

# CITY OF STATESBORO, GEORGIA



## Comprehensive Annual Financial Report FY 2010

# City of Statesboro, Georgia



Councilman Gary Lewis (top left), Councilman Joe Brannen (Mayor Pro-Tem), Councilman Travis Chance, Councilman Tommy Blich (bottom left), Mayor Bill Hatcher, Councilman Will Britt

## Comprehensive Annual Financial Report For the Fiscal Year Ending June 30, 2010

**City of Statesboro, Georgia**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2010**

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# INTRODUCTION



# CITY OF STATESBORO

## COUNCIL

Thomas N. Blich  
Gary L. Lewis  
William P. Britt  
Travis L. Chance  
John Riggs



Joe R. Brannen, Mayor  
Frank Parker, Interim City Manager  
Sue Starling, City Clerk  
Sam Brannen, City Attorney

50 EAST MAIN STREET • P.O. BOX 348  
STATESBORO, GEORGIA 30459-0348

January 25, 2011

To The Honorable Mayor, City Council,  
and Citizens of the City of Statesboro:

The **Comprehensive Annual Financial Report (CAFR)** of the City of Statesboro, Georgia for the fiscal year ended June 30, 2010 is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for the completeness and accuracy of the report rests with the City's management. We believe the data presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position, results of operations and cash flows of the City as measured by the financial activity of its various funds; that the statements and underlying financial data have been prepared in conformity with generally accepted accounting principles (GAAP) and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

City management's narrative on the financial activities of the City for the fiscal year ended June 30, 2010, is included in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the independent auditor's report. The letter of transmittal is written to compliment the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other CAFR sections.

## PROFILE OF THE CITY

The City of Statesboro was created by an act of the General Assembly of the State of Georgia on December 19, 1803. The City operates under the Council/Manager form of government, providing the following services as authorized by its charter: public safety (police and fire), streets and drainage, community development, community services and general administrative services. The City also operates two public utilities (a water and sewer system and a natural gas distribution system) and provides sanitation collection and disposal services. The City and Bulloch County jointly operate a transfer station for transport of solid waste and an inert landfill.

The City reports a 2009 estimated population of, 26,874, which is based upon a special census conducted by the Department of Planning at the Georgia Institute of Technology, under contract to the Coastal Georgia Regional Development Center. This is less than 1% of the total State of Georgia population. 23.1% of the Bulloch County population lives below the federal poverty level as compared to 29.7% in the State of Georgia. However, this number is impacted by the fact that 19,691 university students, when filling out

census forms, do not have significant earned income. Georgia Southern University's Bureau of Business Research and Economic Development in a recent study confirmed that the non-student population has a much higher per capita income than the census for this reason; and, the university student population has a considerable amount of disposable income, though little earned income, as they are predominantly supported financially by parents.

The City of Statesboro is the county seat of Bulloch County, Georgia, located in the southeastern corner of the state. It is included on the southern leg of the Savannah River Parkway, a four-lane connector between Savannah and Augusta. It is located 53 miles west of Savannah, 76 miles south of Augusta, 121 miles east of Macon, 144 miles southwest of Charleston, SC, 168 miles north of Jacksonville, FL, and 199 miles southeast of Atlanta. Statesboro is 15 miles from Interstate 16, and is located on US Highways 301, 80, and 25, and State Routes 73, 46, 67, and 24.

The City is approximately 14.41 square miles with an average elevation of 240 feet above sea level, the terrain being mostly flat. The climate is seasonal, but moderate, with mild winters and warm, humid summers. The average high is 58 degrees in January and 91 degrees in July. The average annual rainfall is 47.0" and the relative humidity is 62% in January and 75% in July.

Statesboro is served by the Heart of Georgia Railway Company and numerous common freight carriers. The City and Bulloch County jointly own the Statesboro Municipal Airport that is located approximately 30 minutes from Interstate 16. It is 45 minutes from the Savannah/Hilton Head International Airport, which is serviced by 6 major airlines. The City of Statesboro also is located approximately fifty miles from the Georgia Ports Authority's Savannah terminal, and is within a reasonable distance of the ports of Charleston, Beaufort, Brunswick, and Jacksonville.

There are two institutions of higher learning located in the greater Statesboro area: Georgia Southern University (GSU) within the city limits, and Ogeechee Technical College just outside the city on US Highway 301 South. Accredited by the Southern Association of Colleges and Schools and Georgia's largest and most comprehensive center of higher education south of Atlanta, Georgia Southern offers more than 114 undergraduate and graduate degree programs through the doctoral level in its eight Colleges. The University's 19,691 students come from all 50 states and 90 nations.

Ogeechee Technical College is accredited by the Commission of the Council on Occupational Education and adheres to statewide curriculum standards established by the Georgia Department of Technical and Adult Education. OTC offers 125 programs of study including 36 diploma programs, 70 certificate programs, and 19 Associate degrees in conjunction with Georgia Southern University and East Georgia College. There are 15 public schools, 3 private and parochial schools, and 1 charter school in Bulloch County educating the county's 9,476 students. A total of 614 seniors graduated from these schools in 2010.

Statesboro is a leader in health care in southeast Georgia with East Georgia Regional Medical Center, a 150-bed hospital, employing more than 730 staff and 94 physicians representing a wide range of specialties. The hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations, a distinction that is awarded only to those healthcare facilities that maintain the highest standards of quality.

The City is served by 6 local radio stations, WHKN, WMCD, WPMX, WPTB, WWNS and WVGS, and one daily newspaper, the *Statesboro Herald*. In addition, the *Savannah Morning News* reports on the news in Statesboro. Statesboro is covered locally by Northland Cable TV, which is located in the city. The City of Statesboro, Georgia Southern University, and Northland Cable TV have partnered to provide the community with a local government access channel, operated by the Communication Arts Department of GSU. Three television stations in Savannah also cover Statesboro regularly: WTOG (CBS), WJCL (ABC), and WSAV (NBC).

The City has 119 miles of roads of which 118 are paved. Natural gas is sold to 3,484 customers while water and sewer service is provided by the City to over 13,000 customers with an average daily water consumption of 2.79 million gallons. Statesboro has 184 miles of sanitary sewer and 219.5 miles of water mains with 1,487 fire hydrants. The City maintains a Class 3 ISO rating with 2 fire stations.

Utilities are provided by the following within the City:

City of Statesboro	Water and Sewer, Sanitation and Natural Gas
Excelsior EMC	Electricity
Georgia Power Company	Electricity
Frontier Communications	Telecommunications
Bulloch Rural Telephone	Telecommunications
Northland Cable TV	Telecommunications

## **ECONOMIC CONDITION AND OUTLOOK**

Statesboro has an economy comprised of an industrial base, a growing university, expanding retail activity, and a regional medical center. The City has a highly diversified economy with several major industries located in the area and is a regional shopping center and health care provider for eight surrounding Georgia counties (Effingham, Screven, Jenkins, Emanuel, Candler, Evans, Tattnall, and Toombs).

The 2009 Statesboro per capita income was \$12,319 or 46% of the State of Georgia per capita income. Per capita income is total personal income (including wages, dividends, interest, rent, and government payments) divided by the total population. It is commonly used as an indicator of the quality of consumer markets and the economic wellbeing of a community. As noted above, this figure is actually skewed lower by the high number of university students who do not report earned income, but have considerable disposable income.

The area offers many educational and vocational opportunities that provide a competitive advantage for a strong workforce. The November 2010 unemployment rate was 9.3%, just below the State of Georgia at 10.1% and the national rate of 9.8%. Approximately 24% of the Bulloch County civilian labor force is employed by the government sector including one of the City's largest employers, Georgia Southern University. Other government employers include Bulloch County, Bulloch County Board of Education, Ogeechee Technical College, and the City of Statesboro. Major private sector employers in the City include East Georgia Regional Medical Center and Wal-Mart Supercenter.

The City and County are experiencing moderate growth with the City approving 166 new building permits in 2009 and 266 in 2010. The cost of housing in Bulloch County is among the lowest in the nation. The average residential sales price is \$140,585. The median value of owner occupied units was \$109,200.

### **MAJOR INITIATIVES**

***For The Year.*** In FY 2010, the City's Water and Sewer Department expended \$478,528 for the construction of a well and a well house. This project was funded by a Georgia Environmental Facilities Authority (GEFA) loan. SPLOST funds in the amount of \$286,457 were used to finance emergency sewer line repairs, emergency well repairs, and a water main extension to a well. Engineering fees for the extension of water and sewer lines along Old Register Road and the Southeast Quadrant were funded by bond proceeds.

In FY 2010, construction was near completion on the Downtown Streetscape project. In 2005, the City was awarded a \$530,000 Transportation Enhancement Grant (TE-21) to improve sidewalks and curb and gutter and for landscaping and the installation of decorative benches and lighting in the downtown area on East Main Street. An additional \$300,000 was approved to fund the West Main Street phase of the project.

In FY 2010, the City refinanced various City water and sewer system bond and loan obligations. The refinancing of the higher interest loans resulted in an approximate net present value savings of \$383,978 representing 5.7% of the City's prior debt balance. The City will also realize cash flow relief through the first seven years of the refinancing.

***For The Future.*** A 2007 SPLOST initiative approved in July, 2006, will provide the City with an estimated \$21.7 million in funding for capital projects for FY 2008 - FY 2014. Several major projects are planned for FY 2011.

In FY 2011, landfill closure/post-closure expenses and air rights in the Wayne County Landfill will continue to be funded by 2007 SPLOST in the amount of \$1,166,000.

### **FINANCIAL INFORMATION**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived; and

the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The City's accounting records for general governmental operations are maintained on a modified accrual basis and reported on the same basis at the fund financial reporting level. However, at the government-wide financial reporting level, these activities are presented on the accrual basis.

The City's enterprise funds account for the cost of services using an "economic resources" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with the funds are included on their balance sheets. Their operating statements present increases (revenues) and decreases (expenses) in net total assets. The accrual basis of accounting is used for the proprietary funds.

***Budgeting Controls.*** Budgets have been adopted and appropriated at the fund level for each City governmental fund. Budgetary control is maintained at the line-item level by the rendering of monthly reports of revenues and expenditures. Major variances between budget and actual are reviewed monthly with the City Council on an exceptions basis. Unexpended appropriations lapse at year-end for budgetary purposes and are subject to reappropriation in the following year.

***Cash Management.*** It is the City's policy to aggressively pursue all revenues due to the City including past due utility bills, court fines, and property taxes; and to pay all obligations on or before the due date. The City utilizes cash management and investment policies that emphasize safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third.

The City currently has 15 bank accounts that service 19 funds. In 2008, the City's entire banking services were re-bid and a three-year contract was awarded to Branch Banking and Trust Company (BB &T). All City funds are deposited into a sweep investment account at a rate equal to the targeted federal funds rate multiplied by 102.5% (currently .18%).

***Risk Management.*** The City of Statesboro is a member of the Georgia Interlocal Risk Management Agency (GIRMA). Administered by the Georgia Municipal Association, GIRMA is an intergovernmental risk-sharing fund created in 1987 to provide property and liability insurance coverage to Georgia local government entities. The City's coverage under this program includes property (including boiler and machinery), auto physical damage and liability, law enforcement liability, general liability, public officials' liability, employee benefits liability, pollution liability, and fidelity liability (including crime and all employee bonds). GIRMA contracts with Gallagher Basset for claims administration and with Willis Caroon for marketing and administrative support and technical assistance. Premiums are based on each individual city's loss experience and underwriting.

***Long-term Financial Planning.*** The City of Statesboro maintains a flexible, yet thorough five year capital improvement plan whereby capital needs are identified several years before funding and implementation, to allow adequate time for planning. This plan

also provides for the orderly replacement of facilities and equipment. The City's current five year plan has identified \$58,232,808 in projected expenditures through FY 2016; \$4,766,450 of this was budgeted for the 2010 fiscal year. In FY 2011, the City has budgeted \$12,394,248 in projected expenditures, with \$3,178,000 being funded from the 2007 Special Purpose Local Option Sales Tax and 7,400,000 being funded from the water and sewer revenue bond for water and sewer line extensions. The projects funded from the 2007 SPLOST include \$586,000 in street projects, \$650,000 for fire equipment, \$250,000 for police vehicles, \$625,000 for solid waste equipment, and \$1,200,000 for solid waste disposal projects.

***Relevant Financial Policies.*** The City of Statesboro financial policies state that the City will not appropriate fund balance or net assets in any fund that would hinder meeting the reserve targets. However, with the recent recession, the City has opted to appropriate fund balance and net assets to cover revenue shortfall from business licenses and building permits and unexpected expenditures in the last quarter of the fiscal year. The City also continued furlough days for all employees through the first quarter of the fiscal year in order to reduce the amount of fund balance or net assets that would need to be used.

## OTHER INFORMATION

***Independent Audit.*** State law requires annual audits of the accounting records by independent certified public accountants selected by the City Council. This requirement has been met, and the auditor's opinion is included in this report. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The auditor's examination encompassed the basic financial statements for the fiscal year ended June 30, 2010.

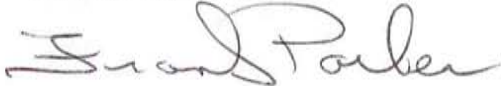
***Awards.*** In 2010, the City received the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. A Certificate of Achievement for Excellence in Financial Reporting is a prestigious national award presented by the Government Finance Officers Association of the United States and Canada to government units whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting. A government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This is the sixth consecutive year the City has received this award.

Also in 2009, the City received the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2009 from the Government Finance Officers Association of the United States and Canada (GFOA). This award is the highest form of recognition in governmental budgeting. It is presented to governments whose budgets adhere to program standards and its attainment represents significant achievement by the organization in providing a budget document that clearly presents financial, accounting, and policy information. In order to receive this award a government must publish a budget document which meets program criteria as a policy document, financial plan, operations guide, and as a communications device. This is the sixth consecutive year the

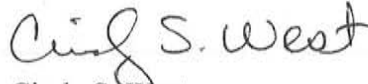
City has received this award. Both the Certificate of Achievement and the Distinguished Budget award are valid for a period of one year. The City has sent in its application for the GFOA Distinguished Budget Presentation Award, but at this time has not received any notification.

*Acknowledgments.* We wish to express our gratitude and appreciation to the members of the staff of the City of Statesboro Finance Department for their assistance and support in the preparation of this report. We wish to acknowledge the guidance and technical support provided by our independent auditors, Thigpen, Lanier, Westerfield & Deal.

Respectfully submitted,



Frank C. Parker, III  
Interim City Manager



Cindy S. West  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Statesboro  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director





## **CITY OF STATESBORO, GEORGIA MAYOR AND COUNCIL**

**Joe R. Brannen**



*In office since September 1998  
Current term expires December 2013*

**Tommy Blich**

**District 1**



*In office since 2004  
Current term expires December 2013*

**Gary L. Lewis**

**District 2**



*In office since January 1998  
Current term expires December 2011*

**William P. Britt**

**District 3**



*In office since January 2004  
Current term expires December 2011*

**John Riggs**

**District 4**



*In office since January 2010  
Current term expires December 2013*

**Travis L. Chance**

**District 5**



*In office since January 2008  
Current term expires December 2011*

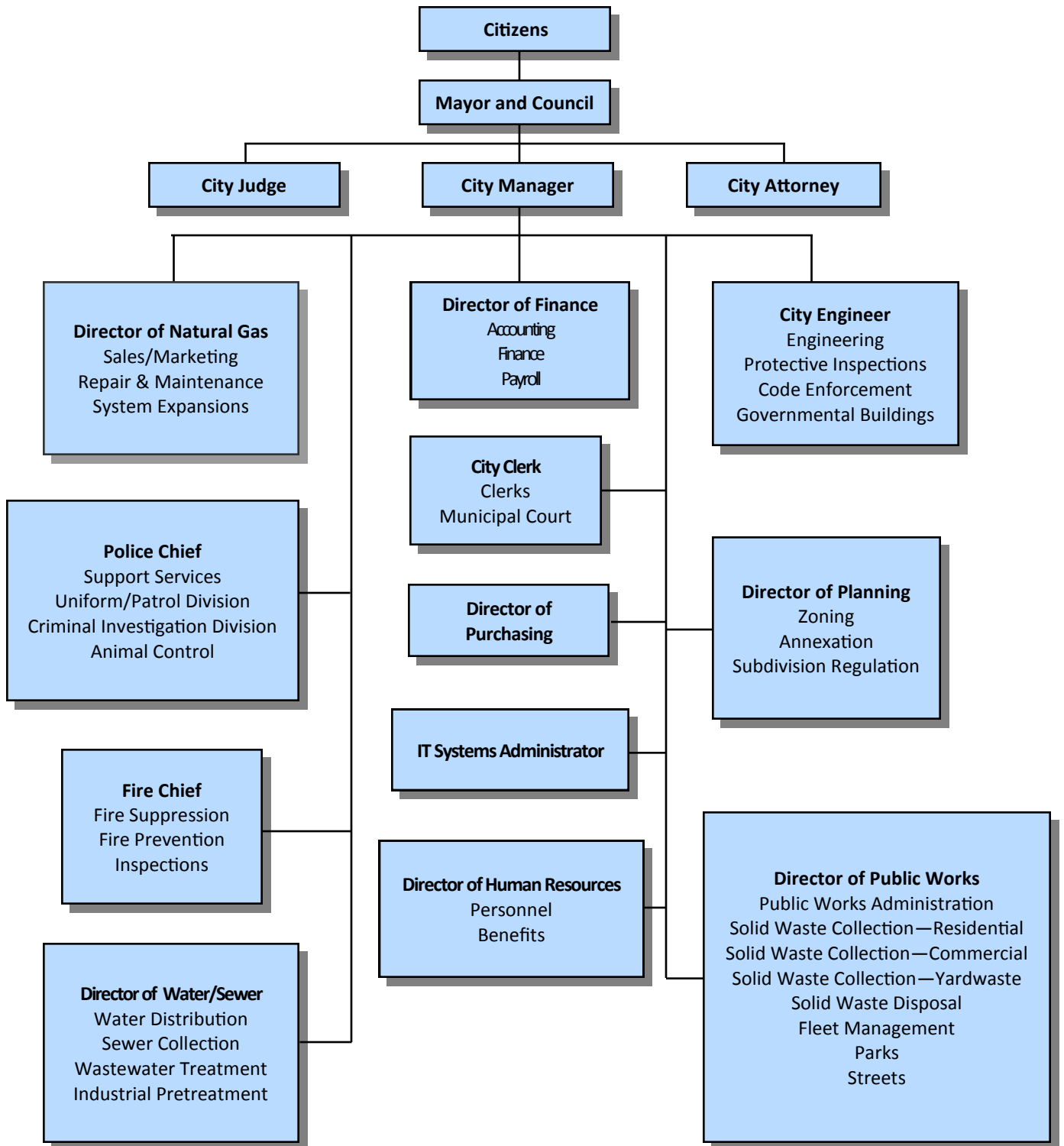
# CITY OF STATESBORO, GEORGIA

## APPOINTED PRINCIPAL OFFICIALS

*As of June 30, 2010*

<u>NAME</u>	<u>POSITION</u>	<u>LENGTH OF TIME WITH CITY</u>
Shane Haynes	City Manager	2 years
Sam Brannen	City Attorney	43 years
Cindy West	Finance Director	13 years
Sue Starling	City Clerk	20 years
Michael Graves	Human Resources Director	1 year
Robert Cheshire	City Engineer/Public Works Director	1 year
Wendell Turner	Public Safety Director	17 years
Steve Hotchkiss	Natural Gas Director	19 years
Christian Lentz	Planning Director	2 years
Wendell Turner	Public Safety Director	17 years
Robert Cheshire	Public Works Director	21 years
Wayne Johnson	Water/Wastewater Director	28 years
Seth LaVine	Information Technology Director	2 years

# ORGANIZATIONAL CHART FOR THE CITY OF STATESBORO



# STATESBORO CITY HALL

STATESBORO  
CITY EXCHANGE  
2005-2002

STATESBORO  
CITY EXCHANGE  
2005-2002

# FINANCIAL

# THIGPEN, LANIER, WESTERFIELD & DEAL

CERTIFIED PUBLIC ACCOUNTANTS  
201 SOUTH ZETTEROWER AVENUE  
P.O. BOX 505  
STATESBORO, GEORGIA 30459  
PHONE (912) 489-8756  
FAX (912) 489-1243

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KAY S. PROCTOR, CPA  
LEE ANN LANE, CPA  
JENNIFER GROOMS, CPA

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Statesboro, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Statesboro, Georgia, as of and for the year ended June 30, 2010, 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 Statesboro, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Statesboro, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Statesboro Fire Service Special Revenue 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 January 25, 2011, on our consideration of the City of Statesboro, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Statesboro, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, schedule of SPLOST expenditures, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, schedule of SPLOST expenditures, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Thigpen, Lanier, Westerfield + Deal*

January 25, 2011



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Statesboro, Georgia's (the City's) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The City had total net assets (assets exceeded liabilities) of \$62,524,774 at 2010 fiscal year-end. That is \$3,637,236 or 6.2%, higher than the total net assets of \$58,887,538 at 2009 fiscal year-end. Fiscal year 2009 had seen a \$1,858,967, or 3.1%, decrease in total net assets.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$55,278,434 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. The figure for fiscal year 2009 was \$57,032,563. That is a decrease of \$1,754,129, or 3.1%. There was a decrease of \$960,054, or 1.7%, for fiscal year 2009.
  - (2) Net assets of \$5,441,506 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations. That is \$4,093,946, or 304%, more than the fiscal year 2009 amount of \$1,347,560. That was \$160,493 (or 13.5%) more than fiscal year 2008's \$1,187,067. The large increase in restricted net assets is a result of the receipt of \$3,321,448 in 2007 SPLOST funds that were not spent as of June 30, 2010 and \$1,046,098 in bond proceeds placed in a debt retirement fund for the new water and sewer revenue bonds issued in fiscal year 2010.
  - (3) Unrestricted net assets of \$1,804,834 represent the portion available to maintain the City's continuing obligations to citizens and creditors. This is a \$1,297,419 (or 255%) increase over the fiscal year 2009 total of \$507,415. That amount was a \$1,059,406 (or 67.6%) decrease over fiscal year 2008's figure of \$1,566,821. FY 2008 had seen a \$407,963 (or 20.7%) decrease over FY 2007's amount. In fiscal year 2010, unrestricted net assets for business-type activities increased by \$2,198,523 primarily due to an increase in revenues for the Water and Sewer Operating Fund. The unrestricted net assets for the governmental activities in fiscal year 2010 declined by \$901,104 (or 122%) primarily due to the decline in fines and forfeitures, the settlement of a lawsuit by a former employee, and the General Fund making a large transfer to the Benefits Insurance Fund for health insurance.
- The City's governmental funds reported total ending fund balance of \$4,294,517, compared to \$2,068,826 in fiscal year 2009. This is a \$2,225,691 (or 107.6%) increase. The primary reason is an increase in fund balance in the 2007 SPLOST fund. The City did not start receiving its portion of the 2007 SPLOST for certain projects until February 2010 after other SPLOST projects had been completed according to the SPLOST agreement. The fiscal year 2009 ending fund balance for governmental funds showed a decrease of \$284,524 (or 12.1%). Unreserved fund balance of \$4,079,357 for fiscal year 2010 is a \$2,195,585 (or 116.6%) increase from fiscal year 2009. Unreserved fund balance of \$1,883,772 for fiscal year 2009 was a \$286,339 (or 13.2%) decrease from the \$2,170,111 in fiscal year 2008.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$(98,438). That compares to \$947,789 for fiscal year 2009 which represented 6.7% of total General Fund expenditures and transfers out in fiscal year 2009. Fiscal year 2008's unreserved fund balance for the General Fund was \$1,478,379, or 10.8% of total General Fund expenditures and transfers out.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.



### ***Government-wide Financial Statements***

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference between them reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales and property taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and public works. Business-type activities include the natural gas distribution system, the water and wastewater systems, and the solid waste collection and disposal systems.

The government-wide financial statements are presented on pages 14 & 15 of this report.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all other (non-major) funds are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

1. *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16-22 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

2. *Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for gas, water and wastewater utilities; and for solid waste collection and disposal systems.

The basic enterprise fund financial statements are presented on pages 23-26 of this report.

*Notes to the Basic Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

*Supplementary Information*

In addition to the basic financial statements and accompanying note disclosures, this report also presents certain required supplementary information concerning the City's budget presentations. The budgetary comparison statement is included as a basic financial statement for the general fund and the Statesboro Fire Service Fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. During the fiscal year, the Mayor and City Council adopted by resolution one budget amendment, or revision, to the original budget resolution.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in this section of this report beginning on page 50.

**Financial Analysis of the City as a Whole**

The City's net assets at fiscal year 2010 were \$62,524,774, compared to the fiscal year 2009 figure of \$58,887,538. The following table provides a summary of the City's net assets:

**Summary of Net Assets**

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Assets:</b>								
Current assets	\$ 6,701,131	\$ 4,039,691	\$ 4,962,182	\$ 2,873,996	\$ 11,663,313	\$ 6,913,687	13%	9%
Capital assets	25,932,860	25,720,181	42,795,839	44,056,922	68,728,699	69,777,103	77%	90%
Other noncurrent assets	-	-	9,141,567	435,998	9,141,567	435,998	10%	1%
<b>Total assets</b>	<b>32,633,991</b>	<b>29,759,872</b>	<b>56,899,588</b>	<b>47,366,916</b>	<b>89,533,579</b>	<b>77,126,788</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities:</b>								
Current liabilities	2,479,401	2,197,448	2,151,710	2,270,460	4,631,111	4,467,908	17%	24%
Long-term liabilities	1,952,210	1,888,862	20,425,484	11,882,480	22,377,694	13,771,342	83%	76%
<b>Total liabilities</b>	<b>4,431,611</b>	<b>4,086,310</b>	<b>22,577,194</b>	<b>14,152,940</b>	<b>27,008,805</b>	<b>18,239,250</b>	<b>100%</b>	<b>100%</b>
<b>Net assets:</b>								
Investment in capital assets, net of debt	24,168,198	23,985,317	31,110,236	33,047,246	55,278,434	57,032,563	88%	97%
Restricted	4,195,408	948,367	1,246,098	399,193	5,441,506	1,347,560	9%	2%
Unrestricted	(161,226)	739,878	1,966,060	(232,463)	1,804,834	507,415	3%	1%
<b>Total net assets</b>	<b>\$ 28,202,380</b>	<b>\$ 25,673,562</b>	<b>\$ 34,322,394</b>	<b>\$ 33,213,976</b>	<b>62,524,774</b>	<b>58,887,538</b>	<b>100%</b>	<b>100%</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**City of Statesboro, Georgia**

**June 30, 2010**

The current ratio divides the current assets by the current liabilities, and is an indication of the ability to pay current obligations. For fiscal year 2010, the current ratio for governmental activities is 2.7 and 2.3 for business type activities. For fiscal year 2009, the current ratio for governmental activities was 1.8, and for business type activities 1.3. For the City, overall, the current ratio for fiscal year 2010 is 2.5, compared to 1.5 for fiscal year 2009. For fiscal year 2008, the current ratio for governmental activities was 2.0 and for business type activities 1.4. For the City, overall, the current ratio was 1.7.

Net assets for fiscal year 2010 increased by \$2,528,818 for governmental activities, and by \$1,108,418 for business-type activities. Net assets for fiscal year 2009 decreased by \$399,067 for governmental activities and by \$1,459,900 for business type activities.

Note that in fiscal year 2010, 85.7%, and in fiscal year 2009, 93.4% of the governmental activities' net assets were invested in capital assets. On the business type activities, the City has spent 90.6% of its net assets in fiscal year 2010, and 99.5% in fiscal year 2009 on capital assets. This is not unusual, as the business type activities are primarily utilities, which are very capital-intensive operations. Expansion of these systems is necessary for the continued growth of the City and for its financial position, as these utility systems generate considerable revenues for all the City's operations. 88.4% in fiscal year 2010, and 96.8% in fiscal year 2009 of the City's total net assets were included in capital assets.

