CITY OF ASHBURN, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2011

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Ashburn, Georgia — June 30, 2011

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Ashburn, Georgia — June 30, 2011

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HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.
JANE L. GRAY, C.P.A.

BRENDA T. MCALLISTER, C.P.A.
R. CHAD ALEXANDER, C.P.A.
BRANDON N. MONTGOMERY, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
THE GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
TIFTON, GEORGIA
SYLVESTER, GEORGIA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
City of Ashburn, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashburn, Georgia as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Ashburn, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011, on our consideration of City of Ashburn, 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 is important for assessing the results of our audit.

The City of Ashburn has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statement.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (GAAP Budgetary Basis) - General Fund as described in the table of contents on pages 38 and 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashburn, Georgia's basic financial statements. The combining and individual non-major fund schedules listed in the table of contents as Supplementary Information, and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section, 48-8-121, as described in the table of contents on pages 40 through 67 and page 70, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund schedules listed in the table of contents as Supplementary Information, and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section, 48-8-121, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Herring CPA Group, P.C.

Herring CPA Group, P.C.
Tifton, Georgia
November 22, 2011

STATEMENT OF NET ASSETS

City of Ashburn
Ashburn, Georgia

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Downtown Development Authority
ASSETS				
Cash	$ 642,154	$ 671,854	$ 1,314,008	$ 17,668
Taxes receivable-delinquent, Net	64,274	0	64,274	0
Other taxes receivable	26,653	0	26,653	0
Accounts receivable, Net	49,227	208,994	258,221	0
Due from other governments	68,513	0	68,513	0
Inventory	39,285	92,260	131,545	15,850
Prepaid items	33,303	15,722	49,025	0
Reserved assets	68,339	0	68,339	0
Non-Depreciable Assets	237,366	24,600	261,966	29,473
Capital assets - net	2,572,464	5,982,502	8,554,966	43,204
TOTAL ASSETS	$ 3,801,578	$ 6,995,932	$10,797,510	$ 106,195

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

STATEMENT OF NET ASSETS

City of Ashburn
Ashburn, Georgia

June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Downtown Development Authority
LIABILITIES				
Accounts payable	$ 96,779	$ 16,914	$ 113,693	$ 0
Salaries and wages payable	14,217	22,731	36,948	0
Sales tax payable	0	5,063	5,063	0
Compensated absences	36,895	0	36,895	0
Accrued interest payable	0	11,654	11,654	0
Notes payable - current	0	307,153	307,153	5,725
Capital lease - current	127,381	0	127,381	0
Landfill postclosure costs - current	6,325	0	6,325	0
Notes payable - non-current	0	3,422,262	3,422,262	18,227
Capital lease - non-current	154,487	0	154,487	0
Landfill postclosure costs - non-current	82,930	0	82,930	0
Deferred Revenue	7,532	0	7,532	0
Consumers' deposits payable	11,970	135,688	147,658	0
Total Liabilities	$ 538,516	$ 3,921,465	$ 4,459,981	$ 23,952
NET ASSETS				
Invested in capital assets, net of related debt	$ 2,527,962	$ 2,277,687	$ 4,805,649	$ 48,725
Restricted for:				
Debt Retirement	0	9,000	9,000	0
Public Works	5,635	0	5,635	0
Economic Development	10,228	0	10,228	0
Capital Projects	49,800	0	49,800	0
Public Safety	6,237	0	6,237	0
Unrestricted	663,200	787,780	1,450,980	33,518
TOTAL NET ASSETS	$ 3,263,062	$ 3,074,467	$ 6,337,529	$ 82,243

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

City of Ashburn
Ashburn, Georgia

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General government	$ 571,222	$ 85,081	$ 0
Public safety	2,304,185	1,369,662	0
Public works	1,068,906	569,275	0
Health/ welfare	97,710	0	258,080
Culture/ recreation	23,539	0	20,972
Economic development	80,029	89,827	0
Interest on long term debt	14,956	0	0
Total Governmental Activities	4,160,547	2,113,845	279,052
Business-Type Activities:			
Water and Sewer	1,241,798	1,327,885	0
Gas	1,033,833	1,132,742	0
Total Business-Type Activities	2,275,631	2,460,627	0
Total Primary Government	$ 6,436,178	$ 4,574,472	$ 279,052
Component Unit:			
Downtown Development Authority	$ 9,914	$ 56,833	$ 0
General Revenues :			
Property taxes			
Franchise taxes			
Sales tax			
Financial institutions taxes			
Alcoholic beverage excise taxes			
Insurance premium taxes			
Penalties and interest on delinquent taxes			
Interest			
Other revenue			
Total General Revenues			
Transfer in (out)			
Total General Revenues and Transfers			
Change in Net Assets			
NET ASSETS - July 1, 2010			
NET ASSETS - June 30, 2011			

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2011

Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Primary Government			Component Unit
	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
	$ 125,104	$ 210,185	$ (361,037)	$ 0	$ (361,037)	$ 0
	114,300	1,483,962	(820,223)	0	(820,223)	0
	98,942	668,217	(400,689)	0	(400,689)	0
	0	258,080	160,370	0	160,370	0
	1,771	22,743	(796)	0	(796)	0
	0	89,827	9,798	0	9,798	0
	0	0	(14,956)	0	(14,956)	0
	340,117	2,733,014	(1,427,533)	0	(1,427,533)	0
	0	1,327,885	0	86,087	86,087	0
	0	1,132,742	0	98,909	98,909	0
	0	2,460,627	0	184,996	184,996	0
	$ 340,117	$ 5,193,641	$ (1,427,533)	$ 184,996	$ (1,242,537)	$ 0
	$ 0	56,833	0	0	0	$ 46,919
			$ 702,281	$ 0	$ 702,281	$ 0
			282,105	0	282,105	0
			237,078	0	237,078	0
			11,160	0	11,160	0
			74,266	0	74,266	0
			237,883	0	237,883	0
			16,964	0	16,964	0
			2,309	656	2,965	0
			45,127	0	45,127	0
			1,609,173	656	1,609,829	0
			(3,254)	3,254	0	0
			1,605,919	3,910	1,609,829	0
			178,386	188,906	367,292	46,919
			3,084,676	2,885,561	5,970,237	35,324
			$ 3,263,062	$ 3,074,467	$ 6,337,529	$ 82,243

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

BALANCE SHEET
GOVERNMENTAL FUNDS

City of Ashburn
Ashburn, Georgia

	General Fund	Other Governmental Funds	Totals
ASSETS			
Cash	$ 562,722	$ 79,432	$ 642,154
Taxes receivable	72,592	0	72,592
Other taxes receivable	26,653	0	26,653
Accounts receivable (Net of allowance for uncollectibles of 1,500)	49,227	0	49,227
Due from other governments	65,281	3,232	68,513
Due from other funds	3,232	0	3,232
Inventories-material and supplies	39,285	0	39,285
Prepaid items	33,303	0	33,303
Restricted assets	68,339	0	68,339
TOTAL ASSETS	$ 920,634	$ 82,664	$ 1,003,298

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Other Governmental Funds	Totals
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 96,779	$ 0	$ 96,779
Due to other fund	0	3,232	3,232
Salaries and wages payable	14,217	0	14,217
Customer deposit payable	11,970	0	11,970
Deferred revenue	67,036	7,532	74,568
Total Liabilities	190,002	10,764	200,766
Fund Balances:			
Unassigned	$ 589,705	$ 0	$ 589,705
Nonspendable Fund Balance	72,588	0	72,588
Comitted Fund Balance	68,339	0	68,339
Restricted:			
Special Revenue Fund - Public Works	0	5,635	5,635
Economic Development	0	10,228	10,228
Capital Projects	0	49,800	49,800
Special Revenue Fund - Public Safety	0	6,237	6,237
Total Fund Balance	730,632	71,900	802,532
TOTAL LIABILITIES AND FUND BALANCE	$ 920,634	$ 82,664	$ 1,003,298

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 802,532
Total net assets 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. Those assets total:		2,809,830
Property taxes which are not available to pay for current-period expenditures are reported as deferred income in the Governmental Fund Financial Statements		
Deferred revenue	67,036	
Reserve for allowance for uncollectibles	(8,318)	58,718
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long term-are reported in the statement of net assets.		
Balances at June 30, 2011 are:		
Capital Lease	281,868	
Compensated Absences	36,895	
Landfill Postclosure Cost	89,255	
		(408,018)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		$3,263,062

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

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	$ 1,544,773	$ 89,827	$ 1,634,600
Licenses and permits	34,438	0	34,438
Penalties and interest on taxes	16,964	0	16,964
Intergovernmental revenues	0	618,046	618,046
State contract	0	1,771	1,771
Charges for services	654,362	0	654,362
Fines and forfeitures	1,256,707	0	1,256,707
E911 Charges	34,906	0	34,906
Interest	2,309	0	2,309
Other revenue	45,127	42,957	88,084
Total Revenues	3,589,586	752,601	4,342,187
Expenditures:			
Current:			
General government	472,710	24,319	497,029
Public safety	1,937,488	206,608	2,144,096
Public works	1,048,316	91,469	1,139,785
Health/ welfare	25,000	70,224	95,224
Culture/ recreation	23,539	0	23,539
Economic development	0	80,029	80,029
Capital Outlay:	110,325	60,710	171,035
Debt Service:			
Principal	0	170,404	170,404
Interest	0	14,956	14,956
Total Expenditures	3,617,378	718,719	4,336,097
Excess (Deficiency) of Revenues Over Expenditures before Transfers	(27,792)	33,882	6,090

