CITY OF MILLEN, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2010

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REDDICK, RIGGS,
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CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
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JAMES S. RIGGS
PATRICIA H. HUNTER
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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Millen, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Millen, Georgia (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Millen, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Millen, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 a report dated December 31, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not 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 considered in assessing the results of our audit.

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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Data on pages 3 through 9 and page 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Millen, Georgia's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Millen, Georgia. The accompanying Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds is presented for purposes of additional analysis and is also not a required part of the basic financial statements of the City of Millen, Georgia. The combining and individual non-major fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
December 31, 2010

This discussion and analysis is intended to be an easily readable analysis of the City of Millen, Georgia's (the City's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Overview of the Financial Statements

The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The City's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The *Statement of Activities* reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

In the Statement of Net Assets and Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, community development, information services and general administration. These activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, and charges for services.
- *Business-type activities* - Business-type activities include the City's water and sewer system, gas system, and solid waste activities. These activities are supported by charges to the users of the activities.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental Funds: The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances of spendable resources available at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 12 through 16 of this report.

The City maintains four major and eight non-major governmental funds. The City's major governmental funds are the General Fund, the SPLOST III Fund, the SPLOST V Fund and the Capital Improvements Fund. The City's non-major governmental funds are the E-911 Fund, the Confiscated Assets Fund, the Brownfield Assessment Grant, the Multiple Grants Fund, the SPLOST II Fund, the SPLOST IV Fund, the 2007 Community Development Block Grant Fund and the 2009 Community Development Block Grant Fund.

Proprietary Funds: The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 17 through 20 of this report.

The City maintains three enterprise funds: Water and Sewer, Gas and Solid Waste.

Notes to the Basic Financial Statements

The notes to the financial statements explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes begin on page 21 of this report.

Overview of the Financial Statements (continued)

Budgetary Presentations

A budgetary comparison statement is included as "basic financial statements" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information of this report beginning on page 47.

Financial Analysis of the City as a Whole

The City's net assets at fiscal year-end are $7,571,702, as compared to $5,104,909 at June 30, 2009. The following table provides a summary of the City's net assets.

Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	(As Restated) 2009	2010	(As Restated) 2009	2010	(As Restated) 2009
Assets:						
Current and other assets	$ 816,301	$ 901,022	$ 272,670	$ 525,551	$ 1,088,971	$ 1,426,573
Capital assets	1,898,582	1,095,923	6,417,177	5,134,737	8,315,759	6,230,660
Total assets	2,714,883	1,996,945	6,689,847	5,660,288	9,404,730	7,657,233
Liabilities:						
Long-term liabilities	106,723	126,533	828,500	860,083	935,223	986,616
Other liabilities	451,763	768,728	446,042	796,980	897,805	1,565,708
Total liabilities	558,486	895,261	1,274,542	1,657,063	1,833,028	2,552,324
Net assets:						
Invested in capital assets, net of related debt	1,847,458	1,020,510	5,603,410	4,295,177	7,450,868	5,315,687
Restricted	342,945	374,952	6,706	-	349,651	374,952
Unrestricted	(34,006)	(293,778)	(194,811)	(291,952)	(228,817)	(585,730)
Total Net Assets	$ 2,156,397	$ 1,101,684	$ 5,415,305	$ 4,003,225	$ 7,571,702	$ 5,104,909

The current ratio is used to measure an entity's ability to meet current obligations. The City of Millen, Georgia has a 1.81 to 1 ratio for governmental activities as compared to 1.17 to 1 at June 30, 2009. The current ratio for business-type activities is 0.61 to 1, as compared to 0.66 to 1 at June 30, 2009.

The City reported positive balances in net assets for both governmental and business-type activities. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business-type activities net assets are $5,415,305. The table below focuses on the net assets and revenues and expenses of the City's governmental and business-type activities. Net assets increased $1,054,713 for governmental activities and increased $1,412,080 for business-type activities. The City's overall financial position improved during the year ended June 30, 2010.

Financial Analysis of the City as a Whole (continued)

The following table provides a summary of the City's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	(As Restated) 2009	2010	(As Restated) 2009	2010	(As Restated) 2009
Revenues:						
Program						
Charges for services	$ 286,603	$ 230,478	$ 2,133,752	$ 2,262,840	$ 2,420,355	$ 2,493,318
Operating grants	64,000	119,103	-	-	64,000	119,103
Capital grants / contributions	1,114,327	903,115	1,214,506	-	2,328,833	903,115
General						
Property taxes	291,151	270,930	-	-	291,151	270,930
Sales taxes	238,056	250,690	-	-	238,056	250,690
Franchise taxes	181,071	198,287	-	-	181,071	198,287
Insurance premium taxes	193,607	195,441	-	-	193,607	195,441
Financial institution taxes	3,835	7,699	-	-	3,835	7,699
Alcoholic beverage taxes	95,129	96,960	-	-	95,129	96,960
Intangible and other taxes	15,636	17,338	-	-	15,636	17,338
Interest	715	816	2,494	924	3,209	1,740
Gain (loss) on sale of assets	(6,298)	(8,250)	(246)	-	(6,544)	(8,250)
Other income	48,873	21,266	-	-	48,873	21,266
Total revenues	2,526,705	2,303,873	3,350,506	2,263,764	5,877,211	4,567,637
Program expenses:						
General government	525,396	619,209	-	-	525,396	619,209
Judicial	8,111	8,833	-	-	8,111	8,833
Public safety	906,461	888,872	-	-	906,461	888,872
Public works	467,302	458,528	-	-	467,302	458,528
Economic development	64,000	86,754	-	-	64,000	86,754
Interest	8,688	11,777	-	-	8,688	11,777
Water	-	-	563,454	487,268	563,454	487,268
Gas	-	-	648,383	899,868	648,383	899,868
Solid waste	-	-	218,623	229,295	218,623	229,295
Total expenses	1,979,958	2,073,973	1,430,460	1,616,431	3,410,418	3,690,404
Increase (decrease) in net assets before transfers	546,747	229,900	1,920,046	647,333	2,466,793	877,233
Transfers	507,966	142,912	(507,966)	(142,912)	Nil	Nil
Increase (decrease) in net assets	1,054,713	372,812	1,412,080	504,421	2,466,793	877,233
Beginning net assets	1,101,684	728,872	4,003,225	3,498,804	5,104,909	4,227,676
Ending net assets	$ 2,156,397	$ 1,101,684	$ 5,415,305	$ 4,003,225	$ 7,571,702	$ 5,104,909

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 20.96% of governmental revenues. Note that program revenues made up 99.85% of the City's total revenues.

Financial Analysis of the City as a Whole (continued)

Governmental Expenses

The above table presents the costs of each of the City's programs. Public safety, water and sewer, and gas were the most costly. Public safety made up 26.58% of the City's total expenses, while water and sewer and gas made up 16.52% and 19.01% respectively.

There was an excess of $546,747 in governmental activities and an excess of $1,920,046 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $1,054,713 and a total excess in business-type activities of $1,412,080. The total change in net assets was $2,466,793. As stated earlier, the financial position of the City improved in the year ended June 30, 2010.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of $332,000. Of this year-end total, $245,781 is reserved for capital projects and $97,164 for public safety. The unreserved portion of governmental fund balances was $(10,945). The total ending fund balances of governmental funds shows an increase of $263,156, or a 382.25% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported ending fund deficit of $(10,945), which is unreserved. The total ending fund balance of the general fund shows an increase of $290,696. The increase in the current year was a result of increased collections of prior year taxes as well as aggressive collection of current year taxes, an increase in the collection of fees, fines and forfeitures, the sale of some old City equipment, and planned reductions in spending.

Total revenues of the General Fund were $1,265,185, a decrease of $28,047 from fiscal year 2009. This equates to an 2.17% decrease in total revenues. This decrease was due to a decrease in motor vehicle taxes, franchise taxes, sales and use taxes, insurance premium taxes, and business licenses and permits which can all be attributed to a downturn in the economy.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were $2,133,752, decrease of $129,087 over fiscal year 2009. The decrease was the result of a loss of customer base and particularly the loss of an industrial client which shutdown which significantly impacted the City's natural gas revenues. The difference in natural gas revenues between fiscal year 2008 and 2009 is $(104,849), which is the bulk of the total reduction in revenues. After considering expenditures, the net income of these funds before capital contributions and transfers is $705,540.

Budgetary Highlights

Revenues in the General Fund were over the budget by $32,032. This increase resulted from collection of prior year taxes, an increase in intergovernmental revenues, motor vehicle taxes, franchise taxes, and an increase in collection of fees, fines and forfeitures.

Expenditures in the General Fund were under the budget by $301,087. The decrease resulted primarily from the implementation of centralized purchasing and aggressive procedures requiring competitive bidding for products and services as well as a curtailment of unnecessary spending for 90 days in addition to planned spending reductions.

A budget amendment was adopted during the year ended June 30, 2010 which resulted in a decrease in General Fund expenditures of $99,928.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of June 30, 2010, was $8,315,759 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Nondepreciable assets:						
Land	$ 73,926	$ 75,164	$ -	$ -	$ 73,926	$ 75,164
Construction in progress	853,838	106,689	3,223,259	2,460,612	4,077,097	2,567,301
Book value - nondepreciable assets	927,764	181,853	3,223,259	2,460,612	4,151,023	2,642,465
Depreciable assets:						
Land and improvements	149,842	30,774	-	-	149,842	30,774
Buildings and plant	961,097	969,049	5,239,977	4,556,315	6,201,074	5,525,364
Machinery and equipment	440,072	431,601	575,988	575,196	1,016,060	1,006,797
Office equipment	181,549	187,542	9,137	9,137	190,686	196,679
Vehicles	598,428	584,469	197,617	197,617	796,045	782,086
Total depreciable assets	2,330,988	2,203,435	6,022,719	5,338,265	8,353,707	7,541,700
Less accumulated depreciation	1,360,170	1,289,365	2,828,801	2,664,140	4,188,971	3,953,505
Book value - depreciable assets	970,818	914,070	3,193,918	2,674,125	4,164,736	3,588,195
Percentage depreciated	58.35 %	58.52 %	46.97 %	49.91 %	50.15 %	52.42 %
Total Capital Assets	$ 1,898,582	$ 1,095,923	$ 6,417,177	$ 5,134,737	$ 8,315,759	$ 6,230,660

For more information on the changes in capital assets, see Note 3.D.

Capital Assets and Debt Administration (continued)

Debt Outstanding

As of June 30, 2010, the City had total outstanding long-term debt of $935,223 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Accumulated leave benefits	$ 55,599	$ 51,120	$ 14,733	$ 20,523	$ 70,332	$ 71,643
Notes payable						
GEFA Loan	-	-	17,993	36,405	17,993	36,405
Capital leases						
Fire truck	51,124	75,413	-	-	51,124	75,413
Revenue Bonds Payable						
USDA Bonds, Series 1992	-	-	795,774	803,155	795,774	803,155
Total Long-Term Debt	$ 106,723	$ 126,533	$ 828,500	$ 860,083	$ 935,223	$ 986,616

During the year ended June 30, 2010, the City issued no long-term debt. The City retired $55,872 of existing debt.

