CITY OF GLENNVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2012

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, 2012, 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 4, 2012, 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 4, 2012

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

	Primary Government			
	Governmental Type Activities	Business-type Activites	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,172,527	$ 1,667,145	$ 2,839,672	$ 79,073
Receivables:				
Taxes	187,920		187,920	
Accounts		150,144	150,144	
Intergovernmental	15,086		15,086	
Grant			-	
Other	12,694	15,523	28,217	
Internal balances	-	-	-	
Prepaid insurance	6,520	1,133	7,653	
RESTRICTED ASSETS				
Cash and cash equivalents		712,372	712,372	
CAPITAL ASSETS				
Nondepreciable capital assets	536,595	507,747	1,044,342	858,755
Depreciable capital assets, net	2,386,122	8,367,481	10,753,603	
Total assets	4,317,464	11,421,545	15,739,009	937,828
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	73,658	5,309	78,967	
Accrued payroll and payroll taxes	16,874	1,634	18,508	
Accrued interest payable		5,888	5,888	
Compensated absences payable	7,684	1,498	9,182	
Capital leases payable	50,253	21,912	72,165	
Notes payable	11,859	18,078	29,937	
Line of credit	174,759		174,759	
Revenue bonds payable		118,033	118,033	
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Customer deposits		91,677	91,677	
LONG-TERM LIABILITIES				
Compensated absences payable (net of current portion)	30,738	5,994	36,732	
Capital leases payable (net of current portion)	44,281	12,757	57,038	
Notes payable (net of current portion)	34,252	270,708	304,960	
Revenue bonds payable (net of current portion)		6,825,027	6,825,027	
Total liabilities	444,358	7,378,515	7,822,873	-
NET ASSETS				
Invested in capital assets, net of related debt	2,607,313	1,608,713	4,216,026	858,755
Restricted for:				
Debt service		620,695	620,695	
Special Sales Tax	269,116		269,116	
Drug Seizure	1,798		1,798	
Hotel Motel	3,788		3,788	
Unrestricted	991,091	1,813,622	2,804,713	79,073
Total net assets	$ 3,873,106	$ 4,043,030	$ 7,916,136	$ 937,828

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

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

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	Business-type Activities	Total	Component Units
Primary government								
Governmental Activities								
General government	$ 433,322	$ 90,971			$ (342,351)		$ (342,351)	
Municipal court	54,892				(54,892)		(54,892)	
Public safety	1,029,815	164,089		$ 51,394	(814,332)		(814,332)	
Streets and sanitation	776,577	359,839			(416,738)		(416,738)	
Culture/Recreation	335,716	91,478			(244,238)		(244,238)	
Economic development/Tourism	44,401				(44,401)		(44,401)	
Interest	6,709				(6,709)		(6,709)	
Total governmental activities	2,681,432	706,377	-	51,394	(1,923,661)		(1,923,661)	
Business-type activities								
Water and sewer	1,729,235	1,423,777	$ -			$ (305,458)	(305,458)	
Total primary government	$ 4,410,667	$ 2,130,154	$ -	$ 51,394	$ (1,923,661)	$ (305,458)	$ (2,229,119)	$ -
Component Units								
Downtown Development Authority Development Authority	$ 4,602	$ -						$ (4,602)
Total component units	$ 4,602	$ -						$ (4,602)
General revenues:								
Property taxes, levied for general purposes					$ 656,272		$ 656,272	
Intergovernmental revenue					779,113		779,113	$ 350,000
Franchise taxes					238,517		238,517	
Insurance premium tax					167,401		167,401	
Other taxes					88,801		88,801	
Gain on sale of assets					515	$ 1,717	2,232	32,763
Interest earned					31,038	31,476	62,514	754
Payments from City								15,541
Miscellaneous					40,030		40,030	100
Transfers					-	-	-	-
Total General Revenue					2,001,687	33,193	2,034,880	399,158
Change in Net Assets					78,026	(272,265)	(194,239)	394,556
Net assets - beginning of year					3,795,080	4,315,295	8,110,375	543,272
Net assets - ending of year					$ 3,873,106	$ 4,043,030	$ 7,916,136	$ 937,828