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

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	General Fund	Other Governmental Funds	Total
Other Financing Sources (Uses)			
Transfer in			
Hotel/Motel Fund	$ 22,457	$ 0	$ 22,457
Transfer out			
Hotel/Motel Fund	0	(22,457)	(22,457)
Capital Projects Fund - To Water Fund	0	0	-
Capital Projects Fund - To Gas Fund	0	(3,254)	(3,254)
Net Transfers	22,457	(25,711)	(3,254)
Proceeds of long-term debt	25,000	0	25,000
Total Other Financing Sources	47,457	(25,711)	21,746
Net Changes in Fund Balance	19,665	8,171	27,836
FUND BALANCE - July 1, 2010	710,967	63,729	774,696
FUND BALANCE - June 30, 2011	$ 730,632	$ 71,900	$ 802,532

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 44,679
The changes in net assets reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period:		171,035
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Deferred revenue	15,214	
Reserve for allowance for uncollectibles	(8,318)	6,896
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, this amount of depreciation expense is not reported as expenditures in the governmental funds:		(170,299)
Loan proceeds provide current finacial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Activities. This is the amount of loan proceeds received this year by the government funds:		(25,000)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Activities. This is the amount of principal paid on long-term debt this year by the government funds:		170,404
Under the modified accrual basis of accounting used in the governmnetal funds, expenditures are recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of two balances.		
Long term compensated absences	3,839	
Landfill Postclosure Cost	(6,325)	(2,486)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 195,229

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

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

City of Ashburn
Ashburn, Georgia — June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
ASSETS			
Current Assets:			
Cash	$ 77,019	$ 594,835	$ 671,854
Accounts receivable - net	127,444	81,550	208,994
Inventories-materials and supplies	30,566	61,694	92,260
Prepaid items	6,060	9,662	15,722
Total Current Assets	241,089	747,741	988,830
Non-Current Assets:			
Non-Depreciatable Assets	15,850	8,750	24,600
Capital assets-net	5,780,556	201,946	5,982,502
Total Non-Current Assets	5,796,406	210,696	6,007,102
TOTAL ASSETS	$ 6,037,495	$ 958,437	$ 6,995,932
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 5,352	$ 11,562	$ 16,914
Salaries and wages payable	10,913	11,818	22,731
Accrued interest payable	11,654	0	11,654
Sales tax payable	0	5,063	5,063
Notes payable - current	307,153	0	307,153
Consumers' deposits payable	92,421	43,267	135,688
Total Current Liabilities	427,493	71,710	499,203

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

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

City of Ashburn
Ashburn, Georgia

June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
Long-Term Liabilities:			
Notes payable - non-current	$ 3,422,262	$ 0	$ 3,422,262
Total Long-Term Liabilities	3,422,262	0	3,422,262
TOTAL LIABILITIES	3,849,755	71,710	3,921,465
NET ASSETS			
Invested in capital assets, net of related debt	2,066,991	210,696	2,277,687
Restricted for debt retirement	9,000	0	9,000
Unrestricted	111,749	676,031	787,780
TOTAL NET ASSETS	$ 2,187,740	$ 886,727	$ 3,074,467

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

STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN NET ASSETS-PROPRIETARY FUNDS

City Of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
Operating Revenues:			
Charges for services	$ 643,052	$ 1,094,894	$ 1,737,946
Other	684,833	37,848	722,681
Total Operating Revenues	1,327,885	1,132,742	2,460,627
Operating Expenses:			
Personal services-salaries and wages	135,239	265,597	400,836
Group insurance	23,132	42,527	65,659
Social security and medicare contributions	10,124	19,976	30,100
Retirement	2,483	19,033	21,516
Retirement contributions	260	520	780
Workers' compensation	3,896	7,478	11,374
Professional services	30,794	13,988	44,782
Technical services	1,698	0	1,698
Repair and maintenance	62,920	32,270	95,190
Rental of uniforms	1,105	2,589	3,694
Insurance, other than employee benefits	19,375	24,495	43,870
Communications	947	2,561	3,508
Advertising	0	2,292	2,292
Travel	2,271	9,151	11,422
Gas and Oil	7,358	19,434	26,792
General supplies and materials	33,353	9,196	42,549
Energy	79,656	5,175	84,831
Supplies/ inventory purchased for resale	0	516,951	516,951
Other supplies	3,180	3,124	6,304
Waste Management Services	438,322	0	438,322
Postage	0	1,592	1,592
Depreciation	215,587	35,836	251,423
Total Operating Expenses	1,071,700	1,033,785	2,105,485
Operating Income	256,185	98,957	355,142

(Continued on next page)

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

STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN NET ASSETS-PROPRIETARY FUNDS

City Of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
Non-Operating Revenues (Expenses):			
Interest revenues	$ 431	$ 225	$ 656
Interest expense	(170,098)	(48)	(170,146)
Total Non-Operating Revenues (Expenses)	(169,667)	177	(169,490)
Income (Loss) before Transfers	86,518	99,134	185,652
Transfers in	0	3,254	3,254
Change in Net Assets	86,518	102,388	188,906
NET ASSETS - July 1, 2010	2,101,222	784,339	2,885,561
NET ASSETS - June 30, 2011	$ 2,187,740	$ 886,727	$ 3,074,467

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 1,327,885	$1,151,113	$2,478,998
Cash Payments for Goods and Services	(678,653)	(746,926)	(1,425,579)
Cash Payment to Employees	(168,495)	(284,629)	(453,124)
Net Cash Provided by Operating Activities	480,737	119,558	600,295
Cash Flows from Capital and Related Financing Activities:			
Transfer from Special Purpose Local Option Sales Tax	0	3,254	3,254
Principal Paid on Notes	(293,967)	(3,200)	(297,167)
Interest Paid	(170,098)	(48)	(170,146)
Net Cash Used by Capital and Related Financing Activities	(464,065)	6	(464,059)
Cash Flows from Investing Activities:			
Interest on Investments	431	225	656
Net Cash Provided by Investing Activities	431	225	656
Net Increase (Decrease) in Cash and Restricted Cash	17,103	119,789	136,892
Cash and Restricted Cash - July 1, 2010	59,916	475,046	534,962
Cash and Restricted Cash - June 30, 2011	$ 77,019	$ 594,835	$ 671,854

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Water and Sewer Fund	Gas Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	$ 256,185	$ 98,957	$ 355,142
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	215,587	35,836	251,423
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	5,342	(15,376)	(10,034)
(Increase) Decrease in Inventories	(100)	2,522	2,422
(Increase) Decrease in Prepaid Items	1,568	2,325	3,893
Increase (Decrease) in Accounts Payable	2,597	422	3,019
Increase (Decrease) in Employer's Share Benefits	0	(451)	(451)
Increase (Decrease) in Salaries and Wages Payable	361	133	494
Increase (Decrease) in Sales Tax Payable	0	(2,012)	(2,012)
Increase (Decrease) in Accrued Interest Payable	(3,028)	(6)	(3,034)
Increase (Decrease) in Customers' Deposits	2,673	(2,563)	110
Increase (Decrease) in Payroll Deductions Payable	(448)	(230)	(678)
Change in Assets and Liabilities	8,965	(15,236)	(6,271)
Net Cash Provided by Operating Activities	$ 480,737	$ 119,558	$ 600,295

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

City of Ashburn
Ashburn, Georgia — June 30, 2011

	Pending Fund
ASSETS	
Cash	$ 8,840
LIABILITIES	
Due to other Governments	$ 8,840

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

1. Summary of Significant Accounting Policies

General Matters

The City of Ashburn, Georgia was incorporated on December 26, 1890, by an act of the General Assembly of Georgia. The City operates under a Mayor-Council form of government.

The accounting principles of the City of Ashburn conform to generally accepted accounting principles as applied to governments. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of more significant policies:

Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific restrictions on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing body appointed by a higher level of government, or (c) a jointly appointed board.

The Downtown Development Authority was established to encourage economic growth and development in downtown Ashburn. Its governing board is appointed by the City and the City has assumed financial responsibility for its operations. The Downtown Development Authority's financial data is discreetly presented in these financial statements. The Downtown Development Authority does not issue stand alone financial statements.

Excluded from the Reporting Entity:

Turner County Board of Education and Turner County Health Department

These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the government. These are excluded from the reporting entity because the government is not financially accountable for them, nor does the exclusion of these units from the reporting entity cause the financial statements to be misleading or incomplete.

Turner County Landfill

This potential component unit is funded jointly by the City of Ashburn, Turner County, and the City of Sycamore. The Turner County Landfill is considered a component unit of Turner County; the government does not select management or staff, set user fees, establish budgets or control any aspects of its daily activities.

Basis of Presentation

Government-wide Statements: The statements of net assets and the statements of activities display information about the primary government. These statements include the financial activities of the overall government, except the fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the city. Governmental activities generally are

financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between expense and program revenues for the different business-type activities of the city and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

Fund Financial Statement: The fund financial statements provide information about the City's funds, including the fiduciary funds. Separate statements for each fund category-*governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

In the Fund Financial Statements, there are five classifications of fund balance:

1. Nonspendable Fund Balance – 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. Inventories and prepaid amounts are considered nonspendable.

2. Restricted Fund Balance – The restricted fund balance classification occurs when constraints are placed on the use of resources either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

3. Committed Fund Balance – The committed fund balance classification occurs when 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.

