CITY OF MILLEN, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2013

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

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Millen, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary data on pages 4 through 10 and page 47, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Millen, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 nonmajor fund financial statements, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds is are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 in considering the City of Millen, Georgia's internal control over financial reporting and compliance.

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

Statesboro, Georgia
November 27, 2013

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 Position.* 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 position.* Over time, increases or decreases in net position 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 position 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 Position 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 11 and 12 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 Position 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 13 through 17 of this report.

The City maintains two major and seven non-major governmental funds. The City's major governmental funds are the General Fund, and the SPLOST V Fund. The City's non-major governmental funds are the E-911 Fund, the Confiscated Assets Fund, the Brownfield Grant Fund, the Multiple Grants Fund, the SPLOST III Fund, the SPLOST IV Fund, the 2009 Community Development Block Grant Fund and the TSPLOST 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 Position 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 18 through 21 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 22 of this report.

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.

Overview of the Financial Statements (continued)

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 48.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $10,683,362, as compared to $10,273,343 at June 30, 2012. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	(As Restated) 2012	2013	(As Restated) 2012	2013	(As Restated) 2012
Assets:						
Current and other assets	$ 969,010	$ 525,564	$ 705,722	$ 686,412	$ 1,674,732	$ 1,211,976
Capital assets	2,136,935	2,046,536	8,823,909	9,029,318	10,960,844	11,075,854
Total assets	3,105,945	2,572,100	9,529,631	9,715,730	12,635,576	12,287,830
Liabilities:						
Long-term liabilities	66,094	85,900	1,622,149	869,366	1,688,243	955,266
Other liabilities	121,057	151,736	142,914	907,485	263,971	1,059,221
Total liabilities	187,151	237,636	1,765,063	1,776,851	1,952,214	2,014,487
Net position:						
Net investment in capital assets	2,118,884	1,992,384	7,218,219	7,392,095	9,337,103	9,384,479
Restricted	136,587	137,259	18,505	14,237	155,092	151,496
Unrestricted	663,323	204,821	527,844	532,547	1,191,167	737,368
Total Net Position	$ 2,918,794	$ 2,334,464	$ 7,764,568	$ 7,938,879	$ 10,683,362	$ 10,273,343

The current ratio is used to measure an entity's ability to meet current obligations. The City of Millen, Georgia has an 8.00 to 1 ratio for governmental activities as compared to 3.46 to 1 at June 30, 2012. The current ratio for business-type activities is 4.94 to 1, as compared to 0.76 to 1 at June 30, 2012. The City's financial position continued to improve due to tight management controls and strict adherence to departmental budgets.

The City reported positive balances in net position for both governmental and business-type activities. Analyzing the net position of governmental and business-type activities separately, the business-type activities net position is $7,764,568. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $584,330 for governmental activities and decreased $174,311 for business-type activities. The City's overall financial position improved during the year ended June 30, 2013.

Financial Analysis of the City as a Whole (continued)

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

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	(As Restated) 2012	2013	(As Restated) 2012	2013	(As Restated) 2012
Revenues:						
Program						
Charges for services	$ 475,225	$ 407,572	$ 2,067,176	$ 1,790,076	$ 2,542,401	$ 2,197,648
Operating grants	256,886	181,244	-	-	256,886	181,244
Capital grants / contributions	114,907	765,459	-	149,799	114,907	915,258
General						
Property taxes	339,453	319,601	-	-	339,453	319,601
Sales taxes	210,935	271,719	-	-	210,935	271,719
Franchise taxes	191,340	210,062	-	-	191,340	210,062
Insurance premium taxes	155,439	146,341	-	-	155,439	146,341
Financial institution taxes	8,076	7,952	-	-	8,076	7,952
Alcoholic beverage taxes	86,989	95,700	-	-	86,989	95,700
Intangible and other taxes	36,124	21,131	-	-	36,124	21,131
Interest	1,117	792	22	14	1,139	806
Gain (loss) on sale of assets	2,254	86,882	3,750	-	6,004	86,882
Other income	25,313	25,829	-	-	25,313	25,829
Total revenues	1,904,058	2,540,284	2,070,948	1,939,889	3,975,006	4,480,173
Program expenses:						
General government	546,065	521,552	-	-	546,065	521,552
Judicial	6,542	7,160	-	-	6,542	7,160
Public safety	956,507	985,712	-	-	956,507	985,712
Public works	558,618	1,084,641	-	-	558,618	1,084,641
Economic development	2,263	(41,378)	-	-	2,263	(41,378)
Water and sewer	-	-	784,496	690,357	784,496	690,357
Gas	-	-	505,404	521,968	505,404	521,968
Solid waste	-	-	205,092	220,394	205,092	220,394
Total expenses	2,069,995	2,557,687	1,494,992	1,432,719	3,564,987	3,990,406
Increase (decrease) in net position before transfers	(165,937)	(17,403)	575,956	507,170	410,019	489,767
Transfers	750,267	(603,552)	(750,267)	603,552	Nil	Nil
Increase (decrease) in net position	584,330	(620,955)	(174,311)	1,110,722	410,019	489,767
Beginning net position	2,334,464	2,955,419	7,938,879	6,828,157	10,273,343	9,783,576
Ending net position	$ 2,918,794	$ 2,334,464	$ 7,764,568	$ 7,938,879	$ 10,683,362	$ 10,273,343

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 28.91% of governmental revenues. Note that program revenues made up 54.37% 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 26.83% of the City's total expenses, while water and sewer and gas made up 22.01% and 14.18% respectively.

There was a deficit of $165,937 in governmental activities and an excess of $575,956 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $584,330 and a net deficit in business-type activities of $174,311. The total change in net position was $410,019. As stated earlier, the financial position of the City improved in the year ended June 30, 2013.

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 $829,314. Of this year-end total, $106,321 is restricted for capital projects and $30,266 for public safety. The unassigned portion of governmental fund balances was $287,056. The total ending fund balances of governmental funds shows an increase of $472,053, or a 132.13% 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 balance of $708,877, of which $12,856 is restricted for public safety and $232,861 is unassigned. The total ending fund balance of the general fund shows an increase of $463,160. The increase in the current year was a result of tight fiscal controls over spending at the departmental level.

Total revenues of the General Fund were $1,677,771, an increase of $169,515 from fiscal year 2012. This equates to a 11.24% increase in total revenues. This increase was due to increases in collection of delinquent property taxes, charges for services, fines and forfeitures and miscellaneous income.

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 $2,067,176, a increase of $277,099 over fiscal year 2012. The increase was the result of an increase in water and sewer revenues as well as penalties collected. After considering expenditures, the net income of these funds before capital contributions and transfers is $575,955.

Budgetary Highlights

Revenues in the General Fund were over the budget by $28,252. This increase resulted from the collection of delinquent property taxes and an increase in fines and forfeitures.

Expenditures in the General Fund were under the budget by $491,163. The decrease resulted primarily from tight fiscal controls at the departmental level and an adjusted projection toward the end of the fiscal year.

