City Council appoints all board members and has one representative on the Development Authority board. Complete financial statements may be obtained at 141 West Haynes Street, Sandersville, Georgia 31082.

The Housing Authority of the City of Sandersville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Sandersville, Georgia. The City of Sandersville, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Sandersville, Georgia is a related organization.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The Capital Projects Fund (2005) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period July 1, 2005 to June 30, 2010.

The Community Development Block Grant Fund (2007) accounts for a 2007 grant of $800,000 for drainage upgrades and private party rehabilitation.

The City reports the following major proprietary funds:

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

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

The Telecommunications Fund is used to account for the provision of non-voice telecommunications services, including Internet access. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

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

The City complies with Governmental Accounting Standards Board "(GASB)" Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

F. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets in excess of $1,500 and with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Beginning January 1, 2003, GASBS No. 34 required the City to report and depreciate all new governmental funds' infrastructure assets. GASBS No. 34 also required governments to retroactively report infrastructure assets constructed between 1980 and 2002. Infrastructure assets totaling $565,367 were completed during the year ended December 31, 2010. At December 31, 2010, there was $74,720 construction-in-progress related to infrastructure assets.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows

Buildings	30-40 Years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 – 50 years

H. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The City does not allow accumulated vacation pay beyond one year; therefore there are no significant unrecorded balances at December 31, 2010.

I. Long-Term Obligations

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

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

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

The City had no bonds outstanding at December 31, 2010.

J. Equity Classifications

Government-wide Statements

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

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

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

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

K. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

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

1. Prior to year end the City Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

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

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

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

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2010:

Cemetery - capital outlays	$ 61,262
Housing and economic development - capital outlays	136

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2010, none of the City's $12,402,807 was exposed to custodial credit risk.

Investments - Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) savings accounts at savings and loan associations and banks, to the extent fully insured, and (4) any bond, note, or other indebtedness issued by agencies, authorities, or public entities whose governing boards are appointed by the City Council, or issued by any public trust of which it is sole beneficiary.

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 costs. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Trust 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 MEAG to retain or use the discretionary funds. The MEAG Voluntary Flexible Operating Trust Account is not rated; at December 31, 2010, the average weighted maturity of the fund was 12.62 months. At December 31, 2010, the City's balance in the account was $6,652,853.

4. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Washington County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on October 1, 2009. Taxes were billed on or about March 1, 2010 and were due May 15, 2010 after which date penalties and interest were assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City. Current tax collections for the years ended December 31, 2010, were 99.4% of the tax levy.

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

5. ACCOUNTS RECEIVABLE

At December 31, 2010, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 7,749	$ -	$ 7,749
Local option sales tax	101,097	-	101,097
Miscellaneous	81,382	-	81,382
Capital Projects Fund (2009):			
Special local option sales tax	160,462	-	160,462
Hotel/Motel Tax Special Revenue Fund:			
Taxes receivable	8,230	-	8,230
Electrical Fund - electric fees	-	659,257	659,257
Water and Sewer Fund - water and sewer fees	-	104,768	104,768
Telecom Fund - telecom fees	-	16,042	16,042
Solid Waste Fund - garbage fees	-	59,835	59,835
	358,920	839,902	1,198,822
Allowance for doubtful accounts	-	(522)	(522)
	$358,920	$ 839,380	$ 1,198,300

