CITY OF MARSHALLVILLE,

GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

CITY OF MARSHALLVILLE,

GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

HERBERT E. ALLEN

CERTIFIED PUBLIC ACCOUNTANT

AMERICUS, GEORGIA 31709

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CITY OF MARSHALLVILLE

ADMINISTRATION

MAYOR

STUART C. BRYANT

CITY COUNCIL

RONNIE BUCKNER

DELORES FELDER

ADELINE FELTON

JOE W. RICE

CITY CLERK

JOANNE WHITE

HERBERT E. ALLEN

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Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

December 30, 2012

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Marshallville
Marshallville, Georgia 31057

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Marshallville, Georgia, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the City of Marshallville, Georgia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, 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.

The City of Marshallville has not presented the management's discussion and analysis, which are not a required part of the basic financial statements; they are supplementary information required by the Government Accounting Standards Board.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Marshallville, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the financial statements for the year ended June 30, 2012 and, in our opinion, is fairly stated in all material respects in relation to the respective financial statements taken as a whole.

In accordance with Government Auditing Standards, we have issued a report dated December 30, 2012 on our consideration of the City's internal control structure and on its compliance with laws and regulations. The report on compliance with laws and regulations and internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards, and in considering the results of the audit, that the report(s) should be read in conjunction with the auditor's report on the financial statements.

HERBERT E. ALLEN, CPA

CITY OF MARSHALLVILLE, GEORGIA
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total Reporting Entity
Assets			
Cash and cash equivalents	$9,370	$7,180	$16,550
Receivables (net of allowance):			
Taxes	35,779	26,046	61,825
Accounts Receivable	25,392	669	26,061
Intergovernmental receivables	(22,287)	22,287	0
Restricted cash	256,272		256,272
Capital assets:			0
Land	3,000	3,650	6,650
Infrastructure	150,079	0	150,079
Buildings	1,543,620	562,277	2,105,897
Equipment	447,953	1,464,440	1,912,393
Accumulated Depreciation	(152,137)	325,672	173,535
Other assets	7,818	1,821,137	1,828,955
Total assets	$2,304,859	$4,233,358	$6,538,217
Liabilities and Net Assets			
Liabilities			
Accounts and claims payable	$10,999	$15,336	$26,335
Accrued liabilities	4,895	0	4,895
Customer deposits	0	0	0
Line of Credit	9,432	5,793	15,225
Deferred Revenue	39,704	33,729	73,433
Noncurrent Liabilities:			0
Due within one year	4,721	40,000	44,721
Due in more than one year	16,440	28,000	44,440
Total Liabilities	$86,191	$122,858	$209,049
Net Assets			
Invested in capital assets, net of related debt	1,971,354	258,902	$2,216,245
Restricted	256,272		
Unrestricted deficiency	(8,948)	(38,676)	364,906
Total net assets	$2,218,678	$220,226	$2,581,151

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

CITY OF MARSHALLVILLE, GEORGIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Program Revenues			Net (Expenses) Revenues & Changes in Net Assets		
	Expenses	Fees, Fines & Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Program Activities:						
General Government	$312,598	$15,636	$117,727	($179,235)	0	($179,235)
Public Safety-Fire	45,397	0	0	(45,397)	0	(45,397)
Public Safety-Police	287,953	20,663	0	(267,290)	0	(267,290)
Public Works	181,835	116,372	0	(65,463)	0	(65,463)
Culture and Recreation	17,023	0	0	(17,023)	0	(17,023)
Total Governmental Activities	$844,806	$152,671	$117,727	($574,408)	0	($574,408)
Business-Type Activities:						
Water and Sewer				$0	$0	$0
Total Business-Type Activitie	$0	$0	$0	0	$0	$0
Total Government	$844,806	$152,671	$117,727	($574,408)	$0	($574,408)
General Revenues:						
Taxes:						
Property Tax				$183,600		$183,600
Sales Tax				131,826		131,826
SPLOST Tax				0		0
Alcohol Beverage				13,441		13,441
Franchise Fees				46,880		46,880
Investment Earnings				(23)		(23)
Insurance Premium				67,917		67,917
Miscellaneous				80,003		80,003
Total General Revenues				$523,644	$0	$523,644
Transfers				0	0	0
Change in Net Assets				$523,644	$0	$523,644
Net Assets at Beginning of Year,				(50,764)	0	(50,764)
Adjusted 7-1-11				2,176,939	0	2,176,939
Net Assets at End of Year				$92,503	$0	$92,503
				$2,218,678	$0	$2,218,678

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

CITY OF MARSHALLVILLE, GEORGIA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	Major Governmental Funds Capital Projects						
	General	CDBG 10p-x-096-2-5286	CDBG 09m-x-096-2-6023	SPLOST 2010-2016	SPLOST 2006-2011	SPLOST 2001-2002	TOTAL Governmental Funds
Assets							
Cash and cash equivalents	$9,370	$0	$0	$0	$0	$0	$9,370
Restricted Cash	0	87	258	15,940	223,094	16,893	256,272
Receivables (Net of Allowance):							0
Taxes	35,779	0	0	0	0	0	35,779
Intergovernmental	0	0	0	0	0	0	0
Other Receivables	25,392	0	0	0	0	0	25,392
Other Assets	7,828	0	0	0	0	0	7,828
Due to Other Funds	0	0	0	0	0	0	0
Total Assets	$78,369	$87	$258	$15,940	$223,094	$16,893	$334,641
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	$10,999	$0	$0	$0	$0	$0	$10,999
Accrued Liabilities	4,895	0	0	0	0	0	4,895
Customer Deposits	0	0	0	0	0	0	0
Due to other funds	22,287						22,287
Line of Credit	9,432	0	0	0	0	0	9,432
Deferred Revenue	39,704	0	0	0	0	0	39,704
Total Liabilities	$87,317	$0	$0	$0	$0	$0	$87,317
Fund Balances:							
Restricted	$0	$87	$258	$15,940	$223,094	$16,893	$256,272
Unassigned	(8,948)	0	0	0	0	0	(8,948)
Total Fund Balances	($8,948)	$87	$258	$15,940	$223,094	$16,893	$247,324
Total Liabilities and Fund Balances	$78,369	$87	$258	$15,940	$223,094	$16,893	$334,641

