CITY OF ARLINGTON, GEORGIA
Arlington, Georgia

Financial Statements
and Supplemental Information

For the Fiscal Year Ended
June 30, 2011

And

Auditor's Opinion

CITY OF ARLINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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BROWN & McDANIEL CPAs, LLC
1500 DAWSON ROAD P.O. BOX 71705 ALBANY, GEORGIA 31708-1705

INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council
City of Arlington, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Georgia, as of and for the year ended June 30, 2011, 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 Arlington, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Georgia, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7 to the financial statements, the City of Arlington, Georgia adopted the provisions of GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions, in 2011.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2012, on our consideration of the City of Arlington, 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.

Richard H. Brown, CPA
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. The City has not presented the management's discussion and analysis. To the budgetary comparison information on pages 35 through 42, we have applied certain limited procedures 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 Arlington, Georgia's basic financial statements. The individual major fund financial statements, combining and individual non-major fund financial statements, component unit financial statements, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic 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 individual major fund financial statements, combining and individual non-major fund financial statements, component unit financial statements, supplemental schedules, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 to the basic financial statements taken as a whole.

We also have previously audited the City's basic financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated October 27, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 individual major fund financial statements, combining and individual non-major fund financial statements, component unit financial statements, and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

/s/ Brown & McDaniel, CPAs, LLC

June 20, 2012

BASIC FINANCIAL STATEMENTS

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	$ 288,631	$ 169,171	$ 457,802	$ 11,907
Investments	8,219	18,835	27,054	-
Receivables	252,193	22,333	274,526	-
Prepayments	2,219	-	2,219	-
Restricted Assets:				
Cash and Cash Equivalents	-	100,527	100,527	-
Investments	-	126,894	126,894	-
Deposits	-	200	200	-
Deferred Charges	-	25,650	25,650	-
Capital Assets - Not Being Depreciated	73,631	36,985	110,616	44,016
Capital Assets, Net of Accumulated Depreciation	1,028,896	5,323,996	6,352,892	-
Total Assets	1,653,789	5,824,591	7,478,380	55,923
LIABILITIES				
Accounts Payable	173,792	15,418	189,210	-
Accrued Liabilities	14,270	-	14,270	-
Accrued Interest Payable	-	700	700	-
Customer Deposits Payable	-	36,761	36,761	-
Non-current Liabilities:				
Due Within One Year	9,701	42,067	51,768	-
Due In More Than One Year	42,241	1,299,906	1,342,147	-
Total Liabilities	240,004	1,394,852	1,634,856	-
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,050,585	4,019,008	5,069,593	44,016
Restricted:				
Special Revenue Projects	93,481	-	93,481	11,907
Capital Projects	91,126	-	91,126	-
Unrestricted	178,593	410,731	589,324	-
Total Net Assets	$1,413,785	$ 4,429,739	$ 5,843,524	$ 55,923

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Program	Expenses	Program Revenues: Charges For Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital
Governmental Activities:				
General Government	$ 166,259	$ 14,977	$ -	$ -
Public Safety	196,276	6,443	-	-
Public Works	341,247	152,331	26,783	151,786
Housing and Development	150,790	-	95,047	-
Health and Welfare	283,316	-	303,245	-
Culture and Recreation	46,266	5,783	1,200	-
Interest (Long-Term Debt)	1,034	-	-	-
Total Governmental Activities	1,185,188	179,534	426,275	151,786
Business-Type Activities:				
Water and Sewerage	482,281	323,820	-	165,297
Total Business-Type Activities	482,281	323,820	-	165,297
Total Primary Government	$ 1,667,469	$ 503,354	$ 426,275	$ 317,083
Component Units	$ 303,725	$ -	$ 301,290	$ -

General Revenues:
  Taxes:
    Property Taxes
    Local Option Sales Taxes
    Alcoholic Beverage Taxes
    Insurance Premiums Tax
    Franchise Taxes
    Railroad Equipment Taxes
    Housing Authority - In Lieu of Taxes
    Intangible and Real Estate Transfer Taxes
  Interest Earnings
  Miscellaneous

Transfers

Total General Revenues and Transfers

Change In Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (151,282)	$ -	$ (151,282)	$ -
(189,833)	-	(189,833)	-
(10,347)	-	(10,347)	-
(55,743)	-	(55,743)	-
19,929	-	19,929	-
(39,283)	-	(39,283)	-
(1,034)	-	(1,034)	-
(427,593)	-	(427,593)	-
-	6,836	6,836	-
-	6,836	6,836	-
(427,593)	6,836	(420,757)	-
-	-	-	(2,435)
179,665	-	179,665	-
178,021	-	178,021	-
17,974	-	17,974	-
86,239	-	86,239	-
83,395	-	83,395	-
1,944	-	1,944	-
682	-	682	-
770	-	770	-
1,717	2,768	4,485	115
14,047	-	14,047	-
(17,982)	17,982	-	-
546,472	20,750	567,222	115
118,879	27,586	146,465	(2,320)
1,294,906	4,402,153	5,697,059	58,243
$ 1,413,785	$ 4,429,739	$ 5,843,524	$ 55,923

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

CITY OF ARLINGTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Revenue SFSP	Special Revenue CDBG	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 158,763	$ 34,654	$ 4,088	$ 91,126	$ 288,631
Investment	8,219	-	-	-	8,219
Receivables	76,748	175,445	-	-	252,193
Prepayments	-	2,219	-	-	2,219
Due from Other Funds	-	5,602	-	-	5,602
Total Assets	243,730	217,920	4,088	91,126	556,864
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	50,412	119,292	4,088	-	173,792
Accrued Liabilities	9,123	5,147	-	-	14,270
Due to Other Funds	5,602	-	-	-	5,602
Total Liabilities	65,137	124,439	4,088	-	193,664
Fund Balances:					
Nonspendable	-	2,219	-	-	2,219
Restricted	-	91,262	-	91,126	182,388
Assigned	58,926	-	-	-	58,926
Unassigned	119,667	-	-	-	119,667
Total Fund Balances	178,593	93,481	-	91,126	363,200
Total Liabilities and Fund Balances	$ 243,730	$ 217,920	$ 4,088	$ 91,126	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					1,102,527
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds					(51,942)
Net Assets of Governmental Activities					$ 1,413,785

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General	Special Revenue SFSP	Special Revenue CDBG	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 548,690	$ -	$ -	$ -	$ 548,690
Licenses and Permits	14,977	-	-	-	14,977
Fines and Forfeitures	6,443	-	-	-	6,443
Charges for Services	150,706	-	-	-	150,706
Intergovernmental	127,983	303,245	95,047	51,014	577,289
Miscellaneous	23,172	-	-	772	23,944
Total Revenues	871,971	303,245	95,047	51,786	1,322,049
EXPENDITURES					
Current:					
General Government	152,326	-	-	-	152,326
Public Safety	274,272	-	-	-	274,272
Public Works	324,785	-	-	9	324,794
Housing and Development	-	-	150,790	-	150,790
Health and Welfare	-	283,316	-	-	283,316
Culture and Recreation	41,474	-	-	-	41,474
Capital Outlay	-	-	-	17,783	17,783
Debt Service:					
Principal	-	-	-	35,921	35,921
Interest	-	-	-	1,034	1,034
Total Expenditures	792,857	283,316	150,790	54,747	1,281,710
Excess (Deficiency) of Revenues Over Expenditures	79,114	19,929	(55,743)	(2,961)	40,339
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	-	-	-	49,498	49,498
Transfers In	49,498	45,602	2	48,226	143,328
Transfers Out	(82,820)	-	-	(78,490)	(161,310)
Net Other Financing Sources (Uses)	(33,322)	45,602	2	19,234	31,516
Net Changes in Fund Balances	45,792	65,531	(55,741)	16,273	71,855
Fund Balances - Beg of Year	132,801	27,950	55,741	74,853	291,345
Fund Balances - End of Year	$ 178,593	$ 93,481	$ -	$ 91,126	$ 363,200

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

CITY OF ARLINGTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the "Statement of Activities" are different because:

Net change in fund balances - total governmental funds reported in "Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds"	$ 71,855
Governmental funds report capital outlays as expenditures. However, in the "Statement of Activities" the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Details of the amount by which depreciation exceeded capital outlays in the current period are as follows:	
Capital Outlays	156,010
Depreciation Expense	(95,409)
	60,601
Governmental funds report the proceeds of long-term debt as a current financial resource and the repayment of principal as an expenditure of current financial resources. However, in the "Statement of Activities" there is no effect for these transactions. Details of the amount by which long-term debt proceeds exceeded repayments of principal in the current period are as follows:	
Principal Repayments	35,921
Proceeds of Long-Term Debt	(49,498)
	(13,577)
Change in Net Assets of governmental activities reported in the "Statement of Activities"	$ 118,879

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 169,171	$ 169,171
Investments	18,835	18,835
Accounts Receivables	22,333	22,333
Restricted Assets:		
Cash and Cash Equivalents	100,527	100,527
Investments	18,102	18,102
Total Current Assets	328,968	328,968
Non-current Assets:		
Restricted Assets - Investments	108,792	108,792
Capital Assets:		
Land and Construction in Progress	36,985	36,985
Other Capital Assets, Net of Accumulated Depreciation	5,323,996	5,523,996
Deferred Charges	25,650	25,650
Deposits	200	200
Total Non-current Assets	5,495,623	5,495,623
Total Assets	5,824,591	5,824,591
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,418	15,418
Payable from Restricted Assets:		
Accrued Interest Payable	700	700
Revenue Bonds - 1972 Series	28,000	28,000
Revenue Bond - 2009 Series	14,067	14,067
Customer Deposits	36,761	36,761
Total Current Liabilities	94,946	94,946
Long-Term Liabilities:		
Revenue Bond Payable - 2009 Series	1,299,906	1,299,906
Total Long-Term Liabilities	1,299,906	1,299,906
Total Liabilities	1,394,852	1,394,852
NET ASSETS		
Investment in Capital Assets, Net Of Related Debt	4,019,008	4,019,008
Restricted	-	-
Unrestricted	410,731	410,731
Total Net Assets	$ 4,429,739	$ 4,429,739

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
OPERATING REVENUES		
Water and Sewerage Charges	$ 301,635	$ 301,635
Cut-On and Tap Fees	12,185	12,185
Penalties and Miscellaneous	10,000	10,000
Total Operating Revenues	323,820	323,820
OPERATING EXPENSES		
Administration and Operations	280,548	280,548
Depreciation	142,293	142,293
Total Operating Expenses	422,841	422,841
Operating Income (Loss)	(99,021)	(99,021)
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	2,768	2,768
Amortization of Bond Issuance Costs	(1,178)	(1,178)
Interest Expense	(58,262)	(58,262)
Total Non-Operating Revenues and Expenses	(56,672)	(56,672)
Net Income Before Contributions and Transfers	(155,693)	(155,693)
CONTRIBUTIONS		
Federal Government-USDA Rural Development	165,297	165,297
Total Contributions	165,297	165,297
TRANSFERS		
Transfers In	17,982	17,982
Transfers Out	-	-
Net Transfers	17,982	17,982
Change in Net Assets	27,586	27,586
Net Assets - Beg of Year	4,402,153	4,402,153
Net Assets - End of Year	$ 4,429,739	$ 4,429,739

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 323,764	$ 323,764
Cash Paid To Employees for Services	(37,515)	(37,515)
Cash Paid To Governments for Taxes	(14,433)	(14,433)
Cash Paid To Suppliers	(235,482)	(235,482)
Net Cash Provided (Used) by Operating Activities	36,334	36,334
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers In (Out) From Other Funds	17,982	17,982
Net Cash Provided (Used) by Non-Capital Financing Activities	17,982	17,982
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contribution-USDA Rural Development	255,480	255,480
Principal Paid on Revenue Bonds	(41,630)	(41,630)
Interest Paid on Revenue Bonds	(58,962)	(58,962)
Refund of Bond Issuance Costs	500	500
Acquisition and Construction of Capital Assets	(244,577)	(244,577)
Net Cash Provided (Used) by Capital and Related Financing Activities	(89,189)	(89,189)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	(70,000)	(70,000)
Interest Reinvestment-Certificate of Deposit	(1,018)	(1,018)
Interest Income	2,768	2,768
Net Cash Provided (Used) by Investing Activities	(68,250)	(68,250)
Net Increase (Decrease) in Cash and Cash Equivalents	(103,123)	(103,123)
Cash and Cash Equivalents - Beg of Year	372,821	372,821
Cash and Cash Equivalents - End of Year	$ 269,698	$ 269,698
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON STATEMENT OF NET ASSETS		
Cash and Cash Equivalents-Current	$ 169,171	$ 169,171
Cash and Cash Equivalents-Restricted	100,527	100,527
Total Cash and Cash Equivalents	$ 269,698	$ 269,698

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$ (99,021)	$ (99,021)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	142,293	142,293
(Increase) Decrease in Accounts Receivable	3,474	3,474
Increase (Decrease) in Accounts Payable	(6,882)	(6,882)
Increase (Decrease) in Customer Deposits	(3,530)	(3,530)
Total Adjustments	135,355	135,355
Net Cash Provided (Used) by Operating Activities	$ 36,334	$ 36,334
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Total Noncash Investing, Capital, and Financing Activities	$ -	$ -

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILTIES
JUNE 30, 2011

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 625
Total Assets	625
LIABILITIES	
Due to Others	625
Total Liabilities	625
NET ASSETS	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles of the City of Arlington, Georgia (City) are discussed in subsequent sections of this Note. The remaining Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2011.

B. FINANCIAL REPORTING ENTITY

The accompanying financial statements report on the financial activities of the City, which operates under a mayor and council form of government and provides for the general administration of City functions; citizens public safety; municipal court; public works; health and welfare; culture and recreation; water and sewerage services; and public transportation services.

