CITY OF ARLINGTON, GEORGIA
Arlington, Georgia

Financial Statements
and Supplemental Information

For the Fiscal Year Ended
June 30, 2012

And

Auditor's Report

CITY OF ARLINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.

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Members
American Institute of Certified Public Accountants & Georgia Society of Certified Public Accountants

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Arlington, Georgia's basic financial statements. The individual major fund, combining and individual non-major fund, and 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 individual major fund, combining and individual non-major fund, and component unit financial statements and supplemental schedules 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, 2011, which are not presented with the accompanying financial statements. In our report dated June 20, 2012, 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. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The individual major fund, combining and individual non-major fund, and component unit financial statements and supplemental schedules related to the 2011 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 individual major fund, combining and individual non-major fund, and 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, 2011, taken as a whole.

/s/ Brown & McDaniel, CPAs, LLC

December 19, 2012

BASIC FINANCIAL STATEMENTS

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 315,150	$ 149,260	$ 464,410	$ 11,195
Investments	8,312	77,689	86,001	-
Receivables	53,663	23,603	77,266	-
Restricted Assets:				
Cash and Cash Equivalents	-	41,150	41,150	-
Investments	-	69,792	69,792	-
Deposits	-	200	200	-
Deferred Charges	-	24,975	24,975	-
Capital Assets - Not Being Depreciated	73,631	36,985	110,616	44,016
Capital Assets, Net of Accumulated Depreciation	1,016,581	5,206,884	6,223,465	-
Total Assets	1,467,337	5,630,538	7,097,875	55,211
LIABILITIES				
Accounts Payable	22,007	17,925	39,932	1,000
Accrued Liabilities	1,655	-	1,655	-
Due State of Georgia	34,202	-	34,202	
Customer Deposits Payable	-	40,851	40,851	-
Non-current Liabilities:				
Due Within One Year	27,480	14,830	42,310	-
Due In More Than One Year	80,635	1,285,076	1,365,711	-
Total Liabilities	165,979	1,358,682	1,524,661	1,000
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	982,097	3,943,963	4,926,060	44,016
Restricted:				
Special Revenue Projects	-	-	-	10,195
Capital Projects	135,424	-	135,424	-
Unrestricted	183,837	327,893	511,730	-
Total Net Assets	$1,301,358	$ 4,271,856	$ 5,573,214	$ 54,211

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Program	Expenses	Program Revenues: Charges For Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital
Governmental Activities:				
General Government	$ 180,878	$ 13,007	$ -	$ -
Public Safety	239,358	14,681	2,000	-
Public Works	312,222	145,608	-	58,982
Health and Welfare	78,659	-	30,780	-
Culture and Recreation	39,400	7,228	1,200	-
Interest (Long-Term Debt)	1,801	-	-	-
Total Governmental Activities	852,318	180,524	33,980	58,982
Business-Type Activities:				
Water and Sewerage	536,477	359,939	-	-
Total Business-Type Activities	536,477	359,939	-	-
Total Primary Government	$ 1,388,795	$ 540,463	$ 33,980	$ 58,982
Component Units	$ 2,662	$ -	$ 950	$ -

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

Special Item - State of Georgia Disallowed Cost Reimbursement for Discontinued Program

Transfers

Total General Revenues, Special Items, 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, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (167,871)	$ -	$ (167,871)	$ -
(222,677)	-	(222,677)	-
(107,632)	-	(107,632)	-
(47,879)	-	(47,879)	-
(30,972)	-	(30,972)	-
(1,801)	-	(1,801)	-
(578,832)	-	(578,832)	-
-	(176,538)	(176,538)	-
-	(176,538)	(176,538)	-
(578,832)	(176,538)	(755,370)	-
-	-	-	(1,712)
166,100	-	166,100	-
164,430	-	164,430	-
19,271	-	19,271	-
69,371	-	69,371	-
86,278	-	86,278	-
1,995	-	1,995	-
-	-	-	-
622	-	622	-
1,756	3,184	4,940	-
17,655	-	17,655	-
(45,602)	-	(45,602)	-
(15,471)	15,471	-	-
466,405	18,655	485,060	-
(112,427)	(157,883)	(270,310)	(1,712)
1,413,785	4,429,739	5,843,524	55,923
$ 1,301,358	$ 4,271,856	$ 5,573,214	$ 54,211

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

CITY OF ARLINGTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 188,035	$ 127,115	$ 315,150
Investment	8,312	-	8,312
Receivables	45,354	8,309	53,663
Total Assets	241,701	135,424	377,125
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	22,007	-	22,007
Accrued Liabilities	1,655	-	1,655
Due to Georgia Department of Early Care and Learning	34,202	-	34,202
Total Liabilities	57,864	-	57,864
Fund Balances:			
Restricted	-	135,424	135,424
Assigned	41,769	-	41,769
Unassigned	142,068	-	142,068
Total Fund Balances	183,837	135,424	319,261
Total Liabilities and Fund Balances	$ 241,701	$ 135,424	
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			1,090,212
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds			(108,115)
Net Assets of Governmental Activities			$ 1,301,358

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, 2012

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 508,067	$ -	$ 508,067
Licenses and Permits	13,007	-	13,007
Fines and Forfeitures	14,681	-	14,681
Charges for Services	145,108	-	145,108
Intergovernmental	3,200	88,385	91,585
Miscellaneous	27,139	1,377	28,516
Total Revenues	711,202	89,762	800,964
EXPENDITURES			
Current:			
General Government	166,945	-	166,945
Public Safety	249,474	-	249,474
Public Works	265,438	-	265,438
Health and Welfare	-	78,659	78,659
Culture and Recreation	34,608	-	34,608
Capital Outlay	-	50,578	50,578
Debt Service:			
Principal	-	14,471	14,471
Interest	-	1,801	1,801
Total Expenditures	716,465	145,509	861,974
Excess (Deficiency) of Revenues Over Expenditures	(5,263)	(55,747)	(61,010)
OTHER FINANCING SOURCES (USES)			
Proceeds of Long-Term Debt	-	70,644	70,644
Transfers In	34,750	52,166	86,916
Transfers Out	(24,243)	(70,644)	(94,887)
Total Other Financing Sources (Uses)	10,507	52,166	62,673
SPECIAL ITEM			
Repayment of Program Funds for Disallowed Costs-Georgia Department of Early Care and Learning	-	(45,602)	(45,602)
Net Change in Fund Balances	5,244	(49,183)	(43,939)
Fund Balances - Beg of Year	178,593	184,607	363,200
Fund Balances - End of Year	$ 183,837	$ 135,424	$ 319,261

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, 2012

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"	$ (43,939)
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	77,828
Depreciation Expense	(90,143)
	(12,315)
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	14,471
Proceeds of Long-Term Debt	(70,644)
	(56,173)
Change in Net Assets of governmental activities reported in the "Statement of Activities"	$ (112,427)