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 944,416	$ 16,000	$ -	$ 960,416
Construction-in-progress	360,804	279,273	(565,357)	74,720
Subtotal	1,305,220	295,273	(565,357)	1,035,136
Other capital assets:				
Buildings	2,966,965	85,994	-	3,052,959
Equipment	3,591,688	516,474	(371,924)	3,736,238
Infrastructure	958,594	701,275	-	1,659,869
Subtotal	8,822,467	1,599,016	(937,281)	9,484,202
Accumulated depreciation:				
Buildings	870,978	78,782		949,760
Equipment	1,784,428	279,878	(60,662)	2,003,644
Infrastructure	187,716	22,176		209,892
Subtotal	2,843,122	380,836	(60,662)	3,163,296
Net capital assets	$ 5,979,345	$ 1,218,180	$ (876,619)	$ 6,320,906
Business-type activities:				
Not being depreciated:				
Land	$ 222,257	$ -	$ -	$ 222,257
Construction-in-progress	399,903	883,870	(62,842)	1,220,931
Subtotal	622,160	883,870	(62,842)	1,443,188
Other capital assets:				
Buildings	459,109	-	-	459,109
Equipment	3,761,082	332,028	(29,265)	4,063,845
Infrastructure	20,842,045	86,586	-	20,928,631
Subtotal	25,684,396	1,302,484	(92,107)	26,894,773
Accumulated depreciation:				
Buildings	253,560	9,531		263,091
Equipment	2,964,376	132,766	(29,265)	3,067,877
Infrastructure	11,982,568	601,315		12,583,883
Subtotal	15,200,504	743,612	(29,265)	15,914,851
Net capital assets	$ 10,483,892	$ 558,872	$ (62,842)	$ 10,979,922

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 65,387
Public safety	205,083
Street department	92,982
Public works administration	27
Recreation	2,928
Cemetery	10,539
Housing and development	3,890
	$ 380,836
Business-type activities:	
Water and sewer	$ 526,197
Electrical	135,260
Telecom	67,410
Solid waste	14,745
	$ 743,612

7. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2010, long-term debt consisted of the following:

	Governmental Activities	Water and Sewer Fund Debt
$758,724 water and sewer fund GEFA note payable used for system upgrades; due in quarterly principal and interest payments of $12,884 to January 2026; interest at 3.0%	$ -	$ 628,818
$2,650,913 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $17,436 to July 2024; interest at 4.35%	-	2,136,838
$984,963 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $5,799 to September 2030; interest at 3.81%		979,976
$100,381 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $628 to March 2027; interest at 4.36%	-	87,559
Total long-term debt	$ -	$3,833,191

Following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Amount Due in One Year
Governmental type activities:					
Note payable	$ -	$ -	$ -	$ -	$ -
Business-type activities:					
GEFA note payable	$ 660,885	$ -	$ (32,067)	$ 628,818	$ 32,012
GEFA note payable	-	984,963	(4,987)	979,976	21,311
GEFA note payable	91,186	-	(3,627)	87,559	3,626
GEFA note payable	2,250,662	-	(113,824)	2,136,838	113,576
	$3,002,733	$ 984,963	$ (154,505)	$3,833,191	$ 170,525

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2010 are as follows:

	Governmental Activities		Water and Sewer Fund Notes Payable	
Year Ending December 31	Principal	Interest	Principal	Interest
2011	$ -	$ -	$ 170,525	$ 122,134
2012	-	-	195,223	142,665
2013	-	-	203,274	134,615
2014	-	-	211,592	126,297
2015	-	-	220,277	117,613
2016 - 2020	-	-	1,244,855	444,594
2021 - 2025	-	-	1,206,020	175,883
2026 - 2030	-	-	330,050	40,858
2031	-	-	51,375	819
	$ -	$ -	$ 3,833,191	$ 1,305,478

10. FUND DEFICIT

At December 31, 2010, the Community Development Block Grant Fund (2007) had a deficit fund balance of $124. This deficit will be liquidated with future grant revenues.

11. INTERFUND TRANSACTIONS AND BALANCES

	Transfers In	Transfers Out
Telecommunications Fund -		
Electric Fund	$ 314,202	$ -
Water and Sewer Fund	14,202	
General Fund-		
Electric Fund	130,215	
Water and Sewer Fund	130,215	-
Hotel/Motel Tax Special Revenue Fund	4,400	
Confiscated Assets Special Revenue Fund	-	10,078
Solid Waste Fund -		
Electric Fund	110,000	-
Hotel/Motel Tax Special Revenue Fund-		
General Fund	-	4,400
Confiscated Assets Special Revenue Fund-		
General Fund	10,078	
CDBG Special Revenue Fund (2007)-		
CDBG Special Revenue Fund (2009)	107	
CDBG CHIP Special Revenue Fund (2009)	107	
CDBG Special Revenue Fund (2009)-		
CDBG Special Revenue Fund (2007)		107
CDBG CHIP Special Revenue Fund (2009)-		
CDBG Special Revenue Fund (2007)		107
Water and Sewer Fund-		
Telecommunications Fund		14,202
General Fund	-	130,215
Electric Fund -		
General Fund		130,215
Telecommunications Fund	-	314,202
Solid Waste Fund	-	110,000
	$ 713,526	$ 713,526

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended December 31, 2010, the Capital Projects Funds contributed $163,483 of capital assets to the Water and Sewer Fund, and $127,929 of capital assets to the Electric Fund.

