CITY OF GLENNVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2011

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, 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'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, 2011, 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 6, 2011, 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 6, 2011

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

	Primary Government			
	Governmental Type Activities	Business-type Activites	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,300,517	$ 1,617,929	$ 2,918,446	$ 282,572
Receivables:				
Taxes	203,943		203,943	
Accounts		154,169	154,169	
Intergovernmental	4,854		4,854	
Grant			-	
Other	1,997		1,997	
Internal balances	(46,305)	46,305	-	
Prepaid insurance	5,910	1,239	7,149	
RESTRICTED ASSETS				
Cash and cash equivalents		656,742	656,742	
CAPITAL ASSETS				
Nondepreciable capital assets	253,398	507,747	761,145	260,699
Depreciable capital assets, net	2,329,958	8,886,286	11,216,244	
Total assets	4,054,272	11,870,417	15,924,689	543,271
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	77,036	30,168	107,204	
Accrued payroll and payroll taxes	11,789	808	12,597	
Accrued interest payable		6,023	6,023	
Compensated absences payable	6,659	1,637	8,296	
Capital leases payable	41,001	13,287	54,288	
Notes payable	8,959	34,002	42,961	
Revenue bonds payable		112,714	112,714	
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Customer deposits		84,494	84,494	
LONG-TERM LIABILITIES				
Compensated absences payable (net of current portion)	26,634	6,548	33,182	
Capital leases payable (net of current portion)	87,114	288,810	375,924	
Notes payable (net of current portion)		24,473	24,473	
Revenue bonds payable (net of current portion)		6,952,159	6,952,159	
Total liabilities	259,192	7,555,123	7,814,315	-
NET ASSETS				
Invested in capital assets, net of related debt	2,446,282	1,968,588	4,414,870	260,699
Restricted for:				
Debt service		572,248	572,248	
Nonspendable	5,910		5,910	
Special Sales Tax	327,676		327,676	
Drug Seizure	1,714		1,714	
Hotel Motel	3,752		3,752	
Unrestricted	1,009,746	1,774,458	2,784,204	282,572
Total net assets	$ 3,795,080	$ 4,315,294	$ 8,110,374	$ 543,271

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

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

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	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental Activities								
General government	$ 415,683	$ 83,927		$ 87,339	$ (244,417)		$ (244,417)	
Municipal court	60,674				(60,674)		(60,674)	
Public safety	992,789	174,344		$ 81,896	(736,549)		(736,549)	
Streets and sanitation	799,781	378,252		111,545	(309,984)		(309,984)	
Culture/Recreation	318,445	96,292			(222,153)		(222,153)	
Economic development/Tourism	43,217				(43,217)		(43,217)	
Interest	4,123				(4,123)		(4,123)	
Total governmental activities	2,634,712	732,815	-	280,780	(1,621,117)		(1,621,117)	
Business-type activities								
Water and sewer	1,703,385	1,426,569	$ 45,000			$ (231,816)	(231,816)	
Total primary government	$ 4,338,097	$ 2,159,384	$ 45,000	$ 280,780	$ (1,621,117)	$ (231,816)	$ (1,852,933)	$ -
Component Units								
Downtown Development Authority Development Authority	$ 1,120	$ -						$ (1,120)
Total component units	$ 1,120	$ -						$ (1,120)
General revenues:								
Property taxes, levied for general purposes					$ 651,217		$ 651,217	
Intergovernmental revenue					462,367		462,367	
Franchise taxes					227,657		227,657	
Insurance premium tax					259,954		259,954	
Other taxes					92,816		92,816	
Gain on sale of assets					3,121		3,121	
Interest earned					40,757	$ 40,659	81,416	$ 3,937
Payments from City								20,000
Insurance proceeds					4,101		4,101	
Miscellaneous					61,115		61,115	
Transfers					(102,339)	102,339	-	-
Total General Revenue					1,700,766	142,998	1,843,764	23,937
Change in Net Assets					79,649	(88,818)	(9,169)	22,817
Net assets - beginning of year					3,715,431	4,404,112	8,119,543	520,454
Net assets - ending of year					$ 3,795,080	$ 4,315,294	$ 8,110,374	$ 543,271

