



**CITY OF CEDARTOWN, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
December 31, 2009**

**Charles Akridge  
City Manager**

**By Authority of  
City Commission**

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**CITY OF CEDARTOWN, GEORGIA**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2009**

Table of Contents

**Introductory Section**

Letter of Transmittal .....	i
Organizational Chart .....	x
List of Elected Officials .....	xi

**Financial Section**

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>Basic Financial Statements:</b>	
Government Wide Financial Statements:	
Statement of Net Assets .....	17
Statement Of Activities .....	18
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	20
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Assets .....	21
Statement of Revenues, Expenditures, and Changes	
in Fund Balances- Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds to the	
Statement of Activities .....	23
Statement of Revenues, Expenditures, and Changes in	
Fund Balances-General Fund-Budget and Actual .....	24
Statement of Revenues, Expenditures, and Changes in	
Fund Balances-Capital Projects Fund-Budget and Actual .....	25
Statement of Net Assets-Proprietary Funds .....	26
Statement of Revenues, Expenses, and Changes in Net	
Assets-Proprietary Funds .....	27
Statement of Cash Flows-Proprietary Funds .....	28
<b>Notes to the Financial Statements .....</b>	<b>29</b>
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds .....	50
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Nonmajor Governmental Funds .....	51
Schedule of Revenues, Expenditures and Changes in Fund	
Balance-Hotel/Motel Tax Fund-Budget and Actual .....	52
Schedule of Revenues, Expenditures and Changes in Fund	
Balance-Confiscated Assets Fund-Budget and Actual .....	53

**CITY OF CEDARTOWN, GEORGIA**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2009**

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Table of Contents

**Statistical Section**

Net Assets by Component .....	57
Changes in Net Assets .....	58
Fund Balances of Governmental Funds .....	60
Changes in Fund Balances of Governmental Funds .....	61
Assessed and Actual Value of Taxable Property .....	62
Direct and Overlapping Property Tax Rates .....	63
Principal Property Taxpayers .....	64
Property Tax Levies and Collections .....	65
Ratios of Outstanding Debt by Type .....	66
Ratios of General Bonded Debt Outstanding .....	67
Legal Debt Margin .....	68
Pledged Revenue Coverage .....	69
Direct and Overlapping Governmental Activities Debt .....	70
Demographic and Economic Statistics .....	71
Principal Employers .....	72
Number of City Employees by Function/Program .....	73
Operating Indicators by Function/Program .....	74
Capital Asset Statistics by Function .....	75

**Compliance Section**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i> .....	79
Schedule of Findings and Responses .....	81
Schedule of Special Local Option Sales Tax .....	82

## INTRODUCTORY SECTION

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# CITY OF CEDARTOWN

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June 19, 2010

Honorable City Commissioners and Citizens of Cedartown, Georgia

We are pleased to present the Comprehensive Annual Financial Report of the City of Cedartown, Georgia for the fiscal year ended December 31, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City subject to this report. This report is prepared using the new reporting requirements as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups to the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as promulgated by the GASB.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter with comments on the operations of the City, the City's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and notes to basic financial statements with supplemental information for all funds and account groups of the City for which the City Commission has fiduciary, budgetary and legislative control, notes and the combining and individual fund and account group financial statements and schedules, as well as the report of the financial and demographic information, generally presented on a multi-year basis. A report of the independent public accountants on the financial statements and schedules is also found in this section. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and various continuing disclosure information.

The new reporting model issued by the GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.



The City of Cedartown is located in Northwest Georgia and is the county seat of Polk County. In an area first inhabited by Cherokee and Creek Native Americans, the city is named for the abundance of cedar trees in the region. Cedartown was incorporated in 1854 and sat originally on 10 acres surrounding the Big Spring, the largest natural limestone spring in the South and today the city's water source. The City lies sixty-five miles from Atlanta, twenty-five miles north of Interstate 20 and thirty-five miles west of Interstate 75. Highways US 27 and US 278 intersect in Cedartown and provide excellent ground transportation to destinations both north-south and east-west. The nearest major airport is Hartsfield-Jackson Atlanta International Airport 70 miles southeast of the City of Cedartown with easy access via 4 lane roadways.

The City of Cedartown's small town charm is evidenced by four locations within the city listed on the National Register of Historic Places. The Cedartown Commercial Historic District is made up of the commercial area commonly referred to as downtown. These one and two story properties were built between 1851 and 1914. The second listing is city owned property characterized as the Cedartown Waterworks, Woman's Building, Big Spring Park Historic District. The water plant building adjacent to the Big Spring Park dates to 1892 while the Woman's building was constructed in the 1930's. The third listing, also a city owned property and the present home of the Polk County Historical Society, is the Hawkes Children's Library building. The tree lined Northwest Cedartown Historic District is a residential area with homes built between 1865 and 1924 and is the fourth area on the register. The City, as well as residents, point with pride to these historic places that add to the area's quality of life and highlight Cedartown's uniqueness.

Two special events held each year in the City of Cedartown is the Wheelchair Athlete Training Camp culminating in the 5K Wheelchair Road Race, and the City sponsored Christmas parade. The Wheelchair Camp and Road Race is prior to the Peachtree Road Race in Atlanta and draws athletes from worldwide to the City for the week as well as race spectators who converge on Peek's Park to enjoy a meal of grilled hamburgers provided by the City on race day. This year marked the 10<sup>th</sup> anniversary of the race in Cedartown. The Christmas Parade draws hundreds of spectators from Cedartown and the surrounding area to Main Street to see marching bands and floats that mark the arrival of the Christmas season and Ole St. Nick himself.

Elevations in Cedartown range from 800 to 900 feet above sea level. The City is located in the Northwestern corner of the Piedmont Geographical Region of Georgia with land characterized by gently rolling hills and valleys, rocky terrain and bountiful amounts of Georgia red clay. Cedar Creek which flows through Cedartown is a tributary of the Coosa River, making Cedartown part of the Coosa River Basin.

The official population count by the U.S. Census Bureau for 2000 was 9,470, and as of December 31, 2009 the population is estimated to be 10,347. The largest employer in the City is the HON Company, a manufacturer of office furniture. In 2009 the top ten employers in the City represented 1,177 manufacturing jobs, 392 jobs in health services, 326 jobs in retail and 111 jobs in government. In comparison, a decade earlier, the top ten employers in the City represented 972 manufacturing jobs, 308 jobs in retail, 111 jobs in government and 78 in health services.

Retail establishments in the City range from retail giants Wal-Mart and Home Depot, to many independently owned small businesses, some of which have been in operation for generations.

Cedartown is governed under a 5 person board of commissioners elected for 4 year terms. Elections are held every two years with seats on the board staggered 2 seats up at one time and 3 seat the other. The commission chairman is elected by the members of the board and functions as the Chief Executive Officer. Regular board meetings are held the second Monday of each month at which time official City business is transacted. All public meetings are advertised and open to the public with attendance encouraged. Daily operations of the City are under the direct supervision of the City Manager, who is appointed by the City Commission and reports to them.

## MAJOR INITIATIVE

### Administration:

Cedartown provides a full range of municipal government and water utility services, in addition to the traditional City services such as Public Safety (Police & Fire), Street Maintenance, Building Inspection, Transportation and General Administration.

City Commission appoints members to various Authorities, Boards, and Commissions, which aid in carrying out the services provided by the City of Cedartown. These organizations are listed below:

- Cedartown Civic Arts Commission
- Downtown Development Authority
- Historic Preservation Commission
- Cedartown Tree Commission
- Cedartown Planning Commission
- Main Street Advisory Board
- Recreation Advisory Board
- Cedartown Housing Authority

These organizations, along with the Polk County Chamber of Commerce, promote industry, trade, and tourism for the Cedartown area, which translate into jobs. One of the Cedartown City Commissioners holds a seat on the Board of the Chamber of Commerce.

Polk County, and its cities, including Cedartown, received the designation of “Entrepreneur Friendly” by the Georgia Department of Community Affairs in 2007. The City’s Finance Officer served on the Chamber of Commerce committee which worked to achieve this designation. Through continued committee work, potential and existing businesses are offered support designed to insure success in today’s tough economic environment.

Finance:

The Finance Department includes Accounting, Payroll, Utility Billing, Property Tax Collection, Insurance, Asset Management, and Investments. In developing and evaluating the City’s accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management’s general or specific authorization.
- Transactions are recorded as necessary: (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management’s authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The City’s internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefit.

Competitive procurement, such as professional services, materials, supplies, vehicles and other services for all departments is achieved by the adoption in 2009 of a comprehensive Purchasing Policy. The Policy established a Bid Committee made up of 2 City Commissioners, City Manager, City Clerk and Finance Officer to open and review all bids for services and purchases which reach a specified dollar amount. Each New Year brings a renewed commitment to find better ways to save money without sacrificing quality or jeopardizing services.

The City has contracted with GMA’s GovDeals to auction assets online. This has proved to be very beneficial as it significantly increases the pool of potential buyers for City surplus property.

The Finance Officer continues to actively pursue delinquent tax collections. Tax collections are monitored throughout the year and as soon as the delinquency period begins, notices are forwarded to those property owners appearing on the computer-generated list. From that point on, the pursuit of delinquent tax collection is sought through a method of standardized routines, including the use of an outside collection service, that end with the sale of property on City Hall steps. The fees for this process are passed on to the delinquent taxpayer. In 2009, 17 properties were offered for sale. These methods have historically resulted in excellent collection rates.