4. Assigned Fund Balance – The assigned fund balance classification occurs when amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.

5. Unassigned Fund Balance – The unassigned fund balance classification 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Operating expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Non-operating expenses result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

Water/Sewer Fund. This fund accounts for the operation, maintenance, and development of the City's water Services.

Gas Fund. This fund accounts for the operation, maintenance, and development of the City's gas services.

The City reports the following fund type:

Agency Fund. This fund accounts for monies held on behalf of the courts that the police have confiscated and do not have the legal authority to spend.

Capital Projects Fund. This fund accounts for monies collected from a special sales tax used for capital expenditures.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, fiduciary, and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, these are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Annual appropriated budgets are adopted for the general, special revenue, and enterprise funds. Unencumbered annual appropriations lapse at fiscal year end. The legal level of control for each legally adopted annual operating budget is at the department level. The City budgets the capital projects fund on a project basis with the term of the project being longer than the City's fiscal year. Since any comparison of budgetary information would not be meaningful, none has been presented for the capital projects fund.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting-under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation-is utilized in the governmental funds. Encumbrances

outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Investments

Cash includes amounts in demand deposits as well as investments in negotiable certificates of deposit and in Georgia Fund 1, which is the combined state general fund and local government investment pool managed by the Office of Treasury and Fiscal Services.

The City is allowed to invest in (1) obligations of the State of Georgia or other states; (2) obligations issued by the U.S. government; (3) obligations fully insured or guaranteed by the U.S government or by a government agency of the United States; (4) obligations of any corporation of the U.S government; (5) prime banker acceptances; (6) the Local Government Pool established by the State of Georgia; (7) repurchase agreements; (8) obligations of other political subdivisions of the State of Georgia; and (9) certificates of deposits or deposit accounts with eligible depository institutions (any commercial bank or trust company, mutual savings bank, savings and loan association, or building and loan association existing under the laws of Georgia or the United States and domiciled in Georgia.)

For fiscal year ended June 30, 2011 all investments were in certificates of deposit with local banks and are stated at cost, which approximates market value.

Inventories

Inventories are valued at cost (first-in, first-out). Inventories in the General and Enterprise Funds consist of expendable supplies and items needed for repairs or improvements to the utility system. Inventories are accounted for under the consumption method.

Short-term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax levy date is September 15, 2010. The city clerk opened the books for payment of taxes on October 20, 2010 and they remained open until December 20, 2010. The City bills and collects its own property taxes based on the Turner County tax valuation in the tax digest approved by the State of Georgia. Collections of property taxes are made throughout the year, with the majority being collected in December. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items. Prepaid expenses in the general and proprietary funds consist solely of insurance premiums.

Capital Assets

Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets consist of the road network assets that are acquired or that received substantial improvements and other major infrastructure network – bridges – have not

yet been reported. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives	Capitalization Threshold
Infrastructure	30	$500,000
Building and Improvements	50-100	$25,000
Vehicles	2-15	$5,000
Office equipment	3-15	$5,000
Computer equipment	3-15	$5,000
Fire Equipment	10-35	$5,000
Utility System Addition	50-100	$10,000

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Compensated Absences

The liability for vested or accumulated unpaid vacation pay amounts has been accrued in the government-wide and proprietary fund statements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

Other Post Employment Benefits

There are no Other Post Employment Benefits as of June 30, 2011.

Prior Period Adjustment

For the Year Ended June 30, 2010, Net Assets were understated by $4,600. The Net Assets as of June 30, 2010 were adjusted to correct the overstatement.

2. Legal Compliance - Budgets:

The City's procedures for establishing the budgetary data reflected in the financial statements are as follows:

a. Prior to July 1, the City Manager submits to the Mayor and Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds, and the Enterprise Funds.

b. Public hearings are conducted to obtain taxpayer comments.

c. The budget is formally approved by action of the Council at the first regular meeting in July of the year to which it applies.
d. All budget transfers must be approved by the City Manager and/or the Mayor and Council depending on the type and/or amount of expenditure.

The legal level of control for each legally adopted annual operating budget is at the department level.

Budgets for the General Fund and Special Revenue Funds are adopted on the modified accrual basis except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. There were no encumbrances outstanding for the year ended June 30, 2011.

Budgeted amounts are as adopted by the Council. Unencumbered appropriations lapse at year end.

3. Excess of Expenditures over Appropriations:

The following cost center had expenditures in excess of appropriations for the fiscal year ended June 30, 2011:

Public Works – The $2,276 excess of expenditures over appropriations is attributable to capital outlays being under budgeted.

Police Department – The $28,508 excess of expenditures over appropriations is attributable to capital outlays being under budgeted.

The council has directed the budget officer to closely monitor the budget on a monthly basis, and bring to the council's attention on any excess expenditure in order that corrective action can be taken in a timely manner.

4. Summary of Deposits and Investment Balances:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Assets and Liabilities
Pooled Cash and Investments		
unrestricted	1,314,008	8,840
restricted	68,339	0
Total	1,382,347	8,840

Georgia Fund 1	AAAM rate	24 day WAM

The financial institution with which the City has depository accounts did have adequate collateral pledged to the City. The financial institution has a written agreement approved by its board of directors, so their pledge of collateral is valid against the FDIC. The Georgia Fund 1 is managed by the Office of Treasury and Fiscal Services and has a dollar for dollar value.

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool that follows Standard and Poor's criteria for AAA rated money market funds. However, the State of Georgia Office of Treasury operates Georgia Fund 1in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investments income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

5. Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities:				
Capital Assets not being depreciated:				
Land	237,366	0	0	237,366
Capital Assets being depreciated:				
Building and Improvements	1,727,049	0	0	1,727,049
Machinery and Equipment	2,243,627	171,036	0	2,414,663
Total Capital Assets being depreciated	3,900,676	171,036	0	4,141,712
Less Accumulated Depreciation:				
Buildings and Improvements	374,747	38,562	0	413,309
Machinery and Equipment	1,024,202	131,737	0	1,155,939
Total Accumulated Depreciation	1,398,949	170,299	0	1,569,248
Net Capital Assets being Depreciated	2,571,727	737	0	2,572,464
Total Capital Assets, Net	2,809,093	737	0	2,809,830

Depreciation expense of the general fund was charged to governmental functions as follows:

General Government	56,228
Public Safety	71,073
Public Works	32,759
Recreation	10,239
Total	170,299

	Beginning Balances	Increase	Decrease	Ending Balances
Business Type Activities:				
Capital Assets not being depreciated:				
Land	24,600	0	0	24,600
Capital Assets being depreciated:				
Building and Improvements	7,237,528	0	0	7,237,528
Machinery and Equipment	4,072,114	3,254	0	4,075,368
Total Capital Assets being depreciated	11,309,642	3,254	0	11,312,896
Less Accumulated Depreciation:				
Buildings and Improvements	3,678,725	140,697	0	3,819,422
Machinery and Equipment	1,400,246	110,726	0	1,510,972
Total Accumulated Depreciation	5,078,971	251,423	0	5,330,394
Net Capital Assets being depreciated	6,230,671	(248,169)	0	5,982,502
Total Capital Assets, Net	6,255,271	(248,169)	0	6,007,102

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

6. Receivables:

Receivables at June 30, 2011, consist of the following:

	General	Other Governmental	Enterprise	Total
Accounts	$ 49,227	$ 0	$ 208,994	$ 258,221
Taxes	90,927	0	0	90,927
Due from other governments	68,513	0	0	68,513
Gross Receivables	$ 208,667	$ 0	$ 208,994	$ 417,661

Taxes receivable are stated net of allowance for uncollectible accounts of $8,318 for the Government Wide Statement. Accounts receivable are stated net of allowance for uncollectible accounts of $1,500 for the Government Wide and the General Fund and $4,800 for the Enterprise Funds.

7. Inter-fund Receivables and Payables

The Special Revenue Fund has a $3,232 inter-fund payable to the General Fund. The amount owed is due to the General Fund paying expenditures for the Boys and Girls Club which is a Special Revenue Fund. The Boys and Girls Club will be reimbursed for these expenses by another organization.

No eliminations have been made between funds.

8. Restricted Assets:

The city has designated $68,339 for capital asset acquisitions in the general fund.

9. Property:

A summary of proprietary fund type property, plant, and equipment at June 30, 2011 follows:

	Estimated Useful Lives	Water/ Sewer Fund	Gas Fund	Total Enterprise Fund
Land		$ 15,850	$ 8,750	$ 24,600
Buildings	10-40 years	215,383	104,551	319,934
Utility System	10-50 years	6,523,083	396,439	6,919,522
Machinery and Equipment	3-20 years	3,073,094	505,441	3,578,535
Site Improvements	45 years	493,854	0	493,854
Total		10,321,264	1,015,181	11,336,445
Less Accumulated Depreciation		(4,521,604)	(807,739)	(5,329,343)
Total		$5,799,660	$207,442	$6,007,102

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

10. Capital Leases

Capital lease obligations consist of a building and equipment lease-purchases accounted for in the General fund.

The City is obligated to GMA (BB&T Governmental Finance) under a capital lease dated February 2, 2007 covering a Skid Steer, Street Sweeper, and other equipment. The assets are recorded as capital leases and have a cost of $261,850. The obligation consists of $4,829.03 monthly payments until February 12, 2012 including interest at 4.02%.