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

CITY OF GLENNVILLE, GEORGIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Sales Tax	Glennville Recreation Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 1,008,177	$ 253,791	$ 33,721	$ 4,828	$ 1,300,517
Receivables					
Taxes	116,662	73,885	12,314	1,082	203,943
Intergovernmental	4,854				4,854
Other	1,997				1,997
Due from other funds	1,168				1,168
Prepaid assets	5,910	-	-	-	5,910
TOTAL ASSETS	$ 1,138,768	$ 327,676	$ 46,035	$ 5,910	$ 1,518,389
LIABILITIES AND NET ASSETS					
Accounts payable	$ 66,360		$ 10,676		$ 77,036
Accrued payroll and payroll taxes	6,592		5,197		11,789
Due to other funds	46,305		724	$ 444	47,473
Deferred revenue	14,325	-	-	-	14,325
TOTAL LIABILITIES	133,582	-	16,597	444	150,623
Fund balances:					
Nonspendable	5,910				5,910
Restricted:					
Special Sales Tax		327,676			327,676
Drug Seizure				1,714	1,714
Hotel Motel				3,752	3,752
Assigned			29,438		29,438
Unassigned	999,276	-	-	-	999,276
TOTAL FUND BALANCES	1,005,186	327,676	29,438	5,466	1,367,766
TOTAL LIABILITIES AND FUND BALANCES	$ 1,138,768	$ 327,676	$ 46,035	$ 5,910	$ 1,518,389

(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, 2011

Total Governmental Fund Balances		$ 1,367,766
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	4,820,598	
Less accumulated depreciation	(2,237,242)	2,583,356
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes		14,325
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	1,168	
Interfund payables	(1,168)	-
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	(128,115)	
Notes payable	(8,959)	
Compensated absences	(33,293)	(170,367)
Net Assets of Governmental Activities in the Statement of Net Assets		$ 3,795,080

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

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

	General Fund	Special Sales Tax	Glennville Recreation Commission	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,655,641			$ 13,490	$ 1,669,131
Licenses and permits	79,326				79,326
Charges for services	387,812		$ 75,292		463,104
Fines and forfeitures	153,008			770	153,778
Intergovernmental		$ 275,434	66,905		342,339
Grant					-
Other	57,678		7,540		65,218
Interest	40,489	5,346	119	149	46,103
Total revenues	2,373,954	280,780	149,856	14,409	2,818,999
EXPENDITURES					
Current:					
General government	392,595				392,595
Municipal court	60,674				60,674
Public safety	898,860				898,860
Streets	339,532				339,532
Sanitation	385,002				385,002
Economic development/Tourism	27,101			11,434	38,535
Culture/Recreation	47,035		313,944		360,979
Capital Outlay		235,241			235,241
Debt Service:					
Principal		41,266	33,028		74,294
Interest	-	3,370	753	-	4,123
Total Expenditures	2,150,799	279,877	347,725	11,434	2,789,835
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	223,155	903	(197,869)	2,975	29,164
OTHER FINANCING SOURCES (USES)					
Transfers in		1,843	95,000		96,843
Transfers out	(96,843)	(102,339)			(199,182)
Proceeds from capital lease		12,293	83,500		95,793
Proceeds from disposal of capital assets	3,121	-	-	-	3,121
Total other financing sources and uses	(93,722)	(88,203)	178,500	-	(3,425)
NET CHANGE IN FUND BALANCE	129,433	(87,300)	(19,369)	2,975	25,739
FUND BALANCES, JULY 1, 2010	875,753	414,976	48,807	2,491	1,342,027
FUND BALANCES, JUNE 30, 2011	$ 1,005,186	$ 327,676	$ 29,438	$ 5,466	$ 1,367,766

(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, 2011

Net change in fund balances - total governmental funds:		$ 25,739
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	(219,233)	
Capital outlay	305,095	85,862
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 6/30/11	14,325	
Deferred at 6/30/10	(19,744)	(5,419)
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.	(21,500)	(21,500)
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	(33,293)	
Liability at 6/30/09	28,260	(5,033)
Change in net assets of governmental activities		$ 79,649