## Fire:

Cedartown's Fire Department provides an Insurance Service Office (ISO) rating of "4" which is extremely low for any fire rating. Maintaining a low ISO rating directly affects the insurance premium paid by those residing in the city at a rate premium savings of up to 50 percent.

City Commission supports the Department through financial cash matches for grants to obtain specialized fire related equipment. Giving firefighters better fire control equipment, with improved safety for the firefighters and the public, is the Department's goal.

Firefighter training is at the top of the Department's list each year. All training is coordinated by the Department Training Officer. New techniques and better methods of fire fighting are taught on a regular basis and are mandatory for each person responding to fires.

Fifty per cent of the firefighters hold dual training as firefighters and Emergency Medical Technicians. Having EMT's on duty allows the Department to assist the county ambulance service as first responders in cases of medical and accident emergencies as a state certified emergency unit.

The Department has a Mutual Aid Agreement with Polk County to assist when additional manpower is needed in emergency situations by either the City or the County.

## Police:

Training is a top priority for the Cedartown Police Department. Forty hours of mandatory training are required each year for each officer, twenty of which are mandated by the state with the City requiring an additional 20 hours. Training classes are offered in house, at the Georgia Public Safety Training Center, at the Region Contra Drug Training Academy and the North Central Georgia Police Academy. Examples of required training each year are firearms training, elder abuse training, and the use-of force training.

The Police department lost one of its own in 2009 when our beloved canine officer Dan passed away. The City acquired another canine, Officer Kai, handled by Sergeant Jonathan Zuker. Kai, a Belgian Malinois, is a dual purpose canine which assists in drug enforcement and tracking. Kai is certified by the National Police Canine Association and by Canine Law Enforcement Training Specialists, Inc. Certified annually and trained weekly, Kai not only has duties with the Cedartown PD, but also assists other law enforcement agencies as well. The canine team is available on a 24-hour, on call basis. Their use includes, but may not be limited to: conducting building searches, assisting in the arrest or prevention of the escape of serious or violent offenders, protecting officers or others from death or serious injury, crowd control and searches for drugs.

The United States Department of Justice awarded the Cedartown Police Department a COPS Hiring Recovery Program grant in 2009. The grant covers the cost of two police officers salaries and benefits, for a period of 3 years. The \$366,196 grant allowed the City to hire two new officers in October 2009 with a focus on community policing.

The City of Cedartown mans its own drug enforcement unit with personnel within the police department. The two officers work to stem drug activity in the community by drug enforcement and investigations while collaborating with other agencies. Their efforts have resulted in arrests of individuals and seizure of both funds and vehicles.

In 2009 the Department created a Certification Manager position to focus on seeking state accreditation for the department and to rewrite the department's Standard Operations Procedure (SOP) manual. The accreditation process is expected to be a two year effort with results to have a more professional approach to meeting state standards, to better serve the community and to lower risk liability.

#### Solid Waste:

Solid Waste is handled as an enterprise fund. The City contracts with Waste Management to provide garbage service for the City. Waste Management provides a total of 3,025 residential customers with curb side garbage carts and 407 businesses with either commercial garbage carts or dumpsters for a combined total of 3,432 customers served at the end of 2009. The number of garbage customers has remained constant over the last 10 years. In 2000, the number of residential customers was 3,015, while the commercial customer total was 225 for a total of 3,440, eight more than in 2009.

Garbage from residential and commercial carts are collected one time per week and transported to the local county owned landfill which is also managed by Waste Management. Commercial dumpster pickup varies by need and may be collected from 5 times to 1 time per week.

City employees remove brush and tree trimmings from the street and take them to a private contractor for grinding into chips. The contractor recycles the chips to a power company in Alabama which uses them for the production of electric energy. Tires removed from the City streets are sold to a recycling company. The Department continues to seek new ways and better methods to increase recycling of various commodities economically. Markets must be developed to stimulate recycling interests, but the driving force would be state/federal legislated requirements for the solid waste stream.

In 2009, the City began an anti-litter initiative to help reduce the amount of litter on City streets. New signage, increased enforcement, and public education are seen as ways to accomplish the goal of cleaner streets. The City works closely with the Keep Polk Beautiful organization by supporting their clean-up campaigns.

#### Streets:

Streets and roads within the City are in reasonably good shape. In the past, the City has participated in the Georgia Department of Transportation LARP program. City streets are scheduled for repaving under the program each year. Although no City streets were resurfaced in 2009, as the year ended the Department of Transportation was nearing completion on a three year road project for the expansion of US 27 around the City. This construction project covered five miles of roadway as well as the building of four bridges. When completed this project will relieve traffic congestion on City streets when through traffic is directed around the City.

Activity resumed on the much anticipated Streetscape Project in the Commercial Historical District in 2009. The process to improve the downtown Main Street area with underground utilities, new lighting, new curbs and sidewalks and landscaping began in 2003 when the City submitted a Transportation Enhancement funding application for the Streetscape Project to the Georgia Department of Transportation for \$1 million dollars. The project was approved but for half of what was requested so the City decided to phase the project and engineering work was started on Phase I in 2009. Phase II, to continue the improvements over a larger area, was given a big boost in 2009 when Cedartown was awarded \$625,000 as part of the American Recovery and Reinvestment Act (ARRA). These funds will allow the City to work both phases together and complete the whole project in 2010. These enhancements, along with the establishment of an Enterprise Zone to offer incentives for development, are necessary to return the downtown area to the viable and vibrant core of the City that it was in years past.

#### Water:

The City's water source is the Big Spring. State water issued permits limit the maximum daily withdraws to 3 million gallons per day and a requirement to maintain at least 3 cubic feet per second of overflow at all times. During the recent drought, the City was forced to purchase water from an outside source because the reduced flow of the spring and necessary withdrawal levels would not support the required overflow level.

The Cedartown Water Treatment Plant processed and put an average 1.8 million gallons per day (mgd) into the distribution system for residential, commercial, and industrial use in 2009. The consumption was reduced due to the drought restriction requirements in 2007 and 2008 but began to improve in 2009.

The drought had its negative impact on Cedartown when the Georgia EPD placed a 10% reduction on all public water purveyors in North Georgia. This had a negative impact on Cedartown water customers as well as the City of Cedartown's Water and Sewer revenues. As restrictions were lifted in 2009, revenues began to improve slowly.

Opportunities to make the Water Treatment Plant more efficient are explored each year. Two variable speed drives for high service pumps were installed in 2009. The new variable drives allow for automatic cutoff of the pumps when water pressure reaches a certain point to conserve energy and thus cut power costs

Water is tested daily and monthly to assure that proper fluoride and chlorine residuals are maintained within state standards. Cedartown performs other testing such as lead, copper, organic, and microbiological contaminants on an annual basis to assure customers, through public advertisement, that the highest possible water quality is attained.

#### Waste Water:

The Waste Water Treatment plant is permitted to treat 3.5 million gallons per day. The average daily flow for the past ten years is 1.88 million gallons per day. Operators maintain 10 lift stations throughout the City as well as approximately 65 miles of collection pipelines. The system is completely maintained by City crews.

Final effluent is discharged into Cedar Creek. Solids known as sewage sludge, or bio-solids, is removed from the waste water, processed and used on farmland as a fertilizer. Operators continually test waste water throughout the treatment process to assure that state permit levels are being maintained as well as assure Cedar Creek is not adversely affected and that bio-solids remain safe for use as fertilizers.

#### Debt Administration:

In 2009, the City of Cedartown restructured bond debt to take advantage of lower interest rates in order to reduce the debt service payments during the economic downturn. Water and Sewer Revenue Refunding Bonds in the amount of \$360,000 and Revenue Bonds (Industrial Park Project) in the amount of \$2,480,000 were restructured through a local lender retaining the original maturity dates of 2014 and 2022, respectively.

#### Cash Management:

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits is to be held either by the City, its agent, or a financial institution's Trust Department in the City's name.

#### Pension Trust:

The City sponsors a retirement plan for full-time City employees. The Georgia Municipal Employees Benefit System administers this non-contributory defined benefit plan. Further details concerning pension expenses, vested benefits, and actuarial assumptions are included in the notes to the financial statements.

#### Risk Management:

Third party coverage is currently maintained for workers compensation, property and casualty insurance, and general liability insurance. A third party administrator manages the self-insured group medical plan.

#### Independent Audit:

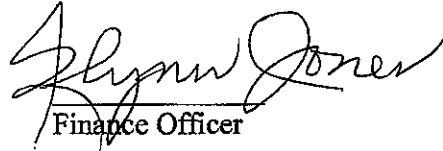
The City Charter mandates an annual audit by independent certified public accountants. The accounting firm of Williamson & Company, CPA's was selected by the City Commission. Generally Accepted Auditing Standards and the Standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

Acknowledgements:

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the Cedartown staff. An appreciation is extended to the City Commission Chairman and Commissioners for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner during 2009. Efforts of the Finance Officer to assist with the collection of data contained herein, as well as the financial management of the City throughout the year, are gratefully recognized.