The following table provides a summary of the changes in net assets, with comparative data for both fiscal years 2010 and 2009:

	2010				2009			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Revenues:								
Program:								
Charges for services	\$ 3,522,560	\$ 17,896,580	\$ 21,419,140	58%	\$ 3,525,530	\$ 17,412,955	\$ 20,938,485	65%
Operating grants	134,935	18,556	153,491	1%	162,191	48,198	210,389	1%
Capital grants and contributions	6,315,782	704,703	7,020,485	19%	2,561,768	138,792	2,700,560	8%
General:								
Taxes	8,089,577		8,089,577	22%	7,912,524	-	7,912,524	25%
Other	65,785	257,122	322,907	1%	34,097	239,090	273,187	1%
Total revenues	18,128,639	18,876,961	37,005,600	100%	14,196,110	17,839,035	32,035,145	100%
Program Expenses:								
General government	2,364,710	-	2,364,710	7%	2,683,348	-	2,683,348	8%
Municipal court	603,544	-	603,544	2%	697,203	-	697,203	2%
Public safety	8,935,759	-	8,935,759	27%	8,465,499	-	8,465,499	25%
Public works	2,530,638	-	2,530,638	8%	2,452,550	-	2,452,550	7%
Community development	534,041	-	534,041	2%	539,771	-	539,771	2%
Parks and cemeteries	514,166	-	514,166	2%	533,706	-	533,706	2%
Engineering	850,662	-	850,662	3%	760,687	-	760,687	2%
Planning and zoning	326,066	-	326,066	1%	285,709	-	285,709	1%
Community services	284,557	-	284,557	1%	535,258	-	535,258	2%
Interest	34,202	-	34,202	0%	30,966	-	30,966	0%
Water and sewer	-	6,906,526	6,906,526	21%	-	6,557,573	6,557,573	19%
Gas	-	4,293,665	4,293,665	13%	-	5,040,258	5,040,258	15%
Solid waste collection	-	2,094,925	2,094,925	6%	-	2,026,631	2,026,631	6%
Solid waste disposal	-	3,103,903	3,103,903	9%	-	3,284,953	3,284,953	10%
Total expenses	16,978,345	16,399,019	33,377,364	100%	16,984,697	16,909,415	33,894,112	100%
Excess (deficiency)	1,150,294	2,477,942	3,628,236		(2,788,587)	929,620	(1,858,967)	
Transfers	1,369,524	(1,369,524)	-		2,389,521	(2,389,521)	-	
Change in net assets	2,528,818	1,108,418	3,637,236		(399,067)	(1,459,900)	(1,858,967)	
Beginning net assets	25,673,562	33,213,976	58,887,538		26,072,629	34,673,876	60,746,505	
Ending net assets	\$ 28,202,380	\$ 34,322,394	\$ 62,524,774		\$ 25,673,562	\$ 33,213,976	\$ 58,887,537	

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## GOVERNMENTAL REVENUES

Bulloch County (including the City of Statesboro) is one of only eight counties out of 159 in Georgia that do not receive any of the 1% Local Option Sales Tax (LOST). A local Constitutional Amendment was passed by the Georgia General Assembly in the 1981 Session (Georgia Laws, 1981, p. 1931) which called for a referendum on the question of whether or not the local option sales tax should go to the Bulloch County Board of Education, with a dollar for dollar reduction in the school property tax. (Boards of Education in Georgia are limited to a maximum millage rate of 20.) The referendum passed on November 2, 1982. Since that time, this money has gone to the Board of Education. Since most Georgia counties and cities negotiate a formula to distribute this sales tax among the county and city governments in that county, this puts both the City of Statesboro and Bulloch County government at a distinct disadvantage relative to almost all the other cities and counties in the state. It means that we have to rely more heavily on the local property tax and user fees than these other cities and counties. For example, if the City and County had equally split this approximately \$9,759,490 in local option sales taxes in fiscal year 2010, the City would have had \$4,879,745 in additional revenue. That is more than the City collected in property taxes. In effect, the City could have done away with its property tax levy totally if not for this local legislation and referendum in the early 1980's.

However, the City of Statesboro and Bulloch County (and the other cities in the county) do share the proceeds of a 1% Special Purpose Local Option Sales Tax (SPLOST), which has passed referendums in both 2002 for a five-year term and in 2006 (beginning collections in 2007) for a six-year term. In fiscal year 2010, sales taxes of \$5,332,133 out of \$18,058,954 in total governmental funds revenues, or 29.5%, were received from the 2002 SPLOST and the 2007 SPLOST. Of that money, \$1,562,968 was transferred to the business-type funds for capital projects (water and sewer and solid waste disposal systems). The remaining, \$3,769,165, will be used primarily for governmental activities, or 20.9% of the governmental funds' total revenues. And all of that money will be spent on capital outlay, not operating costs, as the SPLOST funds are earmarked by state law specifically for capital outlay only. Similarly, in fiscal year 2009, \$1,885,252 in sales taxes represented 13.3% of the \$14,196,110 in governmental funds revenues. But all of it was used to finance capital projects.

The City is heavily reliant on taxes to support governmental activities operations. In total, taxes make up 44.6% of revenues as compared to 55.7% in fiscal year 2009. Property taxes provided \$3,960,151 or 21.8% of the City's total governmental activities revenue as compared to 26.7% in fiscal year 2009.

Also, note that program revenues covered 58.7% in fiscal year 2010, and 36.8% in fiscal year 2009 of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues funded the remaining 41.3% in fiscal year 2010, and 63.2% in fiscal year 2009 of the governmental activities. As this documents, the general economy and the local businesses have a major impact on the City's revenue streams.

## GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety function comprises 52.6% of the City's total governmental activity expenses and 26.8% of the total City expenses in fiscal year 2010. In fiscal year 2009, the figures were 49.8% and 25.0% respectively. In fiscal year 2010, general government totaled 13.9% of the total governmental activity expense, and 7.1 of the total City expenses. In fiscal year 2009, general government totaled 15.8% of the total governmental activity expenses, and 7.9% of the total City expenses. Of the total \$17 million of governmental expenses, depreciation is 10.3% of that total. In fiscal year 2009, the numbers were \$17 million and 10.1% respectively.

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

	<b>Governmental Activities</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 2,364,710	\$ 1,703,251	\$ 2,683,348	\$ 1,917,687
Municipal court	603,544	603,544	697,203	697,203
Public safety	8,935,759	4,851,381	8,465,499	5,209,571
Public works	2,530,638	(2,411,915)	2,452,550	330,787
Community development	534,041	534,041	539,771	539,771
Parks and cemeteries	514,166	514,166	533,706	533,706
Engineering	850,662	565,775	760,687	660,050
Planning and zoning	326,066	326,066	285,709	285,709
Community services	284,557	284,557	535,258	529,758
Interest	34,202	34,202	30,966	30,966
<b>Total</b>	<b>16,978,345</b>	<b>\$ 7,005,068</b>	<b>16,984,697</b>	<b>\$ 10,735,208</b>

For fiscal year 2010 and 2009, all functions required a subsidy from general revenues except for public works in fiscal year 2010. In fiscal year 2010, \$4,444,299 in SPLOST revenue received from the County was included in program revenue for public works.

### **BUSINESS-TYPE ACTIVITIES**

#### **Revenues vs. Expenses**

For fiscal year 2008, the operating revenues for the utility funds were 3.5% higher than 2007 and operating expenses were .6% below fiscal year 2007. Within the total business type activities of the City, these activities reported \$1,751,428 in operating income, or an increase of 71.4% compared to fiscal year 2007. After transfers in and out between other funds, these funds reported a profit of \$939,555 or an increase of \$809,402 compared to fiscal year 2007. The primary reasons for this increase were due to a capital contribution for the Gateway Phase II Industrial Park water and sewer lines expansion and a decrease in the cost of natural gas.

For fiscal year 2009, the operating revenues for the utility funds were 4.5% lower than 2008 and operating expenses were 2.4% below fiscal year 2008. Within the total business type activities of the City, these activities reported \$1,328,682 in operating income, or a decrease of 24.1% compared to fiscal year 2008. After transfers in and out between other funds, these funds reported a loss of \$1,317,492, or a decrease of \$2,257,047, compared to fiscal year 2008. The primary reasons for this decrease were due to a decrease in water usage and larger transfers from the enterprise funds to the general fund.

For fiscal year 2010, the operating revenues for utility funds were 3.2% higher than 2009 and operating expenses were 3.5% below fiscal year 2009. Within the total business type activities of the City, these activities reported \$2,463,461 in operating income, or an increase of 85.4% compared to fiscal year 2009. After transfers in and out between other funds, these funds reported a gain of \$1,265,553, or an increase of \$2,583,045, compared to fiscal year 2009. The primary reason for this increase was an increase in rates for services in the enterprise funds.

Each specific fund reported the following operating income or loss:

	2010		2009	
	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>
Water and sewer fund	\$1,960,152	106.3%	\$ 950,051	(38.0)%
Gas fund	\$1,015,231	1.0%	\$ 1,004,836	6.9%
Solid waste collection fund	\$ 551,434	2.6%	\$ 537,567	1.4%
Solid waste disposal fund	\$(1,063,356)	8.6%	\$(1,163,772)	6.9%

The operating income for the water and sewer fund increased by 106.3% in fiscal year 2010 since operating revenues were up 19.3% primarily due to an increase in water and sewer rates..

The gas fund's operating income increased by 1.0% over fiscal year 2009. Operating revenues were down 12.2% and operating expenses were down 14.9% primarily because of a decrease in the cost of natural gas.

The solid waste collection fund's operating income increased 2.6% from last year since operating revenues were 2.6% above fiscal year 2009 and expenses were 2.6% above fiscal year 2009.

Finally, the solid waste disposal fund's operating loss decreased by 8.6% from fiscal year 2009. Operating revenues decreased by 4.5% and operating expenses decreased by 5.9%. The revenues do not cover all expenses, and SPLOST is therefore used to make up the difference.

The City transfers resources from its enterprise funds to the general fund for the following reasons:

- Since the City does not do any indirect cost allocation, the transfers help cover the General Fund's indirect costs that could be charged to the enterprise funds as indirect costs. These costs include the various staff divisions, such as personnel, finance, purchasing, and records, as well as part of the City Manager's time.
- If these enterprise funds were privately owned, the City would be entitled to a franchise fee equal to 5% of the gross revenues, similar to CATV, electricity, or telephone service providers. These transfers offset some of these costs.
- If these enterprise funds were privately owned, the City would be entitled to property taxes on the property in service, net of accumulated depreciation, similar to CATV, electricity, or telephone service providers. These transfers are made in lieu of property taxes.
- If these enterprise funds were privately owned, their approved rate tariffs would include a reasonable return on shareholder equity. Since the City's taxpayers are in fact the investors who started and financed these operations, they are being rewarded with a comparable return on equity in the form of lower property taxes. This return can be made while still maintaining retail rates that are at or below the surrounding market prices offered by private utility companies. For example, the City's natural gas system rates are considerably lower than any investor-owned utility or private gas marketer in our geographic area.
- Hosting a sizable regional university, as well as being the county seat, results in a considerable amount of state and county property not being subject to property taxation. However, services such as police, fire, street repair and cleaning, and traffic signalization must be provided and expanded as needed, and must be funded from general revenues. Transfers from the enterprise funds help offset this burden, while sharing it more equitably among all citizens and institutions.

The solid waste disposal fund recognized a transfer in from the 2007 SPLOST fund of \$1,276,511 in fiscal year 2010, which was used for the purchase of landfill space (air rights) in the Wayne County Solid Waste Landfill and for post-closure costs for our Lakeview Landfill.

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## Financial Analysis of the City's Funds

### *Governmental Funds*

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$4,294,517 in fiscal year 2010, compared to \$2,068,826 in fiscal year 2009, and \$2,353,350 in fiscal year 2008. Of these year-end totals, \$4,079,357 in fiscal year 2010, \$1,883,772 in fiscal year 2009, and \$2,170,011 in fiscal year 2008 was unreserved indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds show an increase in fiscal year 2010 of \$2,225,691 or 107.6% compared to a decrease in fiscal year 2009 of \$284,524, or 12.1%. This fiscal year 2010 increase is primarily the result of the City receiving 2007 SPLOST funds of \$3,204,247 over amounts spent during the year.

### *Major Governmental Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$1,022,689 in fiscal year 2010. The General Fund's fund balance decreased by \$527,298 in fiscal year 2009, and decreased by \$1,115,834 in fiscal year 2008 and by \$1,257,835 in fiscal year 2007. The decreases in 2007 through 2009 were planned uses of fund balance to help finance the Averitt Arts Center operations and the new Police Station. The decrease in 2010 was the result of budgeting for a deficit, the settlement of a lawsuit by a former employee, and making a large transfer to the Benefits Insurance Fund because of increased health insurance costs.

Total taxes for the governmental fund were \$7,585,112, or 1.9% higher than in fiscal year 2009. Total property taxes in fiscal year 2010 were \$3,704,711 compared to \$3,581,923 in fiscal year 2009. In fiscal year 2009, total taxes were \$7,443,083, or 3.7% higher than the \$7,174,254 in fiscal year 2008.

The general fund's total expenditures decreased by \$344,912 or 2.7%, in fiscal year 2010 compared to an increase of \$758,152 or 6.4%, in fiscal year 2009. The fiscal year 2009 increase was due primarily to the settlement of a lawsuit by a former employee and the write off of a receivable from the Arts Council.

The General Fund's ending unreserved, undesignated fund balance of \$(98,438) represents the equivalent of (.7%) of the \$13,455,225 in annual expenditures and transfers out budgeted for the next fiscal year. The City's overall cash flow varies little from month to month. The only real peak is in the December-February timeframe, when property taxes become due, then delinquent. The reason for this is that the utility revenues are consistent on a monthly basis, and other General Fund revenues come in during months when property taxes do not. Given this relatively stable cash flow environment, the City has set a target for unreserved, undesignated fund balance in the General Fund of 25% of the next fiscal year's budgeted General Fund expenditures and transfers out. This provides more than adequate cash flow to handle these monthly fluctuations, while providing a cushion against any major unexpected events. The unreserved, undesignated fund balance is at (.7%), below the 25% target set for undesignated fund balance. The governing body has adopted a conservative General Fund budget for FY 2011, and should begin replenishing this fund balance to a level equal to the targeted amount over an anticipated five-year period.

The Statesboro Fire Service Fund was created in fiscal year 2008. This fund accounts for the operations of the Statesboro Fire Department, which serves all the citizens of Statesboro and county citizens within the five-mile fire district. This fund had a fund balance of \$425,424 at year-end compared to \$527,242 at the end of fiscal year 2009. This represents a \$101,818 or 19.3% decrease. The decrease in fund balance was the result of significant capital expenditures in fiscal year 2010.

The 2007 SPLOST fund's ending unreserved, undesignated fund balance was \$3,321,448 for fiscal year 2010. This is an increase of \$3,204,247 over fiscal year 2009. The reason is the City began receiving its portion of SPLOST in February 2010 for projects that have not been started in fiscal year 2010.

### *The Proprietary Funds*

The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Each of the fund statements give detailed information about their financial condition.

*June 30, 2010*

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**Budgetary Highlights**

**The General Fund** – The revenue side of the budget was amended downward by \$293,058, or 2.8% primarily to reflect lower collections of fines and forfeitures. Overall, the City recognized revenues equal to 100.3% of budgeted revenues in the final appropriated budget. The total expenditure budget was decreased through budget amendments by \$33,497 or .3%. Overall, the City recognized expenditures equal to \$33,684 more than, or 100.3%, of budgeted expenditures in the final appropriated budget. In summary, the budget was overspent by .3%, while revenue estimates were .3% over.

On the revenue side of the budget, property taxes came in \$35,424 lower than the amended budget. Automobile taxes came in \$30,187 less than budgeted. Franchise fees came in \$108,761 more than budgeted. Licenses and Permits came in \$81,354 more than budgeted. The budgeted amount had been amended upward due to a slight increase in the construction industry. Fines and Forfeitures came in \$31,521 less than budgeted. In total, General Fund revenues came in \$28,599 more than the budgeted amount.

On the expenditure side, the City Clerk's Office, Animal Control, Municipal Court, Planning, and Debt Service costs were considerably below the budgeted amounts. Governing Body, Financial Administration, Information Technology, Engineering, Police, and Streets exceeded the budget due to some end of year adjustments. Overall, the General Fund expenditures were \$33,684 more than budgeted.

Transfers in were \$80,175 below budget and transfers out were \$303,384 over budget as a result of a \$303,384 unbudgeted transfer to the Benefits Insurance internal service fund.

Fund Balance was budgeted to decrease by \$636,186 primarily due to a decrease in fines and forfeitures and the settlement of a lawsuit. However, fund balance decreased by \$386,503 more than budgeted, to end at \$1,022,689 less than the previous year's fund balance.

The FY 2011 Budget for the General Fund has used very conservative revenue projections to build the fund balance as discussed earlier.

**Capital Assets and Debt Administration****Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, for governmental (including the fleet management internal service fund) and business-type activities as of June 30, 2010 was \$25,932,859 and \$42,795,839 respectively, for a total of \$68,728,698. That compares to fiscal year 2009 numbers of \$25,720,181 and \$44,056,922 respectively, for a total of \$69,777,103. The fiscal year 2010 totals in this net investment were a .8% increase for governmental and a 2.9% decrease for business-type activities. The overall decrease was 1.5% for the City as a whole. See Note 3D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.



Capital Assets

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
Non-depreciable assets:						
Land	\$ 1,636,113	\$ 1,636,113	\$ 549,410	\$ 549,410	\$ 2,185,523	\$ 2,185,523
Construction in progress	2,163,786	1,025,087	1,006,791	472,561	3,170,577	1,497,648
Total non-depreciable	3,799,899	2,661,200	1,556,201	1,021,971	5,356,100	3,683,171
Depreciable assets:						
Buildings	14,059,521	14,059,521	2,020,491	2,020,491	16,080,012	16,080,012
Improvements other than buildings	372,622	372,622	60,354,265	59,975,086	60,726,887	60,347,708
Machinery and equipment	7,933,423	7,200,632	9,489,532	9,477,290	17,422,955	16,677,922
Infrastructure	11,613,800	11,613,800	-	-	11,613,800	11,613,800
Total depreciable assets	33,979,366	33,246,575	71,864,288	71,472,867	105,843,654	104,719,442
Less accumulated depreciation	11,846,405	10,187,594	30,624,650	28,437,916	42,471,055	38,625,510
Book value - depreciable assets	22,132,961	23,058,981	41,239,638	43,034,951	63,372,599	66,093,932
Percentage depreciated	35%	31%	43%	40%	40%	37%
Total book value	\$ 25,932,860	\$ 25,720,181	\$ 42,795,839	\$ 44,056,922	\$ 68,728,699	\$ 69,777,103

At June 30, 2010, the depreciable capital assets for governmental activities were 35% depreciated. This percentage is higher than the fiscal year 2009 amount of 31%.

The major increase in capital assets in fiscal year 2010 was several road projects and the acquisition of equipment for the police and fire department using grant proceeds.

In the City's business type activities, 43% of the asset values were depreciated at June 30, 2010. This percentage is higher than the fiscal year 2009 percentage of 40%.

**Long-term Debt**

At the end of fiscal year 2008, the bonded debt outstanding was reduced by \$245,000 to \$740,000. The notes payable for the water and sewer and natural gas systems increased by \$492,040 to \$9,220,542. The capital leases for governmental activities were increased by \$757,196 to \$2,038,765. Combined, that was an increase of long-term debt of \$1,004,236.

In fiscal year 2009, the capital leases increased by \$61,971; the bonded debt decreased by \$255,000; and the notes payable increases by \$975,068. Combined, this represented an increase of long-term debt of \$782,039.

In fiscal year 2010, the City issued \$15,040,000 in water and sewer refunding and improvement revenue bonds to advance refund water and sewer revenue refunding bonds of \$215,000 and several water and sewer notes payable totaling \$6,132,934. In addition, \$7,675,000 of the bond proceeds were provided to fund future water and sewer projects. Total long-term debt for the City increased by \$8,344,163 in fiscal year 2010.

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Capital leases	\$ 1,764,662	\$ 1,734,864	\$ 285,697	\$ 365,872	\$ 2,050,359	\$ 2,100,736
Revenue bonds (including unamortized premium)	-	-	15,326,084	485,000	15,326,084	485,000
Notes payable	-	-	3,749,066	10,195,610	3,749,066	10,195,610
Landfill closure and postclosure care	-	-	1,697,688	1,831,935	1,697,688	1,831,935
Other post employment benefits	124,209	-	50,894	-	175,103	-
Compensated absences	493,440	581,638	173,914	175,686	667,354	757,324
Total	<u>\$ 2,382,311</u>	<u>\$ 2,316,502</u>	<u>\$ 21,283,343</u>	<u>\$ 13,054,103</u>	<u>\$ 23,665,654</u>	<u>\$ 15,370,605</u>

See Note 3G for additional information about the City's long-term debt.

**Economic Conditions Affecting the City**

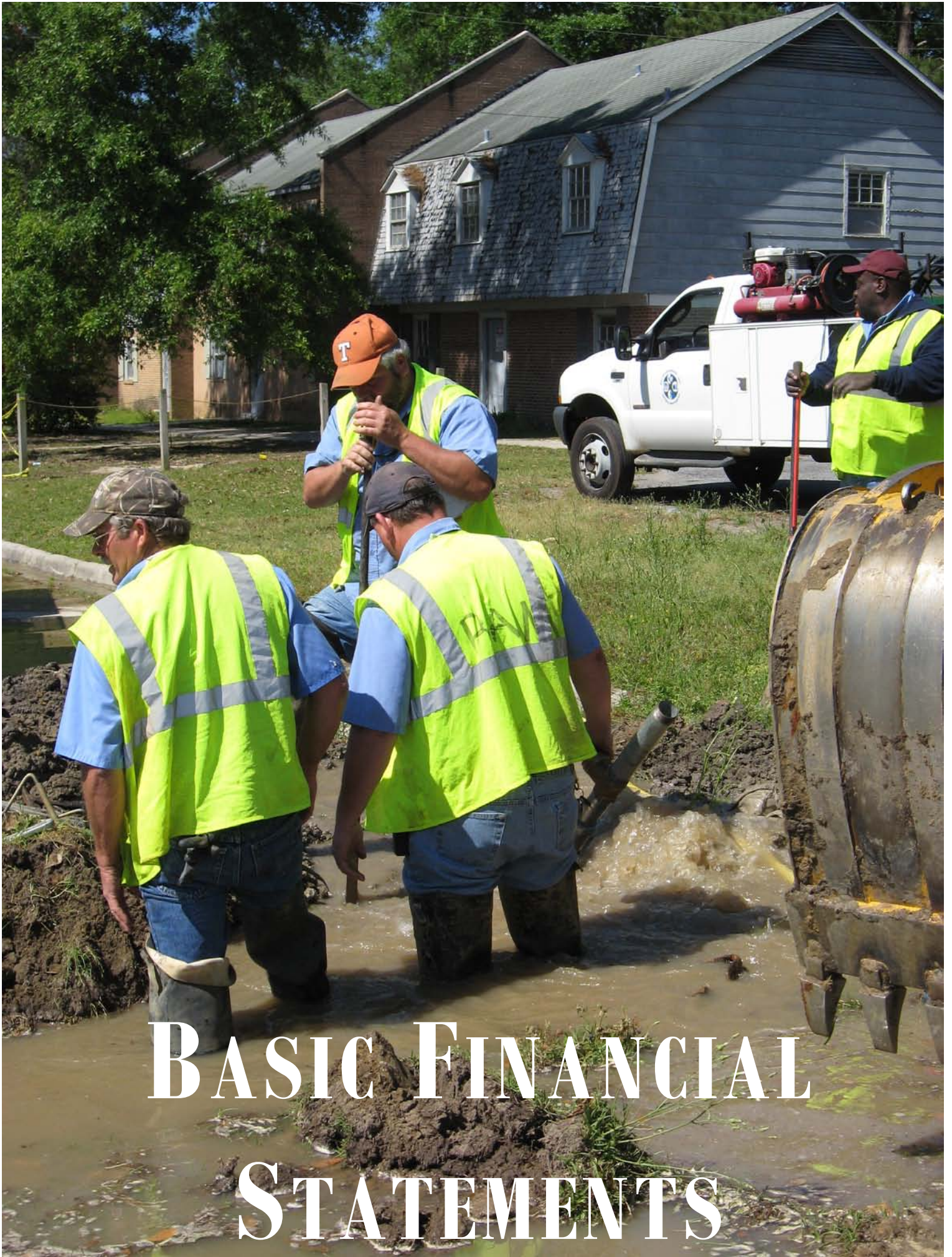
As of November 2010, the local unemployment rate was 9.3%, which was slightly lower than the state rate of 10.1% and the national rate of 9.8%. Our local economy is experiencing the effects of the national recession, declines in the financial markets, and the recent credit crunch caused by substandard home mortgages. New residential construction and home sales have declined significantly.

As in the past, a strong industrial base, a growing regional public university, a regional medical center and increasing medical specialties, and a regional retail base influence Statesboro's economy. This diversification should continue to help the local economy weather the current recession better than the nation as a whole.

The outlook long-term is considerably more upbeat. Coastal Georgia is projected to be one of the hottest real estate markets in the country over the next decade, as thousands of baby boomers seek inexpensive, warmer climates for retirement. That will fuel the housing, medical, and retail segments of our local economy as well. Georgia Southern University should continue its student body expansion. The new industrial park puts us in a prime position to benefit from additional industrial investment as the weakened dollar continues to attract capital to the United States. With our recent investments in water, sewer, natural gas, and roads, this community should be in an excellent position to benefit from these economic opportunities.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department at 50 East Main Street, Statesboro, Georgia, 30458, or call (912) 764-5468.



# BASIC FINANCIAL STATEMENTS

City of Statesboro, Georgia  
Statement of Net Assets  
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,413,838	\$ 1,840,682	\$ 6,254,520	\$ 215,193
Receivables:				
Accounts	145,530	1,835,253	1,980,783	-
Taxes	458,550	-	458,550	-
Hotel/motel taxes	38,265	-	38,265	-
Intergovernmental	1,366,868	1,907	1,368,775	9,862
Notes	204,365	-	204,365	-
Internal balances	(372,931)	372,931	-	-
Inventory	134,038	345,644	479,682	-
Prepaid items	312,608	63,183	375,791	1,055
Restricted assets - Cash and cash equivalents	-	502,582	502,582	-
<b>Total Current Assets</b>	<b>6,701,131</b>	<b>4,962,182</b>	<b>11,663,313</b>	<b>226,110</b>
<b>Noncurrent Assets</b>				
Restricted assets - Cash and cash equivalents	-	8,945,808	8,945,808	-
Deferred charges	-	195,759	195,759	-
Capital Assets:				
Nondepreciable capital assets	3,799,899	1,556,201	5,356,100	-
Depreciable capital assets, net	22,132,961	41,239,638	63,372,599	862,798
<b>Total Noncurrent Assets</b>	<b>25,932,860</b>	<b>51,937,406</b>	<b>77,870,266</b>	<b>862,798</b>
<b>Total Assets</b>	<b>32,633,991</b>	<b>56,899,588</b>	<b>89,533,579</b>	<b>1,088,908</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	883,327	629,792	1,513,119	5,278
Accrued payroll	266,268	11,911	278,179	3,184
Intergovernmental payable	-	29,040	29,040	-
Accrued interest payable	-	120,526	120,526	-
Claims payable	535,000	-	535,000	-
Unearned revenue	167,446	-	167,446	-
Other payables	197,259	-	197,259	-
Compensated absences payable	98,688	34,783	133,471	-
Capital leases payable	331,413	80,175	411,588	-
Notes payable	-	143,009	143,009	23,087
Revenue bonds payable	-	475,000	475,000	-
Customer deposits	-	502,582	502,582	-
Landfill post-closure care costs	-	124,892	124,892	-
<b>Total Current Liabilities</b>	<b>2,479,401</b>	<b>2,151,710</b>	<b>4,631,111</b>	<b>31,549</b>
<b>Long-Term Liabilities:</b>				
Compensated absences payable (net of current portion)	394,752	139,131	533,883	-
Other post employment benefits payable	124,209	50,894	175,103	-
Capital leases payable (net of current portion)	1,433,249	205,522	1,638,771	-
Revenue bonds payable, net of unamortized premium (net of current portion)	-	14,851,084	14,851,084	-
Notes payable (net of current portion)	-	3,606,057	3,606,057	724,201
Landfill post-closure care costs (net of current portion)	-	1,572,796	1,572,796	-
<b>Total Long-Term Liabilities</b>	<b>1,952,210</b>	<b>20,425,484</b>	<b>22,377,694</b>	<b>724,201</b>
<b>Total Liabilities</b>	<b>4,431,611</b>	<b>22,577,194</b>	<b>27,008,805</b>	<b>755,750</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	24,168,198	31,110,236	55,278,434	115,510
Restricted for:				
Capital projects	3,374,025	-	3,374,025	-
Program purposes	821,383	-	821,383	-
Revenue bond retirement	-	1,046,098	1,046,098	-
Renewal and extension	-	200,000	200,000	-
Unrestricted	(161,226)	1,966,060	1,804,834	217,648
<b>Total Net Assets</b>	<b>\$ 28,202,380</b>	<b>\$ 34,322,394</b>	<b>\$ 62,524,774</b>	<b>\$ 333,158</b>

See accompanying notes to the basic financial statements

City of Statesboro, Georgia  
Statement of Activities  
For the Year Ended June 30, 2010

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-Type Activities		
<b>Primary Government</b>								
General government	\$ 2,364,710	\$ 661,459	\$ -	\$ -	\$ (1,703,251)	\$ -	\$ (1,703,251)	\$ -
Municipal court	603,544	-	-	-	(603,544)	-	(603,544)	-
Public safety	8,935,759	2,576,214	134,935	1,373,229	(4,851,381)	-	(4,851,381)	-
Public works	2,530,638	-	-	4,942,553	2,411,915	-	2,411,915	-
Community development	534,041	-	-	-	(534,041)	-	(534,041)	-
Parks and cemeteries	514,166	-	-	-	(514,166)	-	(514,166)	-
Engineering	850,662	284,887	-	-	(565,775)	-	(565,775)	-
Planning and zoning	326,066	-	-	-	(326,066)	-	(326,066)	-
Community services	284,557	-	-	-	(284,557)	-	(284,557)	-
Interest	34,202	-	-	-	(34,202)	-	(34,202)	-
<b>Total Governmental Activities</b>	<u>16,978,345</u>	<u>3,522,560</u>	<u>134,935</u>	<u>6,315,782</u>	<u>(7,005,068)</u>	<u>-</u>	<u>(7,005,068)</u>	<u>-</u>
<b>Business-Type Activities:</b>								
Water and sewer	6,906,526	8,045,383	-	704,703	-	1,843,560	1,843,560	-
Gas	4,293,665	5,276,270	18,556	-	-	1,001,161	1,001,161	-
Solid waste collection	2,094,925	2,605,201	-	-	-	510,276	510,276	-
Solid waste disposal	3,103,903	1,969,726	-	-	-	(1,134,177)	(1,134,177)	-
<b>Total Business-Type Activities</b>	<u>16,399,019</u>	<u>17,896,580</u>	<u>18,556</u>	<u>704,703</u>	<u>-</u>	<u>2,220,820</u>	<u>2,220,820</u>	<u>-</u>
<b>Total - Primary Government</b>	<u>\$ 33,377,364</u>	<u>\$ 21,419,140</u>	<u>\$ 153,491</u>	<u>\$ 7,020,485</u>	<u>(7,005,068)</u>	<u>2,220,820</u>	<u>(4,784,248)</u>	<u>-</u>
<b>Component Unit</b>								
Downtown Statesboro Development Authority	\$ 125,742	\$ 22,492	\$ 101,199	\$ 100,000	-	-	-	97,949
<b>General Revenues</b>								
Property taxes levied for:								
General purposes					3,960,151	-	3,960,151	-
Hotel/motel taxes					439,838	-	439,838	-
Insurance premium taxes					1,258,448	-	1,258,448	-
Franchise taxes					1,688,915	-	1,688,915	-
Other taxes					751,225	-	751,225	-
Gain on sale of capital assets					4,641	4,708	9,349	-
Investment earnings					4,473	4,153	8,626	236
Miscellaneous					56,671	248,261	304,932	21,178
<b>Total General Revenues</b>					<u>8,164,362</u>	<u>257,122</u>	<u>8,421,484</u>	<u>21,414</u>
Transfers					1,369,524	(1,369,524)	-	-
<b>Total General Revenues and Transfers</b>					<u>9,533,886</u>	<u>(1,112,402)</u>	<u>8,421,484</u>	<u>21,414</u>
<b>Change in Net Assets</b>					<u>2,528,818</u>	<u>1,108,418</u>	<u>3,637,236</u>	<u>119,363</u>
<b>Net Assets Beginning of Year</b>					<u>25,673,562</u>	<u>33,213,976</u>	<u>58,887,538</u>	<u>213,795</u>
<b>Net Assets End of Year</b>					<u>\$ 28,202,380</u>	<u>\$ 34,322,394</u>	<u>\$ 62,524,774</u>	<u>\$ 333,158</u>

See accompanying notes to the basic financial statements.