(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, 2011

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Taxes:				
Property	$ 666,625	$ 668,228	$ 674,592	$ 6,364
Sales	380,000	411,949	416,462	4,513
Franchise	215,000	220,037	227,657	7,620
Insurance premiums	270,000	259,953	259,954	1
Alcoholic beverages	70,000	69,132	69,132	-
Other	10,000	7,845	7,844	(1)
Licenses and permits	82,500	79,098	79,326	228
Intergovernmental	17,000	17,955	-	(17,955)
Charges for services	455,320	458,680	387,812	(70,868)
Fines and forfeitures	100,000	96,593	153,008	56,415
Interest	10,100	16,858	40,489	23,631
Other	15,900	48,119	57,678	9,559
Total revenues	2,292,445	2,354,447	2,373,954	19,507
EXPENDITURES:				
Current:				
General government				
Administrative	392,354	419,895	356,654	63,241
Legislative	39,191	39,191	35,941	3,250
Total general government	431,545	459,086	392,595	66,491
Municipal court	52,525	59,998	60,674	(676)
Public safety:				
Police	856,928	857,861	824,394	33,467
Fire	74,795	74,795	74,466	329
Jail	-	-	-	-
Total public safety	931,723	932,656	898,860	33,796
Streets and sanitation	693,153	720,629	724,534	(3,905)
Culture/Recreation:				
Glennville Complex	14,650	14,650	14,939	(289)
Recreation	11,458	7,958	8,481	(523)
Library	24,500	24,500	22,888	1,612
Museum	1,106	1,106	727	379
Total culture/recreation	51,714	48,214	47,035	1,179
Economic development/Tourism	40,785	40,785	27,101	13,684
Debt service:				
Principal				
Interest				
Total debt services	-	-	-	-
Total expenditures	2,201,445	2,261,368	2,150,799	110,569
EXCESS OF REVENUES OVER EXPENSES	91,000	93,079	223,155	130,076
OTHER FINANCING SOURCES (USES):				
Transfers out	(91,500)	(95,000)	(96,843)	(1,843)
Transfers in				
Proceeds from capital lease				
Proceeds from disposal of capital assets	-	1,921	3,121	1,200
Total other financing uses	(91,500)	(93,079)	(93,722)	(643)
NET CHANGE IN FUND BALANCE	(500)	-	129,433	129,433
FUND BALANCE JULY 1, 2010	347,049	371,171	875,753	504,582
FUND BALANCE JUNE 30, 2011	$ 346,549	$ 371,171	$ 1,005,186	$ 634,015

(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, 2011

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,617,929
Receivables:		
Accounts, net of $3,000 allowance		154,169
Due from other funds		46,305
Prepaid insurance		1,239
Restricted assets - cash and cash equivalents		656,742
Total Current Assets		2,476,384
Non-current Assets:		
Capital Assets:		
Land		507,747
Water and sewer system		14,937,905
Machinery and equipment		414,982
Less accumulated depreciation		(6,466,601)
Total Capital Assets		9,394,033
Total Assets		11,870,417
LIABILITIES		
Current Liabilities:		
Accounts payable		30,168
Accrued interest payable		6,023
Accrued payroll		808
Compensated absences payable - Current		1,637
Notes payable - Current		34,002
Capital lease - Current		13,287
Revenue bonds payable - Current		112,714
Current Liabilities Payable from Restricted Assets		
Customer deposits		84,494
Total Current Liabilities		283,133
Long-term Liabilities		
Compensated absences payable (net of current portion)		6,548
Notes payable (net of current portion)		288,810
Capital lease (net of current portion)		24,473
Revenue bonds payable (net of current portion)		6,952,159
Total Long-term Liabilities		7,271,990
Total Liabilities		7,555,123
NET ASSETS		
Invested in capital assets, net of related debt		1,968,588
Restricted for debt service		572,248
Unrestricted		1,774,458
Total Net Assets	$	4,315,294

(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, 2011

REVENUES	
Operating revenues:	
Water sales	$ 735,347
Sewer sales	645,990
Permits and other fees	41,045
Other income	4,187
Total operating revenues	1,426,569
OPERATING EXPENSES	
Operating expenses:	
Salaries	186,712
Payroll taxes	13,983
Group insurance	17,214
Retirement	14,365
Uniforms	1,664
Utilities	228,515
Postage	3,408
Lab fees	16,860
Insurance	21,016
Supplies	63,471
Gasoline, oil, etc.	16,040
Repairs and maintenance	144,954
Telephone	3,155
Travel	390
Depreciation	528,394
Consultant	85,393
Miscellaneous	10,269
Total operating expenses	1,355,803
OPERATING INCOME	70,766
NON-OPERATING REVENUES (EXPENSES)	
Interest income	40,659
Interest expense	(347,582)
Intergovernmental revenue	45,000
Total non-operating revenue (expenses)	(261,923)
Transfers In	102,339
CHANGE IN NET ASSETS	(88,818)
NET ASSETS, JULY 1, 2010	4,404,112
NET ASSETS, JUNE 30, 2011	$ 4,315,294

