CITY OF FLEMINGTON, GEORGIA

* * *

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the Fiscal Year Ended
June 30, 2011

* * *

GOLDEN & ASSOCIATES CPA's, LLC

HINESVILLE, GEORGIA

CITY OF FLEMINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2011

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 4
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	5
STATEMENT OF ACTIVITIES	6
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET	7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	8
NOTES TO THE FINANCIAL STATEMENTS	9 – 15
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL:	
GENERAL FUND	16
SPECIAL REVENUE FUND – HOTEL / MOTEL TAX	17
COMPLIANCE SECTION	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	18 - 19

CITY OFFICIALS

As of June 30, 2011

MAYOR
Sandra Martin

COUNCIL
Palmer Dasher
Gail Evans
Dottie Fermin
Paul Hawkins
Charles Richardson
Donnie Smith

CITY CLERK
Terri Willett

GOLDEN & ASSOCIATES CPA'S, LLC

Post Office Box 967
Hinesville, GA 31310

769 E. Oglethorpe Hwy
Hinesville, GA 31313

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Council Members of the
City of Flemington, Georgia

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Flemington, Georgia as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Flemington'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 basic 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 and each major fund of the City of Flemington, Georgia, as of June 30, 2011, and the respective changes in financial position, 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 a report dated December 9, 2011 on our consideration of City of Flemington's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 16 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

GOLDEN & ASSOCIATES CPA'S, LLC

Golden & Associates CPA's, LLC

December 9, 2011
Hinesville, Georgia

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL HIGHLIGHTS

- The assets of the City of Flemington exceeded liabilities by $1,301,373 *(net assets)*. Of this amount, $431,641 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by $11,897 during the year.
- Revenues increased by 6.78% in total
- Expenses for the City increased by 5.42%

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental or general fund* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net assets* and how they have changed. Net Assets - the difference between the City's assets and liabilities - is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator or whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's tax base and the condition of its infrastructure.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's *funds* - not the City as a whole. Funds are accounting devices required by State law to keep tract of specific sources of funding and spending for particular purposes.

The City has two governmental funds, the general fund and a special revenue fund for hotel/motel tax. The governmental funds focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Thus, the general fund statement provides a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the general fund statements that explains the differences between them.

Net Assets

Governmental net assets increased by $11,987. The unreserved portion increased by $20,850.

City of Flemington's Net Assets
(In thousands of dollars)

	Governmental Activities		
	Current	Prior	Change
Capital assets	$ 869,732	$ 909,214	$ (39,482)
Current and other assets	556,558	413,537	143,021
Total assets	1,426,290	1,322,751	103,539
Other liabilities	124,917	33,275	91,642
Total liabilities	124,917	33,275	91,642
Net assets			
Invested in capital assets	869,732	909,214	(39,482)
Reserved	-	-	-
Unreserved	431,641	380,262	51,379
Total net assets	$ 1,301,373	$ 1,289,476	$ 11,897

Changes in net assets Total net assets increased to $1,301,373. Revenues increased by 6.78% to $484,116 and came from taxes 89.10%, court fines 5.80%, charges for licenses and permits 4.81%, and interest 0.29%.

The total costs of all programs and services increased 5.42% to $472,222. This consisted of 14.05% for public safety, 18.90% for Highways, Street and Infrastructure, 9.16% for Sanitation, and 57.89% for General Government.

CITY OF FLEMINGTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash	$ 200,365
Investments	301,612
Accounts Receivable	54,101
Interest Receivable	69
Sales Tax Receivable	-
Prepaid Insurance	409
Capital Assets (net of accumulated depreciation)	
Land	38,519
Buildings	197,735
Machinery and Equipment	12,985
Infrastructure	620,495
Total Assets	1,426,290
LIABILITIES	
Accounts Payable	38,244
Other Current Liabilities	86,673
Total Liabilities	124,917
NET ASSETS	
Invested in Capital Assets	869,732
Unrestricted	431,641
Total Net Assets	$ 1,301,373