A budget amendment was adopted during the year ended June 30, 2013 which resulted in an increase in General Fund expenditures of $304,954.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of June 30, 2013, was $10,960,844 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	(As Restated) 2012	2013	2012	2013	(As Restated) 2012
Nondepreciable assets:						
Land	$ 313,041	$ 313,041	$ -	$ -	$ 313,041	$ 313,041
Construction in progress	29,331	9,771	72,129	30,026	101,460	39,797
Book value - nondepreciable assets	342,372	322,812	72,129	30,026	414,501	352,838
Depreciable assets:						
Land and improvements	1,022,603	1,008,323	-	-	1,022,603	1,008,323
Buildings and plant	980,584	980,584	11,143,561	11,110,582	12,124,145	12,091,166
Machinery and equipment	668,620	453,849	860,472	848,472	1,529,092	1,302,321
Office equipment	359,578	359,578	9,137	9,137	368,715	368,715
Vehicles	687,531	657,831	293,739	332,554	981,270	990,385
Total depreciable assets	3,718,916	3,460,165	12,306,909	12,300,745	16,025,825	15,760,910
Less accumulated depreciation	1,924,353	1,736,441	3,555,129	3,301,453	5,479,482	5,037,894
Book value - depreciable assets	1,794,563	1,723,724	8,751,780	8,999,292	10,546,343	10,723,016
Percentage depreciated	51.74 %	50.18 %	28.89 %	26.84 %	34.19 %	31.96 %
Total Capital Assets	$ 2,136,935	$ 2,046,536	$ 8,823,909	$ 9,029,318	$ 10,960,844	$ 11,075,854

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, 2013, the City had total outstanding long-term debt of $1,688,243 as follows:

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Accumulated leave benefits	$ 48,043	$ 49,798	$ 16,459	$ 11,908	$ 64,502	$ 61,706
Notes payable						
GEFA Loan	-	-	834,485	857,458	834,485	-
Capital leases						
Public safety equipment	18,051	36,102	-	-	18,051	36,102
Revenue Bonds Payable						
USDA Bonds, Series 1992	-	-	771,205	-	771,205	-
Total Long-Term Debt	$ 66,094	$ 85,900	$ 1,622,149	$ 869,366	$ 1,688,243	$ 97,808

During the year ended June 30, 2013, the City issued no long-term debt. The City retired $51,339 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 2012 and 2013 exceeded the statewide average. The unemployment rate has fluctuated between 18 and 21 percent and currently is around 18.7%. Considering the economic conditions nationwide, it is anticipated that the unemployment rate will remain high for the foreseeable future. The City is presently engaged in a major upgrade to the gas system and running a gas line to a manufacturing plant located about 3 miles out of the City. This should greatly increase the gas revenues for the City in the upcoming years and should provide some relief to the high unemployment rate

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 Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash	$ 1,374,474	$ 5,069	$ 1,379,543	$ 50
Receivables, net of allowance for uncollectibles:				
Taxes	17,859	-	17,859	-
Intergovernmental	24,549	-	24,549	-
Other	85,857	148,389	234,246	-
Accrued interest receivable	30	-	30	-
Internal balances	(533,759)	533,759	-	-
Restricted assets:				
Cash	-	18,505	18,505	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	342,372	72,129	414,501	6,350
Depreciable assets, net	1,794,563	8,751,780	10,546,343	40,386
Total Assets	3,105,945	9,529,631	12,635,576	46,786
LIABILITIES				
Current Liabilities				
Accounts payable	76,434	58,360	134,794	2,370
Payroll taxes payable	1,076	-	1,076	-
Accrued salaries	16,726	5,846	22,572	-
Accrued sales tax	-	2,969	2,969	-
Accrued interest payable	-	4,964	4,964	200
Other accrued expenses	26,821	5,311	32,132	-
Deposits to secure services	-	65,464	65,464	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	9,609	3,292	12,901	-
Notes payable	-	31,529	31,529	-
Capital lease payable	18,051	-	18,051	-
Revenue bonds payable	-	8,856	8,856	-
Due in more than one year:				
Compensated absences, net of current portion	38,434	13,167	51,601	-
Notes payable, net of current portion	-	802,956	802,956	48,218
Revenue bonds payable, net of current portion	-	762,349	762,349	-
Total Liabilities	187,151	1,765,063	1,952,214	50,788
NET POSITION				
Net investment in capital assets	2,118,884	7,218,219	9,337,103	(1,482)
Restricted for:				
Capital projects	106,321	-	106,321	-
Debt service	-	18,505	18,505	-
Public Safety	30,266	-	30,266	-
Unrestricted	663,323	527,844	1,191,167	(2,520)
Total Net Position	$ 2,918,794	$ 7,764,568	$ 10,683,362	$ (4,002)

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, 2013

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 Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental activities:								
General government	$ 546,065	$ 38,298	$ 222,906	$ -	$ (284,861)	$ -	$ (284,861)	
Judicial	6,542	-	-	-	(6,542)	-	(6,542)	
Public safety	956,507	427,093	-	2,713	(526,701)	-	(526,701)	
Public works	558,618	9,834	-	112,194	(436,590)	-	(436,590)	
Economic development	2,263	-	33,980	-	31,717	-	31,717	
Total governmental activities	2,069,995	475,225	256,886	114,907	(1,222,977)	Nil	(1,222,977)	
Business-type activities:								
Water and sewer	784,496	943,323	-	-	-	158,827	158,827	
Gas	505,404	681,655	-	-	-	176,251	176,251	
Solid waste	205,092	442,198	-	-	-	237,106	237,106	
Total business-type activities	1,494,992	2,067,176	Nil	Nil	Nil	572,184	572,184	
Total - Primary Government	$ 3,564,987	$ 2,542,401	$ 256,886	$ 114,907	(1,222,977)	572,184	(650,793)	
Component Unit Downtown Development Authority	$ 5,991	$ 5,100	1,250	-	-	-	-	$ 359
General Revenues								
Property taxes					339,453	-	339,453	-
Sales taxes					210,935	-	210,935	-
Franchise taxes					191,340	-	191,340	-
Insurance premium taxes					155,439	-	155,439	-
Financial institution taxes					8,076	-	8,076	-
Alcoholic beverage taxes					86,989	-	86,989	-
Intangible and other taxes					36,124	-	36,124	-
Interest					1,117	22	1,139	-
Other revenues					25,313	-	25,313	-
Gain (loss) on sale of assets					2,254	3,750	6,004	-
Total general revenues					1,057,040	3,772	1,060,812	-
Transfers					750,267	(750,267)	-	-
Total general revenues and transfers					1,807,307	(746,495)	1,060,812	-
Change in net position					584,330	(174,311)	410,019	359
Net position, beginning of year (as restated)					2,334,464	7,938,879	10,273,343	(4,361)
Net position, end of year					$ 2,918,794	$ 7,764,568	$10,683,362	$ (4,002)

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

CITY OF MILLEN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 1,272,570	$ 58,897	$ 43,007	$ 1,374,474
Receivables:				
Taxes receivable	17,859	-	18,643	36,502
Intergovernmental receivables	-	18,859	5,690	24,549
Other receivables	67,214	-	-	67,214
Accrued interest receivable	30	-	-	30
Interfund receivables	500	-	-	500
Total Assets	$ 1,358,173	$ 77,756	$ 67,340	$ 1,503,269
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 52,277	$ 2,278	$ 21,881	$ 76,436
Payroll taxes payable	1,076	-	-	1,076
Accrued salaries	16,726	-	-	16,726
Other liabilities	26,821	-	-	26,821
Interfund payables	533,759	400	100	534,259
Total Liabilities	630,659	2,678	21,981	655,318
Deferred Inflows of Resources	18,637	-	-	18,637
Total Liabilities and Deferred Inflows of Resources	649,296	2,678	21,981	673,955
FUND BALANCES				
Restricted for:				
Capital projects	-	75,078	31,243	106,321
Public safety	16,150	-	14,116	30,266
Capital projects	405,671	-	-	405,671
Unassigned	287,056	-	-	287,056
Total Fund Balances	708,877	75,078	45,359	829,314
Total Liabilities and Fund Balances	$ 1,358,173	$ 77,756	$ 67,340	$ 1,503,269

