CITY OF GLENNVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2010

CITY OF GLENNVILLE, GEORGIA

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Independent Auditors' Report

To the City Council
City of Glennville
Glennville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, Georgia (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of projects paid with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of projects paid with special sales tax proceeds have 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.

The City has not presented the management's discussion and analysis that the Governmental Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Holland, Henry & Bromley LLP

Holland, Henry & Bromley, LLP
Savannah, Georgia
December 7, 2010

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			
	Governmental Type Activities	Business-type Activites	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,244,414	$ 1,566,493	$ 2,810,907	$ 259,755
Receivables:				
Taxes	153,306		153,306	
Accounts		154,584	154,584	
Intergovernmental	16,106		16,106	
Grant			-	
Other		6,976	6,976	
Internal balances	27,118	(27,118)	-	
Prepaid insurance	35,333	857	36,190	
RESTRICTED ASSETS				
Cash and cash equivalents		782,901	782,901	
CAPITAL ASSETS				
Nondepreciable capital assets	186,610	507,747	694,357	260,699
Depreciable capital assets, net	2,310,884	9,326,409	11,637,293	
Total assets	3,973,771	12,318,849	16,292,620	520,454
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	71,726	41,589	113,315	
Accrued payroll and payroll taxes	42,780	7,902	50,682	
Accrued interest payable		6,656	6,656	
Compensated absences payable	5,652	800	6,452	
Capital leases payable	41,265	17,544	58,809	
Notes payable	12,996	45,537	58,533	
Revenue bonds payable		107,735	107,735	
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Customer deposits		81,855	81,855	
LONG-TERM LIABILITIES				
Compensated absences payable (net of current portion)	22,608	3,198	25,806	
Capital leases payable (net of current portion)	52,322	37,759	90,081	
Notes payable (net of current portion)	8,991	306,824	315,815	
Revenue bonds payable (net of current portion)		7,257,338	7,257,338	
Total liabilities	258,340	7,914,737	8,173,077	-
NET ASSETS				
Invested in capital assets, net of related debt	2,381,920	2,061,419	4,443,339	260,699
Restricted for:				
Debt service		701,046	701,046	
Capital projects funds	414,976		414,976	
Program purpose	51,298		51,298	
Unrestricted	867,237	1,641,647	2,508,884	259,755
Total net assets	$ 3,715,431	$ 4,404,112	$ 8,119,543	$ 520,454

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

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue: Fees, Fines, & Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total	Net (Expense) Revenue and Changes in Net Assets: Component Units
Primary government								
Governmental Activities								
General government	$ 425,493	$ 102,277	$ 9,735	$ 259,786	$ (53,695)		$ (53,695)	
Municipal court	58,560				(58,560)		(58,560)	
Public safety	1,018,795	179,527			(839,268)		(839,268)	
Streets and sanitation	797,652	389,616			(408,036)		(408,036)	
Culture/Recreation	334,690	95,628			(239,062)		(239,062)	
Economic development/Tourism	37,477				(37,477)		(37,477)	
Interest	6,716				(6,716)		(6,716)	
Total governmental activities	2,679,383	767,048	9,735	259,786	(1,642,814)		(1,642,814)	
Business-type activities								
Water and sewer	1,757,817	1,483,598				$ (274,219)	(274,219)	
Total primary government	$ 4,437,200	$ 2,250,646	$ 9,735	$ 259,786	$ (1,642,814)	$ (274,219)	$ (1,917,033)	$ -
Component Units								
Downtown Development Authority Development Authority	$ 5,107	$ 2,875						$ (2,232)
Total component units	$ 5,107	$ 2,875						$ (2,232)
General revenues:								
Property taxes, levied for general purposes					$ 641,287		$ 641,287	
Intergovernmental revenue					461,980		461,980	
Franchise taxes					216,790		216,790	
Insurance premium tax					267,735		267,735	
Other taxes					83,776		83,776	
Gain on sale of assets					1,653	$ 10,184	11,837	$ 82,276
Interest earned					45,674	73,632	119,306	2,259
Payments from City								20,000
Insurance proceeds					1,911		1,911	
Miscellaneous					49,123		49,123	-
Total General Revenue					1,769,929	83,816	1,853,745	104,535
Change in Net Assets					127,115	(190,403)	(63,288)	102,303
Net assets - beginning of year					3,588,316	4,594,515	8,182,831	418,151
Net assets - ending of year					$ 3,715,431	$ 4,404,112	$ 8,119,543	$ 520,454

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

CITY OF GLENNVILLE, GEORGIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Special Sales Tax	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 906,561	$ 282,875	$ 54,978	$ 1,244,414
Receivables				
Taxes	105,356	46,605	1,345	153,306
Intergovernmental	6,690		11,654	18,344
Grant				1,345
Other				-
Due from other funds		85,496		85,496
Prepaid Insurance	35,333	-	-	35,333
TOTAL ASSETS	$ 1,053,940	$ 414,976	$ 67,977	$ 1,536,893
LIABILITIES AND NET ASSETS				
Accounts payable	$ 60,931		$ 10,795	$ 71,726
Accrued payroll and payroll taxes	37,291		5,489	42,780
Due to other funds	60,221		395	60,616
Deferred revenue	19,744	-	-	19,744
TOTAL LIABILITIES	178,187	-	16,679	194,866
Fund balances:				
Reserved for prepaid insurance	35,333			35,333
Unreserved				
Undesignated, reported in				
General fund	840,420			840,420
Specific revenue funds			51,298	51,298
Capital projects fund	-	414,976	-	414,976
TOTAL FUND BALANCES	875,753	414,976	51,298	1,342,027
TOTAL LIABILITIES AND FUND BALANCES	$ 1,053,940	$ 414,976	$ 67,977	$ 1,536,893