For more information on the City's long-term debt, see Note 3.G.

Economic Conditions Affecting the City

The City of Millen is located in Jenkins County. The County's unemployment rate has been consistently high and for most of 2009 exceeded the statewide average. Currently, the unemployment rate is 14.5%. Given the current national economic conditions and due to the loss of all industry in the City, it is anticipated that the unemployment rate will continue to remain high. There is a glimmer of hope since the City has recently been notified that a private prison will be built just outside the City which will provide approximately 200 to 250 jobs and should provide some boost to City revenues since the City will provide utility services to the prison. The City is currently finishing up a project on its wastewater treatment facility which increased the plant treatment capacity from 457 thousand gallons per day to 950 thousand gallons per day. Additionally, the City completed a Streetscape Project during this fiscal year which significantly improved the appeal of the old Historic District of downtown Millen. Shortly, the City will beging a sewer line upgrade in the Knox Homes subdivision and also a Brownfield Cleanup Project on a site located downtown. Additionally, the City will soon begin construction on utilities leading to the Jenkins Correctional Facility.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P. O. Box 929, Millen, GA 30442.

CITY OF MILLEN, GEORGIA
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash	$ 576,116	$ 145,183	$ 721,299	$ 50
Receivables, net of allowance for uncollectibles:				
Taxes	32,421	-	32,421	-
Intergovernmental	55,596	38,222	93,818	-
Other	101,177	102,115	203,292	-
Accrued interest receivable	47	-	47	-
Internal balances	50,944	(50,944)	-	-
Restricted assets:				
Cash	-	10,000	10,000	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	927,764	3,223,259	4,151,023	6,350
Depreciable assets, net	970,818	3,193,918	4,164,736	46,143
Other assets:				
Bond issuance costs, unamortized portion	-	28,094	28,094	-
Total Assets	2,714,883	6,689,847	9,404,730	52,543
LIABILITIES				
Current Liabilities				
Accounts payable	84,817	348,913	433,730	2,370
Payroll taxes payable	4,372	-	4,372	-
Accrued salaries	27,269	9,284	36,553	-
Accrued sales tax	-	1,697	1,697	-
Accrued interest payable	2,615	2,848	5,463	70
Other accrued expenses	92,184	3,294	95,478	-
Due to Department of Justice	114,356	-	114,356	-
Deposits to secure services	-	80,006	80,006	-
Tax anticipation notes	126,150	-	126,150	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	11,120	2,946	14,066	-
Notes payable	-	17,993	17,993	2,334
Capital lease payable	25,127	-	25,127	-
Revenue bonds payable	-	7,826	7,826	-
Due in more than one year:			-	-
Compensated absences, net of current portion	44,479	11,787	56,266	-
Notes payable, net of current portion	-	-	-	51,420
Capital lease payable, net of current portion	25,997	-	25,997	-
Revenue bonds payable, net of current portion	-	787,948	787,948	-
Total Liabilities	558,486	1,274,542	1,833,028	56,194
NET ASSETS				
Invested in capital assets, net of related debt	1,847,458	5,603,410	7,450,868	-
Restricted for:				
Capital projects	245,781	1,271	247,052	-
Debt service	-	5,435	5,435	-
Public Safety	97,164	-	97,164	-
Unrestricted	(34,006)	(194,811)	(228,817)	(3,651)
Total Net Assets	$ 2,156,397	$ 5,415,305	$ 7,571,702	$ (3,651)

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Activities
For the Year Ended June 30, 2010

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total	Component Unit
Governmental activities:								
General government	$ 525,396	$ 35,594	$ -	$ -	$ (489,802)	$ -	$ (489,802)	
Judicial	8,111	-	-	-	(8,111)	-	(8,111)	
Public safety	906,461	251,009	-	38,247	(617,205)	-	(617,205)	
Public works	467,302	-	-	1,076,080	608,778	-	608,778	
Economic development	64,000	-	64,000	-	-	-	-	
Interest on long-term debt	8,688	-	-	-	(8,688)	-	(8,688)	
Total governmental activities	1,979,958	286,603	64,000	1,114,327	(515,028)	Nil	(515,028)	
Business-type activities:								
Water and sewer	563,454	848,921	-	1,214,506	-	1,499,973	1,499,973	
Gas	648,383	845,541	-	-	-	197,158	197,158	
Solid waste	218,623	439,290	-	-	-	220,667	220,667	
Total business-type activities	1,430,460	2,133,752	Nil	1,214,506	Nil	1,917,798	1,917,798	
Total - Primary Government	$ 3,410,418	$ 2,420,355	$ 64,000	$ 2,328,833	(515,028)	1,917,798	1,402,770	
Component Unit Downtown Development Authority	$ 5,523	$ 6,340	-	-	-	-	-	$ 817
General Revenues								
Property taxes					291,151	-	291,151	-
Sales taxes					238,056	-	238,056	-
Franchise taxes					181,071	-	181,071	-
Insurance premium taxes					193,607	-	193,607	-
Financial institution taxes					3,835	-	3,835	-
Alcoholic beverage taxes					95,129	-	95,129	-
Intangible and other taxes					15,636	-	15,636	-
Interest					715	2,494	3,209	-
Other revenues					48,873	-	48,873	-
Gain (loss) on sale of assets					(6,298)	(246)	(6,544)	(3,292)
Total general revenues					1,061,775	2,248	1,064,023	(3,292)
Transfers					507,966	(507,966)	-	-
Total general revenues and transfers					1,569,741	(505,718)	1,064,023	(3,292)
Change in net assets					1,054,713	1,412,080	2,466,793	(2,475)
Net assets, beginning of year (as restated)					1,101,684	4,003,225	5,104,909	(1,176)
Net assets, end of year					$ 2,156,397	$ 5,415,305	$ 7,571,702	$ (3,651)

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	SPLOST III Fund	SPLOST V Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 405,260	$ 32,330	$ 60,675	$ 99	$ 77,752	$ 576,116
Receivables:						
Taxes receivable	32,421	-	-	-	-	32,421
Intergovernmental receivables	-	-	11,695	43,901	-	55,596
Other receivables	81,580	-	-	-	19,882	101,462
Accrued interest receivable	47	-	-	-	-	47
Due from other funds	300	197,660	4,584	59,102	-	261,646
Total Assets	$ 519,608	$ 229,990	$ 76,954	$ 103,102	$ 97,634	$ 1,027,288
LIABILITIES						
Accounts payable	$ 50,898	$ -	$ 2,061	$ 31,488	$ 370	$ 84,817
Payroll taxes payable	4,372	-	-	-	-	4,372
Accrued salaries	27,269	-	-	-	-	27,269
Deferred tax revenues	32,540	-	-	-	-	32,540
Accrued interest payable	2,615	-	-	-	-	2,615
Other liabilities	20,953	-	-	71,514	-	92,467
Due to other funds	151,400	-	59,102	100	100	210,702
Due to Department of Justice	114,356	-	-	-	-	114,356
Tax anticipation notes	126,150	-	-	-	-	126,150
Total Liabilities	530,553	Nil	61,163	103,102	470	695,288
FUND BALANCES						
Reserved for capital projects	-	229,990	15,791	-	-	245,781
Reserved for public safety	-	-	-	-	97,164	97,164
Fund balance - unreserved	(10,945)	-	-	-	-	(10,945)
Total Fund Balances	(10,945)	229,990	15,791	Nil	97,164	332,000
Total Liabilities and Fund Balances	$ 519,608	$ 229,990	$ 76,954	$ 103,102	$ 97,634	$ 1,027,288

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010

Total Governmental Fund Balances		$ 332,000
Amounts reported in governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Cost	$ 3,258,752	
Accumulated depreciation	(1,360,170)	1,898,582
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		32,540
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (51,126)	
Compensated absences	(55,599)	(106,725)
Total Net Assets of Governmental Activities		$ 2,156,397

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	SPLOST III Fund	SPLOST V Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	$ 280,799	$ -	$ -	$ -	$ -	$ 280,799
Motor vehicle taxes	31,444	-	-	-	-	31,444
Mobile home taxes	4,792	-	-	-	-	4,792
Franchise taxes	181,071	-	-	-	-	181,071
Sales and use taxes	238,056	-	-	-	-	238,056
Alcoholic beverage taxes	95,129	-	-	-	-	95,129
Business and occupation taxes	23,152	-	-	-	-	23,152
Insurance premium taxes	193,607	-	-	-	-	193,607
Financial institution taxes	3,835	-	-	-	-	3,835
Other taxes	3,726	-	-	-	-	3,726
Licenses and permits	6,075	-	-	-	-	6,075
Intergovernmental revenues	18,725	-	159,396	707,044	309,499	1,194,664
Charges for services	24,675	-	-	-	121,440	146,115
Fees, fines and forfeitures	110,164	-	-	-	750	110,914
Investment income	715	-	1,104	-	-	1,819
Other revenues	49,220	-	-	-	-	49,220
Total revenues	1,265,185	Nil	160,500	707,044	431,689	2,564,418
EXPENDITURES						
Current operations:						
General city government	471,103	-	-	-	-	471,103
Judicial	8,111	-	-	-	-	8,111
Public safety	700,147	-	-	-	179,011	879,158
Public works	452,650	-	-	-	-	452,650
Public health and welfare	-	-	-	-	3,000	3,000
Economic development	-	-	-	-	61,000	61,000
Debt Service:						
General city government	8,688	-	26,891	-	-	35,579
Capital:						
Public safety	-	-	-	-	1,535	1,535
Public works	-	-	68,123	850,073	204,464	1,122,660
Total expenditures	1,640,699	Nil	95,014	850,073	449,010	3,034,796
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(375,514)	-	65,486	(143,029)	(17,321)	(470,378)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	1,600	-	-	-	-	1,600
Transfers in	731,934	-	-	143,029	67,324	942,287
Transfers out	(67,324)	-	(143,029)	-	-	(210,353)
NET CHANGE IN FUND BALANCES	290,696	Nil	(77,543)	Nil	50,003	263,156
FUND BALANCES, beginning of year (as restated)	(301,641)	229,990	93,334	Nil	47,161	68,844
FUND BALANCES, end of year	$ (10,945)	$ 229,990	$ 15,791	$ Nil	$ 97,164	$ 332,000

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds		$ 263,156
Amounts reported in the Statement 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.		948,237
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(137,682)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the book value of the capital assets sold.		(7,898)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds.		
Principal retirement on long-term debt		24,289
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property taxes at June 30, 2010	$ 32,540	
Deferred property taxes at June 30, 2009	(63,450)	(30,910)
Compensated absences reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Liability at June 30, 2010	$ (55,599)	
Liability at June 30, 2009	51,120	(4,479)
Change in net assets in governmental funds		$ 1,054,713