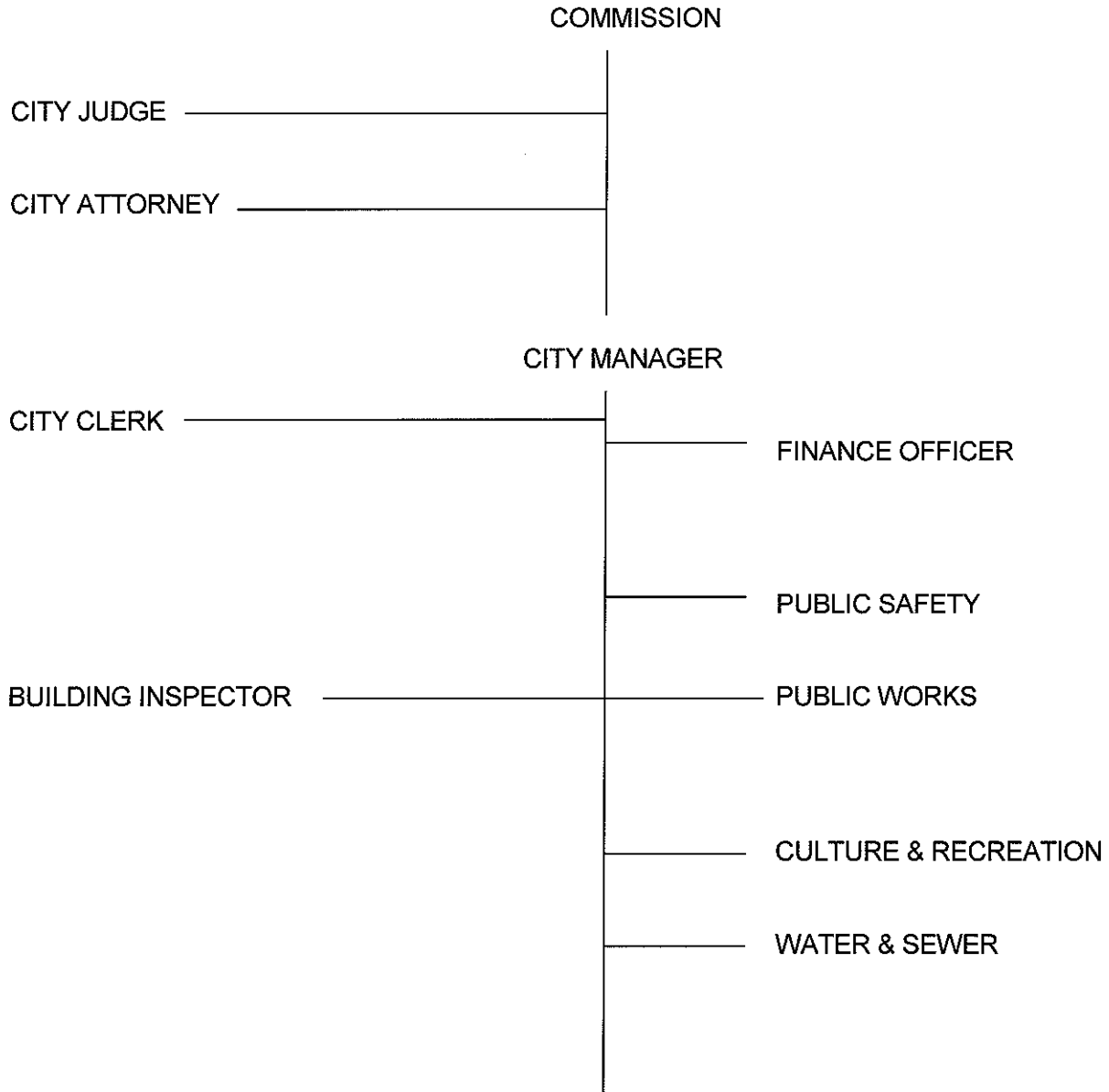
Respectfully submitted,

  
City Manager

  
Finance Officer

CITY OF CEDARTOWN, GEORGIA  
Organizational Chart  
December 31, 2009

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**CITY OF CEDARTOWN, GEORGIA**  
**List of Elected and Appointed Officials**  
**December 31, 2009**

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*City Commission*

Larry Odom, Chairman  
John N. Barrett, Pro tem  
Gary Martin  
Scott Tillery  
Dale Tuck  
Carol Crawford, Secretary

*City Management*

Charles Akridge  
City Manager

*City Administration*

Brad McFall  
Michael D. McRae  
Glynn Jones  
Carol Crawford  
Henry King  
Sammy Stephens  
Joe Watts  
Lee Hayes  
Bill Ferrell  
John Morris  
Donna Atkins

City Judge  
City Attorney  
Finance Officer  
City Clerk  
Police Chief  
Fire Chief  
Streets, Sanitation, and Shop Director  
Parks and Cemetery Director  
Building Inspector  
Recreation Director  
Water and Sewer Superintendent

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FINANCIAL SECTION

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EARL WILLIAMSON  
LLOYD WILLIAMSON

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and City Commission  
City of Cedartown  
Cedartown, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedartown, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cedartown, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedartown, Georgia as of December 31, 2009, and the respective changes in financial position and, where applicable cash flows thereof, and the respective budgetary comparison for the General Fund and Capital Projects Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2010 on our consideration of the City of Cedartown, Georgia's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 the City of Cedartown's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedule of Special Local Option Sales Tax is presented for the purposes of additional analysis as required by the Official Code of the State of Georgia §48-8-121 and is not a required part of the basic financial statements of the City of Cedartown, Georgia. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. This schedule is intended for the information and use of the audit committee, management, and the Department of Audits and Accounts and is not intended to be and should not be used by anyone other than these specified parties.

*Williamson and Company*

Williamson & Company  
Certified Public Accountants  
May 10, 2010

# CITY OF CEDARTOWN, GEORGIA

## *Management's Discussion and Analysis*

*December 31, 2009*

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### **Management's Discussion and Analysis**

This section of the City of Cedartown's comprehensive annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended December 31, 2009. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

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### **Financial Highlights**

- The City's total assets exceeded liabilities by \$21,531,606 at the end of the year. This amount includes \$19,626,055 invested in capital assets net of accumulated depreciation and related debt, restricted net assets of \$1,304,492 and unrestricted net assets of \$601,059 which may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's total net assets decreased by \$29,480 (.14 %) to \$21,531,606. The net assets for governmental activities increased by \$327,110 and business-type net assets decreased by \$356,590.
- As of the close of the current fiscal year, the City of Cedartown's governmental funds reported combined ending fund balances of \$1,197,336, an increase of \$629,150 from the prior year. Approximately 24% of this total amount is available for spending at the government's discretion (unreserved/undesignated).
- The business-type activities, excluding transfers, had revenues of \$3,152,307, while expenses, excluding transfers, were \$2,996,105.
- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of \$295,551 in fiscal year 2009.
- Bond Debt in the amount of \$2,480,000 was restructured in 2009 to take advantage of a lower interest rate, saving the city approximately \$200,000 over the life of the bond. The city's goal to rely less on Tax Anticipation Notes saw a reduction on amounts drawn from these notes from a total of \$1,300,000 in 2008 to \$1,150,000 in 2009. The projected amount for 2010 is \$1,000,000.
- The capital assets, net of accumulated depreciation, (Note 6) of the City at the end of the 2009 fiscal year was \$14,265,379 for Primary Government and \$14,308,921 for Business-type activities for a total of \$28,574,300.

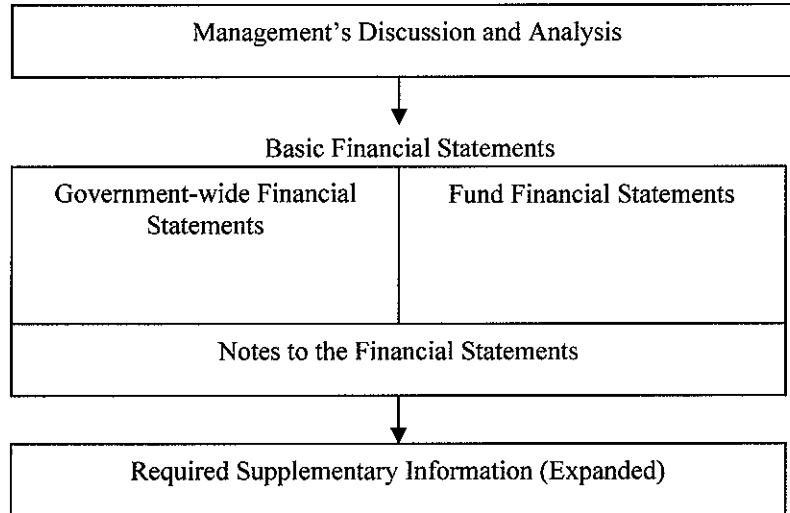
**CITY OF CEDARTOWN, GEORGIA**  
*Management's Discussion and Analysis*  
*December 31, 2009*

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**An Overview of the Financial Statements**

The following discussion and analysis is intended to serve as an introduction to the City of Cedartown, Georgia's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This also contains other supplementary information in addition to the basic financial statements themselves. The following chart illustrates the components of the City's financial report and their order of presentation.

**Required Components of the City's Comprehensive Annual Financial Report**



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

**GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets combines, all of the City's current financial resources with capital assets and long-term obligations. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental Activities** – These include the basic services provided by the City including general administration, police, fire, public works, culture and recreation, cemetery and parks, and code enforcement.
- **Business-type Activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These services include water and sewer services, and solid waste collection.
- **Component Units** – Included as component units for the City are the Cedartown Downtown Development Authority and the Cedartown Civic Arts Commission. Both of these organizations have Boards that are appointed by the City Commission and are dependent on funding provided by the City. Additional information on the City's component units can be found on page 29 in the notes to the financial statements.

# CITY OF CEDARTOWN, GEORGIA

## Management's Discussion and Analysis

December 31, 2009

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two types of funds as described in the chart below.