City of Statesboro, Georgia  
*Balance Sheet*  
 Governmental Funds  
 June 30, 2010

	General	Statesboro Fire Service	2002 SPLOST	2007 SPLOST	Downtown Streetscape	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 254,765	\$ 819,036	\$ 53,747	\$ 2,970,246	\$ -	\$ 300,158	\$ 4,397,952
Receivables:							
Accounts	59,154	-	-	-	-	-	59,154
Taxes	458,550	-	-	-	-	-	458,550
Hotel/motel taxes	-	-	-	-	-	38,265	38,265
Intergovernmental	20,611	39,812	452,932	727,998	48,640	76,875	1,366,868
Interfund	1,041,532	-	1,588	334,111	482,558	30,121	1,889,910
Notes	-	-	-	-	-	204,365	204,365
Prepaid items	197,547	17,613	-	-	-	-	215,160
<b>Total Assets</b>	<u>\$ 2,032,159</u>	<u>\$ 876,461</u>	<u>\$ 508,267</u>	<u>\$ 4,032,355</u>	<u>\$ 531,198</u>	<u>\$ 649,784</u>	<u>\$ 8,630,224</u>
<b>Liabilities</b>							
Accounts payable	\$ 398,388	\$ 24,111	\$ 25,709	\$ 117,421	\$ 266,117	\$ 8,830	\$ 840,576
Accrued payroll and payroll taxes	256,357	8,984	-	-	-	-	265,341
Interfund payable	938,621	403,446	482,558	593,486	265,081	72,533	2,755,725
Deferred revenue	262,310	14,496	-	-	-	-	276,806
Other liabilities	77,374	-	-	-	-	119,885	197,259
<b>Total Liabilities</b>	<u>1,933,050</u>	<u>451,037</u>	<u>508,267</u>	<u>710,907</u>	<u>531,198</u>	<u>201,248</u>	<u>4,335,707</u>
<b>Fund Balances</b>							
Reserved for prepaid items	197,547	17,613	-	-	-	-	215,160
Unreserved:							
Undesignated, reported in:							
General fund	(98,438)	-	-	-	-	-	(98,438)
Special revenue funds	-	407,811	-	-	-	395,959	803,770
Capital projects funds	-	-	-	3,321,448	-	52,577	3,374,025
<b>Total Fund Balances</b>	<u>99,109</u>	<u>425,424</u>	<u>-</u>	<u>3,321,448</u>	<u>-</u>	<u>448,536</u>	<u>4,294,517</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,032,159</u>	<u>\$ 876,461</u>	<u>\$ 508,267</u>	<u>\$ 4,032,355</u>	<u>\$ 531,198</u>	<u>\$ 649,784</u>	<u>\$ 8,630,224</u>

See accompanying notes to the basic financial statements

**City of Statesboro, Georgia**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2010**

<b>Total Governmental Fund Balances</b>	\$	4,294,517
 <b>Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because:</b>		
Capital assets used in governmental activities (excludes internal service funds) are not financial resources and therefore are not reported in the funds:		
Cost	\$ 37,363,041	
Less accumulated depreciation	(11,604,407)	25,758,634
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes		109,360
The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet workers' compensation, and health insurance to individual funds. Certain assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net assets.		
		400,507
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	\$ 1,585,034	
Interfund payables	(1,585,034)	-
Liabilities, including capital leases, compensated absences and other post employment benefits payable are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets:		
Capital leases payable	\$ (1,764,662)	
Other post employment benefits payable	(119,767)	
Compensated absences	(476,209)	(2,360,638)
<b>Net Assets Of Governmental Activities</b>	<b>\$</b>	<b>28,202,380</b>

See accompanying notes to the basic financial statements

City of Statesboro, Georgia  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	General	Statesboro Fire Service	2002 SPLOST	2007 SPLOST	Downtown Streetscape	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 3,886,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,886,524
Insurance premium taxes	1,258,448	-	-	-	-	-	1,258,448
Franchise taxes	1,688,915	-	-	-	-	-	1,688,915
Other taxes	751,225	-	-	-	-	-	751,225
Hotel/motel taxes	-	-	-	-	-	439,838	439,838
Intergovernmental	-	256,000	691,524	4,640,609	492,775	369,809	6,450,717
Licenses and permits	865,829	-	-	-	-	-	865,829
Fines and forfeitures	1,439,339	-	-	-	-	129,302	1,568,641
Charges for services	205,961	882,129	-	-	-	-	1,088,090
Investment earnings	-	896	-	2,378	-	782	4,056
Miscellaneous	44,920	2,151	-	-	-	9,600	56,671
<b>Total Revenues</b>	<b>10,141,161</b>	<b>1,141,176</b>	<b>691,524</b>	<b>4,642,987</b>	<b>492,775</b>	<b>949,331</b>	<b>18,058,954</b>
<b>Expenditures</b>							
<b>Current:</b>							
General government	2,202,086	-	-	-	-	-	2,202,086
Municipal court	588,804	-	-	-	-	-	588,804
Public safety	5,398,510	2,652,638	-	-	-	390,493	8,441,641
Public works	1,852,879	-	-	-	-	-	1,852,879
Community development	94,155	-	-	-	-	439,838	533,993
Parks and cemeteries	430,178	-	-	-	-	-	430,178
Engineering	797,572	-	-	-	-	-	797,572
Planning and zoning	319,139	-	-	-	-	-	319,139
Community services	185,625	-	-	-	-	-	185,625
<b>Capital Outlay</b>	-	-	12,001	496,340	996,122	43,260	1,547,723
<b>Debt Service:</b>							
Principal retirement	304,313	-	-	-	-	-	304,313
Interest and fiscal charges	34,202	-	-	-	-	-	34,202
<b>Total Expenditures</b>	<b>12,207,463</b>	<b>2,652,638</b>	<b>12,001</b>	<b>496,340</b>	<b>996,122</b>	<b>873,591</b>	<b>17,238,155</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,066,302)</b>	<b>(1,511,462)</b>	<b>679,523</b>	<b>4,146,647</b>	<b>(503,347)</b>	<b>75,740</b>	<b>820,799</b>
<b>Other Financing Sources (Uses)</b>							
Sale of capital assets	4,641	-	-	-	-	-	4,641
Transfers in	2,752,000	1,409,644	89,492	-	482,558	91,000	4,824,694
Transfers out	(1,713,028)	-	(769,015)	(1,276,511)	-	-	(3,758,554)
Inception of capital lease obligations	-	-	-	334,111	-	-	334,111
<b>Total Other Financing Sources (Uses)</b>	<b>1,043,613</b>	<b>1,409,644</b>	<b>(679,523)</b>	<b>(942,400)</b>	<b>482,558</b>	<b>91,000</b>	<b>1,404,892</b>
<b>Net Change in Fund Balances</b>	<b>(1,022,689)</b>	<b>(101,818)</b>	<b>-</b>	<b>3,204,247</b>	<b>(20,789)</b>	<b>166,740</b>	<b>2,225,691</b>
<b>Fund Balances Beginning of Year</b>	<b>1,121,798</b>	<b>527,242</b>	<b>-</b>	<b>117,201</b>	<b>20,789</b>	<b>281,796</b>	<b>2,068,826</b>
<b>Fund Balances End of Year</b>	<b>\$ 99,109</b>	<b>\$ 425,422</b>	<b>\$ -</b>	<b>\$ 3,321,448</b>	<b>\$ -</b>	<b>\$ 448,536</b>	<b>\$ 4,294,517</b>

See accompanying notes to the basic financial statements



**City of Statesboro, Georgia**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2010**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		<b>\$ 2,225,691</b>
 <b>Amounts reported for governmental activities in the statement of activities are different because</b>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (1,723,633)	
Capital outlay	<u>1,946,709</u>	223,076
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred @ 6/30/08	\$ 109,360	
Deferred @ 6/30/07	<u>(35,733)</u>	73,627
Elimination of transfers between governmental funds:		
Transfers in	\$ 1,892,202	
Transfers out	<u>(1,892,202)</u>	-
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities		
		-
The internal service funds used by management to charge the costs of self-insurance and fleet management to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		66,947
Other financing sources for the inception of capital leases are reported on the fund level operating statement but are reported as a liability on the governmental-wide financial statements		
		(334,111)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		304,313
Compensated absences and other post employment benefits (OPEB) reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences liability @ 6/30/09	\$ (476,209)	
Compensated absences liability @ 6/30/08	<u>565,251</u>	89,042
OPEB liability @ 6/30/09	\$ (119,767)	
OPEB liability @ 6/30/08	<u>-</u>	<u>(119,767)</u>
<b>Change In Net Assets of Governmental Activities</b>		<b><u>\$ 2,528,818</u></b>

See accompanying notes to the basic financial statements

**City of Statesboro, Georgia**  
**General Fund**  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended June 30, 2010*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Taxes:				
Property	\$ 3,743,720	\$ 3,740,135	\$ 3,704,711	\$ (35,424)
Automobiles	212,000	212,000	181,813	(30,187)
Franchise	1,684,165	1,580,154	1,688,915	108,761
Insurance premium	1,295,775	1,258,448	1,258,448	-
Alcoholic beverage	705,000	708,800	675,794	(33,006)
Other	118,475	118,475	75,431	(43,044)
Licenses and permits	718,225	784,475	865,829	81,354
Charges for services	187,850	192,095	205,961	13,866
Fines and forfeitures	1,692,060	1,470,860	1,439,339	(31,521)
Investment earnings	5,000	1,000	-	(1,000)
Miscellaneous	43,350	46,120	44,920	(1,200)
<b>Total Revenues</b>	<b>10,405,620</b>	<b>10,112,562</b>	<b>10,141,161</b>	<b>28,599</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government				
Governing body	203,319	235,319	325,330	(90,011)
City manager's office	338,329	338,329	325,790	12,539
City clerk's office	518,269	446,269	426,368	19,901
Elections	22,250	14,250	13,620	630
Financial administration	564,152	587,627	592,849	(5,222)
Legal	-	23,345	23,345	-
Information technology	224,759	252,759	257,181	(4,422)
Human resources	149,269	110,924	101,528	9,396
Government buildings	124,428	116,428	105,511	10,917
Records management	7,900	7,900	4,030	3,870
General administration fees	31,381	34,534	26,534	8,000
Total general government	2,184,056	2,167,684	2,202,086	(34,402)
Municipal court	646,993	625,693	588,804	36,889

(continued)

**City of Statesboro, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**

(continued)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Public safety				
Police	\$ 5,272,376	\$ 5,272,376	\$ 5,393,510	\$ (121,134)
Emergency management	5,000	5,000	5,000	-
Animal control	42,402	42,402	-	42,402
<b>Total public safety</b>	<b>5,319,778</b>	<b>5,319,778</b>	<b>5,398,510</b>	<b>(78,732)</b>
Streets/public works	1,783,796	1,788,796	1,852,879	(64,083)
Parks and cemeteries	440,722	440,722	430,178	10,544
Engineering	816,909	776,909	797,572	(20,663)
Planning and zoning	350,457	350,457	319,139	31,318
Community services				
Arts Center	145,013	147,013	147,008	5
Other	40,600	40,600	38,617	1,983
<b>Total community services</b>	<b>185,613</b>	<b>187,613</b>	<b>185,625</b>	<b>1,988</b>
Community development	94,692	94,692	94,155	537
<b>Debt Service:</b>				
Principal retirement	338,500	375,675	304,313	71,362
Interest and fiscal charges	45,760	45,760	34,202	11,558
<b>Total Debt Service</b>	<b>384,260</b>	<b>421,435</b>	<b>338,515</b>	<b>82,920</b>
<b>Total Expenditures</b>	<b>12,207,276</b>	<b>12,173,779</b>	<b>12,207,463</b>	<b>(33,684)</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(1,801,656)</b>	<b>(2,061,217)</b>	<b>(2,066,302)</b>	<b>(5,085)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,832,175	2,832,175	2,752,000	(80,175)
Transfers out	(1,409,644)	(1,409,644)	(1,713,028)	(303,384)
Sale of capital assets	2,500	2,500	4,641	2,141
<b>Total Other Financing Sources (Uses)</b>	<b>1,425,031</b>	<b>1,425,031</b>	<b>1,043,613</b>	<b>(381,418)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (376,625)</b>	<b>\$ (636,186)</b>	<b>(1,022,689)</b>	<b>\$ (386,503)</b>
<b>Fund Balances Beginning of Year</b>			<b>1,121,798</b>	
<b>Fund Balances End of Year</b>			<b>\$ 99,109</b>	

See accompanying notes to the basic financial statements.

**City of Statesboro, Georgia**  
**Statesboro Fire Service Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 256,000	\$ 256,000	\$ -
Charges for services	835,931	835,931	882,129	46,198
Investment earnings	1,500	1,500	896	(604)
Miscellaneous	-	-	2,151	2,151
<b>Total Revenues</b>	<u>837,431</u>	<u>1,093,431</u>	<u>1,141,176</u>	<u>47,745</u>
<b>Expenditures</b>				
<b>Current:</b>				
Fire	<u>2,317,263</u>	<u>2,573,263</u>	<u>2,652,638</u>	<u>(79,375)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(1,479,832)	(1,479,832)	(1,511,462)	(31,630)
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>1,409,644</u>	<u>1,409,644</u>	<u>1,409,644</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (70,188)</u>	<u>\$ (70,188)</u>	<u>(101,818)</u>	<u>\$ (31,630)</u>
<b>Fund Balances Beginning of Year</b>			<u>527,242</u>	
<b>Fund Balances End of Year</b>			<u>\$ 425,424</u>	

See accompanying notes to the basic financial statements.

City of Statesboro, Georgia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water and Sewer	Reclaimed Water System	Gas	Solid Waste Collection	Solid Waste Disposal	Total	
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 945,774	\$ 300,532	\$ 375,719	\$ 218,407	\$ 250	\$ 1,840,682	\$ 15,886
Receivables:							
Accounts	374,943	-	123,575	118,222	12,241	628,981	86,376
Unbilled accounts	574,700	-	236,699	214,444	180,429	1,206,272	-
Intergovernmental	-	-	1,907	-	-	1,907	-
Interfund	1,146,358	72,715	29,714	32,126	194,444	1,475,357	360,183
Inventory	271,217	-	74,427	-	-	345,644	134,038
Prepaid items	30,524	-	19,812	2,421	10,426	63,183	97,448
Restricted assets - Cash and cash equivalents	419,513	-	83,069	-	-	502,582	-
<b>Total Current Assets</b>	<b>3,763,029</b>	<b>373,247</b>	<b>944,922</b>	<b>585,620</b>	<b>397,790</b>	<b>6,064,608</b>	<b>693,931</b>
<b>Noncurrent Assets:</b>							
<b>Restricted Assets:</b>							
Cash and cash equivalents	8,945,808	-	-	-	-	8,945,808	-
<b>Deferred Charges</b>	195,759	-	-	-	-	195,759	-
<b>Capital Assets:</b>							
Land	347,981	-	78,004	-	123,425	549,410	-
Construction in progress	723,641	208,063	9,896	-	65,191	1,006,791	-
Depreciable capital assets, net	36,049,622	-	2,719,981	877,361	1,592,674	41,239,638	174,226
<b>Total Noncurrent Assets</b>	<b>46,262,811</b>	<b>208,063</b>	<b>2,807,881</b>	<b>877,361</b>	<b>1,781,290</b>	<b>51,937,406</b>	<b>174,226</b>
<b>Total Assets</b>	<b>50,025,840</b>	<b>581,310</b>	<b>3,752,803</b>	<b>1,462,981</b>	<b>2,179,080</b>	<b>58,002,014</b>	<b>868,157</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts payable	191,660	80,560	187,514	99,292	70,766	629,792	42,751
Accrued payroll	7,634	-	1,471	1,679	1,127	11,911	927
Intergovernmental payable	-	-	29,040	-	-	29,040	-
Compensated absences payable	23,413	-	4,256	3,950	3,165	34,783	3,446
Notes payable	119,455	-	23,554	-	-	143,009	-
Capital leases payable	-	-	6,690	47,567	25,918	80,175	-
Revenue bonds payable	475,000	-	-	-	-	475,000	-
Customer deposits	419,513	-	83,069	-	-	502,582	-
Landfill post-closure care costs	-	-	-	-	124,892	124,892	-
Accrued interest payable	118,042	-	2,484	-	-	120,526	-
Claims payable	-	-	-	-	-	-	535,000
Interfund payable	103,160	-	9,602	73,284	775,027	961,073	8,652
<b>Total Current Liabilities</b>	<b>1,457,877</b>	<b>80,560</b>	<b>347,680</b>	<b>225,772</b>	<b>1,000,895</b>	<b>3,112,783</b>	<b>590,776</b>
<b>Long-Term Liabilities:</b>							
Compensated absences payable (net of current portion)	93,651	-	17,023	15,798	12,658	139,131	13,785
Other post employment benefits payable	30,719	-	5,770	9,756	4,649	50,894	4,442
Landfill post-closure care costs (net of current portion)	-	-	-	-	1,572,796	1,572,796	-
Notes payable (net of current portion)	3,294,662	-	311,395	-	-	3,606,057	-
Capital leases payable (net of current portion)	-	-	20,068	107,700	77,754	205,522	-
Revenue bonds payable, net of unamortized premium (net of current portion)	14,851,084	-	-	-	-	14,851,084	-
<b>Total Long-Term Liabilities</b>	<b>18,270,116</b>	<b>-</b>	<b>354,256</b>	<b>133,254</b>	<b>1,667,857</b>	<b>20,425,484</b>	<b>18,227</b>
<b>Total Liabilities</b>	<b>19,727,993</b>	<b>80,560</b>	<b>701,936</b>	<b>359,026</b>	<b>2,668,752</b>	<b>23,538,267</b>	<b>609,003</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	26,056,287	208,063	2,446,174	722,094	1,677,618	31,110,236	174,226
Restricted for revenue bond retirement	1,046,098	-	-	-	-	1,046,098	-
Restricted for renewal and extension	200,000	-	-	-	-	200,000	-
Unrestricted	2,995,462	292,687	604,693	381,861	(2,167,290)	2,107,413	84,928
<b>Total Net Assets</b>	<b>\$ 30,297,847</b>	<b>\$ 500,750</b>	<b>\$ 3,050,867</b>	<b>\$ 1,103,955</b>	<b>\$ (489,672)</b>	<b>34,463,747</b>	<b>\$ 259,154</b>
						(141,353)	
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.							
Net assets of business-type activities						<u>\$ 34,322,394</u>	

See accompanying notes to the basic financial statements

City of Statesboro, Georgia  
 Statement of Revenues,  
 Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Reclaimed Water System	Gas	Solid Waste Collection	Solid Waste Disposal		
<b>Operating Revenues</b>							
Charges for services	\$ 8,045,383	\$ -	\$ 5,276,270	\$ 2,605,201	\$ 1,969,726	\$ 17,896,580	\$ 4,247,145
Miscellaneous	197,419	-	2,854	-	47,988	248,261	-
<b>Total Operating Revenues</b>	<u>8,242,802</u>	<u>-</u>	<u>5,279,124</u>	<u>2,605,201</u>	<u>2,017,714</u>	<u>18,144,841</u>	<u>4,247,145</u>
<b>Operating Expenses</b>							
Salaries	1,857,376	-	351,675	501,342	276,964	2,987,357	253,946
Employee benefits	893,994	-	139,788	348,204	166,503	1,548,489	117,270
Purchased services	1,412,781	-	196,225	912,613	2,361,106	4,882,725	183,135
Materials and supplies	404,664	-	51,371	98,652	40,420	595,107	23,619
Cost of sales	-	-	3,377,219	-	-	3,377,219	312,041
Depreciation	1,661,790	-	123,515	181,756	235,791	2,202,852	19,897
Claims	-	-	-	-	-	-	3,729,990
Other	52,045	-	24,100	11,200	286	87,631	1,236
<b>Total Operating Expenses</b>	<u>6,282,650</u>	<u>-</u>	<u>4,263,893</u>	<u>2,053,767</u>	<u>3,081,070</u>	<u>15,681,380</u>	<u>4,641,134</u>
<b>Operating Income (Loss)</b>	<u>1,960,152</u>	<u>-</u>	<u>1,015,231</u>	<u>551,434</u>	<u>(1,063,356)</u>	<u>2,463,461</u>	<u>(393,989)</u>
<b>Non-Operating Revenues (Expenses)</b>							
Investment earnings	2,337	750	375	353	338	4,153	417
Intergovernmental	-	-	18,556	-	-	18,556	-
Interest expense	(510,876)	-	(10,700)	-	-	(521,576)	-
Amortization	(38,928)	-	-	-	-	(38,928)	-
Gain on disposal of capital assets	4,708	-	-	-	-	4,708	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(542,759)</u>	<u>750</u>	<u>8,231</u>	<u>353</u>	<u>338</u>	<u>(533,087)</u>	<u>417</u>
<b>Income (Loss) before Capital Contributions and Transfers</b>	<u>1,417,393</u>	<u>750</u>	<u>1,023,462</u>	<u>551,787</u>	<u>(1,063,018)</u>	<u>1,930,374</u>	<u>(393,572)</u>
Capital contributions	204,703	500,000	-	-	-	704,703	-
Transfers in	286,457	-	-	-	1,276,511	1,562,968	303,384
Transfers out	(1,215,000)	(89,492)	(925,000)	(543,000)	(160,000)	(2,932,492)	-
<b>Change in Net Assets</b>	<u>693,553</u>	<u>411,258</u>	<u>98,462</u>	<u>8,787</u>	<u>53,493</u>	<u>1,265,553</u>	<u>(90,188)</u>
<b>Net Assets Beginning of Year</b>	<u>29,604,294</u>	<u>89,492</u>	<u>2,952,405</u>	<u>1,095,168</u>	<u>(543,165)</u>	<u></u>	<u>349,342</u>
<b>Net Assets End of Year</b>	<u>\$ 30,297,847</u>	<u>\$ 500,750</u>	<u>\$ 3,050,867</u>	<u>\$ 1,103,955</u>	<u>\$ (489,672)</u>	<u></u>	<u>\$ 259,154</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue of certain internal service funds is reported with business-type activities.

(157,135)

\$ 1,108,418

See accompanying notes to the basic financial statements

City of Statesboro, Georgia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Reclaimed Water System	Gas	Solid Waste Collection	Solid Waste Disposal		
<b>Cash Flows from Operating Activities</b>							
Cash received from customers	\$ 8,181,393	\$ -	\$ 5,284,165	\$ 2,598,074	\$ 2,005,629	\$ 18,069,261	\$ 4,215,975
Cash payments to employees for services	(2,711,165)	-	(485,150)	(843,773)	(434,725)	(4,474,813)	(365,003)
Cash payments for goods and services	(1,783,541)	-	(3,608,246)	(976,403)	(2,571,498)	(8,939,688)	(501,328)
Cash payments for claims	-	-	-	-	-	-	(3,610,627)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>3,686,687</u>	<u>-</u>	<u>1,190,769</u>	<u>777,898</u>	<u>(1,000,594)</u>	<u>4,654,760</u>	<u>(260,983)</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Operating grants received	-	-	32,524	-	-	32,524	-
Advances from (to) other funds	(875,947)	(72,715)	(20,112)	41,766	(85,766)	(1,012,774)	(351,531)
Transfers in	286,457	-	-	-	1,276,511	1,562,968	303,384
Transfers out	(1,215,000)	(89,492)	(925,000)	(543,000)	(160,000)	(2,932,492)	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(1,804,490)</u>	<u>(162,207)</u>	<u>(912,588)</u>	<u>(501,234)</u>	<u>1,030,745</u>	<u>(2,349,774)</u>	<u>(48,147)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Proceeds from sale of capital assets	4,708	-	-	-	-	4,708	-
Capital contributions	204,703	500,000	-	-	-	704,703	-
Proceeds from loan	301,501	-	-	-	-	301,501	-
Payments on capital lease	-	-	(6,690)	(47,567)	(25,918)	(80,175)	-
Debt issuance cost	(197,881)	-	-	-	-	-	-
Proceeds from revenue bonds	15,329,228	-	-	-	-	15,329,228	-
Principal paid on revenue bonds	(485,000)	-	-	-	-	(485,000)	-
Principal paid on notes payable	(6,688,596)	-	(59,449)	-	-	(6,748,045)	-
Interest paid on debt	(473,445)	-	(10,998)	-	-	(484,443)	-
Payments for capital acquisitions	(794,137)	(38,011)	(13,447)	(11,043)	(4,571)	(861,209)	(9,500)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>7,201,081</u>	<u>461,989</u>	<u>(90,584)</u>	<u>(58,610)</u>	<u>(30,489)</u>	<u>7,681,268</u>	<u>(9,500)</u>
<b>Cash Flows from Investing Activities</b>							
Investment earnings	2,337	750	375	353	338	4,153	417
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	9,085,615	300,532	187,972	218,407	-	9,990,407	(318,213)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>1,225,480</u>	<u>-</u>	<u>270,816</u>	<u>-</u>	<u>250</u>	<u>1,496,546</u>	<u>334,099</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 10,311,095</u>	<u>\$ 300,532</u>	<u>\$ 458,788</u>	<u>\$ 218,407</u>	<u>\$ 250</u>	<u>\$ 11,486,953</u>	<u>\$ 15,886</u>

(continued)

City of Statesboro, Georgia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities -
	Water and Sewer	Reclaimed Water System	Gas	Solid Waste Collection	Solid Waste Disposal		Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>							
<b>Operating Income (Loss)</b>	\$ 1,960,152	\$ -	\$ 1,015,231	\$ 551,434	\$ (1,063,356)	\$ 2,463,461	\$ (393,989)
<b>Adjustments:</b>							
Depreciation	1,661,790	-	123,515	181,756	235,791	2,202,852	19,897
<b>(Increase) Decrease in Assets:</b>							
Accounts receivable	(85,772)	-	8,837	(7,127)	(12,085)	(96,147)	(31,170)
Materials and supplies inventory	29,451	-	10,933	-	-	40,384	7,210
Prepaid items	32,331	-	3,535	21,039	(1,747)	55,158	(14,424)
<b>Increase (Decrease) in Liabilities:</b>							
Accounts payable	24,167	-	17,121	25,023	(33,692)	32,619	10,280
Accrued payroll	7,634	-	1,471	1,679	1,127	11,911	927
Compensated absences payable	1,852	-	(928)	(5,662)	2,966	(1,772)	844
Other post employment benefits payable	30,719	-	5,770	9,756	4,649	50,894	4,442
Sales taxes payable	-	-	9,080	-	-	9,080	-
Customer deposits	24,363	-	(3,796)	-	-	20,567	-
Accrued landfill postclosure costs	-	-	-	-	(134,247)	(134,247)	-
Claims payable	-	-	-	-	-	-	135,000
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 3,686,687</u>	<u>\$ -</u>	<u>\$ 1,190,769</u>	<u>\$ 777,898</u>	<u>\$ (1,000,594)</u>	<u>\$ 4,654,760</u>	<u>\$ (260,983)</u>

See accompanying notes to the basic financial statements





# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

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*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

The City of Statesboro (the “City”) was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, community development, community services and general administrative services. The City also operates two public utilities (water and sewer system and gas system) and provides sanitation services. The City and Bulloch County jointly operate a transfer station for transport of solid waste and an inert landfill.

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City’s accounting policies are described below.

***1-A. Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City’s discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A brief description of the City’s discretely presented component unit follows:

***Downtown Statesboro Development Authority*** (the Authority) – The Authority is a public corporation created in 1981. The primary purpose of the Authority is to promote industry and trade in the downtown area. The City Council appoints one board member and provides its primary funding. The Authority is fiscally dependent on the City. There are no separate financial statements for the Authority.

After reviewing the above criteria, the City has determined that the Statesboro-Bulloch County Airport and the Statesboro-Bulloch County Parks and Recreation Department do not qualify as component units of the City.

***Related Organizations***

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

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**1-B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with service charges to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and proprietary funds are reported in separate columns.

**Fund Accounting** - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

**Governmental Funds** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

***The General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund’s fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

***Statesboro Fire Service Fund*** – This fund accounts for revenues collected from city taxpayers and taxpayers in the county’s five mile fire district used to fund the City’s fire department.

***2002 SPLOST Fund*** – This fund accounts for the special purpose local option sales tax collected pursuant to a 2002 referendum for various capital improvements within the City.

***2007 SPLOST Fund*** – This fund accounts for the special purpose local option sales tax collected pursuant to a 2007 referendum for various capital improvements within the City.

***Downtown Streetscape Fund*** – This fund accounts for receipts and disbursements used to improve sidewalks, curb and gutter, landscaping, and lighting in a portion of downtown.