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 292,600	$ 277,000	$ 280,799	$ 3,799
Motor vehicle taxes	40,000	19,300	31,444	12,144
Mobile home taxes	35,000	5,000	4,792	(208)
Franchise taxes	230,000	166,385	181,071	14,686
Sales and use taxes	270,200	260,100	238,056	(22,044)
Alcoholic beverage taxes	92,500	92,500	95,129	2,629
Business and occupation taxes	29,100	29,100	23,152	(5,948)
Insurance premium taxes	196,000	193,600	193,607	7
Financial institution taxes	6,000	6,000	3,835	(2,165)
Other taxes	2,200	1,400	3,726	2,326
Licenses and permits	6,300	6,300	6,075	(225)
Intergovernmental revenues	13,000	11,368	18,725	7,357
Charges for services	26,400	25,000	24,675	(325)
Fees, fines and forfeitures	70,000	65,000	110,164	45,164
Investment income	100	100	715	615
Other revenues	161,103	75,000	49,220	(25,780)
Total revenues	1,470,503	1,233,153	1,265,185	32,032
EXPENDITURES				
Current operations:				
General city government	662,111	642,078	471,103	170,975
Judicial	13,225	16,925	8,111	8,814
Public safety	842,374	803,850	700,147	103,703
Public works	474,004	468,933	452,650	16,283
Debt service:				
General city government	50,000	10,000	8,688	1,312
Total expenditures	2,041,714	1,941,786	1,640,699	301,087
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(571,211)	(708,633)	(375,514)	333,119
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	8,000	2,500	1,600	(900)
Transfers in	580,993	682,133	731,934	49,801
Transfers out	(17,782)	24,000	(67,324)	(91,324)
NET CHANGE IN FUND BALANCES	Nil	Nil	290,696	290,696
FUND BALANCES, beginning of year (as restated)	(301,641)	(301,641)	(301,641)	Nil
FUND BALANCES, end of year	$ (301,641)	$ (301,641)	$ (10,945)	$ 290,696

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 145,183	$ -	$ -	$ 145,183
Intergovernmental receivables	38,222	-	-	38,222
Accounts receivable	61,919	9,708	30,488	102,115
Restricted assets:				
Cash	6,706	3,294	-	10,000
Total current assets	252,030	13,002	30,488	295,520
Noncurrent Assets				
Bond issuance costs, unamortized portion	28,094	-	-	28,094
Capital assets:				
Nondepreciable assets	3,221,571	1,688	-	3,223,259
Depreciable assets, net	2,931,842	226,301	35,775	3,193,918
Total noncurrent assets	6,181,507	227,989	35,775	6,445,271
Total Assets	6,433,537	240,991	66,263	6,740,791
LIABILITIES				
Current Liabilities				
Accounts payable	51,752	292,462	4,699	348,913
Accrued salaries	4,093	2,671	2,520	9,284
Accrued sales tax	-	1,697	-	1,697
Accrued interest payable	2,848	-	-	2,848
Due to other funds	50,944	-	-	50,944
Compensated absences	1,096	571	1,279	2,946
Other liabilities	-	3,294	-	3,294
Notes payable - current portion	17,993	-	-	17,993
Revenue bonds payable - current portion	7,826	-	-	7,826
Deposits to secure service	42,081	37,925	-	80,006
Total current liabilities	178,633	338,620	8,498	525,751
Noncurrent Liabilities				
Compensated absences	4,385	2,285	5,117	11,787
Revenue bonds payable, net of current portion	787,948	-	-	787,948
Total noncurrent liabilities	792,333	2,285	5,117	799,735
Total Liabilities	970,966	340,905	13,615	1,325,486
NET ASSETS				
Invested in capital assets, net of related debt	5,339,646	227,989	35,775	5,603,410
Restricted for capital projects	1,271	-	-	1,271
Restricted for debt service	5,435	-	-	5,435
Net assets, unrestricted	116,219	(327,903)	16,873	(194,811)
Total Net Assets	$ 5,462,571	$ (99,914)	$ 52,648	$ 5,415,305

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 808,567	$ 824,338	$ 428,515	$ 2,061,420
Installation charges	17,730	125	-	17,855
Penalties	20,331	20,728	10,775	51,834
Miscellaneous	50	350	-	400
Recovery of bad debts	2,243	-	-	2,243
Total operating revenues	848,921	845,541	439,290	2,133,752
OPERATING EXPENSES				
Salaries	132,327	94,888	115,760	342,975
Employee benefits	52,945	31,386	44,061	128,392
Contractual services	57,263	5,505	-	62,768
Repairs, maintenance and other contractual services	17,760	4,176	10,084	32,020
Gas purchases	-	461,221	-	461,221
Communications	5,147	3,077	1,199	9,423
Travel and training	2,261	973	-	3,234
Supplies and materials	29,926	8,500	4,188	42,614
Utilities	58,032	-	-	58,032
Vehicle gasoline	11,708	5,721	18,982	36,411
Depreciation	131,633	20,025	14,132	165,790
Other expenses	25,880	12,911	10,217	49,008
Total operating expenses	524,882	648,383	218,623	1,391,888
NET INCOME FROM OPERATIONS	324,039	197,158	220,667	741,864
NONOPERATING REVENUES (EXPENSES)				
Amortization of bond issuance costs	(725)	-	-	(725)
Interest earned	2,487	7	-	2,494
Interest expense	(37,847)	-	-	(37,847)
Gain (loss) on sale of assets	(246)	-	-	(246)
Total nonoperating revenues (expenses)	(36,331)	7	Nil	(36,324)
INCOME (LOSS) BEFORE TRANSFERS	287,708	197,165	220,667	705,540
Capital contributions	1,438,474	-	-	1,438,474
Transfers out	(419,179)	(79,700)	(233,055)	(731,934)
CHANGE IN NET ASSETS	1,307,003	117,465	(12,388)	1,412,080
NET ASSETS, beginning of year (as restated)	4,155,568	(217,379)	65,036	4,003,225
NET ASSETS, end of year	$ 5,462,571	$ (99,914)	$ 52,648	$ 5,415,305

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 842,539	$ 840,496	$ 437,031	$ 2,120,066
Cash paid for goods and services	(491,585)	(677,968)	(70,263)	(1,239,816)
Cash paid to employees for services	(134,643)	(98,474)	(118,172)	(351,289)
Customer deposits received (refunded)	3,538	1,020	-	4,558
Net cash provided by operating activities	219,849	65,074	248,596	533,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net transfers in (out)	(419,179)	(79,700)	(233,055)	(731,934)
Net cash used by noncapital financing activities	(419,179)	(79,700)	(233,055)	(731,934)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital	1,169,443	-	-	1,169,443
Purchase of property and equipment	(917,370)	(542)	(15,541)	(933,453)
Loan repayments	(18,413)	-	-	(18,413)
Retirement of revenue bonds	(7,381)	-	-	(7,381)
Interest and fiscal charges paid	(37,976)	-	-	(37,976)
Net cash provided (used) by capital and related financing activities	188,303	(542)	(15,541)	172,220
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	3,412	7	-	3,419
Net cash provided by investing activities	3,412	7	Nil	3,419
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,615)	(15,161)	Nil	(22,776)
CASH AND EQUIVALENTS, beginning of year	159,504	18,455	Nil	177,959
CASH AND EQUIVALENTS, end of year	$ 151,889	$ 3,294	$ Nil	$ 155,183

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Reconciliation of net income to net cash provided by operating activities:				
NET INCOME FROM OPERATIONS	$ 324,039	$ 197,158	$ 220,667	$ 741,864
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	20,542	-	-	20,542
Depreciation	131,633	20,025	29,131	180,789
Decrease (increase) in operating assets:				
Accounts receivable	(6,382)	(5,043)	(2,258)	(13,683)
Increase (decrease) in operating liabilities:				
Accounts payable	(251,205)	(143,847)	3,468	(391,584)
Accrued salaries	(440)	(1,492)	(592)	(2,524)
Accrued leave benefits	(1,876)	(2,094)	(1,820)	(5,790)
Accrued sales tax	-	151	-	151
Deposits for services	3,538	1,020	-	4,558
	-	(804)	-	(804)
Total adjustments	(104,190)	(132,084)	27,929	(208,345)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 219,849	$ 65,074	$ 248,596	$ 533,519
Supplemental Disclosure of Cash Flow Information				
Noncash investing and financing activities:				
Property and equipment purchased on open account	$ 39,397	$ Nil	$ Nil	$ 39,397
Contribution of capital	$ 255,568	$ Nil	$ Nil	$ 255,568

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The City of Millen, Georgia was incorporated in 1881 under the laws of the State of Georgia and operates under an elected Mayor-Council form of government. The financial statements of the City have been prepared in conformity with accounting principals generally accepted in the United States (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, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

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 and departments 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. Component 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.

Using the above criteria, the City has one component unit as described below:

Millen Downtown Development Authority (the Authority) - The Authority works to promote the economic development and revitalization of the downtown area. The City Council appoints the board members and is legally obligated or has otherwise assumed financial responsibility for the organization. Therefore, the Authority is fiscally dependent on the City. Complete financial statements for the Authority can be obtained directly from the Millen Downtown Development Authority at 549 Cotton Avenue, Millen, Georgia 30442.

The following are related organizations of the City which are excluded from the reporting entity:

Housing Authority of the City of Millen - The City Council appoints the Authority's governing board. The Authority's operations are financed primarily through grants and rent revenues and the City has no ongoing financial requirement to support the Authority. Additionally, the City does not hold title to the Authority's assets, nor does it have any rights to the Authority's surpluses. During the year ended June 30, 2010, the Authority paid the City $12,833 for payment in lieu of taxes. Financial statements for the Authority may be obtained through the Housing Authority Director at 570 Wallace Street, Waynesboro, Georgia 30830.

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The following are joint ventures or jointly governed organizations which are excluded from the reporting entity:

Central Savannah River Area Regional Development Center - Under Georgia law, the City, in conjunction with other cities and counties in a 14-county region in the eastern portion of central Georgia, is a member of the Central Savannah River Regional Development Center (RDC) and is required to pay annual dues thereto. In addition, the City contracts with the RDC for specific services which are billed based on standard hourly rates. During the year ended June 30, 2010, the City paid the RDC $17,951 for grant administration services. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Financial statements for the Center may be obtained directly from the RDC at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

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 a statement of net assets and a statement of activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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 statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or identifiable activity; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenue sources not properly included in program revenues are reported as general revenues of the City.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 a more detailed level. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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 City's major governmental funds are:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. 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 Georgia.

SPLOST III Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

SPLOST V Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

Capital Improvements Fund - This fund is used to account for the proceeds of various grants. Proceeds are restricted to use for certain public facility improvements, including street construction and enhancements.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Water and Sewer Fund - This fund is used to account for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Gas Fund - This fund is used to account for the operation of the City's gas system which renders services to the residents and businesses located within the City.