The City is obligated to GMA (BB&T Governmental Finance) under a capital lease dated March 24, 2008 covering a Dodge Charger police car. The asset is recorded as a capital lease and had a cost of $24,400. This asset has been capitalized in the General fund. The obligation consists of $713.57 monthly payments until April 15, 2011 including interest at 3.24%.

The City is obligated to GMA (BB&T Governmental Finance) under a capital lease dated March 20, 2009 covering a Dodge Charger police car. The asset is recorded as a capital lease and had a cost of $25,160. This asset has been capitalized in the General fund. The obligation consists of $562.02 monthly payments until February 20, 2013 including interest at 3.60%.

The City is obligated to GMA (BB&T Governmental Finance) under a capital lease dated November 28, 2007 covering an International 4400 fire truck. The asset is recorded as a capital lease and had a cost of $200,000. This asset has been

capitalized in the General fund. The obligation consists of $2,034 monthly payments until December 15, 2017 including interest at 4.06%.

The City is obligated to Heritage Bank under a capital lease dated March 22, 2007 covering the City Hall building. The asset is recorded as a capital lease and had a cost of $340,000. The obligation consists of $6,419.28 monthly payments until March 22, 2012 including interest at 4.94%.

The City is obligated to USDA under a capital lease dated September 28, 2009 covering a Dodge Charger police car. The asset is recorded as a capital lease and had a cost of $29,509. This asset has been capitalized in the General fund. The obligation consists of 5 annual payments of $3,405 until September 28, 2014 including interest at 4.375%.

The City is obligated to USDA under a capital lease dated July 16, 2010 covering a backhoe. The asset is recorded as a capital lease and had a cost of $38,696. This asset has been capitalized in the General fund. The obligation consists of 5 annual payments of $6,739 until July 16, 2015 including interest at 4.00%.

The future minimum payments under capitalized leases consist of the following:

Fiscal year ending June 30:	General Long-Term Debt
2012	139,714
2013	41,061
2014	36,566
2015	31,661
2016	27,038
2017 – 2020	44,466
Total minimum lease payments	320,506
Amounts representing interest	(38,638)
Present value of net minimum lease payments	$ 281,868

The city leases a building and equipment with historical cost and accumulated depreciation of the following:

		Accumulated Depreciation
General Capital Assets	$ 778,087	$ 141,100
Enterprise Funds	319,196	202,882
Total	$1,097,283	$ 343,982

11. Long-Term Debt:

Notes Payable:

A summary of notes payable by the City as they existed at June 30, 2011, is presented as follows:

	Current	Long-Term	Total
Georgia Environmental Facilities Authority Note B - (Original amount $3,070,000) Payable in quarterly installments of $62,991.88 beginning on November 1, 2000. Interest rate is 5.4%.Loan for WW treatment plant.	158,662	1,628,044	1,786,706
Georgia Environmental Facilities Authority Note A- (Original amount $3,000,000) Payable in quarterly installments of $53,024.21 beginning on August 1, 2004 (contingent upon the full $3,000,000 being drawn) Interest rate is 3.37%. Loan for wastewater treatment plant.	148,491	1,794,218	1,942,709
Total Notes Payable	$307,153	$3,422,262	$3,729,415

The annual requirements to amortize the debt outstanding for the proprietary fund at June 30, 2011 including interest payments of $1,041,454 are as follows:

Year Ending June 30,	Principal Due	Interest Due	Total
2012	307,153	156,911	464,064
2013	320,963	143,101	464,064
2014	335,432	128,632	464,064
2015	350,582	113,482	464,064
2016	365,562	98,502	464,064
2017-2021	2,039,752	280,568	2,320,320
2022	9,971	4,832	318,144
Total	$ 3,729,415	$ 926,028	$ 4,655,443

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the City's governmental funds for the fiscal year ended June 30, 2011:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Due in One year
Obligations under capital lease	$ 418,683	$ 25,000	$ 161,815	$ 281,868	$ 127,381
Compensated absences Payable	33,056	3,839	0	36,895	36,895

Closure and post closure care	95,580	0	6,325	89,255	6,325
Total	$ 547,319	$ 28,839	$ 168,140	$ 408,018	$ 170,601

Compensated absences and closure and post closure care are paid by the general fund.
The following is a summary of changes in long-term obligations of the City's enterprise funds for the fiscal year ended June 30, 2011:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Due in One year
Notes payable	$4,023,382	$ 0	$293,967	$3,729,415	$307,153

12. Pension Plan

The following information is prepared in accordance with Statement No. 27 of the Government Accounting Standards Board. The pension liability at transition was determined in accordance with GASB 27, pars. 29-37. The City has funded their required pension contributions from the year ended June 30, 1988 until June 30, 2011; therefore, there is no NPO as of the transition date. There has been no liability previously reported for this plan.

The City of Ashburn contributes to the Georgia Municipal Employees Benefit System, an agent multiple-employer defined benefit pension plan of the public employee retirement system that acts as a common investment and administrative agent for Georgia cities. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements. The report may be obtained by writing to GMA 201 Pryor Street S.W., Atlanta, Georgia 30303. The City's payroll for employees covered by the system for the year ended December 31, 2010 was $1,402,638. All full-time (over 30 hours) City employees are eligible to participate in the System. Benefits vest after 10 years of service. City employees who retire at or after age 65 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1% of their average salary during their last 5 years of employment up to employee's break point plus 1.75% of average earnings for the last 5 years which exceed employee's break point times employee's years and months of credited service. The break point for employees hired prior to September 1, 1980 is based on employee's year of birth; the break point for employees hired on or after September 1, 1980 is based on employee's year of termination of employment.

Employees may retire early at age 55 with 10 years of credited service. Benefits will be reduced to compensate for longer life expectancy after retirement. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance. Employees are not required to contribute to this plan; the City contributes 100% of the amounts necessary to fund the System, using the actuarial basis specified by statute.

The total pension expense for the year ended June 30, 2011 was $75,981 or 5.42% of covered payroll. The Board of Trustees of the Georgia Municipal Employees Benefit System has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability, and 3) interest on these amounts from the valuation date to the date contributions are paid. The City makes contributions to the plan based on employee salaries and the amortization of past service cost. For the plan year beginning January 1, 2010, the minimum funding requirement is $75,981. This amount consists of (a) normal cost of $52,357, (b) administrative expense of $9,542, (c) amortization of the unfunded frozen initial liability of $14,082, (d) interest of $0, and a full funding credit of $(0). The amounts were developed by the plan administrators.

(A) Significant Actuarial Assumptions:

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

- Rate of return on investment	8.0% per year
- Projected salary increases for	
-- Inflation	5.0% per year
-- Merit or seniority	0.5% per year
Postretirement benefit increases	not applicable

(B) Funding Policy and Annual Contributions:

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the assets valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

One hundred percent of the annual recommended contribution was made for the year ended June 30, 2011. There were no net pension obligations.

(C) Funded Status:

The table below sets forth required supplementary information to be disclosed in the schedule of funding progress. The items presented are based on the January 1, 2010 actuarial valuation:

• actuarial value of assets	$ 2,359,257
• actuarial accrued liability	2,180,633
• funded ratio	108.19%
• total unfunded actuarial liability	
• Unfunded (Surplus) actuarial accrued liability	(178,624)
• annual covered payroll	1,402,638
• ratio of unfunded (excess) to annual covered payroll	(12.73)%

(D) Effect of Plan Changes on the Actuarial Accrued Liability:

The effect on the actuarial accrued liability of any current-year changes in actuarial assumptions or benefit provisions is:

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

(E) Effect of Plan Changes on Recommended Contributions:

The effect on the recommended contributions of any current-year changes in actuarial assumptions, benefit provisions, or actuarial funding method is:

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

(F) Historical Trend Information:

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The table below sets forth required supplementary information to be disclosed in the plan's financial statements. The items presented are based on the January 1 actuarial valuation:

	2009	2010	2011
- Actuarial value of assets	2,305,286	2,352,502	2,352,502
- Actuarial accrued liability	2,013,513	2,191,744	2,191,744
- Funded ratio	89.38%	107.33%	107.33%

	2009	2010	2011
- Total unfunded actuarial liability (funding excess)	221,331	(160,758)	(178,624)
- Annual covered payroll	1,388,785	1,453,707	1,402,638
- Ratio of unfunded (excess) to annual covered payroll	15.94%	(11.00)%	(12.73)%
Actual contribution as a percentage of covered payroll	6.17%	4.98%	5.41%

Three-year Trend Information -			
Fiscal year ending	6/30/09	6/30/10	6/30/11
Annual pension cost	49,310	48,109	52,357
Percentage of APC contributed	100%	100%	100%
Net pension obligation	0	0	0

Sources of Valuation Data

Asset Data: The Georgia Municipal Employees Benefit System has supplied all asset data used in the valuation. The market value of assets is based on current values as of two months preceding the valuation date and is assumed to be current through that date.

Participant Data: The primary source of participant data for the current valuation is a census of all participants which was prepared by the City through GMEBS. The data are typically collected by the employer two months prior to valuation date and assumed to be current through that date.

13. Utility Rates

The City has adopted the following utility rate schedules:

WATER RATE SCHEDULE

Consumption	Residential	Commercial
0-5,000 gallons	$ 8.00 min	$ 10.00 min
5,001-10,000 gallons	14.25 min	16.75 min
10,001-15,000 gallons	21.75 min	24.75 min
15,001-20,000 gallons	34.25 min	37.75 min
20,001-above gallons	49.25 min	53.25 min

At that point, the rate would be $3.50 per 1,000 gallons consumed on a level term basis for residential and $3.60 per 1,000 gallons consumed on a level term basis for commercial.