Balances Due to/from Other Funds:

Balances due to/from other funds at December 31, 2010, consist of the following –

	Due From	Due To
General Fund -		
CDBG Special Revenue Fund (2007)	$ 124	$ -
Capital Projects Fund (2005)	11,913	-
CDBG Special Revenue Fund (2009)	107	
CDBG CHIP Special Revenue Fund (2009)	107	
Solid Waste Fund	631	-
Water and Sewer Fund	10,851	
Electric Fund	6,951	
CDBG Special Revenue Fund (2007) -		
General Fund	-	124
Capital Projects Fund (2005) -		
General Fund	-	11,913
Telecommunications Fund		
Electric Fund	-	95,735
CDBG Special Revenue Fund (2009) -		
General Fund	-	107
CDBG CHIP Special Revenue Fund (2009) -		
General Fund	-	107
Water Fund -		
Water and Sewer Fund	-	10,851
Electric Fund	-	483
Electric Fund -		
Telecommunications Fund	95,735	
Water and Sewer Fund	483	-
General Fund	-	6,951
Solid Waste Fund -		
General Fund	-	631
	$ 126,902	$ 126,902

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid in 2011.

12. COMMITMENTS AND CONTINGENCIES

Litigation

Amounts expended or payable from federal grantor agencies are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the City's financial position.

The City and Washington County are equal guarantors on a Washington County Development Authority $3,024,000 revenue bond for purchase of an industrial building, in the event the Authority has insufficient funds to service the debt.

Agreements with Municipal Electric Authority of Georgia ("MEAG")

In 1976, the City along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia.

Under the terms of the agreement, MEAG agrees to provide, and the cities are obligated to purchase, all of their bulk power supply requirements for a period not to exceed 50 years. In 2004, the cities unanimously voted to extend the contract with MEAG an additional 50 years. The cities have agreed to purchase all their future power and energy requirements in excess of that received by the cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each city has guaranteed a portion of the unpaid debt based on their 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.

During 2007 the City purchased additional interest in MEAG's power sales contract from the City of College Park, Georgia. The total obligation at December 31, 2010 is $41.6 million which will be paid as a part of the City's monthly power purchases to 2037.

At December 31, 2010, the outstanding debt of MEAG was approximately $6.0 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $33.2 million at December 31, 2010.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created three funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account

This account is available to the City for withdrawal without restriction. During 2010, the City transferred $300,773 to this account and the balance at December 31, 2010 was $6,227,020.

Generation Trust Account

This account is available to the City for withdrawal without restriction. During 2010, the City transferred $425,833 to this account and the balance at December 31, 2010 was $425,833.

Credit Support Operating Account and Reserve Funded Debt Account

These accounts are restricted to loans or offsets to billings from MEAG for power usage if certain criteria are met related to power costs from MEAG compared to market rates. The total balance in these two accounts at December 31, 2010 was $4,063,342, but is not recorded as an asset of the City.

13. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City has a non-contributory plan covering all full time employees. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Employees become vested after five years of service. Members may retire on reaching the age of 55 or 65, depending on years of service. Benefits are calculated at 1.5% of the average monthly earnings for the period of the five highest years prior to retirement. The benefit provisions and contribution requirements are established by GMEBS and the Adoption Agreement executed by the City.

As of May 1, 2010, the date of the latest actuarial valuation study, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	49
Terminated employees entitled to benefits but not yet receiving them	20
Current active employees:	
Vested	61
Nonvested	22
Total membership in the plan	152

B. Summary of Significant Accounting Policies

Financial statements of the plan are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue as billed by GMEBS. Investment income is recognized as earned by the plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as the valuation of investments at the end of each month during the period.