Solid Waste Fund - This fund is used to account for the operation of the City's solid waste and sanitation program.

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Under the modified accrual basis of accounting, revenues are recorded when they become "measurable and available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The City considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, pension and other post employment costs, and compensated absences, which are recognized only when payment is due.

The revenues susceptible to accrual are property taxes, franchise taxes, licenses, charges for services, 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. Expenditure-based grants are recorded as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. All other governmental fund type revenues are recognized when received.

D. Assets, Liabilities and Net Assets or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the government.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

State statute authorizes municipalities 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 government or governmental agency
- Obligations of any corporations of the 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

It is the City's policy to invest all cash in insured deposit accounts. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

2. Receivables

Receivables are stated net of an allowance for uncollectible accounts. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

3. Interfund Balances

Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net assets, except that any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

4. Interfund Activities

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/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 nonoperating revenues/expenses section in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

5. Inventories and Prepaid Expenses

The purchase method is used to account for inventories of materials. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Payments by the City in the current year to provide services occurring in the subsequent fiscal year are recorded under the purchase method. Therefore, no prepaid balance has been reflected at year end.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, right of ways, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column on the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2003 are not reported. The City defines capital assets as assets with an initial cost greater than $500 or infrastructure assets with an initial cost greater than $10,000, and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Asset Category	Estimated Useful Life
Buildings and plant	40 to 50 years
Land improvements	15 to 50 years
Machinery and equipment	5 to 10 years
Office furnishings and equipment	5 to 7 years
Vehicles	5 to 7 years

7. Deferred Revenues

The government-wide financial statements use the accrual basis of accounting and all revenue is recognized when earned. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, in accordance with the modified accrual basis of accounting.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

8. Compensated Absences

City policy provides for the accumulation of unused vacation days up to a maximum of 30 days. It also provides for the accumulation of sick days up to a maximum of 60 days. It is the City's policy to pay employees for unused vacation when there is a separation from service. Accumulated sick pay does not vest and is not paid upon termination.

Vacation pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in the governmental funds only if amounts are actually due employees as a result of termination and/or retirement. All compensated absence liabilities include salary-related payments, where applicable.

9. Accrued Liabilities and Long-Term Debt

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are reported as other assets.

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 these 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. Debt service expenditures are recognized in the governmental fund financial statements when due.

10. Fund Net Assets or Equity

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

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

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 outstanding loan balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations 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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

11. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and items. Operating revenues are those revenues and expenses generally resulting from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the City, these revenues are charges for water, sewer, gas and solid waste programs. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements and schedules in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budgets are adopted on a basis consistent with GAAP, except that no provision is made to reserve for encumbrances. All annual appropriations lapse at fiscal year end.

The City's budgetary process requires that expending agencies and department heads submit appropriation requests to the City Manager. After review by the City Manager, the requests are combined and an operating budget is submitted to the City Council prior to March for the fiscal year commencing the following July 1. Once received by the City Council, public hearings are advertised and conducted at City Hall to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through passage of an ordinance. The final budget can be amended by the City Council through the year.

During the fiscal year ended June 30, 2010, City Council approved a budget amendment which decreased General Fund expenditures by $99,928.

The legal level of budgetary control is the department level.

Note 2. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

The City does not use encumbrance accounting, whereby commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control.

B. Excess of Expenditures over Appropriations

In governmental funds, operating expenditures exceeded the budget as follows:

E-911 Fund	$ 77,056

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At June 30, 2010, the carrying amount of the City's deposits was $731,299 which is reflected as cash of $721,299 and restricted cash of $10,000. The related bank balance was $762,351. Of this bank balance, $357,907 was FDIC insured. The uninsured portion was collateralized at 110% with State or U.S. Government securities held by a third party.

B. Receivables

Receivables at June 30, 2010, including the applicable allowance for uncollectible accounts, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Property taxes at June 30, 2010 consist of the following:

Taxes receivable -	Current	$ 20,697
	Prior	22,936
Gross receivables		43,633
Allowance for uncollectible accounts		11,212
Total		$ 32,421

Note 3. **Detailed Notes on All Funds (continued)**

B. Receivables (continued)

Other receivables at June 30, 2010, consisted of the following

	General Fund	Capital Improvements Fund	SPLOST V Fund	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ -	$ 43,901	$ 11,695	$ -	$ 38,222	$ 93,818
Other receivables	81,580	-	$ -	19,882	141,559	243,021
Gross receivables	81,580	43,901	11,695	19,882	179,781	336,839
Allowance for uncollectible	-	-	-	-	39,444	39,444
Total	$ 81,580	$ 43,901	$ 11,695	$ 19,882	$ 140,337	$ 297,395

Intergovernmental receivables consist of SPLOST revenues due from Jenkins County, Georgia, reimbursements for program expenditures under the City's USDA Grant program and reimbursements due under the City's Transportation Enhancement grant.

Other receivables in the General Fund consist primarily of franchise taxes, local option sales taxes and alcoholic beverage taxes.

C. Property Taxes

Property taxes are levied on October 20, based on the assessed value of property as listed on the previous January 1 and are due December 20. On December 21, the bill becomes delinquent and interest may be assessed by the government. Penalties may be assessed 30 days after that date.

At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures. The City has adopted the policy of writing off all taxes receivable over seven years old.

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	Restated Balance December 31, 2009	Additions	Retirements	Balance June 30, 2010
Governmental Activities:				
Nondepreciable capital assets:				
Land (as restated)	$ 75,164	$ -	$ 1,238	$ 73,926
Construction-in-progress	106,689	866,217	119,068	853,838
Total nondepreciable capital assets	181,853	866,217	120,306	927,764
Depreciable assets: (as restated)				
Land improvements	30,774	119,068	-	149,842
Buildings and plant	969,049	-	7,952	961,097
Machinery and equipment	431,601	49,700	41,229	440,072
Office equipment	187,542	723	6,716	181,549
Vehicles	584,469	31,600	17,641	598,428
Total depreciable capital assets	2,203,435	201,091	73,538	2,330,988
Total capital assets	2,385,288	1,067,308	193,844	3,258,752
Accumulated depreciation: (as restated)				
Land improvements	4,882	2,378	-	7,260
Buildings and plant	587,587	24,652	3,484	608,755
Machinery and equipment	293,146	38,458	39,573	292,031
Office equipment	88,470	37,187	17,105	108,552
Vehicles	315,280	35,008	6,716	343,572
Total accumulated depreciation	1,289,365	137,683	66,878	1,360,170
Governmental activities capital assets, net	$ 1,095,923	$ 929,625	$ 126,966	$ 1,898,582

Governmental activities depreciation expense:

General city government	$ 48,478
Public safety	73,454
Public works	15,751
Total governmental activities depreciation expense	$ 137,683

Note 3. **Detailed Notes on All Funds (continued)**

D. Capital Assets (continued)

	Restated Balance December 31, 2009	Additions	Retirements	Balance June 30, 2010
Business-Type Activities:				
Nondepreciable capital assets:				
Construction-in-progress	$ 2,460,612	$ 1,446,308	$ 683,661	$ 3,223,259
Total nondepreciable capital assets	2,460,612	1,446,308	683,661	3,223,259
Depreciable capital assets:				
Buildings and plant	4,556,315	683,662	-	5,239,977
Machinery and equipment	575,196	2,167	1,375	575,988
Office equipment	9,137	-	-	9,137
Vehicles	197,617	-	-	197,617
Total depreciable capital assets	5,338,265	685,829	1,375	6,022,719
Total capital assets	7,798,877	2,132,137	685,036	9,245,978
Accumulated depreciation:				
Buildings and plant	2,135,416	113,232	-	2,248,648
Machinery and equipment	391,926	28,262	1,129	419,059
Office equipment	7,910	602	-	8,512
Vehicles	128,888	23,694	-	152,582
Total accumulated depreciation	2,664,140	165,790	1,129	2,828,801
Business-type capital assets, net	$ 5,134,737	$ 1,966,347	$ 683,907	$ 6,417,177

Business-type activities depreciation expense:

Water and sewer	$ 131,633
Gas	20,025
Solid waste	14,132
Total business-type activities depreciation expense	$ 165,790

Note 3. **Detailed Notes on All Funds (continued)**

E. Interfund Balances and Transfers

A summary of interfund receivables/payables at June 30, 2010, is as follows:

	Due to:				
		Capital Projects			
	General Fund	SPLOST III Fund	SPLOST V Fund	Capital Improvements Fund	Total
Due from:					
Governmental Funds:					
General Fund	$ -	$ 146,816	$ 4,584	$ -	$ 151,400
Capital Projects	-	-	-	-	-
SPLOST V Fund	-	-	-	59,102	59,102
2009 CDBG	100	-	-	-	100
Capital Improvements Fund	100	-	-	-	100
Proprietary Funds:					
Water and Sewer Fund	100	50,844	-	-	50,944
Total	$ 300	$ 197,660	$ 4,584	$ 59,102	$ 261,646

Amounts due from the General Fund and the Water and Sewer Fund to the SPLOST III Fund represent amounts loaned to those funds in prior years. A monthly repayment of $2,000 is being paid from the General Fund to retire the advances to bring the City into conformity with state law.

Amounts due from the General Fund to the SPLOST V Fund represent amounts over-reimbursed from SPLOST V monies. This overpayment was reimbursed subsequent toJune 30, 2010.

Amounts due to the General Fund from the 2009 Community Development Block Grant, the Capital Improvements Fund and the Water and Sewer Fund represent amounts advanced to open grant bank accounts.

Amounts due to the Capital Improvements Fund from the SPLOST V Fund represent the City's required cash match for a "Transportation Enhancement" grant.

Note 3. **Detailed Notes on All Funds (continued)**

E. Interfund Balances and Transfers (continued)

A summary of interfund transfers during the year ended June 30, 2010, is as follows:

	Transfers to:				
		Special Revenue		Capital Projects	
	General Fund	E-911 Fund	Multiple Grants Fund	Capital Improvements Fund	Total
Transfers from:					
Governmental funds:					
General Fund	$ -	$ 65,199	$ 2,125	$ -	$ 67,324
SPLOST V Fund	-	-	-	143,029	143,029
Total governmental funds	-	65,199	2,125	143,029	210,353
Proprietary funds:					
Water and Sewer Fund	419,179	-	-	-	419,179
Gas Fund	79,700	-	-	-	79,700
Solid Waste Fund	233,055	-	-	-	233,055
Total proprietary funds	731,934	Nil	Nil	Nil	731,934
Total	$ 731,934	$ 65,199	$ 2,125	$ 143,029	$ 942,287

Amounts transferred to the General Fund from the enterprise funds and amounts transferred from the General Fund to the enterprise funds represent net cash transactions of those funds deposited into or paid from the General Fund.