SEWER RATE SCHEDULE

Consumption	Residential	Commercial
0-5,000 gallons	$ 13.30 min	$ 15.30 min
5,001-10,000 gallons	21.45 min	23.95 min
10,001-15,000 gallons	31.20 min	34.20 min
15,001-20,000 gallons	47.45 min	50.95 min
20,001-above gallons	67.70 min	71.70 min

At that point, the rate would be $4.85 per 1,000 gallons consumed on a level term basis for residential and $4.95 per 1,000 gallons consumed on a level term basis for commercial.

GAS RATE SCHEDULE

Consumption	Residential & Commercial
Minimum Charge	$ 5.00 min $ 7.00 min
Next 1,300 cubic feet	19.00 MCF $24.70
Next 1,700 cubic feet	18.90 MCF $32.13
Next 7,000 cubic feet	18.80 MCF $131.60
Next 10,000 cubic feet	18.70 MCF $187.00
Next 20,000 cubic feet	18.60 MCF $372.00
Next 60,000 cubic feet	18.50 MCF $1,110.00
Over 100,000 cubic feet	18.40 MCF

Sycamore Prison $250 base charge/ 22.80 per MCF

Large Commercial Customers:

First 1,000 cubic feet	$18.40

All over 1,000 cubic feet per month 18.30

Gas Dryer Rate is $14.00 MCF

Street/ Sanitation Fee is $7.00/ residential $16.30 commercial $19.35

14. Joint Ventures:

The City of Ashburn in conjunction with cities and counties in the ten (10) county South Georgia Area are members of the South Georgia Regional Development Center (RDC). Membership in an RDC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs.

Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid annual dues in the amount of $5,524 ($1,381 quarterly) to the RDC for the year ended June 30, 2011. The RDC Board membership includes chief elected officials of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debt or obligations of an RDC beyond its resources. (O.C.G.A. 50-8-39.1)

The South Georgia Regional Development Center issues separate financial statements which may be obtained by writing to them at P.O. Box 1223 Valdosta, Georgia 31603.

15. Related Organization:

The City of Ashburn is not financially accountable for the Housing Authority; however the council members of the City of Ashburn do appoint all six members of the governing board of the Housing Authority.

16. Risk Management

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

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal risk management agency functioning as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

Responsibilities of the City include:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund established by GIRMA.

- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys claims adjusters, service company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To furnish GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA being required to pay claim for loss or injuries to municipal property or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund in which the City participates.

The City of Ashburn has a $1,000 deductible for each occurrence. The City files all claims with GIRMA, which bills the City for any risk of loss up to the $1,000 deductible. The City is covered for $1,000,000 for each occurrence. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims in the past three years have not exceeded coverage.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Ashburn became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The effective date of membership was May 13, 1983. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/ or employer's liability.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview 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 or compensation thereof, 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 this risk pool, the city is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the pool, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the pool being required to pay any claim of loss. The city is also to allow the pool's agents and attorneys to represent the city in investigation, settlement discussions and all levels of litigation arising out of any claim made against the city within the scope of loss protection furnished by the pool.

17. Landfill Closure and Post-closure Care Cost

State and federal laws and regulations require that Turner County place a final cover on its landfill and to perform certain maintenance and monitoring functions at the landfill site for five years after closure. The County's landfill is closed and considered filled to capacity. The estimated liability for post closure care costs as of June 30, 2011 is $213,019 and is based on the landfill at full capacity. The estimated remaining landfill life is approximately 13 years. The City of Ashburn is responsible for 41.9% of those costs, which is $89,255. Actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

18. Special Purpose Local Option Sales Tax

The City has an original estimated cost for each project for which sales tax proceeds would be used and has an estimated cost for the total which would be spent on all eligible projects combined.

19. Hotel-Motel Tax

The City has levied an 8% Hotel-Motel tax. A summary of the transactions for the year ending June 30, 2011 is as follows:

Hotel Motel Tax Receipts	$ 89,827
Disbursements to Ashburn Downtown Development Authority	16,843
Transfer to City Tourism Fund	16,843
Disbursements to Ashburn-Turner County Chamber of Commerce for tourism	33,684
Balance to City	$ 22,457

The City has committed 60% of the first 5% of the taxes collected to the Chamber of Commerce for the promotion of tourism. The additional 3% of the taxes collected is divided equally among the City Tourism Fund and the Downtown Development Authority. We examined the expenditures made by the Chamber of Commerce to ensure that the funds were spent in conformity with requirements of the Code section. The expenditures listed in the Statement of Revenues, Expenditures and Changes in Fund Balance represent those of the City of Ashburn as well as those of the Chamber of Commerce.

20. Defined Contribution Plan

The City of Ashburn has a 401A GMA defined contribution plan administered by GMA. The city contributes $5.00 per week per employee. The total amount contributed by the city to the 401A defined contribution plan was $5,855. The employees contributed $16,885 to their 457B deferred compensation plan. The city has the sole authority of amending and changing the provisions of the plan.

21. Internal Transfers

Internal transfers for the year ended June 30, 2011 were as follows:

	Transfer In		Transfer Out	
Governmental Fund:				
General Fund	22,457	(a)	0	
Gas Fund	3,254	(b)	0	
Capital Projects Fund	0		3,254	(b)
Special Revenue Fund:				
Hotel/Motel Tax Fund:	0		22,457	(a)
TOTAL ALL FUNDS	$ 25,711		$ 25,711	

(a) To transfer funds for various general governmental activities
(b) To transfer funds for capital asset purchases

22. Subsequent Events

Subsequent events have been evaluated through November 22, 2011 as this is the date the financial statements were available to be issued. No items occurring after the fiscal year ended of June 30, 2011 through November 22, 2011 were deemed required to be presented.

REQUIRED

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BUDGETARY BASIS) -GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Real property	$ 606,300	$ 606,300	$ 608,127	$ 1,827
Personal property	83,500	83,500	78,088	(5,412)
Franchise taxes	276,000	276,000	282,105	6,105
Local option sales and use taxes	235,000	235,000	237,078	2,078
Alcoholic beverage excise taxes	66,000	66,000	74,266	8,266
Insurance premium taxes	250,000	250,000	237,883	(12,117)
Financial institutions taxes	17,000	17,000	11,160	(5,840)
Penalties and interest on delinquent taxes	7,000	7,000	16,826	9,826
Alcoholic beverages licenses	6,500	6,500	7,400	900
General business license	28,000	28,000	27,038	(962)
Penalties on delinquent licenses	100	100	138	38
Payment in lieu of taxes	16,000	16,000	16,066	66
Court costs	13,000	13,000	20,279	7,279
Probation costs	52,000	52,000	51,155	(845)
Election qualifying fees	700	700	738	38
Accident reports	0	0	280	280
Charges for services-street repairs	2,000	2,000	1,903	(97)
Charges for services-sanitation	571,000	571,000	567,372	(3,628)
Animal control fees	5,000	5,000	6,335	1,335
Charges for services-cemetery	5,000	5,000	6,300	1,300
Fines and forfeitures	1,147,000	1,147,000	1,256,707	109,707
E911 charges	35,000	35,000	34,906	(94)
Interest revenue	10,000	10,000	2,309	(7,691)
Insurance Reimbursement	12,000	12,000	0	(12,000)
Miscellaneous revenue	46,900	46,900	45,127	(1,773)
Total Revenues	3,491,000	3,491,000	3,589,586	98,586

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BUDGETARY BASIS) -GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Expenditures:				
General government	$ 502,000	$ 502,000	$ 472,710	$ (29,290)
Public safety	2,027,000	2,027,000	2,047,813	20,813
Public works	1,051,000	1,051,000	1,048,316	(2,684)
Health/ welfare	25,000	25,000	25,000	0
Culture/recreation	25,000	25,000	23,539	(1,461)
Total Expenditures	3,630,000	3,630,000	3,617,378	(12,622)
Excess of Revenues Over Expenditures	(139,000)	(139,000)	(27,792)	111,208
Other Financing Sources (Uses)				
Transfers in	137,000	137,000	22,457	(114,543)
Borrowed Funds	0	0	25,000	25,000
Total Other Financing Sources (Uses)	139,000	139,000	47,457	(91,543)
Deficiency of Revenues and Other Financing Sources Over Expenditures	$ 0	$ 0	19,665	$ 19,665
FUND BALANCE - July 1, 2010			710,967	
FUND BALANCE - June 30, 2011			$ 730,632	

SUPPLEMENTARY INFORMATION

SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE

GENERAL FUND

City of Ashburn
Ashburn, Georgia — June 30, 2011

ASSETS

Cash	$ 562,722	
Taxes receivable-delinquent	72,592	
Other taxes receivable	26,653	
Accounts receivable (Net of allowance for uncollectibles of 1,500)	49,227	
Due from other governments	65,281	
Due from other funds	3,232	
Inventories-materials and supplies	39,285	
Prepaid items	33,303	
Reserved assets	68,339	
TOTAL ASSETS		$ 920,634

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	$ 96,779	
Salaries and wages payable	14,217	
Customer deposit payable	11,970	
Deferred revenue	67,036	
Total Liabilities		$ 190,002
Equities and Other Credits:		
Fund balance - unassigned	589,705	
Nonspendable fund balance	72,588	
Fund balance - comitted capital projects	68,339	
Total Equity and Other Credits		730,632
TOTAL LIABILITIES AND FUND BALANCE		$ 920,634