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

CITY OF GLENNVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Governmental Fund Balances		$ 1,342,027
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	4,535,870	
Less accumulated depreciation	(2,038,376)	2,497,494
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes		19,744
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets.		
Interfund receivables	2,238	
Interfund payables	(2,238)	-
Liabilities, including capital leases, notes payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets.		
Capital leases payable	(93,587)	
Notes payable	(21,987)	
Compensated absences	(28,260)	(143,834)
Net Assets of Governmental Activities in the Statement of Net Assets		$ 3,715,431

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

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHARGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Sales Tax	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,626,247		$ 55,113	$ 1,681,360
Licenses and permits	78,409			78,409
Charges for services	399,176		74,628	473,804
Fines and forfeitures	172,066		492	172,558
Intergovernmental	9,735	$ 259,786	21,000	290,521
Grant			-	-
Other	44,340		6,693	51,033
Interest	38,044	7,100	530	45,674
Total revenues	2,368,017	266,886	158,456	2,793,359
EXPENDITURES				
Current:				
General government	420,719			420,719
Municipal court	58,560			58,560
Public safety	944,475			944,475
Streets	329,880			329,880
Sanitation	393,748			393,748
Economic development/Tourism	28,287		3,793	32,080
Culture/Recreation	55,255		308,966	364,221
Capital Outlay		211,931		211,931
Debt Service:				
Principal		74,834	12,339	87,173
Interest	-	5,274	1,442	6,716
Total Expenditures	2,230,924	292,039	326,540	2,849,503
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	137,093	(25,153)	(168,084)	(56,144)
OTHER FINANCING SOURCES (USES)				
Transfers in			99,000	99,000
Transfers out	(91,500)	(7,500)		(99,000)
Proceeds from capital lease		43,299		43,299
Proceeds from disposal of capital assets	1,653	-	-	1,653
Total other financing sources and uses	(89,847)	35,799	99,000	44,952
NET CHANGE IN FUND BALANCE	47,246	10,646	(69,084)	(11,192)
FUND BALANCES, JULY 1, 2009	828,507	404,330	120,382	1,353,219
FUND BALANCES, JUNE 30, 2010	$ 875,753	$ 414,976	$ 51,298	$ 1,342,027

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

CITY OF GLENNVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds:		$ (11,192)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This depreciation expense in the current period.		
Depreciation expense	(216,019)	
Capital outlay	298,190	82,171
Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes		
Deferred at 6/30/10	19,744	
Deferred at 6/30/09	(8,258)	11,486
This issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.	43,874	43,874
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at 6/30/10	(28,260)	
Liability at 6/30/09	29,036	776
Change in net assets of governmental activities		$ 127,115

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

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Taxes:				
Property	$ 639,214	$ 661,652	$ 647,464	$ (14,188)
Sales	380,000	412,234	412,234	-
Franchise	214,400	214,400	216,790	2,390
Insurance premiums	270,270	267,734	267,735	1
Alcoholic beverages	62,000	70,000	72,500	2,500
Other	10,000	10,000	9,524	(476)
Licenses and permits	86,500	86,500	78,409	(8,091)
Intergovernmental	15,500	17,662	9,735	(7,927)
Charges for services	522,280	495,719	399,176	(96,543)
Fines and forfeitures	80,000	102,863	172,066	69,203
Interest	20,100	26,200	38,044	11,844
Other	38,265	47,426	44,340	(3,086)
Total revenues	2,338,529	2,412,390	2,368,017	(44,373)
EXPENDITURES:				
Current:				
General government				
Administrative	406,459	415,078	370,309	44,769
Legislative	50,115	50,115	50,410	(295)
Total general government	456,574	465,193	420,719	44,474
Municipal court	40,912	57,907	58,560	(653)
Public safety:				
Police	870,866	879,088	856,015	23,073
Fire	67,905	82,139	82,613	(474)
Jail	17,800	5,865	5,847	18
Total public safety	956,571	967,092	944,475	22,617
Streets and sanitation	690,866	733,997	723,628	10,369
Culture/Recreation:				
Glennville Complex	15,711	14,680	14,715	(35)
Recreation	11,587	12,655	11,623	1,032
Library	23,874	24,561	25,427	(866)
Museum	862	1,306	1,082	224
Multi-purpose center	10,447	2,411	2,408	3
Total culture/recreation	62,481	55,613	55,255	358
Economic development/Tourism	41,625	43,088	28,287	14,801
Debt service:				
Principal				
Interest				
Total debt services	-	-	-	-
Total expenditures	2,249,029	2,322,890	2,230,924	91,966
EXCESS OF REVENUES OVER EXPENSES	89,500	89,500	137,093	47,593
OTHER FINANCING SOURCES (USES):				
Transfers out	(91,500)	(91,500)	(91,500)	-
Transfers in				-
Proceeds from capital lease				-
Proceeds from disposal of capital assets	2,000	2,000	1,653	(347)
Total other financing uses	(89,500)	(89,500)	(89,847)	(347)
NET CHANGE IN FUND BALANCE	-	-	47,246	47,246
FUND BALANCE JULY 1, 2009	347,049	371,171	828,507	457,336
FUND BALANCE JUNE 30, 2010	$ 347,049	$ 371,171	$ 875,753	$ 504,582