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

MARSHALLVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO THE GOVERNMENT WIDE STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2012

Total fund balances - total governmental funds	$247,324
Amounts reported for Governmental Activities in the Statement of Net assets are different because:	
Capital assets used in governmental activities are not current in the Governmental Funds Balance Sheet	1,992,515
This amount represents long-term debt repayment.	
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets.	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(21,161)
Net assets of governmental activities	$2,218,678

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

CITY OF MARSHALLVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDING JUNE 30, 2012

		Major Governmental Funds Capital Projects					
	General	CDBG 10p-x-096-2-5286	CDBG 09m-x-096-2-6023	SPLOST 2010-2016	SPLOST 2006-2010	SPLOST 2001-2002	TOTAL Reporting Entity
REVENUES:							
Taxes	$430,565	$0	$117,727	$0	$0	$0	$548,292
Licenses and permits	8,918	6,718	0	0	0	0	15,636
Charges for services	116,372	0	0	0	0	0	116,372
Fines and forfeitures	20,663	0	0	0	0	0	20,663
Other	91,582	100	0	0	1,397	0	93,079
Total revenues	$668,100	$6,818	$117,727	$0	$1,397	$0	$794,042
EXPENDITURES:							
Current:							
General government	$190,152	$0	$117,573	$0	$72	$0	$307,797
Streets	180,947	0	0	0	0	0	180,947
Police	280,470	0	0	0	0	0	280,470
Fire	34,880	0	0	0	0	0	34,880
Recreation	3,315	0	0	0	0	0	3,315
Library	13,708	0	0	0	0	0	13,708
Capital Outlay							
General Government PSB	0	0	0	20,009	0	0	20,009
Streets	0	0	0	0	0	24,838	24,838
Water Department	0	6,731	0	0	35,340	0	42,071
Total expenditures	$703,472	$6,731	$117,573	$20,009	$35,412	$24,838	$1,054,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	($35,372)	$87	$154	($20,009)	($34,015)	($24,838)	($113,993)
Other financing sources (uses):							
Transfers in (out)							
Water Department	0	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	($35,372)	$87	$154	($20,009)	($34,015)	($24,838)	($113,993)
FUND BALANCE -BEGINNING	26,424	0	104	35,949	257,109	41,731	361,317
FUND BALANCE -ENDING	($8,948)	$87	$258	$15,940	$223,094	$16,893	$247,324

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

CITY OF MARSHALLVILLE, GEORGIA
Reconciliation of the Government Funds -
Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities and
Changes in Net Assets
For Fiscal Year Ended June 30, 2012

Net change in fund balances - total government funds	($113,993)
Amounts reported for governmental activities in the Statements of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	80,187
Depreciation expense on capital assets is reported In the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense on capital is not reported as expenditures in Government Funds	(23,689)
Prior Period Adjustment	6,731
Changes in net assets of governmental activities	($50,764)

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

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND TYPE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND TYPE
FOR THE YEAR ENDING JUNE 30, 2012

	BUDGET			
	2012			VARIANCE- FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES:				
Taxes	$482,200	$482,200	$430,565	($51,635)
Licenses and permits	14,500	14,500	8,918	(5,582)
Intergovernmental		0		0
Charges for services	133,000	133,000	116,372	(16,628)
Fines and forfeitures	35,000	35,000	20,663	(14,337)
Other	21,100	21,100	91,582	70,482
Total revenues	$685,800	$685,800	$668,100	($17,700)
EXPENDITURES:				
General government	$180,584	$180,584	$190,152	($9,568)
Streets	163,646	163,646	180,947	($17,301)
Police	293,140	293,140	280,470	12,670
Fire	28,158	28,158	34,880	(6,722)
Recreation	5,664	5,664	3,315	2,349
Library	14,608	14,608	13,708	900
Capital outlay		0		0
Total expenditures	$685,800	$685,800	$703,472	($17,672)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$0	$0	($35,372)	($35,372)
Other financing sources (uses):				
Transfers in (out)			0	
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			($35,372)	
FUND BALANCE - BEGINNING			26,424	
FUND BALANCE - ENDING			($8,948)	

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

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business Type Activities Enterprise Fund Water and Sewer
Assets	
Current Assets	
Cash and Cash Investments	$7,180
Receivable (net of allowances for doubtful accounts)	26,046
Due from Other funds	22,287
Restricted Assets:	669
Total Current Assets	$56,182
Capital Assets:	
Land	$3,650
Buildings	
Improvements other than Buildings-Water	562,277
Improvements other than Buildings-Sewer	1,464,440
Equipment	325,672
Accumulated Depreciation	(1,821,137)
Total capital Assets net of Accumulated Depreciation	534,902
Total Noncurrent Assets	534,902
Total Assets	$591,084
Liabilities	
Current Liabilities:	
Accounts Payable	$15,336
Payroll Payable	
Accrued Liabilities	5,793
Customer Deposits	33,729
Line of Credit	40,000
Bond Payable	28,000
Total Current Liabilities	$122,858
Noncurrent Liabilities:	
Bond Payable	$248,000
Total Noncurrent Liabilities	248,000
Total Liabilities	$370,858
Net assets	
Invested in capital assets, net of related debt	$258,902
Unrestricted (deficiency)	(38,676)
Total Net Assets	$220,226

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

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds Water and Sewer
OPERATING REVENUES:	
Charges for services:	
Water	$163,165
Sewer	163,059
Connection fees for water & sewage system	5,616
Late fees	13,633
Miscellaneous	7,744
Back hoe	325
Total Operating Revenues	$353,542
OPERATING EXPENSES:	
Salaries and wages	$101,572
Payroll taxes	10,759
Supplies, parts and repairs	24,925
Maintenance of equipment and buildings	8,968
Maintenance of pumps and water tank	12,045
Gas and oil	14,048
Utilities & Telephone	31,568
Postage & Office	2,294
Chemicals	13,968
Laboratory fees	15,564
Insurance	33,374
Legal and Professional Fees	4,000
Lease and Rental	2,046
Employee training and development	234
Travel, meals, and lodging	319
Miscellaneous	12,399
Dues	0
Uniforms	200
Depreciation	64,240
Retirement	11,174
Total Operating Expenses	$363,697
Operating income (loss)	($10,155)