1. Component Units

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units establishes standards for determining which organizations should be included in the financial reporting entity and for reporting the financial information of those organizations. A component unit is an organization for which the City is financially accountable or an organization that must be included as a part of the reporting entity to keep the financial statements from being misleading or incomplete because of the nature or significance of their relationship to the City. Based upon the application of these criteria, the financial activities of the following component unit have been discretely presented to emphasize that it is legally separate from the City.

Arlington Downtown Development Authority - promotes development in the downtown area. The Authority is a legally separate entity, although the Arlington City Council appoints a voting majority of the Authority's governing board, and has the ability to impose its will on the Authority. Separate financial statements of the Arlington Downtown Development Authority are not issued.

2. Related Organizations

Housing Authority of City of Arlington - administers Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the governing board are appointed by the mayor and approved by the city council. The city has no significant influence over management, budget, or policies of the Housing Authority of City of Arlington. The Housing Authority of City of Arlington reports independently.

3. Joint Venture

The City, in conjunction with other cities and counties, is a member of the Southwest Georgia Regional Commission (RC). Membership in the RC is automatic for each municipality and county in the state. The Official Code of Georgia Annotated (O.C.G.A.) section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of RDC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City of Arlington, Georgia paid $1,515 to the RC for the year ended June 30, 2011. The RC board membership includes the chief elected official of each county and municipality. The county and municipal board members from that county elect one member of the board who is a resident (but not an elected or appointed official or employee of either) to serve as the non-public board member from that county. Complete financial statements of the Southwest Georgia Regional Commission may be obtained at the offices in Camilla, Georgia. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) further defines RC's as public agencies and instrumentalities of their members, and as such, provides that member governments are liable for any debts or obligations of an RDC beyond its resources (O.C.G.A. 50-8-39.1).

C. BASIS OF PRESENTATION

1. 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 of the City as whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the 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 City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. 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 programs associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, 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 acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

2. Fund Financial Statements

Fund financial statements are provided for government, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The City reports the following major governmental funds:

General Fund - reports as the primary fund for the City. This fund is used to account for all financial resources not reported in other funds.

Summer Food Service Program Fund - is used to account for the resources of the Summer Food Service Program for Children. The program provides food services for low-income children during the summer months, when schools are out of session. The program is funded through a grant-in-aid provided by the Georgia Department of Early Care and Learning (DECAL).

Community Development Block Grant (CDBG) Fund - is used to account for a $500,000 CDBG grant (No. 08h-x-019-2-5023) for the provision of rehabilitation and reconstruction of private properties to 18 owner occupied housing units. Thirty-four persons will benefit, all of whom are of low to moderate income.

The City reports the following major proprietary funds:

Water and Sewerage Fund - is used to account for the provision of water and sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collecting.

Additionally, the City reports the following fiduciary fund type:

Arlington Recorders Court - is used to administer the City's municipal court collections and subsequent remittances to appropriate agencies or organizations.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using the same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, hotel/motel taxes, property taxes, franchise taxes, charges for services, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund.

Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Cash and Investments

The City's deposits and investments, including those of component units, consist entirely of demand deposits, money market accounts, savings accounts, and certificates of deposit. For purposes of the statement of cash flows, the City considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Subject to the provisions of state statutes (O.C.G.A. 36-83-4), any money subject to the governing authority's control may be invested in the following: (a) obligations of this state or of other states; (b) obligations issued by the Unites States Government; (c) obligations fully insured or guaranteed by the United States Government or by a government agency of the United States; (d) obligations of any corporations of the United States Government; (e) prime bankers acceptances; (f) the local government investment pool; (g) repurchase agreements; and (h) obligations of other political subdivisions of this state.

The City's policy is to invest excess available cash in certificates of deposit only. These investments are reported at their carrying amounts, which approximates fair value.

2. Inventories and Prepaids

The costs of inventories are recorded as expenditures/expenses when purchased in all funds. The costs of inventory at year end, if any, are not considered material to the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures when paid in governmental activities and are reported on a consumption basis in business-type activities. The cost of prepaid items at year end applicable to governmental activities, if any, are not considered material to the financial statements.

3. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets, however, infrastructure assets acquired prior to the implementation of GASB Statement No. 34 (FYE June 30, 2004) are not reported. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a unit cost of $5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25-50
Improvements, other than buildings	5-50
Water and Sewerage Systems	7-50
Furniture, machinery, and equipment	5-20

4. Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The City incurred no interest costs during the year requiring capitalization.

5. Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

6. Net Assets and Fund Equity

The government-wide financial statements report restricted net assets for amounts where constraints are imposed either externally by creditors, grantors, contributors, and others or by enabling legislation. Net assets restricted by enabling legislation in the statement of net assets were $91,126. The remaining net assets reported as restricted in the statement of net assets are legally restricted for specified purposes.

The governmental fund financial statements report restricted fund balances for amounts meeting substantially the same criteria as used in the government-wide financial statements for restricted net assets.

When an expense or expenditure is incurred for which both restricted and unrestricted equity is available, the City considers restricted amounts to have been spent before unrestricted amounts. The City has not established a policy for the use of its unrestricted fund balance. Therefore, the City has defaulted to considering committed amounts as being used first, followed by assigned amounts, and then unassigned amounts. The City Council has the authority to assign amounts to a specific purpose.

F. REVENUES, EXPENDITURES, AND EXPENSES

1. Lease Commitments

Operating Leases
The City has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. These expenditures were made primarily from the General Fund and Water and Sewerage Fund.

2. Compensated Absences

Cost of vacation pay is not recorded until such benefits are paid. GASB standards require that leave pay be accrued when:

(a) the employer's obligation to employee's right to receive compensation for future benefits is attributable to employee's service already rendered;
(b) the obligation related to rights that vest or accumulate;
(c) payment of the compensation is probable; and
(d) the amount can be reasonably estimated.

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee and the amount of such payments cannot be reasonably estimated.

3. 2006 Special Purpose Local Option Sales Tax

On September 20, 2005, the citizens of Early County, Georgia approved the continued collection of a special 1% local option sales tax for a period of six years beginning January 1, 2006. Under agreement dated July 20, 2005 with Early County, Georgia, the City is to receive an estimated $229,000 or 2.54% of the tax proceeds over the collection period, with the City receiving the first distribution in March, 2006. The proceeds of the tax are to be used by the City to finance capital outlay projects including improvements and renovations of city facilities and its streets and roads.

4. 2007 Special Purpose Local Option Sales Tax

On March 20, 2007, the citizens of Calhoun County, Georgia approved the continued collection of a special 1% local option sales tax for a period six years beginning on July 1, 2007. Under agreement dated February 12, 2007 with Calhoun County, Georgia, the City is to receive an estimated $183,310 or 7.33% of the tax proceeds over the collection period, with the City receiving the first distribution in July, 2008. The proceeds of the tax are to be used by the City to finance projects for improving the water and sewer system, for recreational purposes, and for road, street and bridge purposes.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. MATERIAL VIOLATIONS OF LEGAL AND CONTRACTUAL PROVISIONS

The City's violations of legal and contractual provisions, the effects of which are considered material to the financial statements, are detailed in the schedule of findings and questioned costs.

B. BUDGETARY INFORMATION

1. Budgetary Preparation

On or before a date fixed by the City Council, but not later than 60 days prior to the beginning of each fiscal year, the City Manager shall submit to the City Council a proposed operating budget for the ensuing fiscal year. The budget shall be accompanied by a message from the City Manager containing a statement of the general fiscal policies of the City, the important features of the budget, explanations of major changes recommended for the next fiscal year, a general summary of the budget, and such other pertinent comments and information. The operating budget and the capital budget, the budget message, and all supporting documents shall be filed in the office of the City Clerk and shall be open to public inspection.

2. Basis of Budgeting

Adoption of the budget is in the form of an appropriations ordinance setting out the estimated revenues in detail by sources and making appropriations according to fund and by organizational unit, purpose, or activity as set out in the City's budget preparation ordinance. Accordingly, each operating fund adopts an annual budget prepared on detailed line-item basis in a manner consistent with GAAP. Revenues are budget by source. Expenditures are budgeted by department. This constitutes the legal level of control and expenditures may not exceed appropriations at this level. The City Council, by ordinance, may make changes in the appropriations contained in the current operating budget, at any regular meeting, special, or emergency meeting called for such purpose, but any additional appropriations may be made only from existing unexpended surplus. Budget revisions at this level are subject to final review by the Council. The City's CDBG Special Revenue Fund and capital project funds are budgeted on a project-length basis and are not budgeted annually.

3. Encumbrances

The City has not reserved any fund balances for recorded encumbrances of financial resources. Encumbrance accounting is normally an extension of formal budgetary integration. Encumbrances do not represent actual expenditures but rather are budgetary items, which represent the estimated cost of goods and services, which have yet to be received. The purpose of encumbrance accounting is to facilitate the prevention of overspending of appropriations.

C. DEFICIT FUND NET ASSETS

All funds operated by the City have positive fund balances.

NOTE 3 - DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. ASSETS

1. Deposits and Investments

Deposits

Custodial Credit Risk - for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of the outside party. The City's deposits, including those of its component units, consist entirely of demand deposit, money market, savings accounts, and certificates of deposit.

Primary Government

At June 30, 2011, the City's deposits had a carrying amount of $558,179 and a bank balance of $620,396. Of the bank balance, $434,076 was covered by federal depository insurance and $186,320 was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2011, the Arlington Downtown Development Authority's deposits had a carrying amount of $11,907 and a bank balance of $11,907. All of the bank balance was covered by federal depository insurance.

Investments

Custodial Credit Risk - for investments is the risk that, in the event of the failure of the counterparty (e.g. financial institution or broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investment securities are exposed to custodial credit risk if the securities uninsured, are not registered in the government's name, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the government's name.

Primary Government

The City's investments consist entirely of certificates of deposit. At June 30, 2011, the City's investments had a carrying amount of $153,948 and a bank balance of $153,948. Of the bank balance, $8,219 was covered by federal depository insurance and $145,729 was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2011, the Arlington Downtown Development Authority had no investments.

Due to the nature of the deposits and investments that are authorized under state statutes and the City's deposit and investment policies, management does not believe the City has a significant exposure to any of the following deposit or investment risks:

Credit Risk - the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an entity's investment in a single issuer.

Interest Rate Risk - the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment.

Foreign Currency Risk - the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit.

2. Receivables, Uncollectible Accounts, and Deferred Revenue

Primary Government

Property Taxes Receivable, Deferred Revenue, and Property Tax Calendar
Property taxes are levied as of the date the millage rate is set (September 14) and are typically due and payable between October 20th and December 20th. The lien date for property taxes is January 1 (typically).

In the governmental fund financial statements, amounts collected during the year and within sixty days of the close of the year are recognized as revenue. The balance of uncollected taxes is recorded as deferred revenue.

Significant Receivables, Uncollectible Accounts, and Deferred Revenue
Significant receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Summer Food Program	Water & Sewerage	Nonmajor and Other Funds	Total
Receivables:					
Taxes	$ 35,831	$ -	$ -	$ -	$ 35,831
Inter-governmental	26,783	175,445	-	-	202,228
Accounts	13,999	-	22,333	-	36,332
Other	135	-	-	-	135
Totals	$ 76,748	$ 175,445	$ 22,333	$ -	$ 274,526

The City uses the direct write off method for recording uncollectible accounts, which approximates GAAP. Historically, the City's losses have not been significant.

Component Units

At June 30, 2011 the Arlington Downtown Development Authority had no receivables outstanding.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the City had no deferred or unearned revenues.

3. Restricted Assets

Restricted assets are reported in various funds for cash deposited into bank accounts legally restricted for specific uses such as the payment of debt service on long-term debt or capital projects.

4. Capital Assets

The following table provides a summary of changes in capital assets:

Primary Government

	Capital Assets, Not Depreciated		Capital Assets, Depreciated			
	Land	Construction In Progress	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals
Governmental Activities						
Balance, June 30, 2010	$ 73,631	$ -	$ 722,970	$ 507,149	$ 538,395	$ 1,842,145
Increases	-	-	-	-	156,011	156,011
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	73,631	-	722,970	507,149	694,406	1,998,156
Accumulated Depreciation:						
Balance, June 30, 2010	-	-	(357,529)	(128,900)	(313,791)	(800,220)
Increases	-	-	(18,434)	(25,358)	(51,617)	(95,409)
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	-	-	(375,963)	(154,258)	(365,408)	(895,629)
Capital Assets, Net	$ 73,631	$ -	$ 347,007	$ 352,891	$ 328,998	$ 1,102,527

	Capital Assets, Not Depreciated		Capital Assets, Depreciated			
	Land	Construction In Progress	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals
Business-Type Activities						
Balance, June 30, 2010	$ 36,985	$ -	$ -	$6,384,474	$ 61,429	$ 6,482,888
Increases	-	-	-	153,896	-	153,896
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	36,985	-	-	6,538,370	61,429	6,636,784
Accumulated Depreciation:						
Balance, June 30, 2010	-	-	-	(1,095,152)	(38,358)	(1,133,510)
Increases	-	-	-	(137,909)	(4,384)	(142,293)
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	-	-	-	(1,233,061)	(42,742)	(1,275,803)
Capital Assets, Net	$ 36,985	$ -	$ -	$5,305,309	$ 18,687	$ 5,360,981
Total Capital Assets, Net	$ 110,616	$ -	$ 347,007	$5,658,200	$ 347,685	$ 6,463,508

Component Units

	Capital Assets, Not Depreciated		Capital Assets, Depreciated			
	Land	Construction In Progress	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals
Balance, June 30, 2010	$ 44,016	$ -	$ -	$ -	$ -	$ 44,016
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	44,016	-	-	-	-	44,016
Accumulated Depreciation:						
Balance, June 30, 2010	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2011	-	-	-	-	-	-
Capital Assets, Net	$ 44,016	$ -	$ -	$ -	$ -	$ 44,016

Depreciation was charged to functions of the primary government as follows:

Governmental Activities		Business-Type Activities	
General Government	$ 13,933	Water and Sewerage	$ 142,293
Public Safety	22,004		
Public Works	54,680		
Culture and Recreation	4,792		
Totals	$ 95,409		$ 142,293

B. LIABILITIES

1. Long-Term Debt

Primary Government

Governmental Activities
When favorable conditions present themselves the City periodically finances purchases of equipment.