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

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET ASSETS
WATER AND SEWER FUND
JUNE 30, 2010

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,566,493
Receivables:		
Accounts, net of $3,000 allowance		154,584
Other		6,976
Due from other funds		(27,118)
Prepaid insurance		857
Restricted assets - cash and cash equivalents		782,901
Total Current Assets		2,484,693
Non-current Assets:		
Capital Assets:		
Land		507,747
Water and sewer system		14,910,635
Machinery and equipment		353,982
Less accumulated depreciation		(5,938,208)
Total Capital Assets		9,834,156
Total Assets		12,318,849
LIABILITIES		
Current Liabilities:		
Accounts payable		41,589
Accrued interest payable		6,656
Accrued payroll		7,902
Compensated absences payable - Current		800
Notes payable - Current		45,537
Capital lease - Current		17,544
Revenue bonds payable - Current		107,735
Current Liabilities Payable from Restricted Assets		
Customer deposits		81,855
Total Current Liabilities		309,618
Long-term Liabilities		
Compensated absences payable (net of current portion)		3,198
Notes payable (net of current portion)		306,824
Capital lease (net of current portion)		37,759
Revenue bonds payable (net of current portion)		7,257,338
Total Long-term Liabilities		7,605,119
Total Liabilities		7,914,737
NET ASSETS		
Invested in capital assets, net of related debt		2,061,419
Restricted for debt service		701,046
Unrestricted		1,641,647
Total Net Assets	$	4,404,112

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

CITY OF GLENNVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

WATER AND SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	
Operating revenues:	
Water sales	$ 760,556
Sewer sales	671,191
Permits and other fees	43,293
Other income	8,558
Total operating revenues	1,483,598
OPERATING EXPENSES	
Operating expenses:	
Salaries	212,044
Payroll taxes	15,957
Group insurance	20,541
Retirement	14,069
Uniforms	1,919
Utilities	210,868
Postage	6,098
Lab fees	22,870
Insurance	17,132
Supplies	63,001
Gasoline, oil, etc.	12,622
Repairs and maintenance	181,470
Telephone	2,621
Travel	336
Depreciation	519,982
Consultant	88,642
Miscellaneous	6,400
Total operating expenses	1,396,572
OPERATING INCOME	87,026
NON-OPERATING REVENUES (EXPENSES)	
Interest income	73,632
Interest expense	(361,245)
Proceeds from disposal of capital assets	10,184
Total non-operating revenue (expenses)	(277,429)
CHANGE IN NET ASSETS	(190,403)
NET ASSETS, JULY 1, 2009	4,594,515
NET ASSETS, JUNE 30, 2010	$ 4,404,112

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

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customer	$ 1,483,598
Cash payments for employees	(248,542)
Cash payments for goods and services	(595,279)
Net cash provided by operating activities	639,777
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Increase in due to general fund	16,121
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of property and equipment	(72,675)
Principal payments on revenue bonds payable	(102,785)
Net borrowing and payments on capital lease payable	44,452
Principal payments on notes payable	(47,039)
Proceeds from sale of capital assets	10,184
Interest payments	(361,245)
Net cash used by capital and related financing activities	(529,108)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	
Interest received	73,632
NET INCREASE IN CASH AND CASH EQUIVALENTS	200,422
CASH AND CASH EQUIVALENTS, JULY 1, 2009	2,148,972
CASH AND CASH EQUIVALENTS, JUNE 30, 2010	$ 2,349,394
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 87,026
Adjustment:	
Depreciation	519,982
Decrease in operating assets	
Accounts receivable	5,047
Prepaid assets	8,012
Increase in operating liabilities	
Accounts payable	17,701
Accrued payroll	496
Compensated absences payable	366
Customer deposits	1,147
Net cash provided by operating activities	$ 639,777

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

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2010

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
ASSETS			
Cash	$ 45,900	$ 213,855	$ 259,755
Non-depreciable capital assets	86,894	173,805	260,699
TOTAL ASSETS	132,794	387,660	520,454
LIABILITIES			
Note payable			
TOTAL LIABILITIES	-	-	-
NET ASSETS			
Invested in capital assets, net of related debt	86,894	173,805	260,699
Unrestricted	45,900	213,855	259,755
TOTAL NET ASSETS	$ 132,794	$ 387,660	$ 520,454

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

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
OPERATING REVENUES:			
Rent		$ 2,875	$ 2,875
Total operating revenues	-	2,875	2,875
OPERATING EXPENSES			
Other		4,088	4,088
Total operating expenses	-	4,088	4,088
OPERATING INCOME	-	(1,213)	(1,213)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	$ 5,000	15,000	20,000
Interest income	1,219	1,040	2,259
Proceeds from disposal of capital assets		82,276	82,276
Other expense	(1,019)	-	(1,019)
Total non-operating revenue (expenses)	5,200	98,316	103,516
CHANGE IN NET ASSETS	5,200	97,103	102,303
NET ASSETS, JULY 1, 2009	127,594	290,557	418,151
NET ASSETS, JUNE 30, 2010	$ 132,794	$ 387,660	$ 520,454