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

CITY OF GLENNVILLE, GEORGIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Special Sales Tax	Glennville Recreation Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 934,844	$ 228,019	$ 5,313	$ 4,351	$ 1,172,527
Receivables					
Taxes	101,638	72,897	12,150	1,235	187,920
Intergovernmental	5,086			10,000	15,086
Other	12,694				12,694
Due from other funds	11,257				11,257
Prepaid assets	6,520	-	-	-	6,520
TOTAL ASSETS	$ 1,072,039	$ 300,916	$ 17,463	$ 15,586	$ 1,406,004
LIABILITIES AND NET ASSETS					
Accounts payable	$ 49,627	$ 7,352	$ 16,679		$ 73,658
Accrued payroll and payroll taxes	13,252		3,622		16,874
Due to other funds			1,257	$ 10,000	11,257
Deferred revenue	27,417	24,448	4,075	-	55,940
TOTAL LIABILITIES	90,296	31,800	25,633	10,000	157,729
Fund balances:					
Nonspendable	6,520				6,520
Restricted:					
Special Sales Tax		269,116			269,116
Drug Seizure				1,798	1,798
Hotel Motel				3,788	3,788
Unassigned	975,223	-	(8,170)	-	967,053
TOTAL FUND BALANCES	981,743	269,116	(8,170)	5,586	1,248,275
TOTAL LIABILITIES AND FUND BALANCES	$ 1,072,039	$ 300,916	$ 17,463	$ 15,586	$ 1,406,004

(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, 2012

Total Governmental Fund Balances		$ 1,248,275
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	5,367,918	
Less accumulated depreciation	(2,445,201)	2,922,717
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes and fines		55,940
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	11,257	
Interfund payables	(11,257)	-
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	(94,534)	
Line of credit	(174,759)	
Notes payable	(46,111)	
Compensated absences	(38,422)	(353,826)
Net Assets of Governmental Activities in the Statement of Net Assets		$ 3,873,106

(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, 2012

	General Fund	Special Sales Tax	Glennville Recreation Commission	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,593,550			$ 15,315	$ 1,608,865
Licenses and permits	73,486				73,486
Charges for services	369,399		$ 70,478		439,877
Fines and forfeitures	134,796			2,370	137,166
Intergovernmental	6,000	$ 264,404	65,068	51,394	386,866
Other	32,961		6,069	1,000	40,030
Interest	27,171	3,773	22	72	31,038
Total revenues	2,237,363	268,177	141,637	70,151	2,717,328
EXPENDITURES					
Current:					
General government	424,042				424,042
Municipal court	54,892				54,892
Public safety	910,668			53,713	964,381
Streets	370,697			175,759	546,456
Sanitation	345,060				345,060
Economic development/Tourism	24,401			15,318	39,719
Culture/Recreation	47,441		296,385		343,826
Capital Outlay		290,579			290,579
Debt Service:					
Principal		33,597	27,532		61,129
Interest	-	2,561	4,148	-	6,709
Total Expenditures	2,177,201	326,737	328,065	244,790	3,076,793
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	60,162	(58,560)	(186,428)	(174,639)	(359,465)
OTHER FINANCING SOURCES (USES)					
Transfers in			98,820		98,820
Transfers out	(98,820)				(98,820)
Proceeds from other financing source	14,700		50,000	174,759	239,459
Proceeds from disposal of capital assets	515	-	-	-	515
Total other financing sources and uses	(83,605)	-	148,820	174,759	239,974
NET CHANGE IN FUND BALANCE	(23,443)	(58,560)	(37,608)	120	(119,491)
FUND BALANCES, JULY 1, 2011	1,005,186	327,676	29,438	5,466	1,367,766
FUND BALANCES, JUNE 30, 2012	$ 981,743	$ 269,116	$ (8,170)	$ 5,586	$ 1,248,275

(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, 2012

Net change in fund balances - total governmental funds:		$ (119,491)
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	(235,791)	
Capital outlay	575,152	339,361
Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes and fines		
Deferred at 6/30/12	55,940	
Deferred at 6/30/11	(14,325)	41,615
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.	(178,330)	(178,330)
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 6/30/12	(38,422)	
Liability at 6/30/11	33,293	(5,129)
Change in net assets of governmental activities		$ 78,026