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Includes the City's basic services such as police, fire, service delivery, and streets maintenance	Services provided by the City that are operated similar to private businesses and for which the City charges a fee
Examples	Police, Fire, Street, Zoning, Building Inspection, Parks and Cemeteries, Recreation	Water and Sewer and Solid Waste services
Required Financial Statements	<ul style="list-style-type: none"><li>- Balance Sheet</li><li>- Statement of Revenues, Expenditures, and Changes in Fund Balances</li></ul>	<ul style="list-style-type: none"><li>- Statement of Net Assets</li><li>- Statement of Revenues, Expenses, and Changes in Net Assets</li><li>- Statement of Cash Flows</li></ul>
Accounting Basis and Measurement Focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term
Type of Inflow / Outflow Information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**CITY OF CEDARTOWN, GEORGIA**

*Management's Discussion and Analysis*

*December 31, 2009*

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following table reflects the condensed Statement of Net Assets compared to the prior year. The City's net assets decreased by \$29,480 (.14%) in fiscal year 2009. The net assets of the governmental activities of the City increased by \$327,110 and the business-type activities decreased by \$356,590. The decrease in the net assets of the business-type activities was due to transfers to the General Fund. Of the City's \$21,531,606 in net assets, \$19,626,055 is invested in capital assets, net of related debt and accumulated depreciation.

For more detailed information, see the Statement of Net Assets on page 15 of the financial statements and the notes to the financial statements.

**Table 1**  
**Statement of Net Assets**  
**As of December 31**  
**(In thousands, 000s)**

	Governmental Activities		Business-type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	2009-2008
<b>Assets</b>							
Current and Other Assets	\$ 2,129	\$ 2,029	\$ 969	\$ 1,026	\$ 3,098	\$ 3,055	1.4%
Capital Assets	<u>14,265</u>	<u>14,502</u>	<u>14,309</u>	<u>14,784</u>	<u>28,574</u>	<u>29,286</u>	-2.4%
<b>Total Assets</b>	<u>16,394</u>	<u>16,531</u>	<u>15,278</u>	<u>15,810</u>	<u>31,672</u>	<u>32,341</u>	-2.1%
<b>Liabilities</b>							
Current and Other Liabilities	671	1,211	840	899	1,511	2,110	-28.4%
Long-term Debt Outstanding	<u>3,351</u>	<u>3,275</u>	<u>5,278</u>	<u>5,395</u>	<u>8,629</u>	<u>8,670</u>	-0.5%
<b>Total Liabilities</b>	<u>4,022</u>	<u>4,486</u>	<u>6,118</u>	<u>6,294</u>	<u>10,140</u>	<u>10,780</u>	-5.9%
<b>Net Assets</b>							
Invested in Capital Assets,							
Net of Related Debt	10,987	11,018	8,639	8,885	19,626	19,903	-1.4%
Restricted	863	277	442	327	1,305	604	116.1%
Unrestricted	<u>522</u>	<u>750</u>	<u>79</u>	<u>304</u>	<u>601</u>	<u>1,054</u>	-43.0%
<b>Total Net Assets</b>	<u>\$ 12,372</u>	<u>\$ 12,045</u>	<u>\$ 9,160</u>	<u>\$ 9,516</u>	<u>\$ 21,532</u>	<u>\$ 21,561</u>	-0.1%

**CHANGES IN NET ASSETS**

The City's total revenues before transfers decreased by \$337,703 (3.0%) in the 2009 fiscal year compared to the previous year. Expenditures before transfers decreased by \$895,328 (7.4%) during that same period. While an increase in garbage rates resulted in an increase in revenue for the business-type activities, overall revenue decreased due to decreased tax revenue from local option sales taxes and other taxes.

**CITY OF CEDARTOWN, GEORGIA**

*Management's Discussion and Analysis*

*December 31, 2009*

The following chart shows revenues and expenses by sources and programs and the resulting change in net assets.

**Table 2**  
**Changes in Net Assets**  
**(In Thousands, 000s)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total % Change</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	
<b>Revenues</b>							
<b>Program Revenues</b>							
Charges for Services	\$ 834	\$ 898	\$ 3,147	\$ 3,040	\$ 3,981	\$ 3,938	1.1%
Operating Grants and Contributions	285	122	-	-	285	122	0.0%
Capital Grants and Contributions	318	392	-	-	318	392	-18.9%
<b>General Revenues</b>							
Property Taxes	2,270	2,189	-	-	2,270	2,189	3.7%
Local Option Sales Tax	1,309	1,561	-	-	1,309	1,561	-16.1%
Other Taxes	2,778	3,043	-	-	2,778	3,043	-8.7%
Investment Income	19	2	6	32	25	34	-26.5%
Other Revenues	155	161	-	19	155	180	-13.9%
<b>Total Revenues</b>	<b>7,968</b>	<b>8,368</b>	<b>3,153</b>	<b>3,091</b>	<b>11,121</b>	<b>11,459</b>	<b>-2.9%</b>
<b>Expenses</b>							
General Government	1,557	1,815	-	-	1,557	1,815	-14.2%
Public Safety	4,022	3,987	-	-	4,022	3,987	0.9%
Public Works	1,231	1,572	-	-	1,231	1,572	-21.7%
Culture and Recreation	654	743	-	-	654	743	-12.0%
Cemetery and Parks	456	428	-	-	456	428	6.5%
Interest on Long-term Debt	234	249	-	-	234	249	-6.0%
Water and Sewer	-	-	2,302	2,586	2,302	2,586	-11.0%
Solid Waste	-	-	694	666	694	666	4.2%
<b>Total Expenses</b>	<b>8,154</b>	<b>8,794</b>	<b>2,996</b>	<b>3,252</b>	<b>11,150</b>	<b>12,046</b>	<b>-7.4%</b>
<b>Excess (Deficiency) Before Transfers</b>	<b>(186)</b>	<b>(426)</b>	<b>157</b>	<b>(161)</b>	<b>(29)</b>	<b>(587)</b>	<b>95.1%</b>
<b>Transfers</b>	<b>513</b>	<b>(324)</b>	<b>(513)</b>	<b>324</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) In Net Assets</b>	<b>\$ 327</b>	<b>\$ (750)</b>	<b>\$ (356)</b>	<b>\$ 163</b>	<b>\$ (29)</b>	<b>\$ (587)</b>	<b>95.1%</b>

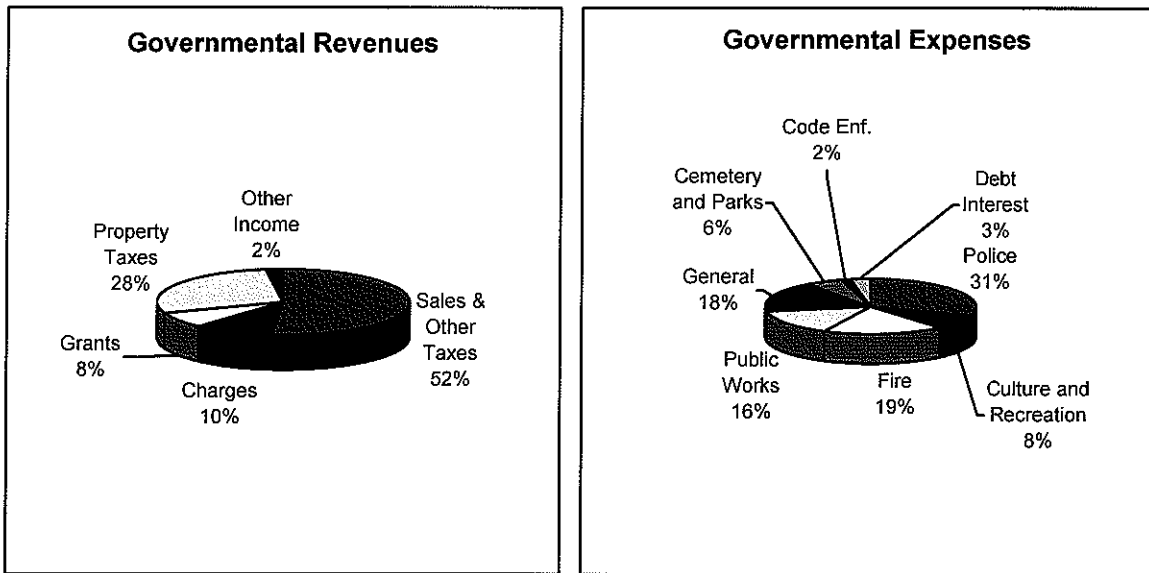
In the 2008 Statement of Activities, code enforcement was presented as a component of the general government function. For comparison purposes, the table above includes the amounts for 2009 code enforcement expenditures with the expenses for the general government function. Going forward, code enforcement will be presented as a separate function of the City's governmental activities in the government-wide and the fund financial statements.

**CITY OF CEDARTOWN, GEORGIA**  
*Management's Discussion and Analysis*  
 December 31, 2009

**GOVERNMENTAL ACTIVITIES**

The cost of all governmental activities in fiscal year 2009 was \$11,159,715, while revenues received were \$11,130,235. After transfers, the decrease in net assets was \$29,480 compared to a \$587,105 decrease in the prior year. See the Statement of Activities on pages 18 and 19 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's Governmental Revenues and Expenditures.

**Table 3 – Governmental Activities  
 Fiscal Year 2009**



**Revenue Impacts:**

- Property taxes, which provide 28.5% of governmental revenues increased by \$91,855 from the previous fiscal year due to growth in the city's digest. The City assessed 10.98 mills for fiscal year 2009, which generated \$2,280,458 in property tax revenue for general operations and capital expenditures.
- Local option sales tax collections, used for general operating purposes, decreased by \$251,628 (16.2%) over the prior year as economic conditions in the city slowed due to the effects of the downturn in the economy. Special local option sales tax collections, used for capital expenditures and debt payments, totaled \$1,217,797 for the year. This was a decrease of \$122,713 (9.2%) from the collections in 2008 which were \$1,340,510.
- Revenues from all grants and contributions increased by \$89,144 over the prior year.