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

The City of Glennville (the City) was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways, streets, and sanitation), water and sewer services, community development, community services (library, cemetery, and recreation) and general administrative services.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A. REPORTING ENTITY

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

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

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the City's discretely presented component units follows:

Downtown Development Authority of the City of Glennville and Development Authority of the City of Glennville (the Authorities) - The Authorities are public corporations created to promote industry, trade, and economic growth in the City. The City appoints the members of each authority's board and assists with its funding. Separate financial statements are not prepared by the two authorities.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Related Organizations

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

1-B. BASIS OF PRESENTATION

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

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

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Major individual government funds are reported in separate columns.

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

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

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

Special Sales Tax Fund- This fund accounts for the special purpose local option sales tax received from Tattnall County to be spent for various capital improvements.

Proprietary Funds- Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City's only major enterprise fund is the water and sewer fund which accounts for the water and sewer provided to the City's constituents.

1-C. MEASUREMENT FOCUS

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

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

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

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

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

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

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

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

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

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

1-E. Assets, Liabilities, and Net Assets

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit as well as short-term investments with a maturity date within three months of the date acquired by the City.

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable.

Interfund Balances

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

Consumable Inventories

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

Prepaid Items

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

Restricted Assets- Cash

Restricted cash represents customer utility deposits and amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

Capital Assets

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of three thousand dollars. The City's infrastructure consists of roads, bridges, and water and sewer lines. For roads and bridges, the City will only capitalize infrastructure constructed after June 30, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

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

Buildings	15-40 years
Improvements other than building	10-15 years
Machinery and equipment	5-10 years
Water and sewer system	15-30 years
Infrastructure	15-25 years

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

Compensated Absences

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

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

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due*."

Accrued Liabilities and Long-term Obligations

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Bond Premiums, Discounts, and Issuance Costs

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

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

Fund Equity

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

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the water and sewer services and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund, and the capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

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

All unexpected annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations

For the year ended June 30, 2010, total expenditures did not exceed appropriations for any departments within the general fund.

Expenditures exceeded appropriations by $76,134 for the Glennville Recreation Commission special revenue fund.

NOTE 3- DEPOSITS

At June 30, 2010, the carrying amount of the City's deposits (checking and certificates of deposit) was $3,593,608 and the bank balance was $3,677,919. Of the bank balance, $305,110 was covered by federal depository insurance and $3,372,809 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The City does not have a deposit policy for custodial credit risk. As of June 30, 2010, the City's bank balance was not exposed to custodial credit risk as no balance was uninsured and uncollateralized.

At June 30, 2010, the carrying amount of the City's components units was $259,755. Bank balances of the City's component units totaled $259,755 at June 30, 2010 and were entirely insured.

NOTE 4- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of each year. Property taxes are billed on or about October 8th of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2010, property taxes were levied on October 15, 2009 and were due December 15, 2009.

NOTE 5- RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, interest, accounts (billing for user charges), grants and intergovernmental receivables.

Receivable and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. The allowance for uncollectible accounts netted against accounts receivable at June 30, 2010 for the water and sewer fund totaled $3,000.

NOTE 6- INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Water and Sewer	General	$ 60,221
General	Special Sales Tax	1,843
Special Sales Tax	Water and Sewer	87,339
General	Recreation Commission	395

Interfund balances at June 30, 2010 represent charges for services, reimbursable expenses, and temporary loans. The City expects to repay all interfund balances within one year.

Interfund transfer for the year ended June 30, 2010 included $91,500 transferred from the general fund to the Glennville Recreation Commission special revenue fund to help fund the operating expenditures of the recreation department.

NOTE 7- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance 07/01/09	Increase	Decrease	Balance 06/30/10
Governmental activities				
Capital assets not being depreciated:				
Land	$ 129,680			$ 129,680
Construction in progress	26,000	$ 30,930		56,930
Total capital assets not being depreciated	155,680	30,930	-	186,610
Capital assets being depreciated				
Building	1,104,152	143,916		1,248,068
Improvements other than building	441,223			441,223
Machinery and equipment	1,227,061	103,344	$ (42,257)	1,288,148
Infrastructure	1,351,821	20,000		1,371,821
Total capital assets being depreciated	4,124,257	267,260	(42,257)	4,349,260
Total capital assets	4,279,937	298,190	(42,257)	4,535,870
Accumulated depreciation				
Building	539,254	28,416		567,670
Improvement other than buildings	296,922	25,084		322,006
Machinery and equipment	890,880	97,039	(42,257)	945,662
Infrastructure	137,558	65,480		203,038
Total accumulated depreciation	1,864,614	216,019	(42,257)	2,038,376
Governmental activities capital assets, net	$ 2,415,323	$ 82,171	$ -	$ 2,497,494

Governmental activities depreciation expense:	
General government	$ 12,393
Public	78,849
Streets	74,024
Culture/Recreation	45,356
Economic development/Tourism	5,397
	$ 216,019