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

CITY OF MILLEN, GEORGIA
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances		$ 829,314
Amounts reported in governmental activities in the statements of net position 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	$ 4,061,289	
Accumulated depreciation	(1,924,354)	2,136,935
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		18,639
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	$ (18,051)	
Compensated absences	(48,043)	(66,094)
Total Net Position of Governmental Activities		$ 2,918,794

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, 2013

	General Fund	SPLOST V Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	$ 304,582	$ -	$ -	$ 304,582
Motor vehicle and title advalorem taxes	51,490	-	-	51,490
Mobile home taxes	4,637	-	-	4,637
Franchise taxes	191,340	-	-	191,340
Sales and use taxes	210,935	-	-	210,935
Alcoholic beverage taxes	86,989	-	-	86,989
Business and occupation taxes	26,246	-	-	26,246
Insurance premium taxes	155,439	-	-	155,439
Financial institution taxes	8,076	-	-	8,076
Other taxes	3,317	-	-	3,317
Licenses and permits	6,270	-	-	6,270
Intergovernmental revenues	273,936	147,519	35,806	457,261
Charges for services	26,596	-	107,027	133,623
Fees, fines and forfeitures	297,942	-	494	298,436
Investment income	1,111	246	6	1,363
Other revenues	28,865	-	-	28,865
Total revenues	1,677,771	147,765	143,333	1,968,869
EXPENDITURES				
Current operations:				
General city government	507,804	-	-	507,804
Judicial	6,542	-	-	6,542
Public safety	876,326	-	137,727	1,014,053
Public works	586,964	-	-	586,964
Economic development	-	-	2,263	2,263
Debt Service:				
Public safety	-	18,051	-	18,051
Capital:				
Public safety	-	24,739	-	24,739
Public works	-	149,527	2,400	151,927
Total expenditures	1,977,636	192,317	142,390	2,312,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(299,865)	(44,552)	943	(343,474)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,254	-	-	2,254
Transfers in	813,273	-	52,502	865,775
Transfers out	(52,502)	-	-	(52,502)
NET CHANGE IN FUND BALANCES	463,160	(44,552)	53,445	472,053
FUND BALANCES, beginning of year	245,717	119,630	(8,086)	357,261
FUND BALANCES, end of year	$ 708,877	$ 75,078	$ 45,359	$ 829,314

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, 2013

Net change in fund balances - total governmental funds		$ 472,053
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 position, 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.		278,312
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(187,912)
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		18,051
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund operating statements.		
Deferred property taxes at June 30, 2013	$ 18,637	
Deferred property taxes at June 30, 2012	(16,566)	2,071
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, 2013	$ (48,043)	
Liability at June 30, 2012	49,798	1,755
Change in net position in governmental funds		$ 584,330

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 283,300	$ 302,200	$ 304,582	$ 2,382
Motor vehicle and title advalorem taxes	34,000	34,000	51,490	17,490
Mobile home taxes	5,000	3,000	4,637	1,637
Franchise taxes	225,000	197,762	191,340	(6,422)
Sales and use taxes	298,000	225,000	210,935	(14,065)
Alcoholic beverage taxes	100,000	88,000	86,989	(1,011)
Business and occupation taxes	26,650	26,650	26,246	(404)
Insurance premium taxes	150,000	155,439	155,439	-
Financial institution taxes	7,900	8,076	8,076	-
Other taxes	3,500	2,700	3,317	617
Licenses and permits	6,500	6,500	6,270	(230)
Intergovernmental revenues	11,292	9,042	273,936	264,894
Charges for services	40,000	26,500	26,596	96
Fees, fines and forfeitures	276,000	266,000	297,942	31,942
Investment income	610	950	1,111	161
Other revenues	109,530	297,700	28,865	(268,835)
Total revenues	1,577,282	1,649,519	1,677,771	28,252
EXPENDITURES				
Current operations:				
General city government	668,945	733,049	507,804	225,245
Judicial	31,600	23,550	6,542	17,008
Public safety	883,500	1,056,400	876,326	180,074
Public works	572,800	648,800	586,964	61,836
Debt service:				
General city government	7,000	7,000	-	7,000
Total expenditures	2,163,845	2,468,799	1,977,636	491,163
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(586,563)	(819,280)	(299,865)	519,415
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	243,000	2,254	(240,746)
Transfers in	576,563	576,280	813,273	236,993
Transfers out	-	-	(52,502)	(52,502)
NET CHANGE IN FUND BALANCES	Nil	Nil	463,160	463,160
FUND BALANCES, beginning of year	245,717	245,717	245,717	Nil
FUND BALANCES, end of year	$ 245,717	$ 245,717	$ 708,877	$ 463,160

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

CITY OF MILLEN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ -	$ 5,069	$ -	$ 5,069
Accounts receivable	100,453	19,877	28,059	148,389
Restricted assets:				
Cash	18,505	-	-	18,505
Interfund receivables	533,759	-	-	533,759
Total current assets	652,717	24,946	28,059	705,722
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	72,129	-	-	72,129
Depreciable assets, net	8,270,901	365,905	114,974	8,751,780
Total noncurrent assets	8,343,030	365,905	114,974	8,823,909
Total Assets	8,995,747	390,851	143,033	9,529,631
LIABILITIES				
Current Liabilities				
Accounts payable	25,966	28,778	3,616	58,360
Accrued salaries	2,588	1,650	1,608	5,846
Accrued sales tax	-	2,969	-	2,969
Accrued interest payable	4,964	-	-	4,964
Compensated absences	1,672	412	1,208	3,292
Other liabilities	-	5,052	-	5,052
Notes payable - current portion	31,529	-	-	31,529
Revenue bonds payable - current portion	8,856	-	-	8,856
Deposits to secure service	35,090	30,633	-	65,723
Total current liabilities	110,665	69,494	6,432	186,591
Noncurrent Liabilities				
Compensated absences	6,687	1,650	4,830	13,167
Notes payable, net of current portion	802,956	-	-	802,956
Revenue bonds payable, net of current portion	762,349	-	-	762,349
Total noncurrent liabilities	1,571,992	1,650	4,830	1,578,472
Total Liabilities	1,682,657	71,144	11,262	1,765,063
NET POSITION				
Net investment in capital assets	6,737,340	365,905	114,974	7,218,219
Restricted for debt service	18,505	-	-	18,505
Unrestricted	557,245	(46,198)	16,797	527,844
Total Net Position	$ 7,313,090	$ 319,707	$ 131,771	$ 7,764,568

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 Position
Proprietary Funds
For the Year Ended June 30, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 903,126	$ 664,521	$ 431,733	$ 1,999,380
Installation charges	16,525	200	-	16,725
Penalties	21,933	16,574	10,465	48,972
Miscellaneous	676	360	-	1,036
Recovery of bad debts	1,063	-	-	1,063
Total operating revenues	943,323	681,655	442,198	2,067,176
OPERATING EXPENSES				
Salaries	121,931	91,421	89,124	302,476
Employee benefits	38,049	24,488	28,294	90,831
Contractual services	103,479	11,647	-	115,126
Repairs, maintenance and other contractual services	18,777	12,458	8,675	39,910
Gas purchases	-	312,769	-	312,769
Communications	2,906	2,246	355	5,507
Liability and property insurance	9,296	4,179	2,688	16,163
Travel and training	1,110	232	-	1,342
Supplies and materials	57,414	15,477	17,387	90,278
Utilities	82,662	-	-	82,662
Vehicle gasoline	12,025	6,389	25,746	44,160
Depreciation	269,425	18,316	19,694	307,435
Other expenses	2,822	5,782	13,129	21,733
Total operating expenses	719,896	505,404	205,092	1,430,392
NET INCOME FROM OPERATIONS	223,427	176,251	237,106	636,784
NONOPERATING REVENUES (EXPENSES)				
GEFA loan fees	(1,500)	-	-	(1,500)
Interest earned	16	6	-	22
Interest expense	(63,101)	-	-	(63,101)
Gain (loss) on sale of assets	-	-	3,750	3,750
Total nonoperating revenues (expenses)	(64,585)	6	3,750	(60,829)
INCOME (LOSS) BEFORE TRANSFERS	158,842	176,257	240,856	575,955
Capital contributions	63,007	-	-	63,007
Transfers out	(350,000)	(193,366)	(269,907)	(813,273)
CHANGE IN NET POSITION	(128,151)	(17,109)	(29,051)	(174,311)
NET POSITION, beginning of year (as restated)	7,441,241	336,816	160,822	7,938,879
NET POSITION, end of year	$ 7,313,090	$ 319,707	$ 131,771	$ 7,764,568