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
General Government:				
Legislative -				
Personal services-salaries and wages	$ 28,800	$ 28,800	$ 28,800	$ 0
Group insurance	1,100	1,100	645	(455)
Social security and medicare contributions	2,100	2,100	2,204	104
Travel	14,200	14,200	12,733	(1,467)
General administration -				
Personal services-salaries and wages	140,350	140,350	137,657	(2,693)
Group insurance	18,000	18,000	17,764	(236)
Social security and medicare contributions	10,000	10,000	9,948	(52)
Retirement contributions	6,900	6,900	5,740	(1,160)
Workers' compensation	10,800	10,800	3,832	(6,968)
Professional services	75,000	75,000	65,467	(9,533)
Technical services	11,000	11,000	20,322	9,322
Repairs and maintenance	5,250	5,250	6,909	1,659
Rental of land and buildings	28,000	28,000	26,077	(1,923)
Insurance, other than employee benefits	6,800	6,800	6,938	138
Communications	9,500	9,500	7,176	(2,324)
Advertising	1,500	1,500	2,669	1,169
Travel	4,500	4,500	5,813	1,313
Dues and fees	15,700	15,700	15,485	(215)
General supplies and materials	13,400	13,400	10,007	(3,393)
Energy	13,400	13,400	13,714	314
Other supplies	5,000	5,000	9,318	4,318
Code Ordinances	2,500	2,500	2,863	363
Election	0	0	44	44
Library	20,000	20,000	20,000	0
Chamber	25,000	25,000	25,000	0
Arts council	2,500	2,500	2,500	0
Elderly village	3,000	3,000	3,000	0
Agency on Aging	25,000	25,000	2,500	(22,500)
Bad debts	700	700	163	(537)
Unemployment tax	2,000	2,000	7,422	5,422
Total general government	502,000	502,000	472,710	(29,290)

(Continued on next page)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Public Safety:				
Police -				
Personal services-salaries and wages	$ 569,000	$ 569,000	$ 566,773	$ (2,227)
Group insurance	80,000	80,000	70,510	(9,490)
Social security and medicare contributions	37,000	37,000	42,802	5,802
Retirement contributions	16,500	16,500	13,241	(3,259)
Workers' compensation	35,000	35,000	11,440	(23,560)
Other employee benefits	35,000	35,000	51,542	16,542
Technical services	5,000	5,000	3,748	(1,252)
Repairs and maintenance	30,000	30,000	12,628	(17,372)
Rentals - uniforms	8,500	8,500	12,291	3,791
Insurance, other than employee benefits	20,500	20,500	20,500	0
Communications	8,000	8,000	8,370	370
Advertising	500	500	206	(294)
Travel	3,000	3,000	3,409	409
General supplies and materials	8,000	8,000	10,042	2,042
Processing fee	40,500	40,500	34,061	(6,439)
Energy	60,600	60,600	68,489	7,889
Other supplies	10,900	10,900	22,392	11,492
Capital outlays	0	0	55,248	55,248
GA Crime victim	500	500	546	46
Peace Officer Training	100,000	100,000	96,729	(3,271)
Indigent defense fund	111,000	111,000	108,218	(2,782)
Drivers Ed and Training	47,000	47,000	46,721	(279)
Brain & Spinal	1,000	1,000	1,290	290
Local Victim Assistance	50,000	50,000	48,841	(1,159)
DTF Contribution	20,000	20,000	21,125	1,125
Dues and fees	500	500	962	462
Custody of prisoners	45,000	45,000	39,384	(5,616)
Total police	1,343,000	1,343,000	1,371,508	28,508
Fire -				
Personal services-salaries and wages	292,000	292,000	285,267	(6,733)
Group insurance	41,500	41,500	38,422	(3,078)
Social security and medicare contributions	22,000	22,000	21,656	(344)
Retirement contributions	16,600	16,600	13,501	(3,099)
Workers' compensation	19,000	19,000	6,411	(12,589)
Technical services	2,000	2,000	3,318	1,318
Repairs and maintenance	12,000	12,000	31,525	19,525

(Continued on next page)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Rentals - uniforms	$ 4,500	$ 4,500	$ 5,502	$ 1,002
Insurance, other than employee benefits	6,000	6,000	6,100	100
Communications	1,500	1,500	1,430	(70)
Travel	1,500	1,500	787	(713)
Contract labor	8,000	8,000	7,503	(497)
General supplies and materials	2,500	2,500	1,223	(1,277)
Energy	19,900	19,900	22,424	2,524
Dues and fees	0	0	0	0
Capital outlays	31,000	31,000	27,826	(3,174)
Total fire	480,000	480,000	472,895	(7,105)
Animal Control -				
Personal services-salaries and wages	72,500	72,500	72,022	(478)
Group insurance	12,000	12,000	11,829	(171)
Social security and medicare contributions	4,700	4,700	5,419	719
Retirement contributions	5,600	5,600	4,658	(942)
Workers' compensation	5,000	5,000	2,010	(2,990)
Technical services	0	0	3,318	3,318
Repairs and maintenance	3,700	3,700	3,319	(381)
Insurance, other than employee benefits	2,300	2,300	2,229	(71)
Travel	500	500	318	(182)
General supplies and materials	2,000	2,000	3,820	1,820
Rentals - uniforms	1,200	1,200	591	(609)
Energy	8,100	8,100	7,691	(409)
Capital Outlay	0	0	0	0
Other supplies	400	400	286	(114)
Total Animal control	118,000	118,000	117,510	(490)
E911-				
Services	86,000	86,000	85,900	(100)
Total E911	86,000	86,000	85,900	(100)
Total public safety	2,027,000	2,027,000	2,047,813	20,813
Public Works:				
Highways and streets -				
Personal services-salaries and wages	258,200	258,200	261,202	3,002
Group insurance	60,000	60,000	58,476	(1,524)
Social security and medicare contributions	25,000	25,000	19,803	(5,197)

(Continued on next page)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Retirement contributions	$ 14,300	$ 14,300	$ 11,846	$ (2,454)
Workers' compensation	14,000	14,000	9,868	(4,132)
Technical services	2,200	2,200	3,318	1,118
Disposal	280,000	280,000	275,983	(4,017)
Repairs and maintenance	71,300	71,300	65,887	(5,413)
Rentals - uniforms	4,700	4,700	3,874	(826)
Insurance, other than employee benefits	18,000	18,000	18,000	0
Communications	23,000	23,000	1,791	(21,209)
Capital Outlay	0	0	27,251	27,251
Travel	0	0	25	25
General supplies and materials	3,500	3,500	3,766	266
Energy	149,200	149,200	156,576	7,376
Advertising	100	100	93	(7)
Paved streets	10,500	10,500	18,517	8,017
Total highways and streets	934,000	934,000	936,276	2,276
Solid waste and recycling -				
Closure and post-closure care	7,000	7,000	5,883	(1,117)
Total Solid waste and recycling	7,000	7,000	5,883	(1,117)
Maintenance and shop -				
Personal services-salaries and wages	64,500	64,500	64,309	(191)
Group insurance	12,000	12,000	11,831	(169)
Social security and medicare contributions	4,600	4,600	4,888	288
Retirement contributions	3,600	3,600	2,743	(857)
Workers' compensation	4,500	4,500	3,318	(1,182)
Technical services	2,000	2,000	0	(2,000)
Repairs and maintenance	3,500	3,500	4,091	591
Rentals - uniforms	1,100	1,100	765	(335)
Insurance, other than employee benefits	800	800	800	0
Communications	1,000	1,000	1,040	40
General supplies and materials	4,500	4,500	5,953	1,453
Energy	7,900	7,900	6,419	(1,481)
Total maintenance and shop	110,000	110,000	106,157	(3,843)
Total public works	$ 1,051,000	$ 1,051,000	$ 1,048,316	$ (2,684)

(Continued on next page)

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Health and Welfare:				
Nutrition				
Communications	25,000	25,000	25,000	0
Total health and welfare	25,000	25,000	25,000	0
Culture/Recreation				
Repairs and maintenance	3,700	3,700	6,976	3,276
General supplies and materials	600	600	930	330
Energy	14,500	14,500	9,633	(4,867)
Supplies	200	200	0	(200)
Professional services	6,000	6,000	6,000	0
Total Culture/Recreation	25,000	25,000	23,539	(1,461)
Total Expenditures	$ 3,630,000	$ 3,630,000	$ 3,617,378	$ (12,622)

SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE

NON-MAJOR GOVERNMENTAL FUNDS

City of Ashburn
Ashburn, Georgia

June 30, 2011

	Special Revenue Funds	Capital Projects Fund	Total
ASSETS			
Cash In bank	$ 29,632	$ 49,800	$ 79,432
Due from other governments	3,232	0	3,232
TOTAL ASSETS	$ 32,864	$ 49,800	$ 82,664
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to General fund	$ 3,232	$ 0	$ 3,232
Deferred revenue	7,532	0	7,532
Total Liabilities	10,764	0	10,764
Fund Balance:			
Restricted:			
Public Works	5,635	0	5,635
Economic Development	10,228	0	10,228
Capital Projects	0	49,800	49,800
Public Safety	6,237	0	6,237
Total Fund Balance	22,100	49,800	71,900
TOTAL LIABILITES AND FUND BALANCE	$ 32,864	$ 49,800	$ 82,664