NOTE 7- CAPITAL ASSETS (Continued)

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

	Balance 07/01/09	Increase	Decrease	Balance 06/30/10
Business-type activities:				
Capital assets not being depreciated				
Land	$ 507,747			$ 507,747
Total capital assets not being depreciated	507,747	-	-	507,747
Captial assets being depreciated:				
Water and sewer system	14,900,519	$ 10,116		14,910,635
Machinery and equipment	340,123	62,559	$ (48,700)	353,982
Total capital assets being depreciated	15,240,642	72,675	(48,700)	15,264,617
Total capital assets	15,748,389	72,675	(48,700)	15,772,364
Accumulated depreciation:				
Water and sewer system	5,223,739	501,863		5,725,602
Machinery and equipment	243,187	18,119	(48,700)	212,606
Total accumulated depreciation	5,466,926	519,982	(48,700)	5,938,208
Business-type activities capital assets, net	$ 10,281,463	$ (447,307)	$ -	$ 9,834,156

Discretely Presented Component Units

Capital assets activity for the Downtown Development Authority of the City of Glennville was as follows:

	Balance 07/01/09	Increase	Decrease	Balance 06/30/10
Land	$ 86,894			$ 86,894

Capital assets activity for the Development Authority of the City of Glennville was as follows:

	Balance 07/01/09	Increase	Decrease	Balance 06/30/10
Land	$ 173,805			$ 173,805

NOTE 8- WATER AND SEWER REVENUE BONDS

In October, 2001, the City of Glennville issued a $3,933,700 City of Glennville Water and Sewer Revenue Bond, Series 2000A, a $3,579,406 City of Glennville Water and Sewer Revenue Bond, Series 2000B, and a $531,600 City of Glennville Water and Sewer Revenue Bond, Series 2000C. The bonds were issued in order to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements, additions to, and extensions of the water and sewer system of the City.

The bonds are payable solely from the revenues derived from the ownership and operation of the water and sewer system.

The bonds require the monthly deposit of funds equivalent to ten percent of the monthly installment of principal and interest on the bonds into a bond reserve account.

Monthly payments and the interest rates on the bonds are as follows:

	Monthly Installment	Interest Rate
Series 2000A	$ 18,489	4.75%
Series 2000B	$ 16,251	4.50%
Series 2000C	$ 2,414	4.50%

As of June 30, 2010, debt service requirements for the Series 2000A, B, and C revenue bonds are as follows:

Series 2000A

Year Ending June 30	Principal	Interest	Total
2011	$ 51,576	$ 170,392	$ 221,968
2012	53,975	167,893	221,868
2013	56,595	165,273	221,868
2014	59,343	162,525	221,868
2015	62,224	159,644	221,868
2016-2020	356,472	749,868	1,106,340
2021-2025	455,624	653,716	1,109,340
2026-2030	577,496	531,845	1,109,341
2031-2035	731,962	377,377	1,109,339
2036-2040	927,750	181,590	1,109,340
2041-2042	277,376	8,976	286,352
	$ 3,610,393	$ 3,329,099	$ 6,939,492

NOTE 8- WATER AND SEWER REVENUE BONDS (CONTINUED)

Series 2000B

Year Ending June 30	Principal	Interest	Total
2011	$ 48,890	$ 146,122	$ 195,012
2012	51,136	143,876	195,012
2013	53,486	141,526	195,012
2014	55,943	139,069	195,012
2015	58,513	136,499	195,012
2016-2020	335,441	639,619	975,060
2021-2025	419,904	555,156	975,060
2026-2030	525,634	449,426	975,060
2031-2035	657,987	317,073	975,060
2036-2040	823,665	151,395	975,060
2041-2042	238,602	7,285	245,887
	$ 3,269,201	$ 2,827,046	$ 6,096,247

Series 2000C

Year Ending June 30	Principal	Interest	Total
2011	$ 7,269	$ 21,699	$ 28,968
2012	7,603	21,365	28,968
2013	7,952	21,016	28,968
2014	8,318	20,650	28,968
2015	8,700	20,268	28,968
2016-2020	49,872	94,967	144,839
2021-2025	62,431	82,409	144,840
2026-2030	78,152	66,688	144,840
2031-2035	97,829	47,011	144,840
2036-2040	122,462	22,379	144,841
2041-2042	34,891	1,050	35,941
	$ 485,479	$ 419,502	$ 904,981

NOTE 9- NOTE PAYABLE

Governmental Activities

Note payable to the Glennville Bank and Trust Company for $50,000, payable in monthly installments of $1,148, including interest at 4.80%, with a final payment of all unpaid principal and interest due on February 1, 2012, unsecured, to be used for recreation improvements.	$21,987

Business-type Activities

Notes payable outstanding at June 30, 2010 consist of two unsecured loans from the Georgia Environmental Facilities Authority (GEFA). The first GEFA loan in the amount of $410,180 was used for the construction of a new water tank. This loan requires quarterly payments of $8,559, including interest at 6.80 %, beginning February 1, 1997 and through November 1, 2011. This loan has an outstanding balance of $48,432 at June 30, 2010.

The second loan from GEFA in the amount of $354,645 was for emergency wastewater system improvements. The loan requires monthly payments of $2,192, including interest at 4.20 %, beginning May 2006 and through April 2026. This loan has an outstanding balance of $303,929 at June 30, 2010.