***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City’s major enterprise funds consist of:

***Water and Sewer Operating Fund*** – This fund accounts for the water and sewer provided to the City’s constituents.

***Reclaimed Water System Fund*** – This fund accounts for the reclaimed water provided for irrigation to the City’s constituents.

***Gas Operating Fund*** – This fund accounts for the gas services provided to the City’s constituents.

***Solid Waste Collection Fund*** – This fund accounts for the solid waste collection program.

***Solid Waste Disposal Fund*** – This fund accounts for the solid waste disposal program.

The City’s internal service funds account for the City’s health and workers compensation insurance and fleet management programs.

***1-C. Measurement Focus***

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e.,

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

**Revenues - Non-exchange Transactions** - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

**Deferred/Unearned Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reported at the fund financial reporting level but reclassified as “*unearned revenue*” on the government-wide statement of net assets, where applicable.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**1-E. Assets, Liabilities and Fund Equity**

**1-E-1 Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within

*City of Statesboro, Georgia  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2010*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

***1-E-2 Receivables***

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water, sewer and gas charges are accrued as receivables and revenue at June 30, 2010.

***1-E-3 Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns on the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net assets.

***1-E-4 Consumable Inventories***

On the government-wide and the proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

***1-E-5 Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

***1-E-6 Restricted Assets***

Restricted assets represent sinking funds required by enterprise fund revenue bonds and designated as such by management, customer utility deposits, funds held specifically for water and sewer system improvements, and funds designated for capital purchases.

***1-E-7 Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the City fund financial statements.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the proprietary funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, water and sewer lines and gas lines. Water and sewer lines and gas lines are classified as "improvements other than buildings". Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	15 – 40 years	15 - 40 years
Improvements other than buildings	8 – 40 years	15 – 50 years
Machinery and equipment	5 – 20 years	5 – 15 years
Infrastructure	12 – 25 years	---

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

**1-E-8 Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

**1-E-9 Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.



*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

***1-E-10 Bond Premiums, Discounts and Issuance Costs***

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

***1-E-11 Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net assets”.

***Fund Balance*** – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management’s intent to set aside these resources for specific services.

***Net Assets*** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***1-E-12 Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, gas, solid waste, and the insurance benefits and fleet management programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***1-E-13 Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

***1-E-14 Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

**1-E-15 Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**1-E-16 Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

**Note 2 – Stewardship, Compliance and Accountability**

**2-A. Budgetary Information** – The City adopts an annual operating budget for the general fund and each special revenue fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The City Manager may approve budget transfers within departments. Any change in total to a fund or departmental appropriation within a fund requires City Council approval.

During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

**2-B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2010, expenditures exceeded appropriations for the following departments within the general fund:

Governing body	\$	90,011
Financial administration		5,222
Information Technology		4,422
Police		121,134
Street/Public works		64,083
Engineering		20,663

These overexpenditures were funded primarily by underexpenditures in other departments and available fund balance.

Expenditures exceeded appropriations by \$79,375 in the Statesboro Fire Service and \$3,197 in the Department of Justice Grant special revenue funds and these overexpenditures were funded by additional revenues over budget and by available fund balance.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 2 – Stewardship, Compliance and Accountability (Continued)**

**2-C. Deficit Fund Equities**

The solid waste disposal fund had a deficit net asset balance of \$489,672 at June 30, 2010.

**Note 3 - Detailed Notes on All Funds**

**3-A. Cash and Cash Equivalents**

At June 30, 2010, the carrying amount of the City’s deposits (i.e., checking and certificates of deposits) was \$15,702,910 and the bank balance was \$15,802,756. Of the bank balance, \$250,000 was covered by federal depository insurance and \$15,552,756 was collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

**Cash & Cash Equivalent Reconciliation:**

	Cash and Cash Equivalents
Fund Reporting Level:	
Governmental Funds - Balance Sheet	\$ 4,397,952
Enterprise Fund Statement of Net Assets	1,840,682
Enterprise Fund Statement of Net Assets - Restricted	9,448,390
Internal Service Fund Statement of Net Assets	15,886
 Total	 \$ 15,702,910

**3-B. Receivables**

Receivables at June 30, 2010, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. The allowances for uncollectibles netted against receivables at June 30, 2010 follow:

Fund	Allowance For Uncollectibles
General	\$ 6,250
Water and sewer	151,145
Gas	82,427
Solid waste collection	48,161
Solid waste disposal	579

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-C. Property Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on or about October 20 of each year and are due and payable within 60 days of the tax bill mailing date. The City bills and collects its own property taxes.

Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e. collectible in 60 days). For the year ended June 30, 2010, property taxes were levied on September 22, 2009 and were due December 20, 2009.

**3-D. Capital Assets**

Capital asset activity (including the fleet management internal service fund) for the year ended June 30, 2010, was as follows:

	Balance 7/1/2009	Additions	Deductions	Balance 6/30/2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,636,113	\$ -	\$ -	\$ 1,636,113
Construction in progress-infrastructure	871,030	996,122	-	1,867,152
Construction in progress	<u>154,057</u>	<u>142,577</u>	<u>-</u>	<u>296,634</u>
Total capital assets not being depreciated	<u>2,661,200</u>	<u>1,138,699</u>	<u>-</u>	<u>3,799,899</u>
Capital assets being depreciated				
Buildings	14,059,521	-	-	14,059,521
Improvements other than buildings	372,622	-	-	372,622
Machinery and equipment	7,200,632	817,510	84,719	7,933,423
Infrastructure	<u>11,613,800</u>	<u>-</u>	<u>-</u>	<u>11,613,800</u>
Total capital assets being depreciated	<u>33,246,575</u>	<u>817,510</u>	<u>84,719</u>	<u>33,979,366</u>
Total capital assets	<u>35,907,775</u>	<u>1,956,209</u>	<u>84,719</u>	<u>37,779,265</u>
Accumulated depreciation:				
Buildings	2,263,935	344,669	-	2,608,604
Improvements other than buildings	109,891	24,813	-	134,704
Machinery and equipment	4,611,992	765,266	84,719	5,292,539
Infrastructure	<u>3,201,776</u>	<u>608,782</u>	<u>-</u>	<u>3,810,558</u>
Total accumulated depreciation	<u>10,187,594</u>	<u>1,743,530</u>	<u>84,719</u>	<u>11,846,405</u>
Governmental activities capital assets, net	<u>\$ 25,720,181</u>	<u>\$ 212,679</u>	<u>\$ -</u>	<u>\$ 25,932,860</u>

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

Governmental activities depreciation expense:

General government	\$ 101,542
Municipal court	4,035
Public safety	799,425
Public works	630,253
Parks and cemeteries	72,164
Engineering	17,282
Community services	98,932
Fleet management internal service fund	<u>19,897</u>

Total depreciation expense \$ 1,743,530

The following table presents the changes in capital assets for the City's enterprise funds:

	Balance 7/1/2009	Additions	Deductions	Balance 6/30/2010
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 549,410	\$ -	\$ -	\$ 549,410
Construction in progress	472,561	543,722	9,492	1,006,791
Total capital assets not being depreciated	<u>1,021,971</u>	<u>543,722</u>	<u>9,492</u>	<u>1,556,201</u>
Capital assets being depreciated				
Buildings	2,020,491	-	-	2,020,491
Improvements other than buildings	59,975,086	379,179	-	60,354,265
Machinery and equipment	9,477,290	28,360	16,118	9,489,532
Total capital assets being depreciated	<u>71,472,867</u>	<u>407,539</u>	<u>16,118</u>	<u>71,864,288</u>
Total capital assets	<u>72,494,838</u>	<u>951,261</u>	<u>25,610</u>	<u>73,420,489</u>
Accumulated depreciation:				
Buildings	801,864	57,422	-	859,286
Improvements other than buildings	21,049,204	1,493,596	-	22,542,800
Machinery and equipment	6,586,848	651,834	16,118	7,222,564
Total accumulated depreciation	<u>28,437,916</u>	<u>2,202,852</u>	<u>16,118</u>	<u>30,624,650</u>
Business-type activities capital assets, net	<u><u>\$ 44,056,922</u></u>	<u><u>\$ (1,251,591)</u></u>	<u><u>\$ 9,492</u></u>	<u><u>\$ 42,795,839</u></u>

**City of Statesboro, Georgia**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2010**

**Note 3 - Detailed Notes on All Funds (Continued)**

The following table presents the changes in capital assets for the City's component unit:

	Balance 7/1/2009	Additions	Deductions	Balance 6/30/2010
Component Unit - Downtown Statesboro				
Development Authority:				
Capital assets being depreciated:				
Buildings	\$ -	\$ 853,559	\$ -	\$ 853,559
Improvements other than buildings	12,552	-	-	12,552
Machinery and equipment	7,445	1,840	-	9,285
Total capital assets being depreciated	19,997	855,399	-	875,396
Accumulated depreciation:				
Buildings	-	5,335	-	5,335
Improvements other than buildings	-	837	-	837
Machinery and equipment	6,033	393	-	6,426
Total accumulated depreciation	6,033	6,565	-	12,598
Component unit capital assets, net	\$ 13,964	\$ 848,834	\$ -	\$ 862,798

**3-E. - Interfund Balances and Transfers**

Interfund balances at June 30, 2010, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Receivable Fund	Payable Fund	Amount
General Fund	Community Development Block Grant Fund	\$ 1,833
	Multiple Grant Fund	70,700
	Downtown Streetscape Fund	265,081
	Solid Waste Disposal Fund	304,876
	2007 SPLOST Fund	399,042
Hotel/Motel Tax Fund	General Fund	30,121
	General Fund	1,588
2002 SPLOST Fund	Statesboro Fire Service Fund	334,111
2007 SPLOST Fund	2002 SPLOST Fund	482,558
Downtown Streetscape Fund	General Fund	708,584
	Solid Waste Disposal Fund	437,774
Reclaimed Water System Fund	General Fund	72,715
Gas Operating Fund	General Fund	29,714
Solid Waste Collection Fund	General Fund	32,126
Benefits Insurance Fund	General Fund	63,773
	Statesboro Fire Service Fund	69,335
	Water and Sewer Operations Fund	103,160
	Gas Operating Fund	9,602
	Solid Waste Collection Fund	73,284
	Solid Waste Disposal Fund	32,377
	Fleet Management Fund	8,652
Solid Waste Disposal Fund	2007 SPLOST Fund	194,444
		<u>\$ 3,725,450</u>

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfer to:	Transfers From:				
	General Fund	2002 SPLOST Fund	2007 SPLOST Fund	Reclaimed Water System Fund	Water and Sewer Operating Fund
General Fund	-	-	-	\$ -	\$ 1,124,000
Statesboro Fire Service Fund	\$ 1,409,644	-	-	-	-
2002 SPLOST Fund	-	-	-	89,492	-
Downtown Streetscape Fund	-	\$ 482,558	-	-	-
Capital Improvements Fund	-	-	-	-	91,000
Benefits Insurance Fund	303,384	-	-	-	-
Water and Sewer Operating Fund	-	286,457	-	-	-
Solid Waste Disposal Fund	-	-	\$ 1,276,511	-	-
	<u>\$ 1,713,028</u>	<u>\$ 769,015</u>	<u>\$ 1,276,511</u>	<u>\$ 89,492</u>	<u>\$ 1,215,000</u>

Transfer to:	Transfers From:			
	Gas Operating Fund	Solid Waste Collection Fund	Solid Waste Disposal Fund	Total
General Fund	\$ 925,000	\$ 543,000	\$ 160,000	\$ 2,752,000
Statesboro Fire Service Fund	-	-	-	1,409,644
2002 SPLOST Fund	-	-	-	89,492
Downtown Streetscape Fund	-	-	-	482,558
Capital Improvements Fund	-	-	-	91,000
Benefits Insurance Fund	-	-	-	303,384
Water and Sewer Operating Fund	-	-	-	286,457
Solid Waste Disposal Fund	-	-	-	1,276,511
	<u>\$ 925,000</u>	<u>\$ 543,000</u>	<u>\$ 160,000</u>	<u>\$ 6,691,046</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to segregate money for anticipated capital projects (e.g., SPLOST approved projects); to report enterprise fund transfers for the equivalent of franchise fees and property taxes as if the utility funds were privately owned; and to return money to the fund from which it was originally provided once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

**3-F. Landfill Closure and Postclosure Care**

State and federal laws and regulations required the City to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Effective July 1, 1997, the City stopped accepting waste into its landfill. The remaining accrued landfill postclosure care costs liability at June 30, 2010, was \$1,697,688. This amount is based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, unexpected mitigation requirements, changes in technology, or changes in regulations.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-G. Long-Term Debt**

**Water and Sewer Refunding and Improvement Revenue Bonds** - During the fiscal year ended June 30, 2010, the City issued revenue bonds of \$15,040,000. The City issued the Series 2010 Water and Sewer Refunding and Improvement Revenue Bonds to advance refund Water and Sewer Revenue Refunding Bonds, Series 1995, with an outstanding balance of \$215,000, and ten Georgia Environmental Facilities Authority (GEFA) notes with an outstanding balance of \$6,132,934. Additionally, a portion of the net proceeds was deposited into the Water and Sewer System Fund Construction Account. The amount of outstanding bonds at June 30, 2010 was \$15,040,000.

The City pledges income derived from the constructed or acquired assets to pay debt service. The revenue bonds have interest rates ranging from 2.0 percent to 5.0 percent. The bonds require principal payments each April 1 and interest is payable semiannually on April 1 and October 1 each year.

Annual debt service requirements to amortize all obligations outstanding, as of June 30, 2010 follow:

Year	Principal	Interest	Total
2011	\$ 475,000	\$ 558,425	\$ 1,033,425
2012	450,000	596,021	1,046,021
2013	465,000	579,021	1,044,021
2014	475,000	569,721	1,044,721
2015	480,000	560,221	1,040,221
2016-2020	2,690,000	2,518,755	5,208,755
2021-2025	3,325,000	1,887,005	5,212,005
2026-2030	4,105,000	1,088,030	5,193,030
2031-2033	2,575,000	213,636	2,788,636
Total	<u>\$ 15,040,000</u>	<u>\$ 8,570,835</u>	<u>\$ 23,610,835</u>

**Notes Payable** – The City has entered into a number of notes with the Georgia Environmental Facilities Authority (GEFA), and One Georgia Authority with balances at June 30, 2010, as follows:

One Georgia Authority, payable in quarterly installments of \$8,334 including interest at 3% through April 1, 2022	\$ 334,949
GEFA (2006-L25WJA), payable in monthly installments of \$10,381 including interest at 4.28% through April 1, 2028	1,551,922
GEFA (2006-L25WJB), \$650,000 loan, \$301,501 drawn at June 30, 2010, payable in 240 monthly installments including interest at 4.28% after completion of related project	301,501
GEFA (2007-L31WJ), payable in monthly installments of \$3,247 including interest at 4.40% through March 1, 2029	496,870
GEFA (2008-L05WJ), payable in monthly installments of \$6,705 including interest at 4.10% through July 1, 2029	<u>1,063,824</u>
	<u>\$ 3,749,066</u>



*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

Component Unit - Downtown Statesboro Development Authority		
Note payable to BB&T, payable in monthly installments of \$5,000 including interest at a variable rate (5% at June 30, 2010), with a final payment of principal and interest due April 10, 2015		<u>\$ 747,288</u>

Annual debt service requirements to amortize all notes payable outstanding, as of June 30, 2010 follow:

Year	Primary Government			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 143,009	\$ 154,479	\$ 297,488	\$ 23,167	\$ 36,833	\$ 60,000
2012	164,699	161,044	325,743	24,353	35,647	60,000
2013	171,581	154,162	325,743	25,599	34,401	60,000
2014	178,653	147,090	325,743	26,908	33,092	60,000
2015	186,052	139,691	325,743	647,261	26,528	673,789
2016-2020	1,052,587	576,133	1,628,720	-	-	-
2021-2025	1,083,986	303,896	1,387,882	-	-	-
2026-2030	768,499	59,234	827,733	-	-	-
<b>Total</b>	<u>\$ 3,749,066</u>	<u>\$ 1,695,729</u>	<u>\$ 5,444,795</u>	<u>\$ 747,288</u>	<u>\$ 166,501</u>	<u>\$ 913,789</u>

**Capital Leases** – The City currently has the following outstanding capital leases.

**Capital Lease – City Hall** - In 1995 the Downtown Statesboro Development Authority provided for the issuance of a Revenue Bond in the amount of \$1,500,000 to provide for the acquisition, renovation, and equipping of the old Jaeckel Hotel for the purpose of converting it to the new Statesboro City Hall.

The Bond bears an interest rate of 70% of the prime rate but can never be less than 4.2% or more than 10.5%. Interest on the Bond is paid to Sea Island Bank by the City of Statesboro semi-annually on the first day of June and the first day of December beginning June 1, 1997. Principal payments are made in annual installments on December 1, each year beginning in 1997 and ending in 2022.

Upon payment in full of the debt the Downtown Statesboro Development Authority will convey the property to the City without further consideration.

The total cost for the project under the capital lease was \$1,733,719.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 - Detailed Notes on All Funds (Continued)**

The lease requires annual payments as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	58,500	40,015	98,515
2012	62,000	37,485	99,485
2013	65,500	34,808	100,308
2014	69,500	31,972	101,472
2015	73,500	28,970	102,470
2016-2020	439,000	93,157	532,157
2021-2022	214,000	9,114	223,114
Total	<u>\$ 982,000</u>	<u>\$ 275,521</u>	<u>\$ 1,257,521</u>

**Capital Lease – Georgia Municipal Association (GMA)** –The City has entered into lease agreements with GMA to purchase the following equipment:

	<u>Cost</u>
2007 Tymco Street Sweeper	\$ 92,846
Motorola Communication Equipment	249,404
(8) 2008 Dodge Chargers	217,168
Police Office Furnishings	316,742
2008 Chevrolet Silverado	21,108
2008 F150 Truck	15,412
2009 F150 Truck	22,297
(2) 2008 East Tandem Trucks	129,590
2008 F250 Truck	18,036
2008 Peterbilt 320 Garbage Truck	202,834
Pierce Custom Contender Fire Engine	334,111
	<u>\$ 1,619,548</u>

The leases require annual payments without interest as follows:

<u>Year</u>	<u>Principal</u>
2011	353,088
2012	282,644
2013	217,128
2014	148,677
2015	66,822
Total	<u>\$ 1,068,359</u>

*City of Statesboro, Georgia*  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2010**

**Note 3 – Detailed Notes on All Funds (Continued)**

**Changes in Long-term Debt** - Changes in the City’s long-term obligations consisted of the following for the year ended June 30, 2010:

<u>Primary Government</u>	Outstanding 7/1/2009	Additions	Reductions	Outstanding 6/30/2010	Amounts Due in One Year
<b>Governmental Activities</b>					
Capital lease - City Hall	\$ 1,037,000	\$ -	\$ 55,000	\$ 982,000	\$ 58,500
Capital lease - GMA	697,864	334,111	249,313	782,662	272,913
Other post employment benefits	-	124,209	-	124,209	-
Compensated absences	581,638	24,762	112,960	493,440	98,688
<b>Total Governmental Activities</b>	<b>\$ 2,316,502</b>	<b>\$ 483,082</b>	<b>\$ 417,273</b>	<b>\$ 2,382,311</b>	<b>\$ 430,101</b>
<b>Business-Type Activities</b>					
Water and sewer revenue bonds	\$ 485,000	\$ 15,040,000	\$ 485,000	\$ 15,040,000	\$ 475,000
Unamortized bond premium	-	289,228	3,144	286,084	-
	485,000	15,329,228	488,144	15,326,084	475,000
Notes payable - water fund	9,801,212	301,501	6,688,596	3,414,117	119,455
Notes payable - gas fund	394,398	-	59,449	334,949	23,554
Capital lease - GMA	365,872	-	80,175	285,697	80,175
Landfill closure and post-closure care	1,831,935	-	134,247	1,697,688	124,892
Other post employment benefits	-	50,894	-	50,894	-
Compensated absences	175,686	4,818	6,590	173,914	34,783
<b>Total Business-Type Activities</b>	<b>\$ 13,054,103</b>	<b>\$ 15,686,441</b>	<b>\$ 7,457,201</b>	<b>\$ 21,283,343</b>	<b>\$ 857,859</b>
<b>Component Unit</b>					
Downtown Statesboro Development Authority					
Note payable	\$ -	\$ 750,000	\$ 2,712	\$ 747,288	\$ 23,087

The capital lease obligations for governmental funds will be paid from the General Fund and for business-type activities from the fund which incurred the capital lease obligation. The compensated absences and other post employment benefits liability for governmental funds will be paid from the General Fund and for business-type activities from the fund from which the employees' salaries are paid. Principal and interest payments related to notes payable for the City’s Water and Sewer System are financed from income derived from the operation of the Water and Sewer System. Principal and interest payments related to notes payable for the City’s gas system are financed from income derived from this system. The landfill closure and post-closure care liability will be retired from the solid waste disposal fund.

**3-H. Pensions**

**Plan Description** - The City’s defined benefit pension plan, the City of Statesboro Retirement Plan (the “Plan”), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (the “System”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 3 – Detailed Notes on All Funds (Continued)**

**Funding Policy** - Employees are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate. The minimum annual contribution requirements of the City are established by Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

**Annual Pension Cost and Net Pension Obligation** - For 2010, the City’s annual pension cost of \$914,465 for the plan was equal to the City’s required and actual contributions. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases of 3.5% per year for inflation, (c) additional projected salary increases of 3.5% per year attributed to seniority/merit, and (d) no post-retirement benefit increase. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is thirty years from 1982 and current changes in the unfunded actuarial accrued liability over fifteen years for actuarial gains and losses, twenty years for plan provisions and thirty years for actuarial assumptions and cost methods at a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(Funding Excess) (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll
3/1/2008	\$ 13,175,098	\$ 14,037,526	93.9%	\$ 862,428	\$ 9,369,557	9.2%
3/1/2009	11,035,485	14,895,270	74.1%	3,859,785	10,180,533	37.9%
1/1/2010	14,933,885	14,298,326	104.4%	(635,559)	11,335,059	(5.6)%

Schedule of Employer Contributions

Year Ended June 30	Annual Pension Cost	Percentage Contributed
2008	\$ 743,290	100%
2009	1,197,070	100%
2010	914,465	100%

**3-1. Defined Contribution Plan**

The City sponsors a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code for the City Manager and Municipal Court Judge. The plan is administered by the Georgia Municipal Association. The City Council is responsible and has authority to amend the plan provisions. The City contributes 4 percent of salary to the plan. The employees are not required to contribute to the plan. The City did not make any contributions to the plan during the year ended June 30, 2010.

*City of Statesboro, Georgia  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2010*

**Note 3 – Detailed Notes on All Funds (Continued)**

**3-J. Net Assets**

Net assets on the government-wide statement of net assets as of June 30, 2010 are as follows:

	Governmental Activities	Business Type Activities	Component Unit
Investments in capital assets, net of related debt:			
Cost of capital assets	\$ 37,779,265	\$ 73,420,489	\$ 875,396
Less accumulated depreciation	11,846,405	30,624,650	12,598
Book value	25,932,860	42,795,839	862,798
Less capital related debt	1,764,662	19,360,847	747,288
Plus unspent bond proceeds	-	7,675,244	-
Investments in capital assets, net of related debt	<u>\$ 24,168,198</u>	<u>\$ 31,110,236</u>	<u>\$ 115,510</u>

**Note 4 – Other Notes**

**4-A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

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

The City of Statesboro must participate at all times in at least one fund which is established by GIRMA. The City of Statesboro retains the first \$5,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$5,000 deductible.

The basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary.

During the year ended June 30, 2010, the City paid 44 claims up to the \$5,000 deductible totaling \$44,371. The City is not aware of any claims which the City is liable for (up to \$5,000) which were outstanding and unpaid at June 30, 2010. No provisions have been made in the financial statements for the year ended June 30, 2010 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 4 of the Official Code of Georgia Annotated, the City of Statesboro became a member of the Georgia Municipal Association Workers’ Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers’ compensation and/or employer’s liability.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 4 – Other Notes (Continued)**

instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs assessed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City's responsibilities relating to the workers' compensation pool is to pay all costs, other than those referenced in the above paragraph regarding litigation. The City prepays an estimated annual premium based upon claims experience. Then an audit is conducted of actual experience, with the difference in the premium being paid or refunded as applicable.

In fiscal year 2006, based on prior years loss experience and claims, the City elected to self insure a portion of its workers' compensation claims by increasing the deductible to \$50,000 per occurrence and thereby significantly decreasing the annual premium.

In January 1991 the City elected to establish a self-insurance fund (an internal service fund) to cover all employee health insurance claims. The City makes payments to this fund on a monthly basis based on estimated premiums provided by the third party administrator to fund this program. Amounts are also withheld from employees by payroll deduction and paid to the self-insurance fund.

A third party administrator pays all claims from funds provided to them from the self-insurance fund's bank account. The City carries specific reinsurance for claims from one individual within one year exceeding \$60,000. The claims liability of \$535,000 reported at June 30, 2010 represents known claims incurred on or prior to June 30, 2010 and an estimate for claims that have been incurred but not reported. Changes in the fund's claims liability for the year ended June 30, 2010 were as follows:

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2008	\$ 185,760	\$ 3,386,814	\$ 3,061,574	\$ 511,000
2009	511,000	3,503,065	3,614,065	400,000
2010	400,000	3,729,990	3,594,990	535,000

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

**4-B. Contingent Liabilities**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at June 30, 2010. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

**4-C. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia area, is a member of the Coastal Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2010, the City paid \$26,534 in such dues. Membership in an RDC is required by the Official Code of

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 4 – Other Notes (Continued)**

Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from the Coastal Georgia Regional Development Center, P.O. Box 1917, Brunswick, Georgia 31521.

**4-D. Hotel-Motel Lodging Tax**

The City has levied a 5% lodging tax. A summary of the transactions for the year ended June 30, 2010 follows:

		<u>Percentage of tax receipts</u>
Lodging tax receipts	\$ 439,838	
Disbursements to the:		
Statesboro Convention and Visitors Bureau for promotion of tourism	(303,488)	69.0%
Statesboro Arts Council for performing arts center	(101,163)	23.0%
Downtown Statesboro Development Authority for promotion of tourism	(35,187)	8.0%
Total	<u>\$ -</u>	

All expenditures were for promotion of tourism as required by O.C.G.A. 48-13-51.

**4-E. Other Post-Employment Benefits**

**Plan Description.** The City sponsors a single-employer post-retirement medical plan. The plan provides medical, prescription and death benefits to eligible retirees and their spouses. At June 30, 2010, three retired employees were eligible to participate. Since the plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

**Funding Policy.** The contribution requirements of plan members and the City are established and may be amended by the City Council. Plan members are not required to contribute; however, plan members receiving healthcare benefits pay for 50% of the health care insurance premium for individual and family coverage if the employee had 10 to 25 years of service at retirement and 100% of coverage if the employee has 25 or more years of service.

For the year ended June 30, 2010, the City made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$23,348 for 2010. These costs are recognized as an expense when claims or premiums are paid.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation.

*City of Statesboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2010*

**Note 4 – Other Notes (Continued)**

Annual Required Contribution	\$ 110,900
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>110,900</u>
Contributions Made	<u>(23,348)</u>
Increase in Net Obligation	87,552
Net OPEB Obligation (BOY)	87,551
Net OPEB Obligation (EOY)	<u><u>\$ 175,103</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009-2010 is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009	\$ 110,899	21%	\$ 87,551
6/30/2010	110,900	21%	87,552

**Funded Status and Funding Progress.** As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,014,592 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,014,592. The covered payroll (annual payroll of active employees covered by the plan) was \$9,868,977 and the ratio of the UAAL to the covered payroll was 10.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008 was 30 years.

**4-F. Subsequent Events**

Management has evaluated subsequent events through January 25, 2011, the date that the financial statements were available for issue. No subsequent events were noted.