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, 2013

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 911,543	$ 702,304	$ 451,489	$ 2,065,336
Cash paid for goods and services	(313,862)	(394,022)	(96,528)	(804,412)
Cash paid to employees for services	(116,159)	(93,120)	(88,804)	(298,083)
Customer deposits received (refunded)	(1,371)	538	-	(833)
Net cash provided by operating activities	480,151	215,700	266,157	962,008
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	(13,732)	-	-	(13,732)
Net transfers in (out)	(350,000)	(193,366)	(269,907)	(813,273)
Net cash used by noncapital financing activities	(363,732)	(193,366)	(269,907)	(827,005)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(16,051)	(22,970)	-	(39,021)
Proceeds from sale of property and equipment	-	-	3,750	3,750
Retirement of revenue bonds	(8,560)	-	-	(8,560)
Retirement of other long-term debt	(22,972)	-	-	(22,972)
Payment of bond issuance costs	(1,500)	-	-	(1,500)
Interest and fiscal charges paid	(63,085)	-	-	(63,085)
Net cash used by capital and related financing activities	(112,168)	(22,970)	3,750	(131,388)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	17	6	-	23
Net cash provided by investing activities	17	6	Nil	23
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,268	(630)	Nil	3,638
CASH AND EQUIVALENTS, beginning of year	14,237	5,699	Nil	19,936
CASH AND EQUIVALENTS, end of year	$ 18,505	$ 5,069	$ Nil	$ 23,574

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, 2013

	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	$ 223,427	$ 176,251	$ 237,106	$ 636,784
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Provision for losses on receivables	6,898	-	-	6,898
Depreciation	269,424	18,316	19,694	307,434
Decrease (increase) in operating assets:				
Accounts receivable	(38,778)	20,650	9,291	(8,837)
Increase (decrease) in operating liabilities:				
Accounts payable	14,778	1,023	(254)	15,547
Accrued salaries	323	(418)	(61)	(156)
Accrued leave benefits	5,450	(1,281)	381	4,550
Accrued sales tax	-	1,257	-	1,257
Deposits for services	(1,371)	538	-	(833)
	-	(636)	-	(636)
Total adjustments	256,724	39,449	29,051	325,224
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 480,151	$ 215,700	$ 266,157	$ 962,008
Supplemental Disclosure of Cash Flow Information				
Noncash investing and financing activities:				
Noncash contribution of property and equipment	$ 63,007	$ Nil	$ Nil	$ 63,007

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, to its governmental and business-type activities at the government-wide level and to its proprietary funds at the fund reporting level, 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, 2013, the Authority paid the City $5,043 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 Commission - Under Georgia law, the City, in conjunction with other cities and counties in a 13-county region in the eastern portion of central Georgia, is a member of the Central Savannah River Regional Commission (RC) and is required to pay annual dues thereto. In addition, the City contracts with the RC for specific services which are billed based on standard hourly rates. During the year ended June 30, 2013, the City paid the RC $Nil for grant administration services. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Financial statements for the Commission may be obtained directly from the RC 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 position 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 position and a statement of activities. These statements report financial information for the City as a whole. The primary government and the discretely presented component units are presented separately within these financial statements with focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position 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 and for each major component unit. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted.*

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

Fund financial statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at 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 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.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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.

C. Measurement Focus and Basis of Accounting

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar 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. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e. collected by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

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

E. Assets, Liabilities and Net Position 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)

E. Assets, Liabilities and Net Position or Equity (continued)

1. Cash, Cash Equivalents and Investments (continued)

State statute authorizes municipalities to invest in the following types 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

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net position, 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)

E. Assets, Liabilities and Net Position 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

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the governmental fund statements. Capital assets utilized by proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the proprietary fund's statement of net position. General infrastructure assets (i.e., roads, bridges, right of ways, and similar items) acquired prior to July 1, 2003 are not reported.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair market value as of the date received. The City maintains a capitalization threshold of $10,000 for infrastructure, and a capitalization threshold of $500 for other capital assets. The City's infrastructure consists of roads, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. 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

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

7. 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.

Leave benefits accrue as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employee would compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level, Governmental funds report the compensated absence liability at the fund reporting level only "when due."

8. Accrued Liabilities and Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of 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.

9. *Debt Issuance Costs*

Bond or other debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

10. Fund Net Position 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 position."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

- **Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

- **Assigned** - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed.

- **Unassigned** - Fund balances are reported as assigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

The City applies restricted resources first when an expense in incurred for which both restricted and unrestricted net position is available.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

11. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for the use of the water, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. 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, including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

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, 2013, City Council approved a budget amendment which increased General Fund expenditures by $304,954.

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.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At June 30, 2013, the carrying amount of the City's deposits was $1,398,048 which is reflected as cash of $1,379,543 and restricted cash of $18,505. The related bank balance was $1,446,933. Of this bank balance, $317,568 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, 2013, 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, 2013 consist of the following:

Taxes receivable -	Current	$ 22,321
	Prior	4,245
Gross receivables		26,566
Allowance for uncollectible accounts		8,707
Total		$ 17,859

Note 3. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Other receivables at June 30, 2013, consisted of the following:

	General Fund	SPLOST V Fund	Other Governmental Funds	Enterprise	Total
Intergovernmental receivables	$ -	$ 18,859	$ 5,690	$ -	$ 24,549
Other receivables	67,214	-	-	209,608	276,822
Gross receivables	67,214	18,859	5,690	209,608	301,371
Allowance for uncollectible	-	-	-	61,219	61,219
Total	$ 67,214	$ 18,859	$ 5,690	$ 148,389	$ 240,152

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 Community Development Block 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, 2013 was as follows:

	Restated Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Governmental Activities:				
Nondepreciable capital assets:				
Land (as restated)	$ 313,041	$ -	$ -	$ 313,041
Construction-in-progress	9,771	151,903	132,343	29,331
Total nondepreciable capital assets	322,812	151,903	132,343	342,372
Depreciable assets: (as restated)				
Land improvements	1,008,323	14,280	-	1,022,603
Buildings and plant	980,584	-	-	980,584
Machinery and equipment	453,849	214,771	-	668,620
Office equipment	359,578	-	-	359,578
Vehicles	657,831	29,700	-	687,531
Total depreciable capital assets	3,460,165	258,751	-	3,718,916
Total capital assets	3,782,977	410,654	132,343	4,061,288
Accumulated depreciation: (as restated)				
Land improvements	64,065	29,594	-	93,659
Buildings and plant	658,417	25,059	-	683,476
Machinery and equipment	354,815	34,480	-	389,295
Office equipment	226,406	50,836	-	277,242
Vehicles	432,738	47,943	-	480,681
Total accumulated depreciation	1,736,441	187,912	Nil	1,924,353
Governmental activities capital assets, net	$ 2,046,536	$ 222,742	$ 132,343	$ 2,136,935