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

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

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT: NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITES:					
General Government	$ 273,361	$ 23,312	$ -	$ -	$ (250,049)
Public Safety	66,366	28,060	-	-	(38,306)
Highways, Street and Infrastructure	89,265	-	-	-	(89,265)
Sanitation	43,230	-	-	-	(43,230)
Total Governmental Activities	$ 472,222	$ 51,372	$ -	$ -	(420,850)
General Revenues:					
Sales taxes					51,524
Franchise taxes					60,247
Alcoholic beverage tax					21,102
Insurance taxes					19,864
Intangible Recording Tax					40
Motel / Hotel taxes					278,550
					431,327
Interest Income					1,417
Other Income					-
					432,744
Change in Net Assets					11,894
Beginning Net Assets					1,289,479
Ending Net Assets					$ 1,301,373

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

CITY OF FLEMINGTON, GEORGIA
BALANCE SHEET
June 30, 2011

ASSETS	General Fund	Hotel / Motel Tax Fund	Total Governmental Funds
Cash	$ 110,765	$ 89,600	$ 200,365
Investments	301,612	-	301,612
Accounts Receivable	6,989	47,112	54,101
Interest Receivable	69	-	69
Sales Tax Receivable	-	-	-
Prepaid Insurance	409	-	409
Total Assets	$ 419,844	$ 136,712	$ 556,556
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 9,601	$ 28,643	38,244
Other Current Liabilities	6,543	80,130	86,673
Total Liabilities	16,144	108,773	124,917
Fund Balances:			
Unreserved:			
General Fund	403,700	-	403,700
Special Revenue Fund	-	27,939	27,939
Total Fund Balances	403,700	27,939	431,639
Reconciliation of Fund Balance To Net Assets of Governmental Activities:			
Capital Assets	869,732	-	869,732
Total Liabilities and Fund Balances	$ 1,273,432	$ 136,712	$ 1,301,371

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

CITY OF FLEMINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	GENERAL FUND	HOTEL / MOTEL TAX FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 152,776	$ 278,550	$ 431,326
Licenses & Permits	23,312	-	23,312
Court Fines	28,060	-	28,060
Grants	-	-	-
Interest Earnings	1,417	-	1,417
Other Income	-	-	-
TOTAL REVENUES	205,565	278,550	484,115
EXPENDITURES			
Current Operating:			
General Government (Note 5)	142,804	118,460	261,264
Public Safety	59,872	-	59,872
Highways, Street and Infrastructure	65,359	-	65,359
Sanitation	41,126	-	41,126
Capital Outlay	5,119	-	5,119
TOTAL EXPENDITURES	314,280	118,460	432,740
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(108,715)	160,090	51,375
OTHER FINANCING SOURCES (USES):			
Transfers In	175,728	-	175,728
Transfers Out	-	(175,728)	(175,728)
TOTAL OTHER FINANCING SOURCES (USES)	175,728	(175,728)	-
NET CHANGE IN FUND BALANCE	67,013	(15,638)	51,375
BEGINNING FUND BALANCE	336,687	43,577	380,264
ENDING FUND BALANCE	$ 403,700	$ 27,939	$ 431,639
	-	-	-
RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES:			
Net Change In Fund Balance			$ 51,375
Capital Outlays			-
Depreciation			(39,482)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			$ 11,893

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

The City of Flemington was incorporated February 18, 1941, under the provisions of an Act of the General Assembly of Georgia (Ga. Laws 1941, p. 1436). The City operates under a Mayor-Council form of government and provides the following services as provided by its charter: general administration, streets and drainage, public health, parks and recreation, garbage and trash collection, planning and zoning, enforcement of codes and water and sewage services.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. A Component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete. There are no potential component units that have not been included as part of the City's reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity is removed from the statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, is directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as well are expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax, franchise fees, motel tax, alcohol beverage taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund –
Hotel / Motel Tax Fund – This fund is used for the hotel / motel taxes collected as required by law.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On January 24, 1989 the Council elected Council Member Sandra Martin to serve as Budget Officer. It is her responsibility to prepare the budget for presentation to the Council.

2. On a date set by the Council, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

3. On the day the budget is submitted to the Council, a copy is placed in a convenient public place and a notice of its availability is published.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Not later than one week prior to adoption of the budget, the Council conducts a public hearing on the proposed budget.

5. After the public hearing, the Council makes whatever changes it deems necessary and adopts the budget resolution, making the appropriations for the ensuing fiscal year.

6. Any increase in appropriation in any fund for a department of the City, whether accomplished through an increase in anticipated revenues or through a transfer of appropriation requires the approval of the council.