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 149,260	$ 149,260
Investments	77,689	77,689
Accounts Receivables	23,603	23,603
Restricted Assets:		
Cash and Cash Equivalents	41,150	41,150
Total Current Assets	291,702	328,968
Non-current Assets:		
Restricted Assets - Investments	69,792	108,792
Capital Assets:		
Land and Construction in Progress	36,985	36,985
Other Capital Assets, Net of Accumulated Depreciation	5,206,884	5,206,884
Deferred Charges	24,975	24,975
Deposits	200	200
Total Non-current Assets	5,338,836	5,338,836
Total Assets	5,630,538	5,630,538
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,925	17,925
Payable from Restricted Assets:		
Revenue Bond - 2009 Series	14,830	14,830
Customer Deposits	40,851	40,851
Total Current Liabilities	73,606	73,606
Long-Term Liabilities:		
Revenue Bond Payable - 2009 Series	1,285,076	1,285,076
Total Long-Term Liabilities	1,285,076	1,285,076
Total Liabilities	1,358,682	1,358,682
NET ASSETS		
Investment in Capital Assets, Net Of Related Debt	3,943,963	3,943,963
Restricted	-	-
Unrestricted	327,893	327,893
Total Net Assets	$ 4,271,856	$ 4,271,856

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, 2012

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
OPERATING REVENUES		
Water and Sewerage Charges	$ 335,979	$ 335,979
Cut-On and Tap Fees	10,325	10,325
Penalties and Miscellaneous	13,635	13,635
Total Operating Revenues	359,939	359,939
OPERATING EXPENSES		
Administration and Operations	334,806	334,806
Depreciation	144,571	144,571
Total Operating Expenses	479,377	479,377
Operating Income (Loss)	(119,438)	(119,438)
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	3,184	3,184
Amortization of Bond Issuance Costs	(675)	(675)
Interest Expense	(56,425)	(56,425)
Total Non-Operating Revenues and Expenses	(53,916)	(53,916)
Net Income Before Contributions and Transfers	(173,354)	(173,354)
CONTRIBUTIONS		
2007 Arlington SPLOST Fund	7,500	7,500
Total Contributions	7,500	7,500
TRANSFERS		
Transfers In	7,971	7,971
Transfers Out	-	-
Net Transfers	7,971	7,971
Change in Net Assets	(157,883)	(157,883)
Net Assets - Beg of Year	4,429,739	4,429,739
Net Assets - End of Year	$ 4,271,856	$ 4,271,856

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, 2012

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 362,760	$ 362,760
Cash Paid To Employees for Services	(35,898)	(35,898)
Cash Paid To Suppliers	(296,401)	(296,401)
Net Cash Provided (Used) by Operating Activities	30,461	30,461
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers In (Out) From Other Funds	7,971	7,971
Net Cash Provided (Used) by Non-Capital Financing Activities	7,971	7,971
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Revenue Bonds	(42,067)	(42,067)
Interest Paid on Revenue Bonds	(57,125)	(57,125)
Acquisition and Construction of Capital Assets	(19,959)	(19,959)
Net Cash Provided (Used) by Capital and Related Financing Activities	(119,151)	(119,151)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Reinvestment-Certificate of Deposit	(1,753)	(1,753)
Interest Income	3,184	3,184
Net Cash Provided (Used) by Investing Activities	1,431	1,431
Net Increase (Decrease) in Cash and Cash Equivalents	(79,288)	(79,288)
Cash and Cash Equivalents - Beg of Year	269,698	269,698
Cash and Cash Equivalents - End of Year	$ 190,410	$ 190,410
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON STATEMENT OF NET ASSETS		
Cash and Cash Equivalents-Current	$ 149,260	$ 149,260
Cash and Cash Equivalents-Restricted	41,150	41,150
Total Cash and Cash Equivalents	$ 190,410	$ 190,410

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, 2012

	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	$ (119,438)	$ (119,438)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	144,571	144,571
(Increase) Decrease in Accounts Receivable	(1,269)	(1,269)
Increase (Decrease) in Accounts Payable	2,507	2,507
Increase (Decrease) in Customer Deposits	4,090	4,090
Total Adjustments	149,899	149,899
Net Cash Provided (Used) by Operating Activities	$ 30,461	$ 30,461
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed by 2007 SPLOST Fund	$ 7,500	$ 7,500

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILTIES
JUNE 30, 2012

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 1,966
Total Assets	1,966
LIABILITIES	
Due to Others	1,966
Total Liabilities	1,966
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, 2012.

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 $1,479 to the RC for the year ended June 30, 2012. 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.

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 (Infrastructure)	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 $135,424. 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.

5. 2012 Special Purpose Local Option Sales Tax

On November 2, 2010, the citizens of Early County, Georgia approved the continued collection of a special 1% local option sales tax for a period six years beginning on January 1, 2012. Under agreement dated August 20, 2010 with Early County, Georgia, the City is to receive an estimated $247,000 or 2.75% of the tax proceeds over the collection period, with the City receiving the first distribution in March, 2012. The proceeds of the tax are to be used by the City to finance capital outlay projects for the City, including construction of, improvements to, equipment for, and alterations of city buildings and facilities, and streets and roads.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. MATERIAL VIOLATIONS OF LEGAL AND CONTRACTUAL PROVISIONS

1. Expenditures Over Appropriations

The City incurred expenditures, which exceeded appropriations, for two departments and the City's debt service fund in violation of O.C.G.A. 36-81-3 as follows:

General Fund:	
Public Safety	$ 35,129
Public Works	14,347
Debt Service Fund:	1,472

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.

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, 2012, the City's deposits had a carrying amount of $505,410 and a bank balance of $548,998. Of the bank balance, $293,956 was covered by federal depository insurance and $255,042 was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2012, the Arlington Downtown Development Authority's deposits had a carrying amount of $11,195 and a bank balance of $11,195. 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, 2012, the City's investments had a carrying amount of $155,793 and a bank balance of $155,793. None of the bank balance was covered by federal depository insurance but was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2012, 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 21) 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	Water & Sewerage	Nonmajor and Other Funds	Total
Receivables:				
Taxes	$ 29,866	$ -	$ -	$ 29,866
Inter-governmental	-	-	8,309	8,309
Accounts	13,557	23,603	-	37,160
Other	1,931	-	-	1,931
Totals	$ 45,354	$ 23,603	$ 8,309	$ 77,266

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, 2012 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:

	Capital Assets, Not Depreciated		Capital Assets, Depreciated			
	Land	Construction In Progress	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals
Primary Government						
Governmental Activities						
Balance, June 30, 2011	$ 73,631	$ -	$ 722,970	$ 507,149	$ 694,406	$ 1,998,156
Increases	-	-	-	-	77,828	77,828
Decreases	-	-	-	-	(25,300)	(25,300)
Balance, June 30, 2012	73,631	-	722,970	507,149	746,934	2,050,684
Accumulated Depreciation:						
Balance, June 30, 2011	-	-	(375,963)	(154,258)	(365,408)	(895,629)
Increases	-	-	(18,434)	(25,357)	(46,352)	(90,143)
Decreases	-	-	-	-	25,300	25,300
Balance, June 30, 2012	-	-	(394,397)	(179,615)	(386,460)	(960,472)
Capital Assets, Net	$ 73,631	$ -	$ 328,573	$ 327,534	$ 360,474	$ 1,090,212
Business-Type Activities						
Balance, June 30, 2011	$ 36,985	$ -	$ -	$6,538,370	$ 61,429	$ 6,636,784
Increases	-	-	-	19,959	7,500	27,459
Decreases	-	-	-	-	-	-
Balance, June 30, 2012	36,985	-	-	6,558,329	68,929	6,664,243
Accumulated Depreciation:						
Balance, June 30, 2011	-	-	-	(1,233,061)	(42,742)	(1,275,803)
Increases	-	-	-	(140,047)	(4,524)	(144,571)
Decreases	-	-	-	-	-	-
Balance, June 30, 2012	-	-	-	(1,373,108)	(47,266)	(1,420,374)
Capital Assets, Net	$ 36,985	$ -	$ -	$5,185,221	$ 21,663	$ 5,243,869
Total Capital Assets, Net	$ 110,616	$ -	$ 328,573	$5,512,755	$ 382,137	$ 6,334,081
Component Units						
Balance, June 30, 2011	$ 44,016	$ -	$ -	$ -	$ -	$ 44,016
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2012	44,016	-	-	-	-	44,016
Accumulated Depreciation:						
Balance, June 30, 2011	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2012	-	-	-	-	-	-
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	$ 144,571
Public Safety	24,634		
Public Works	46,784		
Culture and Recreation	4,792		
Totals	$ 90,143		$ 144,571