**Expense Impacts**

- General government expenditures, including code enforcement, decreased by \$257,713 compared to the prior year.
- Public safety expenditures increased by \$35,066.
- Public works expenditures decreased by \$341,224 primarily due to a reduction in manpower of five employees by layoff in late 2008.

**CITY OF CEDARTOWN, GEORGIA**

*Management's Discussion and Analysis*

*December 31, 2009*

**BUSINESS-TYPE ACTIVITIES**

**Table 4**

**Business-type Activities  
(In Thousands, 000s)**

<u>Fund</u>	<u>Program Revenues</u>		<u>Program Expenses</u>		<u>Excess (Deficiency) Before Transfers &amp; Investment Earnings</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Water and Sewer	\$ 2,208	\$ 2,182	\$ 2,302	\$ 2,586	\$ (94)	\$ (404)
Solid Waste	939	858	694	666	245	192
<b>Total</b>	<b>\$ 3,147</b>	<b>\$ 3,040</b>	<b>\$ 2,996</b>	<b>\$ 3,252</b>	<b>\$ 151</b>	<b>\$ (212)</b>

Revenues for business-type activities for the fiscal year 2009 were \$3,146,693, a \$107,136 increase compared to the prior year. Expenses were \$2,996,105 in 2009, \$255,836 less than the prior year. There was an excess before transfers and investment earnings of \$150,588 in 2009 compared to a deficit of \$212,384 in 2008. Activities for individual funds are summarized below.

- Water & Sewer program revenues increased by \$26,453, while operating expenses decreased by \$255,836 from the prior year. The revenue in 2008 was impacted by drought and subsequent water restrictions mandated by the EPD. The city also lost a major water customer in early 2008 resulting in a loss of about \$200,000 annually in revenue. To minimize the adverse effect on revenue, water rates were raised in August 2008. The reduction in expenses from 2008 to 2009 can also be traced to the drought that the City experienced in 2008. The Big Spring is the city's source for water. During the drought in 2008 the flow reduced to the point that it was necessary to purchase water from an outside source to meet the city's needs. In 2009, no purchase of water was necessary.
- The increase in Solid Waste revenue of \$80,683 was the result of the City increasing garbage rates in August 2008 for households from \$6.25 to \$12.50 per month.

**CITY OF CEDARTOWN, GEORGIA**  
*Management's Discussion and Analysis*  
 December 31, 2009

**Table 5**  
**Financial Analysis of the City's Funds**

Fund	Fund Balances 12/31/2008	Sources	Uses	Sources Over (Under) Uses	Fund Balances 12/31/2009
<b>General Fund</b>	\$ 414,126	\$ 7,594,552	\$ 7,439,292	\$ 155,260	\$ 569,386
<b>Capital Projects Fund</b>	259,262	3,820,695	3,489,018	331,677	590,939
<b>Other Governmental Funds</b>	35,089	53,464	51,542	1,922	37,011
<b>Total</b>	<u>\$ 708,477</u>	<u>\$ 11,468,711</u>	<u>\$ 10,979,852</u>	<u>\$ 488,859</u>	<u>\$ 1,197,336</u>

The beginning fund balance in the General Fund includes a prior period adjustment in the amount of \$140,291 to account for an overstatement of accounts payable in the prior year.

At December 31, 2009, the governmental funds reported a combined fund balance of \$1,197,336 which is \$629,150 more than the previous year-end.

**General Fund**

The General Fund had a \$295,551 increase in fund balance, to end the fiscal year at \$569,386. While revenues for the General Fund were down in 2009 as compared to 2008 by \$200,000, expenditures decreased at a rate three times that.

Some reasons for the decrease in expenditures are:

- Decrease in salaries and benefits due to a layoff in late 2008.
- Decrease in fuel costs in 2009 from the historic highs experienced during 2008.
- Decrease in street paving costs in 2009 with no repaving done during the year.

**Capital Projects Fund**

The City began collecting on the current SPLOST referendum September 1, 2008 and will continue to receive a distributive share of county collections through August 31, 2014. The proceeds received are to be used for payment of business park development debt and to pay for capital improvements and equipment for the street, water, public safety recreation and parks departments, as well as for public land, buildings and improvements. During 2009 SPLOST expenditures totaled \$856,169, of which 33% went for repayment of business park debt, 27% was for equipment, capital improvements, and debt service for the water department, 17% went for equipment and capital improvements for the street department, 15% went for public safety equipment and the remainder of 8% went for recreation and parks equipment and public land and building improvements. The City also restructured debt on the Cedartown Development Authority Industrial Park Bonds in the amount of \$2,480,000 in 2009. The goal of the restructuring was to reduce both principal and interest payments during the economic slowdown to position the City to meet the original maturity date of February 1, 2022.

**Other Governmental Funds**

Other Governmental Funds are made up of various special revenue funds of the City. Program revenues for fiscal year 2009 were \$49,536 (37.5%) less than the prior year, while expenses decreased by \$1,444 (8.0%). The primary factors in the decrease for the decreased revenue are as follows:

- \$11,137 decrease in hotel/motel tax collections
- \$18,509 decrease in confiscated drug fund forfeitures

**CITY OF CEDARTOWN, GEORGIA**

*Management's Discussion and Analysis*

*December 31, 2009*

**GENERAL FUND BUDGETARY HIGHLIGHTS**

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 24 of the financial statements.

The City's General Fund budget, approved by the City Commission, was based on expected revenues of \$6,491,352 and appropriated \$7,156,845 for the fund's expenditures. Transfers from other funds and expected proceeds from the sale of capital assets of \$655,493 balanced the budget. At yearend, actual revenues totaled \$6,611,786 which was \$120,434 more than anticipated. Expenditures exceeded appropriations in five of the General Fund's departments/functions because of capital items budgeted in the Capital Projects Fund, not the General Fund, but transferred to the General Fund for the applicable department for the report.

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounted to \$28,574,300 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. Additions to capital assets for the current year were \$482,988 and entity-wide depreciation of \$1,188,290. The Construction in Progress total increased mainly due to the continuation of the Streetscape project in downtown Cedartown, the first phase of which is due for completion in 2010. For more detailed information concerning capital assets see Note 7 on pages 36-38 in the notes to the financial statements

**Table 6  
Capital Assets  
(Net of Depreciation, In Thousands 000s)**

	Governmental Activities		Business-type Activities		Total		Total % Change
	2009	2008	2009	2008	2009	2008	2008-2009
<b>Land</b>	\$ 7,913	\$ 7,871	\$ 1,265	\$ 1,265	\$ 9,178	\$ 9,136	0.5%
<b>Construction In Progress</b>	114	36	-	-	114	36	216.7%
<b>Infrastructure</b>	177	251	-	-	177	251	-29.5%
<b>Buildings and Structures</b>	5,665	5,778	587	581	6,252	6,359	-1.7%
<b>Utility Systems</b>	-	-	9,635	10,083	9,635	10,083	-4.4%
<b>Machinery and Equipment</b>	396	566	2,822	2,855	3,218	3,421	-5.9%
	<u>\$ 14,265</u>	<u>\$ 14,502</u>	<u>\$ 14,309</u>	<u>\$ 14,784</u>	<u>\$ 28,574</u>	<u>\$ 29,286</u>	<u>-2.4%</u>

This year's major capital asset additions included:

**Governmental Activities:**

- Infrastructure \$ 30,242
- Building and Improvements 50,735
- Machinery and Equipment 233,417

**Business-type Activities:**

- Distribution Systems \$ 18,489
- Building and Structures 7,277
- Machinery and Equipment 22,382

**CITY OF CEDARTOWN, GEORGIA**

*Management's Discussion and Analysis*

*December 31, 2009*

**LONG-TERM DEBT**

As of December 31, 2009, the City had \$9,170,209 in debt outstanding. This is a decrease of \$251,122 compared to the prior fiscal year end. Restructuring of bond debt for both the governmental activities and business-type activities resulted in less being paid in both bond principal and interest in 2009. More detailed information about the City's long-term liabilities is included in Notes 8 and 9 on pages 39-42 of the financial statements.

Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. Revenue bonds for the business-type activities are rated Baa3 as of 12/11/2009 by Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is \$20,519,830.

**Table 7**  
**Outstanding Debt at December 31, 2009**  
**(In Thousands, 000s)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Compensated Absences</b>	\$ 187	\$ 158	\$ 35	\$ 38	\$ 222	\$ 196
<b>Capital Leases</b>	151	207	-	-	151	207
<b>Notes Payable</b>	-	-	4,941	5,122	4,941	5,122
<b>Revenue Bonds</b>	3,127	3,120	729	776	3,856	3,896
<b>Total</b>	<u>\$ 3,465</u>	<u>\$ 3,485</u>	<u>\$ 5,705</u>	<u>\$ 5,936</u>	<u>\$ 9,170</u>	<u>\$ 9,421</u>

**ECONOMIC AND OTHER FACTORS THAT MAY IMPACT THE CITY'S FINANCIAL POSITION**

**Impacts on governmental activities:**

Phase I of the construction of the Streetscape project is set to begin in early 2010 with completion scheduled for later in the year. This phase of the downtown improvements will be funded by a transportation enhancement grant and administered by the Georgia Department of Transportation. Financing for Phase II has been approved through the American Recovery and Reinvestment Act with construction expected to begin in late 2010 or early 2011. These projects will improve the look of the historic downtown Cedartown area and will promote downtown revitalization.