There are no investments in, loans to, or leases with parties related to the pension plan.

C. **Funding Status and Progress**

The amount shown as the "Actuarial Value of Plan Assets" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial present value of credited projected benefits and is intended to: (1) help users assess the retirement plans funding status on a going-concern basis, (2) assess progress being made in accumulating sufficient assets to pay benefits when due and (3) allow for comparisons among public employee retirement plans. The actuarial value of plan assets was determined as part of an actuarial valuation of the plan as of May 1, 2010. Significant actuarial assumptions used in determining the actuarial value of plan assets include: (a) a rate of return on the investment of present and future assets of 8% per year, (b) projected salary increases of 5% per year, attributable to inflation, (c) additional projected salary increases of 0.5% per year, attributable to seniority/merit and (d) the assumption that benefits will not increase after retirement. The method used to determine the actuarial value of assets is to roll forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the ten prior years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

As of May 1, 2010, the actuarial accrued liability and actuarial value of plan assets are as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,288,533
Current employees:	
Accumulated employee contributions including allocated investment income	-
Employer-provided vested	2,251,202
Employer-provided non-vested	333,701
Total actuarial accrued liability	4,873,436
Actuarial value of plan assets	3,616,557
Unfunded actuarial accrued liability	$ 1,256,879

The weighted average rate of return used in determining the actuarial present value of accumulated plan benefits was 8%.

D. Contributions Required and Contributions Made

As a participant in the GMEBS, the City receives a separate annual actuarial valuation as of May 1. The City is required to pay the required annual actuarial contribution to GMEBS on a monthly basis. These contributions are determined under the projected unit credit actuarial cost method. The actuarial funding method is the same method used in computing the actuarial value of plan assets. Total pension costs were $418,333 for the year ended December 31, 2010, which includes amortization of past service costs over 30 years. This contribution amounted to 15.2% of the total covered payroll. The City's total payroll was $3,227,251 and the covered payroll was $2,756,160. There were no changes in plan provisions valued, cost methods, actuarial assumptions, or benefits during the year.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability as described in C. above.

E. Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The required ten-year trend information is not presented in the GMEBS annual financial report.

The required three-year historical information is as follows:

	2010	2009	2008
Actuarial value of plan assets as a percentage of actuarial accrued liability	74.2%	56.3%	82.7%
Unfunded (Funded) actuarial accrued liability as a percentage of annual covered payroll	45.6%	70.8%	29.8%
Employer contributions as a percentage of annual covered payroll	15.2%	9.3%	9.3%
Annual pension cost	$418,333	$331,731	$245,364
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

Required Supplementary Information
Analysis of Funding Progress

Fiscal Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (AL) (2) - (1)	Annual Covered Payroll (prior year)	Unfunded AL as Percentage of Covered Payroll
2001	$2,644,859	$2,812,807	94.0%	$ 167,948	$1,930,225	8.7%
2002	2,777,837	3,030,636	91.7%	252,799	2,253,369	11.2%
2003	2,879,498	3,278,355	87.8%	398,857	2,526,710	15.8%
2004	3,032,303	3,527,929	85.9%	495,626	2,522,907	19.6%
2005	3,211,767	3,755,479	85.5%	543,712	2,540,801	21.4%
2006	3,413,416	3,965,050	86.1%	551,634	2,393,328	23.0%
2007	3,599,925	4,176,889	86.2%	576,964	2,557,047	22.6%
2008	3,769,249	4,556,793	82.7%	787,544	2,640,057	29.8%
2009	2,603,834	4,624,043	56.3%	2,020,209	2,854,980	70.8%
2010	3,616,557	4,873,436	74.2%	1,256,879	2,756,160	45.6%

Analysis of the dollar amounts of actuarial value of plan assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of plan assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

To obtain a copy of the financial report for the GMEBS pension plan, write to the following address:

Georgia Municipal Employees Benefit System
201 Pryor Street, SW
Atlanta, GA 30303

14. DEFINED CONTRIBUTION PLAN

The City has a defined contribution pension plan for all full-time employees, including elected officials, the Municipal Court Judge and the City Solicitor. Employees are eligible to participate in the plan immediately upon employment. Covered employees may contribute up to 25% of their base salary and the City matches 50% of the employee's contribution up to 3%. The City's contributions for each employee (and the interest allocated to the employee's account) immediately vest upon entry into the plan. Employee contributions to the plan were $77,478 and the City contributed $34,029 for the current fiscal year.