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, 2011	Additions	Retirements	Balance June 30, 2012	Due Within 1 Year
Governmental Activities					
Branch Bank and Trust, For Police Car, Due in Quarterly Installments of $1,958 Through Jun, 2017 at 3.380% Interest (Original Amount $35,894)	$ -	$ 35,894	$ -	$ 35,894	$ 6,704
Branch Bank and Trust, For Police Car, Due in Quarterly Installments of $3,038 each Through Feb, 2015 at 3.330% Interest (Original Amount $34,750)	-	34,750	(2,942)	31,808	11,233
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)	2,444	-	(2,444)	-	-
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	-	(9,085)	40,413	9,543
Totals Governmental Activities	$ 51,942	$ 70,644	$ (14,471)	$ 108,115	$ 27,480

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	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)	$ 1,313,973	$ -	$ (14,067)	$ 1,299,906	$ 14,830
1972 Series, 5.0% Water And Sewerage System Revenue Bonds, For Water & Sewer System Improvements, (Original Amount $472,000)	28,000	$ -	$ (28,000)	$ -	$ -
Totals Business-Type Activities	$ 1,341,973	$ -	$ (42,067)	$ 1,299,906	$ 14,830
Total Long-Term Debt	$ 1,393,915	$ 70,644	$ (56,538)	$ 1,408,021	$ 42,309

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

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	$ 27,480	$ 3,435	$ 30,915	$ 14,830	$ 54,962	$ 69,792
2014	28,452	2,463	30,915	15,473	54,319	69,792
2015	26,420	1,456	27,876	16,144	53,648	69,792
2016	18,094	669	18,763	16,696	53,096	69,792
2017	7,669	163	7,832	17,567	52,225	69,792
2018-2022	-	-	-	99,785	249,175	348,960
2023-2027	-	-	-	123,370	225,590	348,960
2028-2032	-	-	-	152,429	196,531	348,960
2033-2037	-	-	-	188,599	160,361	348,960
2038-2042	-	-	-	233,183	115,777	348,960
2043-2047	-	-	-	288,309	60,651	348,960
2048-2050	-	-	-	133,521	6,004	139,525
Totals	$ 108,115	$ 8,186	$ 116,301	$ 1,299,906	$1,282,339	$ 2,582,245

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, 2012 was $271,637.

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. The City had no non-spendable fund balances at year end.

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:

2007 Special Purpose Local Option Sales Tax Fund	$ 118,134
2012 Special Purpose Local Option Sales Tax Fund	17,290
Total Restricted Fund Balances	$ 135,424

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	$ 12,698
Fire Department	3,412
City Park	75
Cemetery	2,125
Travel	96
May Day Festival	6,121
Grant Matching	17,242
Total Assigned Fund Balances	$ 41,769

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 City had no interfund receivables or payables at year end.

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 Out			
	General Fund	Debt Service Fund	2007 SPLOST Fund	Total Transfers In
Transfers In:				
Governmental Activities				
General Fund	$ -	$ 34,750	$ -	$ 34,750
Non-major Governmental Funds:				
2012 SPLOST Fund	-	35,894	-	35,894
Debt Service Fund	16,272	-	-	16,272
Total Governmental Activities	16,272	70,644	-	86,916
Business-Type Activities				
Water and Sewerage Fund	7,971	-	7,500	15,471
Total Business-Type Activities	7,971	-	7,500	15,471
Total Transfers Out	$ 24,243	$ 70,644	$ 7,500	$ 102,387

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, 2012, the contributions of the employees and City amounted to $6,770 and $3,399 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, 2012

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.

NOTE 6 - SUBSEQUENT EVENTS

A. GRANT AWARDS

1. Community Development Block Grant (CDBG)

On September 28, 2012, the City was awarded a CDBG grant in the amount of $500,000 for the purpose of Water and Sewer and Flood and Drainage Improvements.

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

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 499,400	$ 499,400	$ 508,067	$ 8,667
Licenses and Permits	14,200	14,200	13,007	(1,193)
Fines and Forfeitures	25,000	25,000	14,681	(10,319)
Charges for Services	125,000	125,000	145,108	20,108
Intergovernmental Revenue	-	-	3,200	3,200
Miscellaneous Revenue	20,962	20,962	27,139	6,177
Total Revenues	684,562	684,562	711,202	26,640
EXPENDITURES				
General Government	169,724	169,724	166,945	2,779
Public Safety	214,345	214,345	249,474	(35,129)
Public Works	250,693	250,693	265,438	(14,745)
Culture and Recreation	35,000	35,000	34,608	392
Total Expenditures	669,762	669,762	716,465	(46,703)
Excess (Deficiency) of Revenues Over Expenditures	14,800	14,800	(5,263)	(20,063)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	34,750	34,750
Transfers Out	(14,800)	(14,800)	(24,243)	(9,443)
Net Other Financing Source (Uses)	(14,800)	(14,800)	10,507	25,307
Net Change In Fund Balance	-	-	5,244	5,244
Fund Balance - Beg of Year	178,593	178,593	178,593	-
Fund Balance - End of Year	$ 178,593	$ 178,593	$ 183,837	$ 5,244

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
TAXES				
Property Taxes	$ 165,000	$ 165,000	$ 166,100	$ 1,100
Local Option Sales Taxes	150,000	150,000	164,430	14,430
Alcoholic Beverage Taxes	16,000	16,000	19,271	3,271
Insurance Premiums Tax	87,000	87,000	69,371	(17,629)
Franchise Taxes	80,000	80,000	86,278	6,278
Railroad Equipment Tax	-	-	1,995	1,995
Housing Authority- In Lieu of Taxes	700	700	-	(700)
Real Estate Transfer Tax	-	-	60	60
Intangible Taxes	700	700	562	(138)
Total Taxes	499,400	499,400	508,067	8,667
LICENSES AND PERMITS				
Business Licenses	14,000	14,000	13,007	(993)
Other Licenses and Permits	200	200	-	(200)
Total Licenses and Permits	14,200	14,200	13,007	(1,193)
FINES AND FORFEITURES				
Fines and Forfeitures	25,000	25,000	14,681	(10,319)
Total Fines and Forfeitures	25,000	25,000	14,681	(10,319)
CHARGES FOR SERVICES				
Garbage Fees	125,000	125,000	145,108	20,108
Total Charges for Services	125,000	125,000	145,108	20,108
INTERGOVERNMENTAL REVENUE				
Other Local Governments	-	-	3,200	3,200
Total Intergovernmental Revenue	-	-	3,200	3,200
MICELLANEOUS REVENUE				
Recreation Charges	7,600	7,600	427	(7,173)
Interest Earnings	950	950	1,756	806
Penalties	3,000	3,000	9,418	6,418
Cemetery	500	500	500	-
Rents and Deposits	5,300	5,300	6,801	1,501
Miscellaneous	3,612	3,612	8,237	4,625
Total Miscellaneous Revenue	20,962	20,962	27,139	6,177
GRAND TOTAL REVENUES	$ 684,562	$ 684,562	$ 711,202	$ 26,640