7. Transfers of appropriations in any fund among the various accounts within a department require only the approval of the budget officer, except that an increase in salary appropriation requires the approval of the Council.

8. Budgets for all funds of the City are adopted on a basis that is consistent with the basis of governmental accounting being used (modified accrual basis). This basis is consistent with generally accepted accounting principles.

9. Budgeted amounts are as originally adopted.

E. CAPITAL ASSETS

All capital assets including current infrastructure (sidewalks) are recorded at cost and depreciated (except for land) using the straight-line method over estimated useful lives ranging from 5 to 50 years. Construction interest is capitalized and included in the cost of any constructed fixed assets. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

F. INVESTMENTS

For purposes of the statement of cash flows, cash includes all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statues authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created under OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services.

For fiscal year 2011, the City invested only in certificates of deposits. The investments are stated at the lower of cost or market value.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City had only prepaid insurance as of June 30, 2011.

I. JOINT VENTURE

Under Georgia law, the City is a member of the Coastal Georgia Regional Development Center and is required to pay annual dues thereto. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC.

Management believes that the RDC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from:

Coastal Georgia Regional Development Center
P.O. Box 1917
Brunswick, Georgia 31521

NOTE 2 - CASH AND INVESTMENTS

The City's deposits are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes deposits uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

At June 30, 2011, cash deposits (including all certificates of deposits and money market accounts which may be classified as investments for financial reporting) totaled approximately $501,977.This entire amount (credit risk type 1) was fully insured and/or collateralized.

NOTE 3 - FIXED ASSETS

A summary of general fixed asset transactions for the year ended June 30, 2011 follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Infrastructure	881,863	-	-	881,863
Building	262,719	-	-	262,719
Machinery and Equipment	108,261	-	-	108,261
	1,252,843	-	-	1,252,843
Accumulated Depreciation:				
Infrastructure	(241,874)	(19,494)	-	(261,368)
Building	(52,003)	(12,981)	-	(64,984)
Machinery and Equipment	(88,269)	(7,007)	-	(95,276)
	(382,146)	(39,482)	-	(421,628)
Depreciable Capital Assets	870,697	(39,482)	-	831,215
Land	38,519	-	-	38,519
Total Capital Assets	$ 909,216	$ (15,406)	$ -	$ 869,734

Depreciation expense for Governmental Activities was charged as follows:

General Government	$ 11,672
Public Safety	3,773
Highways, Streets and Infrastructure	23,906
Sanitation	131
	$ 39,482

NOTE 4 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions for which the City carries insurance coverage. There were no significant reductions of insurance coverage compared to the prior year. There have been no claims against the City in the past three fiscal years.

Self Insurance

The City pays unemployment claims to the state department of labor on a reimbursement basis. There have been no liabilities for such claims.

NOTE 6 - REVENUES & EXPENDITURES - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues are as follows:

	June 30, 2011	June 30, 2010
Alcohol Licenses Tax	$ 14,925	$ 11,750
Business Licenses	8,387	8,843
Hotel / Motel Tax	278,550	270,143
Franchise Fees	60,247	56,195
Alcohol Beverage Tax	21,102	13,174
Insurance Premium Tax	19,864	20,459
State Sales Tax	51,524	50,957
Intangible Recording Tax	40	109
Court Fines	28,060	18,886
Interest Earnings	1,417	2,874
	$ 484,116	$ 453,390

General Government expenditures are as follows:

	June 30, 2011	June 30, 2010
Salaries	$ 32,979	$ 31,961
General Administration	10,432	10,263
Planning and Zoning	4,698	6,414
Enforcement of Code	2,400	2,400
Council Fees	19,200	19,200
Conventions and Meetings	5,648	5,777
Professional Fees	31,150	23,858
Office Expense	2,927	3,151
Tourism	118,460	102,767
Insurance	7,230	6,651
Public Health	3,502	7,295
Rent and Occupancy	17,115	20,578
Payroll Taxes	2,523	2,388
Social Services	3,000	3,000
Miscellaneous	-	-
	$ 261,264	$ 246,703

Public Safety expenditures are as follows:

Officer Cost	$ 57,823	$ 52,363
Fire Inspections	2,049	1,175
	$ 59,872	$ 53,538

Highways, Streets and Infrastructure expenditures are as follows:

Streets and Drainage	$ 65,359	$ 56,536

Sanitation expenditures are as follows:

Solid Waste	$ 41,126	$ 51,105

NOTE 6 - HOTEL / MOTEL LODGING TAX

The government has levied a 5% lodging tax. Of this tax, 40% of the amount received is paid out to various entities to promote lodging and tourism. A summary of the transactions for the years ending June 30, 2011 follows:

	June 30, 2011
Hotel/Motel tax revenue	$ 278,550
40% of tax receipts required to be disbursed for the year ending June 30th	$ 111,420
Amounts disbursed for the year ended June 30th:	
Tourism disbursements	$ 118,460

NOTE 7 - INTERNAL TRANSFERS

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

	Transfer In	Transfer Out
Hotel/Motel Fund to General Fund	$175,728	$175,728

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the Hotel/Motel Fund to finance various programs accounted for in the General Fund in accordance with budgetary authorizations.

NOTE 8 - EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2011, the following Governmental Activities had excess of actual expenditures over appropriations, which were funded by available fund balance. None of these expenditures however, exceeded 10% of its budget.

	Excess
Public Safety - General Fund	$2,208
Highways, Street and Infrastructure – General Fund	5,359

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLEMINGTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2011

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 183,500	$ 183,500	$ 152,776	$ (30,724)
Licenses & Permits	24,500	24,500	23,312	(1,188)
Court Fines	21,500	21,500	28,060	6,560
Grants	-	-	-	-
Interest Earnings	3,000	3,000	1,417	(1,583)
Other Income	-	-	-	-
TOTAL REVENUES	232,500	232,500	205,565	(26,935)
EXPENDITURES				
Current Operating:				
General Government (Note 5)	209,836	209,836	142,804	67,032
Public Safety	57,664	57,664	59,872	(2,208)
Highways, Streets and Infrastructure	60,000	60,000	65,359	(5,359)
Sanitation	50,000	50,000	41,126	8,874
Capital Outlay	35,000	35,000	5,119	29,881
TOTAL EXPENDITURES	412,500	412,500	314,280	98,220
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(180,000)	(180,000)	(108,715)	71,285
OTHER FINANCING SOURCES (USES):				
Transfers In	180,000	180,000	175,728	4,272
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	180,000	180,000	175,728	4,272
NET CHANGE IN FUND BALANCE	-	-	67,013	67,013
BEGINNING FUND BALANCE	336,687	336,687	336,687	-
ENDING FUND BALANCE	$ 336,687	$ 336,687	$ 403,700	$ 67,013

CITY OF FLEMINGTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOTEL-MOTEL TAX
For the Year Ended June 30, 2011

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 300,000	$ 300,000	$ 278,550	$ (21,450)
Licenses & Permits	-	-	-	-
Court Fines	-	-	-	-
Grants	-	-	-	-
Interest Earnings	-	-	-	-
Other Income	-	-	-	-
TOTAL REVENUES	300,000	300,000	278,550	(21,450)
EXPENDITURES				
Current Operating:				
General Government (Note 5)	120,000	120,000	118,460	1,540
Public Safety	-	-	-	-
Highways, Street and Infrastructure	-	-	-	-
Sanitation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	120,000	120,000	118,460	1,540
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	180,000	180,000	160,090	(19,910)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	(180,000)	(180,000)	(175,728)	(4,272)
TOTAL OTHER FINANCING SOURCES (USES)	(180,000)	(180,000)	(175,728)	(4,272)
NET CHANGE IN FUND BALANCE	-	-	(15,638)	(15,638)
BEGINNING FUND BALANCE	43,577	43,577	43,577	-
ENDING FUND BALANCE	$ 43,577	$ 43,577	$ 27,939	$ (15,638)

GOLDEN & ASSOCIATES CPA'S, LLC

Post Office Box 967
Hinesville, GA 31310

769 E. Oglethorpe Hwy
Hinesville, GA 31313

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

To the Honorable Mayor and Council
City of Flemington, Georgia

We have audited the financial statements of the governmental activities and each major fund of the City of Flemington, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Flemington, Georgia's basic financial statements, and have issued our report thereon dated December 9, 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 *Governmental Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended for the information of the Mayor, Council Members, and management and is not intended to be and should not be used by anyone other than these specified parties.

GOLDEN & ASSOCIATES CPA'S, LLC

Golden & Associates CPA's, LLC

December 9, 2011
Hinesville, Georgia