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

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

Continued

	Business Type Activities - Enterprise Fund Water and Sewer
NON-OPERATING REVENUES (EXPENSES):	
Intergovenmental revenue	$0
Interest on revenue bonds	(17,364)
Interest Income	0
Total Non-Operating Income (Expenses)	($17,364)
Income (Loss) before transfers	($27,519)
Prior period adjustment	(36,032)
CHANGE IN NET ASSETS	($63,551)
NET ASSETS AT BEGINNING OF YEAR	283,777
NET ASSETS AT END OF YEAR	$220,226

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

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds Water and Sewer
Cash Flows From Operating Activities:	
Cash Received from Customers	$349,620
Cash Payment to Suppliers and Services	(204,420)
Cash Payment to Employees for Services	(101,572)
Net Cash Provided (Used) by Operating Activities	43,628
Cash Flows From Non Capital Financing Activities:	
Increase Interfund Balances	(22,287)
Net Cash Provided (Used) by Non Capital Financing Activities	(22,287)
Cash Flows from Capital and Related Financing Activities:	
Line of credit payment - Net	30,000
Interest paid on bonds	(17,364)
Retirement of bonds	(29,000)
Equipment - Net	(16,053)
Net cash provided (used) by Capital and Related Financing Activities	(32,417)
Cash Flow From Investing Activities:	
Interest on Cash and Investments	0
Net Cash Provided (Used) by Investing Activities	0
Net Increase (Decrease) in cash and Cash Investments	(11,076)
Cash and Cash Investments, July 1, 2011	$18,925
Cash and Cash Investments, June 30, 2012	$7,849

Disclosure of Accounting Policy:
For purposes of the Statement of Cash Flows, the City considers investment due in less than 90 days to be cash equivalents.

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

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds Water and Sewer
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities:	
Income (loss) from Operations	($10,155)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	64,240
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,892)
Increase (decrease) in accounts payable	(2,864)
Increase (decrease) in payroll payable	0
Increase (decrease) in accrued liabilities	(792)
Increase (decrease) in customer deposits payable	(2,909)
Net cash provided (used) by operating activities	$43,628

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The City of Marshallville, Georgia was originally incorporated under Georgia law on August 21, 1906, and was reincorporated on March 13, 1970 under the provisions of Act 1023, Georgia House Bill Number 1583. The City operates a Council - Mayor Form of government and provides the following services as authorized by its charter: public safety (police and fire), recreation, public improvements, planning and zoning and general administrative services. In addition, the City operates a public utility (water and sewer) for the incorporated area.

The accounting policies and the presentation of the financial report of the City of Marshallville have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA): The City applies all applicable FASB pronouncements issued before November 30, 1989, in accounting and reporting for its proprietary operations. The following is a summary of the significant accounting policies:
The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past.
The GASB's intent is to make annual reports more comprehensive and easier to understand. GASB 34 takes effect for entities the size of Marshallville, Georgia, during the fiscal year ending June 30, 2004. Some of the more significant changes in GASB Statement 34 incurred:

1. The presentation of a government-wide statement of net assets that includes infrastructure (roads, bridges, etc.) and all debt.
2. The presentation of current and accumulated depreciation by activity.
3. The presentation of a government-wide statement of activities using full accrual accounting.
4. The presentation of the original adopted budget as well as the final amended budget in the budgetary comparison statements.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Financial Reporting Entity (continued)

(a) the organization is legally separate (can sue and be sued in their own name)
(b) the City holds the corporate powers of the organization
(c) the City appoints a voting majority of the organization's board
(d) the City is able to impose its will on the organization
(e) the organization has the potential to impose financial benefit/burden on the City
(f) there is fiscal dependency by the organization on the City.

The accounting policies of the City of Marshallville, Georgia, conform as far as practical to generally accepted accounting principles and applicable to governments. The following is a summary of the more significant policies:

Based on the aforementioned criteria, the city of Marshallville has no components units.

C. Basis of Presentation

The government-wide financial statements (the statement of net asset and the statement of changes in net assets) report information on all activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Basis of Presentation (continued)

Governmental funds are those through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund -

General Fund is the main operating fund of the City. This fund is used to account for resources traditionally associated with governments which are not required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Capital Improvement Funds-

The SPLOST Fund is used to account for financial resources, including amounts collected from the special local option sales tax to be used in acquisition the of, construction of, or improvement to major capital facilities.

The CDBG Grant funds are funds received from the state that are designated for special capital projects. (See page 30).

Water and Sewer Fund -

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. This is a major fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Measurement Focus/Basis of Accounting (continued)

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted at the City Hall to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of an ordinance.

4. The management is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. All appropriations lapse at year end.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Budgets and Budgetary Accounting (continued)

5. The budget is not incorporated into the accounting system; however, it is used and compared to actual receipts and disbursements to insure fiscal responsibility.

There were several areas where expenditures were in excess of appropriated budgeted amounts. There are various reasons for these, all of which the City is aware of. The general fund expenditures exceeded budgeted amounts by $35,591. (See Financial Statements page 11).

Council is aware and has approved the variances; however, the budget was not formally amended.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriations, is not employed in the General Fund.

G. Deposits and Bank Balances

For purposes of the Statement of Cash Flows, the City considers investments due in less than 90 days to be cash equivalents.

At June 30, 2012, the bank account balance totaled $273,491. Cash and time deposits include amounts in demand deposits, passbook savings as well as certificates of deposits. All cash is separately held and reflected in its respective fund. Cash equivalents are short term, highly liquid investments with a maturity date of three months or less that can be converted to known amounts of cash.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statute. The statute requires the deposits to be multiplied by 110 percent.

The City's investment policy limits choices to investments complying with state statutes. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government, or by the government agency of the United States, obligations of any corporation of the U.S. government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

Custodial Risk - Custodial credit risk is such that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk.

H. Inventory

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

I. Receivables Due From Other Governments

There were no receivables due from other governments as of June 30, 2012, except for the June, 2012, payment of the local option sales tax.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts.

Accumulated unpaid sick pay and other employee benefit amounts are not accrued in governmental funds (using the modified accrual basis of accounting. At June 30, 2012, unrecorded liabilities included approximately $20,000 in vacation pay.

K. Comparative Data

Comparative total data for the prior years have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e. presentations of prior year totals by fund type) data has not been presented in each of the statements since the inclusion would make the statements unduly complex and difficult to read.

L. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. Property tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1, and payable on or before December 30. The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent they result in current receivables.

The property tax millage rate of 13.80 was adopted by City Council on September 19, 2011.

N. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City of Marshallville, Georgia, for the year ended June 30, 2012:

Bonds payable at June 30, 2011	$79,000	$225,000
Bonds retired	10,000	18,000
Bonds payable at June 30, 2012	$ 69,000	$207,000

Bonds payable at June 30, 2012 are comprised of the following individual issues:

Revenue Bonds - The long-term debt in the Water Fund represents a 5% note payable to GMAC Commercial Mortgage payable in annual installments of approximately $42,000, including interest, through December 1, 2017, and is collateralized by $224,000 of Water Revenue Bonds, Series 1979. This bond issue was modified in February 1982 for the Sewage Fund Bond issue in the amount of $481,000 of Water and Sewer Revenue Bonds, Series 1982. Significant provisions of the loan agreements serving these debts are:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. CHANGES IN LONG-TERM DEBT: (Continued)

A. An FDIC bank shall be used to handle the City's Water Funds.

B. The Water - Sewer Revenue Fund cash account balance shall be maintained at a level sufficient to pay reasonable Water - Sewer Fund operating expenses.

C. A Water - Sewer Revenue Bond Sinking Fund, shall be maintained by transferring the monthly pro rata amount of the next succeeding interest payment to become due on the bonds then outstanding. Beginning with the month of December 1983, and from month to month thereafter a sum equal to 1/12 of the principal maturing on the bonds on the next principal payment date must be deposited to the Sinking Fund. In addition, $400 per month shall be transferred into the fund until it accumulates $42,000.

D. A Renewal and Extension Fund shall be established and at the end of each month, a transfer of any balances remaining in said Revenue Fund (item B above) shall be transferred to the Renewal and Extension Fund until the fund accumulates $20,000.

The debt matures on December 1, of each year as follows for Series 1979: Principal and Interest for the next five years is a follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST AMOUNT	TOTAL
2013	10,000	3,450	13,450
2014	10,000	2,950	12,950
2015	10,000	2,450	12,450
2016	10,000	1,950	11,950
2017	10,000	1,450	11,450
	50,000	12,250	62,250

Remaining principal is as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST AMOUNT	TOTAL
2018	19,000	79	19,079
	19,000	79	19,079

The debt matures on December 1, of each year as follows for Series 1982: Principal and Interest for the next five years is as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST AMOUNT	TOTAL
2013	18,000	10,350	28,350
2014	18,000	9,450	27,450
2015	18,000	8,350	26,350
2016	18,000	7,650	25,650
2017	18,000	6,750	24,750
	90,000	42,550	132,550

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. CHANGES IN LONG-TERM DEBT: (Continued)

Remaining principal is as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST AMOUNT	TOTAL
2018	18,000	5,850	23,850
2019	18,000	4,950	22,950
2020	18,000	4,050	22,050
2021	63,000	262	63,262
	117,000	15,112	132,112

At June 30, 2012, debt service funds on deposit in Water and Sewer Bond Sinking Funds to meet the above referenced retirements totaled $669, while the amount reserved was $42,050. This is a negative variance of $41,381.

E. Lease Purchase- On March 4, 2011, the city of Marshallville signed a contract with Georgia Municipal Association to purchase two Ford Crown Victoria police cars for a total of $67,308, at a rate of 2.93% for a total of ten monthly payments in the amount of $6,821.52 beginning April 4, 2011. The balance at June 30, 2012, is $0.00.

Balance at June 30, 2011	**$40,581.00**
Payments	**(40,581.00)**
Balance at June 30, 2012	**0.00**

United State Department of Agriculture - USDA Police Department-
On December 2, 2011, the City of Marshallville signed a loan with the USDA in the amount of $21,161.00 (one new police car) at a rate of 3.75% per annum. For a total of five yearly payments in the amount of $4,721.00 due on December 5, 2012. USDA also issued a grant for $14,179.00 to complete the purchase of the police car. Balance at June 30, 2012 is $21,161.00

Remaining principal is as follows:

MONTH OF MATURITY	PRINCIPAL AMOUNT	INTEREST AMOUNT	TOTAL
12/15/2012	4,721	794	5,515
12/15/2013	4,721	617	5,338
12/15/2014	4,721	439	5,160
12/15/2015	4,721	262	4,983
12/15/2016	2,277	85	2,362
	21,161	2,197	23,358

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. CHANGES IN LONG-TERM DEBT: (Continued)

LINE OF CREDIT

The City established a line of credit with Sunmark Bank in June of 2008, in the amount of $50,000.

	PRINCIPAL	PROPRIETARY
Balance 7-01-11	$40,250	$10,000
Payments-Advances	(250)	0
Balance 6-30-12	$40,000	$10,000

The purpose of the line of credit is to meet current operating expenses.

O. PENSION PLAN

The City has a trusted contributory pension plan which covers substantially all regular employees. The plan is funded through payments to the Joint Municipal Employees' Retirement System.
Pension costs for the various funds for fiscal years ending June 30, 2011, and 2010 were as follows:

	2012	2011
General	$24,289	$32,274
Water and Sewer	11,174	7,056
	$35,463	$39,330

P. CONTINGENT LIABILITIES:

The City is unaware of any amounts for which it is contingently liable at June 30, 2012.

Q. COMPLIANCE WITH LEGAL PROVISIONS:

A. State Laws

Budgets - The City was in compliance with Title 36, Chapter 81, Sections 3-6 of the official code of Georgia Annotated (OGGA) which requires adoption of balanced budgets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. INTERFUND RECEIVABLES AND PAYABLES:

During the course of normal operations, numerous transactions take place between funds such as expenditures and transfers of resources to provide services, service debt or construct assets. These interfund transactions are not eliminated and no interest is charged on such advances. Interfund receivables and payables balance at June 30, 2011, were:

FUND	RECEIVABLES	PAYABLE
General Fund	$ 0	$ 22,287
Proprietary Fund	22,287	0
	$ 22,287	$ 22,287

S. EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS:

All funds operated by the City of Marshallville had the following revenues and expenditures for the year ended June 30, 2012.