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
GENRAL GOVERNMENT				
Salaries	$ 76,545	$ 64,700	$ 59,890	$ 4,810
Council Fees	5,000	5,000	6,300	(1,300)
Mayors Fee	2,400	2,400	2,400	-
Mayor Pro-Tem Fee	1,300	1,300	1,675	(375)
Salaries-BH Manager	10,400	10,400	10,760	(360)
Election Labor	2,500	2,500	2,825	(325)
Insurance-Public Officials	500	500	500	-
Health Insurance	4,837	4,837	8,018	(3,181)
Health Insurance Deductible	2,000	2,000	-	2,000
Payroll Taxes	4,160	4,160	6,975	(2,815)
Employers Retirement	932	932	1,180	(248)
Management Maintenance	4,000	15,845	8,803	7,042
Workers Compensation Insurance	400	400	400	-
Audit Fees	5,000	5,000	4,600	400
Legal Fees	10,000	10,000	18,515	(8,515)
Building Maintenance	1,000	1,000	2,339	(1,339)
Insurance	6,150	6,150	6,150	-
Telephone	2,600	2,600	2,419	181
Advertisements	2,000	2,000	3,561	(1,561)
Dues	2,500	2,500	2,371	129
Clerks Training	2,000	2,000	2,126	(126)
Public Officials Training	1,500	1,500	2,294	(794)
Office Supplies	4,000	4,000	3,764	236
Electricity	5,000	5,000	3,963	1,037
Miscellaneous	-	-	3,151	(3,151)
Small Equipment	3,000	3,000	-	3,000
Office Equipment	2,000	2,000	1,966	34
Condemnation Property	8,000	8,000	-	8,000
Total General Government	169,724	169,724	166,945	2,779
PUBLIC SAFETY				
Police Department:				
Salaries	108,000	108,000	113,510	(5,510)
Investigation	750	750	105	645
Health Insurance	13,286	13,286	12,555	731
Payroll Taxes	8,262	8,262	9,817	(1,555)
Employers Retirement	2,200	2,200	659	1,541
Workers Compensation Insurance	5,880	5,880	5,056	824
Uniforms	1,000	1,000	995	5
Legal Fees	500	500	337	163
Recorder's Court	14,142	14,142	10,770	3,372
Computer Maintenance	1,000	1,000	-	1,000
Equipment Maintenance and Repair	1,500	1,500	-	1,500
Vehicle Maintenance and Repair	3,800	3,800	8,359	(4,559)
Insurance	$ 6,150	$ 6,150	$ 6,150	$ -

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC SAFETY (continued)				
Police Department (continued):				
Police Liability Insurance	$ 3,125	$ 3,125	$ 4,993	$ (1,868)
Telephone	2,700	2,700	2,946	(246)
Training and Mileage	2,500	2,500	1,517	983
Supplies	2,500	2,500	2,791	(291)
Electricity	2,500	2,500	2,635	(135)
Jail Expense	3,000	3,000	352	2,648
Gas and Oil	10,750	10,750	11,387	(637)
Breath Alcohol Tests	500	500	20	480
Witness Fees	200	200	-	200
Small Equipment	500	500	10	490
Emergency Fund	-	-	1,510	(1,510)
Drug Task Force	2,300	2,300	2,300	-
Capital Outlay:	-	-	*	*
2011 Dodge Charger	*	*	34,750	(34,750)
Total Police Department	197,045	197,045	233,524	(36,479)
Fire Department:				
Salaries	1,200	1,200	1,300	(100)
Firemen's Retainer	4,000	4,000	3,325	675
Asst. Fire Chief Salary	800	800	725	75
Payroll Taxes	100	100	117	(17)
Building Maintenance	5,000	5,000	2,711	2,289
Vehicle Maintenance and Repair	500	500	80	420
Insurance	3,000	3,000	3,000	-
Telephone	-	-	507	(507)
Training and Mileage	1,000	1,000	124	876
Supplies	500	500	2,197	(1,697)
Electricity	1,200	1,200	1,267	(67)
Miscellaneous	-	-	7	(7)
Small Equipment	-	-	590	(590)
Total Fire Department	17,300	17,300	15,950	1,350
Total Public Safety	214,345	214,345	249,474	(35,129)
PUBLIC WORKS				
Salaries	25,525	25,525	33,411	(7,886)
Health Insurance	3,225	3,225	3,072	153
Health Insurance Deductible	1,000	1,000	-	1,000
Payroll Taxes	1,765	1,765	2,808	(1,043)
Employers Retirement	460	460	380	80
Workers Compensation Insurance	2,868	2,868	2,938	(70)
Uniforms	2,400	2,400	1,554	846
Animal Control	$ 1,500	$ 1,500	$ 1,843	$ (343)

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC WORKS (continued)				
Vehicle Maintenance	$ 3,000	$ 3,000	$ 2,200	$ 800
Building Maintenance	3,000	3,000	298	2,702
Equipment Maintenance and Repair	10,000	10,000	9,914	86
Street Maintenance	6,100	6,100	9,464	(3,364)
Insurance	6,150	6,150	6,150	-
Telephone	700	700	646	54
Training and Mileage	1,000	1,000	175	825
Small Equipment	2,000	2,000	171	1,829
Supplies	5,000	5,000	6,799	(1,799)
Pesticides	7,500	7,500	13,394	(5,894)
Electricity	40,000	40,000	46,121	(6,121)
Gas, Oil, and Diesel	20,000	20,000	22,706	(2,706)
Miscellaneous	2,500	2,500	889	1,611
Garbage Collection and Disposal	105,000	105,000	100,505	4,495
Total Public Works	250,693	250,693	265,438	(14,745)
CULTURE AND RECREATION				
Recreation Department:				
Salaries and Umpire Fees	400	400	-	400
Maintenance and Repair	1,200	1,200	323	877
Insurance	700	700	700	-
Electricity	3,000	3,000	4,152	(1,152)
Concession	200	200	-	200
Small Equipment	500	500	596	(96)
Calhoun County Recreation	3,500	3,500	3,500	-
Total Recreation Department	9,500	9,500	9,271	229
Community Center:				
Maintenance and Repair	1,000	1,000	2,309	(1,309)
Total Community Center	1,000	1,000	2,309	(1,309)
Other:				
Depot Matching	10,000	10,000	9,102	898
Beautification (Lights)	10,000	10,000	10,819	(819)
Arlington Downtown Development	2,000	2,000	1,801	199
May Day Committee	-	-	493	(493)
Boys and Girls Club	2,500	2,500	813	1,687
Total Other	24,500	24,500	23,028	1,472
Total Culture and Recreation	35,000	35,000	34,608	392
GRAND TOTAL EXPENDITURES	$ 669,762	$ 669,762	$ 716,465	$ (46,703)

* Capital Outlays are budgeted as lump sums.