Amounts transferred to the E-911 Fund represent amounts due under the City's intergovernmental agreement with Jenkins County to provide for administration of the program.

Amounts transferred to the Multiple Grants Fund from the General Fund represent required cash match amounts under various grants.

Amounts transferred to the Capital Improvements Fund from the SPLOST V Fund represent required cash match amounts under the City's Transportation Enhancement grant.

Note 3. Detailed Notes on All Funds (continued)

F. Short-Term Debt

The City issued tax anticipation notes on January 05, 2010, bearing interest at 4.0%, due December 31, 2010. The notes were issued for cash flow purposes. Changes in the short-term obligations for the year ended June 30, 2010 were as follows:

Balance at December 31, 2009	$ 295,150
Funds advanced	150,150
Repayments	(319,150)
Balance at June 30, 2010	$ 126,150

Interest on short-term debt incurred during the year ended June 30, 2010 in governmental activities totaled $8,688, which was charged to expenditures during the year.

G. Long-Term Debt

1. Notes Payable

Notes payable of the City at June 30, 2010 consisted of the following:

Business-type Activities:

Note payable to the Georgia Environmental Facilities Authority, issued August 1, 1993 in the original amount of $210,750 due in quarterly installments of approximately $2,067 through May, 2011, with interest at 6.7%	$ 17,993
Total	$ 17,993

These notes payable of the business-type activities were obtained for the purpose of improving the City's water and sewer systems.

Annual debt service requirements to amortize all notes payable are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2011	$ 17,993	$ 1,881	$ 19,874
Total	$ 17,993	$ 1,881	$ 19,874

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

2. Bonds Payable

At June 30, 2010, bonds payable consisted of the following:

Revenue Bonds:	
Water and Sewerage Revenue Bonds, Series 2009, issued March 2, 2009 in the original amount of $805,000, due in monthly installments of $3,623 through February 2, 2049, with interest at 4.5%	$ 795,774
Total	$ 795,774

The revenue bonds were issued through the United States Department of Agriculture, Rural Development (formerly Farmers Home Administration) to provide funding for expansion and renovation of the City's wastewater treatment facility. The amortization schedule below includes principal and interest on the outstanding balance. The bonds are payable from the net revenues of the water and sewer system and are not general obligations of the City.

The annual requirements to each debt type to amortize bonds outstanding at June 30, 2010, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2011	$ 7,826	$ 35,650	$ 43,476
2012	8,186	35,290	43,476
2013	8,562	34,914	43,476
2014	8,955	34,521	43,476
2015	9,367	34,109	43,476
2016 - 2020	53,697	163,683	217,380
2021 - 2025	67,217	150,163	217,380
2026 - 2030	84,142	133,238	217,380
2031 - 2035	105,329	112,051	217,380
2036 - 2040	131,851	85,529	217,380
2041 - 2045	165,050	52,330	217,380
2046 - 2050	145,592	12,511	158,103
Total	$ 795,774	$ 883,989	$ 1,679,763

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

3. Obligation Under Capital Leases

The City has the following capital lease obligations at June 30, 2010:

Capital lease payable to Branch Bank and Trust (BB&T) due in annual installments of $26,891, including interest at 3.45%, through December, 2011, for the acquisition of computer equipment	$ 51,124
Total	$ 51,124

The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through the capital leases are as follows:

	Governmental Activities
Computer equipment	$ 95,666
Total original cost	95,666
Accumulated depreciation	44,864
Total	$ 50,802

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

	Governmental Activities
2011	$ 26,891
2012	26,891
Total minimum lease payments	53,782
Less: amount representing interest	2,658
Total	$ 51,124

Note 3. Detailed Notes on All Funds (continued)

G. *Long-Term Debt (continued)*

4. *Changes in Long-Term Debt*

Transactions for the year ended June 30, 2010 are summarized as follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 75,413	$ -	$ 24,289	$ 51,124	$ 25,127
Compensated absences	51,120	4,479	-	55,599	11,120
Total governmental activities	126,533	4,479	24,289	106,723	36,247
Business-Type Activities:					
Notes payable	36,405	-	18,412	17,993	17,993
Revenue bonds	803,155	-	7,381	795,774	7,826
Compensated absences	20,523	-	5,790	14,733	2,946
Total business-type activities	860,083	Nil	31,583	828,500	28,765
Total	$ 986,616	$ 4,479	$ 55,872	$ 935,223	$ 65,012

Principal and interest for notes and bonds payable of the Water and Sewer Fund are financed from income derived from the operation of the City's Water and Sewer system. The compensated absences liability will be paid from the proprietary fund from which the employee's salaries are paid. Compensated absences for governmental activities will be paid from the General Fund. The capital lease obligations will be paid from the SPLOST V Fund.

5. *Pledged Revenues*

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay revenue bonds in the original amount of $805,000 as described at 3.G.2. Proceeds from the bonds provided financing for various water and sewer system improvements and expansion. The bonds are payable solely from water and sewer customer net revenues and are payable through 2049. The total principal and interest remaining to be paid on the bonds is $1,679,763. Principal and interest paid for the current year and total customer net revenues were $37,847 and $848,921, respectively.

6. *Interest*

Interest incurred during the year ended June 30, 2010, in business-type activities was $37,847, of which $37,847 was charged to expense during the year and $Nil was capitalized as "Construction in Progress."

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan

1. Plan Description

The City contributes to the Georgia Municipal Employees Benefits System (GMEBS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. Benefit provisions are established and amended by the authority of the City's governing body. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303.

2. Funding Policy

Participating employees are not required to contribute to the plan. The City is required to contribute 100% of the amounts necessary to fund the plan at an actuarially determined rate. The current rate is 6.51% of annual covered payroll. The plan is subject to the minimum funding requirements of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

3. Annual Pension Cost

For June 30, 2010, the City's annual pension cost of $74,720 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases based on a table of rates based on age and service, (c) no post-retirement benefit increase and (d) an inflation rate of 3.5%. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability) over 30 years from 1981 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year in which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amount must be within a corridor of the 10-year and the 30-year amortization of the unfunded (surplus) actuarial accrued liability. These amortization periods, if applicable, are closed for this plan year.

4. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	$ 74,720	100 %	$ Nil
6/30/2008	68,112	100	Nil
6/30/2009	77,235	100	Nil

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan (continued)

5. Schedule of Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was funded 110.46%. The actuarial accrued liability for benefits was $2,029,425, and the actuarial value of the assets was $2,241,650, resulting in a funding excess of $212,225. The covered payroll (annual payroll of active employees covered by the plan) was $1,094,575, and the ratio of the funding excess to covered payroll was 0.00%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

I. Equity

Net assets on the government-wide statement of assets as of June 30, 2010, are as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 3,258,752	$ 9,245,978	$ 12,504,730
Accumulated depreciation	1,360,170	2,828,801	4,188,971
Book Value	1,898,582	6,417,177	8,315,759
Less capital related debt	51,124	813,767	864,891
Invested in capital assets, net of related debt	$ 1,847,458	$ 5,603,410	$ 7,450,868

Other reserves in governmental funds are as follows:

	E-911 Fund	Confiscated Assets Fund	Total
Other Reserves:			
Reserve for E-911 system	$ 91,466	$ -	$ 91,466
Reserve for drug control	-	5,698	5,698
Reserved for public safety	$ 91,466	$ 5,698	$ 97,164

Note 3. **Detailed Notes on All Funds (continued)**

I. Equity (continued)

The changes in reserves for governmental activities are as follows:

	Major Funds				
	General Fund	SPLOST III Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total
Net change in fund balances	$ 290,696	$ -	$ -	$ 50,003	$ 340,699
Capital projects	-	-	-	875	875
Public safety	-	-	-	(50,878)	(50,878)
Net change in unreserved fund balances	290,696	Nil	Nil	Nil	290,696
Fund balances - unreserved, beginning of year	(301,641)	Nil	Nil	Nil	(301,641)
Fund balances - unreserved, end of year	$ (10,945)	$ Nil	$ Nil	$ Nil	$ (10,945)

Deficit fund balances are as follows:

	General Fund	Total Deficit Fund Balances
Unreserved fund balances	$ (10,945)	$ (10,945)

It is anticipated that the deficit fund balance for the General Fund will be corrected through planned reduction of expenditures in future years.

I. Equity (continued)

The Statement of Net Assets shows certain amounts as restricted net assets. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of restricted net assets include:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 245,781	$ -	$ 245,781
USDA capital projects	Grantor agencies	-	1,271	1,271
Total capital projects		245,781	1,271	247,052
Debt service	Bond covenants	-	5,435	5,435
Other restrictions				
Public safety	Law	97,164	-	97,164
Total other		97,164	-	97,164
Total restricted net assets		$ 342,945	$ 6,706	$ 349,651

Note 4. Other Notes

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting 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. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2010. No provisions have been made in the financial statements for the year ended June 30, 2010 for any estimate of potential unpaid claims.

Note 4. **Other Notes (continued)**

A. Risk Management (continued)

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Contingencies and Pending Litigation

The City has been served with a a notice of Civil Action filed on June 14, 2010 in which a citizen alledges that injuries were sustained when a handrail came loose from the wall at City Hall. The City has referred the case to its insurance carrier and does not anticipate a significant settlement.

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based on prior experience, management of the City believes such disallowances, if any, will not be significant.

At the date of this report, no other litigation, claims or contingencies are pending.

C. Commitments

The City is involved in a continuing plan for improvements to the water and sewer system. As of June 30, 2010, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Water / Sewer improvements	$ 3,160,000	$ 74,700	August, 2010
Sewer line enhancements	500,000	480,500	September, 2011
Water system expansion / well	819,848	809,000	December, 2009
Total	$ 4,479,848	$ 1,364,200	

It is anticipated that full funding for the water and sewer improvements will be provided through USDA grants.

It is anticipated that funding for the sewer line enhancements will be provided through Community Development Block Grants.

Note 4. **Other Notes (continued)**

C. Commitments (continued)

It is anticipated that funding for the water system expansion and well will be provided through SPLOST funds.

D. Landfill

The Georgia Environmental Protection Division has completed its evaluation of the technical and administrative data for the closure of the Millen landfill for compliance with the Georgia Comprehensive Solid Waste Management Act of 1990 and rules and regulations promulgated thereunder.

The landfill was closed in February, 1988 and was therefore not required to implement a closure/postclosure plan.

After closing the landfill, the City has used the Jenkins County landfill and pays monthly fees for such use. Landfill fees for the year ended June 30, 2010 totaled $8,457.