As of June 30, 2010, annual debt service requirements for the notes payable are as follows:

Year ending	Governmental Activities		Business type Activities	
June 30	Principal	Interest	Principal	Interest
2011	$ 12,996	$ 785	$ 45,537	$ 15,009
2012	8,991	196	31,048	12,380
2013			15,005	11,305
2014			15,648	10,662
2015			16,320	9,990
2016-2020			92,672	38,878
2021-2025			114,365	17,184
2026-2029			21,766	418
	$ 21,987	$ 981	$ 352,361	$ 115,826

NOTE 10- Capital Leases

Governmental Activities

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment leased under capital leases as of June 30, 2010 consisted of the following:

	Cost
Police vehicles	$ 43,299
Fire Truck	173,632
	$ 216,931

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2010:

Year ending June 30	
2011	$ 44,635
2012	22,235
2013	22,235
2014	11,118
Thereafter	
Total minimum lease payments	100,223
Less amount representing interest	6,636
Present value of future minimum lease payments	$ 93,587

Business type Activities

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment leased under capital leases as of June 30, 2010 consisted of the following:

	Cost
Truck	$ 12,420
Backhoe	54,000
	$ 66,420

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2010:

Year ending June 30	
2011	$ 19,344
2012	14,511
2013	14,511
2011	10,883
Total minimum lease payments	59,249
Less amount representing interest	3,946
Present value of future minimum lease payments	$ 50,562

NOTE 11- CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amount Due in One Year
Compensated absences payable	$ 29,036	$ 1,103	$ 1,879	$ 28,260	$ 5,652
Notes payable	34,326		12,339	21,987	12,996
Capital leases payable	125,122	43,299	74,834	93,587	41,265
Total Governmental Activities	$ 188,484	$ 44,402	$ 89,052	$ 143,834	$ 59,913
Business-Type Activities					
Compensated absences payable	$ 3,632	$ 366	$ -	$ 3,998	$ 800
Revenue bonds payable	7,467,858		102,785	7,365,073	107,735
Capital leases payable	10,851	54,000	9,548	55,303	17,544
Notes payable	399,400		47,039	352,361	45,537
Total Business-Type Activities	$ 7,881,741	$ 54,366	$ 159,372	$ 7,776,735	$ 171,616

The capital lease obligations and notes payable will be paid from the special sales tax capital projects fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, most were paid from the General Fund and Water Sewer Fund. Principal and interest payments related to the revenue bonds and notes payable for the business-type activities will be paid from income derived from the operation of the water and sewer system.

NOTE 12- EMPLOYEE RETIREMENT PLAN

Plan Description

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

Funding Policy

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

NOTE 12- EMPLOYEE RETIREMENT PLAN (Continued)

Annual Pension Cost and Net Pension Obligation

For 2010, the City's annual pension cost of $73,138 for the Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the project unit accrued actuarial cost method. The actuarial assumptions included a 7.75% investment rate of return, (b) projected salary increases of 3.5% per year for inflation. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The period and related method, for amortizing the initial unfunded actuarial accrued liability is thirty years from 1982 and current changes in the unfunded actuarial accrued liability over fifteen years for actuarial gains and losses, twenty years of plan provisions, and thirty years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension (APC)	Percentage of APC Pension Contributed	Net Obligation
June 30, 2010	$ 73,138	100%	-
June 30, 2009	$ 91,676	100%	-
June 30, 2008	$ 44,061	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Funding (AAL)	Unfunded AAL Funded Excess	Covered Ratio	Covered Payroll	Funding Excess as a % of Payroll
June 30, 2010	$ 1,551,830	$ 1,635,459	$ 83,629	94.9%	$ 934,440	-8.9%
June 30, 2009	$ 1,220,599	$ 1,551,404	$ 330,805	78.7%	$ 765,256	-43.2%
June 30, 2008	$ 1,505,984	$ 1,458,199	$ (47,785)	103.3%	$ 645,257	7.4%

NOTE 13- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

The City has joined with other municipalities in the State as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The effective date of membership was March 24, 1986.

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 fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 a claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. 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.

NOTE 14- CONTINGENT LIABILITIES

There were no known contingent liabilities at June 30, 2010. As of June 30, 2010, there was no pending litigation that would have a material effect on the financial statements.

NOTE 15- JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen City East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Development Cent (RDC) 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 City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Development Center
5405 Oak Street
Eastman, Georgia 31023

CITY OF GLENNVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Glennville Recreation Commission	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	$ 53,832	$ 910	$ -	$ 236	$ 54,978
Intergovernmental receivable	11,654				11,654
Receivable				1,345	1,345
Prepaid interest					-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	$ 65,486	$ 910	-	$ 1,581	$ 67,977
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 10,795				$ 10,795
Accured payroll and payroll taxes	5,489				5,489
Due to other funds	395				395
Note payable	-	$ -	$ -	$ -	-
Total liabilities	16,679	-	-	-	16,679
Fund balances- Unreserved, undesignated	48,807	910	-	1,581	51,298
TOTAL LIABILITIES AND FUND BALANCES	$ 65,486	$ 910	$ -	$ 1,581	$ 67,977