Governmental activities depreciation expense:

General city government	$ 39,780
Public safety	101,387
Public works	46,745
Total governmental activities depreciation expense	$ 187,912

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance December 31, 2012	Additions	Retirements	Balance June 30, 2013
Business-Type Activities:				
Nondepreciable capital assets:				
Construction-in-progress	$ 30,026	$ 42,103	$ -	$ 72,129
Total nondepreciable capital assets	30,026	42,103	Nil	72,129
Depreciable capital assets:				
Buildings and plant	11,110,582	32,979	-	11,143,561
Machinery and equipment	848,472	12,000	-	860,472
Office equipment	9,137	-	-	9,137
Vehicles	332,554	14,945	53,760	293,739
Total depreciable capital assets	12,300,745	59,924	53,760	12,306,909
Total capital assets	12,330,771	102,027	53,760	12,379,038
Accumulated depreciation:				
Buildings and plant	2,604,484	236,654	-	2,841,138
Machinery and equipment	492,726	49,068	-	541,794
Office equipment	8,989	148	-	9,137
Vehicles	195,254	21,566	53,760	163,060
Total accumulated depreciation	3,301,453	307,436	53,760	3,555,129
Business-type capital assets, net	$ 9,029,318	$ (205,409)	$ Nil	$ 8,823,909

Business-type activities depreciation expense:

Water and sewer	$ 269,426
Gas	18,316
Solid waste	19,694
Total business-type activities depreciation expense	$ 307,436

Note 3. Detailed Notes on All Funds (continued)

E. Deferred Inflows of Resources

In addition to liabilities, the City reflects certain items as deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reflects unavailable revenue in this manner. The unavailable revenues from property taxes in the amount of $18,637 are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Interfund Balances and Transfers

A summary of interfund receivables/payables at June 30, 2013, is as follows:

	Payable to:		
	General Fund	Water and Sewer Fund	Total
Payable from:			
Governmental Funds:			
General Fund	$ -	$ 533,759	$ 533,759
Multiple Grants Fund	100	-	100
SPLOST V Fund	400	-	400
Total	$ 500	$ 533,759	$ 534,259

Amounts due from the General Fund to the Water and Sewer Fund represent amounts loaned which will be repaid in subsequent periods.

Amounts due to the General Fund from the 2009 Community Development Block Grant, the SPLOST V Fund, and the Multiple Grants Fund represent amounts advanced to open various bank accounts.

Note 3. Detailed Notes on All Funds (continued)

F. Interfund Balances and Transfers (continued)

A summary of interfund transfers during the year ended June 30, 2013, is as follows:

	Transfers to:				
	General Fund	Special Revenue E-911 Fund	Capital Projects TSPLOST Fund	Enterprise Fund Gas Fund	Total
Transfers from:					
Governmental funds:					
General Fund	$ -	$ 52,402	$ 100	$ -	$ 52,502
Total governmental funds	-	52,402	100	-	52,502
Proprietary funds:					
Water and Sewer Fund	350,000	-	-	-	350,000
Gas Fund	193,366	-	-	-	193,366
Solid Waste Fund	269,907	-	-	-	269,907
Total proprietary funds	813,273	Nil	Nil	Nil	813,273
Total	$ 813,273	$ 52,402	$ 100	$ Nil	$ 865,775

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 TSPLOST Fund represent amounts transferred to open the fund.

G. Long-Term Debt

1. Notes Payable

Notes payable of the City at June 30, 2013 consisted of the following:

Business-type Activities:	
Note payable to the Georgia Environmental Facilities Authority, issued August 16, 2011 in the original amount of $857,458 due on monthly installments of $4,889.60 through September, 2032 with interest at 3.31%.	$ 834,485
Total	$ 834,485

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

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

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

	Business-Type Activities		
	Principal	Interest	Total
2014	$ 31,529	$ 27,146	$ 58,675
2015	32,589	26,086	58,675
2016	33,684	24,991	58,675
2017	34,816	23,859	58,675
2018	35,986	22,689	58,675
2019 - 2023	198,905	94,471	293,376
2024 - 2028	234,651	58,725	293,376
2029 - 2033	232,325	17,044	249,369
Total	$ 834,485	$ 295,011	$ 1,129,496

2. Bonds Payable

At June 30, 2013, 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%	$ 771,205
Total	$ 771,205

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.

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

The annual requirements to each debt type to amortize bonds outstanding at June 30, 2013, are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2014	$ 8,856	$ 34,620	$ 43,476
2015	9,362	34,114	43,476
2016	9,792	33,684	43,476
2017	10,242	33,234	43,476
2018	10,712	32,764	43,476
2019 - 2023	61,411	155,969	217,380
2024 - 2028	76,874	140,506	217,380
2029 - 2033	96,230	121,150	217,380
2034 - 2038	120,461	96,919	217,380
2039 - 2043	150,792	66,588	217,380
2044 - 2048	188,761	28,619	217,380
2049 - 2053	27,712	459	28,171
Total	$ 771,205	$ 778,626	$ 1,549,831

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, 2013:

Capital lease payable to Ford Motor Credit Company due in annual installments of $18,051, including interest at 0%, through November, 2013, for the acquisition of public safety vehicles	$ 18,051
Total	$ 18,051

The lease qualifies as a capital lease 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
Vehicles	$ 54,153
Total original cost	54,153
Accumulated depreciation	10,831
Total	$ 43,322

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

	Governmental Activities
2014	$ 18,051
Total minimum lease payments	$ 18,051

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, 2013 are summarized as follows:

	Restated Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 36,102	$ -	$ 18,051	$ 18,051	$ 18,051
Compensated absences	49,798	-	1,755	48,043	9,609
Total governmental activities	85,900	Nil	19,806	66,094	27,660
Business-Type Activities:					
Notes payable	857,458	-	22,973	834,485	31,529
Revenue bonds	779,765	-	8,560	771,205	8,856
Compensated absences	11,908	4,551	-	16,459	3,292
Total business-type activities	1,649,131	4,551	31,533	1,622,149	43,677
Total	$ 1,735,031	$ 4,551	$ 51,339	$ 1,688,243	$ 71,337

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 $1,549,831. Principal and interest paid for the current year and total customer net revenues were $43,476 and $943,323, respectively.

6. Interest

Interest incurred during the year ended June 30, 2013, in business-type activities was $63,101, of which $63,101 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 5.84% 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, 2013, the City's annual pension cost of $66,254 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2013 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 ranging from 4% to 11% depending on age and years of 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
6/30/2013	$ 66,254	100 %	$ Nil
6/30/2012	78,915	100	Nil
6/30/2011	76,687	100	Nil

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan (continued)

5. Schedule of Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was funded 103.08%. The actuarial accrued liability for benefits was $2,327,603, and the actuarial value of the assets was $2,399,281, resulting in a funding excess of $71,678. The covered payroll (annual payroll of active employees covered by the plan) was $1,114,615, 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 investment in capital assets on the government-wide statement of assets as of June 30, 2013, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 4,061,288	$ 12,379,038	$ 16,440,326
Accumulated depreciation	1,924,353	3,555,129	5,479,482
Book value	2,136,935	8,823,909	10,960,844
Less capital related debt	18,051	1,605,690	1,623,741
Net investment in capital assets	$ 2,118,884	$ 7,218,219	$ 9,337,103

The Statement of Net Position shows certain amounts as restricted. 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 position includes:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 75,078	$ -	$ 75,078
TSPLOST capital projects	Law	31,243	-	31,243
Total capital projects		106,321	-	106,321
Debt service	Bond covenants	-	18,505	18,505
Other restrictions				
Public safety	Law	30,266	-	30,266
Total other		30,266	-	30,266
Total restricted net position		$ 136,587	$ 18,505	$ 155,092

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, 2013. No provisions have been made in the financial statements for the year ended June 30, 2013 for any estimate of potential unpaid claims.