Business-Type Activities

a. Revenue Bonds: The ordinance authorizing the issuance of the Water and Sewerage Revenue Bonds - Series 1972 - includes the following provisions:

   i. There shall be paid into the sinking fund No. 2, $2,300 per month until sufficient funds are on hand to pay all outstanding bonds at their prospective maturity dates and the interest, which will become due and payable thereon;

   ii. There shall also be paid into sinking fund No.2, commencing with the month of January 1974, the sums of $250 per month to create and maintain a reserve of $29,000;

   iii. The remaining monies from operations shall be paid into a special fund designated as renewal and extension fund to reach and maintain a balance of $10,000; and

   iv. The revenue fund shall not be less than $5,000.

b. Revenue Bond: The ordinance authorizing the issuance of the Water and Sewer System Revenue Bond - Series 2009 - includes the following provisions:

   i. There shall be paid into the City of Arlington Water and Sewer System Sinking Fund 2009 amounts sufficient to pay the principal and interest as such principal and interest shall become due and payable; and

   ii. There shall be paid into the City of Arlington Water and Sewerage System Sinking Fund 2009 the sums of $582 per month to maintain a payment reserve of $69,792.

The following table provides a summary of changes in long-term debt:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due Within 1 Year
Governmental Activities					
Branch Bank and Trust, For Equipment, Due in Quarterly Installments of $10,847 each Through Feb, 2011 at 4.39% Interest (Original Amount $183,139)	$ 31,838	$ -	$ (31,838)	$ -	$ -
Branch Bank and Trust, For Police Car, Due in Quarterly Installments of $2,494 each Through Sep, 2010 at 4.50% Interest (Original Amount $27,793)	2,466	-	(2,466)	-	-
Kansas State Bank of Manhattan, For Police Equipment, Due in Monthly Installments of $192 each Through April, 2013 At 10.93% Interest (Original Amount $5,873)	4,060	-	(1,616)	2,444	616
Branch Bank and Trust, For Equipment, Due in Quarterly Installments of $2,732 each Through Apr, 2016 at 3.76% Interest (Original Amount $49,498)	-	49,498	-	49,498	9,085
Totals Governmental Activities	$ 38,364	$ 49,498	$ (35,920)	$ 51,942	$ 9,701

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due Within 1 Year
Business-Type Activities					
2009 Series, 4.25% Water And Sewerage System Revenue Bond, For Sewage System Improvements, (Original Amount $1,340,000)	$ 1,327,602	$ -	$ (13,630)	$ 1,313,972	$ 14,067
1972 Series, 5.0% Water And Sewerage System Revenue Bonds, For Water & Sewer System Improvements, (Original Amount $472,000)	56,000	$ -	$ (28,000)	$ 28,000	$ 28,000
Totals Business-Type Activities	$ 1,383,602	$ -	$ (41,630)	$ 1,341,972	$ 42,067
Total Long-Term Debt	$ 1,421,966	$ 49,498	$ (77,550)	$ 1,393,914	$ 51,768

The annual requirements to amortize the preceding obligations as of June, 30, 2011, are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2012	$ 9,701	$ 1,917	$ 11,618	$ 42,067	$ 57,125	$ 99,192
2013	11,371	1,479	12,850	14,830	54,962	69,792
2014	9,907	1,022	10,929	15,473	54,319	69,792
2015	10,285	644	10,929	16,144	53,648	69,792
2016	10,678	252	10,930	16,696	53,096	69,792
2017-2021	-	-	-	95,640	253,320	348,960
2022-2026	-	-	-	118,245	230,715	348,960
2027-2031	-	-	-	146,195	202,765	348,960
2032-2036	-	-	-	180,668	168,292	348,960
2037-2041	-	-	-	223,498	125,462	348,960
2042-2046	-	-	-	276,334	72,626	348,960
2047-2050	-	-	-	196,182	13,134	209,316
Totals	$ 51,942	$ 5,314	$ 57,256	$ 1,341,972	$1,339,464	$ 2,681,436

Component Units

Conduit Debt

The Arlington Downtown Development Authority obtained funding from the One Georgia Authority for the benefit of a local private enterprise in the form of a low interest loan. Neither the Arlington Downtown Development Authority, nor the City of Arlington, Georgia is liable for repayment of the obligation. The amount of the obligation outstanding at June 30, 2011 was $288,099.

2. Risk Management

The City is exposed to various forms of risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for this risk of loss which management believes to be sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City participates in the Georgia Municipal Association Workers Compensation Fund. The liability of the fund to the employees of an employer (City) is specifically limited to such obligations as are imposed by the 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 suit or other proceedings which may at any time be 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 taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

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

C. FUND EQUITY

Fund Balances in the governmental funds financial statements are classified into the following categories as applicable:

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact. Amounts reported in the nonspendable classification for the City are for prepayments.

Restricted. The restricted fund balance classification includes amounts where constraints have been placed on resources that are (1) either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The City reports the following restricted fund balances at year end:

Summer Food Service Program For Children Fund	$ 91,262
2007 Special Purpose Local Option Sales Tax Fund	91,126
Total Restricted Fund Balances	$ 182,388

Committed. The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City had no committed fund balances at year end.

Assigned. The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the governing body itself or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City reports the following assigned fund balances at year end:

General Fund:	
Recreation	$ 14,698
Fire Department	3,426
City Park	75
Cemetery	1,625
Travel	109
May Day Festival	6,125
Grant Matching	32,868
Total Assigned Fund Balances	$ 58,926

Unassigned. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

D. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

1. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The following table reports receivables and payables at fiscal year-end:

Fund	Receivable	Payable
Governmental Activities		
General Fund	$ -	$ 5,602
Summer Food Service Program For Children	5,602	-
Total Governmental Activities	5,602	5,602
Total Government-Wide	$ 5,602	$ 5,602

2. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following table reports transfers and payments within the reporting entity:

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	$ 49,498	$ 82,820
Summer Food Service Program For Children Fund	45,602	-
Community Development Block Grant Fund	2	-
2006 Special Purpose Local Option Sales Tax Fund	11,271	28,992
Debt Service Fund	36,955	49,498
Business-Type Activities:		
Water and Sewerage Fund	17,982	-
Totals	$ 161,310	$ 161,310

NOTE 4 - RETIREMENT PLANS

A. PEACE OFFICERS ANNUITY AND BENEFIT FUND

Policemen are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the City to the pension plan before payment of any costs or other claims.

B. DEFERRED COMPENSATION PLAN

Georgia Municipal Association

By authority of a resolution passed by the City Council (April 8, 2003) and state statute, the City has elected to participate in the GMA Deferred Compensation Plan and the GMA 401(a) Defined Contribution Plan, collectively referred to as "the Plan", administered by Georgia Municipal Association (GMA) in accordance with Internal Revenue Section(s) 457 and 401(a) respectively. The Plan covers substantially all the City employees, without regard to department, and all contributions made by or on behalf of an employee are credited to that individual participants account. Under provisions of the Plan, employees must have 6 months of service before being eligible to participate in the Plan. The City allows employees the option of contributing up to 100% of their includible compensation to the Plan, subject to the maximum statutory specific dollar amount allowed by the Internal Revenue Code, and employees are 100% vested in their contributions and investment earnings thereon.

The Plan provides for the City to match employee contributions up to 2% of annual salary. Employees are vested in employer contributions and the investment earnings thereon under the following graduated scale:

Completed Years of Service As Eligible Employee	Vested %
1 year	20
2 years	40
3 years	60
4 years	80
5 years	100

In the event of death, disability, or termination of the Plan, a participant becomes 100% vested in the employers matching contributions, notwithstanding any vesting schedule. In determining the participant's total years of service for vesting purposes, different periods of employment as an eligible employee will be added together if the participant is reemployed with the City before completing a period of separation of 1 year. If a participant separates from service, the participant's non-vested employer contributions shall be forfeited as of the date of the participant's separation from service. Amounts forfeited during a plan year shall be held unallocated until they are used to reduce or otherwise supplement employer contributions as of the earliest possible date such contributions are required to be made to the Plan.

If the City desires to amend any of its elections previously adopted, the governing authority by official action must adopt an amendment of the of the Adoption Agreement or a new Adoption Agreement must be adopted and forwarded to the Plan Trustees for approval. The amendment of the new Adoption Agreement is not effective until approved by the Trustees and other procedures required by the Plan have been implemented.

For the year ended June 30, 2011, the contributions of the employees and City amounted to $6,343 and $3,930 respectively.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

The City attorney has advised the City that no litigation is pending (or has been threatened) against the City at June 30, 2011.

B. CONTINGENCIES

Except for the joint venture relationship described in Note 1-B.3., the City has not entered into any arrangement under which the City would assume any actual or potential liability for the obligations of any governmental or private agency, authority, or instrumentality.

C. GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Liability for reimbursement, which may arise as the result of these audits, is discussed in Note 6.A.

NOTE 6 - SUBSEQUENT EVENTS

A. SUMMER FOOD SERVICE PROGRAM COMPLAINT INVESTIGATION

On September 28, 2011, MH Miles Company, CPA, PC (MHM) issued its report of findings on an investigation of the 2011 Summer Food Service Program for Children sponsored by the City. MHM was engaged by the State of Georgia, Department of Early Care and Learning (DECAL), Bright From the Start to investigate the Program based on a complaint received on June 30, 2011. In the report, MHM claims that the City was reimbursed for unallowable costs of $30,766 and 6,069 meal servings.

A prior review of the Program, unrelated to the complaint investigation, yielded disallowable costs of $14,835.75.

Based upon the results of the complaint investigation and the prior review, on November 17, 2011 DECAL issued a Notice of Serious Deficiency and Reclaim of Program Funds for $84,145.43. Of the total amount of the reclaim, $45,601.75 is due to the Summer Food Service Program For Children Fund from the City for the unallowable costs. The remaining $38,543.68 is attributable to the meal servings and is due back to DECAL.

The effects of these events have been reflected in these financial statements.

B. LITIGATION

On April 6, 2012, Citizens For A Better Community, LLC (Citizens) filed a Complaint For Injunction pursuant to O.C.G.A. §9-11-65 and for Mandamus against the City. In the complaint, Citizens seek (1) an injunction to prohibit the City from repaying any monies to Bright From the Start; (2) a permanent injunction to prohibit the City from entering into any future contracts with Bright From the Start; (3) that a Mandamus be issued requiring the City to immediately hire a qualified City Manager and allow the City Manager to conduct business as required by the Act (the Act refers to the legislation creating the City Manager position by amending the City Charter on March 28, 2011); (4) that the plaintiff be reimbursed for all attorney fees and costs of prosecuting this action; and (5) such other and further relief as the Court deems just and equitable under the circumstances.

The City is defending this action vigorously and management does not expect a materially unfavorable outcome.

There were no other subsequent events, which would materially affect the financial statements and require disclosure.

NOTE 7 - NEW ACCOUNTING PRONOUCNEMENT

As of July 1, 2010, the City adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 495,213	$ 495,213	$ 548,690	$ 53,477
Licenses and Permits	13,300	13,300	14,977	1,677
Fines and Forfeitures	30,000	30,000	6,443	(23,557)
Charges for Services	125,000	125,000	150,706	25,706
Intergovernmental Revenue	-	-	127,983	127,983
Miscellaneous Revenue	19,550	19,550	23,172	3,622
Total Revenues	683,063	683,063	871,971	188,908
EXPENDITURES				
General Government	155,760	155,760	152,326	3,434
Public Safety	193,044	193,044	274,272	(81,228)
Public Works	284,438	284,438	324,785	(40,347)
Culture and Recreation	40,900	40,900	41,474	(574)
Total Expenditures	674,142	674,142	792,857	(118,715)
Excess (Deficiency) of Revenues Over Expenditures	8,921	8,921	79,114	70,193
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	49,498	49,498
Transfers Out	(8,921)	(8,921)	(82,820)	(73,899)
Net Other Financing Source (Uses)	(8,921)	(8,921)	(33,322)	(24,401)
Net Change In Fund Balance	-	-	45,792	45,792
Fund Balance - Beg of Year	132,801	132,801	132,801	-
Fund Balance - End of Year	$ 132,801	$ 132,801	$ 178,593	$ 45,792

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
TAXES				
Property Taxes	$ 161,600	$ 161,600	$ 179,665	$ 18,065
Local Option Sales Taxes	148,413	148,413	178,021	29,608
Alcoholic Beverage Taxes	16,000	16,000	17,974	1,974
Insurance Premiums Tax	90,000	90,000	86,239	(3,761)
Franchise Taxes	77,000	77,000	83,395	6,395
Railroad Equipment Tax	-	-	1,944	1,944
Housing Authority- In Lieu of Taxes	1,500	1,500	682	(818)
Intangible Taxes	700	700	770	70
Total Taxes	495,213	495,213	548,690	53,477
LICENSES AND PERMITS				
Business Licenses	13,000	13,000	14,527	1,527
Other Licenses and Permits	300	300	450	150
Total Licenses and Permits	13,300	13,300	14,977	1,677
FINES AND FORFEITURES				
Fines and Forfeitures	30,000	30,000	6,443	(23,557)
Total Fines and Forfeitures	30,000	30,000	6,443	(23,557)
CHARGES FOR SERVICES				
Garbage Fees	125,000	125,000	150,706	25,706
Total Charges for Services	125,000	125,000	150,706	25,706
INTERGOVERNMENTAL REVENUE				
Federal Government	-	-	126,783	126,783
Other Local Governments	-	-	1,200	1,200
Total Intergovernmental Revenue	-	-	127,983	127,983
MICELLANEOUS REVENUE				
Recreation Charges	7,700	7,700	100	(7,600)
Interest Earnings	1,050	1,050	1,717	667
Penalties	2,500	2,500	9,515	7,015
Cemetery	1,000	1,000	1,625	625
Rents and Deposits	4,800	4,800	5,683	883
Miscellaneous	2,500	2,500	4,532	2,032
Total Miscellaneous Revenue	19,550	19,550	23,172	3,622
GRAND TOTAL REVENUES	$ 683,063	$ 683,063	$ 871,971	$ 188,908