(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, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Taxes:				
Property	$ 683,561	$ 697,326	$ 673,989	$ (23,337)
Sales	378,000	436,118	436,118	-
Franchise	220,000	250,000	238,517	(11,483)
Insurance premiums	260,000	167,402	167,401	(1)
Alcoholic beverages	65,000	67,207	67,208	1
Other	9,000	12,214	10,317	(1,897)
Licenses and permits	80,500	76,575	73,486	(3,089)
Intergovernmental		1,997	6,000	4,003
Charges for services	470,829	453,468	369,399	(84,069)
Fines and forfeitures	100,000	100,000	134,796	34,796
Interest	16,250	16,250	27,171	10,921
Other	26,000	36,068	32,961	(3,107)
Total revenues	2,309,140	2,314,625	2,237,363	(77,262)
EXPENDITURES:				
Current:				
General government				
Administrative	409,549	369,899	378,971	(9,072)
Legislative	39,061	45,153	45,071	82
Total general government	448,610	415,052	424,042	(8,990)
Municipal court	68,275	68,275	54,892	13,383
Public safety:				
Police	850,850	851,643	840,596	11,047
Fire	74,290	80,290	70,072	10,218
Jail	-	-	-	-
Total public safety	925,140	931,933	910,668	21,265
Streets and sanitation	684,656	713,797	715,757	(1,960)
Culture/Recreation:				
Glennville Complex	14,150	14,150	11,651	2,499
Recreation	10,225	11,613	11,560	53
Library	24,450	24,450	23,335	1,115
Museum	1,100	1,100	895	205
Total culture/recreation	49,925	51,313	47,441	3,872
Economic development/Tourism	33,714	35,950	24,401	11,549
Debt service:				
Principal				
Interest				
Total debt services	-	-	-	-
Total expenditures	2,210,320	2,216,320	2,177,201	39,119
EXCESS OF REVENUES OVER EXPENSES	98,820	98,305	60,162	(38,143)
OTHER FINANCING SOURCES (USES):				
Transfers out	(98,820)	(98,820)	(98,820)	-
Transfers in				
Proceeds from other financing source			14,700	14,700
Proceeds from disposal of capital assets	-	515	515	-
Total other financing uses	(98,820)	(98,305)	(83,605)	14,700
NET CHANGE IN FUND BALANCE	-	-	(23,443)	(23,443)
FUND BALANCE JULY 1, 2011	346,549	371,171	1,005,186	634,015
FUND BALANCE JUNE 30, 2012	$ 346,549	$ 371,171	$ 981,743	$ 610,572

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

GLENNVILLE RECREATION COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	72,296	65,068	
Charges for services	94,238	70,478	(23,760)
Interest	856	22	(834)
Other	13,187	6,069	(7,118)
Total Revenues	180,577	141,637	(38,940)
EXPENDITURES			
Current:			
Recreation	259,155	296,385	(37,230)
Capital outlay:	-		
Recreation	-	-	-
Debt sersvice:			
Principal	15,051	27,532	(12,481)
Interest		4,148	(4,148)
Total Expenditures	274,206	328,065	(53,859)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(93,629)	(186,428)	(92,799)
OTHER FINANCING SOURCES			
Proceeds from note payable		50,000	50,000
Transfers in	98,820	98,820	-
Total other financing sources	98,820	148,820	50,000
NET CHANGE IN FUND BALANCE	5,191	(37,608)	(42,799)
FUND BALANCE, JULY 1, 2011	45,494	29,438	(16,056)
FUND BALANCE, JUNE 30, 2012	$ 50,685	$ (8,170)	$ (58,855)

(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, 2012

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,667,145
Receivables:		
Accounts, net of $3,000 allowance		150,144
Other		15,523
Due from other funds		-
Prepaid insurance		1,133
Restricted assets - cash and cash equivalents		712,372
Total Current Assets		2,546,317
Non-current Assets:		
Capital Assets:		
Land		507,747
Water and sewer system		14,937,906
Machinery and equipment		418,736
Less accumulated depreciation		(6,989,161)
Total Capital Assets		8,875,228
Total Assets		11,421,545
LIABILITIES		
Current Liabilities:		
Accounts payable		5,309
Accrued interest payable		5,888
Accrued payroll		1,634
Compensated absences payable - Current		1,498
Notes payable - Current		18,078
Capital lease - Current		21,912
Revenue bonds payable - Current		118,033
Current Liabilities Payable from Restricted Assets		
Customer deposits		91,677
Total Current Liabilities		264,029
Long-term Liabilities		
Compensated absences payable (net of current portion)		5,994
Notes payable (net of current portion)		270,708
Capital lease (net of current portion)		12,757
Revenue bonds payable (net of current portion)		6,825,027
Total Long-term Liabilities		7,114,486
Total Liabilities		7,378,515
NET ASSETS		
Invested in capital assets, net of related debt		1,608,713
Restricted for debt service		620,695
Unrestricted		1,813,622
Total Net Assets	$	4,043,030