(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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customer	$ 1,426,569
Cash payments for employees	(217,909)
Cash payments for goods and services	(614,814)
Net cash provided by operating activities	593,846
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Increase in due to general fund	(73,423)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of property and equipment	(88,270)
Principal payments on revenue bonds payable	(300,200)
Principal payments on capital lease payable	(17,543)
Net borrowing and payments on notes payable	(29,549)
Operating subsidies and transfers	102,339
Intergovernmental revenue	45,000
Interest payments	(347,582)
Net cash used by capital and related financing activities	(635,805)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	
Interest received	40,659
NET INCREASE IN CASH AND CASH EQUIVALENTS	(74,723)
CASH AND CASH EQUIVALENTS, JULY 1, 2010	2,349,394
CASH AND CASH EQUIVALENTS, JUNE 30, 2011	$ 2,274,671
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 70,766
Adjustment:	
Depreciation	528,394
Decrease in operating assets	
Accounts receivable	7,391
Prepaid assets	(382)
Increase in operating liabilities	
Accounts payable	(12,055)
Accrued payroll	(7,094)
Compensated absences payable	4,187
Customer deposits	2,639
Net cash provided by operating activities	$ 593,846

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

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
ASSETS			
Cash	$ 56,903	$ 225,669	$ 282,572
Non-depreciable capital assets	86,894	173,805	260,699
TOTAL ASSETS	143,797	399,474	543,271
LIABILITIES			
Note payable			
TOTAL LIABILITIES	-	-	-
NET ASSETS			
Invested in capital assets, net of related debt	86,894	173,805	260,699
Unrestricted	56,903	225,669	282,572
TOTAL NET ASSETS	$ 143,797	$ 399,474	$ 543,271

(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, 2011

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
OPERATING REVENUES:			
Rent	$ -	$ -	$ -
Total operating revenues	-	-	-
OPERATING EXPENSES			
Other		1,120	1,120
Total operating expenses	-	1,120	1,120
OPERATING INCOME	-	(1,120)	(1,120)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	$ 10,000	10,000	20,000
Interest income	1,003	2,934	3,937
Proceeds from disposal of capital assets			-
Other expense	-	-	-
Total non-operating revenue (expenses)	11,003	12,934	23,937
CHANGE IN NET ASSETS	11,003	11,814	22,817
NET ASSETS, JULY 1, 2010	132,794	387,660	520,454
NET ASSETS, JUNE 30, 2011	$ 143,797	$ 399,474	$ 543,271

(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.

Glennville Recreation Commission- This fund accounts for the City's recreation activities.

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, 2011 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.

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- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or Because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, ore externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned – Amounts that are designated by the Mayor for the particular purpose but are not Spendable until a budget ordinance is passes or there is a majority vote approval for capital projects By the City Council.

Unassigned – All amounts not included in other spendable classifications.

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, 2011, total expenditures exceed appropriations for Street and Sanitation within the general fund by $3,905 and Municipal Court within the general fund by $676.

NOTE 3- DEPOSITS

At June 30, 2011, the carrying amount of the City's deposits (checking and certificates of deposit) was $3,574,938 and the bank balance was $3,754,733. Of the bank balance, $284,772 was covered by federal depository insurance and $3,469,961 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, 2011, the City's bank balance was not exposed to custodial credit risk as no balance was uninsured and uncollateralized.

At June 30, 2011, the carrying amount of the City's components units was $282,572. Bank balances of the City's component units totaled $282,572 at June 30, 2011 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 25th 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, 2011, property taxes were levied on September 7, 2010 and were due January 7, 2011.

NOTE 5- RECEIVABLES

Receivables at June 30, 2011 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, 2011 for the water and sewer fund totaled $3,000.