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
GENRAL GOVERNMENT				
Salaries	$ 55,600	$ 55,600	$ 55,824	$ (224)
Council Fees	5,000	5,000	6,000	(1,000)
Mayors Fee	2,400	2,400	2,400	-
Mayor Pro-Tem Fee	1,200	1,200	1,525	(325)
Salaries-BH Manager	5,200	5,200	5,200	-
Election Labor	500	500	-	500
Insurance-Public Officials	2,500	2,500	2,500	-
Health Insurance	7,360	7,360	6,769	591
Health Insurance Deductible	5,000	5,000	-	5,000
Payroll Taxes	6,600	6,600	6,022	578
Employers Retirement	1,200	1,200	1,323	(123)
Management Maintenance	3,500	3,500	5,397	(1,897)
Workers Compensation Insurance	4,500	4,500	1,851	2,649
Audit Fees	4,500	4,500	6,200	(1,700)
Legal Fees	12,000	12,000	14,274	(2,274)
Building Maintenance	1,000	1,000	1,048	(48)
Insurance	3,500	3,500	3,500	-
Telephone	3,200	3,200	2,378	822
Advertisements	2,000	2,000	2,932	(932)
Dues	3,000	3,000	3,276	(276)
Clerks Training	1,500	1,500	1,986	(486)
Public Officials Training	2,000	2,000	1,437	563
Office Supplies	4,000	4,000	4,944	(944)
Electricity	5,000	5,000	5,396	(396)
Miscellaneous	-	-	1,382	(1,382)
New Equipment	1,000	1,000	-	1,000
Office Equipment	2,500	2,500	2,368	132
Condemnation Property	10,000	10,000	6,394	3,606
Total General Government	155,760	155,760	152,326	3,434
PUBLIC SAFETY				
Police Department:				
Salaries	100,260	100,260	98,387	1,873
Investigation	750	750	900	(150)
Health Insurance	14,720	14,720	4,135	10,585
Payroll Taxes	8,200	8,200	7,690	510
Employers Retirement	2,200	2,200	727	1,473
Workers Compensation Insurance	3,500	3,500	5,505	(2,005)
Uniforms	1,500	1,500	1,354	146
Legal Fees	500	500	1,591	(1,091)
Recorder's Court Judge Fees	1,700	1,700	1,500	200
Computer Maintenance	500	500	77	423
Equipment Maintenance and Repair	1,200	1,200	1,143	57
Vehicle Maintenance and Repair	3,500	3,500	3,963	(463)
Insurance	$ 4,000	$ 4,000	$ 4,000	$ -

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC SAFETY (continued)				
Police Department (continued):				
Police Liability Insurance	$ 4,000	$ 4,000	$ 4,000	$ -
Telephone	4,200	4,200	3,276	924
Training and Mileage	2,500	2,500	2,708	(208)
Supplies	3,000	3,000	1,722	1,278
Electricity	3,500	3,500	3,144	356
Gas and Oil	8,000	8,000	9,836	(1,836)
Breath Alcohol Tests	500	500	60	440
Witness Fees	200	200	20	180
New Equipment	579	579	248	331
Emergency Fund	3,000	3,000	1,472	1,528
Drug Task Force	2,300	2,300	2,118	182
Capital Outlay:	-	-	*	*
Video Surveillance System	*	*	100,000	(100,000)
Total Police Department	174,309	174,309	259,576	(85,267)
Fire Department:				
Salaries	1,200	1,200	1,200	-
Firemen's Retainer	4,000	4,000	2,600	1,400
Asst. Fire Chief Salary	900	900	600	300
Payroll Taxes	135	135	97	38
Workers Compensation Insurance	-	-	126	(126)
Building Maintenance	2,000	2,000	2,000	-
Vehicle Maintenance and Repair	500	500	500	-
Insurance	4,000	4,000	1,116	2,884
Telephone	-	-	1,187	(1,187)
Training and Mileage	1,000	1,000	993	7
Supplies	500	500	500	-
Electricity	1,500	1,500	777	723
New Equipment	3,000	3,000	3,000	-
Total Fire Department	18,735	18,735	14,696	4,039
Total Public Safety	193,044	193,044	274,272	(81,228)
PUBLIC WORKS				
Salaries	54,643	54,643	43,176	11,467
Health Insurance	10,825	10,825	4,095	6,730
Payroll Taxes	3,600	3,600	3,411	189
Employers Retirement	1,270	1,270	575	695
Workers Compensation Insurance	4,500	4,500	7,481	(2,981)
Uniforms	2,400	2,400	2,184	216
Animal Control	1,000	1,000	1,653	(653)
Vehicle Maintenance	4,000	4,000	4,295	(295)
Building Maintenance	$ 1,000	$ 1,000	$ 76	$ 924

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC WORKS (continued)				
Equipment Maintenance and Repair	$ 14,000	$ 14,000	$ 16,480	$ (2,480)
Street Maintenance	14,000	14,000	25,312	(11,312)
Insurance	2,500	2,500	2,500	-
Telephone	700	700	577	123
Training and Mileage	1,000	1,000	580	420
Supplies	5,000	5,000	6,784	(1,784)
Pesticides	10,000	10,000	2,695	7,305
Electricity	28,000	28,000	35,816	(7,816)
Gas, Oil, and Diesel	20,000	20,000	20,449	(449)
Beautification of Arlington	1,000	1,000	532	468
Garbage Collection and Disposal	105,000	105,000	101,337	3,663
Cemetery Maintenance	-	-	6,550	(6,550)
Capital Outlay:	-	-	*	*
JD 310J Backhoe	*	*	38,227	(38,227)
Total Public Works	284,438	284,438	324,785	(40,347)
CULTURE AND RECREATION				
Recreation Department:				
Salaries and Umpire Fees	1,000	1,000	-	1,000
Maintenance and Repair	1,500	1,500	965	535
Insurance	700	700	700	-
Electricity	2,500	2,500	3,796	(1,296)
Concession	500	500	-	500
New Equipment	500	500	851	(351)
Total Recreation Department	6,700	6,700	6,312	388
Community Center:				
Maintenance and Repair	1,000	1,000	490	510
Insurance	1,200	1,200	1,200	-
Electricity	-	-	2,031	(2,031)
Total Community Center	2,200	2,200	3,721	(1,521)
Other:				
Depot Matching	10,000	10,000	-	10,000
Arlington Downtown Development	7,000	7,000	20,629	(13,629)
May Day Committee	-	-	2,062	(2,062)
Boys and Girls Club	15,000	15,000	8,750	6,250
Total Other	32,000	32,000	31,441	559
Total Culture and Recreation	40,900	40,900	41,474	(574)
GRAND TOTAL EXPENDITURES	$ 674,142	$ 674,142	$ 792,857	$ (118,715)

* Capital Outlays are budgeted as lump sums.

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

CITY OF ARLINGTON, GEORGIA
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental Revenue	$ 417,436	$ 417,436	$ 303,245	$ (114,191)
Total Revenues	417,436	417,436	303,245	(114,191)
EXPENDITURES				
Health and Welfare	417,436	417,436	283,316	134,120
Total Expenditures	417,436	417,436	283,316	134,120
Excess (Deficiency) of Revenues Over Expenditures	-	-	19,929	19,929
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	45,602	45,602
Transfers out	-	-	-	-
Net Other Financing Sources (Uses)	-	-	45,602	45,602
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	65,531	65,531
Fund Balance - Beg of Year	27,950	27,950	27,950	-
Fund Balance - End of Year	$ 27,950	$ 27,950	$ 93,481	$ 65,531

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

CITY OF ARLINGTON, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

A. BUDGETARY INFORMATION

Annual budgets have been adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

B. EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures that exceeded appropriations at the department level (the legal level of control):

General Fund:	
Public Safety	$ 81,228
Public Works	40,347
Culture and Recreation	574

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ARLINGTON, GEORGIA
MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

GENERAL FUND

The general fund is the City's primary operating fund and is used to account for resources, traditionally associated with governments, not requiring to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Summer Food Service Program Fund - is used to account for the resources of the Summer Food Service Program for Children. The program provides food services for low-income children during the summer months, when schools are out of session. The program is funded through a grant-in-aid provided by the Georgia Department of Early Care and Learning (DECAL).

Community Development Block Grant or CDBG - is used to account for a $500,000 Community Development Block Grant (CDBG) grant (Grant #: 08h-x-019-2-5023) for the provision of rehabilitation and reconstruction of private properties to 18 owner occupied housing units. Thirty-four persons will benefit, all of whom are of low to moderate income.

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ 158,763	$ 104,802
Investments in Certificates of Deposit	8,219	8,097
Accounts Receivable	13,999	19,824
Motor Vehicle Taxes Receivable	329	293
Local Option Sales Taxes Receivable	33,246	24,408
Alcoholic Beverages Taxes Receivable	1,425	1,323
Franchise Taxes Receivable	831	916
Intangible Tax Receivable	-	67
Fines Receivable	135	-
Due from Federal Government	26,783	-
Due from CDBG Fund	-	9
Total Assets	$ 243,730	$ 159,739
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	50,412	26,938
Payroll Taxes Payable	9,123	-
Due to Summer Food Service Program for Children Fund	5,602	-
Total Liabilities	65,137	26,938
Fund Equity:		
Fund Balance Assigned For:		
Recreation	14,698	10,932
Fire	3,426	4,613
City Park	75	75
Cemetery	1,625	-
Travel	109	453
May Day	6,125	8,264
Grant Matching	32,868	22,614
Fund Balance Unassigned	119,667	85,850
Total Fund Equity	178,593	132,801
Total Liabilities and Fund Equity	$ 243,730	$ 159,739

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30,	
	2011	2010
REVENUES		
Taxes	$ 548,690	$ 486,194
Licenses and Permits	14,977	13,631
Fines & Forfeitures	6,443	29,816
Charges for Services	150,706	150,301
Intergovernmental	127,983	81,809
Miscellaneous	23,172	25,403
Total Revenues	871,971	787,154
EXPENDITURES		
General Government	152,326	150,659
Public Safety	274,272	194,311
Public Works	324,785	341,195
Culture & Recreation	41,474	92,331
Total Expenditures	792,857	778,496
Excess (Deficiency) of Revenues Over Expenditures	79,114	8,658
OTHER FINANCING SOURCES (USES)		
Transfers In	49,498	101,815
Transfers Out	(82,820)	(293)
Net Other Financing Sources (Uses)	(33,322)	101,522
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	45,792	110,180
Fund Balance - Beginning of Year	132,801	22,621
Fund Balance - End of Year	$ 178,593	$ 132,801

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
TAXES		
Property Taxes	$ 179,665	$ 146,747
Local Option Sales Taxes	178,021	152,858
Alcoholic Beverage Taxes	17,974	17,256
Insurance Premiums Tax	86,239	88,820
Franchise Tax	83,395	78,379
Railroad Equipment Tax	1,944	-
Housing Authority - In Lieu of Taxes	682	1,447
Real Estate Transfer Taxes	-	-
Intangible Taxes	770	687
Total Taxes	548,690	486,194
LICENSES AND PERMITS		
Business Licenses	14,527	13,154
Other Licenses and Permits	450	477
Total Licenses and Permits	14,977	13,631
FINES AND FORFEITURES		
Fines and Forfeitures	6,443	29,816
Total Fines and Forfeitures	6,443	29,816
CHARGES FOR SERVICES		
Garbage Fees	150,706	150,301
Total Charges for Services	150,706	150,301
INTERGOVERNMENTAL REVENUE		
Federal Government	126,783	75,867
State Government	-	4,742
Other Local Governments	1,200	1,200
Total Intergovernmental Revenue	127,983	81,809
MISCELLANEOUS REVENUE		
Recreation Charges	100	1,425
Interest Earnings	1,717	1,263
Penalties	9,515	2,925
Cemetery	1,625	500
Rents and Deposits	5,683	4,152
Miscellaneous	4,532	15,138
Total Miscellaneous Revenue	23,172	25,403
GRAND TOTAL REVENUES	$ 871,971	$ 787,154

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
GENERAL GOVERNMENT		
Salaries	$ 55,824	$ 59,568
Council Fees	6,000	3,750
Mayors Fee	2,400	2,100
Mayor Pro-Tem Fee	1,525	1,050
Election Labor	-	3,535
Salaries-BH Manager	5,200	5,389
Insurance-Public Officials	2,500	455
Health Insurance	6,769	8,615
Payroll Taxes	6,022	6,082
Employers Retirement	1,323	1,191
Management Maintenance	5,397	4,807
Workers Compensation Insurance	1,851	409
Audit	6,200	4,350
Legal	14,274	13,765
Building Maintenance	1,048	1,000
Insurance	3,500	1,703
Telephone	2,378	3,724
Advertisements	2,932	2,497
Dues	3,276	5,065
Clerks Training	1,986	1,224
Public Officials Training	1,437	3,734
Office Supplies	4,944	4,873
Electricity	5,396	5,084
Miscellaneous	1,382	1,472
Office Equipment	2,368	1,634
Condemnation Property	6,394	1,598
Interest	-	1,985
Total General Government	152,326	150,659
PUBLIC SAFETY		
Police Department:		
Salaries	98,387	105,649
Payroll Taxes	7,690	8,336
Health Insurance	4,135	13,668
Retirement	727	697
Investigation	900	450
Uniforms	1,354	1,662
Legal Fees	1,591	324
Recorder's Court Judge Fees	1,500	1,729
Workers Compensation Insurance	5,505	5,535
Computer Maintenance	77	76
Equipment Maintenance and Repair	1,143	889
Vehicle Maintenance and Repair	3,963	5,976
Insurance	4,000	2,902
Insurance - Police Liability	4,000	2,003
Telephone	3,276	5,756
Training and Mileage	2,708	1,749
Supplies	1,722	3,309
Electricity	3,144	2,852
Gas and Oil	$ 9,836	$ 6,987