General Fund	Revenues	$668,100
	Expenditure	703,472
Proprietary Fund	Revenues	$353,542
	Expenditures	381,061

The nature of these funds lends itself to budget variances. The excess expenditures were funded with prior year's cash, or borrowed funds.
The deficit in the general fund is the results of over spending due to increase costs in maintenance and fuel and not budgeting for Capital Outlay.

T. 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 or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

U. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or established historical cost if actual history is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

V. DEFINED BENEFIT PENSION PLAN: (continued)

B. Funding Policy:

The City is required to contribute at an actuarially determined rate: the current rate is 1.0% of annual covered payroll. The contribution requirements of plan members and the City are determined under Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The employees of the City are not required to contribute.

C. Annual Pension Cost:

Annual pension cost of $33,599 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 projected unit credit actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8% a year; (b) projected salary increases of 5.0% a year, attributable to inflation; (c)additional projected salary increases of .05% a year, attributable to seniority/merit, and (d) post retirement benefit increases of 0% per year. The actuarial value of CCRP assets was determined by roll forward of prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains(losses) during 10 prior years. The period and related method for amortizing the initial unfunded actuarial accrued liability of the CCRP is 30 years from July 1, 1981, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable are closed for this plan year.

Three Year Trend Information For CCRP

Annual Fiscal Year Ending	Percentage Pension Cost (APC)	Net of APC Contributed	Pension Obligation
7/1/06	11,270	100%	- 0 -
7/1/07	13,079	100%	- 0 -
7/1/08	13,261	100%	- 0 -
7/1/09	15,703	100%	- 0 -

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

V. DEFINED BENEFIT PENSION PLAN (continued)

SCHEDULE OF FUNDING PROGRESS FOR CCRP
YEAR ENDED JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Surplus) AAL (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] /(c)
7/1/07	223,338	253,570	31,232	88.08%	185,122	16.33%
7/1/08	225,343	271,543	46,200	82.99%	192,472	24.00%
7/1/09	157,691	281,514	123,823	56.02%	268,109	46.18%
1/1/10	189,514	286,912	97,398	66.05%	292,528	33.30%
1/1/11	194,321	297,343	103,022	65.35%	162,141	63.54%
1/1/12	208,763	304,355	95,592	68.59%	314,835	30.36%

W. GRANTS:

The city received one new grant for the year ended June 30, 2011.

(1) Community Development Block Grant #10p-x-096-2-5286:

In September, 2010, the City was awarded a CDBG grant in the amount of $261,963 for the purpose of construction of a public facility. As of June 30, 2012, receipts of $20,005 had been received and disbursements of $20,018 had been made.

(2) Community Development Block Grant #09m-x-096-2-6023:

In November 2007, the City was awarded a CDBG grant in the amount of $300,000 for the purpose of rehabilitation of low income houses. As of June 30, 2012, receipts of $260,103 had been received and disbursements of $259,945 had been made.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. RISK MANAGEMENT:

The Government is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost 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.

Settled claims in the past three years have not exceeded the coverage.

The City of Marshallville retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to $1,000 deductible.

The following is a list of the insurance coverage that the City of Marshallville has as of June 30, 2012.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Y. JOINT VENTURE: (Continued)

municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

River Valley Regional Development Center
228 West Lamar Street
Americus, Georgia 31709

Z. FUND EQUITY AND FUND BALANCE

Fund Equity:

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

Fund Balance:

Generally, the fund balance represents the difference between the current assets and the current liabilities. This is the first year the city is using the fund balance class of GASB 54. GASB 54 has established five categories of fund balance for governmental type funds. The five classes of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable- include prepaid items, inventory, long-term notes receivable and permanent funds.
Restricted- constrained by external parties or enabling legislation.
Committed- constrained for a specific purpose by the government, highest level of decision making authority.
Assigned-constrained for a specific purpose, but is limited by the amount of unassigned.
Unassigned- not classified as one of the above.

	6/30/2010	Change	6/30/2011
Fund Balances:			
Restricted:	$ 296,053	$ 38,880	$ 334,933
Unassigned:	56,226	(29,802)	26,424
Total:	$ 352,279	$ 9,078	$ 361,357

Z1: TRANSFER BETWEEN FUNDS

SPLOST 2010-2016	SPLOST 1999-2000
$ 0	$ (0)

No Funds were transferred to meet cash flow.

Loan of $67,308 was borrowed from Georgia Municipal Association for YE 2012, for the purchase of police cars as represented in Note E. This loan is being paid by SPLOST fund 2010-2016. This was paid out by June 30, 2012.

HERBERT E. ALLEN

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Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

December 30, 2012

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

Honorable Mayor and City Council
City of Marshallville
Marshallville, Georgia

We have audited the governmental activities, the business type activities, and each major fund, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination

of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Reportable Condition:

(1) The City of Marshallville will monitor receipts and disbursements as they compare to budget, and modify the budget if changes are significant.

(2) The City changed accounting program during the year ending June 30, 2012. At the end of the year there were some accounting entries that were not made and will be included in the year ending June 30, 2013.

The City agrees with the above findings and will do the following:

(1) The City of Marshallville will effectively monitor receipts and disbursements as they compare to budget, and modify the budget if changes are significant.

(2) The City agrees with the above.

Compliance and Other Matters

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

We did not audit the City of Marshallville, Georgia's response and accordingly, we express no opinion on it.

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

Herbert E. Allen, CPA

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 30, 2012 AND 2012

	2012		VARIANCE-FAVORABLE UNFAVOR-ABLE	2011
	BUDGET	ACTUAL		ACTUAL
TAXES:				
Property Tax	$180,000	$147,149	($32,851)	$161,835
Intangible Tax	1,000	577	(423)	520
FIFA Charges	2,200	3,567	1,367	1,490
Interest Charges	2,100	5,364	3,264	3,475
Franchise Tax	47,000	46,880	(120)	48,402
Alcohol Tax	11,000	13,441	2,441	9,727
Local option sales tax	139,000	131,826	(7,174)	132,966
Real Estate Transfer Tax	200	130	(70)	87
Public Utilities Tax	7,000	0	(7,000)	6,490
Vehicle Tax	22,000	21,241	(759)	22,866
Mobile Home Tax	1,000	1,404	404	1,420
Insurance premium Tax	74,000	67,917	(6,083)	71,865
Ad Valorem Taxes DOR		0	0	944
Pay in Lieu of Tax (Pilot)	5,000	4,168	(832)	9,015
	$491,500	$443,664	($47,836)	$471,102
LICENSES AND PERMITS:				
Business Licenses	11,000	3,234	(7,766)	$9,974
Business Penalties	$500	0	($500)	179
Building Permits	3,000	5,684	$2,684	2,977
	$14,500	$8,918	($5,582)	$13,130
INTERGOVERNMENTAL REVENUE:				
Labor Department-WIA	$0		$0	$0
Youth Workforce Grant	0		0	0
	$0	$0	$0	$0
CHARGES FOR SERVICES:				
Garbage Fees	$133,000	116,372	($16,628)	$121,491
	$133,000	$116,372	($16,628)	$121,491
FINES AND FORFEITURES	$35,000	$20,663	($14,337)	$26,982