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

CITY OF ARLINGTON, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

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	$ 35,129
Public Works	14,745

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ARLINGTON, GEORGIA
MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

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.

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ 188,035	$ 158,763
Investments in Certificates of Deposit	8,312	8,219
Accounts Receivable	13,557	13,999
Motor Vehicle Taxes Receivable	377	329
Mobile Home Taxes Receivable	335	-
Local Option Sales Taxes Receivable	26,645	33,246
Alcoholic Beverages Taxes Receivable	1,782	1,425
Franchise Taxes Receivable	599	831
Intangible Tax Receivable	128	-
Fines Receivable	1,931	135
Due from Federal Government	-	26,783
Total Assets	$ 241,701	$ 243,730
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	22,007	50,412
Payroll Taxes Payable	1,655	9,123
Due to Georgia Department of Early Care and Learning	34,202	-
Due to Summer Food Service Program for Children Fund	-	5,602
Total Liabilities	57,864	65,137
Fund Equity:		
Fund Balance Assigned For:		
Recreation	12,698	14,698
Fire	3,412	3,426
City Park	75	75
Cemetery	2,125	1,625
Travel	96	109
May Day	6,121	6,125
Grant Matching	17,242	32,868
Fund Balance Unassigned	142,068	119,667
Total Fund Equity	183,837	178,593
Total Liabilities and Fund Equity	$ 241,701	$ 243,730

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

	JUNE 30, 2012	JUNE 30, 2011
REVENUES		
Taxes	$ 508,067	$ 548,690
Licenses and Permits	13,007	14,977
Fines & Forfeitures	14,681	6,443
Charges for Services	145,108	150,706
Intergovernmental	3,200	127,983
Miscellaneous	27,139	23,172
Total Revenues	711,202	871,971
EXPENDITURES		
General Government	166,945	152,326
Public Safety	249,474	274,272
Public Works	265,438	324,785
Culture & Recreation	34,608	41,474
Total Expenditures	716,465	792,857
Excess (Deficiency) of Revenues Over Expenditures	(5,263)	79,114
OTHER FINANCING SOURCES (USES)		
Transfers In	34,750	49,498
Transfers Out	(24,243)	(82,820)
Total Other Financing Sources (Uses)	10,507	(33,322)
Net Change in Fund Balance	5,244	45,792
Fund Balance - Beginning of Year	178,593	132,801
Fund Balance - End of Year	$ 183,837	$ 178,593

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

	JUNE 30, 2012	JUNE 30, 2011
TAXES		
Property Taxes	$ 166,100	$ 179,665
Local Option Sales Taxes	164,430	178,021
Alcoholic Beverage Taxes	19,271	17,974
Insurance Premiums Tax	69,371	86,239
Franchise Tax	86,278	83,395
Railroad Equipment Tax	1,995	1,944
Housing Authority - In Lieu of Taxes	-	682
Real Estate Transfer Taxes	60	-
Intangible Taxes	562	770
Total Taxes	508,067	548,690
LICENSES AND PERMITS		
Business Licenses	13,007	14,527
Other Licenses and Permits	-	450
Total Licenses and Permits	13,007	14,977
FINES AND FORFEITURES		
Fines and Forfeitures	14,681	6,443
Total Fines and Forfeitures	14,681	6,443
CHARGES FOR SERVICES		
Garbage Fees	145,108	150,706
Total Charges for Services	145,108	150,706
INTERGOVERNMENTAL REVENUE		
Federal Government	-	126,783
State Government	-	-
Other Local Governments	3,200	1,200
Total Intergovernmental Revenue	3,200	127,983
MISCELLANEOUS REVENUE		
Recreation Charges	427	100
Interest Earnings	1,756	1,717
Penalties	9,418	9,515
Cemetery	500	1,625
Rents and Deposits	6,801	5,683
Miscellaneous	8,237	4,532
Total Miscellaneous Revenue	27,139	23,172
GRAND TOTAL REVENUES	$ 711,202	$ 871,971

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

	JUNE 30, 2012	JUNE 30, 2011
GENERAL GOVERNMENT		
Salaries	$ 59,890	$ 55,824
Council Fees	6,300	6,000
Mayors Fee	2,400	2,400
Mayor Pro-Tem Fee	1,675	1,525
Election Labor	2,825	-
Salaries-BH Manager	10,760	5,200
Insurance-Public Officials	500	2,500
Health Insurance	8,018	6,769
Payroll Taxes	6,975	6,022
Employers Retirement	1,180	1,323
Management Maintenance	8,803	5,397
Workers Compensation Insurance	400	1,851
Audit	4,600	6,200
Legal	18,515	14,274
Building Maintenance	2,339	1,048
Insurance	6,150	3,500
Telephone	2,419	2,378
Advertisements	3,561	2,932
Dues	2,371	3,276
Clerks Training	2,126	1,986
Public Officials Training	2,294	1,437
Office Supplies	3,764	4,944
Electricity	3,963	5,396
Miscellaneous	3,151	1,382
Office Equipment	1,966	2,368
Condemnation Property	-	6,394
Total General Government	166,945	152,326
PUBLIC SAFETY		
Police Department:		
Salaries	113,510	98,387
Payroll Taxes	9,817	7,690
Health Insurance	12,555	4,135
Retirement	659	727
Investigation	105	900
Uniforms	995	1,354
Legal Fees	337	1,591
Recorder's Court	10,770	1,500
Workers Compensation Insurance	5,056	5,505
Computer Maintenance	-	77
Equipment Maintenance and Repair	-	1,143
Vehicle Maintenance and Repair	8,359	3,963
Insurance	6,150	4,000
Insurance - Police Liability	4,993	4,000
Telephone	2,946	3,276
Training and Mileage	1,517	2,708
Supplies	2,791	1,722
Electricity	2,635	3,144
Jail Expense	352	-
Gas and Oil	$ 11,387	$ 9,836

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

	JUNE 30, 2012	JUNE 30, 2011
PUBLIC SAFETY (continued)		
Police Department (continued):		
Breath Alcohol Tests	$ 20	$ 60
Witness	-	20
Emergency Fund	1,510	1,472
Small Equipment	10	248
Drug Task Force	2,300	2,118
Capital Outlay:		
2011 Dodge Charger	34,750	-
Video Surveillance System	-	100,000
Total Police Department	233,524	259,576
Fire Department:		
Salaries	1,300	1,200
Fireman's Retainer	3,325	2,600
Asst. Fire Chief Salary	725	600
Payroll Taxes	117	97
Workers Compensation Insurance	-	126
Building Maintenance and Repair	2,711	2,000
Vehicle Maintenance and Repair	80	500
Insurance	3,000	1,116
Telephone	507	1,187
Training and Mileage	124	993
Supplies	2,197	500
Electricity	1,267	777
Miscellaneous	7	-
Small Equipment	590	3,000
Capital Outlay:	-	-
Total Fire Department	15,950	14,696
Total Public Safety	249,474	274,272
PUBLIC WORKS		
Salaries	33,411	43,176
Payroll Taxes	2,808	3,411
Health Insurance	3,072	4,095
Retirement	380	575
Workers Compensation Insurance	2,938	7,481
Uniforms	1,554	2,184
Animal Control	1,843	1,653
Building Maintenance	298	76
Equipment Maintenance and Repair	9,914	16,480
Vehicle Maintenance and Repair	2,200	4,295
Street Maintenance	9,464	25,312
Insurance	6,150	2,500
Telephone	646	577
Training and Mileage	175	580
Supplies	6,799	6,784
Pesticides	13,394	2,695
Electricity	$ 46,121	$ 35,816