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
PUBLIC SAFETY (continued)		
Police Department (continued):		
Breath Alcohol Tests	$ 60	$ 200
Witness	20	80
Emergency Fund	1,472	550
Small Equipment	248	6,942
Drug Task Force	2,118	-
Capital Outlay:		
Video Surveillance System	100,000	-
Total Police Department	259,576	178,321
Fire Department:		
Salaries	1,200	1,200
Fireman's Retainer	2,600	3,475
Asst. Fire Chief Salary	600	890
Payroll Taxes	97	93
Workers Compensation Insurance	126	1,101
Building Maintenance and Repair	2,000	3,000
Vehicle Maintenance and Repair	500	-
Insurance	1,116	589
Telephone	1,187	989
Training and Mileage	993	881
Supplies	500	739
Electricity	777	869
Small Equipment	3,000	2,164
Capital Outlay:	-	-
Total Fire Department	14,696	15,990
Total Public Safety	274,272	194,311
PUBLIC WORKS		
Salaries	43,176	71,165
Payroll Taxes	3,411	5,584
Health Insurance	4,095	13,778
Retirement	575	876
Workers Compensation Insurance	7,481	10,489
Uniforms	2,184	2,719
Animal Control	1,653	1,305
Building Maintenance	76	1,752
Equipment Maintenance and Repair	16,480	20,398
Vehicle Maintenance and Repair	4,295	4,765
Street Maintenance	25,312	20,279
Insurance	2,500	3,139
Telephone	577	3,181
Training and Mileage	580	423
Supplies	6,784	9,677
Pesticides	2,695	13,600
Electricity	35,816	31,893
Gas and Oil	$ 20,449	$ 19,279

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
PUBLIC WORKS (continued)		
Miscellaneous	$ -	$ 1,081
Beautification of Arlington	532	238
Garbage Collection and Disposal	101,337	102,512
Small Equipment	-	662
Cemetery Maintenance	6,550	2,400
Capital Outlay:		
JD 310J Backhoe	38,227	-
Total Public Works	324,785	341,195
CULTURE AND RECREATION		
Recreation Department:		
Maintenance and Repair	965	4,209
Insurance	700	1,962
Electricity	3,796	2,866
Miscellaneous	-	3,030
Small Equipment	851	20,863
Capital Outlay:		
Gym Floor	-	20,439
Bleachers	-	6,000
Total Recreation Department	6,312	59,369
Community Center:		
Maintenance and Repair	490	890
Electricity	2,031	-
Insurance	1,200	981
Total Community Center	3,721	1,871
Other:		
Downtown Development	20,629	15,091
Depot Matching	-	1,000
May Day Committee	2,062	-
Boys and Girls Club	8,750	15,000
Total Other	31,441	31,091
Total Culture and Recreation	41,474	92,331
GRAND TOTAL EXPENDITURES	$ 792,857	$ 778,496

CITY OF ARLINGTON, GEORGIA
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ 34,654	$ -
Due from State of Georgia - Department of Early Care and Learning	175,445	83,812
Prepaid Payroll Taxes	2,219	-
Due from General Fund	5,602	-
Total Assets	217,920	83,812
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	119,292	52,757
Accrued Expenses	5,147	3,105
Total Liabilities	124,439	55,862
Fund Equity:		
Nonspendable Fund Balance	2,219	-
Fund Balance Restricted For Summer Food Service Program For Children	91,262	27,950
Total Fund Equity	93,481	27,950
Total Liabilities and Fund Equity	$ 217,920	$ 83,812

CITY OF ARLINGTON, GEORGIA
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Totals			
	2011		Variance Over	2010
	Budget	Actual	(Under)	Actual
REVENUES				
Intergovernmental Revenue:				
Federal Government:				
Passed Through-Georgia Department Of Early Care and Learning	$ 417,436	$ 303,245	$ (114,191)	$ 170,818
Total Revenues	417,436	303,245	(114,191)	170,818
EXPENDITURES				
Health and Welfare:				
Food Cost	254,393	118,422	135,971	69,238
Non-Food Costs	16,194	13,485	2,709	1,338
Direct Labor and Personnel	112,504	125,462	(12,958)	73,360
Transportation and Travel	21,494	13,461	8,033	10,741
Audit	-	-	-	1,200
Supplies, Postage, and Printing	3,692	1,078	2,614	-
Facilities	4,164	7,149	(2,985)	4,200
Small Equipment	4,995	4,259	736	6,756
Total Expenditures	417,436	283,316	134,120	166,833
Excess (Deficiency) of Revenues Over Expenditures	-	19,929	19,929	3,985
OTHER FINANCING SOURCES (USES)				
Transfers In	-	45,602	45,602	271
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	45,602	45,602	271
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	65,531	65,531	4,256
Fund Balance - Beg of Year	27,950	27,950	-	23,694
Fund Balance - End of Year	$ 27,950	$ 93,481	$ 65,531	$ 27,950

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ 4,088	$ 55,750
Total Assets	4,088	55,750
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	4,088	-
Due to General Fund	-	9
Total Liabilities	4,088	9
Fund Equity:		
Fund Balance Restricted for CDBG Projects	-	55,741
Total Fund Equity	-	55,741
Total Liabilities and Fund Equity	$ 4,088	$ 55,741

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
REVENUES		
Federal Government:		
Georgia Department of Community Affairs- Community Development Block Grant	95,047	335,450
Total Revenues	95,047	335,450
EXPENDITURES		
Housing and Development:		
Acquisition of Property (Public)	500	-
Clearance	1,368	-
Rehabilitation of Private Properties	37,375	109,200
Reconstruction of Private Properties	104,547	152,055
General Administration	7,000	18,500
Total Expenditures	150,790	279,755
Excess (Deficiency) of Revenues Over Expenditures	(55,743)	55,695
OTHER FINANCING SOURCES AND USES		
Transfers In	2	-
Transfers Out	-	-
Net Other Financing Sources (Uses)	2	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(55,741)	55,695
Fund Balance - Beginning of Year	55,741	46
Fund Balance - End of Year	$ -	$ 55,741

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CDBG PROGRAM NO. 08h-x-019-2-5023
FOR THE GRANT PERIOD SEPTEMBER 16, 2008 THROUGH MAY 30, 2011

	CHIP Activity Number	Latest Approved Budget (CDBG Funds)
REVENUES		
Federal Government:		
Georgia Department of Community Affairs		
Community Home Investment Program		$ 500,000
Private Grants		-
Total Revenues		500,000
EXPENDITURES		
Housing and Development:		
Acquisition of Property (Public)	H-001-01	3,400
Clearance	H-004-00	7,800
Rehabilitation of Private Properties	H-14A-01	153,892
Reconstruction of Private Properties	H-14A-02	264,582
General Administration	A-21A-00	35,000
Contingencies	C-022-00	35,326
Total Expenditures		500,000
Excess (Deficiency) of Revenues Over Expenditures		-
Fund Balance - Beginning of Project		-
Fund Balance - End of Year		$ -

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CDBG PROGRAM NO. 08h-x-019-2-5023
FOR THE GRANT PERIOD SEPTEMBER 16, 2008 THROUGH MAY 30, 2011

Accumulative CDBG Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total Of Expenditures To Date	Questioned Costs
$ 435,497	$ 2	$ 435,499	
435,497	2	435,499	
500	-	500	$ -
1,368	-	1,368	-
146,575	-	146,575	-
256,602	-	256,602	-
30,452	2	30,452	-
-	-	-	-
435,497	2	435,499	$ -
-	-	-	
-	-	-	
$ -	$ -	$ -	

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SOURCE AND APPLICATION OF FUNDS SCHEDULE
CDBG PROGRAM NO. 08h-x-019-2-5023
FOR THE CUMULATIVE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2008 CDBG Funds Awarded Recipient	$ 500,000
Less: Deobligations	(61,783)
Adjusted Total Fiscal Year 2008 CDBG Funds Awarded Recipient	438,217
Total Amount Drawndown by Recipient From DCA	438,217
Less:	
CDBG Funds Expended By Recipient	435,497
Excess Drawdowns Returned to DCA	2,720
Amount of Fiscal Year 2008 CDGG Funds Held By Recipient	$ -

CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

2006 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - is used to account for the estimated $229,000 in tax proceeds to be collected over a six year period beginning January 1, 2006. The proceeds are to be used to finance capital outlay projects including improvements and renovations of city facilities and its streets and roads.

2007 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - used to account for the estimated $183,310 in tax proceeds to be collected over a five year period beginning July 1, 2008. The proceeds are to be used to finance improvements to the water and sewer system, for road, street and bridge purposes, and for recreation purposes.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CITY OF ARLINGTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Capital Projects			Total Nonmajor
	2006 SPLOST	2007 SPLOST	Debt Service	Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ -	$91,126	$ -	$ 91,126
Total Assets	-	$91,126	-	91,126
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Equity:				
Fund Balance Restricted For:				
SPLOST Projects	-	91,126	-	91,126
Fund Balance Assigned For:				
Debt Service	-	-	-	-
Total Fund Equity	-	91,126	-	91,126
Total Liabilities and Fund Equity	$ -	$91,126	$ -	$ 91,126

CITY OF ARLINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Capital Projects			
	2006 SPLOST	2007 SPLOST	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$14,352	$36,662	$ -	$ 51,014
Miscellaneous	94	678	-	772
Total Revenues	14,446	37,340	-	51,786
EXPENDITURES				
Public Works	9	-	-	9
Capital Outlay	11,271	6,512	-	17,783
Debt Service	-	-	36,955	36,955
Total Expenditures	11,280	6,512	36,955	54,747
Excess (Deficiency) of Revenues Over Expenditures	3,166	30,828	(36,955)	(2,961)
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	-	49,498	49,498
Transfers In	11,271	-	36,955	48,226
Transfers Out	(28,992)	-	(49,498)	(78,490)
Total Other Financing Sources (Uses)	(17,721)	-	36,955	19,234
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(14,555)	30,828	-	16,273
Fund Balance - Beg of Year	14,555	60,298	-	74,853
Fund Balance - End of Year	$ -	$91,126	$ -	$ 91,126

CITY OF ARLINGTON, GEORGIA
2006 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ -	$ 17,419
Special Purpose Local Option Sales Tax Receivable	-	3,246
Total Assets	-	20,665
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Due to 2007 Arlington SPLOST Fund	-	6,110
Total Liabilities	-	6,110
Fund Equity:		
Fund Balance Restricted for SPLOST Projects	-	14,555
Total Fund Equity	-	14,555
Total Liabilities and Fund Equity	$ -	$ 20,665

CITY OF ARLINGTON, GEORGIA
2006 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
REVENUES		
Early County, Georgia:		
Special Purpose Local Option Sales Tax	$ 14,352	$ 39,742
Miscellaneous - Interest Earnings	94	166
Total Revenues	14,446	39,908
EXPENDITURES		
Miscellaneous Charges	9	24
Capital Outlay:		
JD 310J Backhoe	11,271	-
Total Expenditures	11,280	24
Excess (Deficiency) of Revenues Over Expenditures	3,166	39,884
OTHER FINANCING SOURCES AND USES		
Transfers In	11,271	-
Transfers Out	(28,992)	(55,677)
Net Other Financing Sources (Uses)	(17,721)	(55,677)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(14,555)	(15,793)
Fund Balance - Beginning of Year	14,555	30,348
Fund Balance - End of Year	$ -	$ 14,555

CITY OF ARLINGTON, GEORGIA
2007 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ 91,126	$ 54,188
Due from 2006 Arlington SPLOST Fund	-	6,110
Total Assets	91,126	60,298
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Restricted for SPLOST Projects	91,126	60,298
Total Fund Equity	91,126	60,298
Total Liabilities and Fund Equity	$ 91,126	$ 60,298

CITY OF ARLINGTON, GEORGIA
2007 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
REVENUES		
Calhoun County, Georgia:		
Special Purpose Local Option Sales Tax	$ 36,662	$ 36,662
Miscellaneous - Interest Earnings	678	356
Total Revenues	37,340	37,018
EXPENDITURES		
Public Works:		
Roads, Streets, and Bridges:		
Concrete Saw	-	1,958
H.O. Blower 9hp	-	1,025
Capital Outlay:		
Mosquito Sprayer	6,512	-
Total Expenditures	6,512	2,983
Excess (Deficiency) of Revenues Over Expenditures	30,828	34,035
Fund Balance - Beginning of Year	60,298	26,263
Fund Balance - End of Year	$ 91,126	$ 60,298

CITY OF ARLINGTON, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ -	$ -
Total Assets	-	-
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Assigned for Debt Service	-	-
Total Fund Equity	-	-
Total Liabilities and Fund Equity	$ -	$ -

CITY OF ARLINGTON, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Totals			
	2011		Variance Over	2010
	Budget	Actual	(Under)	Actual
REVENUES				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Principal Retirement	35,921	35,921	-	52,268
Interest Paid	1,034	1,034	-	3,479
Total Expenditures	36,955	36,955	-	55,747
Excess (Deficiency) of Revenues Over Expenditures	(36,955)	(36,955)	-	(55,747)
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	49,498	49,498	5,873
Transfer In	36,955	36,955	-	55,677
Transfer Out	-	(49,498)	(49,498)	(5,803)
Net Other Financing Sources (Uses)	36,955	36,955	-	55,747
Excess (Deficiency) of Revenues And Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance - Beg of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through use charges.