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 30, 2012 AND 2011

	2012		VARIANCE-FAVORABLE-(UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
OTHER:				
Bond Fee	$100		-$100	$0
Report Fees	500	0	(500)	805
Court Fee	100	0	(100)	50
Interest Earned	100	(23)	(123)	49
Rent Revenue-Lamson	1,000	1,000	0	500
Cemetery Lots Purchase	2,500	0	(2,500)	600
House Numbers	0		0	0
Miscellaneous Revenues	200	71,433	71,233	11,892
Donations	1,000	5,500	4,500	1,115
Library Donations/Fines	400	37	(363)	151
Fax & Copies	400	0	(400)	350
Qualification Fees	0	216	216	0
Return Check	0	320	320	136
Service Charge-Return Check	0	0	0	30
Macon County Grant-Fire	5,000	0	(5,000)	5000
Railroad Equipment				0
Rental Fees - Senior Center	$500		($500)	$0
	$11,800	$78,483	$66,683	$20,678
Total Revenues	$685,800	$668,100	($17,700)	$675,310

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 30, 2012 AND 2011

	2012		VARIANCE-FAVORABLE (UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
GENERAL GOVERNMENT:				
Salaries and Wages-Employees	$35,993	$36,304	(311)	$38,294
Council's Salary	9,000	7,650	1,350	8,700
Mayor's Salary	3,000	3,000	0	3,000
Unemployment Tax	3,000	1,924	1,076	4,727
Social Security Tax	3,900	3,592	308	4,552
GMEBS Contribution/Admin Fees	20,892	18,294	2,598	24,383
Retirement GMEBS-Admin. Fees	4,512	5,995	(1,483)	7,890
Health Insurance	6,270	6,445	(175)	7,038
Property Insurance	20,009	122	19,887	10,000
Liability Insurance	2,488	2,786	(298)	1,467
Public Liability	14,878	14,878	0	14,878
Workers Compensation	200	200	0	170
RDC Service	6,000	1,086	4,914	3,235
GMA Dues	600	950	(350)	0
Other Dues/ Subscriptions	100	67	33	37
Macon County Chamber Dues	500	675	(175)	500
Office Supplies	800	817	(17)	707
Cleaning Supplies	600	405	195	180
Equipment Purchase	600	300	300	0
Senior Center	0	0	0	5,608
Uniforms	200	200	0	0
Municipal Judge	4,200	4,200	0	2,100
Legal Retainer Fees	3,500	3,000	500	3,000
Accounting	8,500	6,300	2,200	7,283
Payroll Accounting Svc.	3,400	3,317	83	291
Electricity 1/2 GF & WF	1,500	1,755	(255)	1,637
Telephone	1,500	2,302	(802)	2,721
Postage	600	390	210	273
Safe Deposit Rental	100	0	100	100
Employee development/ training	1,000	230	770	825
Software Service	200	0	200	51
Municipal Code Service		0	0	1,108
Travel, meals and lodging	1,500	810	690	1,359
Software Support-CBS	500	2,485	(1,985)	953
Copier Maintenance - $51/mo,	350	416	(66)	108
Copier Lease - $224.61/ 1/2 PD / 2 W	450	492	(42)	0
City Hall Maintenance	500	0	500	749

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - ACTUAL AND BUDGETED
FOR THE FISCAL YEARS ENDING JUNE 30, 2012 AND 2011

	2012		VARIANCE-FAVORABLE (UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
GENERAL GOVERNMENT CONTINUED:				
Advertising	900	2,166	(1,266)	1,384
Election Expense	2,700	100	2,600	0
Tax Digest and Support	600	923	(323)	514
Other Expenses	200	46,494	(46,294)	0
Returned checks		312	(312)	65
Bank Service Charges	0	609	(609)	370
Interest Expense on Loans		0	0	1,906
Building inspector	800	1,859	(1,059)	1,687
Other Supplies - Admin		0	0	18,902
Contributions/Donations		0	0	200
Senior Citizens Center	5,855	6,302	(447)	
Marshallville Comm. Center	100		100	
Contingency Fund	8,087	0	8,087	
TOTAL:	$180,584	$190,152	($9,568)	$176,669
STREETS:				
Salaries and Wages	$19,220	$20,152	($932)	$21,670
Social Security Tax	1,500	1,468	$32	1,670
Health and Life Insurance	6,700	6,445	$255	$8,605
Workmen's Compensation	4,300	4,300	$0	$2,818
Equipment purchases	500	0	$500	0
Street signs	100	138	($38)	93
House numbers	100		$100	
Supplies, parts, and repairs	750	27	$723	1,481
Gas and Oil	1,000	0	$1,000	2,490
Mosquito Spray	0	0	$0	
Auto Liability Insurance	992	992	$0	992
Auto Insurance		0	$0	1,984
Electricity (Street Lights)	27,000	32,915	($5,915)	31,818
Lawn mower maintenance	500	385	$115	0
Auto Damage	1,984	1,984	$0	
Vehicle Maintenance	1,200	0	$1,200	1,356
Street Maint. Cleaning	0	0	$0	47
Decorations, Planning, Beautification	600	861	($261)	600
Garbage Fees (Crisp Co)	97,200	111,280	($14,080)	88,297
TOTAL	$163,646	$180,947	($17,301)	$163,921