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BLANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Glennville Recreation Commission	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues					
Intergovernmental	$ 21,000				$ 21,000
Special sales tax	49,746				49,746
Charges for services	74,628				74,628
Fines and forfeitures		$ 492			492
Hotel/Motel tax				$ 5,367	5,367
Interest	504	19		7	530
Grant					-
Other	6,693	-	$ -	-	6,693
Total revenues	152,571	511	-	5,374	158,456
Expenditures					
Current:					
Recreation	308,966				308,966
Streets					-
Public safety					-
Economic development/Tourism				3,793	3,793
Capital outlay:					
Public safety					-
Streets					-
Recreation					-
Urban redevelopment					-
Debt Service:					
Principal	12,339				12,339
Interest and other charges	1,442	-	-	-	1,442
Total expenditures	322,747	-	-	3,793	326,540
Excess (deficiency) of revenues over (under) expenditures	(170,176)	511	-	1,581	(168,084)
Other Financing Sources					
Proceeds from notes payable					
Transfers out					-
Transfers in	99,000			-	99,000
Total other financing sources	99,000	-	-	-	99,000
Net change in fund balances	(71,176)	511	-	1,581	(69,084)
Fund Balances, Beginning of Year	119,983	399	-	-	120,382
Fund Balances, End of Year	$ 48,807	$ 910	$ -	$ 1,581	$ 51,298

CITY OF GLENNVILLE, GEORGIA

DRUG SEIZURE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 492	$ 492	$ -
Interest	19	19	-
Total revenues	511	511	-
EXPENDITURES			
Current:			
Public Safety			
Debt service:			
Principal			
Interest	-	-	-
Total expenditures	-	-	-
OTHER FINANCING USES			
Transfers out	-	-	-
Total other financing uses	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	511	511	-
NET CHANGE IN FUND BALANCE	511	511	-
FUND BALANCE, JULY 1, 2009	399	399	-
FUND BALANCE, JUNE 30, 2010	$ 910	$ 910	$ -

CITY OF GLENNVILLE, GEORGIA
GLENNVILLE RECREATION COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 44,411	$ -	$ (44,411)
Intergovernmental	21,000	-	
Charges for services	83,757	-	(83,757)
Interest	741	504	(237)
Other	9,257	6,693	(2,564)
Total Revenues	159,166	7,197	(151,969)
EXPENDITURES			
Current:			
Recreation	208,353	234,079	(25,726)
Capital outlay:			
Recreation	24,684	74,887	(50,203)
Debt sersvice:			
Principal	13,576	12,339	1,237
Interest		1,442	(1,442)
Total Expenditures	246,613	322,747	(76,134)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(87,447)	(315,550)	(228,103)
OTHER FINANCING SOURCES			
Proceeds from note payable			-
Transfers in	91,500	99,000	7,500
Total other financing sources	91,500	99,000	7,500
NET CHANGE IN FUND BALANCE	4,053	(216,550)	(220,603)
FUND BALANCE, JULY 1, 2009	45,494	119,983	74,489
FUND BALANCE, JUNE 30, 2010	$ 49,547	$ (96,567)	$ (146,114)

CITY OF GLENNVILLE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Tax	$ 4,022	$ 5,367	$ 1,345
Interest	7	7	-
Total revenues	4,029	5,374	1,345
EXPENDITURES			
Current:			
Economic development/Tourism	4,029	3,793	236
Total expenditures	4,029	3,793	236
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	1,581	1,581
NET CHANGE IN FUND BALANCE	-	1,581	1,581
FUND BALANCE, JULY 1, 2009	-	-	-
FUND BALANCE, JUNE 30, 2010	$ -	$ 1,581	$ 1,581

CITY OF GLENNVILLE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Grant	$ -	$ -	$ -
Total revenues	-	-	-
EXPENDITURES			
Capital outlay			
Streets	-	-	-
Urban redevelopment	-	-	-
Total expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, JULY 1, 2009	-	-	-
FUND BALANCE, JUNE 30, 2010	$ -	$ -	$ -

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2010

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
Debt service on equipment purchased under capital leases	$ 76,600	$ 248,168	$ 217,250	$ 25,014	$ 242,264	97.6%
Street paving/improvements	309,650	514,718	489,641	20,000	509,641	99.0%
Vehicle purchases	46,000	89,308	68,161	21,147	89,308	100.0%
Water and sewer system improvements	30,000	16,137	16,137		16,137	100.0%
Drainage projects	48,500	167,718	167,718		167,718	100.0%
Economic projects	71,500	47,677	47,677		47,677	100.0%
Glenwanis Hotel renovations		81,442	36,442	4,383	40,825	50.1%
Capital improvements/ equip.-recreation	115,000	136,296	128,796	7,500	128,796	94.5%
Capital improvements/ equip.-public safety	130,000	526,636	465,062	55,095	520,157	98.8%
Capital improvements/ water and sewer system	-	88,657	63,657		63,657	71.8%
City Hall renovations	102,748	69,227	69,227		69,227	100.0%
Old City Yard improvements	30,000	52,000	51,934		51,934	99.9%
Storage building	3,458	3,458	3,458		3,458	100.0%
Multipurpose building-carpet	2,299	2,299	2,299		2,299	100.0%
Barnard Park improvements	445	445	445		445	100.0%
Animal control building	15,000	15,000	15,000		15,000	100.0%
City Hall equipment		23,000	22,911		22,911	99.6%
Library equipment		950	950		950	100.0%
Auditorium equipment		4,525	4,525		4,525	100.0%
Welcome Center Sign and a/c	1,975	3,475	3,475		3,475	100.0%
Multipurpose building- a/c		4,844	4,844		4,844	100.0%
Land purchase		5,000	5,000		5,000	100.0%
Police station renovations		49,550	4,550	43,464	48,014	96.9%
Refurbish 1942 fire truck		5,255	5,255		5,255	100.0%
Street equipment		10,000	10,000		10,000	100.0%
HHP/TE Streetscape Project		225,000	23,220	30,930	54,150	24.1%
Breathing tanks for fire department		20,026		20,026	20,026	100.0%
Auditorium improvements		28,682		28,682	28,682	100.0%
Multipurpose builiding improvements		2,834	2,834		2,834	100.0%
	$ 983,175	$2,442,327	$1,930,468	$ 256,241	$2,179,209	89.2%