E. Restatement of Prior Year Data

During the current year, it was noted that costs related to several capital projects were incorrectly accrued in the prior year. It was also noted that certain intergovernmental revenues were under-accrued at the previous year end. Prior year data has been restated to correct these errors. The net effect of the restatement was as follows:

	General Fund	SPLOST III Fund	Nonmajor Funds	Water Sewer Fund	Gas Fund
Increase (decrease) intergovernmental receivables	$ -	$ -	$ 14,001	$ -	$ -
Increase (decrease) due from (to) other funds	$ 5,250	$ -	$ (5,250)	$ -	$ -
Increase (decrease) in construction in progress	$ -	$ -	$ -	$ 4,000	$ 1,688
Decrease (increase) in accounts payable	$ 10,156	$ (1,140)	$ (20,755)	$ 11,703	$ -
Decrease (increase) in intergovernmental revenues	$ -	$ -	$ (14,001)	$ -	$ -
Increase (decrease) in operating expenses	$ -	$ -	$ -	$ (11,703)	$ -
Increase (decrease) in operating expenditures - public works	$ (15,406)	$ -	$ -	$ -	$ -
Increase (decrease) in capital expenditures - public works	$ -	$ 1,140	$ 26,005	$ -	$ -
Decrease (increase) in capital contributions	$ -	$ -	$ -	$ (4,000)	$ (1,688)

Note 4. Other Notes (continued)

The effect of the restatement on the government-wide financial statements are as follows:

	Governmental Activities	Business-Type Activities
Increase (decrease) in intergovernmental receivables	$ 14,001	$ -
Increase (decrease) in construction in progress	$ -	$ 5,688
Decrease (increase) in accounts payable	$ 11,739	$ (11,703)
Decrease (increase) in program revenues - Capital Grants and Contributions	$ (14,001)	$ -
Increase (decrease) in public works expenses	$ (6,051)	$ -
Increase (decrease) in water and sewer expenses	$ -	$ 11,703
Increase (decrease) in transfers	$ (5,688)	$ (5,688)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLEN, GEORGIA
Required Supplementary Information
Schedule of Funding Progress

	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Total Unfunded Actuarial Liability (Funding Excess)	Annual Covered Payroll	Ratio of Unfunded (Excess) to Annual Covered Payroll*
January 1, 2010	$ 2,241,650	$ 2,029,425	110.46 %	$ (212,225)	$ 1,094,575	0.00 %
October 1, 2009	2,044,854	1,998,550	102.32	(46,304)	1,094,575	0.00
November 1, 2008	2,182,303	1,889,536	115.49	(292,767)	1,130,620	0.00
November 1, 2007	2,043,732	1,759,697	116.14	(284,035)	1,111,796	0.00
November 1, 2006	1,904,412	1,685,353	113.00	(219,059)	1,035,480	0.00
November 1, 2005	1,805,643	1,593,974	113.28	(211,669)	957,611	0.00

** Not less than zero*

Notes to Required Supplementary Information:

Note 1. Changes in Assumptions:

The following assumptions and methods changed in the most recent actuarial valuation as follows:

The mortality table for healthy participants was changed from the 1983 Group Annuity Mortality Table without Margin to the sex-distinct RP-2000 Combined Mortality Table set forward two years in age for males and one year in age for females.

The mortality table for disabled participants was changed from the 1944 Railroad Retirement Board Male Ultimate Disabled Mortality to the sex-distinct RP-2000 Disabled Retiree Mortality Table set forward two years in age for males and one year in age for females.

The salary increase assumption was changed from 5.50% each year to a table of rates based on age and service.

The investment return assumption was changed from 8.00% to 7.75% per annum.

The inflation assumption was changed from 5% to 3.5% per annum.

The valuation date was changed from October 1 to January 1.

The asset method was changed to temporarily widen the corridor.

For information regarding assumptions and amortization methods, see Note 3.H.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

E-911 Fund - To account for revenues and expenditures of the E-911 system under an operating agreement with the Jenkins County Board of Commissioners. Operations are funded through fees assessed on telephone charges within Jenkins County.

Confiscated Assets Fund - To account for receipts from sale of confiscated properties in drug-related cases. Proceeds are restricted to use by law enforcement for drug investigation and control.

Brownfield Assessment Grant - To account for revenues and expenditures associated with the City's Brownfield Assessment Grant. Grant funds are provided to locate, inventory and assess hazardous substances sites and to develop remediation plans which will allow for the redevelopment of these properties.

Multiple Grants Fund - To account for all grants not properly accounted for in another fund.

Capital projects funds are established to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

SPLOST II Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, as well as public safety equipment.

SPLOST IV Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, as well as public safety equipment.

2007 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

2009 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

CITY OF MILLEN, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds				Capital Projects				
	E-911 Fund	Confiscated Assets Fund	Brownfield Assessment Grant Fund	Multiple Grants Fund	SPLOST II Fund	SPLOST IV Fund	2007 CDBG Grant	2009 CDBG Grant	Total
ASSETS									
Cash	$ 71,954	$ 5,698	$ -	$ -	$ -	$ -	$ -	$ 100	$ 77,752
Other receivables	19,882	-	-	-	-	-	-	-	19,882
Total assets	$ 91,836	$ 5,698	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 100	$ 97,634
LIABILITIES									
Accounts payable	$ 370	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 370
Due to other funds	-	-	-	-	-	-	-	100	100
Total liabilities	370	Nil	Nil	Nil	Nil	Nil	Nil	100	470
FUND BALANCES									
Other reserves	91,466	5,698	-	-	-	-	-	-	97,164
Total fund balances	91,466	5,698	Nil	Nil	Nil	Nil	Nil	Nil	97,164
Total liabilities and fund balances	$ 91,836	$ 5,698	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 100	$ 97,634

CITY OF MILLEN, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds				Capital Projects				
	E-911 Fund	Confiscated Assets Fund	Brownfield Assessment Grant Fund	Multiple Grants Fund	SPLOST II Fund	SPLOST IV Fund	2007 CDBG Grant	2009 CDBG Grant	Total
REVENUES									
Intergovernmental revenues	$ -	$ -	$ 64,000	$ 40,375	$ -	$ 45,732	$ 139,858	$ 19,534	$ 309,499
Charges for services	121,440	-	-	-	-	-	-	-	121,440
Fees, fines and forfeitures	-	750	-	-	-	-	-	-	750
Total revenues	121,440	750	64,000	40,375	Nil	45,732	139,858	19,534	431,689
EXPENDITURES									
Current operations:									
Public safety	135,306	1,205	-	42,500	-	-	-	-	179,011
Economic development	-	-	64,000	-	-	-	-	-	64,000
Capital:									
Public safety	-	-	-	-	-	1,535	-	-	1,535
Public works	-	-	-	-	875	44,197	139,858	19,534	204,464
Total expenditures	135,306	1,205	64,000	42,500	875	45,732	139,858	19,534	449,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,866)	(455)	Nil	(2,125)	(875)	Nil	Nil	Nil	(17,321)
OTHER FINANCING SOURCES (USES)									
Transfers in	65,199	-	-	2,125	-	-	-	-	67,324
NET CHANGE IN FUND BALANCES	51,333	(455)	Nil	Nil	(875)	Nil	Nil	Nil	50,003
FUND BALANCES, beginning of year	40,133	6,153	Nil	Nil	875	Nil	Nil	Nil	47,161
FUND BALANCES, end of year	$ 91,466	$ 5,698	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 97,164

CITY OF MILLEN, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2009 Actual
REVENUES					
Taxes:					
Property taxes	$ 292,600	$ 277,000	$ 280,799	$ 3,799	$ 267,607
Motor vehicle taxes	40,000	19,300	31,444	12,144	35,396
Mobile home taxes	35,000	5,000	4,792	(208)	4,429
Franchise taxes	230,000	166,385	181,071	14,686	198,287
Sales and use taxes	270,200	260,100	238,056	(22,044)	250,690
Alcoholic beverage taxes	92,500	92,500	95,129	2,629	96,960
Business and occupation taxes	29,100	29,100	23,152	(5,948)	20,625
Insurance premium taxes	196,000	193,600	193,607	7	195,441
Financial institution taxes	6,000	6,000	3,835	(2,165)	7,699
Other taxes	2,200	1,400	3,726	2,326	4,444
Licenses and permits	6,300	6,300	6,075	(225)	7,880
Intergovernmental revenues	13,000	11,368	18,725	7,357	85,439
Charges for services	26,400	25,000	24,675	(325)	18,601
Fees, fines and forfeitures	70,000	65,000	110,164	45,164	75,313
Investment income	100	100	715	615	816
Other revenues	161,103	75,000	49,220	(25,780)	23,605
Total revenues	1,470,503	1,233,153	1,265,185	32,032	1,293,232
EXPENDITURES					
Current operations:					
General city government					
Legislative	45,900	49,585	32,081	17,504	35,028
Elections	-	3,500	3,044	456	-
Administration	616,211	588,993	435,977	153,016	532,506
Judicial					
Municipal court	13,225	16,925	8,111	8,814	8,833
Public safety					
Police	424,772	417,390	412,796	4,594	408,811
Fire	402,592	370,800	274,634	96,166	278,617
Animal Control	15,010	15,660	12,718	2,942	11,470
Public works					
Street	413,114	401,133	392,469	8,664	365,210
Maintenance	60,890	67,800	60,181	7,619	56,574
Debt service:					
General city government	50,000	10,000	8,688	1,312	11,777
Total expenditures	2,041,714	1,941,786	1,640,699	301,087	1,708,826
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(571,211)	(708,633)	(375,514)	333,119	(415,594)

(Continued)

CITY OF MILLEN, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2009 Actual
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	$ 8,000	$ 2,500	$ 1,600	$ (900)	$ 15,301
Transfers in	580,993	682,133	731,934	49,801	663,075
Transfers out	(17,782)	24,000	(67,324)	(91,324)	(82,979)
NET CHANGE IN FUND BALANCES	Nil	Nil	290,696	290,696	179,803
FUND BALANCES, beginning of year (as restated)	(301,641)	(301,641)	(301,641)	Nil	(481,444)
FUND BALANCES, end of year	$ (301,641)	$ (301,641)	$ (10,945)	$ 290,696	$ (301,641)

CITY OF MILLEN, GEORGIA
E-911 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Charges for services				
E-911 Fees	$ 58,250	$ 121,440	$ 63,190	$ 102,220
Total revenues	58,250	121,440	63,190	102,220
EXPENDITURES				
Current operations:				
Salaries	24,000	89,199	(65,199)	89,067
Repairs and maintenance - building	16,015	2,900	13,115	2,004
Communications	18,235	40,774	(22,539)	38,499
Other services	-	151	(151)	8
Supplies	-	278	(278)	4,806
Equipment	-	2,004	(2,004)	30,274
Community development and tourism	-	-	-	3
Total expenditures	58,250	135,306	(77,056)	164,661
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	(13,866)	(13,866)	(62,441)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	65,199	65,199	55,248
NET CHANGE IN FUND BALANCES	Nil	51,333	51,333	(7,193)
FUND BALANCES, beginning of year	40,133	40,133	Nil	47,326
FUND BALANCES, end of year	$ 40,133	$ 91,466	$ 51,333	$ 40,133