The City's defined contribution plan, City of Sandersville Defined Contribution Plan, was authorized by the City Council by passage of an ordinance and is administered by the City. The City Council originally established the contribution requirements, and it has the authority to amend contribution requirements if it deems appropriate. The City makes deposits into a money purchase pension trust fund which is managed by CitiStreet, an investment management company.

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association administers both risk pools.

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 pools' 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 pools' 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 governments' contracts and in accordance with the workers' compensation laws 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.

The City also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

16. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Notes 13 and 14, City Ordinance allows the City to make available the following post employment benefits:

Life Insurance

The City provides $10,000 of 'whole-life' insurance coverage to all employees who retire from the City and who are eligible to receive retirement benefits under the criteria established in the City of Sandersville Retirement Plan. The City, which utilizes a pay-as-you-go basis of funding, paid $672 during the year ended December 31, 2010 for sixteen eligible retirees.

Health Insurance

The City makes available, through its employee group health plan with the Georgia Municipal Association, health care benefits to all employees who retire from the City and who are receiving benefits from the City of Sandersville Retirement Plan. The City makes no contribution toward the premiums for health care benefits for retirees. At December 31, 2010, one retired employee participated in the City's group health plan.

17. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2010, the City paid $6,144 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commissions in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road
PO Box 2800
Augusta, Georgia 30914-2800

18. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. A summary of the transactions for the year ended December 31, 2010, are as follows:

Balance of lodging tax on hand at January 1	$ 291,189
Lodging tax receipts	44,876
Expenditures	(17,590)
Transfer to General Fund	(4,400)
Balance of lodging tax on hand December 31	$ 314,075

The expenditures (39% of current year's receipts) were for promotion of tourism as required by OCGA 48-13-51. This complies with the expenditure requirements of OCGA 48-13-51.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund
- Community Development Block Grant Special Revenue Fund (2007) Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) to Actual

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem (including public utility and vehicle)	$ 724,050	$ 724,050	$ 708,683	$ (15,367)
Alcoholic beverage	130,000	130,000	133,585	3,585
Local option sales	1,100,000	1,100,000	1,065,213	(34,787)
Franchise tax	1,177,750	973,545	1,038,528	64,983
Insurance company premium	343,000	343,000	330,743	(12,257)
Intangible	4,500	4,500	5,628	1,128
Other	4,000	4,000	10,601	6,601
	3,483,300	3,279,095	3,292,981	13,886
Licenses and Permits:				
Building permits	40,000	40,000	48,449	8,449
Business licenses	88,400	90,028	91,174	1,146
Beer, wine and liquor licenses	32,000	32,000	27,345	(4,655)
	160,400	162,028	166,968	4,940
Intergovernmental:				
County fire supplement	50,000	50,000	47,500	(2,500)
Grant funds	-	-	80,594	80,594
Department of Justice grant	-	-	803	803
GMA safety grant	-	-	7,000	7,000
County reimbursement - public safety	40,620	40,620	41,788	1,168
County reimbursement - animal control	108,800	108,800	87,032	(21,768)
	199,420	199,420	264,717	65,297
Charges for services:				
Court fines	210,000	210,000	193,125	(16,875)
Drug confiscations	-	-	-	-
	210,000	210,000	193,125	(16,875)
Miscellaneous:				
Interest income	30,000	12,500	13,185	685
Sale of equipment, supplies and real estate	10,900	10,900	16,711	5,811
Rent	13,200	-	-	-
Contribution from Washington County Development Authority	146,160	146,160	146,160	-
Other	23,950	23,772	70,808	47,036
	224,210	193,332	246,864	53,532
Total revenues	4,277,330	4,043,875	4,164,655	120,780