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

NON-MAJOR GOVERNMENTAL FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Federal grant	$ 254,409	$ 0	$ 254,409
State grant	1,771	0	1,771
Hotel/motel tax	89,827	0	89,827
Intergovernmental	0	363,637	363,637
Contributions	42,957	0	42,957
Total Revenues	$ 388,964	$ 363,637	$ 752,601
Expenditures:			
General government	$ 0	$ 24,319	$ 24,319
Public works	0	91,469	91,469
Public safety	212,070	55,248	267,318
Health/ welfare	70,224	0	70,224
Economic development	80,029	0	80,029
Debt Service:			
Principal	0	170,404	170,404
Interest	0	14,956	14,956
Total Expenditures	362,323	356,396	718,719
Excess (Deficiency) of Revenues Over Expenditures before Non-Operating Expenditures	26,641	7,241	33,882
Non-Operating Expenditures:			
General fund transfer	(22,457)	0	(22,457)
Gas transfers	0	(3,254)	(3,254)
Total Non-Operating Expenditures	(22,457)	(3,254)	(25,711)
Excess of Revenues Over Expenditures	4,184	3,987	8,171
FUND BALANCE - July 1, 2010	17,916	45,813	63,729
FUND BALANCE - June 30, 2011	$ 22,100	$ 49,800	$ 71,900

SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCE-SPECIAL REVENUE FUNDS

City of Ashburn
Ashburn, Georgia — June 30, 2011

	Rose Hill Cemetery Fund	Turner County Boys & Girls Club	FEMA Grant	City Tourism	Seized Assets	Total
ASSETS						
Cash	$ 5,635	$ 0	$ 7,532	$ 10,228	$ 6,237	$ 29,632
Due from other governments	0	3,232	0	0	0	3,232
TOTAL ASSETS	$ 5,635	$ 3,232	$ 7,532	$ 10,228	$ 6,237	$ 32,864
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Due to general fund	0	3,232	0	0	0	3,232
Deferred revenue	0	0	7,532	0	0	7,532
Employer's share of employee benefits-current	0	0	0	0	0	0
Total Liabilities	0	3,232	7,532	0	0	10,764
Fund Balance:						
Fund balance - restricted	5,635	0	0	10,228	6,237	22,100
Total Fund Balance	5,635	0	0	10,228	6,237	22,100
TOTAL LIABILITIES AND FUND BALANCE	$ 5,635	$ 3,232	$ 7,532	$ 10,228	$ 6,237	$ 32,864

SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND BALANCE-SPECIAL REVENUE FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

Program Activity	Rose Hill Cemetary Fund	Hotel Motel Tax	Nutrition Program	City Tourism	FEMA Grant	Cops Grant	Turner County Boys & Girls Club	Local Assistance Grants	Seized Assets	Total
Revenues:										
Hotel / motel taxes	$ 0	$ 89,827	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 89,827
Federal government grants	0	0	48,897	0	191,523	13,989	0	0	0	254,409
State government grants	0	0	0	0	0	0	0	1,771	0	1,771
Contributions from private sources	0	0	355	0	17,305	0	20,972	0	4,325	42,957
Total Revenues	0	89,827	49,252	0	208,828	13,989	20,972	1,771	4,325	388,964
Expenditures:										
Personal services-salaries and wages	$ 0	$ 0	$ 24,054	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 24,054
SS and medicare contributions	0	0	1,840	0	0	0	0	0	0	1,840
Insurance	0	0	5,928	0	0	0	0	0	0	5,928
Economic Development	0	16,843	0	0	0	0	0	0	0	16,843
Capital outlays	0	0	0	0	208,828	0	0	0	0	208,828
Tourism	0	50,527	0	12,659	0	0	0	0	0	63,186
Program administration	0	0	17,430	0	0	13,989	20,972	1,771	4,325	58,487
Total Expenditures	0	67,370	49,252	12,659	208,828	13,989	20,972	1,771	4,325	379,166

SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND BALANCE-SPECIAL REVENUE FUNDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

Program Activity	Rose Hill Cemetary Fund	Hotel Motel Tax	Nutrition Program	City Tourism	FEMA Grant	Cops Grant	Turner County Boys & Girls Club	Local Assistance Grants	Seized Assets	Total
Excess of Revenues Over Expenditures before Transfers	$ 0	$ 22,457	$ 0	$ (12,659)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,798
Transfer in	0	0	0	16,843	0	0	0	0	0	16,843
Transfer out	0	(22,457)	0	0	0	0	0	0	0	(22,457)
Net Transfers	0	(22,457)	0	16,843	0	0	0	0	0	(5,614)
Excess of Revenues Over Expenditures after Transfers	0	0	0	4,184	0	0	0	0	0	$ 4,184
FUND BALANCE - July 1, 2010	5,635	0	0	6,044	0	0	0	0	6,237	17,916
FUND BALANCE - June 30, 2011	$ 5,635	$ 0	$ 0	$ 10,228	$ 0	$ 0	$ 0	$ 0	$ 6,237	$ 22,100

SCHEDULE OF NET ASSETS

WATER AND SEWER FUND

City of Ashburn
Ashburn, Georgia

ASSETS

Current Assets:		
Cash and Certificate of Deposit	$ 77,019	
Accounts receivable (net of allowance for uncollectibles of 2,800)	127,444	
Inventories-materials and supplies	30,566	
Prepaid items	6,060	
Total Current Assets		$ 241,089
Capital Assets:		
Sites	15,850	
Site improvements	493,115	
Buildings	213,454	
Machinery and equipment	538,918	
Water and sewer system	9,057,723	
	10,319,060	
Less Accumulated Depreciation	(4,522,655)	
Capital Assets - Net		5,796,406
TOTAL ASSETS		$ 6,037,495

SCHEDULE OF NET ASSETS

WATER AND SEWER FUND

		June 30, 2011
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 5,352	
Salaries and wages payable	10,913	
Payroll deductions payable		
Accrued interest payable	11,654	
Notes payable-current	307,153	
Consumers' deposits payable	92,421	
Total Current Liabilities		$ 427,493
Non-current Liabilities:		
Notes payable-non-current	3,422,262	
Total Non-current Liabilities		3,422,262
Total Liabilities		3,849,755
Net Assets:		
Invested in capital assets, net of related debt	2,066,991	
Restricted for debt retirement	9,000	
Unrestricted	111,749	
Total Net Assets		2,187,740
TOTAL LIABILITIES AND NET ASSETS		$ 6,037,495

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS - WATER AND SEWER FUND

City of Ashburn Ashburn, Georgia	Year Ended June 30, 2011
Operating Revenues:	
Water charges	$ 643,052
Sewer charges	684,833
Total Operating Revenues	1,327,885
Operating Expenses:	
Personal services-salaries and wages	135,239
Group insurance	23,132
Social security and medicare contributions	10,124
Retirement	2,483
Retirement contributions	260
Workers' compensation	3,896
Professional services	30,794
Technical services	1,698
Repairs and maintenance	62,920
Rental of uniforms	1,105
Insurance, other than employee benefits	19,375
Communications	947
Travel	2,271
Gas and Oil	7,358
General supplies and materials	33,353
Utilities	79,656
Other supplies	3,180
Waste Management Services	438,322
Depreciation	215,587
Total Operating Expenses	1,071,700
Operating Income	256,185

(Continued on next page)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS - WATER AND SEWER FUND

City of Ashburn Ashburn, Georgia	Year Ended June 30, 2011
Non-Operating Revenues (Expenses):	
Interest revenue	$ 431
Interest expense	(170,098)
Total Non-Operating Revenues (Expenses)	(169,667)
Income before Transfers	86,518
Transfers in	0
Change in Net Assets	86,518
NET ASSETS - July 1, 2010	2,101,222
NET ASSETS - June 30, 2011	$2,187,740

SCHEDULE OF CASH FLOWS

WATER AND SEWER FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

		Enterprise Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 1,327,885	
Cash Payments for Goods and Services	(678,653)	
Cash Payments to Employees	(168,495)	
Net Cash Provided by Operating Activities		$ 480,737
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Notes	(293,967)	
Interest Paid	(170,098)	
Net Cash Used by Capital and Related Financing Activities		(464,065)
Cash Flows from Investing Activities:		
Interest on Investments	431	
Net Cash Provided by Investing Activities		431
Net Increase in Cash and Restricted Cash		17,103
CASH AND RESTRICTED CASH - July 1, 2010		59,916
CASH AND RESTRICTED CASH - June 30, 2011		$ 77,019

SCHEDULE OF CASH FLOWS

WATER AND SEWER FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 256,185
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	215,587
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	5,342
(Increase) Decrease in Inventories	(100)
(Increase) Decrease in Prepaid Items	1,568
Increase (Decrease) in Accounts Payable	2,597
Increase (Decrease) in Accrued Interest Payable	(3,028)
Increase (Decrease) in Salaries and Wages Payable	361
Increase (Decrease) in Customers' Deposits	2,673
Increase (Decrease) in Payroll Deductions Payable	(448)
Change in Assets and Liabilities	8,965
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 480,737

SCHEDULE OF NET ASSETS

GAS FUND

City of Ashburn
Ashburn, Georgia

ASSETS

Current Assets:		
Cash	$ 594,835	
Accounts receivable		
(net of allowance for uncollectibles of 2,000)	81,550	
Inventories-materials and supplies	61,694	
Prepaid items	9,662	
Total Current Assets		$747,741
Capital Assets:		
Sites	8,750	
Lp tanks	100,096	
Buildings	104,551	
Machinery and equipment	408,599	
Natural gas system	396,439	
	1,018,435	
Less Accumulated Depreciation	(807,739)	
Capital Assets - Net		210,696
Total Assets		$958,437