CITY OF MILLEN, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ -	$ 750	$ 750	$ 3,498
Total revenues	Nil	750	750	3,498
EXPENDITURES				
Current operations:				
Public safety				
Other services	-	195	(195)	830
Equipment purchases	6,153	1,010	5,143	-
Total expenditures	6,153	1,205	4,948	830
NET CHANGE IN FUND BALANCES	(6,153)	(455)	5,698	2,668
FUND BALANCES, beginning of year	6,153	6,153	Nil	3,485
FUND BALANCES, end of year	$ Nil	$ 5,698	$ 5,698	$ 6,153

CITY OF MILLEN, GEORGIA
Brownfield Assessment Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Intergovernmental revenues:				
Brownfield Assessment Grant	$ 68,970	$ 64,000	$ (4,970)	$ 86,754
Total revenues	68,970	64,000	(4,970)	86,754
EXPENDITURES				
Current operations:				
Economic development	68,970	64,000	4,970	86,754
Total expenditures	68,970	64,000	4,970	86,754
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
Multiple Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Intergovernmental revenues:				
FEMA Grants	$ 40,375	$ 40,375	$ -	$ 227,630
Total revenues	40,375	40,375	Nil	227,630
EXPENDITURES				
Current operations:				
Fire	42,500	42,500	-	255,343
Total expenditures	42,500	42,500	Nil	255,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,125)	(2,125)	Nil	(27,713)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,125	2,125	-	27,713
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
SPLOST II Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Investment income	$ -	$ -	$ -	$ 71
Total revenues	Nil	Nil	Nil	71
EXPENDITURES				
Current operations:				
General city government				
Administration	-	-	-	92
Capital:				
Public works	875	875	-	40,348
Total expenditures	875	875	Nil	40,440
NET CHANGE IN FUND BALANCES	(875)	(875)	Nil	(40,369)
FUND BALANCES, beginning of year	875	875	Nil	41,244
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ 875

CITY OF MILLEN, GEORGIA
SPLOST III Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Investment income	$ -	$ -	$ -	$ 6
Total revenues	Nil	Nil	Nil	6
EXPENDITURES				
Capital:				
Public works	229,990	-	229,990	39,587
Total expenditures	229,990	Nil	229,990	39,587
NET CHANGE IN FUND BALANCES	(229,990)	Nil	229,990	(39,581)
FUND BALANCES, beginning of year	229,990	229,990	Nil	269,571
FUND BALANCES, end of year	$ Nil	$ 229,990	$ 229,990	$ 229,990

CITY OF MILLEN, GEORGIA
SPLOST IV Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 155,000	$ 45,732	$ (109,268)	$ 121,789
Total revenues	155,000	45,732	(109,268)	121,789
EXPENDITURES				
Capital:				
General city government	-	-	-	7,819
Public safety	-	1,535	(1,535)	27,353
Public works	155,000	44,197	110,803	86,617
Total expenditures	155,000	45,732	109,268	121,789
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
SPLOST V Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 315,000	$ 159,396	$ (155,604)	$ 172,177
Investment income	-	1,104	1,104	554
Total revenues	315,000	160,500	(154,500)	172,731
EXPENDITURES				
Debt Service:				
General city government	20,000	26,891	(6,891)	26,891
Capital:				
Public safety	40,000	-	40,000	-
Public works	255,000	68,123	186,877	52,506
Total expenditures	315,000	95,014	219,986	79,397
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	65,486	65,486	93,334
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(143,029)	(143,029)	-
NET CHANGE IN FUND BALANCES	Nil	(77,543)	(77,543)	93,334
FUND BALANCES, beginning of year	93,334	93,334	Nil	Nil
FUND BALANCES, end of year	$ 93,334	$ 15,791	$ (77,543)	$ 93,334

CITY OF MILLEN, GEORGIA
2007 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended June 30, 2010

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 500,000	$ 360,142	$ 139,858	$ 500,000
Total revenues	500,000	360,142	139,858	500,000
EXPENDITURES				
Capital:				
Public works				
Water facilities	33,097	-	37,282	37,282
Sewer facilities	399,894	315,869	81,659	397,528
Grant administration	25,000	11,073	13,417	24,490
Engineering	37,590	33,200	7,500	40,700
Contingencies	4,419	-	-	-
Total expenditures	500,000	360,142	139,858	500,000
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
2007 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended June 30, 2010

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 07-p-x-082-2-3316)						
Construction						
Water facilities	P-03J-01	$ 33,097	$ 37,282	$ -	$ 37,282	$ -
Sewer facilities	P-03J-02	399,894	397,528	2,143	399,671	-
Engineering	T-03J-00	37,590	40,700	-	40,700	-
Grant administration	A-21A-00	25,000	24,490	-	24,490	-
Engineering - cash match		-	-	4,900	4,900	-
Contingencies	C-022-00	4,419	-	-	-	-
Grand Total		$ 500,000	$ 500,000	$ 7,043	$ 507,043	$ Nil

Source of other funds: General Fund and SPLOST Funds

CITY OF MILLEN, GEORGIA
2009 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended June 30, 2010

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG grant	$ 500,000	$ -	$ 19,534	$ 19,534
Total revenues	500,000	Nil	19,534	19,534
EXPENDITURES				
Capital:				
Public works				
Acquisition	2,500	-	-	-
Sewer facilities	406,441	-	-	-
Grant administration	30,000	-	4,534	4,534
Engineering	28,773	-	15,000	15,000
Contingencies	32,286	-	-	-
Total expenditures	500,000	Nil	19,534	19,534
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
2009 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended June 30, 2010

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 09-p-x-082-2-5131)						
Construction						
Acquisition	P-001-00	$ 2,500	$ -	$ -	$ -	$ -
Sewer facilities	P-03J-02	406,441	-	-	-	-
Engineering	T-03J-02	28,773	15,000	-	15,000	-
Grant administration	A-21A-00	30,000	4,534	-	4,534	-
Contingencies	C-022-00	32,286	-	-	-	-
Grand Total		$ 500,000	$ 19,534	$ Nil	$ 19,534	$ Nil

Source of other funds: General Fund and SPLOST Funds

CITY OF MILLEN, GEORGIA
Capital Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009

	2010			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2009 Actual
REVENUES				
Intergovernmental revenues:				
DOT contracts	$ 120,000	$ 119,067	$ (933)	$ -
Transportation Enhancement grant	850,000	587,977	(262,023)	-
Total revenues	970,000	707,044	(262,956)	Nil
EXPENDITURES				
Street construction	120,000	134,930	(14,930)	-
Streetscape improvements	1,062,500	715,143	347,357	-
Total expenditures	1,182,500	850,073	332,427	Nil
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(212,500)	(143,029)	69,471	Nil
OTHER FINANCING SOURCES (USES)				
Transfers in	212,500	143,029	(69,471)	-
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Customer charges	$ 808,567	$ 830,297
Installation charges	17,730	13,955
Penalties	20,331	19,719
Miscellaneous	50	1,662
Recovery of bad debts	2,243	-
Total operating revenues	848,921	865,633
OPERATING EXPENSES		
Salaries	132,327	136,918
Employee benefits	52,945	42,269
Contractual services	57,263	18,262
Repairs, maintenance and other contractual services	17,760	26,721
Communications	5,147	3,204
Travel and training	2,261	514
Supplies and materials	29,926	48,502
Utilities	58,032	57,089
Vehicle gasoline	11,708	9,051
Depreciation	131,633	117,168
Other expenses	25,880	12,607
Total operating expenses	524,882	472,305
NET INCOME FROM OPERATIONS	324,039	393,328
NONOPERATING REVENUES (EXPENSES)		
Amortization of bond issuance costs	(725)	(181)
Interest earned	2,487	924
Interest expense	(37,847)	(14,781)
Gain (loss) on sale of assets	(246)	-
Total nonoperating revenues (expenses)	(36,331)	(14,038)
INCOME (LOSS) BEFORE TRANSFERS	287,708	379,290
Capital contributions	1,438,474	1,405,943
Transfers out	(419,179)	(434,061)
CHANGE IN NET ASSETS	1,307,003	1,351,172
NET ASSETS, beginning of year (as restated)	4,155,568	2,804,396
NET ASSETS, end of year	$ 5,462,571	$ 4,155,568

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 842,539	$ 855,388
Cash paid for goods and services	(491,585)	(232,805)
Cash paid to employees for services	(134,643)	(134,061)
Customer deposits received (refunded)	3,538	2,895
Net cash provided by operating activities	219,849	491,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	-	(20,088)
Net transfers in (out)	(419,179)	(434,061)
Net cash used by noncapital financing activities	(419,179)	(454,149)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital - capital grants	1,169,443	662,878
Purchase of property and equipment	(917,370)	(679,751)
Proceeds from issuance of revenue bonds	-	805,000
Proceeds from issuance of other long-term debt	-	37,450
Loan repayments	(18,413)	(637,808)
Retirement of revenue bonds	(7,381)	(1,845)
Payment of bond issuance costs	-	(29,000)
Interest and fiscal charges paid	(37,976)	(44,315)
Net cash provided by capital and related financing activities	188,303	112,609
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	3,412	-
Net cash by investing activities	3,412	Nil
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,615)	149,877
CASH AND EQUIVALENTS, beginning of year	159,504	9,627
CASH AND EQUIVALENTS, end of year	$ 151,889	$ 159,504

(Continued)

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 324,039	$ 381,625
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	20,542	4,688
Depreciation	131,633	117,168
Decrease (increase) in operating assets:		
Accounts receivable	(6,382)	(10,247)
Increase (decrease) in operating liabilities:		
Accounts payable	(251,205)	(7,569)
Accrued salaries	(440)	3,864
Accrued leave benefits	(1,876)	(1,007)
Deposits for services	3,538	2,895
Total adjustments	(104,190)	109,792
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 219,849	$ 491,417
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Property and equipment purchased on open account	$ 39,397	$ 254,129
Contribution of capital	$ 255,568	$ 484,937

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Customer charges	$ 824,338	$ 926,156
Installation charges	125	15
Penalties	20,728	21,978
Miscellaneous	350	2,241
Total operating revenues	845,541	950,390
OPERATING EXPENSES		
Salaries	94,888	138,147
Employee benefits	31,386	37,292
Contractual services	5,505	4,827
Repairs, maintenance and other contractual services	4,176	6,397
Gas purchases	461,221	673,177
Communications	3,077	2,399
Travel and training	973	1,085
Supplies and materials	8,500	10,053
Vehicle gasoline	5,721	5,030
Depreciation	20,025	17,112
Other expenses	12,911	4,348
Total operating expenses	648,383	899,867
NET INCOME FROM OPERATIONS	197,158	50,523
NONOPERATING REVENUES (EXPENSES)		
Interest earned	7	-
Total nonoperating revenues (expenses)	7	Nil
INCOME (LOSS) BEFORE TRANSFERS	197,165	50,523
Capital contributions	-	31,226
Transfers out	(79,700)	(6,878)
CHANGE IN NET ASSETS	117,465	74,871
NET ASSETS, beginning of year	(217,379)	(292,250)
NET ASSETS, end of year	$ (99,914)	$ (217,379)

