CITY OF SANDERSVILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Sandersville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandersville, Georgia, as of and for the year ended December 31, 2011 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Sandersville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sandersville, Georgia, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated June 22, 2012 on our consideration of the City of Sandersville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 47 through 48 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sandersville, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Sandersville. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wright & Wright, P.C.

June 22, 2012

CITY OF SANDERSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Within this section of the City of Sandersville, Georgia's (the City's) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and footnote disclosures following this section

FINANCIAL HIGHLIGHTS

The City of Sandersville's total assets exceeded its total liabilities by $33,853,824 in 2011; a 0 3% increase from $33,742,742 in 2010. Of this amount, $18,140,688 (unrestricted net assets) may be used to meet the government's ongoing obligations.

The City's combined governmental funds reported a total ending fund balance of $2,281,243, a decrease of $851,314 or 37.3% in comparison to the prior year. The 2005 Capital Improvements Fund decreased by $722,617 resulting from drawing down 2005 SPLOST funds while the 2009 Capital Improvements Fund increased by $210,294 as the collection of the 2009 SPLOST continued. At the end of the current fiscal year, unreserved fund balance for the general fund was $281,993 or 6% of total general fund expenditures. This amount is available for budgetary spending at the government's discretion, as it is unreserved fund balance

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City of Sandersville's basic financial statements. The basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also includes supplementary information in addition to these basic financial statements

Government-wide Financial Statements

The City's report includes two government–wide financial statements. The focus of these statements is on the overall financial position and activities of the City of Sandersville as a whole, in a manner similar to a private sector business. These statements use the full accrual basis of accounting.

The first government-wide statement is the **Statement of Net Assets**. This is the City-wide statement of position which presents information on all assets and liabilities with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the financial health of the City.

The second government-wide statement is the **Statement of Activities**. This report presents how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of the timing of related cash flows. A primary purpose of the Statement of Activities is to identify the net costs of various functions and services provided by the City and to determine the extent to which each function is self supporting by program revenues or is subsidized by general revenues.

The governmental activities of the City of Sandersville include general government, public safety, street department, recreation, cemetery, and housing and economic development. Business type activities include water and sewer, electrical, telecom and solid waste. The government-wide financial statements include not only the funds of the City but also the discretely presented component unit, Downtown Development Authority of Sandersville. Financial information for this component unit is reported separately from the primary government, although included on the government-wide statements. The City's government-wide financial statements are presented on pages 15 and 16 of this report

Fund Financial Statements

A fund is an accounting entity used to maintain control over resources segregated for specific activities or objectives and to ensure compliance with financial or legal laws and regulations Major funds are reported in separate columns with all non-major funds reported in the aggregate Individual financial information for these non-major funds is provided in combining statements in the supplemental information. The City has two kinds of funds: governmental and proprietary.

Governmental Funds

Governmental funds are used to account for basically the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds financial statements focus on short term fiscal accountability as well as balances of expendable resources at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of short term financial decisions Since these statements do have a different perspective and use different accounting methods to generate the financial information, reconciliations of the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance are presented to facilitate this comparison.

The City of Sandersville maintains eight individual governmental funds Information is presented separately for the General Fund, Capital Projects (2005 SPLOST) Fund, Capital Projects (2009 SPLOST) Fund, all considered major funds. The other funds are combined into a single aggregated presentation Individual data for each of these non-major governmental funds is provided in the form of combining statements on pages 49-50 of this report.

Budgetary comparison schedules are included for the General Fund as required supplementary information immediately after the notes to the financial statements. Budgetary comparison schedules for the special revenue funds are included in the supplemental information section. These schedules demonstrate compliance with the final revised budgets.

The basic governmental fund financial statements are presented on pages 17-19 of this report.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services where the customer is charged a fee or where the determination of an increase or decrease in net assets is appropriate for capital maintenance, public policy, management control or full accountability There are two types of proprietary funds; enterprise funds and internal service funds.

Enterprise funds essentially encompass the same functions presented as business-type activities in the government-wide financial statements The City uses enterprise funds to account for its water and sewer operations, electrical services, telecommunications services and solid waste operations.

The City reports the water and sewer, electrical, telecom and solid waste funds all as major funds with no non-major funds to be presented in the aggregate The City's proprietary funds are presented on pages 20–23.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements The notes to the financial statements are presented on pages 24-46 of this report.

Required Supplementary Information

The budgetary comparison schedules for the General Fund are provided for budget compliance presentation. These schedules are presented on pages 47-48.