Water and Sewerage Fund - is used to account for the provision of water and sewerage services to the residents of the City of Arlington, Georgia. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collecting.

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 169,171	$ 226,078
Investment in Certificate of Deposit	18,835	18,590
Accounts Receivable	22,333	25,807
Restricted Assets:		
Cash and Cash Equivalents	100,527	78,853
Investment in Certificate of Deposit- Reserve and Renewal Extension Fund	18,102	17,121
Due from Federal Government	-	90,183
Total Current Assets	328,968	456,632
Non-current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	-	67,890
Investment in Certificate of Deposit- Reserve and Renewal Extension Fund	108,792	39,000
Capital Assets:		
Water & Sewerage System	6,575,355	6,421,459
Machinery & Equipment	61,429	61,429
	6,636,784	6,482,888
Less Accumulated Depreciation	(1,275,803)	(1,133,510)
Net Capital Assets	5,360,981	5,349,378
Deferred Charges	25,650	27,328
Deposits	200	200
Total Non-current Assets	5,495,623	5,483,796
Total Assets	$ 5,824,591	$ 5,940,428

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
LIABILTIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	$ 15,418	$ 22,300
Payable from Restricted Assets:		
Accounts Payable	-	90,682
Accrued Interest Payable	700	1,400
Revenue Bonds - 1972 Series	28,000	28,000
Revenue Bond - 2009 Series	14,067	13,630
Customer Deposits	36,761	40,291
Total Current Liabilities	94,946	196,303
Long-Term Liabilities:		
Revenue Bonds - 1972 Series	-	28,000
Revenue Bond - 2009 Series	1,299,906	1,313,972
Total Long-Term Liabilities	1,299,906	1,341,972
Total Liabilities	1,394,852	1.538,275
Fund Equity:		
Retained Earnings	4,429,739	4,402,153
Total Fund Equity	4,429,739	4,402,153
Total Liabilities and Fund Equity	$ 5,824,591	$ 5,940,428

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
OPERATING REVENUES		
Water & Sewerage Charges	$ 301,635	$ 302,558
Cut-on & Tap Fees	12,185	13,893
Penalties and Miscellaneous	10,000	10,077
Total Operating Revenues	323,820	326,528
OPERATING EXPENSES		
Salaries and Payroll Costs	76,625	83,823
Drinking Water Fees and Lab Tests	51,146	24,115
Maintenance and Repairs	21,207	42,235
Materials and Supplies	61,725	42,636
Electricity	52,440	30,054
Other Operating Expenses	17,405	20,103
Depreciation	142,293	67,571
Total Operating Expenses	422,841	310,537
Operating Income (Loss)	(99,021)	15,991
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	2,768	3,041
Amortization of Bond Issuance Costs	(1,178)	(172)
Interest Expense	(58,262)	(17,745)
Total Non-Operating Revenues and Expenses	(56,672)	(14,876)
Net Income Before Contributions and Transfers	(155,693)	1,115
CONTRIBUTIONS		
Federal Government-USDA Rural Development	165,297	3,734,703
Total Contributions	165,297	3,734,703
TRANSFERS		
Transfer In (Out)	17,982	(96,012)
Net Operating Transfers From (To) Other Funds	17,982	(96,012)
Net Income Loss	27,586	3,639,806
Retained Earnings - Beginning of Year	4,402,153	762,347
Retained Earnings - End of Year	$ 4,429,739	$ 4,402,153

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 323,764	$ 328,420
Cash Paid to Employees for Services	(37,515)	(38,376)
Cash Paid to Government for Taxes	(14,433)	(15,266)
Cash Paid To Other Suppliers of Goods and Services	(235,482)	(178,914)
Net Cash Provided (Used) by Operating Activities	36,334	95,864
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From (To) Other Funds	17,982	(96,012)
Net Cash Provided (Used) by Non-Capital Financing Activities	17,982	(96,012)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds From Revenue Bond	-	1,340,000
Contributed Capital-Federal Government, USDA Rural Development	255,480	3,644,520
Principal Paid on Short-Term Notes Payable	-	(124,090)
Principal Paid on Trade Note Payable	-	(424,979)
Principal Paid on Revenue Bonds	(41,630)	(40,397)
Interest Paid on Short-Term Notes Payable	-	(3,569)
Interest Paid on Revenue Bonds	(58,962)	(55,779)
Refund (Payment) of Bond Issuance Costs	500	(24,700)
Acquisition and Construction of Capital Assets	(244,577)	(3,996,263)
Net Cash Provided (Used) by Capital & Related Financing Activities	(89,189)	314,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	(70,000)	-
Certificate of Deposit-Interest Reinvestment	(1,018)	(1,558)
Interest Income	2,768	3,041
Net Cash Provided (Used) by Investing Activities	(68,250)	1,483
Net Increase (Decrease) in Cash and Cash Equivalents	(103,123)	316,078
Cash and Cash Equivalents - Beginning of Year	372,821	56,743
Cash and Cash Equivalents - End of Year	$ 269,698	$ 372,821
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON BALANCE SHEETS		
Cash and Cash Equivalents-Unrestricted	$ 169,171	$ 293,968
Cash and Cash Equivalents-Restricted	100,527	78,853
Total Cash and Cash Equivalents	$ 269,698	$ 372,821

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$ (99,021)	$ 15,991
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	142,293	67,571
(Increase) Decrease in Accounts Receivable	3,474	827
Increase (Decrease) in Accounts Payable	(6,882)	10,410
Increase (Decrease) in Customer Deposits	(3,530)	1,065
Total Adjustments	135,355	79,873
Net Cash Provided (Used) By Operating Activities	$ 36,334	$ 95,864
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Acquired on Trade Credit	$ -	$ 87,882
Bond Issuance Costs Acquired on Trade Credit	$ -	$ 2,800

CITY OF ARLINGTON, GEORGIA
FIDUCIARY FUNDS
JUNE 30, 2011

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Arlington Recorder Court Agency Fund - is used to account for fines and bond forfeitures (including applicable surcharges) collected and the disbursement of those monies to other parties.

CITY OF ARLINGTON, GEORGIA
ARLINGTON RECORDER COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and Cash Equivalents	$ 160	19,352	(18,887)	625
Due from City of Arlington General Fund	1,122	$ -	$ (1,122)	$ -
Total Assets	1,282	19,352	(20,009)	625
LIABILITIES				
Due to P.O.A.B.	95	904	(992)	7
Due to G.S.C.C.C.C.A	497	3,311	(3,774)	34
Due to Calhoun County Jail Fund	128	1,159	(1,217)	70
Due to Courthouse Solutions	255	1,470	(1,710)	15
Due to Victims Assistance Program	83	643	(720)	6
Due to Drug Abuse Program	-	448	(448)	-
Due to City of Arlington General Fund	-	7,058	(6,923)	135
Miscellaneous Fees and Costs	224	4,359	(4,225)	358
Total Liabilities	$ 1,282	$ 19,352	$ (20,009)	$ 625

COMPONENT UNITS

Arlington Downtown Development Authority - is a legally separate entity promoting development in the downtown area.

CITY OF ARLINGTON, GEORGIA
ARLINGTON DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2011	JUNE 30, 2010
ASSETS		
Cash and Cash Equivalents	$ 11,907	$ 14,227
Total Assets	11,907	14,227
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Reserved for		
Downtown Development Projects	11,907	14,227
Total Fund Equity	11,907	14,227
Total Liabilities and Fund Equity	$ 11,907	$ 14,227

CITY OF ARLINGTON, GEORGIA
ARLINGTON DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2011	JUNE 30, 2010
REVENUES		
State of Georgia:		
One Georgia Authority	$ 300,126	$ -
Miscellaneous:		
City of Arlington, Georgia	-	1,150
Contributions	1,164	5,900
Interest	115	-
Total Miscellaneous	1,279	7,050
Total Revenues	301,405	7,050
EXPENDITURES		
Early Trucking Company	300,126	-
Refunds	2,000	-
Dues and Fees	1,375	375
Christmas Decorations	-	1,117
Training	-	750
Miscellaneous	224	87
Total Expenditures	303,725	2,329
Excess (Deficiency) of Revenues Over Expenditures	(2,320)	4,721
Fund Balance - Beginning of Year	14,227	9,506
Fund Balance - End of Year	$ 11,907	$ 14,227

CITY OF ARLINGTON, GEORGIA
ONE GEORGIA AUTHORITY (OGA) EQUITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
OGA EQUITY FUND PROGRAM NO. 10gq-019-3-4558
FOR THE GRANT PERIOD DECEMBER 7, 2009 THROUGH JUNE 7, 2011

	OGA Activity Number	Latest Approved Budget (OGA Funds)
REVENUES		
State of Georgia:		
One Georgia Authority Equity Fund		$ 300,126
Total Revenues		300,126
EXPENDITURES		
Purchase or Lease of Machinery	L70-1501-I	300,126
Total Expenditures		300,126
Excess (Deficiency) of Revenues Over Expenditures		-
Fund Balance - Beginning of Project		-
Fund Balance - End of Year		$ -

CITY OF ARLINGTON, GEORGIA
ONE GEORGIA AUTHORITY (OGA) EQUITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
OGA EQUITY FUND PROGRAM NO. 10gq-019-3-4558
FOR THE GRANT PERIOD DECEMBER 7, 2009 THROUGH JUNE 7, 2011

Accumulative OGA Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total Of Expenditures To Date	Questioned Costs
$ 300,126	$ -	$ 300,126	
300,126	-	300,126	
300,126	-	300,126	$ -
300,126	-	300,126	$ -
-	-	-	
-	-	-	
$ -	$ -	$ -	

CITY OF ARLINGTON, GEORGIA
ONE GEORGIA AUTHORITY (OGA) EQUITY FUND
SOURCE AND APPLICATION OF FUNDS SCHEDULE
OGA EQUITY FUND PROGRAM NO. 10gq-019-3-4558
FOR THE CUMULATIVE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2010 OGA Funds Awarded Recipient	$ 300,126
Total Amount Drawndown by Recipient From DCA:	300,126
Less: OGA Funds Expended By Recipient	300,126
Amount of Fiscal Year 2010 OGA Funds Held By Recipient	$ -

SUPPLEMENTAL SCHEDULES

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE FUND
SCHEDULE OF FIXED ASSETS AND RELATED PROVISION FOR DEPRECIATION
JUNE 30, 2011

Asset Description	Acquired	Life	Basis	Prior Years' Depr.	Current Years' Depr.	Accum. Depr.
Water and Sewer System:						
Water System Equip.	01/01/37	50yr	$ 54,578	$ 54,578	$ -	$ 54,578
Water System New	01/01/69	50yr	93,501	78,540	1,870	80,410
System Additions	01/01/73	25yr	16,736	16,736	-	16,736
Water/Sewer System	01/01/74	50yr	743,229	535,126	14,864	549,990
3 Sewer Bores	06/11/75	50yr	7,460	5,221	150	5,371
Water/Sewer Line	06/30/77	50yr	1,760	1,161	36	1,197
Butler Alley Exten.	01/01/79	50yr	1,187	749	23	772
Hillcrest Exten.	01/01/79	50yr	1,305	822	27	849
Chlorinator & Pump	06/01/80	10yr	2,118	2,118	-	2,118
Flouridation Equip.	07/01/80	10yr	3,519	3,519	-	3,519
Clean/Paint Tower-In	10/01/80	10yr	11,000	11,000	-	11,000
Clean/Paint Tower-Out	06/01/81	10yr	6,500	6,500	-	6,500
Hydrants	04/18/83	10yr	1,079	1,079	-	1,079
Motor-Main Well	03/15/85	10yr	3,682	3,682	-	3,682
Pump/Well Depth Incr.	06/12/85	10yr	9,893	9,893	-	9,893
Chlorinator-Bkup Well	02/14/86	10yr	1,095	1,095	-	1,095
Water/Sewer Sys. Imp.	11/01/87	25yr	271,555	246,209	10,863	257,072
Chlorinator Pump Unit	12/04/89	10yr	1,849	1,849	-	1,849
Baffle Curtains	08/01/96	7yr	13,987	13,987	-	13,987
Utility Billing Soft.	06/15/99	7yr	5,000	5,000	-	5,000
Sewer Maps	06/10/99	10yr	1,000	1,000	-	1,000
½ Computer Purchase	06/10/99	7yr	6,055	6,055	-	6,055
S&N Pump Stn. Imp.	09/06/99	50yr	15,900	3,339	318	3,657
Water Line Imp.	04/16/01	25yr	93,177	34,165	3,727	37,892
New Motor	11/30/01	10yr	1,721	1,477	173	1,650
Fire Hydrants	05/31/02	10yr	2,338	1,891	231	2,122
8 Service Lines	05/31/02	10yr	1,200	970	120	1,090
Fire Hydrants	08/31/02	10yr	2,192	1,716	220	1,936
Jacuzzi Pump	09/30/02	10yr	515	400	51	451
Stenner Pump	11/30/02	10yr	383	290	39	329
Hydro Chlorinator	11/30/02	10yr	1,347	1,022	134	1,156
Jacuzzi Pump	11/30/02	10yr	575	434	59	493
Land-Sewerage Proj.	10/31/03	--	36,985	-	-	-
Vertical Turbine Pump	07/01/05	10yr	18,996	9,499	1,899	11,398
Rebuild #1 Well Pump	04/09/07	10yr	28,406	9,233	2,840	12,073
Sewer Treatment Plant	03/29/10	50yr	5,113,532	24,798	100,266	125,064
Total Water & Sewerage System			$ 6,575,355	$ 1,095,153	$ 137,910	$ 1,233,063