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 840,496	$ 973,185
Cash paid for goods and services	(677,968)	(816,610)
Cash paid to employees for services	(98,474)	(137,335)
Customer deposits received (refunded)	1,020	422
Net cash provided by operating activities	65,074	19,662
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(79,700)	(6,878)
Net cash used by noncapital financing activities	(79,700)	(6,878)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(542)	-
Net cash used by capital and related financing activities	(542)	Nil
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	7	-
Net cash provided by investing activities	7	Nil
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,161)	12,784
CASH AND EQUIVALENTS, beginning of year	18,455	5,671
CASH AND EQUIVALENTS, end of year	$ 3,294	$ 18,455

(Continued)

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 197,158	$ 50,523
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	20,025	17,112
Decrease (increase) in operating assets:		
Accounts receivable	(5,043)	22,794
Increase (decrease) in operating liabilities:		
Accounts payable	(143,847)	(70,646)
Accrued salaries	(1,492)	3,506
Accrued leave benefits	(2,094)	(2,694)
Accrued sales tax	151	(1,434)
Deposits for services	1,020	422
Crisis Intervention Fund	(804)	78
Total adjustments	(132,084)	(30,862)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 65,074	$ 19,661
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Contribution of capital	$ Nil	$ 29,537

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Customer charges	$ 428,515	$ 436,451
Penalties	10,775	10,365
Total operating revenues	439,290	446,816
OPERATING EXPENSES		
Salaries	115,760	114,040
Employee benefits	44,061	44,030
Repairs, maintenance and other contractual services	10,084	5,651
Communications	1,199	-
Supplies and materials	4,188	24,785
Vehicle gasoline	18,982	18,308
Depreciation	14,132	14,109
Other expenses	10,217	8,371
Total operating expenses	218,623	229,294
NET INCOME FROM OPERATIONS	220,667	217,522
NONOPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE TRANSFERS	220,667	217,522
Transfers out	(233,055)	(222,136)
CHANGE IN NET ASSETS	(12,388)	(4,614)
NET ASSETS, beginning of year	65,036	69,650
NET ASSETS, end of year	$ 52,648	$ 65,036

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 437,031	$ 440,053
Cash paid for goods and services	(70,263)	(108,212)
Cash paid to employees for services	(118,172)	(109,705)
Net cash provided by operating activities	248,596	222,136
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(233,055)	(222,136)
Net cash used by noncapital financing activities	(233,055)	(222,136)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(15,541)	-
Net cash used by capital and related financing activities	(15,541)	Nil
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 220,667	$ 217,522
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	29,131	14,110
Decrease (increase) in operating assets:		
Accounts receivable	(2,258)	(6,764)
Increase (decrease) in operating liabilities:		
Accounts payable	3,468	(7,067)
Accrued salaries	(592)	2,903
Accrued leave benefits	(1,820)	1,432
Total adjustments	27,929	4,614
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 248,596	$ 222,136

OTHER REPORTS

REDDICK, RIGGS,
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

REPORT OF 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*

Mayor and City Council
City of Millen, Georgia
Millen, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Millen, Georgia as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2010. 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 Millen, 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 Millen, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Millen, Georgia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, 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 as described finding 2010-3. A *significant deficiency* is a deficiency, or a 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.

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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Millen, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
December 31, 2010

REDDICK, RIGGS,
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Millen, Georgia
Millen, Georgia

Compliance

We have audited the compliance of the City of Millen, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City of Millen, Georgia's major federal programs for the year ended June 30, 2010. The City of Millen, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Millen, Georgia's management. Our responsibility is to express an opinion on the City of Millen, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Millen, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Millen, Georgia's compliance with those requirements.

In our opinion, the City of Millen, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Internal Control Over Compliance

Management of the City of Millen, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Millen, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Millen, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
December 31, 2010

CITY OF MILLEN, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Agriculture			
Direct programs:			
Water & Waste Disposal Systems for Rural Communities			
Grant portion	10.760		$ 1,173,674
Total			1,173,674
U. S. Department of Housing and Urban Development			
Pass-through programs from:			
Georgia Department of Community Affairs			
Community Development Block Grant	14.228	07-p-x-082-2-3316	139,858
Community Development Block Grant	14.228	09-p-x-082-2-5131	19,534
Total			159,392
Highway Planning and Construction Cluster			
Pass-through programs from:			
Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	TEE-0006-00	731,005
Total			731,005
U. S. Environmental Protection Agency			
Direct programs:			
Brownfield Assessment Cooperative Agreement	66.818	BF-96459506	64,000
Total			64,000
U. S. Department of Homeland Security			
Direct programs:			
Assistance to Firefighters Program	97.044	EMW-2009-FO-00651	40,375
Total			40,375
Total expenditures of federal awards			$ 2,168,446

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Millen, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF MILLEN, GEORGIA
Schedule of Findings and Questioned Costs
June 30, 2010

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.760	Water & Waste Disposal Systems for Rural Communities
20.205	Highway Planning and Construction Cluster

Threshold used for distinguishing between Type A and B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

Financial Statements

Finding 2010 - 1*

Criteria:	State law requires municipalities to annually adopt a balanced budget for all funds. Once adopted, these budgets act as legal spending authorizations or appropriation limits.
Condition:	We noted that the E-911 fund expenditures materially exceeded appropriations.
Effect:	It appears that the excess was due to incorrect budgeting of expenditures for the special revenue fund.
Recommendation:	We recommend that in future years, the City carefully review E-911 expenditures and adopt a budget which reflects actual historical expenditures for this fund.
Comments:	Management concurs with the findings of the auditors. Management will adopt a budget that reflects all operating costs for this fund.

Schedule of Findings and Questioned Costs (continued)

*Finding 2010 - 2**

Criteria:	Georgia law requires that SPLOST monies be held in a separate account and restricted for use as approved in the sales tax referendum.
Condition:	During prior years, the City borrowed $242,624 from the SPLOST III Fund. Additionally, during the year ended June 30, 2010, certain amounts were over-reimbursed from the SPLOST V Fund to the General Fund totaling $4,584.
Effect:	The over-reimbursed amount of $4,584 was repaid subsequent to year end. Although the City repaid $23,776 of the prior loans during the current year, the remaining balance due to the SPLOST III Fund of $197,660, continues to be a violation of state law.
Recommendation:	We recommend that the City continue its monthly repayment plan and that any additional sources of funding be applied to this loan as soon as possible in order to bring the City into compliance.
Comments:	Management agrees with the finding. The monies owed SPLOST V have been repaid. Management will continue to follow the monthly repayment plan previously established in order to bring the City into compliance.

Finding 2010 - 3

Criteria:	A strong system of internal controls includes a system to monitor reimbursements.
Condition:	During our review of SPLOST IV activity, we noted several instances in which amounts reimbursed to the General Fund were not correctly offset against amounts paid from the General Fund.
Effect:	Because Jenkins County holds all SPLOST IV funds until invoices have been presented for the related expenditures, the City in many instances has paid invoices from the General Fund and subsequently submitted the items for reimbursement. While the amounts have been correctly reimbursed to the General Fund, the reimbursements were not correctly offset against the amounts disbursed.
Recommendation:	We recommend that extreme care be exercised in recording reimbursements to offset amounts received against amounts disbursed.
Comments:	Management agrees with the finding. Management will establish line items to identify disbursements and reimbursements out of SPLOST IV.

Federal Awards

None Noted

** Indicates uncorrected prior year finding*

CITY OF MILLEN, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2010

Project	Original Estimated Cost	Estimated Cost	(As Restated) Prior Years	Current Year	Total
SPLOST II					
Water and sewer systems	$ 372,150	$ 752,758	$ 751,883	$ 875	$ 752,758
Street projects	65,673	-	4,887	-	4,887
Total	$ 437,823	$ 752,758	$ 756,770	$ 875	$ 757,645
SPLOST III					
Water and sewer systems	$ 600,000	$ 717,750	$ 530,846	$ -	$ 530,846
Street projects	200,000	239,250	196,165	-	196,165
Total	$ 800,000	$ 957,000	$ 727,011	$ Nil	$ 727,011
SPLOST IV					
Sanitation capital	$ 90,000	$ 90,000	$ 90,000	$ -	$ 90,000
Street capital	42,000	56,447	56,447	-	56,447
Gas capital	42,000	42,000	31,225	-	31,225
Well	450,000	399,406	83,906	44,197	128,103
Wastewater treatment	60,000	60,000	60,000	-	60,000
Police equipment	66,000	102,148	100,613	1,535	102,148
Community House	25,000	11,991	11,991	-	11,991
Total	$ 775,000	$ 761,992	$ 434,182	$ 45,732	$ 479,914
SPLOST V					
Administrative capital (capital lease)	$ 100,000	$ 100,105	$ 26,891	$ 26,891	$ 53,782
Water tank	420,000	420,442	-	-	-
Water and sewer capital	420,000	420,442	37,100	20,379	57,479
Public safety capital	200,000	200,210	-	-	-
Street department capital	435,000	435,459	15,406	190,773	206,179
Total	$ 1,575,000	$ 1,576,658	$ 79,397	$ 238,043	$ 317,440

During the current year, it was noted that certain costs relating to capital projects were incorrectly accrued at June 30, 2009. The total amount expended in prior years has been restated to correct the errors. The effect of the restatements are as follows:

Project	*Per Prior Year Report*	*Corrections*	*Restated Amount Prior Years*
SPLOST II			
Water and sewer systems	*$ 746,972*	*$ 4,911*	*$ 751,883*
SPLOST III			
Water and sewer systems	*$ 529,706*	*$ 1,140*	*$ 530,846*
SPLOST IV			
Gas capital	*$ 29,537*	*$ 1,688*	*$ 31,225*
Well	*$ 79,906*	*$ 4,000*	*$ 83,906*
SPLOST V			
Street department capital	*$ -*	*$ 15,406*	*$ 15,406*

CORRECTIVE ACTION PLAN

Name: City of Millen

Auditor/Audit Firm: Reddick, Riggs, Hunter and Kennedy, P.C.

Audit Period: June 30, 2010

Finding 2010-1

A. Comments on Findings and Recommendations

Management concurs with the findings of the auditor.

B. Actions Taken or Planned

Management will adopt a budget that reflects all operating costs for this fund.

Finding 2010-2

A. Comments on Findings and Recommendations

Management agrees with the finding.

B. Actions Taken or Planned

The monies owed SPLOST V have been repaid. Management will continue to follow the monthly repayment plan previously established for SPLOST III in order to bring the City into compliance.

Finding 2010-3

A. Comments on Findings and Recommendations

Management agrees with the finding.

B. Actions Taken or Planned

Management will establish line items to identify disbursements and reimbursements out of SPLOST IV.

Signature: _____

Title: City Manager

Date: December 31, 2010