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

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 1,161,715	$ 1,249,580	$ 1,224,088	$ 25,492
Public safety	2,336,638	2,353,038	2,270,644	82,394
Street department	858,985	858,985	794,699	64,286
Public works administration	151,051	151,051	150,066	985
Recreation	37,000	37,000	37,000	-
Cemetery	138,845	138,845	119,233	19,612
Housing and economic development	79,972	98,732	95,637	2,959
Total operating expenditures	4,764,206	4,887,231	4,691,367	195,728
Capital Outlays:				
General government	10,500	10,500	5,890	4,610
Public safety	13,500	13,500	7,543	5,957
Street department	2,000	2,000	136	1,864
Public works administration	2,000	2,000	272	1,728
Recreation	-	-	-	-
Cemetery	-	-	61,262	(61,262)
Housing and economic development	-	-	136	(136)
Total capital expenditures	28,000	28,000	75,239	(47,239)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	4,792,206	4,915,231	4,766,606	148,625
Excess (deficiency) of revenues over expenditures	(514,876)	(871,356)	(601,951)	269,405
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	272,340	260,430	254,752	(5,678)
	272,340	260,430	254,752	(5,678)
Excess (deficiency) of revenues over expenditures and other financing sources	(242,536)	(610,926)	(347,199)	263,727
FUND BALANCE, beginning of year	1,066,853	1,066,853	1,066,853	-
FUND BALANCE, end of year	$ 824,317	$ 455,927	$ 719,654	$ 263,727

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

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND (2007)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ 204,441	$ 204,441	$ 204,441	$ -
EXPENDITURES:				
Housing and economic development	-	-	-	-
Capital outlays	204,553	204,553	204,553	-
Total expenditures	204,553	204,553	204,553	-
Excess revenues over (under) expenditures	(112)	(112)	(112)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	214	214	214	-
Excess revenues and other financing sources (uses) over (under) expenditures	102	102	102	-
FUND BALANCE, beginning of year	(226)	(226)	(226)	-
FUND BALANCE, end of year	$ (124)	$ (124)	$ (124)	$ -

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- Combining Statements – Nonmajor governmental funds
- Hotel/Motel Tax Special Revenue Fund Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) to Actual
- Community Development Block Grant Special Revenue Fund (2009) Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) to Actual
- Community Development Block Grant CHIP Special Revenue Fund (2009) Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) to Actual
- Confiscated Asset Special Revenue Fund Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) to Actual
- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

CITY OF SANDERSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	SPECIAL REVENUE				CAPITAL PROJECTS	
	Hotel/Motel	CDBG Fund (2009)	CDBG CHIP Fund (2009)	Confiscated Assets Fund	Capital Projects Fund (2009)	Total Nonmajor Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 305,845	$ -	$ -	$ 524	$ 454,648	$ 761,017
Taxes receivable	8,230	-	-	-	160,462	168,692
Total assets	$ 314,075	$ -	$ -	$ 524	$ 615,110	$ 929,709
LIABILITIES:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to General Fund	-	107	107	-	-	214
Total liabilities	-	107	107	-	-	214
FUND BALANCES:						
Reserved fund balance	-	-	-	-	-	-
Unreserved, reported in:						
Special Revenue Fund	314,075	(107)	(107)	524	-	314,385
Capital Projects Funds	-	-	-	-	615,110	615,110
Total fund balances	314,075	(107)	(107)	524	615,110	929,495
Total liabilities and fund balances	$ 314,075	$ -	$ -	$ 524	$ 615,110	$ 929,709