Other Supplemental Information

Other supplemental information includes combining individual fund statements for non-major funds aggregated in the basic financial statements as well as budgetary comparisons for non-major governmental funds. Also included in this section is the report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. This supplemental information is presented on pages 49-58

A schedule of projects constructed with SPLOST (Special Purpose Local Option Sales Tax) proceeds is presented in this section on page 65. This schedule shows expenditures for the 2005 and 2009 SPLOST issues.

FINANCIAL ANALYSIS OF THE CITY'S POSITION AND OPERATIONS

Net Assets

The City's overall financial position and operations for this fiscal year is summarized as follows based on information found in the government-wide financial statements on pages 15-16:

Summary of Net Assets (Financial Position)

	Governmental Activities		Business-type Activities		Total		Variance
	2011	2010	2011	2010	2011	2010	
Assets:							
Current assets	$ 2,320,611	$ 3,149,043	$ 18,916,438	$ 17,875,021	$ 21,237,049	$ 21,024,064	$ 212,985
Capital assets	7,214,527	6,320,906	10,385,448	10,979,922	$ 17,599,975	17,300,828	299,147
Other noncurrent assets	-	-	13,154	14,077	13,154	14,077	26,308
Total assets	9,535,138	9,469,949	29,315,040	28,869,020	38,850,178	38,338,969	511,209
Liabilities:							
Current liabilities	33,758	9,327	1,279,223	924,234	1,312,981	933,561	379,420
Long-term liabilities	-	-	3,683,373	3,662,666	3,683,373	3,662,666	20,707
Total liabilities	33,758	9,327	4,962,596	4,586,900	4,996,354	4,596,227	400,127
Net assets:							
Investment in capital assets, net of debt	7,214,527	6,320,906	6,499,359	7,146,731	13,713,886	13,467,637	246,249
Restricted	1,999,250	-	-	-	1,999,250	-	1,999,250
Unrestricted	287,603	3,139,716	17,853,085	17,135,389	18,140,688	20,275,105	(2,134,417)
Total net assets	$ 9,501,380	$ 9,460,622	$ 24,352,444	$ 24,282,120	$ 33,853,824	$ 33,742,742	$ 111,082

As noted, the overall assets of the City increased $511,209 from 2010 with the largest increase occurring in capital assets. The City's total liabilities increased $400,127, or 8.7%, with the largest increase in current liabilities. Overall the City's net assets increased $111,082 or .03% from 2010. This is compared to an increase in net assets from the previous year of $693,269. The unrestricted portion of net assets of $18,140,688 which is available for spending comprises 53.6% of the City's total net assets. This decreased $2,134,417 or 10.5% from 2010.

Changes in Net Assets

The following condensed financial information was taken from the Government-wide Statement of Activities and reflects how the City of Sandersville's net assets changed during the fiscal year.

Summary of Changes in Net Assets

	2011				2010			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Revenues:								
Program Revenues:								
Charges for services	$ 335,315	$ 12,307,333	$ 12,642,648	71%	$ 361,725	$ 11,245,144	$ 11,606,869	70%
Operating grants and contributions	1,047,442	-	1,047,442	6%	198,931	-	198,931	1%
Capital grants and contributions	791,992	-	791,992	4%	960,587	-	960,587	6%
General Revenues:								
Property taxes	676,042	-	676,042	4%	712,504	-	712,504	4%
Sales tax	1,025,890	-	1,025,890	6%	1,065,213	-	1,065,213	6%
Other taxes	1,522,096	-	1,522,096	9%	1,559,483	-	1,559,483	9%
Interest earnings	-	11,866	11,866	0%	17,663	149,039	166,702	1%
Miscellenaeous	186,142	-	186,142	1%	224,871	-	224,871	1%
Total revenues	5,584,919	12,319,199	17,904,118	100%	5,100,977	11,394,183	16,495,160	100%
Program Expenses:								
General government	1,405,454	-	1,405,454	8%	1,587,952	-	1,587,952	10%
Public safety	2,482,739	-	2,482,739	14%	2,498,264	-	2,498,264	16%
Street department	972,154	-	972,154	5%	1,122,009	-	1,122,009	7%
Public Works Administration	149,833		149,833	1%	150,093		150,093	1%
Recreation	95,681	-	95,681	1%	39,928	-	39,928	0%
Cemetery	141,238	-	141,238	1%	129,772	-	129,772	1%
Housing & Economic Devel	664,062	-	664,062	4%	99,527	-	99,527	1%
Interest on long-term debt	-	-	-	0%	-	-	-	0%
Water and sewer	-	1,734,733	1,734,733	10%	-	1,655,582	1,655,582	10%
Electrical	-	8,965,378	8,965,378	50%	-	7,248,471	7,248,471	46%
Telecommunications	-	356,450	356,450	2%	-	390,485	390,485	2%
Solid waste	-	825,314	825,314	5%	-	879,808	879,808	6%
Total expenses	5,911,161	11,881,875	17,793,036	100%	5,627,545	10,174,346	15,801,891	100%
Increase (decrease) in net assets before transfers	(326,242)	437,324	111,082		(526,568)	1,219,837	693,269	
Transfers	367,000	(367,000)	-		(30,982)	30,982	-	
Change in net assets	40,758	70,324	111,082		(557,550)	1,250,819	693,269	
Beginning net assets	9,460,622	24,282,120	33,742,742		10,018,172	23,031,301	33,049,473	
Ending net assets	$ 9,501,380	$ 24,352,444	$ 33,853,824		$ 9,460,622	$ 24,282,120	$ 33,742,742	