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 30, 2012 AND 2011

	2012		VARIANCE-FAVORABLE (UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
POLICE:				
Salaries and Wages	$193,000	$ 174,233	$18,767	$185,412
Social Security Tax	15,000	13,304	1,696	13,526
Prisoner Expense	1,500	1,200	300	0
Uniforms	3,500	154	3,346	4,224
Office supplies/repairs	700	764	(64)	792
Postage	400	44	356	88
Cleaning supplies	300	177	123	392
Gas and oil	12,000	14,726	(2,726)	13,445
Health & Life Insurance	25,080	21,923	3,157	18,965
Auto Liability	1,660	343	1,317	1,326
Auto Physical	530	0	530	530
Workmen's Compensation	8,200	9,111	(911)	16,170
Law Enforcemnt Liability	4,850	0	4,850	4,850
Property Liability	3,250	603	2,647	3,250
Crime Liability	220	0	220	220
Telecommunication Ser.	2,400	2,839	(439)	2,523
Telephone & Patrol Car Internet	1,400	0	1,400	4,132
Telephone	4,000	4,649	(649)	0
Vehicle Maintenance	3,000	1,224	1,776	3,877
Employee training and develop.	800	1,340	(540)	795
Equipment Purchase/Maint	3,500	21,972	(18,472)	2,983
Copier	1,400	2,092	(692)	962
Copier Maintenance	600	534	66	328
Dues and subscriptions	200	211	(11)	202
Advertisement	100	396	(296)	267
Travel, lodging, meals	1,200	598	602	1,276
Prisoner Expense		0	0	1,425
Public Safety		679	(679)	138
Drug Screen/Oth Expense	350	661	(311)	
Utilites - Electricity	4,000	6,693	(2,693)	7,841
TOTAL	$293,140	$280,470	$12,670	$289,939

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 30, 2012 AND 2011

	2012		VARIANCE-FAVORABLE (UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
FIRE:				
Salaries	$14,000	$14,033	($33)	$11,260
Supplies	100	53	47	216
Equipment purchases	100	(5)	105	0
Gas & oil	1,000	1,653	(653)	924
Heating gas	400	0	400	845
Vehicle Maintenance	200	815	(615)	1,504
Maintenance — fire truck & station	100		100	0
Equipment Repairs	200	857	(657)	100
Electricity	1,100	715	385	1,103
Emp. Training & Development	100	11	89	100
Cleaning Supplies		0	0	53
Workers Compensation	710	710	0	274
Auto Physical	910	0	910	909
Auto Liability	1,601	0	1,601	1,600
Property Liability	5,851	4,700	1,151	2,640
Travel, Meals & Lodging	300	1,020	(720)	226
Social Security	1,136	1,147	(11)	737
Dues	50	75	(25)	31
Telecommunication	200		200	0
Uniforms	100	0	100	0
Macon County Fire Equipment Grant	0	9,096	(9,096)	0
TOTAL	$28,158	$34,880	($6,722)	$22,522
RECREATION:				
Equipment Purchase	$ 300	$ -	$ 300	$ 450
Rec. Supplies/Parts	100	200	($100)	59
Equipment Repairs	200	0	$200	
Gas & Oil	600	519	$81	246
Rec. Liability Insurance	160	0	$160	706
Auto Physical Liability	550	859	($309)	
Property Liability	1954	416	$1,538	1,954
Electricity	1500	1,162	$338	1,904
Vehicle Maintenance	300	159	$141	216
Recreation Maintenance	-	-	-	-
TOTAL	$5,664	$3,315	$2,349	$5,535

CITY OF MARSHALLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - ACTUAL AND BUDGETED
FOR FISCAL YEARS ENDING JUNE 20, 2012 AND 2011

	2012		VARIANCE-FAVORABLE (UNFAVOR-ABLE)	2011
	BUDGET	ACTUAL		ACTUAL
LIBRARY:				
Salaries	$13,235	$12,521	$714	$16,753
Social Security Tax	1,013	958	55	1,195
Unemployment Tax	60		60	
Insurance				0
Postage Box Rent	80	0	80	76
Workers Compensation	120	120	0	60
Equipment Purchase	0		0	
Supplies	100	109	(9)	232
Utility Bill	0		0	
Operating Expenditures	$0	$0	$0	$0
TOTAL	$14,608	$13,708	$900	$18,316
TOTAL EXPENDITURES:	$685,800	$703,472	$558	$663,880

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Member of the Georgia Society of Certified Public Accountants

December 30, 2012

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and City Council

City of Marshallville
Marshallville, Georgia 31057

Gentlemen:

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Marshallville, Georgia, for the year ended June 30, 2012. This schedule is the responsibility of the City of Marshallville's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Marshallville's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current and prior year expenditures for each project of the City of Marshallville for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

HERBERT E. ALLEN, CPA

CITY OF MARSHALLVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR FISCAL YEAR ENDING JUNE 30, 2012

	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Special Option Sales Tax - 1999 - 2000					
Capital Outlay -					
Repair Roads & Streets	$153,500	$35,988	$0	$35,988	23.44%
Public Safety Facility	$250,000	$326,860	$0	$326,860	130.74%
Special Option Sales Tax - 2001 - 2002					
Capital Outlay -					
Roads & Streets	$200,000	$257,208	$24,838	$282,046	141.02%
Lamson Richarson Educational Complex	200,000	201,783	0	201,783	100.89%
Marshallville Senior Citizens Center	50,000	10,341	0	10,341	20.68%
Improvements to					
1. Recreation facilities	30,000	0	0	0	0.00%
2 . Public Safety facility	$30,000	$14,794	$0	$14,794	49.31%
Special Option Sales Tax - 2006 - 2010					
Capital Outlay -					
Public Safety Facility		$22,239	$0	$22,239	
City Hall		2,437	0	$2,437	
Roads, streets, side-walks & drainage	54,240	41,906	0	41,906	77.26%
Patrol Cars (3)	72,000	72,416	0	72,416	100.58%
Truck & Trailer-Rec. & Street Dept.	23,200	0	0	0	0.00%
Sleepy Hollow Rd. improvement	264,858	0	0	0	0.00%
Water & sewer service	40,000	83,166	35,412	118,578	296.45%
Water Tank repair/replacement system & equipment	$22,100	$0	$0	$0	0.00%
Special Option Sales Tax - 2010-2016					
Capital Outlay - Purchase informational system for Public Safety Building and City Hall, equipment, police cars, and upgrade City Hall, Senior Center and the Recreation Park.	$365,438	$70,365	$20,009	$84,893	23.23%
Capital Outlay- Improvement/upgrade citywide water and sewage system, streets and drainage	$365,438	$10,901	$0	$10,901	2.98%