(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, 2012

REVENUES	
Operating revenues:	
Water sales	$ 737,999
Sewer sales	648,525
Permits and other fees	34,686
Other income	2,567
Total operating revenues	1,423,777
OPERATING EXPENSES	
Operating expenses:	
Depreciation	535,009
Utilities	230,150
Salaries	193,050
Consultant	118,980
Repairs and maintenance	112,643
Supplies	68,831
Lab fees	29,018
Gasoline, oil, etc.	18,535
Group insurance	17,284
Insurance	16,853
Payroll taxes	14,426
Retirement	13,830
Miscellaneous	7,597
Postage	6,433
Telephone	3,640
Travel	2,743
Uniforms	1,831
Total operating expenses	1,390,853
OPERATING INCOME	32,924
NON-OPERATING REVENUES (EXPENSES)	
Interest income	31,476
Interest expense	(338,382)
Proceeds from disposal of capital assets	1,717
Intergovernmental revenue	-
Total non-operating revenue (expenses)	(305,189)
Transfers In	-
CHANGE IN NET ASSETS	(272,265)
NET ASSETS, JULY 1, 2011	4,315,295
NET ASSETS, JUNE 30, 2012	$ 4,043,030

(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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customer	$ 1,423,777
Cash payments for employees	(224,760)
Cash payments for goods and services	(660,154)
Net cash provided by operating activities	538,863
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in due from general fund	46,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of property and equipment	(16,203)
Principal payments on revenue bonds payable	(121,813)
Net borrowing and principal payments on capital lease payable	(3,091)
Principal payments on notes payable	(34,026)
Proceeds from sale of capital assets	1,717
Operating subsidies and transfers	-
Intergovernmental revenue	-
Interest payments	(338,382)
Net cash used by capital and related financing activities	(511,798)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	
Interest received	31,476
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,846
CASH AND CASH EQUIVALENTS, JULY 1, 2011	2,274,671
CASH AND CASH EQUIVALENTS, JUNE 30, 2012	$ 2,379,517
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 32,924
Adjustment:	
Depreciation	535,009
Decrease in operating assets	
Accounts receivable	(11,498)
Prepaid assets	106
Increase in operating liabilities	
Accounts payable	(24,994)
Accrued payroll	826
Compensated absences payable	(693)
Customer deposits	7,183
Net cash provided by operating activities	$ 538,863

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

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2012

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
ASSETS			
Cash	$ 68,410	$ 10,663	$ 79,073
Non-depreciable capital assets	86,894	771,861	858,755
TOTAL ASSETS	155,304	782,524	937,828
LIABILITIES			
Note payable			
TOTAL LIABILITIES	-	-	-
NET ASSETS			
Invested in capital assets, net of related debt	86,894	771,861	858,755
Unrestricted	68,410	10,663	79,073
TOTAL NET ASSETS	$ 155,304	$ 782,524	$ 937,828

(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, 2012

	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		4,602	4,602
Total operating expenses	-	4,602	4,602
OPERATING INCOME	-	(4,602)	(4,602)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	$ 11,000	354,541	365,541
Interest income	407	347	754
Proceeds from disposal of capital assets		32,763	32,763
Other	100	-	100
Total non-operating revenue (expenses)	11,507	387,651	399,158
CHANGE IN NET ASSETS	11,507	383,049	394,556
NET ASSETS, JULY 1, 2011	143,797	399,475	543,272
NET ASSETS, JUNE 30, 2012	$ 155,304	$ 782,524	$ 937,828

(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 and receives concessions and ticket revenues and intergovernmental revenue.

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, 2012 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. The City has $6,520 related to prepaid amounts in nonspendable form.

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 assets are available. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

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, 2012, total expenditures exceed appropriations for Street and Sanitation within the general fund by $1,960 and Administrative within the general fund by $9,072.