Cedartown's governmental activities are funded from property taxes, sales and use taxes, other taxes, utility transfers along with fines and other fees. The 2009 property tax rate remained 10.98 mills. The new Home Depot which opened in Cedartown in December 2007 is evidence that even though there is an economic slow down in the Country, Cedartown is positioned to see economic success in the foreseeable future.

**Impacts on business-type activities:**

Revenues for the business-type activities come from user fees or service charges. The consumption of the City's utilities is impacted by economic conditions and local weather patterns. No tax dollars are used to support the City's utilities in any way, however each of the utilities support the General Fund through transfers.

## **CITY OF CEDARTOWN, GEORGIA**

### *Management's Discussion and Analysis*

*December 31, 2009*

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The drought experienced in the Southeastern United States in 2007 and 2008 negatively impacted the water and sewer revenues as well as increased the expenses with the necessity of purchasing water from an outside source to supplement the City's Big Spring. As the drought conditions began to subside in 2009, and the drought restrictions were lifted, there was an improvement in revenues and a decrease in expenses with no need to purchase outside water. Long range plans are for the City to find an alternate source of water to minimize the effects of drought and to increase the City's water capacity for expansion.

The Solid Waste Utility expects revenues to remain stable for the foreseeable future, with the increase in garbage fees put into place in August 2008. The utility meets its expenses and the excess is transferred to the General Fund.

#### **Impacts Citywide:**

Cedartown and Polk County have been designated as an Entrepreneur Friendly Community by the State of Georgia Department of Community Affairs. Cedartown and Polk County were the first communities in Northwest Georgia to receive this certification. This is a program whereby the community has been certified to assist new, as well as existing, business and industry with putting together successful business plans and all other training and information necessary for local businesses to succeed within the community.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Going forward, the financial performance of the City will continue to tie in heavily with the health of the economy, not only locally, but nationwide. With the expected reduction in 2009 of tax revenues and the uncertainty related to utility charges, the City will continue to monitor its budget reports and explore new ways of cutting costs without reducing the amount of services available for the Citizens of Cedartown, Georgia. The expansion and development of new sources of revenue are an ongoing effort. This commitment to financial responsibility will allow the City to weather the current global economic crisis, while seeking to attract new industry and job growth, and ultimately lead to the City's controlled growth and development.

### **FINANCIAL CONTACT**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the City of Cedartown's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Finance Officer at 201 East Avenue, Cedartown, Georgia 30125 or via email at [gjones@cedartown.gov](mailto:gjones@cedartown.gov).

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## BASIC FINANCIAL STATEMENTS

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**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Net Assets**  
**December 31, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Cedartown Civic Arts Commission	Cedartown Downtown Development Authority
<b>Assets</b>					
Cash	\$ 42,291	\$ 49,626	\$ 91,917	\$ 3,770	\$ 34,041
Receivables - Net	1,442,939	394,048	1,836,987	-	19,533
Inventory	-	30,206	30,206	-	2,873
Internal Balances	(1,303)	1,303	-	-	-
Restricted Assets:					
Restricted Cash	564,288	441,787	1,006,075	-	-
Capital Assets:					
Land and Construction in Progress	8,027,191	1,265,023	9,292,214	-	-
Other Capital Assets - Net	6,238,188	13,043,898	19,282,086	24,274	6,131
Bond Issue Costs - Net	80,420	51,850	132,270	-	-
<b>Total Assets</b>	<u>16,394,014</u>	<u>15,277,741</u>	<u>31,671,755</u>	<u>28,044</u>	<u>62,578</u>
<b>Liabilities</b>					
Accounts Payable	404,927	255,197	660,124	251	1,606
Accrued Wages Payable and Withholdings	99,195	9,649	108,844	4,505	100
Deferred Revenues	52,400	-	52,400	-	-
Customer Deposits	-	134,985	134,985	-	-
Interest Payable	-	13,587	13,587	-	-
Noncurrent Liabilities:					
Due Within One Year	114,567	426,576	541,143	-	-
Due in More Than One Year - Net	3,350,809	5,278,257	8,629,066	-	-
<b>Total Liabilities</b>	<u>4,021,898</u>	<u>6,118,251</u>	<u>10,140,149</u>	<u>4,756</u>	<u>1,706</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	10,987,160	8,638,895	19,626,055	24,274	6,131
Restricted for:					
Capital Projects	851,254	-	851,254	-	-
Debt Service	-	441,787	441,787	-	-
Law Enforcement	11,451	-	11,451	-	-
Unrestricted, Designated	51,951	-	51,951	-	-
Unrestricted, Undesignated	470,300	78,808	549,108	(986)	54,741
<b>Total Net Assets</b>	<u>\$ 12,372,116</u>	<u>\$ 9,159,490</u>	<u>\$ 21,531,606</u>	<u>\$ 23,288</u>	<u>\$ 60,872</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 1,435,899	\$ 599,526	\$ 201,486	\$ -
Police	2,503,755	109,540	49,465	-
Fire	1,517,844	37,834	93	-
Public Works	1,230,616	-	-	-
Culture and Recreation	653,650	18,174	33,604	318,250
Cemetery and Parks	456,401	43,830	-	-
Code Enforcement	121,198	25,429	-	-
Interest on Long-term Debt	244,247	-	-	-
Total Governmental Activities	<u>8,163,610</u>	<u>834,333</u>	<u>284,648</u>	<u>318,250</u>
Business-type Activities:				
Water/Sewer	2,302,118	2,208,334	-	-
Solid Waste	693,987	938,359	-	-
Total Business-type Activities	<u>2,996,105</u>	<u>3,146,693</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 11,159,715</u>	<u>\$ 3,981,026</u>	<u>\$ 284,648</u>	<u>\$ 318,250</u>
<b>Component Units:</b>				
Cedartown Civic Arts Commission	\$ 473,556	\$ 131,201	\$ 221,046	\$ -
Cedartown Downtown Development Authority	31,924	61,995	-	-
Total Component Units	<u>\$ 505,480</u>	<u>\$ 193,196</u>	<u>\$ 221,046</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>				
	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>	<b>Cedartown Civic Arts Commission</b>	<b>Cedartown Downtown Development Authority</b>
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ (634,887)	\$	\$ (634,887)	\$	\$
Police	(2,344,750)		(2,344,750)		
Fire	(1,479,917)		(1,479,917)		
Public Works	(1,230,616)		(1,230,616)		
Culture and Recreation	(283,622)		(283,622)		
Cemetery and Parks	(412,571)		(412,571)		
Code Enforcement	(95,769)		(95,769)		
Interest on Long-term Debt	(244,247)		(244,247)		
<b>Total Governmental Activities</b>	<b>(6,726,379)</b>		<b>(6,726,379)</b>		
Business-type Activities:					
Water/Sewer		(93,784)	(93,784)		
Solid Waste		244,372	244,372		
<b>Total Business-type Activities</b>		<b>150,588</b>	<b>150,588</b>		
<b>Total Primary Government</b>	<b>(6,726,379)</b>	<b>150,588</b>	<b>(6,575,791)</b>		
<b>Component Units:</b>					
Cedartown Civic Arts Commission			(121,309)	-	
Cedartown Downtown Development Authority			-	30,071	
<b>Total Component Units</b>			<b>(121,309)</b>	<b>30,071</b>	
<b>General Revenues:</b>					
Taxes:					
Property Taxes	2,280,458	-	2,280,458	-	-
Local Option Sales Taxes	1,309,364	-	1,309,364	-	-
Special Local Option Sales Taxes	1,217,797	-	1,217,797	-	-
Franchise Taxes	705,687	-	705,687	-	-
Insurance Premium Taxes	525,046	-	525,046	-	-
Malt Beverage Taxes	248,334	-	248,334	-	-
Hotel/Motel Taxes	46,489	-	46,489	-	-
Business Occupation Taxes	22,350	-	22,350	-	-
Intangible Taxes	11,075	-	11,075	-	-
Investment Earnings	19,401	5,614	25,015	121	-
Miscellaneous	154,207	-	154,207	2,290	-
Gain on Disposal of Capital Assets	489	-	489	-	-
Transfers	512,792	(512,792)	-	-	-
<b>Total General Revenues and Transfers</b>	<b>7,053,489</b>	<b>(507,178)</b>	<b>6,546,311</b>	<b>2,411</b>	<b>-</b>
Change in Net Assets	327,110	(356,590)	(29,480)	(118,898)	30,071
Net Assets - Beginning	12,045,006	9,516,080	21,561,086	139,858	30,801
Prior Period Adjustment	-	-	-	2,328	-
<b>Net Assets - Ending</b>	<b>\$ 12,372,116</b>	<b>\$ 9,159,490</b>	<b>\$ 21,531,606</b>	<b>\$ 23,288</b>	<b>\$ 60,872</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 22,592	\$ -	\$ 11,830	\$ 34,422
Receivables (Net of Allowance):				
Accounts	4,613	-	-	4,613
Taxes	1,125,508	278,623	10,222	1,414,353
Grants	23,973	-	-	23,973
Due from Other Funds	-	64,320	7,116	71,436
Cash - Restricted	<u>260,086</u>	<u>296,359</u>	<u>7,843</u>	<u>564,288</u>
Total Assets	<u>1,436,772</u>	<u>639,302</u>	<u>37,011</u>	<u>2,113,085</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	340,940	41,247	-	382,187
Accrued Wages Payable & Withholdings	99,195	-	-	99,195
Due to Other Funds	65,623	7,116	-	72,739
Other Accrued Liabilities	22,740	-	-	22,740
Deferred Revenues	<u>338,888</u>	<u>-</u>	<u>-</u>	<u>338,888</u>
Total Liabilities	<u>867,386</u>	<u>48,363</u>	<u>-</u>	<u>915,749</u>
Fund Balance:				
Reserved for Law Enforcement	3,608	-	7,843	11,451
Reserved for Completion of Projects	260,315	590,939	-	851,254
Unreserved, Designated For:				
General Fund	22,783	-	-	22,783
Special Revenue Fund	-	-	29,168	29,168
Unreserved, Undesignated For:				
General Fund	<u>282,680</u>	<u>-</u>	<u>-</u>	<u>282,680</u>
Total Fund Balances	<u>569,386</u>	<u>590,939</u>	<u>37,011</u>	<u>1,197,336</u>
Total Liabilities and Fund Balances	<u>\$ 1,436,772</u>	<u>\$ 639,302</u>	<u>\$ 37,011</u>	<u>\$ 2,113,085</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Reconciliation of the Balance Sheet to the**  
**Statement of Net Assets - Governmental Funds**  
**December 31, 2009**

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Fund Balances - Total Governmental Funds \$ 1,197,336

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.