NOTE 6- INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Water and Sewer	General	$ 46,305
General	Recreation Commission	724
General	Hotel Motel	444

Interfund balances at June 30, 2011 represent charges for services, reimbursable expenses, and temporary loans. The City expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2011 included $95,000 transferred from the general fund to the Glennville Recreation Commission special revenue fund to help fund the operating expenditures of the recreation department. Transfers also included $102,339 transferred from the special sales tax to water and sewer fund and $1,843 from general fund to the special sales tax fund to fund capital expenditures.

NOTE 7- CAPITAL ASSETS

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

	Balance 07/01/10	Increase	Decrease	Balance 06/30/11
Governmental activities				
Capital assets not being depreciated:				
Land	$ 129,680			$ 129,680
Construction in progress	56,930	$ 66,788		123,718
Total capital assets not being depreciated	186,610	66,788	-	253,398
Capital assets being depreciated				
Building	1,248,068			1,248,068
Improvements other than building	441,223	91,156		532,379
Machinery and equipment	1,288,148	47,151	$ (20,367)	1,314,932
Infrastructure	1,371,821	100,000		1,471,821
Total capital assets being depreciated	4,349,260	238,307	(20,367)	4,567,200
Total capital assets	4,535,870	305,095	(20,367)	4,820,598
Accumulated depreciation				
Building	567,670	30,521		598,191
Improvement other than buildings	322,006	23,512		345,518
Machinery and equipment	945,662	98,498	(20,367)	1,023,793
Infrastructure	203,038	66,702		269,740
Total accumulated depreciation	2,038,376	219,233	(20,367)	2,237,242
Governmental activities capital assets, net	$ 2,497,494	$ 85,862	$ -	$ 2,583,356
Governmental activities depreciation expense:				
General government		$ 15,312		
Public		79,911		
Streets		75,247		
Culture/Recreation		44,081		
Economic development/Tourism		4,682		
		$ 219,233		

NOTE 7- CAPITAL ASSETS (Continued)

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

	Balance 07/01/10	Increase	Decrease	Balance 06/30/11
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	14,910,635	$ 27,270		14,937,905
Machinery and equipment	353,982	61,000	-	414,982
Total capital assets being depreciated	15,264,617	88,270	-	15,352,887
Total capital assets	15,772,364	88,270	-	15,860,634
Accumulated depreciation:				
Water and sewer system	5,725,602	501,719		6,227,321
Machinery and equipment	212,606	26,674	-	239,280
Total accumulated depreciation	5,938,208	528,393	-	6,466,601
Business-type activities capital assets, net	$ 9,834,156	$ (440,123)	$ -	$ 9,394,033

Discretely Presented Component Units

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

	Balance 07/01/10	Increase	Decrease	Balance 06/30/11
Land	$ 86,894			$ 86,894

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

	Balance 07/01/10	Increase	Decrease	Balance 06/30/11
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
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	65,244	156,624	221,868
2017-2021	373,924	732,416	1,106,340
2022-2026	477,744	631,596	1,109,340
2027-2031	605,531	503,809	1,109,340
2032-2036	767,498	341,842	1,109,340
2037-2041	940,920	128,109	1,069,029
	$ 3,462,998	$ 3,149,731	$ 6,612,729

NOTE 8- WATER AND SEWER REVENUE BONDS (CONTINUED)

Series 2000B

Year Ending June 30	Principal	Interest	Total
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	61,201	133,811	195,012
2017-2021	350,851	624,209	975,060
2022-2026	439,194	535,866	975,060
2027-2031	549,782	425,278	975,060
2032-2036	688,215	286,845	975,060
2037-2041	791,504	113,556	905,060
2042	36,341	389	36,730
	$ 3,136,166	$ 2,680,924	$ 5,817,090

Series 2000C

Year Ending June 30	Principal	Interest	Total
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	9,099	19,869	28,968
2017-2021	52,163	92,676	144,839
2022-2026	65,300	79,540	144,840
2027-2031	81,742	63,098	144,840
2032-2036	102,323	42,517	144,840
2037-2041	122,509	15,754	138,263
	$ 465,709	$ 396,753	$ 862,462

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.	$8,959

Business-type Activities

Notes payable outstanding at June 30, 2010 consist of two unsecured loans from the Georgia Environmental Facilities Authority (GEFA) and a loan from the U.S Department of Agriculture (USDA). 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 $16,691 at June 30, 2011.

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 $290,121 at June 30, 2011.