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

	JUNE 30, 2012	JUNE 30, 2011
PUBLIC WORKS (continued)		
Gas and Oil	$ 22,706	$ 20,449
Miscellaneous	889	-
Beautification of Arlington	-	532
Garbage Collection and Disposal	100,505	101,337
Small Equipment	171	-
Cemetery Maintenance	-	6,550
Capital Outlay:		
JD 310J Backhoe	-	38,227
Total Public Works	265,438	324,785
CULTURE AND RECREATION		
Recreation Department:		
Maintenance and Repair	323	965
Insurance	700	700
Electricity	4,152	3,796
Small Equipment	596	851
Calhoun County Recreation	3,500	-
Total Recreation Department	9,271	6,312
Community Center:		
Maintenance and Repair	2,309	490
Electricity	-	2,031
Insurance	-	1,200
Total Community Center	2,309	3,721
Other:		
Downtown Development	1,801	20,629
Beautification (Lights)	10,819	-
Depot Matching	9,102	-
May Day Committee	493	2,062
Boys and Girls Club	813	8,750
Total Other	23,028	31,441
Total Culture and Recreation	34,608	41,474
GRAND TOTAL EXPENDITURES	$ 716,465	$ 792,857

CITY OF ARLINGTON, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

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.

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.

2012 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - is used to account for the estimated $247,000 in tax proceeds to be collected over a six year period beginning January 1, 2012. The proceeds are to be used to finance capital outlay projects including construction of, improvements to, equipment for, and alterations of city buildings and facilities, and 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, 2012

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	SFSP	CDBG	2012 SPLOST	2007 SPLOST	Debt Service	
ASSETS						
Cash and Cash Equivalents	$ -	$ -	$ 8,981	$118,134	$ -	$ 127,115
SPLOST Receivable	-	-	8,309	-	-	8,309
Total Assets	-	-	17,290	118,134	-	135,424
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Fund Equity:						
Fund Balance Restricted For:						
SFSP	-	-	-	-	-	-
CDBG Projects	-	-	-	-	-	-
SPLOST Projects	-	-	17,290	118,134	-	135,424
Fund Balance Assigned For:						
Debt Service	-	-	-	-	-	-
Total Fund Equity	-	-	17,290	118,134	-	135,424
Total Liabilities And Fund Equity	$ -	$ -	$ 17,290	$118,134	$ -	$ 135,424

CITY OF ARLINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	SFSP	CDBG	2012 SPLOST	2007 SPLOST	Debt Service	
REVENUES						
Intergovernmental	$ 30,318	$ -	$ 24,460	$ 33,607	$ -	$ 88,385
Miscellaneous	462	-	14	901	-	1,377
Total Revenues	30,780	-	24,474	34,508	-	89,762
EXPENDITURES						
Health and Welfare	78,659	-	-	-	-	78,659
Capital Outlay	-	-	43,078	7,500	-	50,578
Debt Service	-	-	-	-	16,272	16,272
Total Expenditures	78,659	-	43,078	7,500	16,272	145,509
Excess (Deficiency) of Revenues Over Expenditures	(47,879)	-	(18,604)	27,008	(16,272)	(55,747)
OTHER FINANCING SOURCES (USES)						
Proceeds of Long-Term Debt	-	-	-	-	70,644	70,644
Transfers In	-	-	35,894	-	16,272	52,166
Transfers Out	-	-	-	-	(70,644)	(70,644)
Total Other Financing Sources (Uses)	-	-	35,894	-	16,272	52,166
SPECIAL ITEM						
Repayment of Program Funds for Disallowed Costs-Georgia Department of Early Care and Learning	(45,602)	-	-	-	-	(45,602)
Net Change in Fund Balances	(93,481)	-	17,290	27,008	-	(49,183)
Fund Balance - Beg of Year	93,481	-	-	91,126	-	184,607
Fund Balance - End of Year	$ -	$ -	$ 17,290	$118,134	$ -	$ 135,424

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

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ -	$ 34,654
Due from State of Georgia - Department of Early Care and Learning	-	175,445
Prepaid Payroll Taxes	-	2,219
Due from General Fund	-	5,602
Total Assets	-	217,920
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	119,292
Accrued Expenses	-	5,147
Total Liabilities	-	124,439
Fund Equity:		
Nonspendable Fund Balance	-	2,219
Fund Balance Restricted For Summer Food Service Program For Children	-	91,262
Total Fund Equity	-	93,481
Total Liabilities and Fund Equity	$ -	$ 217,920

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, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	Totals			
	2012		Variance Over	2011
	Budget	Actual	(Under)	Actual
REVENUES				
Intergovernmental Revenue:				
Federal Government:				
Passed Through-Georgia Department Of Early Care and Learning	$ 109,914	$ 30,318	$ (79,596)	$ 303,245
Miscellaneous Revenue	-	462	462	-
Total Revenues	109,914	30,780	(79,134)	303,245
EXPENDITURES				
Health and Welfare:				
Food Cost	70,002	23,958	46,044	118,422
Non-Food Costs	4,164	2,130	2,034	13,485
Direct Labor and Personnel	28,414	48,542	(20,128)	125,462
Transportation and Travel	5,041	2,296	2,745	13,461
Supplies, Postage, and Printing	857	297	560	1,078
Facilities	1,436	1,436	-	7,149
Small Equipment	-	-	-	4,259
Total Expenditures	109,914	78,659	31,255	283,316
Excess (Deficiency) of Revenues Over Expenditures	-	(47,879)	(47,879)	19,929
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	45,602
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	45,602
SPECIAL ITEM				
Repayment of Program Funds for Disallowed Costs-Georgia Department of Early Care and Learning	-	(45,602)	(45,602)	-
Net Change in Fund Balance	-	(93,481)	(93,481)	65,531
Fund Balance - Beg of Year	93,481	93,481	-	27,950
Fund Balance - End of Year	$ 93,481	$ -	$ (93,481)	$ 93,481

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

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ -	$ 4,088
Total Assets	-	4,088
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	4,088
Total Liabilities	-	4,088
Fund Equity:		
Fund Balance Restricted for CDBG Projects	-	-
Total Fund Equity	-	-
Total Liabilities and Fund Equity	$ -	$ 4,088

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, 2012	JUNE 30, 2011
REVENUES		
Federal Government:		
Georgia Department of Community Affairs- Community Development Block Grant	-	95,047
Total Revenues	-	95,047
EXPENDITURES		
Housing and Development:		
Acquisition of Property (Public)	-	500
Clearance	-	1,368
Rehabilitation of Private Properties	-	37,375
Reconstruction of Private Properties	-	104,547
General Administration	-	7,000
Total Expenditures	-	150,790
Excess (Deficiency) of Revenues Over Expenditures	-	(55,743)
OTHER FINANCING SOURCES AND USES		
Transfers In	-	2
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	2
Net Change in Fund Balance	-	(55,741)
Fund Balance - Beginning of Year	-	55,741
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