NOTE 3- DEPOSITS

At June 30, 2012, the carrying amount of the City's deposits (checking and certificates of deposit) was $3,551,792 and the bank balance was $4,044,888. Of the bank balance, $500,000 was covered by federal depository insurance and $3,544,888 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, 2012, the City's bank balance was not exposed to custodial credit risk as no balance was uninsured and uncollateralized.

At June 30, 2012, the carrying amount of the City's components units was $79,073. Bank balances of the City's component units totaled $79,073 at June 30, 2012 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 15th 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, 2012, property taxes were levied on September 20, 2011 and were due December 15, 2011.

NOTE 5- RECEIVABLES

Receivables at June 30, 2012 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, 2012 for the water and sewer fund totaled $3,000.

NOTE 6- INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
General	Grant	$ 10,000
General	Recreation Commission	1,257

Interfund balances at June 30, 2012 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, 2012 included $98,820 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, 2012 was as follows:

	Balance 07/01/11	Increase	Decrease	Balance 06/30/12
Governmental activities				
Capital assets not being depreciated:				
Land	$ 129,680			$ 129,680
Construction in progress	123,718	$ 283,197		406,915
Total capital assets not being depreciated	253,398	283,197	-	536,595
Capital assets being depreciated				
Building	1,248,068	12,122		1,260,190
Improvements other than building	532,379	54,158		586,537
Machinery and equipment	1,314,932	126,200	$ (27,832)	1,413,300
Infrastructure	1,471,821	99,475		1,571,296
Total capital assets being depreciated	4,567,200	291,955	(27,832)	4,831,323
Total capital assets	4,820,598	575,152	(27,832)	5,367,918
Accumulated depreciation				
Building	598,191	30,082		628,273
Improvement other than buildings	345,518	25,214		370,732
Machinery and equipment	1,023,793	107,129	(27,832)	1,103,090
Infrastructure	269,740	73,366		343,106
Total accumulated depreciation	2,237,242	235,791	(27,832)	2,445,201
Governmental activities capital assets, net	$ 2,583,356	$ 339,361	$ -	$ 2,922,717

Governmental activities depreciation expense:	
General government	$ 15,698
Public	87,187
Streets	82,176
Culture/Recreation	46,048
Economic development/Tourism	4,682
	$ 235,791

NOTE 7- CAPITAL ASSETS (Continued)

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

	Balance 07/01/11	Increase	Decrease	Balance 06/30/12
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	14,937,905			14,937,905
Machinery and equipment	414,982	16,204	(12,450)	418,736
Total capital assets being depreciated	15,352,887	16,204	(12,450)	15,356,641
Total capital assets	15,860,634	16,204	(12,450)	15,864,388
Accumulated depreciation:				
Water and sewer system	6,204,164	500,813		6,704,977
Machinery and equipment	262,437	34,196	(12,450)	284,183
Total accumulated depreciation	6,466,601	535,009	(12,450)	6,989,160
Business-type activities capital assets, net	$ 9,394,033	$ (518,805)	$ -	$ 8,875,228

Discretely Presented Component Units

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

	Balance 07/01/11	Increase	Decrease	Balance 06/30/12
Land	$ 86,894			$ 86,894

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

	Balance 07/01/11	Increase	Decrease	Balance 06/30/12
Land	$ 173,805	$ 637,150	$ (39,094)	$ 771,861

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, 2012, debt service requirements for the Series 2000A, B, and C revenue bonds are as follows:

Series 2000A

Year Ending June 30	Principal	Interest	Total
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	68,412	153,456	221,868
2018-2022	392,223	714,117	1,106,340
2023-2027	500,937	608,403	1,109,340
2028-2032	634,928	474,412	1,109,340
2033-2037	804,759	304,581	1,109,340
2038-2042	759,700	128,109	887,809
	$ 3,404,365	$ 3,027,144	$ 6,431,509

NOTE 8- WATER AND SEWER REVENUE BONDS (CONTINUED)

Series 2000B

Year Ending June 30	Principal	Interest	Total
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	64,012	131,000	195,012
2018-2022	366,969	608,091	975,060
2023-2027	459,371	515,689	975,060
2028-2032	575,039	400,021	975,060
2033-2037	719,831	255,229	975,060
2038-2042	666,796	76,113	742,909
	$ 3,081,161	$ 2,537,048	$ 5,618,209