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE FUND
SCHEDULE OF FIXED ASSETS AND RELATED PROVISION FOR DEPRECIATION
JUNE 30, 2011

Asset Description	Acquired	Life	Basis	Prior Years' Depr.	Current Years' Depr.	Accum. Depr.
Equipment and Vehicles:						
1999 Ford F-150	10/14/99	10yr	$ 14,687	$ 14,687	$ -	$ 14,687
Refrigerator	02/28/01	10yr	374	350	24	374
36" C&P Ditching Bkt	03/11/02	10yr	799	666	80	746
½ Lazer & Blower	05/09/02	10yr	3,473	2,837	347	3,184
Printer	08/31/02	5yr	417	417	-	417
Club Car	09/30/02	5yr	2,050	2,050	-	2,050
Fencing	06/02/03	5yr	314	314	-	314
O'Brien Sewer Jet Trk	03/01/06	10yr	39,315	17,036	3,932	20,968
Total Equipment and Vehicles			61,429	38,357	4,383	42,740
Total Fixed Assets and Related Provision for Depreciation			$ 6,636,784	$ 1,133,510	$ 142,293	$ 1,275,803

CITY OF ARLINGTON, GEORGIA
REQUIREMENTS FOR RETIRING 5.00%
WATER & SEWERAGE BONDS - 1972 SERIES
JUNE 30, 2011

	Bond Numbers Maturing	Principal Payable	Interest Payable	Total Maturing Indebtedness	Remaining Unpaid
January 1, 2012	112-118	$ 28,000	$ 1,400	$ 29,400	$ -
Totals		$ 28,000	$ 1,400	$ 29,400	

CITY OF ARLINGTON, GEORGIA
MISCELLANEOUS SCHEDULES
JUNE 30, 2011

Schedule of Principal Officials:

Name	Title	Term of Office
Aldridge, Lisa	Councilmember	2010-2013
Bostwick, Turner	Mayor Pro-Tem	2008-2011
Buie, Sonia (resigned)	Councilmember	2010-2013
Conner, Leon	Councilmember	2008-2011
Cowart, Chuck	Councilmember	2010-2013
King, Marvin	Mayor	2010-2013
Williams, Raymond	Councilmember	2010-2013

Schedule of Customers Served By Water System and Rates:

Number	Minimum Rate	Maximum Rate
584	$13.50	2000-10000 gal - $2.00 per thousand Over 10000 gal - $1.90 per thousand

Schedule of Customers Served By Sewerage System and Rates:

Number	Type of Customer	Rates
448	Residential	2000 gallons - $21.00 Over 2000 gallons - $2.55 per thousand
48	Commercial	2000 gallons - $26.00 2001-10000 gallons - $2.55 per thousand Over 10000 gallons - $4.35 per thousand

Schedule of Customers Served By Sanitation System and Rates:

Number	Type of Customer	Rates
523	Residential	$ 14.00 per container
25	Commercial	$ 60.00 per 4 yard container $ 90.00 per 6 yard container $235.00 per 8 yard container

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the Members of the City Council
City of Arlington, Georgia

We have audited the accompanying Schedule of Projects Constructed With Special Purpose Local Option Sales Tax for the City of Arlington, Georgia for the year ended June 30, 2011. This schedule is the responsibility of the City of Arlington, Georgia's management. Our responsibility is to express an opinion on the Schedule of Projects Constructed With Special Purpose Local Option Sales Tax 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 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Projects Constructed With Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Constructed With Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Projects Constructed With Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1-D and is not intended to be a complete presentation of the City of Arlington, Georgia's assets, liabilities, revenues, and expenditures.

In our opinion, the Schedule of Projects Constructed With Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Arlington, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of those charged with governance, management, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

/s/ Brown & McDaniel, CPAs, LLC

June 20, 2012

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CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2006-2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2011

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Capital Outlay Projects Including Improvements and Renovations of City Facilities and Its Streets and Roads:	$ 229,000	$ 229,000	$ *	$ *	$ *	*
JD 5425 Tractor	*	*	25,881	-	25,881	100.00%
JD 542 Loader	*	*	4,438	-	4,438	100.00%
JD MX7 Cutter	*	*	2,693	-	2,693	100.00%
Bush Hog	*	*	650	-	650	100.00%
2006 Ford F-150	*	*	12,465	-	12,465	100.00%
JD 310G Backhoe	*	*	33,500	-	33,500	100.00%
O'Brien Sewer Jet Truck	*	*	39,315	-	39,315	100.00%
International Dump Truck	*	*	57,398	-	57,398	100.00%
Lazer Riding Mower	*	*	7,034	-	7,034	100.00%
27hp 60" Kohler Mower	*	*	7,124	-	7,124	100.00%
2007 Ford Crown Victoria Police Car	*	*	27,691	-	27,691	100.00%
JD 310J Backhoe	*	*	-	11,271	11,271	100.00%
Totals	$ 229,000	$ 229,000	$ 218,189	$ 11,271	$ 229,460	100.20%

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2007-2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2011

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Water and Sewer System Improv.	$ 103,310	$ 103,310	$ -	$ -	$ -	0.00%
Roads, Streets, and Bridges	50,000	50,000	13,520	6,512	20,032	40.06%
Recreational Purposes	30,000	30,000	-	-	-	0.00%
Totals	$ 183,310	$ 183,310	$ 13,520	$ 6,512	$ 20,032	10.93%

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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 Members of the City Council
City of Arlington, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Arlington, Georgia's basic financial statements and have issued our report thereon dated June 20, 2012. 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

Management of the City of Arlington, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Arlington, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Arlington, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Arlington, Georgia'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 weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Arlington, 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2011-2 and 2011-3.

The City of Arlington, 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 the City of Arlington, Georgia's responses, and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the 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.

/s/ Brown & McDaniel, CPAs, LLC

June 20, 2012

BROWN & McDANIEL CPAs, LLC
1500 DAWSON ROAD P.O. BOX 71705 ALBANY, GEORGIA 31708-1705

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 Members of the City Council
City of Arlington, Georgia

Compliance

We have audited the City of Arlington, Georgia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Arlington, Georgia's major federal programs for the year ended June 30, 2011. The City of Arlington, 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 requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Arlington, Georgia's management. Our responsibility is to express an opinion on the City of Arlington, 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 the City of Arlington, 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 the City of Arlington, Georgia's compliance with those requirements.

As described in items 2011-5, and 2011-7 in the accompanying schedule of findings and questioned costs, the City of Arlington, Georgia did not comply with requirements regarding allowable costs that are applicable to its Summer Food Service Program for Children. Compliance with such requirements is necessary, in our opinion, for the City of Arlington, Georgia to comply with the requirements applicable to that program.

As described in item 2011-8 in the accompanying schedule of findings and questioned costs, the City of Arlington, Georgia did not comply with requirements regarding reporting that are applicable to its Summer Food Service Program for Children Program. Compliance with such requirements is necessary, in our opinion, for the City of Arlington, Georgia to comply with the requirements applicable to that program.

Richard H. Brown, CPA
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W. D. McDaniel, CPA
Office (229) 432-1956
Fax (229) 432-1957

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Arlington, 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, 2011.

Internal Control Over Compliance

Management of the City of Arlington, 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 the City of Arlington, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 the City of Arlington, Georgia's internal control over compliance.

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.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as items 2011-4 and 2011-6. 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.

The City of Arlington, 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 the City of Arlington, 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.

/s/ Brown and McDaniel, CPAs, LLC

June 20, 2012

CITY OF ARLINGTON, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Internal Control Over Financial Reporting

-None-

Compliance

-None-

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title
U.S. Department of Agriculture
U.S. Department of Agriculture Direct Programs
Water and Waste Water Disposal Systems for Rural Communities
ARRA-Emergency Watershed Protection
Sub-total Department of Agriculture Direct Programs
Pass-Through Programs From:
Georgia Department of Early Care and Learning:
Summer Food Service Program for Children
Sub-total Department of Agriculture Pass-Thru Programs
Total U.S. Department of Agriculture
U.S. Department of Housing and Urban Development
Pass-Through Programs From:
Georgia Department of Community Affairs:
Community Development Block Grant
Total U.S. Department of Housing and Urban Development
U.S. Department of Justice
U.S. Department of Justice Direct Programs
Public Safety Partnership and Community Policing Grants
Total U.S. Department of Justice
Total Expenditures of Federal Awards

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
10.760		$ 153,436
10.923		20,316
		173,752
10.559	08284	283,316
		283,316
		457,068
14.228	08h-x-019-2-5023	150,790
		150,790
16.710		100,000
		100,000
		$ 707,858

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ARLINGTON, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Arlington, Georgia under programs of the federal government for the year ended June 30, 2011. 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 the City of Arlington, Georgia, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City of Arlington, Georgia.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Expenditures reported in 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 to reimbursement.

B. Pass-through entity identifying numbers are presented where available.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	____yes	__x__no
Significant deficiencies identified?	__x__yes	____none reported
Noncompliance material to financial statements noted?	__x__yes	____no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____yes	__x__no
Significant deficiencies identified?	__x__yes	____none reported
Type of auditor's report issued on compliance for major programs:		Qualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	__x__Yes	____no

Identification of major programs:

CFDA Number(s)	Program or Cluster
10.559	Summer Food Service Program for Children
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs?	$ 300,000	
Auditee qualified as low-risk auditee?	____Yes	__x__no

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2011-1 Segregation of Duties.

Criteria: Segregation of conflicting duties (i.e. custody of assets, authorization of transactions, and recording of transactions) is a basic internal control designed to safeguard assets and facilitate proper recording of transactions.

Condition: During the performance of our audit, we noted that due to economic reasons the City of Arlington, Georgia is limited in the number of personnel that are employed and that personnel exercise a high degree of control over individual transactions and must perform duties inconsistent with proper segregation of internal control.

Context: Not applicable.

Effect: Failure to adequately segregate accounting functions can adversely affect the City of Arlington, Georgia's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause: The City of Arlington, Georgia is a relatively small organization with limited financial resources.

Recommendation: The benefits to be gained by fully segregating conflicting duties through the hiring of additional personnel are justified by the costs. Therefore, those charged with governance should be ever mindful of the risks involved with this condition; should require and carefully monitor periodic financial reports; and question any transactions or amounts not fully understood.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and those charged with governance will continue its present efforts to monitor closely the financial activities of the City of Arlington, Georgia to ensure accurate financial processing and safeguarding of the City of Arlington, Georgia's assets.

COMPLIANCE

2011-2 Expenditures Over Appropriations.

Criteria: Local governments are required by law to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. This does not preclude the government from amending its budget to adapt to changing governmental needs during the budget period.

Condition: The City of Arlington, Georgia's internal control over financial reporting to ensure that expenditures do not exceed appropriations is not operating as designed and is therefore ineffective in meeting the above criteria. Specifically, City personnel and officials have not amended the annual budget for additional appropriations, and by extension expenditures, contemplated in connection with the availability of additional resources (such as grants). As a result, the following funds/departments exceeded their appropriations by the corresponding amounts:

Public Safety	$ 81,228	Due to a U.S. Department of Justice grant
Public Works	40,347	Due in part to a U.S. Department of Agriculture grant
Culture and Recreation	574	

Context: Not applicable.

Effect: The City is violating state statutes.

Cause: The City has not amended its budget to accommodate the receipt and expenditure of additional financial resources.

Recommendation: We recommend that the City officials and personnel be more proactive under the policy of reviewing actual expenditures to date and near term planned expenditures and comparing that data to budgeted amounts periodically to determine if budgetary amendments are necessary. If it is determined that budgetary amendments are necessary, the City should amend its budget accordingly in accordance with local ordinances, the City charter, and state statutes.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and management will continue to address the need for regular reviews of budget-actual comparisons of financial data for each City department and recommend amendments when necessary, whether the result of reallocating existing budgetary line items or incorporating the availability of additional resources not anticipated when the original budget was adopted.

2011-3 Contract Payments to City Officials.

Criteria: The City of Arlington, Georgia's charter Section 2.47, Contracts With The City states that neither the mayor, nor any member of the city council, nor any city officer shall be interested, directly or indirectly, in any contract made with the City or receive any profit or emolument from any purchase or sale of material or other articles paid out of the public revenue, or for which the City becomes responsible.

Condition: During the performance of our audit we noted that the mayor and two councilmembers were paid compensation for activities outside the scope of their duties as mayor and councilmembers.

Context: Not applicable.

Effect: The City of Arlington, Georgia violated its City charter.

Cause: Inquiry with City personnel revealed that they were not aware of the provision in the City charter prohibiting this type of payment.

Recommendation: We recommend that officials of the City of Arlington review the City charter and become familiar with the duties and prohibitions of their respective offices.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and has implemented procedures to prevent these types of payments from occurring in the future.

Section III - Federal Award Findings and Questioned Costs

UNITED STATES DEPARTMENT OF AGRICULTURE

2011-4 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284; Grant Period(s) 2010 and 2011

Significant Deficiency: As discussed in Finding 2011-1, the City of Arlington is limited in the number of personnel employed consistent with proper segregation of duties within the accounting functions. This lack of segregation of duties extends to federal award programs.

2011-5 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284; Grant Period(s) 2010 and 2011

Criteria: FNS Instruction 796, Rev. 4, Financial Management - Summer Food Service Program For Children, Part X(D) states that salary and other expenses of the Governor, and State and local legislators are classified as unallowable costs. Section IX(A) also states in part, that to be allowable under the SFSPC, costs must be authorized and must not be prohibited under State or local laws or regulations.