SCHEDULE OF NET ASSETS

GAS FUND

	June 30, 2011	
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 11,562	
Salaries and wages payable	11,818	
Sales tax payable	5,063	
Consumers' deposits payable	43,267	
Total Current Liabilities		$ 71,710
Total Liabilities		71,710
Net Assets:		
Invested in capital assets, net of related debt	210,696	
Unrestricted	676,031	
Total Net Assets		886,727
TOTAL LIABILITIES AND NET ASSETS		$958,437

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS - GAS FUND

City of Ashburn Ashburn, Georgia	Year Ended June 30, 2011
Operating Revenues:	
Gas charges	$ 1,094,894
Other	37,848
Total Operating Revenues	1,132,742
Operating Expenses:	
Personal services-salaries and wages	265,597
Group insurance	42,527
Social security and medicare contributions	19,976
Retirement	19,033
Retirement contributions	520
Workers' compensation	7,478
Professional and technical services	13,988
Repairs and maintenance	32,270
Rental of uniforms	2,589
Insurance, other than employee benefits	24,495
Communications	2,561
Advertising	2,292
Travel	9,151
General supplies and materials	9,196
Gas and oil	19,434
Utilities	5,175
Inventory purchased for resale	516,951
Miscellaneous	3,124
Depreciation	35,836
Postage	1,592
Total Operating Expenses	1,033,785
Operating Income	98,957

(Continued on next page)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS - GAS FUND

City of Ashburn Ashburn, Georgia	Year Ended June 30, 2011
Non-Operating Revenues (Expenses):	
Interest revenues	$ 225
Interest expense	(48)
Total Non-Operating Revenues	177
Income before Transfers	99,134
Transfers in	3,254
Transfers out	0
Change in Net Assets	102,388
NET ASSETS - July 1, 2010	784,339
NET ASSETS - June 30, 2011	$ 886,727

SCHEDULE OF CASH FLOWS

GAS FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

		Enterprise Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 1,151,113	
Cash Payments for Goods and Services	(746,926)	
Cash Payments to Employees	(284,629)	
Net Cash Provided by Operating Activities		$ 119,558
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Special Purpose Local Option Sales Tax	3,254	
Principal Paid on Notes	(3,200)	
Interest Paid	(48)	
Net Cash Provided by Capital and Related Financing Activities		6
Cash Flows from Investing Activities:		
Interest on Investments	225	
Net Cash Provided by Investing Activities		225
Net Increase in Cash		119,789
CASH - July 1, 2010		475,046
CASH - June 30, 2011		$ 594,835

SCHEDULE OF CASH FLOWS

GAS FUND

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

		Enterprise Funds
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income		$ 98,957
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities		
Depreciation		35,836
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	$ (15,376)	
(Increase) Decrease in Inventories	2,522	
(Increase) Decrease in Prepaid Items	2,325	
Increase (Decrease) in Accounts Payable	422	
Increase (Decrease) in Salaries and Wages Payable	133	
Increase (Decrease) in Payroll Deductions Payable	(230)	
Increase (Decrease) in Employer's Share Benefits	(451)	
Increase (Decrease) in Accrued Interest Payable	(6)	
Increase (Decrease) in Sales Tax Payable	(2,012)	
Increase (Decrease) in Customers' Deposits	(2,563)	
Change in Assets and Liabilities		(15,236)
NET CASH PROVIDED BY OPERATING ACTIVITIES		$ 119,558

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

City of Ashburn
Ashburn, Georgia — June 30, 2011

	Pending Fund
Additions:	
Increase to agency funds	$ 20
Deductions:	
Disbursement from agency fund	0
Net Increase	20
Due to Court - July 1, 2010	8,820
Due to Court - June 30, 2011	$ 8,840

SCHEDULE OF NET ASSETS

DOWNTOWN DEVELOPMENT AUTHORITY

City of Ashburn
Ashburn, Georgia — June 30, 2011

ASSETS

Current Assets:		
Cash	$ 17,668	
Inventory	15,850	
Total Current Assets		33,518
Property, Plant, and Equipment:		
Banners and Flagpole	16,257	
City Park	56,420	
		72,677
TOTAL ASSETS		$106,195

LIABILITIES AND NET ASSETS

Current Liabilities:	
Current Portion Long Term Debt	$ 5,725
Long Term Debt, net of current	18,227
TOTAL LIABILITIES	23,952
Net Assets:	
Unrestricted	82,243
Total Net Assets	82,243
TOTAL LIABILITIES AND NET ASSETS	$106,195

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS - DOWNTOWN DEVELOPMENT AUTHORITY

City of Ashburn Ashburn, Georgia	Year Ended June 30, 2011
Operating Revenues:	
Sale of Inventory	$ 8,000
Intergovernmental	48,833
Total Operating Revenues	56,833
Operating Expenses:	
Cost of Goods Sold	8,000
Interest	526
Utilities	1,388
Total Operating Expenses	9,914
Change in Net Assets	46,919
NET ASSETS - July 1, 2010	35,324
NET ASSETS - June 30, 2011	$ 82,243

SCHEDULE OF CASH FLOWS

DOWNTOWN DEVELOPMENT AUTHORITY

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

Cash Flows from Operating Activities:		
Cash Received from Customers	$ 8,000	
Intergovernmental cash received	48,833	
Cash Payments for Goods and Services	(15,998)	
Net Cash Provided by Operating Activities		$ 40,835
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property, Plant, and Equipment	(22,231)	
Principal Paid on Note	(4,989)	
Net Cash Used by Capital and Related Financing Activities		(27,220)
Net Increase in Cash		13,615
CASH - July 1, 2010		4,053
CASH - June 30, 2011		$ 17,668

SCHEDULE OF CASH FLOWS

DOWNTOWN DEVELOPMENT AUTHORITY

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		$ 46,919
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventories	(6,084)	
Change in Assets and Liabilities		(6,084)
NET CASH PROVIDED BY OPERATING ACTIVITIES		$ 40,835

HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.
JANE L. GRAY, C.P.A.

BRENDA T. MCALLISTER, C.P.A.
R. CHAD ALEXANDER, C.P.A.
BRANDON N. MONTGOMERY, C.P.A.

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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

Honorable Mayor
Members of the City Council
City of Ashburn, Georgia

We have audited the financial statements of governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Ashburn, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Ashburn, Georgia's basic financial statements and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below. However, as described in the accompanying schedule of findings and questioned cost, we identified certain deficiencies in internal control over financial reporting to be significant deficiencies, for example 2011-1 and 2011-2.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement

of the City of Ashburn's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency of a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance And Other Matters

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

We noted certain matters that we reported to management of City of Ashburn, Georgia in a separate letter dated November 22, 2011.

City of Ashburn's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit City of Ashburn's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, City Council, 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.

Herring CPA Group, P.C.

Herring CPA Group, P.C.
Tifton, Georgia
November 22, 2011

SCHEDULE OF FINDINGS AND RESPONSES

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

SECTION 1-SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial Statements noted?	No

SECTION II-FINANCIAL STATEMENT FINDINGS

2011-1 FINDING **Accounting Personnel, lack of complete segregation of duties**

Criteria: Adequate number of personnel should be employed to reduce conflicting job duties.

Condition: Recording, collections, and reporting are being administered by the same employees.

Effect: Lack of complete segregation of duties can result in misappropriation of funds.

Recommendation: Additional personnel should be hired or procedures should be implemented requiring the segregation of duties of the accounting personnel.

Management's Response: We concur with the recommendation. However, due to limited resources and personnel we cannot completely correct the lack of segregation of duties.

2011-2 FINDING **Expenditures exceeding budget**

Criteria: Budget to actual numbers were not periodically reviewed with the budget being amended as needed.

Condition: The City was in violation of State budget statutes for the year ended June 30, 2011 because certain departmental expenditures exceeded their budget at the legal level of control. The Georgia Statutes define the legal level of control, at a minimum, to be at the department level. The departments and the budget analysis follow:

SCHEDULE OF FINDINGS AND RESPONSES

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

	EXPENDITURES		
	BUDGETED	ACTUAL	(EXCESS)
General Fund:			
Department:			
Public Works	$ 934,000	$ 936,276	$ 2,276
Police	$1,343,000	$1,371,508	$ 28,508

Effect: Expenditures are not managed in accordance with budget statutes and actions of the City Council.

Recommendation: Emphasize management of expenditures and periodic comparison to the budget.

Management's response: Management agrees with the finding and will periodically monitor budget and make amendments as necessary.

SCHEDULE OF PROJECTS USING SPECIAL

PURPOSE LOCAL OPTION SALES TAX PROCEEDS

City of Ashburn
Ashburn, Georgia

Year Ended
June 30, 2011

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
			2005 SPLOST			
a) Street and Sidewalk Improvement	$ 189,000	$ 289,000	$ 188,306	$ 91,469	$ 279,775	97%
b) Water, Sewage and Drainage	377,000	127,000	57,595	0	57,595	45%
c) Construction, Expansion and Equipping of and Improvements to City Buildings and Facilities	660,000	560,000	397,749	24,319	422,068	75%
d) Rolling Stock and Capital Equipment	661,000	911,000	655,827	243,862	899,689	99%
TOTAL	$1,887,000	$ 1,887,000	$ 1,299,477	$359,650	$1,659,127	88%