Series 2000C

Year Ending June 30	Principal	Interest	Total
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	9,517	19,451	28,968
2018-2022	54,560	90,279	144,839
2023-2027	68,300	76,540	144,840
2028-2032	85,497	59,343	144,840
2033-2037	107,023	37,817	144,840
2038-2042	98,568	10,155	108,723
	$ 457,534	$ 375,388	$ 832,922

NOTE 9- NOTE PAYABLE

Governmental Activities

Note payable to the Glennville Bank and Trust Company for $50,000, payable in monthly installments of $1,140, including interest at 4.46%, with a final payment of all unpaid principal and interest due on January 10, 2016, unsecured, to be used for recreation improvements.	$46,111

The City as of June 30, 2012 had a $500,000 line of credit outstanding with First Citizen Bank with a balance totaling $174,759.

Business-type Activities

Notes payable outstanding at June 30, 2012, consists of one unsecured loans from the Georgia Environmental Facilities Authority (GEFA) and a loan from the U.S Department of Agriculture (USDA). The 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 $275,741 at June 30, 2012.

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 $13,045 at June 30, 2012.

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
2013	$ 11,859	$ 1,816	$ 18,078	$ 11,827
2014	12,399	1,276	18,844	11,061
2015	12,964	712	19,644	10,261
2016	8,889	148	20,446	9,459
2017			17,749	8,561
2017-2021			100,818	30,731
2022-2026	-	-	93,207	12,287
	$ 46,111	$ 3,952	$ 288,786	$ 94,187

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, 2012 consisted of the following:

	Cost
Police vehicles	$ 12,293
Recreation Department Lighting	83,500
Administrative vehicle	14,700
Fire Truck	173,632
	$ 284,125

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, 2012:

Year ending June 30	
2013	$ 54,157
2014	29,118
2015	18,000
Thereafter	
Total minimum lease payments	101,275
Less amount representing interest	6,741
Present value of future minimum lease payments	$ 94,534

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, 2012 consisted of the following:

	Cost
Backhoe	$ 54,000
Vehicle	16,204
	$ 70,204

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, 2012:

Year ending June 30	
2013	$ 22,870
2014	12,974
2015	
Total minimum lease payments	35,844
Less amount representing interest	1,175
Present value of future minimum lease payments	$ 34,669

NOTE 11- CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due in One Year
Compensated absences payable	$ 33,293	$ 5,129		$ 38,422	$ 7,684
Notes payable	8,959	50,000	$ 12,848	46,111	11,859
Line of credit	-	174,759	$ -	174,759	174,759
Capital leases payable	128,115	14,700	48,281	94,534	50,253
Total Governmental Activities	$ 170,367	$ 244,588	$ 61,129	$ 353,826	$ 244,555
Business-Type Activities					
Compensated absences payable	$ 8,185		$ 693	$ 7,492	$ 1,498
Revenue bonds payable	7,064,873		121,813	6,943,060	118,033
Capital leases payable	37,760	$ 16,204	19,295	34,669	21,912
Notes payable	322,812	-	34,026	288,786	18,078
Total Business-Type Activities	$ 7,433,630	$ 16,204	$ 175,827	$ 7,274,007	$ 159,521

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 2012, the City's annual pension cost of $70,307 for the Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2012 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 and merit. 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, 2012	$ 70,307	100%	-
June 30, 2011	$ 82,618	100%	-
June 30, 2010	$ 73,138	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, 2012	$ 1,610,514	$ 1,692,854	$ 82,340	95.1%	$ 800,650	-10.3%
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%

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, 2012. As of June 30, 2012, 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

In November of 2012, the City refinanced their bonds payable.

CITY OF GLENNVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	$ 1,798	$ -	$ 2,553	$ 4,351
Intergovernmental receivable		10,000		10,000
Receivable			1,235	1,235
Prepaid interest				-
Due from other funds	-	-	-	-
TOTAL ASSETS	$ 1,798	10,000	$ 3,788	$ 15,586
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				-
Accured payroll and payroll taxes				-
Due to other funds		$ 10,000		$ 10,000
Deferred revenue	-	-	-	-
Total liabilities	-	10,000	-	10,000
Fund balances:				
Restricted - drug seizure	$ 1,798			1,798
Restricted - grant				
Restricted - hotel motel			$ 3,788	3,788
Unassigned	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 1,798	$ 10,000	$ 3,788	$ 15,586