Condition: The mayor and one councilmember of the City of Arlington, Georgia were paid as an employee of the SFSPC. Both are members of the City's governing authority and thus meet the definition of a local legislator. Additionally, these payments would violate the City's charter as discussed in Finding 2011-1.

Questioned Costs: Payments to the mayor and councilmember result in questioned costs of $4,159 for the period July 1, 2010 through June 30, 2011.

Context: Payroll costs charged to the Program were examined and compared to relevant laws and regulations.

Effect: Reimbursements for these costs may be disallowed.

Cause: Inquiry with City personnel revealed that they were unaware of the regulations that prohibited these payments.

Recommendation: We recommend that City officials and employees in charge of the management of the Program thoroughly review its requirements and prohibitions.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and has discontinued sponsorship of this Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning, Bright From the Start which yielded similar results.

2011-6 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284; Grant Period(s) 2010 and 2011

Criteria: FNS Instruction 796-4, Rev. 4, Financial Management - Summer Food Service Program for Children, X(A) states in part that costs directly associated with transporting food to children are allowable. All costs must be documented.

Condition: Mileage records are incomplete because they do not bear the itinerary that is required to be documented.

Questioned Costs: Not applicable.

Context: A review of the mileage records contained in the Program records showed that nearly all were incomplete. They were incomplete because they did not contain the itinerary that is required to be documented under the FNS instructions. However, the review did not indicate that the payments for mileage were for purposes unrelated to the SFSPC.

Effect: Reimbursements for these costs may be disallowed.

Cause: The sponsor failed to obtain the required information from its drivers regarding their itineraries.

Recommendation: We recommend that, prior to the commencement of food service operations, the planned routes for deliveries be driven and documented in the Program files as Route A, B, etc. Then, drivers could reference the route that they are driving on any given day and would need only to augment their mileage records for any deviations from it.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and has discontinued sponsorship of this Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning, Bright From the Start which yielded similar results.

2011-7 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284; Grant Period(s) 2010 and 2011

Criteria: 7 CFR 225.15(c)(1) states in part that sponsors shall maintain accurate records which justify all costs and meals claimed. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question.

Additionally, in a memorandum dated February 4, 2011 regarding cost disallowance, the State agency indicated that "costs that are determined unallowable include, but are not limited to .. when SFSPC reimbursement is used for costs that require prior or specific prior written approval, or costs that are not submitted and approved in the budget.

Further, OMB Circular A-87, Cost Principles for State and Local Governments, Attachment B, paragraph 11.h (Support of Salaries and Wages) states in part that charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based upon payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. The circular also states that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation and that the personnel activity reports or equivalent documentation must reflect an after the fact distribution of the actual activity of each employee.

Condition: During the course of our audit we noted employees of the Program who were paid compensation and who were not approved in the Program budget, employees of the Program who were paid compensation in excess of their approved budgeted amounts, employees of the Program who were paid compensation for more than one activity or function of the Program who did not document the actual time spent on each, and employees of the Program who were paid at rates higher than the approved rates in the Program budget.

Questioned Costs: The results of our audit yielded the following questioned costs for the period July 1, 2010 through June 30, 2010:

Compensation paid to individuals not in approved budget	$ 17,194
Compensation paid to individuals in excess of approved budget for a single function	11,930
Compensation paid to individuals in excess of approved budget for multiple functions	2,679
Compensation paid to individuals in excess of approved rates for multiple functions	4,209
Total Questioned Costs	$ 36,012

Context: Payroll costs charged to the Program were examined and compared to relevant laws and regulations and the Program budget.

Effect: Reimbursements for these costs may be disallowed.

Cause: Based on our audit, it appears that budgets were not accurately prepared in estimating the total cost for certain functions by employees, most notably under the function of site labor. Additionally, due to turnover in Program personnel, it became necessary for remaining personnel to perform the duties of the personnel that had left the program leading to more hours worked by those individuals than originally planned, which in turn resulted in budget overages. Conversely, the Program was left with unused budget for the departing employees, but it is our understanding that under State agency guidelines this excess budget may not be taken into account as an offset to the budget overages. Further, apparently due to the time constraints involved in a summer food program, employees hired to replace those who have left the Program are not added to the budget approved by the State agency. The result of this is that even though the employees are trained and able to perform the functions they are hired for, paying them violates the State agency approved budget resulting in a disallowed cost.

In the case of payments in excess of approved rates, the cause seems to be that all compensation is paid at the highest rate approved for a function for which the employee is hired, rather than the actual approved rate for each specific function for which the employee is hired.

Recommendation: We recommend that budgets be prepared carefully to ensure that adequate allowance is made for all payroll related costs. We recommend that employees be thoroughly vetted prior to each program cycle about their commitment to the Program for that year with the aim of minimizing turnover. When turnover during a Program cycle cannot be avoided, we recommend that submissions to the State agency be done promptly to increase the budgeted hours for remaining employees or to add replacement employees, or both. Finally, we recommend that employees serving in more than one function of the Program carefully document their time spent on each function and that they be paid at the State agency approved rate for each function.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and has discontinued sponsorship of this Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning, Bright From the Start which yielded similar results.

2011-8 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284; Grant Period(s) 2010 and 2011

Criteria: 7 CFR 225.15(b)(3) states in part that sponsors shall plan for and prepare or order meals on the basis of participation trends with the objective of providing only one meal per child at each meal service. The sponsor shall make the adjustments necessary to achieve this objective using the results from its monitoring of sites. Records of participation and of preparation or ordering of meals shall be maintained to demonstrate positive action toward meeting this objective. 7 CFR 225.15(c)(1) states in part that sponsors shall maintain accurate records which justify all costs and meals claimed. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question.

Condition: A summary of the daily meal counts taken at each site shows that on very few days were any meals left over and returned to the meal preparation location. Additionally, the instances of children that are documented to have arrived at a site with no meal available for them are extremely rare. This indicates that in preparing meals for the various meal service sites, the personnel responsible for determining the number of meals to prepare each day anticipated precisely the number required practically 100% of the time. This indicates on most days the site supervisors were claiming as "served" the exact number of meals delivered to their sites and gives no indication how the number to be delivered to the sites each day was determined. This methodology does not satisfy the objective stated in the CFR.

Questioned Costs: Not applicable.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Context: For the month of July in the 2010 Program year and the months of May and June in the 2011 Program year, a summary of the daily meal counts taken at each site was prepared. There were 39 and 49 operating sites for 2010 and 2011 respectively and the number of operating days was 39. Additionally, 4 sites were visited over two a two day period, with 1 site noted to have a difference in meal count of 49.

Effect: Reimbursements for meal service claimed could be reclaimed.

Cause: The site supervisors failed to accurately complete the daily meal count forms in accordance with program requirements. The City failed to adequately monitor the Program and train the site supervisors on the importance of the proper and accurate completion of the daily meal count forms.

Recommendation: We recommend that the City designate and employee of the City, not otherwise involved with the SFSPC, to randomly monitor sites for proper completion of daily meal count forms and the return of un-served meals to the meal preparation location by conducting unannounced monitoring visits no less frequently than twice a week. We further recommend that this designated individual review the updating of planned meal servings for sites randomly selected by comparing the number of meals prepared to the actual number documented as being served.

Views of Responsible Officials and Planned Corrective Action: The City of Arlington, Georgia agrees with this finding and has discontinued sponsorship of this Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning, Bright From the Start which yielded similar results.

City of Arlington********

Mayor Marvin King
P.O. Box 126
Arlington, GA 39813
229-725-4276

July 18, 2012

CORRECTIVE ACTION PLAN

U.S. Department of Agriculture and
Georgia Department of Audits and Accounts

The City of Arlington, Georgia, Georgia respectfully submits the following corrective action plan for the **year ended June 30, 2011.**

Name and Address of Independent Public Accounting Firm:

Brown and McDaniel, CPAs, LLC
P.O. Box 71705
Albany, Georgia 31708-1705

Audit Period: July 1, 2010 through June 30, 2011

The findings from the June 30, 2011 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit

Significant Deficiency

2011-1 Segregation of Duties

The City of Arlington, Georgia does not employ the number of personnel to facilitate adequate segregation of duties.

Recommendation: Those charged with governance should be ever mindful of the risks involved with this condition; should require and carefully monitor periodic financial reports; and question any transactions or amounts not fully understood.

Action Taken: We concur with this finding and will continue present efforts to monitor closely the financial activities of the City of Arlington, Georgia, which we believe are adequate to ensure accurate financial reporting and safeguarding of assets.

Compliance

2011-2 Expenditures Over Appropriations

The City of Arlington, Georgia have not amended the annual budget for additional appropriations, and by extension additional expenditures, contemplated in connection with the availability of additional resources (such as grants).

Recommendation: City officials and personnel should be more proactive under the policy of reviewing actual expenditures to date and near term planned expenditures and comparing that data to budgeted amounts periodically to determine if budgetary amendments are necessary. If it is determined that budgetary amendments are necessary, the City should amend its budget accordingly in accordance with local ordinances, the City charter, and state statutes.

Action Taken: We concur with this finding and will continue to address the need for regular reviews of budget-to-actual comparisons of financial data for each City department and recommend amendments when necessary, whether as the result of reallocating existing budgetary line items or incorporating the availability of additional resources not anticipated when the original budget was adopted.

2011-3 Contract Payments to City Officials

The mayor and two councilmembers were paid compensation by the City for activities outside the scope of their duties as mayor and councilmembers in violation of the City charter Section 2.47, Contracts With the City.

Note: Wasn't aware of any contract with Summer Food Service Program For Children when I took the office of Mayor. This program was all ready in place and I assume every action had been taken to make sure the program were set up with a wavier of the City Charter for the Mayor to perform these duties.

Recommendation: City officials should review the City Charter and become familiar with the duties and prohibitions of their respective offices.

Action Taken: We concur with this finding and has implemented the recommendation effective immediately.

Findings – Federal Award Programs Audits

U.S. DEPARTMENT OF AGRICULTURE

2011-4 Summer Food Service Program For Children – CFDA Number 10.559
Grant Number: 08284

Significant Deficiency: See Finding 2011-1.

2011-5 Summer Food Service Program For Children – CFDA Number 10.559
Grant Number: 08284

The mayor and one councilmember of the City of Arlington, Georgia were paid as employees of the SFSPC. Both are members of the City's governing authority and thus meet the definition of a local legislator. Accordingly, these payments violate the City charter and FNS instructions resulting in questioned costs of $4,159.

Recommendation: City officials and employees in charge of the management of the program thoroughly review its requirements and prohibitions.

Action Taken: We concur with this finding and have discontinued sponsorship of the Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning (DECAL), Bright From the Start which yielded similar results. Provision has been made for the repayment of any funds due back to DECAL.

2011-6 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284

Mileage records are incomplete because they do not bear the itinerary in accordance with program regulations.

Recommendation: Prior to the commencement of food service operations, the planned routes for deliveries should be driven and documented in the Program files as Route A, B, etc. Then, drivers could reference the route that they are driving on any given day and would need only to augment their mileage records for any deviations from the documented route.

Action Taken: We concur with this finding and have discontinued sponsorship of the Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning (DECAL), Bright From the Start which yielded similar results. Provision has been made for the repayment of any funds due back to DECAL.

2011-7 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284

Employees of the Program who were paid compensation and (a) were not approved in the Program budget, (b) were paid in excess of their approved budgeted amounts, (c) worked in more than one function and did not document the actual time spent on each, and (d) were paid at rates higher than approved rates or cap amounts as reflected in the approved Program budget. These payments violate 7 CFR 225.15(c)(1), state budget flexibility guidelines, and OMB Circular A-87 and result in questioned costs of $36,012.

Recommendation: Budgets should be prepared carefully to ensure that adequate allowance is made for all payroll related costs. Procedures should be implemented to minimize turnover during program operations. When turnover does occur, procedures should be implemented to submit budgetary changes promptly to the State and for following up to make sure those changes are processed. Procedures should be implemented to ensure employees serving in more than one function document the division of their time and employees be paid at the approved budgetary rates.

Action Taken: We concur with this finding and have discontinued sponsorship of the Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning (DECAL), Bright From the Start which yielded similar results. Provision has been made for the repayment of any funds due back to DECAL.

2011-8 Summer Food Service Program For Children - CFDA Number 10.559
Grant Number: 08284

A summary of the daily meal counts taken at each site shows that on very few days were any meals left over and returned to the meal preparation location. Additionally, the instances of children that are documented to have arrived at a site with no meal available for them are extremely rare. This indicates that in preparing meals for the various meal service sites, the personnel responsible for determining the number of meals to prepare each day anticipated precisely practically 100% of the time. This further indicates that on most days the site supervisors were claiming as "served" the exact number of meals delivered to their sites and gives no indication how the number to be delivered to the sites each day was determined. This methodology does not satisfy the objective stated in 7 CFR 225.15(b)(3).

Recommendation: The City should designate an employee of the City, not otherwise involved with the SFSPC, to randomly monitor sites for proper completion of daily meal count forms and the return of un-served meals to the meal preparation location by conducting unannounced monitoring visits no less frequently than twice a week. This designated individual should review the updating of planned meal servings for sites randomly selected by comparing the number of meals prepared to the actual number documented as being served.

Action Taken: We concur with this finding and have discontinued sponsorship of the Program based upon the results of a complaint investigation conducted by the Georgia Department of Early Care and Learning (DECAL), Bright From the Start which yielded similar results. Provision has been made for the repayment of any funds due back to DECAL.

Note: Mayor does not concur with these finding because of the way the audit was being conducted. Advise my office not to let anyone have copies of any papers without keeping a copy.

If either the U.S. Department of Agriculture or the Georgia Department of Audits and Accounts have questions regarding this plan, please call Mary King, City Clerk at (229) 725-4276.

Respectfully submitted,

Marvin King

Marvin King, Mayor
CITY OF ARLINGTON, GEORGIA