CITY OF MARSHALLVILLE, GEORGIA
BALANCE SHEET
CDBG 10p-x-096-2-5286
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	6/30/2012	6/30/2011
ASSETS		
Cash in Banks	$ 87	$ -
TOTAL ASSETS	$ 87	$ -
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred revenue	-	-
TOTAL LIABILITIES	$ -	$ -
FUND BALANCE		
Fund Balance	$ 87	$ -
TOTAL LIABILITIES AND FUND BALANCE	$ 87	$ -

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CDBG 10p-x096-2-5286
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Project Length Budget	Actual	Variance
Revenues			
Intergovernmental Revenue	$ 261,693	$ 6,718	$ 254,975
Matching Revenue	$ 160,500	$ -	$ 160,500
TOTAL REVENUES	$ 422,193	$ 6,718	$ 415,475
EXPENDITURES			
Contingencies - Unprogrammed Funds C-022-00	$ 26,170	$ -	$ 26,170
Water Facilities P-03J-01	$ 203,731	$ -	$ 203,731
Engineering-Water/Sewer Improvements T-03J-01	$ 16,757	$ 5,064	$ 11,693
Administration A-21A-00	$ 15,035	$ 1,667	$ 13,368
TOTAL EXPENDITURES	$ 261,693	$ 6,731	$ 254,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 160,500	$ (13)	$ 160,513
FUND BALANCE - BEGINNING		$ -	
Matching Funds		$ 100	
FUND BALANCE - ENDING		$ 87	

Description	Type	Activity Budget
Water Facilities	Construction	$ 140,000
Water Facilities	Engineering	$ 10,000
Administration	Grant Writing	$ 300
Administration	Grant Writing	$ 3,200
Water Facilities	PER	$ 7,000

CITY OF MARSHALLVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
CDBG 10p-x-096-2-5286
FOR THE YEAR ENDED JUNE 30, 2012

Total Program Year 2010 Funds Allocated to Recipient		$261,693
Less: Total Program Year 2010 Funds Drawn by Recipient	FYE 6- 6/30/11	13,287
	FYE 6/30/12	6,718
Funds Still Available from Program Year 2010 Resources		$241,688
Total Program Year 2010 Funds Drawn and Received by Recipient		$20,005
Less: Funds Applied and Expended to Program Year 2010 Costs	FYE 6- 30- 11	13,287
	FYE 6- 30- 12	6,731
		20,018
MATCHING FUNDS		(13) 100
Total Program Year 2010 Funds Held by Recipient		$87

CITY OF MARSHALLVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
CDBG 10p-x-096-2-5286
FOR YEAR ENDING JUNE 30, 2012

Program Activity	Latest Approved Budget CDBG Funds	Accumulated Expenditures To Date CDBG Funds	Accumulated Expenditures To Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Water Facilities					
P-03J-01 Engineering-Water/Sewer Improvements	$203,731	$0	$0	$0	None
T-03J-01 Contingencies	$16,757	$15,193	$0	$15,193	None
C-022-00 Administration	$26,170	$0	$0	$0	None
A-21A-00	$15,035	$4,825	$0	$4,825	None
Totals	$261,693	$20,018	$0	$20,018	

CITY OF MARSHALLVILLE, GEORGIA
BALANCE SHEET
CHIP 09m-x-096-2-6023
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
ASSETS		
Cash in Banks	$258	$104
TOTAL ASSETS	$258	$104
LIABILITIES AND FUND BALANCE		
Liabilities	$0	$0
Deferred revenue	0	0
TOTAL LIABILITIES	$0	$0
FUND BALANCE		
Fund Balance	$258	$104
TOTAL LIABILITIES AND FUND BALANCE	$258	$104

CITY OF MARSHALLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CHIP 09m-x-096-2-6023
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Project Length Budget	Actual	Variance
REVENUES			
Intergovernmental Revenue	$300,000	$117,727	$182,273
TOTAL REVENUES	$300,000	$117,727	$182,273
EXPENDITURES			
Rehabilitation of private properties			
H-14A-01	$169,385	$117,573	$51,812
Reconstruction of private properties			
H-14A-02	110,072	0	110,072
Contingencies			
C-022-00	5,543	0	5,543
Administration			
A-21A-00	15,000	0	15,000
TOTAL EXPENDITURES	$300,000	$117,573	$182,427
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$0	$154	$154
FUND BALANCE - BEGINNING		104	
MATCHING FUNDS		$0	
FUND BALANCE - ENDING		$258	

CITY OF MARSHALLVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
CHIP 09m-x-096-2-6023
FOR THE YEAR ENDED JUNE 30, 2012

Total Program Year 2009 Funds Allocated to Recipient		$300,000
Less: Total Program Year 2009		
Funds Drawn by Recipient	FYE 6-30-10	3,750
Funds Drawn by Recipient	FYE 6-30-11	138,626
Funds Drawn by Recipient	FYE 6-30-12	117,727
Funds Still Available from Program Year 2009 Resources		$39,897
Total Program Year 2009 Funds Drawn and Received by Recipient		$260,103
Less: Funds Applied and Expended to		
Program Year 2007 Costs	FYE 6-30-10	3,726
Program Year 2007 Costs	FYE 6-30-11	138,646
Program Year 2007 Costs	FYE 6-30-12	117,573
Total Program Year 2009 Funds Held by Recipient		$158
Matching Funds		100
		$258

CITY OF MARSHALLVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
CHIP 09m-x-096-2-6023
FOR YEAR ENDING JUNE 30, 2012

Program Activity	Latest Approved Budget CHIP Funds	Accumulated Expenditures To Date CHIP Funds	Accumulated Expenditures To Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Rehabilitation of private properties H-14A-01	$169,385	$256,219	$0	$256,373	None
Reconstruction of private properties H-14A-02	110,072	0	0	0	None
Contingencies C-022-00	5,543	0	0	0	None
Administration A-21A-00	15,000	3826	100	3826	None
Totals	$300,000	$260,045	$100	$260,045	