The loan from the USDA in the amount of $16,000 was in conjunction with a grant for $45,000 received from the USDA for the purchase of an emergency generator. The loan was signed on March 10, 2011 and requires annual payments of $3,595, including interest of 4.0% beginning March 10, 2012 and through March 10, 2016. This loan has an outstanding balance of $16,000 at June 30, 2011.

As of June 30, 2011, annual debt service requirements for the notes payable are as follows:

Year ending	Governmental Activities		Business type Activities	
June 30	Principal	Interest	Principal	Interest
2012	$ 8,959	$ 196	$ 34,002	$ 13,020
2013			18,078	11,827
2014			18,844	11,061
2015			19,644	10,261
2016			20,446	9,459
2017-2021			96,672	34,877
2022-2026	-	-	115,126	12,287
	$ 8,959	$ 196	$ 322,812	$ 102,792

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, 2011 consisted of the following:

	Cost
Police vehicles	$ 12,293
Recreation Department Lighting	83,500
Fire Truck	173,632
	$ 269,425

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, 2011:

Year ending June 30	
2012	$ 46,573
2013	46,574
2014	29,118
2015	18,000
Thereafter	
Total minimum lease payments	140,265
Less amount representing interest	12,150
Present value of future minimum lease payments	$ 128,115

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, 2011 consisted of the following:

	Cost
Backhoe	$ 54,000
	$ 54,000

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, 2011:

Year ending June 30	
2012	$ 14,511
2013	14,511
2014	10,884
2015	
Total minimum lease payments	39,906
Less amount representing interest	2,146
Present value of future minimum lease payments	$ 37,760

NOTE 11- CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amount Due in One Year
Compensated absences payable	$ 28,260	$ 5,033		$ 33,293	$ 6,659
Notes payable	21,987		$ 13,028	8,959	8,959
Capital leases payable	93,587	95,793	61,265	128,115	41,001
Total Governmental Activities	$ 143,834	$ 100,826	$ 74,293	$ 170,367	$ 56,619
Business-Type Activities					
Compensated absences payable	$ 3,998	$ 4,187		$ 8,185	$ 1,637
Revenue bonds payable	7,365,073		$ 300,200	7,064,873	112,714
Capital leases payable	55,303		17,543	37,760	13,287
Notes payable	352,361	16,000	45,549	322,812	34,002
Total Business-Type Activities	$ 7,776,735	$ 20,187	$ 363,292	$ 7,433,630	$ 161,640

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 2011, the City's annual pension cost of $82,618 for the Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2011 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, 2011	$ 82,618	100%	-
June 30, 2010	$ 73,138	100%	-
June 30, 2009	$ 91,676	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, 2011	$ 1,613,917	$ 1,727,682	$ 113,765	93.4%	$ 937,473	-12.1%
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%

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, 2011. As of June 30, 2011, 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 Commission (HOGARC) and is required to pay annual dues thereto. Membership in HOGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the HOGARC in Georgia. The HOGARC 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 HOGARC. Separate financial statements may be obtained from:

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

NOTE 16 - SUBSEQUENT EVENT

On July 19, 2011, the Development Authority of the City of Glennville purchased 231 acres of land for $560,000. On September 16, 2011, the Development Authority of the City of Glennville sold 18.82 acres of land for $71,857.

CITY OF GLENNVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	$ 1,714	$ -	$ 3,114	$ 4,828
Intergovernmental receivable				-
Receivable			1,082	1,082
Prepaid interest				-
Due from other funds	-	-	-	-
TOTAL ASSETS	$ 1,714	-	$ 4,196	$ 5,910
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				-
Accured payroll and payroll taxes				-
Due to other funds			$ 444	$ 444
Note payable	$ -	$ -	-	-
Total liabilities	-	-	444	444
Fund balances- Unreserved, undesignated	1,714	-	3,752	5,466
TOTAL LIABILITIES AND FUND BALANCES	$ 1,714	$ -	$ 4,196	$ 5,910