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NONMAJOR  
GOVERNMENTAL FUNDS  
BY FUND TYPE

**City of Statesboro, Georgia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - By Fund Type**  
**June 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 245,240	\$ 54,918	\$ 300,158
Receivables:			
Hotel/motel taxes	38,265	-	38,265
Interfund	30,121	-	30,121
Intergovernmental	76,875	-	76,875
Notes	204,365	-	204,365
<b>Total Assets</b>	<b>\$ 594,866</b>	<b>\$ 54,918</b>	<b>\$ 649,784</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 6,489	\$ 2,341	\$ 8,830
Interfund payable	72,533	-	72,533
Other	119,885	-	119,885
<b>Total Liabilities</b>	198,907	2,341	201,248
<b>Fund Balances</b>			
Unreserved - undesignated	395,959	52,577	448,536
<b>Total Liabilities and Fund Balances</b>	<b>\$ 594,866</b>	<b>\$ 54,918</b>	<b>\$ 649,784</b>

**City of Statesboro, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - By Fund Type**  
**For the Year Ended June 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Hotel/motel taxes	\$ 439,838	\$ -	\$ 439,838
Intergovernmental	364,330	5,479	369,809
Fines and forfeitures	129,302	-	129,302
Investment earnings	433	349	782
Miscellaneous	9,252	348	9,600
<b>Total Revenues</b>	<b>943,155</b>	<b>6,176</b>	<b>949,331</b>
<b>Expenditures</b>			
General government	-	9,000	9,000
Public safety	390,493	-	390,493
Community development	439,838	-	439,838
Public works	-	23,795	23,795
Engineering	-	10,465	10,465
<b>Total Expenditures</b>	<b>830,331</b>	<b>43,260</b>	<b>873,591</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>112,824</b>	<b>(37,084)</b>	<b>75,740</b>
<b>Other Financing Sources</b>			
Transfers in	-	91,000	91,000
<b>Net Change in Fund Balances</b>	<b>112,824</b>	<b>53,916</b>	<b>166,740</b>
<b>Fund Balances Beginning of Year</b>	<b>283,135</b>	<b>(1,339)</b>	<b>281,796</b>
<b>Fund Balances End of Year</b>	<b>\$ 395,959</b>	<b>\$ 52,577</b>	<b>\$ 448,536</b>

# GENERAL FUND



**City of Statesboro, Georgia**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 254,765	\$ 515,690
Receivables:		
Taxes	458,550	225,611
Accounts	59,154	49,468
Intergovernmental	20,611	25,603
Interfund	1,041,532	1,151,225
Prepaid items	197,547	174,009
<b>Total Assets</b>	<b>\$ 2,032,159</b>	<b>\$ 2,141,606</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 398,388	\$ 504,802
Accrued payroll and payroll taxes	256,357	239,764
Other liabilities	77,374	68,235
Interfund payable	938,621	46,274
Deferred revenue	262,310	160,733
<b>Total Liabilities</b>	<b>1,933,050</b>	<b>1,019,808</b>
<b>Fund Balances</b>		
Reserved for prepaid items	197,547	174,009
Unreserved - undesignated	(98,438)	947,789
<b>Total Fund Balances</b>	<b>99,109</b>	<b>1,121,798</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,032,159</b>	<b>\$ 2,141,606</b>

**City of Statesboro, Georgia**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Taxes:		
Property	\$ 3,704,711	\$ 3,581,923
Automobiles	181,813	191,028
Franchise	1,688,915	1,587,617
Insurance premium	1,258,448	1,270,366
Alcoholic beverage	675,794	683,371
Other	75,431	128,778
Licenses and permits	865,829	703,815
Intergovernmental	-	98,461
Charges for services	205,961	198,489
Fines and forfeitures	1,439,339	1,656,479
Miscellaneous	44,920	32,034
<b>Total Revenues</b>	<u>10,141,161</u>	<u>10,132,361</u>
<b>Expenditures</b>		
<b>Current:</b>		
General government		
Governing body	325,330	399,844
City manager's office	325,790	457,380
City clerk's office	426,368	523,584
Elections	13,620	170
Financial administration	592,849	581,311
Legal	23,345	-
Information technology	257,181	194,870
Human resources	101,528	150,424
Government buildings	105,511	86,373
Records management	4,030	36,095
General administration fees	26,534	31,874
Total general government	<u>2,202,086</u>	<u>2,461,925</u>
Municipal court	<u>588,804</u>	<u>684,444</u>
Public safety:		
Police	5,393,510	5,233,278
Emergency management	5,000	5,000
Animal control	-	34,733
Total public safety	<u>5,398,510</u>	<u>5,273,011</u>

(continued)

**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

(continued)

	<u>2010</u>	<u>2009</u>
Streets/public works	\$ 1,852,879	\$ 1,779,706
Parks and cemeteries	430,178	444,407
Engineering	797,572	721,165
Planning and zoning	319,139	290,564
Community services:		
Arts Center	147,008	399,389
Other	38,617	36,937
Total community services	185,625	436,326
Community development	94,155	82,555
<b>Debt Service:</b>		
Principal retirement	304,313	347,306
Interest and fiscal charges	34,202	30,966
<b>Total Debt Service</b>	338,515	378,272
<b>Total Expenditures</b>	12,207,463	12,552,375
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(2,066,302)	(2,420,014)
<b>Other Financing Sources (Uses)</b>		
Transfers in	2,752,000	3,501,313
Transfers out	(1,713,028)	(1,616,644)
Sale of capital assets	4,641	8,047
<b>Total Other Financing Sources (Uses)</b>	1,043,613	1,892,716
<b>Net Change in Fund Balances</b>	(1,022,689)	(527,298)
<b>Fund Balances Beginning of Year</b>	1,121,798	1,649,096
<b>Fund Balances End of Year</b>	\$ 99,109	\$ 1,121,798

A photograph showing four men working on a construction site. They are gathered around a large, dark pipe being laid in a trench. One man in a tan jacket is kneeling and using a tool to work on the pipe. Another man in a white shirt and blue jeans is kneeling next to him. A third man in a white shirt and blue jeans is standing and looking down at the pipe. A fourth man in a white shirt and a cap is standing in the background. To the right, there is a large stack of yellow pipes on a wooden pallet. The background consists of a grassy field and a line of trees under a clear blue sky.

**MAJOR CAPITAL  
PROJECTS FUND**



**City of Statesboro, Georgia**  
**2002 SPLOST Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 53,747	\$ -
Intergovernmental receivable	452,932	72,770
Interfund receivable	<u>1,588</u>	<u>154,317</u>
<b>Total Assets</b>	<u><u>508,267</u></u>	<u><u>227,087</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 25,709	\$ 6,740
Deferred revenue	-	53,096
Interfund payable	<u>482,558</u>	<u>167,251</u>
<b>Total Liabilities</b>	<u><u>\$ 508,267</u></u>	<u><u>\$ 227,087</u></u>

**City of Statesboro, Georgia**  
**2002 SPLOST Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Intergovernmental - Sales taxes	\$ 691,524	\$ 718,585
<b>Expenditures</b>		
Capital outlay		
Public works	12,001	353,460
<b>Excess of Revenues Over Expenditures</b>	<u>679,523</u>	<u>365,125</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	89,492	-
Transfers out	<u>(769,015)</u>	<u>(365,125)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(679,523)</u>	<u>(365,125)</u>
<b>Net Change in Fund Balances</b>	-	-
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**City of Statesboro, Georgia**  
**2007 SPLOST Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,970,246	\$ 377,098
Intergovernmental receivable	727,998	97,223
Interfund receivable	<u>334,111</u>	<u>46,274</u>
<b>Total Assets</b>	<u>\$ 4,032,355</u>	<u>\$ 520,595</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 117,421	\$ 111,727
Interfund payable	<u>593,486</u>	<u>291,667</u>
<b>Total Liabilities</b>	710,907	403,394
<b>Fund Balances</b>		
Unreserved - undesignated	<u>3,321,448</u>	<u>117,201</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,032,355</u>	<u>\$ 520,595</u>

**City of Statesboro, Georgia**  
**2007 SPLOST Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Intergovernmental - Sales taxes	\$ 4,640,609	\$ 1,166,667
Investment earnings	2,378	4,401
<b>Total Revenues</b>	<b>4,642,987</b>	<b>1,171,068</b>
<b>Expenditures</b>		
Capital outlay:		
Parks and cemetery	142,577	52,288
Municipal court	-	58,115
Public safety	346,467	-
Public works	7,296	-
<b>Total Expenditures</b>	<b>496,340</b>	<b>110,403</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,146,647</b>	<b>1,060,665</b>
<b>Other Financing Sources (Uses)</b>		
Inception of capital lease obligation	334,111	-
Transfers out	(1,276,511)	(1,006,667)
<b>Total Other Financing Sources (uses)</b>	<b>(942,400)</b>	<b>(1,006,667)</b>
<b>Net Change in Fund Balances</b>	<b>3,204,247</b>	<b>53,998</b>
<b>Fund Balances Beginning of Year</b>	<b>117,201</b>	<b>63,203</b>
<b>Fund Balances End of Year</b>	<b>\$ 3,321,448</b>	<b>\$ 117,201</b>

**City of Statesboro, Georgia**  
***Downtown Streetscape Fund***  
***Comparative Balance Sheet***  
***June 30, 2010 and 2009***

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 37,116
Intergovernmental receivable	48,640	37,225
Interfund receivable	<u>482,558</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 531,198</u>	<u>\$ 74,341</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 266,117	\$ 53,552
Intefund payable	<u>265,081</u>	<u>-</u>
<b>Total Liabilities</b>	531,198	53,552
<b>Fund Balances</b>		
Unreserved - undesignated	<u>-</u>	<u>20,789</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 531,198</u>	<u>\$ 74,341</u>

**City of Statesboro, Georgia**  
**Downtown Streetscape Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Intergovernmental	\$ 492,775	\$ 46,297
<b>Expenditures</b>		
Public works	<u>996,122</u>	<u>128,794</u>
<b>Deficiency of Revenues Under Expenditures</b>	(503,347)	(82,497)
<b>Other Financing Sources</b>		
Transfers in	<u>482,558</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(20,789)	(82,497)
<b>Fund Balances Beginning of Year</b>	<u>20,789</u>	<u>103,286</u>
<b>Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ 20,789</u>



# NONMAJOR CAPITAL PROJECTS FUNDS

**City of Statesboro, Georgia**  
**Capital Improvements Program Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 54,918	\$ 168,035
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,341	\$ 15,057
Interfund payable	-	154,317
<b>Total Liabilities</b>	2,341	169,374
<b>Fund Balances</b>		
Unreserved - undesignated	52,577	(1,339)
<b>Total Liabilities and Fund Balances</b>	\$ 54,918	\$ 168,035



**City of Statesboro, Georgia**  
**Capital Improvements Program Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Intergovernmental	\$ 5,479	\$ 190,214
Investment earnings	349	1,648
Miscellaneous	348	-
<b>Total Revenues</b>	<b>6,176</b>	<b>191,862</b>
<b>Expenditures</b>		
<b>Capital Outlay</b>		
General government	9,000	78,561
Public safety	-	60,367
Public works	23,795	238,016
Parks and cemeteries	-	22,297
Engineering	10,465	70,833
<b>Total Expenditures</b>	<b>43,260</b>	<b>470,074</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(37,084)</b>	<b>(278,212)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	91,000	317,000
Inception of capital lease obligations	-	43,405
<b>Total Other Financing Sources (Uses)</b>	<b>91,000</b>	<b>360,405</b>
<b>Net Change in Fund Balances</b>	<b>53,916</b>	<b>82,193</b>
<b>Fund Balances Beginning of Year</b>	<b>(1,339)</b>	<b>(83,532)</b>
<b>Fund Balances End of Year</b>	<b>\$ 52,577</b>	<b>\$ (1,339)</b>



# MAJOR SPECIAL REVENUE FUNDS

**City of Statesboro, Georgia**  
**Statesboro Fire Service Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 819,036	\$ 509,905
Intergovernmental receivable	39,812	58,635
Prepaid items	17,613	11,045
<b>Total Assets</b>	<u>876,461</u>	<u>579,585</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	24,111	40,546
Deferred revenue	14,496	11,797
Accrued payroll	8,984	-
Interfund payable	403,446	-
<b>Total Liabilities</b>	<u>451,037</u>	<u>52,343</u>
<b>Fund Balances</b>		
Reserved for prepaid items	17,613	11,045
Unreserved - undesignated	407,811	516,197
<b>Total Fund Balances</b>	<u>425,424</u>	<u>527,242</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 876,461</u>	<u>\$ 579,585</u>

**City of Statesboro, Georgia**  
**Statesboro Fire Service Fund**  
**Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Charges for services	\$ 882,129	\$ 857,116
Intergovernmental	256,000	122,369
Investment earnings	896	2,082
Miscellaneous	2,151	2,038
<b>Total Revenues</b>	<u>1,141,176</u>	<u>983,605</u>
<b>Expenditures</b>		
<b>Current:</b>		
Fire	<u>2,652,638</u>	<u>2,271,516</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(1,511,462)	(1,287,911)
<b>Other Financing Sources (Uses)</b>		
Transfers in	<u>1,409,644</u>	<u>1,409,644</u>
<b>Net Change in Fund Balances</b>	(101,818)	121,733
<b>Fund Balances Beginning of Year</b>	<u>527,242</u>	<u>405,509</u>
<b>Fund Balances End of Year</b>	<u>\$ 425,424</u>	<u>\$ 527,242</u>



# NONMAJOR SPECIAL REVENUE FUNDS

**City of Statesboro, Georgia**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	<u>Confiscated Assets</u>	<u>CDBG</u>	<u>Department of Justice Grant</u>	<u>Hotel/Motel Tax</u>	<u>Multiple Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 196,301	\$ -	\$ 48,939	\$ -	\$ -	\$ 245,240
Receivables:						
Hotel/motel taxes	-	-	-	38,265	-	38,265
Intergovernmental	-	-	-	-	76,875	76,875
Notes	-	204,365	-	-	-	204,365
Interfund	-	-	-	30,121	-	30,121
<b>Total Assets</b>	<u>\$ 196,301</u>	<u>\$ 204,365</u>	<u>\$ 48,939</u>	<u>\$ 68,386</u>	<u>\$ 76,875</u>	<u>\$ 594,866</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 314	\$ -	\$ 6,175	\$ 6,489
Interfund payable	-	1,833	-	-	70,700	72,533
Other	51,499	-	-	68,386	-	119,885
<b>Total Liabilities</b>	51,499	1,833	314	68,386	76,875	198,907
<b>Fund Balances</b>						
Unreserved, undesignated	144,802	202,532	48,625	-	-	395,959
<b>Total Liabilities and Fund Balances</b>	<u>\$ 196,301</u>	<u>\$ 204,365</u>	<u>\$ 48,939</u>	<u>\$ 68,386</u>	<u>\$ 76,875</u>	<u>\$ 594,866</u>

**City of Statesboro, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2010**

	<b>Confiscated Assets</b>	<b>CDBG</b>	<b>Department of Justice Grant</b>	<b>Hotel/Motel Tax</b>	<b>Multiple Grant</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>						
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ 439,838	\$ -	\$ 439,838
Intergovernmental	-	-	8,315	-	356,015	364,330
Fines and forfeitures	69,831	-	59,471	-	-	129,302
Investment earnings	433	-	-	-	-	433
Miscellaneous	-	9,252	-	-	-	9,252
<b>Total Revenues</b>	<b>70,264</b>	<b>9,252</b>	<b>67,786</b>	<b>439,838</b>	<b>356,015</b>	<b>943,155</b>
<b>Expenditures</b>						
<b>Current:</b>						
Public safety	11,281	-	23,197	-	356,015	390,493
Community development	-	-	-	439,838	-	439,838
<b>Total Expenditures</b>	<b>11,281</b>	<b>-</b>	<b>23,197</b>	<b>439,838</b>	<b>356,015</b>	<b>830,331</b>
<b>Net Change in Fund Balances</b>	<b>58,983</b>	<b>9,252</b>	<b>44,589</b>	<b>-</b>	<b>-</b>	<b>112,824</b>
<b>Fund Balances Beginning of Year</b>	<b>85,819</b>	<b>193,280</b>	<b>4,036</b>	<b>-</b>	<b>-</b>	<b>283,135</b>
<b>Fund Balances End of Year</b>	<b>\$ 144,802</b>	<b>\$ 202,532</b>	<b>\$ 48,625</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 395,959</b>

**City of Statesboro, Georgia**  
**Confiscated Assets Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	<u>\$ 196,301</u>	<u>\$ 118,689</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Other liabilities	\$ 51,499	\$ 32,870
<b>Fund Balances</b>		
Unreserved, undesignated	<u>144,802</u>	<u>85,819</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 196,301</u>	<u>\$ 118,689</u>



**City of Statesboro, Georgia**  
**Confiscated Assets Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2009)*

	2010			2009
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Fines and forfeitures	\$ 70,000	\$ 69,831	\$ (169)	\$ 97,348
Investment earnings	505	433	(72)	365
<b>Total Revenues</b>	70,505	70,264	(241)	97,713
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	24,000	11,281	12,719	35,147
<b>Net Change in Fund Balances</b>	<u>\$ 46,505</u>	58,983	<u>\$ 12,478</u>	62,566
<b>Fund Balances Beginning of Year</b>		85,819		23,253
<b>Fund Balances End of Year</b>		<u>\$ 144,802</u>		<u>\$ 85,819</u>

**City of Statesboro, Georgia**  
**Community Development Block Grant Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 8,224
Notes receivable	<u>204,365</u>	<u>185,056</u>
<b>Total Assets</b>	<u>\$ 204,365</u>	<u>\$ 193,280</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Interfund payable	\$ 1,833	\$ -
<b>Fund Balances</b>		
Unreserved, undesignated	<u>202,532</u>	<u>193,280</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 204,365</u>	<u>\$ 193,280</u>

**City of Statesboro, Georgia**  
**Community Development Block Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2009)*

	2010			2009
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Sale of lots	\$ 14,340	\$ 9,252	\$ (5,088)	\$ 4,626
<b>Expenditures</b>				
<b>Current:</b>				
Community development	-	-	-	-
<b>Net Change in Fund Balances</b>	<u>\$ 14,340</u>	9,252	<u>\$ (5,088)</u>	4,626
<b>Fund Balances Beginning of Year</b>		<u>193,280</u>		<u>188,654</u>
<b>Fund Balances End of Year</b>		<u>\$ 202,532</u>		<u>\$ 193,280</u>

**City of Statesboro, Georgia**  
**Department of Justice Grant Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 48,939	\$ 9,948
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 314	\$ 5,912
<b>Fund Balances</b>		
Unreserved, undesignated	48,625	4,036
<b>Total Liabilities and Fund Balances</b>	<u>\$ 48,939</u>	<u>\$ 9,948</u>

**City of Statesboro, Georgia**  
**Department of Justice Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	<b>2010</b>			<b>2009</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 8,315	\$ 8,315	\$ -	\$ 57,310
Fines and forfeitures	-	30,392	59,471	29,079	12,283
<b>Total Revenues</b>	-	38,707	67,786	29,079	69,593
<b>Expenditures</b>					
<b>Current:</b>					
Public safety	-	20,000	23,197	(3,197)	69,438
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ 18,707</u>	44,589	<u>\$ 25,882</u>	155
<b>Fund Balances Beginning of Year</b>			<u>4,036</u>		<u>3,881</u>
<b>Fund Balances End of Year</b>			<u>\$ 48,625</u>		<u>\$ 4,036</u>

**City of Statesboro, Georgia**  
**Hotel/Motel Tax Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 19,957
Taxes receivable	38,265	44,154
Interfund receivable	<u>30,121</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 68,386</u>	<u>\$ 64,111</u>
<b>Liabilities</b>		
Other liabilities	<u>\$ 68,386</u>	<u>\$ 64,111</u>

**City of Statesboro, Georgia**  
**Hotel/Motel Tax Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2009)*

	2010			2009
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Hotel/motel taxes	\$ 444,130	\$ 439,838	\$ (4,292)	\$ 456,994
<b>Expenditures</b>				
<b>Current:</b>				
Community development	444,130	439,838	4,292	456,994
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balances Beginning of Year</b>		-		-
<b>Fund Balances End of Year</b>		<u>\$ -</u>		<u>\$ -</u>

**City of Statesboro, Georgia**  
**Multiple Grant Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Intergovernmental receivable	\$ 76,875	\$ 197,945
<b>Total Assets</b>	<u>76,875</u>	<u>197,945</u>
<b>Liabilities</b>		
Accounts payable	\$ 6,175	\$ 460
Deferred revenue	-	3,668
Interfund payable	<u>70,700</u>	<u>193,817</u>
<b>Total Liabilities</b>	<u>\$ 76,875</u>	<u>\$ 197,945</u>



**City of Statesboro, Georgia**  
**Multiple Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2010**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2009)*

	<u>2010</u>			<u>2009</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues</b>					
Intergovernmental	\$ 6,000	\$ 445,873	\$ 356,015	\$ (89,858)	\$ 324,056
<b>Expenditures</b>					
<b>Current:</b>					
Public safety	6,000	445,873	356,015	89,858	324,056
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>	\$ -
<b>Fund Balances Beginning of Year</b>			-		-
<b>Fund Balances End of Year</b>			<u>\$ -</u>		<u>\$ -</u>

# MAJOR ENTERPRISE FUNDS



City of Statesboro, Georgia  
*Water and Sewer Operating Fund*  
*Comparative Statement of Net Assets*  
*June 30, 2010 and 2009*

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 945,774	\$ 431,138
Receivables:		
Accounts	374,943	448,365
Unbilled accounts	574,700	415,506
Interfund	1,146,358	167,251
Materials and supplies inventory	271,217	300,668
Prepaid items	30,524	62,855
Restricted assets - Cash and cash equivalents	419,513	395,150
<b>Total Current Assets</b>	<u>3,763,029</u>	<u>2,220,933</u>
<b>Noncurrent Assets:</b>		
<b>Restricted Assets:</b>		
Cash and cash equivalents	8,945,808	399,192
<b>Capital Assets:</b>		
Land	347,981	347,981
Buildings	641,859	641,859
Improvements other than buildings	55,343,426	55,003,525
Machinery and equipment	4,223,809	4,201,007
Less accumulated depreciation	(24,159,472)	(22,513,799)
Construction in progress	723,641	308,324
<b>Total Capital Assets</b>	<u>37,121,244</u>	<u>37,988,897</u>
<b>Other Assets:</b>		
Unamortized debt issuance costs	195,759	17,410
Deferred loss on advance refunding	-	19,396
<b>Total Other Assets</b>	<u>195,759</u>	<u>36,806</u>
<b>Total Noncurrent Assets</b>	<u>46,262,811</u>	<u>38,424,895</u>
<b>Total Assets</b>	<u>50,025,840</u>	<u>40,645,828</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	191,660	167,493
Accrued payroll	7,634	-
Accrued interest payable	118,042	77,467
Current portion of notes payable	119,455	603,137
Current portion of revenue bonds payable	475,000	270,000
Customer deposits	419,513	395,150
Compensated absences payable	23,413	23,042
Interfund payable	103,160	-
<b>Total Current Liabilities</b>	<u>1,457,877</u>	<u>1,536,289</u>
<b>Long-Term Liabilities:</b>		
Compensated absences payable (net of current portion)	93,651	92,170
Other post employment benefits payable	30,719	-
Notes payable (net of current portion)	3,294,662	9,198,075
Revenue bonds payable, net of unamortized premium (net of current portion)	14,851,084	215,000
<b>Total Long-Term Liabilities</b>	<u>18,270,116</u>	<u>9,505,245</u>
<b>Total Liabilities</b>	<u>19,727,993</u>	<u>11,041,534</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	26,056,287	27,702,685
Restricted for revenue bond retirement	1,046,098	199,193
Restricted for renewal and extension	200,000	200,000
Unrestricted	2,995,462	1,502,416
<b>Total Net Assets</b>	<u>\$ 30,297,847</u>	<u>\$ 29,604,294</u>

City of Statesboro, Georgia  
*Water and Sewer Operating Fund*  
*Comparative Statement of Revenues,*  
*Expenses and Changes in Fund Net Assets*  
*For The Years Ended June 30, 2010 and 2009*

	<u>2010</u>	<u>2009</u>
<b>Operating Revenues</b>		
Water sales	\$ 3,587,730	\$ 3,113,135
Sewer charges	3,312,429	2,982,826
Penalties	119,252	108,568
Reconnecting charges	172,995	95,878
Service fees	228,395	159,036
Tap fees	464,180	167,155
Rental income	160,402	166,234
Miscellaneous	197,419	118,959
<b>Total Operating Revenues</b>	<u>8,242,802</u>	<u>6,911,791</u>
<b>Operating Expenses</b>		
Salaries	1,857,376	1,878,760
Employee benefits	893,994	690,706
Purchased services:		
Training	6,963	8,834
Dues and certification	4,182	7,142
Repairs and maintenance	297,526	277,915
Inspections	43,151	32,363
Contracted services	26,705	21,713
Laboratory services	13,336	15,333
Electricity	663,593	662,385
Telephone	14,774	16,710
Insurance	68,960	76,022
Equipment rental	4,698	3,464
Engineering fees	49,467	13,685
Legal fees	4,413	-
Tippage fees	185,060	131,411
Travel	23,171	26,910
Advertising	1,578	1,609
Postage	5,204	6,061
Materials and supplies:		
Uniforms	15,601	10,240
Materials and supplies	226,395	246,907
Chemicals	78,046	76,025
Gasoline, oil, etc.	57,843	75,048
Small equipment	26,779	26,569
Depreciation	1,661,790	1,637,871
Bad debts	46,389	10,219
Other	5,656	7,838
<b>Total Operating Expenses</b>	<u>6,282,650</u>	<u>5,961,740</u>
<b>Operating Income</b>	<u>1,960,152</u>	<u>950,051</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	2,337	7,522
Interest expense	(510,876)	(479,507)
Amortization	(38,928)	(24,538)
Gain on sale of capital assets	4,708	5,302
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(542,759)</u>	<u>(491,221)</u>
<b>Income Before Capital Contributions and Transfers</b>	1,417,393	458,830
Capital contributions	204,703	138,792
Transfers in	286,457	306,966
Transfers out	(1,215,000)	(1,946,313)
<b>Change in Net Assets</b>	693,553	(1,041,725)
<b>Net Assets Beginning of Year</b>	<u>29,604,294</u>	<u>30,646,019</u>
<b>Net Assets End of Year</b>	<u>\$ 30,297,847</u>	<u>\$ 29,604,294</u>

**City of Statesboro, Georgia**  
**Reclaimed Water System Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 300,532	\$ -
Interfund receivable	72,715	-
<b>Total Current Assets</b>	<u>373,247</u>	<u>-</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets:</b>		
Construction in progress	208,063	89,492
<b>Total Assets</b>	<u>581,310</u>	<u>89,492</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	80,560	-
<b>Net Assets</b>		
Invested in capital assets, net of related debt	208,063	89,492
Unrestricted	292,687	-
<b>Total Net Assets</b>	<u>\$ 500,750</u>	<u>\$ 89,492</u>

**City of Statesboro, Georgia**  
**Reclaimed Water System Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**For The Year Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Non-Operating Revenues</b>		
Investment earnings	\$ 750	\$ -
<b>Income Before Capital Contributions and Transfers</b>	750	-
Capital contributions	500,000	-
Transfers in	-	58,159
Transfers out	(89,492)	-
<b>Change in Net Assets</b>	411,258	58,159
<b>Net Assets Beginning of Year</b>	89,492	31,333
<b>Net Assets End of Year</b>	<u>\$ 500,750</u>	<u>\$ 89,492</u>

**City of Statesboro, Georgia**  
**Gas Operating Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 375,719	\$ 183,951
Receivables:		
Accounts	123,575	200,859
Unbilled accounts	236,699	168,252
Intergovernmental	1,907	15,875
Interfund	29,714	-
Inventory	74,427	85,360
Prepaid items	19,812	23,347
Restricted assets - Cash and cash equivalents	83,069	86,865
<b>Total Current Assets</b>	<u>944,922</u>	<u>764,509</u>
<b>Capital Assets:</b>		
Land	78,004	78,004
Buildings	154,535	154,535
Improvements other than buildings	4,552,919	4,543,064
Machinery and equipment	510,555	502,735
Less accumulated depreciation	(2,498,028)	(2,374,514)
Construction in progress	9,896	14,125
<b>Total Capital Assets</b>	<u>2,807,881</u>	<u>2,917,949</u>
<b>Total Assets</b>	<u>3,752,803</u>	<u>3,682,458</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	187,514	170,393
Accrued payroll	1,471	-
Accrued interest payable	2,484	2,782
Compensated absences payable	4,256	4,441
Sales tax payable	29,040	19,960
Customer deposits	83,069	86,865
Notes payable	23,554	59,449
Capital lease payable	6,690	6,690
Interfund payable	9,602	-
<b>Total Current Liabilities</b>	<u>347,680</u>	<u>350,580</u>
<b>Long-Term Liabilities:</b>		
Compensated absences payable (net of current portion)	17,023	17,766
Other post employment benefits payable	5,770	-
Notes payable (net of current portion)	311,395	334,949
Capital lease payable (net of current portion)	20,068	26,758
<b>Total Long-Term Liabilities</b>	<u>354,256</u>	<u>379,473</u>
<b>Total Liabilities</b>	<u>701,936</u>	<u>730,053</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	2,446,174	2,490,103
Unrestricted	604,693	462,302
<b>Total Net Assets</b>	<u>\$ 3,050,867</u>	<u>\$ 2,952,405</u>

**City of Statesboro, Georgia**  
**Gas Operating Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**For the Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Revenues</b>		
Charges for services	\$ 5,192,392	\$ 5,916,703
Penalties	54,254	65,356
Tap fees	1,550	2,175
Transport fees	26,624	22,486
Service fees	1,450	1,540
Miscellaneous	2,854	5,159
<b>Total Operating Revenues</b>	<b>5,279,124</b>	<b>6,013,419</b>
<b>Operating Expenses</b>		
Salaries	351,675	350,900
Employee benefits	139,788	127,003
Purchased Services:		
Training	680	752
Dues and certification	2,053	2,864
Repairs and maintenance	59,030	67,607
Contracted services	65,595	58,568
Electricity	7,298	7,937
Telephone	6,003	7,160
Insurance	17,326	23,641
Equipment rental	6,713	3,057
Engineering fees	4,800	4,800
Water heater program	16,416	12,398
Travel	9,330	9,474
Advertising	841	1,474
Postage	140	83
Materials and supplies:		
Uniforms	2,937	4,211
Materials and supplies	29,304	41,449
Chemicals	1,301	12,262
Gasoline, oil, etc.	16,231	13,792
Small equipment	1,598	5,344
Cost of sales	3,377,219	4,095,083
Depreciation	123,515	135,013
Bad debts	11,000	5,009
Other	13,100	18,702
<b>Total Operating Expenses</b>	<b>4,263,893</b>	<b>5,008,583</b>
<b>Operating Income</b>	<b>1,015,231</b>	<b>1,004,836</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	375	1,439
Intergovernmental	18,556	45,481
Interest expense	(10,700)	(15,667)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>8,231</b>	<b>31,253</b>
<b>Income Before Transfers</b>	<b>1,023,462</b>	<b>1,036,089</b>
Transfers out	(925,000)	(1,105,000)
<b>Change in Net Assets</b>	<b>98,462</b>	<b>(68,911)</b>
<b>Net Assets Beginning of Year</b>	<b>2,952,405</b>	<b>3,021,316</b>
<b>Net Assets End of Year</b>	<b>\$ 3,050,867</b>	<b>\$ 2,952,405</b>