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BLANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Drug Seizure Fund	Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental		$ 51,394		51,394
Special sales tax				-
Charges for services				-
Fines and forfeitures	$ 2,370			$ 2,370
Hotel/Motel tax			$ 15,315	15,315
Interest	33		39	72
Other	-	1,000	-	1,000
Total revenues	2,403	52,394	15,354	70,151
Expenditures				
Current:				
Recreation				-
Streets		175,759		175,759
Public safety	2,319	51,394		53,713
Economic development/Tourism			15,318	15,318
Capital outlay:				
Public safety				-
Streets				-
Recreation				-
Urban redevelopment				-
Debt Service:				
Principal				-
Interest and other charges	-	-	-	-
Total expenditures	2,319	227,153	15,318	244,790
Excess (deficiency) of revenues over (under) expenditures	84	(174,759)	36	(174,639)
Other Financing Sources				
Proceeds from other financing source		174,759		174,759
Transfers out				-
Transfers in			-	-
Total other financing sources	-	174,759	-	174,759
Net change in fund balances	84	-	36	120
Fund Balances, Beginning of Year	1,714	-	3,752	5,466
Fund Balances, End of Year	$ 1,798	$ -	$ 3,788	$ 5,586

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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 750	$ 2,369	$ 2,370	$ (1)
Interest	25	35	33	2
Total revenues	775	2,404	2,403	1
EXPENDITURES				
Current:				
Public Safety	775	2,404	2,319	85
Debt service:				
Principal				
Interest	-	-	-	-
Total expenditures	775	2,404	2,319	85
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total other financing uses	-	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	84	(84)
NET CHANGE IN FUND BALANCE	-	-	84	(84)
FUND BALANCE, JULY 1, 2011	910	910	1,714	804
FUND BALANCE, JUNE 30, 2012	$ 910	$ 910	$ 1,798	$ 2,708

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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax	$ 14,000	$ 15,314	$ 15,315	$ 1
Interest	125	40	39	1
Total revenues	14,125	15,354	15,354	2
EXPENDITURES				
Current:				
Economic development/Tourism	14,125	15,354	15,318	36
Total expenditures	14,125	15,354	15,318	36
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	36	38
NET CHANGE IN FUND BALANCE	-	-	36	38
FUND BALANCE, JULY 1, 2011	-	-	3,752	3,752
FUND BALANCE, JUNE 30, 2012	$ -	$ -	$ 3,788	$ 3,788

CITY OF GLENNVILLE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Grant	$ 51,394	$ 51,394	$ -
Other	1,000	1,000	-
Total revenues	52,394	52,394	-
EXPENDITURES			
Capital outlay			
Streets	175,759	175,759	-
Public Safety	51,394	51,394	-
Total expenditures	227,153	227,153	-
Other Financing Sources			
Proceeds from other financing sources	174,759	174,759	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, JULY 1, 2011	-	-	-
FUND BALANCE, JUNE 30, 2012	$ -	$ -	$ -

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

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	$ 242,264	$ -	$ 242,264	97.6%
Street paving/improvements	309,650	714,193	609,641	99,475	709,116	99.3%
Vehicle purchases	46,000	155,914	118,858	37,056	155,914	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	96,068	1,225	97,293	71.2%
Capital improvements/ equip.-recreation	115,000	136,296	128,796		128,796	94.5%
Capital improvements/ equip.-public safety	130,000	533,063	522,357	4,227	526,584	98.8%
Capital improvements/ water and sewer system	-	88,657	165,996		165,996	187.2%
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	15,580	3,458	12,122	15,580	100.0%
Multipurpose building-carpet	2,299	2,299	2,299		2,299	100.0%
Barnard Park improvements	445	14,495	445	14,050	14,495	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		73,350	64,514	7,300	71,814	97.9%
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	65,695	108,438	174,133	77.4%
Equipment for fire department		73,572	29,830	43,742	73,572	100.0%
Auditorium improvements		36,338	36,338		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	$2,883,995	$2,516,789	$ 327,635	$2,844,424	98.6%

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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 4, 2012

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, 2012, which collectively comprise the City of Glennville's basic financial statements and have issued our report thereon dated December 4, 2012. 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. We did not identify any deficiencies in internal controls over financial reporting that were considered 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. .

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