CITY OF SANDERSVILLE, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	SPECIAL REVENUE				CAPITAL PROJECTS	
	Hotel/Motel	CDBG Fund (2009)	CDBG CHIP Fund (2009)	Confiscated Assets Fund	Capital Projects Fund (2009)	Total Nonmajor Governmental Funds
REVENUES:						
Intergovernmental	$ -	$ -	$ -	$ -	$ 491,708	$ 491,708
Taxes	40,398	-	-	-	-	40,398
Other	4,478	-	-	1,632	3,027	9,137
Total revenues	44,876	-	-	1,632	494,735	541,243
EXPENDITURES:						
Current operating:						
General government	17,590	-	-	-	-	17,590
Street repairs	-	-	-	-	-	-
Public safety	-	-	-	2,687	-	2,687
Housing and economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	8,499	-	8,499
Total expenditures	17,590	-	-	11,186	-	28,776
Excess (deficiency) of revenues over expenditures	27,286	-	-	(9,554)	494,735	512,467
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(4,400)	(107)	(107)	10,078	-	5,464
Total other financing sources and uses	(4,400)	(107)	(107)	10,078	-	5,464
Net change in fund balance	22,886	(107)	(107)	524	494,735	517,931
FUND BALANCE, beginning	291,189	-	-	-	120,375	411,564
FUND BALANCE, ending	$ 314,075	$ (107)	$ (107)	$ 524	$ 615,110	$ 929,495

CITY OF SANDERSVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 45,000	$ 45,000	$ 40,398	$ (4,602)
Other	-	-	4,478	4,478
	45,000	45,000	44,876	(124)
EXPENDITURES:				
General government	45,000	45,000	17,590	27,410
Total expenditures	45,000	45,000	17,590	27,410
Excess revenues over (under) expenditures	-	-	27,286	27,286
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	(4,400)	(4,400)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	22,886	22,886
FUND BALANCE, beginning of year	291,189	291,189	291,189	-
FUND BALANCE, end of year	$ 291,189	$ 291,189	$ 314,075	$ 22,886

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND (2009)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ -	$ -	$ -	$ -
EXPENDITURES:				
Housing and economic development	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	(107)	(107)	(107)	-
Excess revenues and other financing sources (uses) over (under) expenditures	(107)	(107)	(107)	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ (107)	$ (107)	$ (107)	$ -

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT CHIP SPECIAL REVENUE FUND (2009)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ -	$ -	$ -	$ -
EXPENDITURES:				
Housing and economic development	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	(107)	(107)	(107)	-
Excess revenues and other financing sources (uses) over (under) expenditures	(107)	(107)	(107)	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ (107)	$ (107)	$ (107)	$ -

CITY OF SANDERSVILLE, GEORGIA
CONFISCATED ASSET SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Other	15,000	15,000	1,632	(13,368)
	15,000	15,000	1,632	(13,368)
EXPENDITURES:				
Public safety	3,000	3,000	2,687	313
Capital outlays	12,000	12,000	8,499	3,501
Total expenditures	15,000	15,000	11,186	3,814
Excess revenues over (under) expenditures	-	-	(9,554)	(9,554)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,078	10,078
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	524	524
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 524	$ 524

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT:				
Mayor and Council:				
Personal services	$ 95,458	$ 95,458	$ 91,299	$ 4,159
Supplies	2,000	2,000	2,626	(626)
Other services and charges	26,500	41,039	44,451	(3,412)
Capital outlays	-	-	-	-
Total mayor and council	123,958	138,497	138,376	121
City Hall:				
Personal services	532,687	584,901	544,707	40,194
Supplies	18,600	18,600	25,812	(7,212)
Other services and charges	116,100	128,312	144,467	(16,155)
Capital outlays	10,500	10,500	1,359	9,141
Total city hall	677,887	742,313	716,345	25,968
Fleet Maintenance:				
Personal services	90,258	90,258	87,662	2,596
Supplies	7,500	7,500	1,731	5,769
Other services and charges	10,800	10,800	12,832	(2,032)
Capital outlays	-	-	4,531	(4,531)
Total vehicle	108,558	108,558	106,756	1,802
Other:				
Personal services	-	-	-	-
Other services and charges	164,812	193,712	191,501	2,211
Economic development	97,000	77,000	77,000	-
Capital outlays	-	-	-	-
Total other	261,812	270,712	268,501	2,211
Total general government	1,172,215	1,260,080	1,229,978	30,102
PUBLIC SAFETY:				
Police:				
Personal services	1,225,990	1,225,990	1,162,049	63,941
Supplies	32,000	32,000	24,053	7,947
Other services and charges	194,300	199,300	233,997	(34,697)
Capital outlays	-	-	2,855	(2,855)
Total police department	1,452,290	1,457,290	1,422,954	34,336
Fire Department:				
Personal services	488,162	488,162	491,793	(3,631)
Supplies	21,000	21,000	8,842	12,158
Other services and charges	70,050	81,450	82,938	(1,488)
Capital outlays	7,500	7,500	4,416	3,084
Total fire department	586,712	598,112	587,989	10,123
Municipal Court:				
Personal services	66,453	66,453	64,364	2,089
Supplies	1,200	1,200	148	1,052
Other services and charges	68,100	68,100	58,163	9,937
Capital outlays	2,000	2,000	136	1,864
Total municipal court	137,753	137,753	122,811	14,942