**City of Statesboro, Georgia**  
**Solid Waste Collection Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 218,407	\$ -
Receivables:		
Accounts	118,222	119,778
Unbilled accounts	214,444	205,761
Interfund	32,126	1,609
Prepaid items	2,421	23,460
<b>Total Current Assets</b>	<b>585,620</b>	<b>350,608</b>
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Buildings	74,602	74,602
Machinery and equipment	2,783,201	2,772,159
Less accumulated depreciation	(1,980,442)	(1,798,687)
<b>Total Capital Assets</b>	<b>877,361</b>	<b>1,048,074</b>
<b>Total Assets</b>	<b>1,462,981</b>	<b>1,398,682</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	99,292	74,269
Accrued payroll	1,679	-
Compensated absences payable	3,950	5,082
Capital lease payable	47,567	40,567
Interfund payable	73,284	1,001
<b>Total Current Liabilities</b>	<b>225,772</b>	<b>120,919</b>
<b>Long-Term Liabilities:</b>		
Compensated absences payable (net of current portion)	15,798	20,328
Other post employment benefits payable	9,756	-
Capital lease payable (net of current portion)	107,700	162,267
<b>Total Long-Term Liabilities</b>	<b>133,254</b>	<b>182,595</b>
<b>Total Liabilities</b>	<b>359,026</b>	<b>303,514</b>
<b>Net Assets</b>		
Invested in capital assets	722,094	845,240
Unrestricted	381,861	249,928
<b>Total Net Assets</b>	<b>\$ 1,103,955</b>	<b>\$ 1,095,168</b>

**City of Statesboro, Georgia**  
**Solid Waste Collection Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Operating Revenues</b>		
Sanitation charges	\$ 2,562,424	\$ 2,495,719
Penalties	42,777	42,871
Miscellaneous	-	150
<b>Total Operating Revenues</b>	<u>2,605,201</u>	<u>2,538,740</u>
<b>Operating Expenses</b>		
Salaries	501,342	556,971
Employee benefits	348,204	236,894
Purchases services:		
Training	360	890
Dues and certification	189	346
Repairs and maintenance	260,904	250,608
Telephone	1,153	1,264
Insurance	27,004	34,042
Tippage fees	622,137	610,431
Advertising	139	1,842
Travel	727	556
Materials and supplies:		
Uniforms	8,031	5,981
Materials and supplies	2,550	2,844
Gasoline, oil, etc.	86,483	91,953
Chemicals	1,588	658
Depreciation	181,756	199,996
Bad debts	10,605	4,988
Other	595	909
<b>Total Operating Expenses</b>	<u>2,053,767</u>	<u>2,001,173</u>
<b>Operating Income</b>	<u>551,434</u>	<u>537,567</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	353	355
Gain on sale of capital assets	-	3,476
<b>Total Non-Operating Revenues (Expenses)</b>	<u>353</u>	<u>3,831</u>
<b>Income Before Transfers</b>	551,787	541,398
Transfers out	<u>(543,000)</u>	<u>(550,000)</u>
<b>Change in Net Assets</b>	8,787	(8,602)
<b>Net Assets Beginning of Year</b>	<u>1,095,168</u>	<u>1,103,770</u>
<b>Net Assets End of Year</b>	<u>\$ 1,103,955</u>	<u>\$ 1,095,168</u>

**City of Statesboro, Georgia**  
**Solid Waste Disposal Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 250	\$ 250
Receivables:		
Accounts	12,241	10,959
Unbilled accounts	180,429	169,626
Interfund	194,444	291,667
Prepaid items	10,426	8,679
<b>Total Current Assets</b>	<u>397,790</u>	<u>481,181</u>
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Land	123,425	123,425
Buildings	1,149,495	1,149,495
Improvements other than buildings	202,801	202,801
Infrastructure	225,697	225,697
Machinery and equipment	2,001,387	2,001,387
Less accumulated depreciation	(1,986,706)	(1,750,915)
Construction in progress	65,191	60,620
<b>Total Capital Assets</b>	<u>1,781,290</u>	<u>2,012,510</u>
<b>Total Assets</b>	<u>2,179,080</u>	<u>2,493,691</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	70,766	104,458
Accrued payroll	1,127	-
Compensated absences payable	3,165	2,571
Capital lease payable	25,918	25,918
Interfund payable	775,027	958,016
Landfill postclosure care costs	124,892	130,725
<b>Total Current Liabilities</b>	<u>1,000,895</u>	<u>1,221,688</u>
<b>Long-Term Liabilities:</b>		
Compensated absences payable	12,658	10,286
Other post employment benefits payable	4,649	-
Landfill postclosure care costs (net of current portion)	1,572,796	1,701,210
Capital lease payable (net of current portion)	77,754	103,672
<b>Total Long-Term Liabilities</b>	<u>1,667,857</u>	<u>1,815,168</u>
<b>Total Liabilities</b>	<u>2,668,752</u>	<u>3,036,856</u>
<b>Net Assets</b>		
Invested in capital assets	1,677,618	1,882,920
Unrestricted	(2,167,290)	(2,426,085)
<b>Total Net Assets</b>	<u>\$ (489,672)</u>	<u>\$ (543,165)</u>

**City of Statesboro, Georgia**  
**Solid Waste Disposal Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**For the Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Revenues</b>		
Tippage fees	\$ 1,958,316	\$ 2,063,245
Penalties	11,410	10,028
Miscellaneous	47,988	38,753
<b>Total Operating Revenues</b>	<b>2,017,714</b>	<b>2,112,026</b>
<b>Operating Expenses</b>		
Salaries	276,964	290,263
Employee benefits	166,503	113,789
Purchased services:		
Training	360	1,487
Dues and certification	687	4,873
Repairs and maintenance	167,308	188,589
Contracted services	53,264	63,316
Electricity	16,078	14,904
Telephone	2,485	2,611
Insurance	10,764	12,508
Equipment rental	439	205
Transportation and disposal	624,253	729,125
Air rights	1,231,017	1,324,573
Advertising	-	45
Special projects/programs	85,000	95,000
Waste reduction	45,387	39,254
Enforcement and monitoring	122,000	122,000
Travel	2,064	1,208
Materials and supplies:		
Uniforms	3,620	3,458
Materials and supplies	8,239	11,514
Gasoline, oil, etc.	27,949	26,641
Chemicals	612	-
Depreciation	235,791	228,396
Miscellaneous	286	2,039
<b>Total Operating Expenses</b>	<b>3,081,070</b>	<b>3,275,798</b>
<b>Operating (Loss)</b>	<b>(1,063,356)</b>	<b>(1,163,772)</b>
<b>Non-Operating Revenues</b>		
Investment earnings	338	2,717
Gain on sale of capital assets	-	57,975
<b>Total Non-Operating Revenues</b>	<b>338</b>	<b>60,692</b>
<b>(Loss) before Transfers</b>	<b>(1,063,018)</b>	<b>(1,103,080)</b>
Transfers in	1,276,511	1,006,667
Transfers out	(160,000)	(160,000)
<b>Change in Net Assets</b>	<b>53,493</b>	<b>(256,413)</b>
<b>Net Assets Beginning of Year</b>	<b>(543,165)</b>	<b>(286,752)</b>
<b>Net Assets End of Year</b>	<b>\$ (489,672)</b>	<b>\$ (543,165)</b>

# INTERNAL SERVICE FUNDS



**City of Statesboro, Georgia**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2010**

	<b>Benefits Insurance</b>	<b>Fleet Management</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ -	\$ 15,886	\$ 15,886
Accounts receivable	86,376	-	86,376
Interfund receivable	360,183	-	360,183
Inventory	-	134,038	134,038
Prepaid items	96,009	1,439	97,448
<b>Total Current Assets</b>	<b>542,568</b>	<b>151,363</b>	<b>693,931</b>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Depreciable capital assets, net	-	174,226	174,226
<b>Total Assets</b>	<b>542,568</b>	<b>325,589</b>	<b>868,157</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	7,568	35,183	42,751
Accrued payroll	-	927	927
Claims payable	535,000	-	535,000
Compensated absences payable	-	3,446	3,446
Interfund payable	-	8,652	8,652
<b>Total Current Liabilities</b>	<b>542,568</b>	<b>48,208</b>	<b>590,776</b>
<b>Long-Term Liabilities</b>			
Compensated absences payable (net of current portion)	-	13,785	13,785
Other post employment benefits payable	-	4,442	4,442
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>18,227</b>	<b>18,227</b>
<b>Total Liabilities</b>	<b>542,568</b>	<b>66,435</b>	<b>609,003</b>
<b>Net Assets</b>			
Invested in capital assets	-	174,226	174,226
Unrestricted	-	84,928	84,928
<b>Total Net Assets</b>	<b>\$ -</b>	<b>\$ 259,154</b>	<b>\$ 259,154</b>

**City of Statesboro, Georgia**  
**Combining Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

	<b>Benefits Insurance</b>	<b>Fleet Management</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 3,379,107	\$ 868,038	\$ 4,247,145
<b>Operating Expenses</b>			
Salaries	-	253,946	253,946
Employee benefits	-	117,270	117,270
Purchased services	-	183,135	183,135
Materials and supplies	-	23,619	23,619
Cost of sales	-	312,041	312,041
Depreciation	-	19,897	19,897
Claims	3,729,990	-	3,729,990
Miscellaneous	-	1,236	1,236
<b>Total Operating Expenses</b>	<b>3,729,990</b>	<b>911,144</b>	<b>4,641,134</b>
<b>Operating Income (Loss)</b>	<b>(350,883)</b>	<b>(43,106)</b>	<b>(393,989)</b>
<b>Non-Operating Revenues</b>			
Investment earnings	254	163	417
<b>Income (Loss) before Transfers</b>	<b>(350,629)</b>	<b>(42,943)</b>	<b>(393,572)</b>
Transfers in	303,384	-	303,384
<b>Change in Net Assets</b>	<b>(47,245)</b>	<b>(42,943)</b>	<b>(90,188)</b>
<b>Net Assets Beginning of Year</b>	<b>47,245</b>	<b>302,097</b>	<b>349,342</b>
<b>Net Assets End of Year</b>	<b>\$ -</b>	<b>\$ 259,154</b>	<b>\$ 259,154</b>

**City of Statesboro, Georgia**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

	<b>Benefits Insurance</b>	<b>Fleet Management</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 3,347,937	\$ 868,038	\$ 4,215,975
Cash payments to employees for services	-	(365,003)	(365,003)
Cash payments for goods and services	-	(501,328)	(501,328)
Cash payments for claims	(3,610,627)	-	(3,610,627)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(262,690)</b>	<b>1,707</b>	<b>(260,983)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances from (to) other funds	(360,183)	8,652	(351,531)
Transfers in	303,384	-	303,384
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(56,799)</b>	<b>8,652</b>	<b>(48,147)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for capital acquisitions	-	(9,500)	(9,500)
<b>Cash Flows from Investing Activities</b>			
Investment earnings	254	163	417
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(319,235)</b>	<b>1,022</b>	<b>(318,213)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>319,235</b>	<b>14,864</b>	<b>334,099</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ -</b>	<b>\$ 15,886</b>	<b>\$ 15,886</b>



**City of Statesboro, Georgia**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

	<u>Benefits Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
<b>Operating Income (Loss)</b>	\$ (350,883)	\$ (43,106)	\$ (393,989)
<b>Adjustments:</b>			
Depreciation	-	19,897	19,897
<b>(Increase) Decrease in Assets:</b>			
Accounts receivable	(31,170)	-	(31,170)
Materials and supplies inventory	-	7,210	7,210
Prepaid items	(14,547)	123	(14,424)
<b>Increase (Decrease) in Liabilities:</b>			
Accounts payable	(1,090)	11,370	10,280
Accrued payroll	-	927	927
Claims payable	135,000	-	135,000
Compensated absences payable	-	844	844
Other post employment benefits payable	-	4,442	4,442
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (262,690)</u>	<u>\$ 1,707</u>	<u>\$ (260,983)</u>

**City of Statesboro, Georgia**  
**Benefits Insurance Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ -	\$ 319,235
Accounts receivable	86,376	55,206
Prepaid insurance	96,009	81,462
Interfund receivable	360,183	-
<b>Total Current Assets</b>	<u>542,568</u>	<u>455,903</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Claims payable	535,000	400,000
Accounts payable	7,568	8,658
<b>Total Current Liabilities</b>	<u>542,568</u>	<u>408,658</u>
<b>Net Assets</b>		
Unrestricted	<u>\$ -</u>	<u>\$ 47,245</u>

**City of Statesboro, Georgia**  
**Benefits Insurance Fund**  
*Comparative Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
For the Years Ended June 30, 2010 and 2009*

	<u>2010</u>	<u>2009</u>
<b>Operating Revenues</b>		
Premiums - City and employees	\$ 3,379,098	\$ 3,014,449
Miscellaneous	9	6,575
<b>Total Operating Revenue</b>	3,379,107	3,021,024
<b>Operating Expenses</b>		
Claims	3,729,990	3,503,065
<b>Operating Income (Loss)</b>	(350,883)	(482,041)
<b>Non-Operating Revenues</b>		
Investment earnings	254	3,106
<b>Income (Loss) before Transfers</b>	(350,629)	(478,935)
Transfers in	303,384	200,000
<b>Change in Net Assets</b>	(47,245)	(278,935)
<b>Net Assets Beginning of Year</b>	47,245	326,180
<b>Net Assets End of Year</b>	<u>\$ -</u>	<u>\$ 47,245</u>

**City of Statesboro, Georgia**  
**Fleet Management Fund**  
**Comparative Statement of Net Assets**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 15,886	\$ 14,864
Inventory	134,038	141,248
Prepaid items	1,439	1,562
<b>Total Current Assets</b>	<u>151,363</u>	<u>157,674</u>
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Buildings	135,458	135,458
Equipment	280,766	271,266
Less accumulated depreciation	(241,998)	(222,101)
<b>Total Capital Assets</b>	<u>174,226</u>	<u>184,623</u>
<b>Total Assets</b>	<u>325,589</u>	<u>342,297</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	35,183	23,813
Accrued payroll	927	-
Compensated absences payable	3,446	3,278
Interfund payable	8,652	-
<b>Total Current Liabilities</b>	<u>48,208</u>	<u>27,091</u>
<b>Long-Term Liabilities</b>		
Compensated absences payable (net of current portion)	13,785	13,109
Other post employment benefits payable	4,442	-
<b>Total Long-Term Liabilities</b>	<u>18,227</u>	<u>13,109</u>
<b>Total Liabilities</b>	<u>66,435</u>	<u>40,200</u>
<b>Net Assets</b>		
Invested in capital assets	174,226	184,623
Unrestricted	84,928	117,474
<b>Total Net Assets</b>	<u>\$ 259,154</u>	<u>\$ 302,097</u>

**City of Statesboro, Georgia**  
**Fleet Management Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**For the Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Revenues</b>		
Parts sales and labor charges	\$ 868,038	\$ 891,914
Miscellaneous	-	119
<b>Total Operating Revenue</b>	<b>868,038</b>	<b>892,033</b>
<b>Operating Expenses</b>		
Salaries	253,946	254,939
Employee benefits	117,270	98,157
Purchased services:		
Training	360	1,540
Dues and certification	157	1,852
Repairs and maintenance	10,790	13,630
Contracted services	154,586	123,260
Electricity	12,962	14,580
Telephone	851	841
Insurance	1,850	2,194
Equipment rental	625	243
Advertising	-	1,343
Travel	954	561
Materials and supplies:		
Uniforms	3,314	3,714
Materials and supplies	17,109	24,035
Gasoline, oil, etc.	3,196	2,724
Cost of sales	312,041	291,607
Depreciation	19,897	20,496
Miscellaneous	1,236	3,089
<b>Total Operating Expenses</b>	<b>911,144</b>	<b>858,805</b>
<b>Operating Income (Loss)</b>	<b>(43,106)</b>	<b>33,228</b>
<b>Non-Operating Revenues</b>		
Investment earnings	163	1,022
<b>Income Before Transfers</b>	<b>(42,943)</b>	<b>34,250</b>
Transfers out	-	(50,000)
<b>Change in Net Assets</b>	<b>(42,943)</b>	<b>(15,750)</b>
<b>Net Assets Beginning of Year</b>	<b>302,097</b>	<b>317,847</b>
<b>Net Assets End of Year</b>	<b>\$ 259,154</b>	<b>\$ 302,097</b>

**City of Statesboro, Georgia**  
**Schedule of SPLOST Expenditures**  
**From Inception and for the Fiscal Year Ended June 30, 2010**

	<b>2002 SPLOST</b>					<b>Estimated Percentage of Completion</b>
	<b>Original Estimated Costs</b>	<b>Current Estimated Costs</b>	<b>Expenditures</b>			
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
Joint City/County Solid Waste Disposal	\$ 2,120,000	\$ 2,500,822	\$ 2,500,822	\$ -	\$ 2,500,822	100%
Waste Water Treatment	5,000,000	4,372,334	2,358,135	196,965	2,555,100	58%
Street and Drainage Projects	5,000,000	4,372,334	3,835,020	494,559	4,329,579	99%
Public Safety - Police Station Expansion/Renovation	2,140,000	3,140,000	3,140,000	-	3,140,000	100%
Public Safety -Police Vehicles	500,000	500,000	500,000	-	500,000	100%
Community Development	1,360,000	1,860,000	1,860,000	-	1,860,000	100%
	<u>\$ 16,120,000</u>	<u>\$ 16,745,490</u>	<u>\$ 14,193,977</u>	<u>\$ 691,524</u>	<u>\$ 14,885,501</u>	<u>89%</u>

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total 2002 SPLOST fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 12,001
Transfers from other funds	(89,492)
Transfers to other funds	769,015
Total current year expenditures per above	<u>\$ 691,524</u>

**City of Statesboro, Georgia**  
**Schedule of SPLOST Expenditures**  
*From Inception and for the Fiscal Year Ended June 30, 2010*

**2007 SPLOST**

	<b>Original Estimated Costs</b>	<b>Current Estimated Costs</b>	<b>Expenditures</b>			<b>Estimated Percentage of Completion</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
Joint City/County Solid Waste Disposal	\$ 7,000,000	\$ 7,000,000	\$ 1,944,445	\$ 1,276,511	\$ 3,220,956	46%
Cemetery Expansion	900,000	900,000	736,662	142,577	879,239	98%
Waste and Sewer Projects	9,860,000	9,860,000	-	-	-	0%
Street and Drainage Projects	5,307,500	5,307,500	-	7,296	7,296	0.1%
Public Safety Facilities and Equipment	4,200,000	4,200,000	58,115	12,356	70,471	2%
Solid Waste Handling Equipment	1,400,000	1,400,000	-	-	-	0%
	<u>\$ 28,667,500</u>	<u>\$ 28,667,500</u>	<u>\$ 2,739,222</u>	<u>\$ 1,438,740</u>	<u>\$ 4,177,962</u>	<u>15%</u>

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total 2007 SPLOST fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 496,340
Transfer to other funds	1,276,511
Proceeds from capital lease	(334,111)
Total current year expenditures per above	<u>\$ 1,438,740</u>



# STATISTICAL SECTION



# City of Statesboro, Georgia

## *Statistical Section*

*(Unaudited)*

This part of the City of Statesboro's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b>	S-1
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	
<b>Revenue Capacity</b>	S-10
These tables contain information that may assist the reader in assessing the viability of the City's two most significant local revenue sources, the property and sales taxes.	
<b>Debt Capacity</b>	S-18
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Economic &amp; Demographic Information</b>	S-22
This table offers economic and demographic indicators that are commonly used for financial analysis and that can inform one's understanding the City's present and ongoing financial status.	
<b>Operating Information</b>	S-24
These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.	

**Source:**

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003 therefore tables presenting government-wide information include only seven years.

**City of Statesboro, Georgia**  
**Government-wide Expenses, Program Revenues and**  
**Net (Expense)/Revenue by Function/Program**  
**Last Eight Fiscal Years <sup>2</sup>**  
**(accrual basis of accounting)**

Function/Program	Fiscal Year 2010			Fiscal Year 2009			Fiscal Year 2008			Fiscal Year 2007		
	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>
<b>Governmental Activities</b>												
General government	\$ 2,364,710	\$ 661,459	\$ (1,703,251)	\$ 2,683,348	\$ 765,661	\$ (1,917,687)	\$ 2,266,551	\$ 782,058	\$ (1,484,493)	\$ 2,110,223	\$ 620,563	\$ (1,489,660)
Municipal court	603,544	-	(603,544)	697,203	-	(697,203)	635,975	-	(635,975)	639,563	-	(639,563)
Public safety	8,935,759	4,084,378	(4,851,381)	8,465,499	3,255,928	(5,209,571)	7,978,175	3,843,208	(4,134,967)	7,154,050	3,081,888	(4,072,162)
Public works	2,530,638	4,942,553	2,411,915	2,452,550	2,121,763	(330,787)	2,531,841	2,424,054	(107,787)	2,272,342	4,094,204	1,821,862
Community development	534,041	-	(534,041)	539,771	-	(539,771)	495,059	4,500	(490,559)	484,187	-	(484,187)
Parks and cemeteries	514,166	-	(514,166)	533,706	-	(533,706)	528,039	684,374	156,335	478,762	-	(478,762)
Engineering	850,662	284,887	(565,775)	760,687	100,637	(660,050)	701,021	153,737	(547,284)	701,041	332,604	(368,437)
Planning and zoning	326,066	-	(326,066)	285,709	-	(285,709)	241,067	-	(241,067)	210,291	-	(210,291)
Community services	284,557	-	(284,557)	535,258	5,500	(529,758)	349,975	6,250	(343,725)	807,676	18,750	(788,926)
Interest on long-term debt	34,202	-	(34,202)	30,966	-	(30,966)	46,241	-	(46,241)	67,886	-	(67,886)
<b>Subtotal Governmental Activities</b>	<b>16,978,345</b>	<b>9,973,277</b>	<b>(7,005,068)</b>	<b>16,984,698</b>	<b>6,249,489</b>	<b>(10,735,209)</b>	<b>15,773,944</b>	<b>7,898,181</b>	<b>(7,875,763)</b>	<b>14,926,021</b>	<b>8,148,009</b>	<b>(6,778,012)</b>
<b>Business-type Activities</b>												
Water and sewer	6,906,526	8,750,086	1,843,560	6,557,573	6,931,624	374,051	6,394,274	7,898,918	1,504,644	5,990,457	8,317,809	2,327,352
Gas	4,293,665	5,294,826	1,001,161	5,040,258	6,053,741	1,013,483	5,299,783	6,224,982	925,199	5,833,902	6,277,707	443,805
Solid waste collection	2,094,925	2,605,201	510,276	2,026,631	2,538,590	511,959	1,968,174	2,471,249	503,075	1,891,991	2,359,448	467,457
Solid waste disposal	3,103,903	1,969,726	(1,134,177)	3,284,953	2,075,990	(1,208,963)	3,614,938	2,290,392	(1,324,546)	3,455,805	2,360,360	(1,095,445)
<b>Subtotal Business-type Activities</b>	<b>16,399,019</b>	<b>18,619,839</b>	<b>2,220,820</b>	<b>16,909,415</b>	<b>17,599,945</b>	<b>690,530</b>	<b>17,277,169</b>	<b>18,885,541</b>	<b>1,608,372</b>	<b>17,172,155</b>	<b>19,315,324</b>	<b>2,143,169</b>
<b>Total Primary Government</b>	<b>\$ 33,377,364</b>	<b>\$ 28,593,116</b>	<b>\$ (4,784,248)</b>	<b>\$ 33,894,113</b>	<b>\$ 23,849,434</b>	<b>\$ (10,044,678)</b>	<b>\$ 33,051,113</b>	<b>\$ 26,783,722</b>	<b>\$ (6,267,391)</b>	<b>\$ 32,098,176</b>	<b>\$ 27,463,333</b>	<b>\$ (4,634,842)</b>

Function/Program	Fiscal Year 2006			Fiscal Year 2005			Fiscal Year 2004			Fiscal Year 2003		
	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>
<b>Governmental Activities</b>												
General government	\$ 1,861,605	\$ 572,414	\$ (1,289,191)	\$ 1,753,174	\$ 578,353	\$ (1,174,821)	\$ 1,654,987	\$ 594,551	\$ (1,060,436)	\$ 1,709,635	\$ 583,981	\$ (1,125,654)
Municipal court	415,176	-	(415,176)	424,274	-	(424,274)	390,188	-	(390,188)	390,355	3,939	(386,416)
Public safety	6,552,311	3,217,236	(3,335,075)	6,144,619	2,490,824	(3,653,795)	5,564,625	1,869,402	(3,695,223)	5,527,516	1,964,588	(3,562,928)
Public works	2,005,572	1,727,145	(278,427)	1,914,240	1,729,928	(184,312)	2,028,312	3,650,868	1,622,556	2,132,875	4,621,705	2,488,830
Community development	413,832	-	(413,832)	393,169	8,992	(384,177)	392,554	1,790,448	1,397,894	483,833	915,655	431,822
Parks and cemeteries	352,504	17,744	(334,760)	393,658	298,000	(95,658)	340,928	142,591	(198,337)	351,813	-	(351,813)
Engineering	728,455	445,368	(283,087)	611,241	124,870	(486,371)	640,525	73,043	(567,482)	477,639	99,658	(377,981)
Planning and zoning	117,322	-	(117,322)	119,935	-	(119,935)	115,631	-	(115,631)	127,516	3,259	(124,257)
Community services	314,091	-	(314,091)	197,110	-	(197,110)	104,683	1,253,500	1,148,817	129,816	-	(129,816)
Interest on long-term debt	66,886	-	(66,886)	-	-	-	18,297	-	(18,297)	82,864	-	(82,864)
<b>Subtotal Governmental Activities</b>	<b>12,827,754</b>	<b>5,979,907</b>	<b>(6,847,847)</b>	<b>11,951,420</b>	<b>5,230,967</b>	<b>(6,720,453)</b>	<b>11,250,730</b>	<b>9,374,403</b>	<b>(1,876,327)</b>	<b>11,413,862</b>	<b>8,192,785</b>	<b>(3,221,077)</b>
<b>Business-type Activities</b>												
Water and sewer	5,679,698	7,563,594	1,883,896	5,379,060	6,521,643	1,142,583	5,080,975	6,024,896	943,921	5,201,386	6,140,774	939,388
Gas	6,837,031	7,543,421	706,390	5,449,209	6,296,422	847,213	4,633,855	5,632,987	999,132	4,186,230	5,144,364	958,134
Solid waste collection	1,769,572	2,236,029	466,457	1,736,580	2,218,105	481,525	1,770,032	2,180,263	410,231	1,675,815	2,173,073	497,258
Solid waste disposal	3,179,109	2,109,065	(1,070,044)	2,851,868	1,986,143	(865,725)	2,705,237	1,839,152	(866,085)	2,455,218	1,890,069	(565,149)
<b>Subtotal Business-type Activities</b>	<b>17,465,410</b>	<b>19,452,109</b>	<b>1,986,699</b>	<b>15,416,717</b>	<b>17,022,313</b>	<b>1,605,596</b>	<b>14,190,099</b>	<b>15,677,298</b>	<b>1,487,199</b>	<b>13,518,649</b>	<b>15,348,280</b>	<b>1,829,631</b>
<b>Total Primary Government</b>	<b>\$ 30,293,164</b>	<b>\$ 25,432,016</b>	<b>\$ (4,861,148)</b>	<b>\$ 27,368,137</b>	<b>\$ 22,253,280</b>	<b>\$ (5,114,857)</b>	<b>\$ 25,440,829</b>	<b>\$ 25,051,701</b>	<b>\$ (389,128)</b>	<b>\$ 24,932,511</b>	<b>\$ 23,541,065</b>	<b>\$ (1,391,446)</b>

**Notes:**

<sup>1</sup> Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

<sup>2</sup>The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, only eight years of government-wide financial data is presented.

**City of Statesboro, Georgia**  
**Government-wide Program Revenues<sup>2</sup> by Category**  
**Last Eight Fiscal Years<sup>1</sup>**  
*(accrual basis of accounting)*

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<b>Governmental Activities</b>				
Charges for Services:				
General Government	\$ 661,459	\$ 672,700	\$ 689,222	\$ 518,673
Municipal Court	-	-	-	-
Public Safety	2,576,214	2,752,193	2,388,834	2,172,221
Engineering	284,887	100,637	153,737	332,604
Operating Grants and Contributions	134,935	162,191	359,659	156,840
Capital Grants and Contributions	6,315,782	2,561,768	4,306,729	4,967,671
<b>Subtotal Governmental Activities Program Revenues</b>	<u>9,973,277</u>	<u>6,249,489</u>	<u>7,898,181</u>	<u>8,148,009</u>
<b>Business-type Activities</b>				
Charges for Services:				
Water and Sewer	8,045,383	6,792,832	7,267,501	6,696,230
Gas	5,276,270	6,008,260	6,179,396	6,232,576
Solid Waste Collection	2,605,201	2,538,590	2,471,249	2,359,448
Solid Waste Disposal	1,969,726	2,073,273	2,290,392	2,333,218
Operating Grants and Contributions	18,556	48,198	45,586	72,373
Capital Grants and Contributions	704,703	138,792	631,417	1,621,579
<b>Subtotal Business-type Activities Program Revenues</b>	<u>18,619,839</u>	<u>17,599,945</u>	<u>18,885,541</u>	<u>19,315,424</u>
<b>Primary Government</b>				
Charges for Services	21,419,140	20,938,485	21,440,331	20,644,970
Operating Grants and Contributions	153,491	210,389	405,245	229,213
Capital Grants and Contributions	7,020,485	2,700,560	4,938,146	6,589,250
<b>Total Primary Government Program Revenues</b>	<u>\$ 28,593,116</u>	<u>\$ 23,849,434</u>	<u>\$ 26,783,722</u>	<u>\$ 27,463,433</u>
	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>
<b>Governmental Activities</b>				
Charges for Services:				
General Government	\$ 468,630	\$ 471,472	\$ 470,889	\$ 457,495
Municipal Court	-	-	-	3,939
Public Safety	-	-	-	-
Engineering	1,789,377	1,911,813	1,809,666	1,757,261
Operating Grants and Contributions	445,368	124,870	73,043	99,658
Capital Grants and Contributions	103,784	116,945	213,455	334,284
<b>Subtotal Governmental Activities Program Revenues</b>	<u>3,172,748</u>	<u>2,605,867</u>	<u>6,807,350</u>	<u>5,540,148</u>
<b>Business-type Activities</b>				
Charges for Services:				
Water and Sewer	5,979,907	5,230,967	9,374,403	8,192,785
Gas	6,912,432	6,135,710	5,833,055	5,976,905
Solid Waste Collection	7,496,631	6,247,110	5,558,803	5,091,818
Solid Waste Disposal	2,236,029	2,218,105	2,180,263	2,173,073
Operating Grants and Contributions	2,109,065	1,986,143	1,839,152	1,862,335
Capital Grants and Contributions	46,790	49,312	74,184	96,036
<b>Subtotal Business-type Activities Program Revenues</b>	<u>651,162</u>	<u>385,933</u>	<u>191,841</u>	<u>148,113</u>
<b>Primary Government</b>				
Charges for Services	19,452,109	17,022,313	15,677,298	15,348,280
Operating Grants and Contributions	21,457,532	19,095,223	17,764,871	17,422,484
Capital Grants and Contributions	150,574	166,257	287,639	430,320
<b>Total Primary Government Program Revenues</b>	<u>3,823,910</u>	<u>2,991,800</u>	<u>6,999,191</u>	<u>5,688,261</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 25,432,016</u>	<u>\$ 22,253,280</u>	<u>\$ 25,051,701</u>	<u>\$ 23,541,065</u>

**Notes:**

<sup>1</sup> The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, only eight years of government-wide financial data are presented.