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 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.

Note 4. Other Notes (continued)

C. Commitments

The City is involved in a continuing plan for improvements to the water and sewer system. As of June 30, 2013, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Streetscape improvements	$ 1,250,000	$ 1,223,100	June, 2015
Sewer line enhancements	527,535	527,535	March, 2014
Sewer line expansion - Phase II	1,147,138	1,147,138	February, 2014
Expansion of gas system	3,459,940	3,459,940	April, 2014
Scenic Bypass Visitors Center	819,693	819,693	December, 2014
Total	$ 7,204,306	$ 7,177,406	

It is anticipated that the streetscape improvements will be funded through a Transportation Enhancement Grant as well as SPLOST funds.

It is anticipated that the Sewer Line Expansion Phase II will be funded through an EDA Grant as well as SPLOST funds.

It is anticipated that the Scenic Bypass Visitors Center will be financed through grants and local funds.

It is anticipated that the sewer line enhancements will be funded through a Community Development Block Grant.

It is anticipated that the expansion of the gas system will be funded through loans, which are expected to be repaid from facilities use charges and expanded gas revenues.

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, 2013 totaled $6,413.

Note 4. Other Notes (continued)

E. Restatement of Prior Year Data

During the year ended June 30, 2013, the City implemented *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. As a result, the City deleted the unamortized debt issuance costs for proprietary funds both at the government-wide and fund reporting level, by restating the prior period. In addition, there are numerous terminology changes through the financial section of this report. These terminology changes do not require a prior period adjustment.

During the current year, it was noted that certain assets of the governmental activities acquired through a capital lease were incorrectly reported at the prior year. The prior year data has been restated to correct these errors.

The net effect of the restatements was as follows:

	Water Sewer Fund
Increase (decrease) in deferred charges	$ (34,144)
Decrease (increase) in beginning net position	$ 27,369
Increase (decrease) nonoperating expenses	$ 6,775

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

	Governmental Activities
Increase (decrease) in capital assets	$ 54,153
Decrease (increase) in capital lease payable	$ (36,102)
Increase (decrease) in expenses	$ (18,051)

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, 2013	$ 2,399,281	$ 2,327,603	103.08 %	$ (71,678)	$ 1,114,615	0.00 %
January 1, 2012	2,322,951	2,237,709	103.81	(85,242)	1,131,960	0.00
October 1, 2011	2,316,592	2,123,908	109.07	(192,684)	1,097,310	0.00
November 1, 2010	2,241,650	2,029,425	110.46	(212,225)	1,094,575	0.00
November 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

** Not less than zero*

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 Grant Fund - To account for revenues and expenditures associated with the City's Brownfield Cleanup 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 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, 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.

TSPLOST Fund - This fund is used to account for the proceeds of a Transportation Special Purpose Local Option Sales Tax. Proceeds are restricted to use for certain road improvements.

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, 2013

	Special Revenue Funds				Capital Projects				
	E-911 Fund	Confiscated Assets Fund	Brownfield Grant Fund	Multiple Grants Fund	SPLOST III Fund	SPLOST IV Fund	2009 CDBG Grant	TSPLOST Fund	Total
ASSETS									
Cash	$ 12,087	$ 5,267	$ -	$ 100	$ -	$ -	$ -	$ 25,553	$ 43,007
Other receivables	18,643	-	-	-	-	-	-	-	18,643
Intergovernmental receivables	-	-	-	-	-	-	-	5,690	5,690
Total assets	$ 30,730	$ 5,267	$ Nil	$ 100	$ Nil	$ Nil	$ Nil	$ 31,243	$ 67,340
LIABILITIES									
Accounts payable	$ 21,881	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,881
Interfund payables	-	-	-	100	-	-	-	-	100
Total liabilities	21,881	Nil	Nil	100	Nil	Nil	Nil	Nil	21,981
FUND BALANCES									
Restricted for:	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	31,243	31,243
Public safety	8,849	5,267	-	-	-	-	-	-	14,116
Total fund balances	8,849	5,267	Nil	Nil	Nil	Nil	Nil	31,243	45,359
Total liabilities and fund balances	$ 30,730	$ 5,267	$ Nil	$ 100	$ Nil	$ Nil	$ Nil	$ 31,243	$ 67,340

CITY OF MILLEN, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds				Capital Projects				
	E-911 Fund	Confiscated Assets Fund	Brownfield Grant Fund	Multiple Grants Fund	SPLOST III Fund	SPLOST IV Fund	2009 CDBG Grant	TSPLOST Fund	Total
REVENUES									
Intergovernmental revenues	$ -	$ -	$ 2,263	$ -	$ -	$ -	$ -	$ 33,543	$ 35,806
Charges for services	107,027	-	-	-	-	-	-	-	107,027
Fees, fines and forfeitures	-	494	-	-	-	-	-	-	494
Investment income	6	-	-	-	-	-	-	-	6
Total revenues	107,033	494	2,263	Nil	Nil	Nil	Nil	33,543	143,333
EXPENDITURES									
Current operations:									
Public safety	137,727	-	-	-	-	-	-	-	137,727
Economic development	-	-	2,263	-	-	-	-	-	2,263
Capital:									
Public works	-	-	-	-	-	-	-	2,400	2,400
Total expenditures	137,727	Nil	2,263	Nil	Nil	Nil	Nil	2,400	142,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,694)	494	Nil	Nil	Nil	Nil	Nil	31,143	943
OTHER FINANCING SOURCES (USES)									
Transfers in	52,402	-	-	-	-	-	-	100	52,502
NET CHANGE IN FUND BALANCES	21,708	494	Nil	Nil	Nil	Nil	Nil	31,243	53,445
FUND BALANCES, beginning of year	(12,859)	4,773	Nil	Nil	Nil	Nil	Nil	Nil	(8,086)
FUND BALANCES, end of year	$ 8,849	$ 5,267	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 31,243	$ 45,359

CITY OF MILLEN, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Actual
REVENUES					
Taxes:					
Property taxes	$ 283,300	$ 302,200	$ 304,582	$ 2,382	$ 312,841
Motor vehicle and title advalorem taxes	34,000	34,000	51,490	17,490	29,963
Mobile home taxes	5,000	3,000	4,637	1,637	5,821
Franchise taxes	225,000	197,762	191,340	(6,422)	210,062
Sales and use taxes	298,000	225,000	210,935	(14,065)	271,719
Alcoholic beverage taxes	100,000	88,000	86,989	(1,011)	95,700
Business and occupation taxes	26,650	26,650	26,246	(404)	24,859
Insurance premium taxes	150,000	155,439	155,439	-	146,341
Financial institution taxes	7,900	8,076	8,076	-	7,952
Other taxes	3,500	2,700	3,317	617	3,524
Licenses and permits	6,500	6,500	6,270	(230)	6,325
Intergovernmental revenues	11,292	9,042	273,936	264,894	59,284
Charges for services	40,000	26,500	26,596	96	37,631
Fees, fines and forfeitures	276,000	266,000	297,942	31,942	271,197
Investment income	610	950	1,111	161	737
Other revenues	109,530	297,700	28,865	(268,835)	24,300
Total revenues	1,577,282	1,649,519	1,677,771	28,252	1,508,256
EXPENDITURES					
Current operations:					
General city government					
Legislative	52,750	57,400	38,852	18,548	32,667
Elections	6,422	10,500	9,796	704	6,422
Administration	609,773	665,149	459,155	205,994	471,863
Judicial					
Municipal court	31,600	23,550	6,542	17,008	7,160
Public safety					
Police	455,400	565,950	523,617	42,333	431,831
Fire	401,600	460,500	331,953	128,547	294,332
Animal control	26,500	29,950	20,756	9,194	24,448
Public works					
Street	504,950	574,300	528,257	46,043	465,817
Maintenance	67,850	74,500	58,708	15,792	61,657
Debt service:					
General city government	7,000	7,000	-	7,000	-
Total expenditures	2,163,845	2,468,799	1,977,636	491,163	1,796,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(586,563)	(819,280)	(299,865)	519,415	(287,941)