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Animal Control:				
Personal services	122,183	122,183	118,292	3,891
Supplies	9,400	9,400	4,379	5,021
Other services and charges	37,800	37,800	21,626	16,174
Capital outlays	4,000	4,000	136	3,864
Total animal control	173,383	173,383	144,433	28,950
Total public safety	2,350,138	2,366,538	2,278,187	88,351
STREET DEPARTMENT:				
Personal services	$ 577,785	$ 577,785	$ 546,803	$ 30,982
Supplies	74,600	74,600	77,655	(3,055)
Other services and charges	156,600	156,600	135,056	21,544
Street repairs	50,000	50,000	35,185	14,815
Capital outlays	2,000	2,000	136	1,864
Total street department	860,985	860,985	794,835	66,150
PUBLIC WORKS ADMINISTRATION:				
Personal services	135,801	135,801	129,792	6,009
Supplies	3,000	3,000	4,289	(1,289)
Other services and charges	12,250	12,250	15,985	(3,735)
Capital outlays	2,000	2,000	272	1,728
	153,051	153,051	150,338	2,713
PARKS AND RECREATION:				
Contribution to County recreation department	37,000	37,000	37,000	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlays	-	-	-	-
Total parks and recreation	37,000	37,000	37,000	-
CEMETERY:				
Personal services	50,845	50,845	48,052	2,793
Supplies	9,400	9,400	10,127	(727)
Other services and charges	78,600	78,600	61,054	17,546
Capital outlays	-	-	61,262	(61,262)
Total cemetery	138,845	138,845	180,495	(41,650)
HOUSING AND ECONOMIC DEVELOPMENT:				
Building Inspector:				
Personal services	61,072	69,432	68,517	915
Supplies	2,300	2,300	1,978	322
Other services and charges	16,600	27,000	25,142	1,858
Capital outlays	-	-	136	(136)
Total building inspector	79,972	98,732	95,773	2,959
	$ 4,792,206	$ 4,915,231	$ 4,766,606	$ 148,625

CITY OF SANDERSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2010

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2005 Tax:						
Fire protection	$ 100,000	$ 250,000	$ 95,144	$ 43,900	$ 139,044	55.62%
Capital outlays:						
Water and sewer system equipment and upgrades	-	850,000	219,511	163,483	382,994	45.06%
General and administration equipment	-	200,000	58,385	38,918	97,303	48.65%
Police department vehicles and equipment	-	650,000	181,736	114,848	296,584	45.63%
Street department equipment	-	250,000	197,964	50,048	248,012	99.20%
Electrical fund equipment	-	300,000	96,072	127,929	224,001	74.67%
Telecom fund equipment	-	50,000	17,280	-	17,280	34.56%
Solid Waste fund equipment	-	150,000	80,822	-	80,822	53.88%
Economic development	-	400,000	-	276,492	276,492	69.12%
Transportation improvements		800,000	-	444,967	444,967	55.62%

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

To the Mayor and Council
City of Sandersville, Georgia

We have audited the financial statements of the governmental activities, the business type activities and each major fund of the City of Sandersville, Georgia as of and for the year ended December 31, 2010, which collectively comprise the City of Sandersville's basic financial statements and have issued our report thereon dated June 29, 2011. 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 Sandersville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sandersville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sandersville's internal control over financial reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified

certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sandersville, 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*.

We noted certain matter that we reported to management of the City of Sandersville, Georgia, in a separate letter dated June 29, 2011.

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

Wright & Wright, P.C.

June 29, 2011