Governmental Capital Assets	20,581,805	
Less Accumulated Depreciation	<u>(6,316,426)</u>	14,265,379

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Unamortized Bond Issue Cost		80,420
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Property taxes billed but uncollected within 60 days of the year end are recorded as deferred revenue in the governmental funds and property tax revenue in the governmental activities. 286,488

An internal service fund is used by management to charge the costs of health insurance activities to individual funds and departments. Assets and liabilities of the internal service fund are allocated to the governmental activities. 7,869

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

General Obligation Bonds Payable	(3,127,107)	
Capital Leases Payable	(151,112)	
Compensated Absences	<u>(187,157)</u>	<u>(3,465,376)</u>

Net Assets of Governmental Activities \$ 12,372,116

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2009**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 5,103,773	\$ -	\$ 46,489	\$ 5,150,262
Licenses and Permits	211,730	-	-	211,730
Intergovernmental	230,793	1,217,797	-	1,448,590
Fines and Forfeitures	425,692	-	3,044	428,736
Charges for Services	233,464	-	-	233,464
Contributions and Donations	355,626	-	-	355,626
Miscellaneous Income	33,122	121,085	-	154,207
Interest Income	17,586	1,813	3	19,402
<b>Total Revenues</b>	<b>6,611,786</b>	<b>1,340,695</b>	<b>49,536</b>	<b>8,002,017</b>
<b>Expenditures</b>				
Current:				
General Government	1,280,124	3,043	43	1,283,210
Police	2,374,428	2,500	16,499	2,393,427
Fire	1,368,500	2,730	-	1,371,230
Public Works	1,049,929	23,099	-	1,073,028
Culture and Recreation	723,370	-	-	723,370
Cemetery and Parks	410,349	-	-	410,349
Code Enforcement	116,501	-	-	116,501
Capital Outlay:				
General Government	-	54,714	-	54,714
Police	-	58,246	-	58,246
Fire	-	7,277	-	7,277
Public Works	-	154,051	-	154,051
Culture and Recreation	-	7,667	-	7,667
Cemetery and Parks	-	7,630	-	7,630
Debt Service:				
Principal	76,988	2,472,893	-	2,549,881
Interest	35,175	209,072	-	244,247
<b>Total Expenditures</b>	<b>7,435,364</b>	<b>3,002,922</b>	<b>16,542</b>	<b>10,454,828</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(823,578)</u>	<u>(1,662,227)</u>	<u>32,994</u>	<u>(2,452,811)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers - In	953,468	-	3,928	957,396
Transfers - Out	(3,928)	(405,676)	(35,000)	(444,604)
Proceeds from Capital Leases	21,600	-	-	21,600
Proceeds From Bond Issuance	-	2,480,000	-	2,480,000
Cost of Bond Issuance	-	(80,420)	-	(80,420)
Proceeds from Sale of Capital Assets	7,698	-	-	7,698
<b>Total Other Financing Sources (Uses)</b>	<b>978,838</b>	<b>1,993,904</b>	<b>(31,072)</b>	<b>2,941,670</b>
<b>Net Change in Fund Balances</b>	<b>155,260</b>	<b>331,677</b>	<b>1,922</b>	<b>488,859</b>
Fund Balance (Deficit) - Beginning of Year	273,835	259,262	35,089	568,186
Prior Period Adjustment	140,291	-	-	140,291
<b>Fund Balance - End of Year</b>	<b>\$ 569,386</b>	<b>\$ 590,939</b>	<b>\$ 37,011</b>	<b>\$ 1,197,336</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Reconciliation of the Statement of Revenues**  
**Expenditures, and Changes in Fund Balances**  
**To the Statement of Activities for the Year Ended December 31, 2009**

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Net Change in Fund Balances - Total Governmental Funds \$ 488,859

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for Capital Assets	434,840	
Less Current Year Depreciation	<u>(664,558)</u>	(229,718)

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore are not reported as revenues in the governmental funds.

Net Change in Deferred Revenue		(24,090)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.

Net Change in Long-term Compensated Absences		(29,194)
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An internal service fund is used by management to charge the cost of employee health insurance to individual funds and departments. Net revenue (expense) of the internal service fund is allocated to the governmental activities in the Statement of Activities.

(249)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principle of long-term debt consumes the current financial resources of governmental funds yet has no effect on net assets.

Proceeds From Bond Issuance	(2,480,000)	
Cost Of Bond Issuance	80,420	
Proceeds from Capital Leases	(21,600)	
Repayment of Principle	<u>2,549,891</u>	128,711

Proceeds from the disposal of capital assets are shown as other financing sources and uses in the governmental funds, while the gain/loss on the disposal of capital assets is shown in the Statement of Activities.

Proceeds from Disposal of Capital Assets	(7,698)	
Gain on Disposal of Capital Assets	<u>489</u>	<u>(7,209)</u>

Change in Net Assets of Governmental Activities		<u>\$ 327,110</u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,183,656	\$ 5,183,656	\$ 5,103,773	\$ (79,883)
Licenses and Permits	237,500	237,500	211,730	(25,770)
Intergovernmental	200,896	200,896	230,793	29,897
Fines and Forfeitures	562,800	562,800	425,692	(137,108)
Charges for Services	225,250	225,250	233,464	8,214
Contributions and Donations	63,250	63,250	355,626	292,376
Miscellaneous Income	18,000	18,000	33,122	15,122
Interest Income	-	-	17,586	17,586
Total Revenues	<u>6,491,352</u>	<u>6,491,352</u>	<u>6,611,786</u>	<u>120,434</u>
<b>Expenditures</b>				
Current:				
General Government	1,296,647	1,296,647	1,280,124	16,523
Police	2,310,542	2,310,542	2,374,428	(63,886)
Fire	1,328,859	1,328,859	1,368,500	(39,641)
Public Works	1,099,739	1,099,739	1,049,929	49,810
Culture and Recreation	546,705	546,705	723,370	(176,665)
Cemetery and Parks	421,553	421,553	410,349	11,204
Code Enforcement	127,800	127,800	116,501	11,299
Debt Service:				
Principal	25,000	25,000	76,988	(51,988)
Interest	-	-	35,175	(35,175)
Total Expenditures	<u>7,156,845</u>	<u>7,156,845</u>	<u>7,435,364</u>	<u>(278,519)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(665,493)</u>	<u>(665,493)</u>	<u>(823,578)</u>	<u>(158,085)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers - In	635,493	635,493	953,468	317,975
Transfers - Out	-	-	(3,928)	(3,928)
Proceeds from Capital Leases	-	-	21,600	21,600
Proceeds from Sale of Assets	<u>30,000</u>	<u>30,000</u>	<u>7,698</u>	<u>(22,302)</u>
Total Other Financing Sources (Uses)	<u>665,493</u>	<u>665,493</u>	<u>978,838</u>	<u>313,345</u>
Net Change in Fund Balance	-	-	155,260	155,260
Fund Balance (Deficit) - Beginning of Year	273,835	273,835	273,835	-
Prior Period Adjustment	<u>140,291</u>	<u>140,291</u>	<u>140,291</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 414,126</u>	<u>\$ 414,126</u>	<u>\$ 569,386</u>	<u>\$ 155,260</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Fund - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,320,000	\$ 1,320,000	\$ 1,217,797	\$ (102,203)
Miscellaneous	-	-	121,085	121,085
Interest Income	-	-	1,813	1,813
<b>Total Revenues</b>	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,340,695</u>	<u>20,695</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	3,043	(3,043)
Police	-	-	2,500	(2,500)
Fire	-	-	2,730	(2,730)
Public Works	-	-	23,099	(23,099)
Capital Outlays:				
General Government	11,000	11,000	54,714	(43,714)
Police	133,723	133,723	58,246	75,477
Fire	54,304	54,304	7,277	47,027
Public Works	279,400	279,400	154,051	125,349
Culture and Recreation	111,713	111,713	7,667	104,046
Cemetery and Parks	25,140	25,140	7,630	17,510
Debt Service:				
Principal	417,264	417,264	2,472,893	(2,055,629)
Interest	-	-	209,072	(209,072)
<b>Total Expenditures</b>	<u>1,032,544</u>	<u>1,032,544</u>	<u>3,002,922</u>	<u>(1,970,378)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>287,456</u>	<u>287,456</u>	<u>(1,662,227)</u>	<u>(1,949,683)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(287,456)	(287,456)	(405,676)	(118,220)
Proceeds From Bond Issuance	-	-	2,480,000	2,480,000
Cost of Bond Issuance	-	-	(80,420)	(80,420)
<b>Total Other Financing Sources (Uses)</b>	<u>(287,456)</u>	<u>(287,456)</u>	<u>1,993,904</u>	<u>2,281,360</u>
<b>Net Change in Fund Balance</b>	-	-	331,677	331,677
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>259,262</u>	<u>259,262</u>	<u>259,262</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 259,262</u>	<u>\$ 259,262</u>	<u>\$ 590,939</u>	<u>\$ 331,677</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 49,626	\$ -	\$ 49,626	\$ 7,869
Accounts Receivable - Net	247,488	146,560	394,048	-
Inventory	30,206	-	30,206	-
Due From Other Funds	73,234	-	73,234	-
Total Current Assets	<u>400,554</u>	<u>146,560</u>	<u>547,114</u>	<u>7,869</u>
Non-Current Assets:				
Restricted Assets:				
Bond Debt Service and Reserve Cash	441,787	-	441,787	-
Capital Assets:				
Land and Improvements	1,265,023	-	1,265,023	-
Utility Systems	15,466,736	-	15,466,736	-
Buildings	2,443,906	-	2,443,906	-
Equipment	3,717,507	-	3,717,507	-
Less Accumulated Depreciation	(8,584,251)	-	(8,584,251)	-
Unamortized Bond Issue Costs	51,850	-	51,850	-
Total Non-Current Assets	<u>14,802,558</u>	<u>-</u>	<u>14,802,558</u>	<u>-</u>
Total Assets	<u>\$ 15,203,112</u>	<u>\$ 146,560</u>	<u>\$ 15,349,672</u>	<u>\$ 7,869</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 252,899	\$ 2,298	\$ 255,197	\$ -
Accrued Wages and Withholdings Payable	9,649	-	9,649	-
Due to Other Funds	42,386	29,545	71,931	-
Customer Deposits	134,985	-	134,985	-
Accrued Interest Payable	13,587	-	13,587	-
Notes Payable	186,576	-	186,576	-
Revenue Bonds Payable	240,000	-	240,000	-
Total Current Liabilities	<u>880,082</u>	<u>31,843</u>	<u>911,925</u>	<u>-</u>
Noncurrent Liabilities:				
Compensated Absences Payable	34,808	-	34,808	-
Notes Payable	4,754,059	-	4,754,059	-
Revenue Bonds Payable (Net)	489,390	-	489,390	-
Total Noncurrent Liabilities	<u>5,278,257</u>	<u>-</u>	<u>5,278,257</u>	<u>-</u>
Total Liabilities	<u>6,158,339</u>	<u>31,843</u>	<u>6,190,182</u>	<u>-</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	8,638,895	-	8,638,895	-
Restricted for Debt Service	441,787	-	441,787	-
Unrestricted	(35,909)	114,717	78,808	7,869
Total Net Assets	<u>\$ 9,044,773</u>	<u>\$ 114,717</u>	<u>\$ 9,159,490</u>	<u>\$ 7,869</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