(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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Actual
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	$ 10,000	$ 8,000	$ 2,254	$ (5,746)	$ 86,882
Use (return) of prior year surplus	-	235,000	-	(235,000)	-
Transfers in	576,563	576,280	813,273	236,993	456,076
Transfers out	-	-	(52,502)	(52,502)	(368,109)
NET CHANGE IN FUND BALANCES	Nil	Nil	463,160	463,160	(113,092)
FUND BALANCES, beginning of year	245,717	245,717	245,717	Nil	358,809
FUND BALANCES, end of year	$ 245,717	$ 245,717	$ 708,877	$ 463,160	$ 245,717

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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Charges for services				
E-911 Fees	$ 104,811	$ 107,027	$ 2,216	$ 104,737
Investment income	-	6	6	36
Other revenues	100	-	(100)	-
Total revenues	104,911	107,033	2,122	104,773
EXPENDITURES				
Current operations:				
Public safety				
Salaries and related benefits	96,512	88,902	7,610	89,574
Repairs and maintenance - building	-	891	(891)	-
Repairs and maintenance - equipment	1,000	3,726	(2,726)	3,453
Communications	37,800	37,005	795	44,232
Other services	2,565	354	2,211	20
Supplies	200	461	(261)	1,497
Equipment	32,000	6,388	25,612	-
Total expenditures	170,077	137,727	32,350	138,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,166)	(30,694)	34,472	(34,003)
OTHER FINANCING SOURCES (USES)				
Transfers in	65,166	52,402	(12,764)	63,174
NET CHANGE IN FUND BALANCES	Nil	21,708	21,708	29,171
FUND BALANCES, beginning of year	(12,859)	(12,859)	Nil	(42,030)
FUND BALANCES, end of year	$ (12,859)	$ 8,849	$ 21,708	$ (12,859)

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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ -	$ 494	$ 494	$ 1,661
Total revenues	Nil	494	494	1,661
EXPENDITURES				
Current operations:				
Public safety				
Repairs and maintenance - equipment	-	-	-	745
Other services	-	-	-	1,845
Equipment purchases	4,773	-	4,773	916
Total expenditures	4,773	Nil	4,773	3,506
NET CHANGE IN FUND BALANCES	(4,773)	494	5,267	(1,845)
FUND BALANCES, beginning of year	4,773	4,773	Nil	6,618
FUND BALANCES, end of year	$ Nil	$ 5,267	$ 5,267	$ 4,773

CITY OF MILLEN, GEORGIA
Brownfield Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2012 Actual**
REVENUES				
Intergovernmental revenues:				
Brownfield Grant	$ 42,264	$ 2,263	$ (40,001)	$ 181,244
Total revenues	42,264	2,263	(40,001)	181,244
EXPENDITURES				
Current operations:				
Economic development	29,764	2,263	27,501	181,244
Total expenditures	29,764	2,263	27,501	181,244
NET CHANGE IN FUND BALANCES	12,500	Nil	(12,500)	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ 12,500	$ Nil	$ (12,500)	$ 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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2012 Actual
REVENUES				
Intergovernmental revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Public safety	-	-	-	-
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 III Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2012 Actual**
REVENUES				
Investment income	$ -	$ -	$ -	$ 23
Total revenues	Nil	Nil	Nil	23
EXPENDITURES				
Capital:				
Public works	-	-	-	176,875
Total expenditures	Nil	Nil	Nil	176,875
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(176,852)
FUND BALANCES, beginning of year	Nil	Nil	Nil	176,852
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2012 Actual**
REVENUES				
Investment income	$ -	$ -	$ -	$ 19
Total revenues	Nil	Nil	Nil	19
EXPENDITURES				
Capital:				
Public works	-	-	-	44,074
Total expenditures	Nil	Nil	Nil	44,074
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Nil	Nil	Nil	(44,055)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	100
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	(43,955)
FUND BALANCES, beginning of year	Nil	Nil	Nil	43,955
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, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2012 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 262,500	$ 137,685	$ (124,815)	$ 153,175
CDBG Employment Incentive Program Grants	-	9,834	9,834	20,166
One Georgia Grant	-	-	-	500,000
Investment income	-	246	246	102
Total revenues	262,500	147,765	(114,735)	673,443
EXPENDITURES				
Debt Service:				
General city government	16,667	-	16,667	26,891
Public safety	-	18,051	(18,051)	-
Capital:				
Public safety	33,333	24,739	8,594	19,249
Public works	212,500	149,527	62,973	1,017,700
Total expenditures	262,500	192,317	70,183	1,063,840
NET CHANGE IN FUND BALANCES	Nil	(44,552)	(44,552)	(390,397)
FUND BALANCES, beginning of year	119,630	119,630	Nil	510,027
FUND BALANCES, end of year	$ 119,630	$ 75,078	$ (44,552)	$ 119,630

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, 2013

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG Grant	$ 500,000	$ 500,000	$ -	$ 500,000
Total revenues	500,000	500,000	Nil	500,000
EXPENDITURES				
Capital:				
Public works				
Sewer facilities	441,227	441,227	-	441,227
Grant administration	30,000	30,000	-	30,000
Engineering	28,773	28,773	-	28,773
Total expenditures	500,000	500,000	Nil	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
2009 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended June 30, 2013

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						
Sewer facilities	P-03J-02	$ 441,227	$ 441,227	$ -	$ 441,227	$ -
Engineering	T-03J-02	28,773	28,773	-	28,773	-
Grant administration	A-21A-00	30,000	30,000	-	30,000	-
Engineering - cash match		-	-	24,454	24,454	-
Sewer facilities - cash match		-	-	85,020	85,020	-
Grand Total		$ 500,000	$ 500,000	$ 109,474	$ 609,474	$ Nil

Source of other funds: General Fund and SPLOST Funds

CITY OF MILLEN, GEORGIA
TSPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012

	2013			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2012 Actual**
REVENUES				
Intergovernmental revenues:				
TSPLOST Revenues	$ 84,789	$ 33,543	$ (51,246)	$ -
Total revenues	84,789	33,543	(51,246)	Nil
EXPENDITURES				
Capital:				
Street construction	-	2,400	(2,400)	-
Total expenditures	Nil	2,400	(2,400)	Nil
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	84,789	31,143	(53,646)	Nil
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100	100	-
NET CHANGE IN FUND BALANCES	84,789	31,243	(53,546)	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ 84,789	$ 31,243	$ (53,546)	$ Nil