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BLANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental				-
Special sales tax				-
Charges for services				-
Fines and forfeitures	$ 770			$ 770
Hotel/Motel tax			$ 13,490	13,490
Interest	34		115	149
Grant				-
Other	-	$ -	-	-
Total revenues	804	-	13,605	14,409
Expenditures				
Current:				
Recreation				-
Streets				-
Public safety				-
Economic development/Tourism			11,434	11,434
Capital outlay:				
Public safety				-
Streets				-
Recreation				-
Urban redevelopment				-
Debt Service:				
Principal				-
Interest and other charges	-	-	-	-
Total expenditures	-	-	11,434	11,434
Excess (deficiency) of revenues over (under) expenditures	804	-	2,171	2,975
Other Financing Sources				
Proceeds from capital lease				
Transfers out				-
Transfers in			-	-
Total other financing sources	-	-	-	-
Net change in fund balances	804	-	2,171	2,975
Fund Balances, Beginning of Year	910	-	1,581	2,491
Fund Balances, End of Year	$ 1,714	$ -	$ 3,752	$ 5,466

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, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 500	$ 771	$ 770	$ 1
Interest	20	34	34	-
Total revenues	520	805	804	1
EXPENDITURES				
Current:				
Public Safety	520	805	-	805
Debt service:				
Principal				
Interest	-	-	-	-
Total expenditures	520	805	-	805
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total other financing uses	-	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	804	(804)
NET CHANGE IN FUND BALANCE	-	-	804	(804)
FUND BALANCE, JULY 1, 2010	910	910	910	-
FUND BALANCE, JUNE 30, 2011	$ 910	$ 910	$ 1,714	$ 804

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, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax	$ 14,000	$ 13,490	$ 13,490	$ -
Interest	-	115	115	-
Total revenues	14,000	13,605	13,605	-
EXPENDITURES				
Current:				
Economic development/Tourism	14,000	13,605	11,434	2,171
Total expenditures	14,000	13,605	11,434	2,171
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	2,171	2,171
NET CHANGE IN FUND BALANCE	-	-	2,171	2,171
FUND BALANCE, JULY 1, 2010	-	-	1,581	1,581
FUND BALANCE, JUNE 30, 2011	$ -	$ -	$ 3,752	$ 3,752

CITY OF GLENNVILLE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	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, 2010	-	-	-
FUND BALANCE, JUNE 30, 2011	$ -	$ -	$ -

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2011

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	$ -	$ 217,250	87.5%
Street paving/improvements	309,650	614,718	509,641	100,000	609,641	99.2%
Vehicle purchases	46,000	118,858	89,308	29,550	118,858	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		136,685	40,825	55,243	96,068	70.3%
Capital improvements/ equip.-recreation	115,000	136,296	136,296		128,796	94.5%
Capital improvements/ equip.-public safety	130,000	528,836	509,697	2,200	511,897	96.8%
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		66,050	48,014	16,500	64,514	97.7%
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	54,150	11,545	65,695	29.2%
Breathing tanks for fire department		29,830	20,026	9,804	29,830	100.0%
Auditorium improvements		36,338	28,682	7,656	36,338	100.0%
City Hall heat pump		2,743		2,743	2,743	100.0%
Multipurpose builiding improvements		2,834	2,834		2,834	100.0%
	$ 983,175	$2,666,023	$2,151,235	$ 235,241	$2,378,976	89.2%

HOLLAND, HENRY & BROMLEY, LLP

Certified Public Accountants

J. Richard Henry, CPA
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MEMBER:

American Institute of
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 6, 2011

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, 2011, which collectively comprise the City of Glennville's basic financial statements and have issued our report thereon dated December 6, 2011. 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. We did not identify and 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.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

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
Savannah, Georgia

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF FINDINGS
JUNE 30, 2011

FINANCIAL STATEMENT AUDIT-SIGNIFICANT DEFICENCIES

Condition. During our field work, we noted that one individual, who has check signing authority also is writing manual checks. In order to ensure proper segregation of duties we recommend that the individual writing the manual checks be a separate employee from the employee signing the checks.

Management Response:
We concur with this finding. Due to our limited staff and the limited number of manual checks written, the City Clerk has written all manual checks. However, at the recommendation of the auditors, this procedure is in the process of being changed to remove her from this activity and all checks (computer and manual) will be issued through Accounts Payable ONLY by the Accounting Technician.

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. We have a new Mayor beginning January 1, 2012 who will be striving to "stamp" his own names to all checks removing this task from the City Manager.

Condition: During our testing, we noted that the Recreation Department throughout the year coded 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 began implementing this change in May or June of this fiscal year and will continue as mandated by the Mayor.