	Water and Sewer	Solid Waste	Total	Internal Service Fund
<b>Operating Revenues</b>				
Charges for Services	\$ 2,144,102	\$ 938,359	\$ 3,082,461	\$ 1,049,923
Fees	30,431	-	30,431	-
Other Revenues	33,801	-	33,801	-
Total Operating Revenues	<u>2,208,334</u>	<u>938,359</u>	<u>3,146,693</u>	<u>1,049,923</u>
<b>Operating Expenses</b>				
Costs of Sales and Services	1,530,561	693,987	2,224,548	1,050,143
Administrative Expense	41,407	-	41,407	61
Depreciation Expense	523,732	-	523,732	-
Total Operating Expenses	<u>2,095,700</u>	<u>693,987</u>	<u>2,789,687</u>	<u>1,050,204</u>
Operating Income (Loss)	<u>112,634</u>	<u>244,372</u>	<u>357,006</u>	<u>(281)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Revenue	5,614	-	5,614	32
Interest Expense	(194,736)	-	(194,736)	-
Amortization Expense	(11,682)	-	(11,682)	-
Total Nonoperating Revenues (Expenses)	<u>(200,804)</u>	<u>-</u>	<u>(200,804)</u>	<u>32</u>
Income (Loss) Before Transfers	(88,170)	244,372	156,202	(249)
Transfers In	221,100	-	221,100	-
Transfers Out	(300,000)	(433,892)	(733,892)	-
Change in Net Assets	(167,070)	(189,520)	(356,590)	(249)
Net Assets - Beginning	<u>9,211,843</u>	<u>304,237</u>	<u>9,516,080</u>	<u>8,118</u>
Net Assets - Ending	<u>\$ 9,044,773</u>	<u>\$ 114,717</u>	<u>\$ 9,159,490</u>	<u>\$ 7,869</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

	Water and Sewer	Solid Waste	Total	Internal Service Fund
<b>Cash Flows From Operations</b>				
Receipts from Customers and Users	\$ 2,193,420	\$ 936,443	\$ 936,443	\$ 1,049,923
Payments to Suppliers	(445,296)	(693,987)	(1,139,283)	(1,050,204)
Payments to/for Employees	(990,868)	-	(990,868)	-
Net Cash Provided by (Used in) Operating Activities	<u>757,256</u>	<u>242,456</u>	<u>999,712</u>	<u>(281)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Payments from Other Funds	172,481	191,436	363,917	-
Payments to Other Funds	(551,445)	(433,892)	(985,337)	-
Net Cash from Noncapital Financing Activities	<u>(378,964)</u>	<u>(242,456)</u>	<u>(621,420)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds From Note Issuance	360,000	-	360,000	-
Principal Payments - Bonds	(360,000)	-	(360,000)	-
Principal Payments - Notes	(231,760)	-	(231,760)	-
Interest Paid	(213,347)	-	(213,347)	-
Net Cash from Capital and Related Financing Activities	<u>(445,107)</u>	<u>-</u>	<u>(445,107)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	5,614	-	5,614	32
Net Increase (Decrease) in Cash	(61,201)	-	(61,201)	(249)
Cash (Overdraft) - January 1 (Including Restricted Cash)	552,614	-	552,614	8,118
Cash (Overdraft) - December 31 (Including Restricted Cash)	<u>\$ 491,413</u>	<u>\$ -</u>	<u>\$ 491,413</u>	<u>\$ 7,869</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ 112,634	\$ 244,372	\$ 357,006	\$ (281)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	523,732	-	523,732	-
(Increase) Decrease in Assets:				
Accounts Receivable	(818)	(1,916)	(2,734)	-
Inventory	(498)	-	(498)	-
Increase (Decrease) in Liabilities				
Accounts Payable	139,455	-	139,455	-
Other Accrued Payables	(13,158)	-	(13,158)	-
Compensated Absences Payable	(3,241)	-	(3,241)	-
Customer Deposits	(850)	-	(850)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 757,256</u>	<u>\$ 242,456</u>	<u>\$ 999,712</u>	<u>\$ (281)</u>
<b>Noncash Investing, Capital and Financing Activities</b>				
Capital Transfer from Capital Projects Fund	\$ 48,618	\$ -	\$ 48,618	\$ -
Amorization	11,682	-	11,682	-
Net Cash from Noncash Activities	<u>\$ 60,300</u>	<u>\$ -</u>	<u>\$ 60,300</u>	<u>\$ -</u>

For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Assets:

Cash and Cash Equivalents	\$ 49,626	\$ -	\$ 49,626	\$ 7,869
Restricted Cash:				
Bond Debt Service and Reserve Cash	441,787	-	441,787	-
	<u>\$ 491,413</u>	<u>\$ -</u>	<u>\$ 491,413</u>	<u>\$ 7,869</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CEDARTOWN, GEORGIA**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Summary of Significant Accounting Policies**

The City of Cedartown was incorporated February 8, 1854. The City operates under a commission form of government. The 5 member commission appoints a chairman and the city manager. The City provides the following services: public safety (police and fire), culture and recreation, highways and streets, cemetery and parks, public utilities (water/sewer and sanitation), public improvements and general and administrative services.

**A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements present the primary government and its component units. Certain potential component units might be considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The discretely presented component units described below are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government:

Cedartown Civic Arts Commission:

The Commission was created for the purpose of managing the Cedartown Civic Auditorium. The City's Commission appoints the Board members of the Arts Commission, which is financially dependent on the City of Cedartown's annual contributions. The Arts Commission is presented in the government-wide financial statements as a component unit of the City of Cedartown. Additional financial information is available from the Arts Commission at 205 East Avenue, Cedartown, Georgia 30125

Downtown Development Authority:

The Authority was created for the purpose of revitalizing and redeveloping the central business district of the City. The City Commission appoints the Authority's Board. The Authority is financially dependent on the City for funding and the City must approve any debt issuances. The Authority is included in the government-wide financial statements as a component unit. Additional financial information is available from the Authority at 609 South Main Street, Cedartown, Georgia 30125.

Related Organization:

The Cedartown Housing Authority is a related organization that has not been included in the reporting entity. The Housing Authority was formed in 1939. The Authority provides low-income housing to eligible families in the City of Cedartown. The Authority's Board consists of eight members, who are appointed by the Cedartown City Commission. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

**B. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

**CITY OF CEDARTOWN, GEORGIA**  
**Notes to the Financial Statements**  
**December 31, 2009**

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For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements emphasize major funds in either the governmental, proprietary, or fiduciary (if any) funds. Nonmajor funds (if any) are reported as a separate column in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncement and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

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