<sup>2</sup> Program revenues are related to specific activities of the City. Their sources is either fees, fines, charges for services or grants restricted to a specific purpose.

**City of Statesboro, Georgia**  
**Government-wide General Revenues and Other Changes in Net Assets**  
**Last Eight Fiscal Years <sup>1</sup>**  
**(accrual basis of accounting)**

	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2007</b>	<b>Fiscal Year 2006</b>	<b>Fiscal Year 2005</b>	<b>Fiscal Year 2004</b>	<b>Fiscal Year 2003</b>
<b>Net (Expense), Total Primary Government (see page S-1)</b>								
Governmental activities	\$ (7,005,068)	\$ (10,735,209)	\$ (7,875,763)	\$ (6,778,012)	\$ (6,847,847)	\$ (6,720,453)	\$ (1,876,327)	\$ (3,221,077)
Business activities	2,220,820	690,530	1,608,372	2,143,169	1,986,699	1,605,596	1,487,199	1,829,631
<b>Total Primary Government</b>	<b>(4,784,248)</b>	<b>(10,044,678)</b>	<b>(6,267,391)</b>	<b>(4,634,842)</b>	<b>(4,861,148)</b>	<b>(5,114,857)</b>	<b>(389,128)</b>	<b>(1,391,446)</b>
<b>General revenues and other changes in net assets</b>								
<b>Governmental Activities:</b>								
Taxes								
Property taxes levied for general purposes	3,960,151	3,785,398	3,720,220	3,360,813	3,188,375	3,111,124	2,986,241	3,010,361
Hotel/motel taxes	439,838	456,994	422,526	405,157	376,838	358,315	322,824	342,699
Insurance premium taxes	1,258,448	1,270,366	1,240,647	1,189,372	1,136,795	1,056,630	974,995	904,647
Franchise taxes	1,688,915	1,587,617	1,432,343	1,310,552	1,221,274	1,094,343	1,048,355	1,021,082
Other taxes	751,225	812,149	785,555	791,653	741,913	781,329	765,429	701,866
Gain (loss) on sale of capital assets	4,641	(17,225)	(18,855)	16,310	28,230	24,677	456,314	-
Investment earnings	4,473	12,624	69,887	148,643	192,461	166,013	178,010	118,764
Miscellaneous	56,671	38,698	49,403	79,184	84,203	106,974	95,180	101,670
Transfers from (to) business-type activities	1,369,524	2,389,521	1,111,704	2,250,677	1,859,492	1,282,596	(431,276)	(523,434)
<b>Subtotal Governmental Activities</b>	<b>9,533,886</b>	<b>10,336,142</b>	<b>8,813,430</b>	<b>9,552,361</b>	<b>8,829,581</b>	<b>7,982,001</b>	<b>6,396,072</b>	<b>5,677,655</b>
<b>Business-type Activities:</b>								
Gain (loss) on the sale of capital assets	4,708	66,753	74,269	16,118	58,641	(32,458)	61,294	20,467
Investment earnings	4,153	9,316	58,365	143,201	147,984	88,723	93,636	104,456
Miscellaneous	248,261	163,021	188,561	149,983	109,252	151,972	80,439	57,106
Transfers from (to) governmental activities	(1,369,524)	(2,389,521)	(1,111,704)	(2,250,677)	(1,859,492)	(1,282,596)	431,276	523,434
<b>Subtotal Business-type Activities</b>	<b>(1,112,402)</b>	<b>(2,150,431)</b>	<b>(790,509)</b>	<b>(1,941,375)</b>	<b>(1,543,615)</b>	<b>(1,074,359)</b>	<b>666,645</b>	<b>705,463</b>
<b>Changes in Net Assets</b>								
Governmental activities	2,528,818	(399,067)	937,667	2,774,349	1,981,734	1,261,548	4,519,745	2,456,578
Business-type activities	1,108,418	(1,459,900)	817,863	201,795	443,084	531,237	2,153,844	2,535,094
<b>Total Primary Government</b>	<b>\$ 3,637,236</b>	<b>\$ (1,858,967)</b>	<b>\$ 1,755,530</b>	<b>\$ 2,976,144</b>	<b>\$ 2,424,818</b>	<b>\$ 1,792,785</b>	<b>\$ 6,673,589</b>	<b>\$ 4,991,672</b>

**Note:**

<sup>1</sup> The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, only eight years of government-wide financial data is presented.

**City of Statesboro, Georgia**  
**Government-wide Net Assets by Category<sup>2</sup>**  
**Last Eight Fiscal Years<sup>1</sup>**  
*(accrual basis of accounting)*

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>Governmental Activities</b>								
Invested in capital assets, net of related debt	\$ 24,168,198	\$ 23,985,317	\$ 23,841,321	\$ 23,224,510	\$ 13,872,311	\$ 12,233,346	\$ 10,311,153	\$ 6,982,216
Restricted for:								
Capital projects	3,374,025	137,990	166,489	118,623	1,256,771	7,052	944,493	873,130
Specific projects and programs	821,383	810,377	621,297	189,574	181,426	224,223	327,988	206,850
Unrestricted	(161,226)	739,878	1,443,522	1,602,255	4,466,573	5,330,726	4,950,165	3,951,858
<b>Subtotal Governmental Activities Net Assets</b>	<u>28,202,380</u>	<u>25,673,562</u>	<u>26,072,629</u>	<u>25,134,962</u>	<u>19,777,081</u>	<u>17,795,347</u>	<u>16,533,799</u>	<u>12,014,054</u>
<b>Business-type Activities</b>								
Invested in capital assets, net of related debt	31,110,236	33,047,246	34,151,296	33,089,016	31,093,383	30,290,308	29,608,026	27,583,210
Restricted for revenue bond retirement	1,046,098	199,193	199,281	194,468	186,490	180,879	179,018	179,460
Renewal & extension	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Unrestricted	1,966,060	(232,463)	123,299	372,529	2,174,345	2,539,947	2,692,853	2,563,383
<b>Subtotal Business-type Activities Net assets</b>	<u>34,322,394</u>	<u>33,213,976</u>	<u>34,673,876</u>	<u>33,856,013</u>	<u>33,654,218</u>	<u>33,211,134</u>	<u>32,679,897</u>	<u>30,526,053</u>
<b>Primary Government</b>								
Invested in capital assets, net of related debt	55,278,434	57,032,563	57,992,617	56,313,526	44,965,694	42,523,654	39,919,179	34,565,426
Restricted								
Capital projects	3,374,025	137,990	166,489	118,623	1,256,771	7,052	944,493	873,130
Restricted for revenue bond retirement	1,046,098	199,193	199,281	194,468	186,490	180,879	179,018	179,460
Renewal & Extension	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Specific projects and programs	821,383	810,377	621,297	189,574	181,426	224,223	327,988	206,850
Unrestricted	1,804,834	507,415	1,566,821	1,974,784	6,640,918	7,870,673	7,643,018	6,515,241
<b>Total Primary Government Net Assets</b>	<u>\$ 62,524,774</u>	<u>\$ 58,887,538</u>	<u>\$ 60,746,505</u>	<u>\$ 58,990,975</u>	<u>\$ 53,431,299</u>	<u>\$ 51,006,481</u>	<u>\$ 49,213,696</u>	<u>\$ 42,540,107</u>

**Notes:**

<sup>1</sup>The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, only eight years of government-wide financial data is presented.

<sup>2</sup>Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Georgia or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

**City of Statesboro, Georgia**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Source</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Taxes	\$ 5,906,521	\$ 5,712,647	\$ 6,116,076	\$ 6,213,085	\$ 6,411,028	\$ 6,622,152	\$ 7,097,096	\$ 7,596,780	\$ 7,900,077	\$ 8,024,950
Intergovernmental	471,087	2,096,201	5,874,432 <sup>1</sup>	5,767,305 <sup>1</sup>	2,722,812	3,276,532	5,124,511 <sup>1</sup>	4,666,388 <sup>1</sup>	2,723,959	6,450,717 <sup>1</sup>
Licenses and permits	572,402	507,983	493,836	478,554	536,257	855,224	783,243	772,770	703,815	865,829
Fines and forfeitures	1,328,118	1,348,668	1,261,107	1,351,768	1,367,790	1,258,238	1,610,839	1,449,617	1,766,110	1,568,641
Charges for services	441,872	431,049	563,410	523,276	604,108	589,913	629,416	1,009,406	1,055,605	1,088,090
Investment earnings	282,786	147,285	113,515	161,082	145,454	152,404	91,159	29,512	8,496	4,056
Miscellaneous	141,873	228,270	101,670	1,348,680	105,979	84,203	79,184	49,403	38,698	56,671
<b>Total revenues</b>	<b>\$ 9,144,659</b>	<b>\$ 10,472,103</b>	<b>\$ 14,524,046</b>	<b>\$ 15,843,750</b>	<b>\$ 11,893,428</b>	<b>\$ 12,838,666</b>	<b>\$ 15,415,448</b>	<b>\$ 15,573,876</b>	<b>\$ 14,196,760</b>	<b>\$ 18,058,954</b>
<b>% change from prior year</b>	<b>-2.1%</b>	<b>14.5%</b>	<b>38.7%</b>	<b>9.1%</b>	<b>-24.9%</b>	<b>7.9%</b>	<b>20.1%</b>	<b>1.0%</b>	<b>-8.8%</b>	<b>27.2%</b>

**Note:**

<sup>1</sup>In fiscal years 2003, 2004, 2007, 2008, and 2010 the City drew down substantially more in sales taxes from the County than in prior years. The City may not levy a special purpose local option sales tax but receives a portion of the Bulloch County's special purpose local option sales tax.

**City of Statesboro, Georgia**  
**General Fund Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property</b>	<b>Vehicles</b>	<b>Franchise</b>	<b>Insurance Premium</b>	<b>Alcoholic Beverage</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
2001	2,754,100	270,421	1,009,559	896,916	542,208	433,317	5,906,521
2002	2,746,354	222,986	1,018,729	824,484	568,241	35,322	5,416,116
2003	2,935,273	210,509	1,021,082	904,647	594,883	106,983	5,773,377
2004	2,897,418	204,064	1,048,355	974,995	611,823	153,606	5,890,261
2005	2,920,576	199,835	1,094,343	1,056,630	629,362	151,967	6,052,713
2006	2,951,977	193,355	1,221,274	1,136,795	621,962	119,951	6,245,314
2007	3,187,407	212,955	1,310,552	1,189,372	651,652	140,001	6,691,939
2008	3,503,408	212,301	1,432,343	1,240,647	682,476	103,079	7,174,254
2009	3,581,923	191,028	1,587,617	1,270,366	683,371	128,778	7,443,083
2010	3,704,711	181,813	1,688,915	1,258,448	675,794	75,431	7,585,112
Percentage Change In Dollars Over 10 Years	34.5%	-32.8%	67.3%	40.3%	24.6%	-82.6%	28.4%

**Note:**

<sup>1</sup> Fiscal year 2001 includes \$121,619 received from an audit of the hotel/motel taxes.

**City of Statesboro, Georgia**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Current:</b>										
General government	\$ 1,458,500	\$ 1,386,832	\$ 1,634,159	\$ 1,603,534	\$ 1,686,164	\$ 1,789,557	\$ 2,008,167	\$ 2,140,864	\$ 2,461,925	\$ 2,202,086
Municipal court	282,090	379,194	385,518	390,604	420,501	412,762	638,695	625,001	684,444	588,804
Public safety	4,116,306	4,660,326	5,197,807	5,426,428	5,983,162	6,356,845	6,783,582	7,751,876	7,973,168	8,441,641
Streets/public works	1,090,518	1,535,407	1,616,810	1,859,572	1,651,440	1,673,729	1,824,491	1,864,703	1,779,706	1,852,879
Parks and cemeteries	227,640	286,868	324,366	421,155	948,682	412,075	406,397	433,076	444,407	430,178
Engineering	329,437	374,887	439,151	522,804	576,857	671,252	640,078	669,869	721,165	797,572
Shop <sup>1</sup>	278,945	-	-	-	-	-	-	-	-	-
Planning and zoning	98,543	121,277	129,935	117,721	122,457	115,238	210,989	233,314	290,564	319,139
Community services	297,495	203,626	129,816	104,683	123,199	215,159	681,439	198,260	436,326	185,625
Community development	473,123	352,910	483,833	392,554	393,169	413,832	484,187	495,059	539,549	533,993
<b>Total Current</b>	<b>8,652,597</b>	<b>9,301,327</b>	<b>10,341,395</b>	<b>10,839,055</b>	<b>11,905,631</b>	<b>12,060,449</b>	<b>13,678,025</b>	<b>14,412,022</b>	<b>15,331,254</b>	<b>15,351,917</b>
<b>% Change From Prior Year</b>	<b>8.9%</b>	<b>7.5%</b>	<b>11.2%</b>	<b>4.8%</b>	<b>9.8%</b>	<b>1.3%</b>	<b>13.4%</b>	<b>5.4%</b>	<b>6.4%</b>	<b>0.1%</b>
<b>Capital Outlay</b>	<b>1,543,190</b>	<b>2,364,006</b>	<b>3,756,405</b>	<b>3,852,211</b>	<b>2,118,841</b>	<b>2,373,967</b>	<b>8,003,416</b>	<b>2,429,833</b>	<b>1,062,731</b>	<b>1,547,723</b>
<b>% Change From Prior Year</b>	<b>-35.5%</b>	<b>53.2%</b>	<b>58.9%</b>	<b>2.6%</b>	<b>-45.0%</b>	<b>12.0%</b>	<b>237.1%</b>	<b>-69.6%</b>	<b>-56.3%</b>	<b>45.6%</b>
<b>Debt Service</b>										
Principal	463,502	34,500	37,000	39,000	41,000	119,184	170,689	254,295	347,306	304,313
Interest	107,455	94,097	82,864	77,040	88,372	66,886	67,886	46,241	30,966	34,202
<b>Total Debt Service</b>	<b>570,957</b>	<b>128,597</b>	<b>119,864</b>	<b>116,040</b>	<b>129,372</b>	<b>186,070</b>	<b>238,575</b>	<b>300,536</b>	<b>378,272</b>	<b>338,515</b>
<b>% Change From Prior Year</b>	<b>-0.6%</b>	<b>-77.5%</b>	<b>-6.8%</b>	<b>-3.2%</b>	<b>11.5%</b>	<b>43.8%</b>	<b>28.2%</b>	<b>26.0%</b>	<b>25.9%</b>	<b>-10.5%</b>
<b>Total Expenditures</b>	<b>\$ 10,766,744</b>	<b>\$ 11,793,930</b>	<b>\$ 14,217,664</b>	<b>\$ 14,807,306</b>	<b>\$ 14,153,844</b>	<b>\$ 14,620,486</b>	<b>\$ 21,920,016</b>	<b>\$ 17,142,391</b>	<b>\$ 16,772,257</b>	<b>\$ 17,238,155</b>
<b>% Change From Prior Year</b>	<b>-1.4%</b>	<b>9.5%</b>	<b>20.6%</b>	<b>4.1%</b>	<b>-4.4%</b>	<b>3.3%</b>	<b>49.9%</b>	<b>-21.8%</b>	<b>-2.2%</b>	<b>2.8%</b>
<b>Debt Service as a Percentage of Total Noncapital Expenditures</b>	<b>6.2%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>2.2%</b>

**Note:**

<sup>1</sup> In fiscal year 2002, the shop function was transferred into the fleet management internal service fund.



**City of Statesboro, Georgia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Total Revenues</b>	\$ 9,144,659	\$ 10,472,103	\$ 14,524,046	\$ 15,843,750	\$ 11,893,428	\$ 12,838,666	\$ 15,415,448	\$ 15,573,876	\$ 14,196,760	\$ 18,058,954
<b>Total Expenditures</b>	10,766,744	11,793,930	14,217,664	14,807,306	14,153,844	14,620,486	21,920,016	17,142,391	16,772,257	17,238,155
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,622,085)	(1,321,827)	306,382	1,036,444	(2,260,416)	(1,781,820)	(6,504,568)	(1,568,515)	(2,575,497)	820,799
<b>Other Financing Sources (Uses)</b>	2,018,480	1,658,196	(564,564)	37,662	1,521,349	1,910,887	2,414,000	2,551,471	2,290,973	1,404,892
<b>Net Change in Fund Balances</b>	<u>396,395</u>	<u>336,369</u>	<u>(258,182)</u>	<u>1,074,106</u>	<u>(739,067)</u>	<u>129,067</u>	<u>(4,090,568)</u>	<u>982,956</u>	<u>(284,524)</u>	<u>2,225,691</u>

**City of Statesboro, Georgia**  
**Governmental Fund - Fund Balances**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ 190,475	\$ 209,413	\$ 244,757	\$ 199,020	\$ 169,631	\$ 170,717	\$ 174,009	\$ 197,547
Unreserved	4,265,343	3,778,493	3,726,401	4,589,068	4,732,116	3,823,745	2,595,299	1,478,379	947,789	(98,438)
<b>Subtotal General Fund</b>	<u>4,265,343</u>	<u>3,778,493</u>	<u>3,916,876</u>	<u>4,798,481</u>	<u>4,976,873</u>	<u>4,022,765</u>	<u>2,764,930</u>	<u>1,649,096</u>	<u>1,121,798</u>	<u>99,109</u>
<b>General Fund Percentage Change</b>	<u>-6.6%</u>	<u>-11.4%</u>	<u>3.7%</u>	<u>22.5%</u>	<u>3.7%</u>	<u>-19.2%</u>	<u>-31.3%</u>	<u>-40.4%</u>	<u>-32.0%</u>	<u>-91.2%</u>
<b>All Other Governmental Funds</b>										
Reserved	-	-	-	-	-	-	-	12,522	11,045	17,613
Unreserved										
Special Revenue Funds <sup>1</sup>	-	371,376	206,850	327,988	224,223	181,426	189,574	608,775	799,332	803,770
Capital Projects Fund	698,700	1,150,543	873,130	944,493	130,799	1,256,771	(1,584,110)	82,957	136,651	3,374,025
<b>Subtotal All Other</b>										
<b>Governmental Funds</b>	<u>698,700</u>	<u>1,521,919</u>	<u>1,079,980</u>	<u>1,272,481</u>	<u>355,022</u>	<u>1,438,197</u>	<u>(1,394,536)</u>	<u>704,254</u>	<u>947,028</u>	<u>4,195,408</u>
<b>Total Governmental Funds</b>										
Reserved	-	-	190,475	209,413	244,757	199,020	169,631	183,239	185,054	215,160
Unreserved	4,964,043	5,300,412	4,806,381	5,861,549	5,087,138	5,261,942	1,200,763	2,170,111	1,883,772	4,079,357
<b>Total Governmental Funds</b>	<u>\$ 4,964,043</u>	<u>\$ 5,300,412</u>	<u>\$ 4,996,856</u>	<u>\$ 6,070,962</u>	<u>\$ 5,331,895</u>	<u>\$ 5,460,962</u>	<u>\$ 1,370,394</u>	<u>\$ 2,353,350</u>	<u>\$ 2,068,826</u>	<u>\$ 4,294,517</u>
<b>All Governmental Funds</b>										
<b>Percentage Change</b>	<u>8.7%</u>	<u>6.8%</u>	<u>-5.7%</u>	<u>21.5%</u>	<u>-12.2%</u>	<u>2.4%</u>	<u>-74.9%</u>	<u>71.7%</u>	<u>-12.1%</u>	<u>107.6%</u>

**Note:**

<sup>1</sup>In fiscal year 2002, six special revenue funds were established to meet the requirements of the State of Georgia's mandatory chart of accounts.

**City of Statesboro, Georgia**  
**Taxable Assessed Value and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

Amounts													
<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Conservation Use Property</b>	<b>Utility Property</b>	<b>Motor Vehicles and Mobile Homes</b>	<b>Other Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value<sup>1</sup></b>	<b>Total Direct Tax Rate<sup>2</sup></b>	<b>Estimated Actual Value</b>	<b>Annual Percentage Change</b>
2001	113,435,172	160,103,415	12,607,760	1,721,120	367,320	10,387,350	25,934,525	194,920	435,648	324,315,934	9.200	811,878,955	6.3%
2002	133,801,032	206,049,148	9,359,213	1,244,400	1,314,600	13,981,230	28,398,320	216,768	5,733,874	388,630,837	7.750	985,911,778	21.4%
2003	133,668,976	213,243,900	7,767,909	1,286,680	1,503,720	13,981,230	28,202,404	213,320	4,504,381	395,363,758	7.750	999,670,348	1.4%
2004	133,647,220	234,104,327	6,920,280	1,531,200	1,372,640	14,680,200	28,402,633	213,320	5,096,105	415,775,715	7.741	1,052,179,550	5.3%
2005	150,273,037	272,246,100	6,758,133	1,169,760	1,510,880	18,524,000	27,819,183	151,488	5,205,094	473,247,487	6.921	1,196,131,453	13.7%
2006	152,086,310	274,694,201	5,908,250	1,142,680	1,424,200	18,524,040	28,606,845	139,084	8,985,597	473,540,013	6.921	1,206,314,025	0.9%
2007	157,668,335	291,603,982	5,795,995	1,302,000	1,346,440	16,218,390	27,556,331	266,774	3,931,944	497,826,303	6.921	1,254,395,618	4.0%
2008	192,623,437	349,207,061	5,998,633	879,840	1,688,920	15,879,960	29,724,461	120,480	8,794,116	587,328,676	6.358	1,490,306,980	18.8%
2009	198,301,459	364,606,300	9,438,297	788,800	527,600	15,171,200	32,148,066	139,999	7,730,648	613,391,073	6.358	1,552,804,303	4.2%
2010	200,928,770	371,633,720	11,259,654	746,640	527,600	15,104,470	32,646,286	64,840	4,214,899	628,697,081	6.358	1,582,279,950	1.9%
Percentages													
2001	34.9%	49.3%	3.9%	0.5%	0.1%	3.2%	8.0%	0.1%	0.1%	99.9%			
2002	33.9%	52.2%	2.4%	0.3%	0.3%	3.5%	7.2%	0.1%	1.5%	98.5%			
2003	33.4%	53.3%	1.9%	0.3%	0.4%	3.5%	7.1%	0.1%	1.1%	98.9%			
2004	31.8%	55.6%	1.6%	0.4%	0.3%	3.5%	6.7%	0.1%	1.2%	98.8%			
2005	31.4%	56.9%	1.4%	0.2%	0.3%	3.9%	5.8%	0.0%	1.1%	98.9%			
2006	31.5%	56.9%	1.2%	0.2%	0.3%	3.8%	5.9%	0.0%	1.9%	98.1%			
2007	31.4%	58.1%	1.2%	0.3%	0.3%	3.2%	5.5%	0.1%	0.8%	99.2%			
2008	32.3%	58.6%	1.0%	0.1%	0.3%	2.7%	5.0%	0.0%	1.5%	98.5%			
2009	31.9%	58.7%	1.5%	0.1%	0.1%	2.4%	5.2%	0.0%	1.3%	98.7%			
2010	31.7%	58.7%	1.8%	0.1%	0.1%	2.4%	5.2%	0.0%	0.7%	99.3%			

**Source:**

Georgia Department of Revenue, Tax Digest Consolidation Summary

**Notes:**

<sup>1</sup> All property is assessed at 40% of fair market value.

<sup>2</sup> Tax rates expressed in rate per \$1,000

**City of Statesboro, Georgia**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed taxable value)*

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Overlapping Rates<sup>1</sup></b>			<b>Total Overlapping</b>	<b>Total Overlapping and Direct</b>
		<b>Bulloch County</b>	<b>Bulloch County Schools</b>	<b>State of Georgia<sup>2</sup></b>		
2001	9.200	9.740	9.400	0.250	19.390	28.590
2002	7.750	8.880	8.570	0.250	17.700	25.450
2003	7.750	9.360	8.570	0.250	18.180	25.930
2004	7.741	9.350	8.560	0.250	18.160	25.901
2005	6.921	8.630	9.450	0.250	18.330	25.251
2006	6.921	8.630	9.450	0.250	18.330	25.251
2007	6.358	10.440	9.450	0.250	20.140	26.498
2008	6.358	10.440	9.450	0.250	20.140	26.498
2009	6.358	10.440	9.450	0.250	20.140	26.498
2010	6.358	10.440	9.450	0.250	20.140	26.498

**Source:**

Georgia Department of Revenue, Property Tax Division

**Notes:**

<sup>1</sup> Overlapping rates are those of Bulloch County governments and the State of Georgia that apply to property owners within the City of Statesboro.

<sup>2</sup> The State of Georgia levies one quarter of one mill on each county's taxable property to help finance their certification of each Georgia county's tax digests.

**City of Statesboro, Georgia**  
**Property Tax Levies and Collections**  
*Last Ten Fiscal Years*

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2001	2,669,086	2,573,236	96.41%	95,850	2,669,086	100.00%	-	0.00%
2002	2,726,869	2,538,584	93.10%	188,285	2,726,869	100.00%	-	0.00%
2003	2,704,985	2,628,696	97.18%	76,276	2,704,714	99.99%	13	0.00%
2004	2,850,782	2,839,309	99.60%	11,431	2,850,281	99.98%	42	0.00%
2005	2,902,999	2,894,631	99.71%	8,046	2,902,285	99.98%	322	0.01%
2006	2,955,195	2,893,494	97.91%	61,666	2,953,206	99.93%	35	0.00%
2007	3,117,016	3,105,291	99.62%	11,725	3,084,378	98.95%	-	0.00%
2008	3,367,186	3,334,179	99.02%	33,007	3,365,914	99.96%	-	0.00%
2009	3,578,352	3,549,025	99.18%	23,546	3,572,571	99.84%	5,781	0.16%
2010	3,710,229	3,605,588	97.18%	-	3,605,588	97.18%	104,641	2.82%

**Source:**

City of Statesboro Tax Office

**City of Statesboro, Georgia**  
**Principal Property Taxpayers**  
*For the Fiscal Year Ended June 30, 2010 and Nine Years Ago*

<b>Principal Taxpayer</b>	<b>2010</b>		<b>Principal Taxpayer</b>	<b>2001</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>		<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Statesboro HMA, Inc.	\$ 17,188,160	2.73%	Statesboro HMA, Inc.	\$ 8,350,000	2.57%
Executive Assistant of Finance	10,748,201	1.71%	Frontier Communications of GA	5,372,065	1.66%
Campus Club Associates LLC	10,550,280	1.68%	Georgia Power Co.	4,634,390	1.43%
Frontier Communications of GA	8,975,320	1.43%	Howard Claude Lumber Co.	3,956,069	1.22%
Fairfield Statesboro Exchange	7,694,560	1.22%	JBPC South Inc.	3,638,440	1.12%
Lanier, Inman Jr	6,311,441	1.00%	Statesboro Mall LLC	3,195,640	0.99%
Lanier, Inman	6,265,560	1.00%	Wal-Mart Stores East Inc.	2,957,019	0.91%
Health Management	5,541,190	0.88%	Southern Place LLC	2,914,400	0.90%
Georgia Power Co.	5,503,850	0.88%	Wal-Mart Real Estate	2,881,360	0.89%
The Garden District	5,366,879	0.85%	Green, John R	2,808,400	0.87%
<b>Total Principal Taxpayers</b>	<b>84,145,441</b>	<b>13.38%</b>	<b>Total Principal Taxpayers</b>	<b>40,707,783</b>	<b>12.55%</b>
<b>All Other Taxpayers</b>	<b>544,551,640</b>	<b>86.62%</b>	<b>All Other Taxpayers</b>	<b>283,608,151</b>	<b>87.45%</b>
<b>Total</b>	<b>\$ 628,697,081</b>	<b>100.00%</b>	<b>Total</b>	<b>\$ 324,315,934</b>	<b>100.00%</b>

**Source:**

City of Statesboro Tax Office

**City of Statesboro, Georgia**  
**Overlapping Sales Tax Rates <sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>State of Georgia</b>	<b>Bulloch County</b>			<b>Total Overlapping Rate</b>
		<b>LOST</b>	<b>SPLOST<sup>2</sup></b>	<b>E-SPLOST<sup>3</sup></b>	
2001	4.00%	1.00%	1.00%	-	6.00%
2002	4.00%	1.00%	1.00%	-	6.00%
2003	4.00%	1.00%	1.00%	-	6.00%
2004	4.00%	1.00%	1.00%	1.00%	7.00%
2005	4.00%	1.00%	1.00%	1.00%	7.00%
2006	4.00%	1.00%	1.00%	1.00%	7.00%
2007	4.00%	1.00%	1.00%	1.00%	7.00%
2008	4.00%	1.00%	1.00%	1.00%	7.00%
2009	4.00%	1.00%	1.00%	1.00%	7.00%
2010	4.00%	1.00%	1.00%	1.00%	7.00%

**Source:**

Georgia Department of Revenue, Sales and Use Tax Division

**Notes:**

<sup>1</sup>State law does not authorize the City to directly levy a sales tax, however, the City has an agreement with Bulloch County that they will receive amounts from both the 2002 and 2007 special purpose local option sales taxes.