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 903,126	$ 807,373
Installation charges	16,525	14,610
Penalties	21,933	23,112
Miscellaneous	676	3,286
Recovery of bad debts	1,063	1,232
Total operating revenues	943,323	849,613
OPERATING EXPENSES		
Salaries	121,931	103,860
Employee benefits	38,049	41,973
Contractual services	103,479	83,412
Repairs, maintenance and other contractual services	18,777	14,197
Communications	2,906	2,792
Liability and property insurance	9,296	5,479
Travel and training	1,110	1,169
Supplies and materials	57,414	40,898
Utilities	82,662	91,810
Vehicle gasoline	12,025	14,142
Depreciation	269,425	238,057
Other expenses	2,822	9,805
Total operating expenses	719,896	647,594
NET INCOME FROM OPERATIONS	223,427	202,019
NONOPERATING REVENUES (EXPENSES)		
GEFA loan fees	(1,500)	(7,500)
Interest earned	16	11
Interest expense	(63,101)	(35,264)
Total nonoperating revenues (expenses)	(64,585)	(42,753)
INCOME (LOSS) BEFORE TRANSFERS	158,842	159,266
Capital contributions	63,007	904,592
Transfers out	(350,000)	(350,000)
CHANGE IN NET POSITION	(128,151)	713,858
NET POSITION, beginning of year (as restated)	7,441,241	6,727,383
NET POSITION, end of year	$ 7,313,090	$ 7,441,241

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 911,543	$ 850,075
Cash paid for goods and services	(313,862)	(315,958)
Cash paid to employees for services	(116,159)	(106,563)
Customer deposits received (refunded)	(1,371)	(422)
Net cash provided by operating activities	480,151	427,132
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	(13,732)	(520,127)
Net transfers in (out)	(350,000)	(350,000)
Net cash used by noncapital financing activities	(363,732)	(870,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital - capital grants	-	149,799
Purchase of property and equipment	(16,051)	(511,194)
Proceeds from issuance of other long-term debt	-	857,458
Retirement of revenue bonds	(8,560)	(8,184)
Retirement of other long-term debt	(22,972)	-
Payment of loan origination fees	(1,500)	(7,500)
Interest and fiscal charges paid	(63,085)	(33,037)
Net cash provided (used) by capital and related financing activities	(112,168)	447,342
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	17	11
Net cash provided by investing activities	17	11
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,268	4,358
CASH AND EQUIVALENTS, beginning of year	14,237	9,879
CASH AND EQUIVALENTS, end of year	$ 18,505	$ 14,237

(Continued)

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 223,427	$ 202,019
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	6,898	5,591
Depreciation	269,424	238,057
Decrease (increase) in operating assets:		
Accounts receivable	(38,778)	(5,052)
Increase (decrease) in operating liabilities:		
Accounts payable	14,778	(10,358)
Accrued salaries	323	312
Accrued leave benefits	5,450	(3,015)
Deposits for services	(1,371)	(422)
Total adjustments	256,724	225,113
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 480,151	$ 427,132
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Contribution of capital: Capital projects through SPLOST and CDBG Funds	$ 63,007	$ 754,793

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 664,521	$ 479,700
Installation charges	200	200
Penalties	16,574	13,639
Miscellaneous	360	375
Total operating revenues	681,655	493,914
OPERATING EXPENSES		
Salaries	91,421	101,917
Employee benefits	24,488	26,443
Contractual services	11,647	12,073
Repairs, maintenance and other contractual services	12,458	7,024
Gas purchases	312,769	317,884
Communications	2,246	2,281
Liability and property insurance	4,179	3,846
Travel and training	232	611
Supplies and materials	15,477	14,342
Vehicle gasoline	6,389	7,371
Depreciation	18,316	17,524
Other expenses	5,782	10,652
Total operating expenses	505,404	521,968
NET INCOME FROM OPERATIONS	176,251	(28,054)
NONOPERATING REVENUES (EXPENSES)		
Interest earned	6	4
Total nonoperating revenues (expenses)	6	4
INCOME (LOSS) BEFORE TRANSFERS	176,257	(28,050)
Transfers in	-	304,835
Transfers out	(193,366)	-
CHANGE IN NET POSITION	(17,109)	276,785
NET POSITION, beginning of year	336,816	60,031
NET POSITION, end of year	$ 319,707	$ 336,816

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 702,304	$ 488,636
Cash paid for goods and services	(394,022)	(637,095)
Cash paid to employees for services	(93,120)	(102,652)
Customer deposits received (refunded)	538	365
Net cash provided (used) by operating activities	215,700	(250,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(193,366)	304,835
Net cash provided (used) by noncapital financing activities	(193,366)	304,835
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(22,970)	(52,571)
Net cash used by capital and related financing activities	(22,970)	(52,571)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	6	4
Net cash provided by investing activities	6	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(630)	1,522
CASH AND EQUIVALENTS, beginning of year	5,699	4,177
CASH AND EQUIVALENTS, end of year	$ 5,069	$ 5,699

(Continued)

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
NET INCOME (LOSS) FROM OPERATIONS	$ 176,251	$ (28,054)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	18,316	17,523
Decrease (increase) in operating assets:		
Accounts receivable	20,650	(5,278)
Increase (decrease) in operating liabilities:		
Accounts payable	1,023	(234,840)
Accrued salaries	(418)	435
Accrued leave benefits	(1,281)	(1,170)
Accrued sales tax	1,257	(1,245)
Deposits for services	538	365
Crisis Intervention Fund	(636)	1,518
Total adjustments	39,449	(222,692)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 215,700	$ (250,746)

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Positions
For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Customer charges	$ 431,733	$ 434,144
Penalties	10,465	12,406
Total operating revenues	442,198	446,550
OPERATING EXPENSES		
Salaries	89,124	87,542
Employee benefits	28,294	41,219
Contractual services	-	72
Repairs, maintenance and other contractual services	8,675	21,803
Communications	355	442
Liability and property insurance	2,688	2,589
Supplies and materials	17,387	19,466
Vehicle gasoline	25,746	24,636
Depreciation	19,694	14,718
Other expenses	13,129	7,907
Total operating expenses	205,092	220,394
NET INCOME FROM OPERATIONS	237,106	226,156
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on sale of assets	3,750	-
Total nonoperating revenues (expenses)	3,750	Nil
INCOME (LOSS) BEFORE TRANSFERS	240,856	226,156
Transfers out	(269,907)	(106,076)
CHANGE IN NET POSITION	(29,051)	120,080
NET POSITION, beginning of year	160,822	40,742
NET POSITION, end of year	$ 131,771	$ 160,822

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 451,489	$ 442,057
Cash paid for goods and services	(96,528)	(120,455)
Cash paid to employees for services	(88,804)	(87,889)
Net cash provided by operating activities	266,157	233,713
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(269,907)	(106,076)
Net cash used by noncapital financing activities	(269,907)	(106,076)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(127,637)
Proceeds from sale of property and equipment	3,750	-
Net cash provided (used) by capital and related financing activities	3,750	(127,637)
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	$ 237,106	$ 226,156
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	-	2,187
Depreciation	19,694	14,718
Decrease (increase) in operating assets:		
Accounts receivable	9,291	(6,680)
Increase (decrease) in operating liabilities:		
Accounts payable	(254)	(2,321)
Accrued salaries	(61)	131
Accrued leave benefits	381	(478)
Total adjustments	29,051	7,557
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 266,157	$ 233,713

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

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

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 27, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Millen, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of Millen, Georgia's internal control.

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 a 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. 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.

Our consideration of the 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 that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses. However, material weaknesses may exist that have not been identified.

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

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Statesboro, Georgia
November 27, 2013

CITY OF MILLEN, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2013

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST V					
Administrative capital (capital lease)	$ 100,000	$ 107,564	$ 107,564	$ -	$ 107,564
Water tank	420,000	199,814	199,814	-	199,814
Water and sewer capital	420,000	840,328	660,464	72,841	733,305
Public safety capital	200,000	162,089	32,317	42,790	75,107
Street department capital	435,000	852,488	712,958	76,686	789,644
Total	$ 1,575,000	$ 2,162,283	$ 1,713,117	$ 192,317	$ 1,905,434