HOLLAND, HENRY & BROMLEY, LLP

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Certified Public Accountants

Georgia Society of
Certified Public Accountants

South Carolina Association of
Certified Public Accountants

Private Companies Practice
Section Firms Division of
American Institute of
Certified Public Accountants

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

December 7, 2010

To the City Council
City of Glennville
Glennville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate fund information of the City of Glennville as of and for the year ended June 30, 2010, which collectively comprise the City of Glennville's basic financial statements and have issued our report thereon dated December 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Glennville'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 would not necessarily identify all deficiencies in internal control financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the following schedule of finding, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal controls 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 significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's control. As discussed in the following schedule of finding, we identified certain deficiencies in internal controls over financial reporting that were considered to be material weaknesses.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies identified in the separate letter mentioned above noted certain items that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether that City'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 disclose no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Holland, Henry & Bromley LLP

Holland, Henry, & Bromley, LLP
Savannah, Georgia

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF FINDINGS
JUNE 30, 2010

FINANCIAL STATEMENT AUDIT-SIGNIFICANT DEFICENCIES

Condition: During our audit work, we noted that the policy in place is to have two signatures on each check, however the stamps are not being used by the individuals who have signing authority. We recommend that the individuals, who have been designated by the council to have authority to sign checks, use their own signature stamp to sign the checks. This will ensure that all City funds are being properly spent as two people will review each check. Also, to ensure segregation of duties, the signers should be kept separate from the City Manager, who has oversight authority on all check processing and bank reconciliations.

Management Response:
We concur with this finding. The stamp in question concerns the Mayor's stamp. The Mayor has authorized the City Manager to utilize her stamp for the "stamping" of checks. The City Manager has and maintains the Mayor's stamp at all times. In our circumstances of all public officials working other jobs, and the City being unable to pay full-time employment of them, this is the best plan we have at the current time.

Condition: During our testing, we noted that the Recreation Department coded all credit card payments to an uncategorized expense account. In order to properly state all expenses by the correct category, we recommend that each credit card charge be individually entered to the correct expense account.

Management Response:
We concur with this finding. The Recreation Department staff would benefit from some training in this area (accounting system), and this training will be mandated by the Mayor.

Condition: During our audit testing, we noted that the Recreation Department did not record any prior year audit entries. In order to properly show fund balances, we recommend that all journal entries be made. If needed, we recommend training for recreation employees so they may gain the skills needed to understand and post journal entries.

Management Response:
We concur with this finding. The Recreation Department staff would benefit from some training in this area (accounting system), and this training will be mandated by the Mayor.

FINANCIAL STATEMENT AUDIT –MATERIAL WEAKNESSES

Condition: During our audit work we noted that a schedule of fixed assets is not maintained for either the governmental fund or the proprietary fund. For governmental fund fixed assets, which are not recorded on the general ledger, we recommend that a separate schedule be maintained to record all purchases and disposals of fixed assets and that this schedule include what type of funding is used to purchase the assets. For the proprietary fund that is recorded on the general ledger, we recommend that in addition to posting every disposal and addition to the general ledger, a separate schedule be maintained showing all fixed assets transactions and the funding used to purchase these assets or the profit associated with selling these assets. This recommendation was also noted during the prior year's audit.

Management Response:
We concur with this finding with comments. After the prior year's audit's note, the City Manager had maintained a list which included qualifying expenditures and non-qualifying expenditures purchased for all funds. This list was given to the auditors with invoices. However, in an effort to improve our efforts even more, we will set-up a Capital Assets expenditure code for qualifying capital assets and pay non-qualifying expenditures under our existing equipment code. For proprietary funds, we will capitalize the assets at time of purchase. We will do this in FY'11. Note: The City does not have software that provides for capital assets and these inventories are kept on Excel spreadsheets.

Condition: During our audit work, we noted that for the enterprise fund debt principal payments are not being recorded properly against the outstanding debt balance. In order to properly state the debt liability, we recommend that principal payment on debt be recorded against the liability and not as an expense.

Management Response:
We concur with this finding with comments. For budgetary reasons, we have not recorded these payments as such but as expenditures. In the past, these adjustments are made as end of year audit adjustments. However, the City staff will record these properly in FY'11.