	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, 2012

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	$ -

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

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ -	$ -
Special Purpose Local Option Sales Tax Receivable	-	-
Total Assets	-	-
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Restricted for SPLOST Projects	-	-
Total Fund Equity	-	-
Total Liabilities and Fund Equity	$ -	$ -

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, 2012	JUNE 30, 2011
REVENUES		
Early County, Georgia:		
Special Purpose Local Option Sales Tax	$ -	$ 14,352
Miscellaneous - Interest Earnings	-	94
Total Revenues	-	14,446
EXPENDITURES		
Miscellaneous Charges	-	9
Capital Outlay:		
JD 310J Backhoe	-	11,271
Total Expenditures	-	11,271
Excess (Deficiency) of Revenues Over Expenditures	-	3,166
OTHER FINANCING SOURCES AND USES		
Transfers In	-	11,271
Transfers Out	-	(28,992)
Total Other Financing Sources (Uses)	-	(17,721)
Net Change in Fund Balance	-	(14,555)
Fund Balance - Beginning of Year	-	14,555
Fund Balance - End of Year	$ -	$ -

CITY OF ARLINGTON, GEORGIA
2012 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ 8,981	$ -
Special Purpose Local Option Sales Tax Receivable	8,309	-
Total Assets	17,290	-
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Restricted for SPLOST Projects	17,290	-
Total Fund Equity	17,290	-
Total Liabilities and Fund Equity	$ 17,290	$ -

CITY OF ARLINGTON, GEORGIA
2012 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, 2012	JUNE 30, 2011
REVENUES		
Early County, Georgia:		
Special Purpose Local Option Sales Tax	$ 24,460	$ -
Miscellaneous - Interest Earnings	14	-
Total Revenues	24,474	-
EXPENDITURES		
Capital Outlay:		
2012 Dodge Charger Police Car	35,894	-
Bad Boy Outlaw Zero Turn Mower	7,184	-
Total Expenditures	43,078	-
Excess (Deficiency) of Revenues Over Expenditures	18,604	-
OTHER FINANCING SOURCES AND USES		
Transfers In	35,894	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	35,894	-
Net Change in Fund Balance	17,290	-
Fund Balance - Beginning of Year	-	-
Fund Balance - End of Year	$ 17,290	$ -

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

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ 118,134	$ 91,126
Total Assets	118,134	91,126
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Equity:		
Fund Balance Restricted for SPLOST Projects	118,134	91,126
Total Fund Equity	118,134	91,126
Total Liabilities and Fund Equity	$ 118,134	$ 91,126

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, 2012	JUNE 30, 2011
REVENUES		
Calhoun County, Georgia:		
Special Purpose Local Option Sales Tax	$ 33,607	$ 36,662
Miscellaneous - Interest Earnings	901	678
Total Revenues	34,508	37,340
EXPENDITURES		
Capital Outlay:		
Mosquito Sprayer	-	6,512
Golf Cart	7,500	-
Total Expenditures	7,500	6,512
Excess (Deficiency) of Revenues Over Expenditures	27,008	30,828
Fund Balance - Beginning of Year	91,126	60,298
Fund Balance - End of Year	$ 118,134	$ 91,126

CITY OF ARLINGTON, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2012	JUNE 30, 2011
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, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	Totals			
	2012		Variance Over	2011
	Budget	Actual	(Under)	Actual
REVENUES				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Principal Retirement	13,162	14,471	(1,309)	35,921
Interest Paid	1,638	1,801	(163)	1,034
Total Expenditures	14,800	16,272	(1,472)	36,955
Excess (Deficiency) of Revenues Over Expenditures	(14,800)	(16,272)	(1,472)	(36,955)
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	70,644	70,644	49,498
Transfer In	14,800	16,272	1,472	36,955
Transfer Out	-	(70,644)	(70,644)	(49,498)
Total Other Financing Sources (Uses)	14,800	16,272	-	36,955
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beg of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

CITY OF ARLINGTON, GEORGIA
MAJOR PROPRIETARY FUNDS
JUNE 30, 2012

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, 2012	JUNE 30, 2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 149,260	$ 169,171
Investment in Certificate of Deposit	77,689	18,835
Accounts Receivable	23,603	22,333
Restricted Assets:		
Cash and Cash Equivalents	41,150	100,527
Investment in Certificate of Deposit- Reserve and Renewal Extension Fund	-	18,102
Total Current Assets	291,702	328,968
Non-current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	-	-
Investment in Certificate of Deposit- Reserve and Renewal Extension Fund	69,792	108,792
Capital Assets:		
Water & Sewerage System	6,595,314	6,575,355
Machinery & Equipment	68,929	61,429
	6,664,243	6,636,784
Less Accumulated Depreciation	(1,420,374)	(1,275,803)
Net Capital Assets	5,243,869	5,360,981
Deferred Charges	24,975	25,650
Deposits	200	200
Total Non-current Assets	5,338,836	5,495,623
Total Assets	$ 5,630,538	$ 5,824,591

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

	JUNE 30, 2012	JUNE 30, 2011
LIABILTIES AND FUND EQUITY		
Current Liabilities:		
Accounts Payable	$ 17,925	$ 15,418
Payable from Restricted Assets:		
Accrued Interest Payable	-	700
Revenue Bonds - 1972 Series	-	28,000
Revenue Bond - 2009 Series	14,830	14,067
Customer Deposits	40,851	36,761
Total Current Liabilities	73,606	94,946
Long-Term Liabilities:		
Revenue Bond - 2009 Series	1,285,076	1,299,906
Total Long-Term Liabilities	1,285,076	1,299,906
Total Liabilities	1,358,682	1,394,852
Fund Equity:		
Retained Earnings	4,271,856	4,429,739
Total Fund Equity	4,271,856	4,429,739
Total Liabilities and Fund Equity	$ 5,630,538	$ 5,824,591

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, 2012	JUNE 30, 2011
OPERATING REVENUES		
Water & Sewerage Charges	$ 335,979	$ 301,635
Cut-on & Tap Fees	10,325	12,185
Penalties and Miscellaneous	13,635	10,000
Total Operating Revenues	359,939	323,820
OPERATING EXPENSES		
Salaries and Payroll Costs	79,166	76,625
Drinking Water Fees and Lab Tests	50,354	51,146
Maintenance and Repairs	33,094	21,207
Materials and Supplies	100,906	61,725
Electricity	59,956	52,440
Other Operating Expenses	11,330	17,405
Depreciation	144,571	142,293
Total Operating Expenses	479,377	422,841
Operating Income (Loss)	(119,438)	(99,021)
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	3,184	2,768
Amortization of Bond Issuance Costs	(675)	(1,178)
Interest Expense	(56,425)	(58,262)
Total Non-Operating Revenues and Expenses	(53,916)	(56,672)
Net Income Before Contributions and Transfers	(173,354)	(155,693)
CONTRIBUTIONS		
2007 Arlington SPLOST Fund	7,500	-
Federal Government-USDA Rural Development	-	165,297
Total Contributions	7,500	165,297
TRANSFERS		
Transfer In	7,971	17,982
Transfer Out	-	-
Net Operating Transfers From (To) Other Funds	7,971	17,982
Net Income Loss	(157,883)	27,586
Retained Earnings - Beginning of Year	4,429,739	4,402,153
Retained Earnings - End of Year	$ 4,271,856	$ 4,429,739