<sup>2</sup>The current special purpose local option sales tax was approved effective October 1, 2007 and expires September 30, 2013.

<sup>3</sup>Effective January 1, 2004 the Bulloch County Board of Education began levying a 1% special purpose local option sales tax.

City of Statesboro, Georgia  
Water and Sewer Rates  
Fiscal Years 2001 - 2010

If a Customer Has Both Water and Sewer Services, the Rates Are:

Fiscal Year	Water				
	Inside Base Rate	Rate per 0-9000 Gallons	Rate per 10,000-19,000 Gallons	20,000-49,000 Gallons	Rate per 50,000 Gallons and up
2001	4.50	1.90	2.00	2.00	2.10
2002	4.50	1.90	2.00	2.00	2.10
2003	4.50	1.90	2.00	2.00	2.10
2004	4.50	1.90	2.00	2.00	2.10
2005	4.50	1.90	2.00	2.00	2.10
2006	4.50	1.90	2.00	2.00	2.10
2007	4.50	1.90	2.00	2.00	2.10
2008	4.60	1.94	2.04	2.04	2.14
2009	4.60	1.94	2.04	2.04	2.14
2010	6.00	2.15	2.25	2.50	3.00

Fiscal Year	Water				
	Outside Base Rate	Rate per 0-9000 Gallons	Rate per 10,000-19,000 Gallons	20,000-49,000 Gallons	Rate per 50,000 Gallons and up
2001	9.00	3.80	4.00	4.00	4.20
2002	9.00	3.80	4.00	4.00	4.20
2003	9.00	3.80	4.00	4.00	4.20
2004	9.00	3.80	4.00	4.00	4.20
2005	9.00	3.80	4.00	4.00	4.20
2006	9.00	3.80	4.00	4.00	4.20
2007	9.00	3.80	4.00	4.00	4.20
2008	9.20	3.88	4.08	4.08	4.28
2009	9.20	3.88	4.08	4.08	4.28
2010	12.00	4.30	4.50	5.00	6.00

Fiscal Year	Sewer			
	Inside Base Rate	Rate per 0-9000 Gallons	Rate per 10,000-49,000 Gallons	Rate per 50,000 Gallons and up
2001	4.50	2.30	2.40	2.50
2002	4.50	2.30	2.40	2.50
2003	4.50	2.30	2.40	2.50
2004	4.50	2.30	2.40	2.50
2005	4.50	2.30	2.40	2.50
2006	4.50	2.30	2.40	2.50
2007	4.50	2.30	2.40	2.50
2008	4.60	2.35	2.45	2.55
2009	4.60	2.35	2.45	2.55
2010	6.00	2.60	2.70	2.80

Fiscal Year	Sewer			
	Outside Base Rate	Rate per 0-9000 Gallons	Rate per 10,000-49,000 Gallons	Rate per 50,000 Gallons and up
2001	9.00	4.60	4.80	5.00
2002	9.00	4.60	4.80	5.00
2003	9.00	4.60	4.80	5.00
2004	9.00	4.60	4.80	5.00
2005	9.00	4.60	4.80	5.00
2006	9.00	4.60	4.80	5.00
2007	9.00	4.60	4.80	5.00
2008	9.20	4.70	4.90	5.10
2009	9.20	4.70	4.90	5.10
2010	12.00	5.20	5.40	5.60

**Note:**

Rates are based on 5/8" meter, which is the standard household meter size.

(continued)



City of Statesboro, Georgia  
Water and Sewer Rates  
Fiscal Years 2001 - 2010

(continued)

**If a Customer Has Water Service Only, The Rates Are:**

<b>Water</b>						
<b>Fiscal Year</b>	<b>Inside Base Rate</b>	<b>Rate per 0-9000 Gallons</b>	<b>Rate per 10,000-49,000 Gallons</b>	<b>Rate per 20,000-49,000 and up</b>	<b>Rate per 50,000 Gallons and up</b>	
2001	9.00	1.90	2.00	2.00	2.10	
2002	9.00	1.90	2.00	2.00	2.10	
2003	9.00	1.90	2.00	2.00	2.10	
2004	9.00	1.90	2.00	2.00	2.10	
2005	9.00	1.90	2.00	2.00	2.10	
2006	9.00	1.90	2.00	2.00	2.10	
2007	9.00	1.90	2.00	2.00	2.10	
2008	9.20	1.94	2.04	2.04	2.14	
2009	9.20	1.94	2.04	2.04	2.14	
2010	12.00	2.15	2.25	2.50	3.00	

<b>Fiscal Year</b>	<b>Outside Base Rate</b>	<b>Rate per 0-9000 Gallons</b>	<b>Rate per 10,000-49,000 Gallons</b>	<b>Rate per 20,000-49,000 Gallons</b>	<b>Rate per 50,000 Gallons and up</b>	
2001	18.00	5.80	4.00	4.00	4.20	
2002	18.00	5.80	4.00	4.00	4.20	
2003	18.00	5.80	4.00	4.00	4.20	
2004	18.00	5.80	4.00	4.00	4.20	
2005	18.00	5.80	4.00	4.00	4.20	
2006	18.00	5.80	4.00	4.00	4.20	
2007	18.00	5.80	4.00	4.00	4.20	
2008	18.40	3.88	4.08	4.08	4.28	
2009	18.40	3.88	4.08	4.08	4.28	
2010	24.00	4.30	4.50	5.00	6.00	

**If a Customer Has Sewer Service Only, The Rates Are:**

<b>Sewer</b>					
<b>Fiscal Year</b>	<b>Inside Base Rate</b>	<b>Rate per 0-9000 Gallons</b>	<b>Rate per 10,000-49,000 Gallons</b>	<b>Rate per 50,000 Gallons and up</b>	
2001	9.00	2.30	2.40	2.50	
2002	9.00	2.30	2.40	2.50	
2003	9.00	2.30	2.40	2.50	
2004	9.00	2.30	2.40	2.50	
2005	9.00	2.30	2.40	2.50	
2006	9.00	2.30	2.40	2.50	
2007	9.00	2.30	2.40	2.50	
2008	9.20	2.35	2.45	2.55	
2009	9.20	2.35	2.45	2.55	
2010	12.00	2.60	2.70	2.80	

<b>Fiscal Year</b>	<b>Outside Base Rate</b>	<b>Rate per 0-9000 Gallons</b>	<b>Rate per 10,000-49,000 Gallons</b>	<b>Rate per 50,000 Gallons and up</b>	
2001	18.00	4.60	4.80	5.00	
2002	18.00	4.60	4.80	5.00	
2003	18.00	4.60	4.80	5.00	
2004	18.00	4.60	4.80	5.00	
2005	18.00	4.60	4.80	5.00	
2006	18.00	4.60	4.80	5.00	
2007	18.00	4.60	4.80	5.00	
2008	18.40	4.70	4.90	5.10	
2009	18.40	4.70	4.90	5.10	
2010	24.00	5.20	5.40	5.60	

**Note:**

Rates are based on 5/8" meter, which is the standard household meter size.

**City of Statesboro, Georgia**  
**Water Sold by Type of Customer**  
**Last Ten Fiscal Years**  
*(in millions of gallons)*

<b>Type of Customer</b>	<b>Fiscal Year 2001</b>		<b>Fiscal Year 2002</b>		<b>Fiscal Year 2003</b>		<b>Fiscal Year 2004</b>		<b>Fiscal Year 2005</b>	
	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>
Residential	548.8	46%	529.5	45%	525.8	52%	550	59%	550.1	58%
Industrial	112.9	9%	104.8	9%	103.7	10%	75.5	8%	69.9	7%
Commercial	362.3	30%	264.7	23%	247.3	25%	283.5	30%	302.7	32%
Government	171.1	14%	275.7	23%	132.3	13%	29.9	3%	25.4	3%
<b>Total</b>	<b>1,195.1</b>	<b>100%</b>	<b>1,174.7</b>	<b>100%</b>	<b>1,009.1</b>	<b>100%</b>	<b>938.9</b>	<b>100%</b>	<b>948.1</b>	<b>100%</b>

<b>Type of Customer</b>	<b>Fiscal Year 2006</b>		<b>Fiscal Year 2007</b>		<b>Fiscal Year 2008</b>		<b>Fiscal Year 2009</b>		<b>Fiscal Year 2010</b>	
	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>	<b>Gallons</b>	<b>%</b>
Residential	572.9	57%	614.3	59%	544.9	57%	616.8	56%	574.5	56%
Industrial	79.0	8%	74.9	7%	104.8	11%	75.0	7%	75.5	7%
Commercial	313.3	31%	314.2	30%	259.9	27%	339.0	31%	248.6	24%
Government	33.2	3%	37.3	4%	48.8	5%	69.3	6%	118.5	12%
<b>Total</b>	<b>998.4</b>	<b>100%</b>	<b>1,040.7</b>	<b>100%</b>	<b>958.4</b>	<b>100%</b>	<b>1,100.1</b>	<b>100%</b>	<b>1,017.1</b>	<b>100%</b>

**City of Statesboro, Georgia**  
*Ratios of Total Debt Outstanding by Type*  
*Last Ten Fiscal Years*

Fiscal Year	Governmental-Activities	Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases <sup>1</sup>	Water Bonds	Gas Notes	Water Notes	Capital Leases	Total			
2001	1,379,500	4,230,000	603,102	8,056,166	-	12,889,268	14,268,768	3.3%	620
2002	1,345,000	3,745,000	1,046,609	9,292,632	-	14,084,241	15,429,241	3.5%	663
2003	1,425,486	3,240,000	968,191	9,168,621	-	13,376,812	14,802,298	2.9%	623
2004	1,327,743	2,710,000	885,669	8,768,347	-	12,364,016	13,691,759	2.7%	556
2005	1,424,929	2,160,000	796,956	8,347,022	-	11,303,978	12,728,907	2.3%	491
2006	1,305,245	1,585,000	707,049	7,923,878	-	10,215,927	11,521,172	2.4%	434
2007	1,281,569	985,000	610,544	8,117,958	-	9,713,502	10,995,071	2.5%	424
2008	2,038,765	740,000	501,922	8,717,620	-	9,959,542	11,998,307	2.8%	451
2009	1,734,864	485,000	394,398	9,801,212	365,872	11,046,482	12,781,346	3.9%	508
2010	1,764,662	15,040,000	334,949	3,414,117	285,697	19,074,763	20,839,425	6.0%	775

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

<sup>1</sup> In fiscal year 1997, the City entered into a lease agreement with the Downtown Statesboro Development Authority in the amount of \$1.5 million to provide for the acquisition, renovation and equipping the old Jaeckel Hotel for the purposes of converting this building to city hall.

**City of Statesboro, Georgia**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**  
*(Amounts presented in \$1,000)*

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Assessed Value</b>	\$ 324,316	\$ 388,631	\$ 395,364	\$ 415,776	\$ 473,248	\$ 473,540	\$ 497,826	\$ 587,329	\$ 613,391	\$ 628,697
<b>Legal Debt Margin</b>										
Debt limit (10% of assessed value)	\$ 32,432	\$ 38,863	\$ 39,536	\$ 41,578	\$ 47,325	\$ 47,354	\$ 49,783	\$ 58,733	\$ 61,339	\$ 62,870
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 32,432	\$ 38,863	\$ 39,536	\$ 41,578	\$ 47,325	\$ 47,354	\$ 49,783	\$ 58,733	\$ 61,339	\$ 62,870
As a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Note:**  
Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed valuation of taxable property within the City.

**City of Statesboro, Georgia**  
**Direct and Overlapping Debt**  
**June 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Bulloch County Board of Education <sup>1</sup>	\$ 9,320,000	100.0%	\$ 9,320,000
<b>City Direct Debt</b>	-	-	-
<b>Total Direct and Overlapping Debt</b>	<u>\$ 9,320,000</u>	<u>100.0%</u>	<u>\$ 9,320,000</u>

**Source:**

<sup>1</sup> Bulloch County Board of Education

**Notes:**

<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

<sup>3</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

**City of Statesboro, Georgia**  
***Pledged Revenue Bond Coverage***  
***Last Ten Fiscal Years***

**Water and Sewer Revenue Bonds**

<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Less: Operating Expenses<sup>1</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>			<b>Times Coverage<sup>2</sup></b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2001	5,983,717	2,620,094	3,363,623	465,000	218,253	683,253	4.92
2002	5,808,386	3,006,314	2,802,072	485,000	198,723	683,723	4.10
2003	6,010,061	3,291,720	2,718,341	505,000	177,868	682,868	3.98
2004	5,889,145	3,173,812	2,715,333	530,000	155,648	685,648	3.96
2005	6,208,677	3,398,860	2,809,817	550,000	125,563	675,563	4.16
2006	6,976,498	3,714,257	3,262,241	575,000	99,669	674,669	4.84
2007	6,782,632	4,047,644	2,734,988	600,000	71,910	671,910	4.07
2008	7,369,203	4,281,629	3,087,574	245,000	47,022	292,022	10.57
2009	6,911,791	4,323,869	2,587,922	255,000	31,512	286,512	9.03
2010	8,242,802	4,620,860	3,621,942	270,000	25,085	295,085	12.27

**Notes:**

<sup>1</sup> Operating expenses do not include depreciation or interest.

<sup>2</sup> The net revenues of the system must equal at least 1.20 times the highest annual debt service on bonds outstanding.

**City of Statesboro, Georgia**  
**Principal Employers**  
*For the Fiscal Year Ended June 30, 2010 and Nine Years Ago*

<u>Employer</u>	<b>2010</b>		<u>Employer</u>	<b>2001</b>	
	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>		<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
Georgia Southern University	1,934	16.76%	Georgia Southern University	1,700	17.77%
Bulloch County Board of Education	1,401	12.14%	Bulloch County Board of Education	1,373	14.35%
East Georgia Regional Medical Center	725	6.28%	East Georgia Regional Medical Center	610	6.38%
Wal-Mart Supercenter	550	4.77%	Wal-Mart Supercenter	410	4.29%
Bulloch County Board of Commissioners	354	3.07%	Bulloch County Board of Commissioners	355	3.71%
City of Statesboro	275	2.38%	City of Statesboro	259	2.71%
Lowe's Home Center	145	1.26%	The Sack Company	237	2.48%
Braswells	100	0.87%	Statesboro Herald	125	1.31%
Belk	105	0.91%	Lowe's Home Center	136	1.42%
Statesboro Herald	<u>81</u>	<u>0.70%</u>	Robbins Packinghouse Company	<u>105</u>	<u>1.10%</u>
<b>Total Principal Employers</b>	5,670	49.14%	<b>Total Principal Employers</b>	5,310	55.50%
Other Employers	<u>5,869</u>	<u>50.86%</u>	Other Employers	<u>4,258</u>	<u>44.50%</u>
<b>Total All Employers</b>	<u><u>11,539</u></u>	<u><u>100.00%</u></u>	<b>Total All Employers</b>	<u><u>9,568</u></u>	<u><u>100.00%</u></u>

**Source:**

City Economic Development Division  
Statesboro-Bulloch Chamber of Commerce  
East Georgia Medical Center Human Resource Department  
Wal-Mart Super Center People Department

**City of Statesboro, Georgia**  
*Demographic and Economic Statistics*  
*Last Ten Years*

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<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2001	23,018	433,636,102	18,839	26	8,354	3.5%
2002	23,269	438,364,691	18,839	26	8,498	3.2%
2003	23,744	514,603,712	21,673	26	9,429	2.9%
2004	24,604	501,946,204	20,401	26	9,707	2.9%
2005	25,915	561,785,370	21,678	26	9,826	4.5%
2006	26,534	486,102,880	18,320	26	9,044	3.5%
2007	25,953	444,055,830	17,110	26	8,480	4.2%
2008	26,624	425,478,144	15,981	27	9,380	6.7%
2009	25,165	327,572,805	13,017	22	9,476	9.1%
2010	26,874	349,818,858	13,017	22	9,530	10.4%

**Sources:**

Georgia County Guide published by the University of Georgia  
U.S. Census Bureau American Factfinder  
Georgia Department of Education  
Department of Labor



**City of Statesboro, Georgia**  
**City Employees by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/program</u></b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
City Manager's Office	2	2	2	2	2	2	4	4	3	3
City Clerk's Office	8	8	8	8	8	9	9	9	10	10
Finance	6	7	7	7	7	6	6	6	6	6
Information Technology	0	0	0	0	0	0	0	0	2	3
Human Resources	2	2	2	2	2	2	2	2	2	2
Municipal Court	2	3	3	3	3	2	3	3	3	2
Engineering	4	4	4	4	4	4	5	5	6	7
Protective Inspections	3	3	4	4	4	4	2	2	4	4
Governmental Buildings	0	0	0	0	0	0	0	0	3	2
Police	74	74	74	70	70	75	75	76	77	76
Animal Control	1	1	1	1	1	1	1	0	0	2
Fire Department	31	31	32	32	32	33	33	33	33	33
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	24	24	24	24	24	23	22	23	22	22
Parks	7	7	7	8	8	9	9	9	9	9
Planning/Community Development	2	2	2	2	2	2	3	3	3	3
Water and Sewer	19	18	18	20	20	18	18	19	23	23.5
Wastewater Treatment Plant	27	27	27	27	27	27	27	27	27	27
Natural Gas	8	9	9	9	9	9	9	9	9	8.5
Solid Waste Collection	19	19	19	19	19	16	16	16	16	16
Solid Waste Disposal	8	8	8	8	8	8	8	8	8	8
Fleet Management	8	8	8	8	8	6	6	6	6	6
Infiltration and Inflow	2	2	2	0	0	0	0	0	0	0
<b>Total</b>	<b>259</b>	<b>261</b>	<b>263</b>	<b>260</b>	<b>260</b>	<b>258</b>	<b>260</b>	<b>262</b>	<b>274</b>	<b>275</b>

**Source:**

City of Statesboro's Finance department

**City of Statesboro, Georgia**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/program</u></b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	34	34	40	42	43	43	49	49	43
Fire stations	2	2	2	2	2	2	2	2	2	2
Refuse collection										
Collection trucks	5	5	5	5	4	7	7	7	7	9
Streets and highways										
Streets (miles)	104	104	105	105	105	117	117	119	119	119
Traffic signals	8	8	9	11	11	11	12	13	15	15
Parks and recreation										
Acreage	52	52	52	52	52	52	55	83	83	83
Water										
Water mains (miles)	153	157	160	161	194	198	207	212	216	219.5
Fire hydrants	971	1,003	1,037	1,106	1,175	1,244	1,313	1,382	1,451	1,487
Storage capacity (thousands of gallons)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Wastewater										
Sanitary sewers (miles)	128	134	140	141	168	171	174	177	181	184
Treatment capacity (thousands of gallons)	7,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Storm sewers (miles)	4	4	4	4	5	5	5	5	5	5

**Source:**

Various City Departments

**City of Statesboro, Georgia**  
**Operating Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/program</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
Police										
Physical arrests	1,620	1,806	1,782	2,100	1,740	1,863	1,794	1,736	2,185	2,105
Traffic violations	10,224	10,100	8,451	8,138	7,691	7,781	10,823	10,032	9,442	10,299
Fire										
Emergency responses	772	844	890	894	855	930	927	743	1,106	637
Fires extinguished	122	162	102	138	214	124	226	157	200	257
Inspections	1,411	1,739	687	254	151	639	1,353	1,289	1,973	1,343
Refuse collection										
Refuse collected (tons per month)	1,545.2	1,574.2	1,641.3	1,716.7	1,770.4	1,771.9	1,821.8	1,981.0	1,426.0	1,496.0
Streets and highways										
Resurfacing (miles)	1.50	3.70	3.62	3.35	12.50	0	7.5	1.43	2.75	0.603
Water										
New connections	194	217	156	90	156	275	562	187	188	367
Water mains breaks	27	23	11	28	27	13	18	8	7	19
Average daily consumption (thousands of gallons)	2,924	2,971	2,724	2,978	2,887	3,091	3,190	3,239	3,130	2,787
Peak daily consumption (thousands of gallons)	5,476	4,293	3,781	4,989	4,989	4,306	4,220	4,630	5,179	4,422
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,692	3,217	4,507	3,718	3,814	3,721	3,615	3,444	3,106	4,000

**Sources:**

Various City departments

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

To the City Council  
City of Statesboro, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Statesboro, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City of Statesboro's basic financial statements and have issued our report thereon dated January 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Statesboro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Statesboro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Statesboro's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. These are listed as findings 2010-1 through 2010-5. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

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

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

*Thigpen, Lanier, Westerfield + Deal*

January 25, 2011

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Contract Number	Federal Expenditures
Department of Justice:			
Direct Program for Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 40,844
Pass-through program from Criminal Justice Coordinating Council for Edward Byrne Memorial Justice Assistance Grant Program	16.738	B08-8-059	4,500
			<u>45,344</u>
Direct Programs:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804		188,551
Public Safety Partnerships and Community Policing Grants	16.710		55,024
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		8,316
Bulletproof Vest Partnership Program	16.607		5,205
Pass-through programs from Criminal Justice Coordinating Council for ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	B-82-8-181	9,197
			<u>311,637</u>
Total Department of Justice			
Department of Homeland Security:			
Direct Program - Assistance to Firefighters Grant	97.044		256,000
Pass-through programs from Georgia Emergency Management Agency - Homeland Security Grant Program	97.067		49,027
			<u>305,027</u>
Total Department of Homeland Security			
Total expenditures of federal awards			<u>\$ 616,664</u>

**CITY OF STATESBORO, GEORGIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR JUNE 30, 2010**

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**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of City of Statesboro for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of City of Statesboro, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Statesboro.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**NOTE C – SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, City of Statesboro provided federal awards to subrecipients in the amount \$94,275 for the Edward Byrne Memorial Justice Assistance Grant Program to Units of Local Governments, CFDA number 16.804.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council  
City of Statesboro, Georgia

### Compliance

We have audited the City of Statesboro, Georgia's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Statesboro, Georgia's major federal programs for the year ended June 30, 2010. City of Statesboro, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Statesboro, Georgia's management. Our responsibility is to express an opinion on City of Statesboro, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Statesboro, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Statesboro, Georgia's compliance with those requirements.



As described in item 2010-8 in the accompanying schedule of findings and questioned costs, City of Statesboro, Georgia, did not comply with requirements regarding reporting that are applicable to its Edward Byrne Memorial Justice Assistance Grant Program to Units of Local Governments. Compliance with such requirements is necessary, in our opinion, for City of Statesboro, Georgia, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Statesboro, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

Management of City of Statesboro, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Statesboro, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Statesboro, Georgia's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-6 and 2010-9 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-7 and 2010-10 to be significant deficiencies.

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

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

*Thigpen, Lanier, Westerfield + Deal*

January 25, 2011

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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**SUMMARY OF AUDITOR'S RESULTS**

- 1 The auditor's report expresses an unqualified opinion on the financial statements of City of Statesboro, Georgia.
- 2 Five significant deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The significant deficiencies were not considered to be material weaknesses.
- 3 No instances of noncompliance material to the financial statements of City of Statesboro, Georgia were disclosed during the audit.
- 4 Two significant deficiencies in internal control over major federal award programs were reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. One deficiency was reported as a material weakness.
- 5 The auditor's report on compliance for the Edward Byrne Memorial Justice Assistance Grant Program to Units of Local Governments expresses a qualified opinion; the report on the remaining program is unqualified.
- 6 Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
- 7 The programs tested as major programs included: Assistance to Firefighters, CFDA number 97.044 and Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government, CFDA number 16.804.
- 8 The threshold used for distinguishing between Type A and B programs was \$300,000.
- 9 City of Statesboro, Georgia did not qualify as a low-risk auditee.

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**2010-1 Lack of proper documentation authorizing pay rate changes and promotions**

During our audit, we reviewed Compensation and/or Title Change Forms for proper approval for various pay rate increases during the year. Numerous exceptions were noted where authorizations to increase pay rates were not signed by the employee and/or City Manager, or were not supported by written Resolution of the Mayor and City Council where applicable as indicated in the City's personnel policy. The procedures detailed in the personnel policy should be followed in order to maintain the integrity of the City's compensation plan. We also noted inadequate record keeping for maintaining support for pay rate changes since several final compensation and/or title change forms could not be located.

City response: We concur with this finding and we have implemented procedures to obtain and document proper approval for pay rate changes as required by our personnel policy.

**2010-2 Incorrect accrual of year-end unbilled accounts receivable**

We noted that the year-end accrual for unbilled accounts receivable was overstated by approximately \$934,000 because of meter reading errors and accrual calculation errors. The year-end accrual for unbilled accounts receivable should be reviewed for reasonableness and accuracy before completing the year-end financial statements.

City response: We concur with this finding and we will implement procedures for the finance department to review year end accruals for accuracy and reasonableness before submitting the annual financial statements to the City's auditors.

**2010-3 Accumulated deficit within internal service fund**

We noted that an accumulated deficit of approximately \$600,000 within the benefits insurance fund was not properly allocated to the City's other funds at year end. As part of the year-end closing procedures, the finance department should review internal service funds for any accumulated deficits that should be allocated to the City's others funds.

City response: We concur with this finding and we will implement year-end closing procedures to review the internal control service funds for accumulated deficits.

**2010-4 Timely bank reconciliations**

Bank reconciliations for the City's sweep account are not being completed on a timely basis. Not reconciling the sweep account on a timely basis means that errors or other problems might not be recognized and resolved on a timely basis.

City response: We concur with this finding and we will implement procedures for the reconciling of the sweep account on a more timely basis.

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

---

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2010-5 Develop a year-end closing schedule**

Trial balances for some funds were not provided to the auditors until the end of November, 2010 for this year's audit causing difficulty in meeting reporting deadlines. We believe that the year-end closing could proceed in a more timely and efficient manner by developing a closing schedule that indicates who will perform each procedure and when the completion of each procedure is due and accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information, and the due dates should be monitored to determine that they are being met. Also, any entries required after the year-end close for the previous fiscal year should be communicated to the auditor.

City response: We concur with this finding and we will implement procedures to establish a year-end closing schedule to improve efficiency and timeliness in the closing process.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**DEPARTMENT OF JUSTICE**

**2010-6 Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government – CFDA No. 16.804; Grant No. 2009-SB-B9-1532**

**SIGNIFICANT DEFICIENCY – MATERIAL WEAKNESS**

Condition: During our audit we noted that reports required for federal awards are not consistently reconciled with the financial records of the City.

Criteria: Reports required for federal awards must agree to the supporting documentation found in the City's accounting records.

Effect: Failure to comply with all reporting requirements stipulated in a federal award's terms and conditions is considered a violation of the award's agreement, and the awarding agency could possibly take remedial action to ensure compliance.

Auditor's Recommendation: We recommend that reconciliation and oversight for reporting of federal awards be centralized with an individual who has knowledge of the City's financial records and of the reporting requirements of federal awards. This reconciliation process should ensure that all transactions that are required to be included in the reports for federal awards are included.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and will designate a member of the finance department staff to be responsible for the oversight of proper reporting for federal awards.

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2010-7** Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government – CFDA No. 16.804; Grant No. 2009-SB-B9-1532

**SIGNIFICANT DEFICIENCY**

Condition: The City's policies and procedures for control over property and equipment do not ensure compliance with federal regulations.

Criteria: For equipment that is acquired through the use of federal funds, the City is required to maintain records with a level of detail that includes serial numbers, the source of the property, the percentage of federal participation in the cost of the property, the location, the use and condition of the property, as well as ultimate disposition data. The City is also required to take a physical inventory of property and equipment at least every two years.

Effect: Failure to comply with these regulations increases the risk of misappropriation of property and equipment and could possibly cause noncompliance with federal award agreements.

Auditor's Recommendation: We recommend that one individual be designated as responsible for the property and equipment records of the City. That individual should maintain the records in a centralized location with an appropriate level of detail. We also recommend that a policy be set in place to require that all dispositions be approved by that designated individual to ensure that any dispositions of property and equipment purchased with federal funds are handled in accordance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will designate a member of the City's staff to be responsible for the City's property and equipment records and policies that will include a physical inventory. This individual will be required to become knowledgeable of federal laws pertaining to property and equipment purchased with federal funds.

**2010-8** Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government – CFDA No. 16.804; Grant No. 2009-SB-B9-1532

Condition: During our audit we noted that the detailed information for a van purchased for \$41,698 was not reported as required by section 1512 of the American Recovery and Reinvestment Act of 2009.

Criteria: Section 1512 of the American Recovery and Reinvestment Act of 2009 requires that the identity of the vendor, the amount of the payment, and a description of what was obtained in exchange for the payment be reported for all payments greater than \$25,000.

Effect: Failure to comply with all reporting requirements stipulated in a federal award's terms and conditions is considered a violation of the award's agreement, and the awarding agency could possibly take remedial action to ensure compliance.

**CITY OF STATESBORO, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Auditor's Recommendation: This instance of noncompliance is a result of finding 2010-6. Therefore, the same recommendation applies.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding. As this finding is a result of finding 2010-6, the same corrective action applies.

DEPARTMENT OF HOMELAND SECURITY

**2010-9** Assistance to Firefighters Grant – CFDA No. 97.044; Grant No. EMW-2008-FR-00281

**SIGNIFICANT DEFICIENCY – MATERIAL WEAKNESS**

The significant deficiency at finding 2010-6 also applies to this grant.

**2010-10** Assistance to Firefighters Grant – CFDA No. 97.044; Grant No. EMW-2008-FR-00281

**SIGNIFICANT DEFICIENCY**

The significant deficiency at finding 2010-7 also applies to this grant.



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