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

	JUNE 30, 2012	JUNE 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 362,760	$ 323,764
Cash Paid to Employees for Services	(35,898)	(37,515)
Cash Paid To Other Suppliers of Goods and Services	(296,401)	(249,915)
Net Cash Provided (Used) by Operating Activities	30,461	36,334
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From (To) Other Funds	7,971	17,982
Net Cash Provided (Used) by Non-Capital Financing Activities	7,971	17,982
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Contributed Capital-Federal Government, USDA Rural Development	-	255,480
Principal Paid on Revenue Bonds	(42,067)	(41,630)
Interest Paid on Revenue Bonds	(57,125)	(58,962)
Refund (Payment) of Bond Issuance Costs	-	500
Acquisition and Construction of Capital Assets	(19,959)	(244,577)
Net Cash Provided (Used) by Capital & Related Financing Activities	(119,151)	(89,189)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	-	(70,000)
Certificate of Deposit-Interest Reinvestment	(1,753)	(1,018)
Interest Income	3,184	2,768
Net Cash Provided (Used) by Investing Activities	1,431	(68,250)
Net Increase (Decrease) in Cash and Cash Equivalents	(79,288)	(103,123)
Cash and Cash Equivalents - Beginning of Year	269,698	372,821
Cash and Cash Equivalents - End of Year	$ 190,410	$ 269,698
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON BALANCE SHEETS		
Cash and Cash Equivalents-Unrestricted	$ 149,260	$ 169,171
Cash and Cash Equivalents-Restricted	41,150	100,527
Total Cash and Cash Equivalents	$ 190,410	$ 269,698

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

	JUNE 30, 2012	JUNE 30, 2011
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$ (119,438)	$ (99,021)
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	144,571	142,293
(Increase) Decrease in Accounts Receivable	(1,269)	3,474
Increase (Decrease) in Accounts Payable	2,507	(6,882)
Increase (Decrease) in Customer Deposits	4,090	(3,530)
Total Adjustments	149,899	135,355
Net Cash Provided (Used) By Operating Activities	$ 30,461	$ 36,334
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed by 2007 SPLOST Fund	$ 7,500	$ -

CITY OF ARLINGTON, GEORGIA
FIDUCIARY FUNDS
JUNE 30, 2012

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, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and Cash Equivalents	$ 625	$ 25,535	$ (24,194)	$ 1,966
Total Assets	625	25,535	(24,194)	1,966
LIABILITIES				
Due to P.O.A.B.	7	887	(894)	-
Due to G.S.C.C.C.A	34	3,480	(3,514)	-
Due to Calhoun County Jail Fund	70	1,359	(1,416)	13
Due to Courthouse Solutions	15	1,905	(1,905)	15
Due to Victims Assistance Program	6	708	(707)	7
Due to Drug Abuse Program	-	633	(633)	-
Due to City of Arlington General Fund	135	14,681	(12,885)	1,931
Miscellaneous Fees and Costs	358	1,882	(2,240)	-
Total Liabilities	$ 625	$ 25,535	$ (24,194)	$ 1,966

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, 2012	JUNE 30, 2011
ASSETS		
Cash and Cash Equivalents	$ 11,195	$ 11,907
Total Assets	11,195	11,907
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	1,000	-
Total Liabilities	1,000	-
Fund Equity:		
Fund Balance Reserved for		
Downtown Development Projects	10,195	11,907
Total Fund Equity	10,195	11,907
Total Liabilities and Fund Equity	$ 10,195	$ 11,907

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, 2012	JUNE 30, 2011
REVENUES		
State of Georgia:		
One Georgia Authority	$ -	$ 300,126
Miscellaneous:		
City of Arlington, Georgia	-	-
Contributions	950	1,164
Interest	-	115
Total Miscellaneous	950	1,279
Total Revenues	950	301,405
EXPENDITURES		
Early Trucking Company	-	300,126
Refunds	-	2,000
Dues and Fees	1,375	1,375
Beautification	974	-
Miscellaneous	313	224
Total Expenditures	2,662	303,725
Excess (Deficiency) of Revenues Over Expenditures	(1,712)	(2,320)
Fund Balance - Beginning of Year	11,907	14,227
Fund Balance - End of Year	$ 10,195	$ 11,907

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, 2012

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
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2006-2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2012

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	$ 229,460	$ -	$ 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, 2012

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	$ -	$ 7,500	$ 7,500	7.26%
Roads, Streets, and Bridges	50,000	50,000	20,032	-	20,032	40.06%
Recreational Purposes	30,000	30,000	-	-	-	0.00%
Totals	$ 183,310	$ 183,310	$ 20,032	$ 7,500	$ 27,532	15.02%

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2012-2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2012

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Capital Outlay Projects, Including Construction of, Improvements to, Equipment for, and Alterations of City Buildings and Facilities, and Streets and Roads:	$ 247,000	$ 247,000	$ *	$ *	$ *	*
2012 Dodge Charger Police Car	*	*	-	35,894	35,894	100.00%
Bad Boy Zero Turn Mower	*	*	-	7,184	7,184	100.00%
Totals	$ 247,000	$ 247,000	$ -	$ 43,078	$ 43,078	17.44%

BROWN & McDANIEL CPAs, LLC
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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, 2012, which collectively comprise the City of Arlington, Georgia's basic financial statements and have issued our report thereon dated December 19, 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 2012-1 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 2012-2.

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

December 19, 2012

CITY OF ARLINGTON, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENT FINDINGS:

Internal Control Over Financial Reporting

2011-1 Prior Audit Finding: Segregation of Duties

Status and/or Corrective Action: The City concurred with this finding and has implemented procedures to mitigate the effects of this condition.

Compliance

2011-2 Prior Audit Finding: Expenditures Over Appropriations

Status and/or Corrective Action: The City concurred with this finding and continues to address the need for budget-actual comparisons for the purpose of determining whether or not budget revisions are necessary.

2011-3 Prior Audit Finding: Contract Payments To City Officials

Status and/or Corrective Action: This finding has been resolved.

2011-9 Prior Audit Finding: Budget Violation CDBG Special Revenue Fund

Status and/or Corrective Action: This finding has been resolved.

FEDERAL AWARD FINDINGS:

2011-4 Prior Audit Finding: Segregation of Duties

Status and/or Corrective Action: This finding has been resolved.

2011-5 Prior Audit Finding: Wage Payments To Elected Officials

Status and/or Corrective Action: This finding has been resolved.

2011-6 Prior Audit Finding: Incomplete Mileage Records

Status and/or Corrective Action: This finding has been resolved.

2011-7 Prior Audit Finding: Improper Wage Payments

Status and/or Corrective Action: This finding has been resolved.

2011-8 Prior Audit Finding: Daily Meal Counts

Status and/or Corrective Action: This finding has been resolved.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

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

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2012-1 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.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

COMPLIANCE

2012-2 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	$ 35,129
Public Works	14,347
Debt Service	1,472

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.