Revenues

The City's total revenues increased $1,408,958 from 2010 or 8.5%. These increases occurred mainly in operating grants and contributions in governmental activities and in charges for services in business activities. The operating grants and contributions were for CDBG funds and Public Safety grants. Although sales taxes and other taxes have stabilized somewhat from recent years, property taxes have continued to suffer the effects of decreasing property values. Total governmental activities revenues increased in 2011by $483,942, or 9.5%. Total business activities revenues increased from $11,394,183 in 2010 to $12,319,199 in 2011 for a 8.1% increase

Expenses

Total operational expenses for 2011 increased $1,991,145 or 12.6%. Governmental Activities expenses increased $283,616, or 5%, from 2010. The majority of this increase was in housing and economic development which increased by $564,535 or 567.2% in 2011. Total business activities expenses increased $1,707,529, or 16.8% from 2010. This is directly related to an increase in the purchase of power in the Electric Fund resulting from market conditions and the City's current excess power supply. Electric Fund expenses increased by $1,716,907, or 23.7% while Water and Sewer Fund expenses increased in 2011 by $79,151, or 4.8%. The Solid Waste Fund and telecommunications fund both experienced decreases in expenses in 2011 of $54,494, or 6.6% and $34,035, or 9.5%, respectively.

The overall change in net assets for 2011 was $111,082 which was a $582,187, or 524.1%, decrease from the 2010 overall change in net assets. Again, much of this is a result of the City's increase in the purchase of power in the electric fund where the expenses increased $1,716,907 from 2010. The City remains proactive in our efforts to aggressively solicit commercial and industrial customers, particularly those who will require a significant power supply in order to operate and will reduce the City's current excess capacity.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

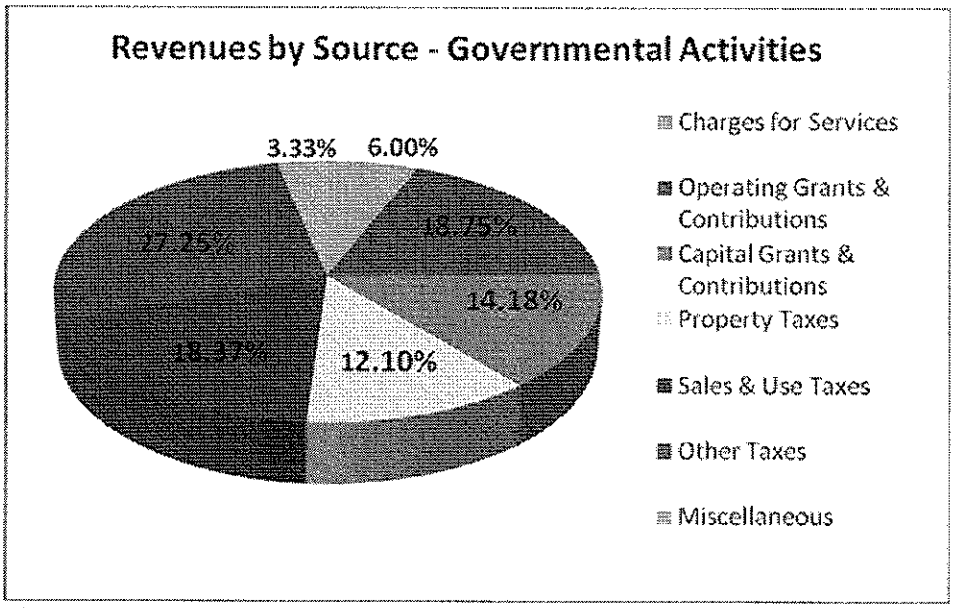
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

At the end of the current fiscal year, the City of Sandersville's governmental funds reported combined ending fund balances of $2,281,243, a decrease of $851,314 in comparison to the prior year. Of this amount, $281,993 constitutes unreserved fund balance, which is available for spending at the government's discretion and is reported in the general fund. The $1,658,853 in capital projects funds, and the $340,397 in other governmental funds are restricted for specific purposes.

Governmental Revenues

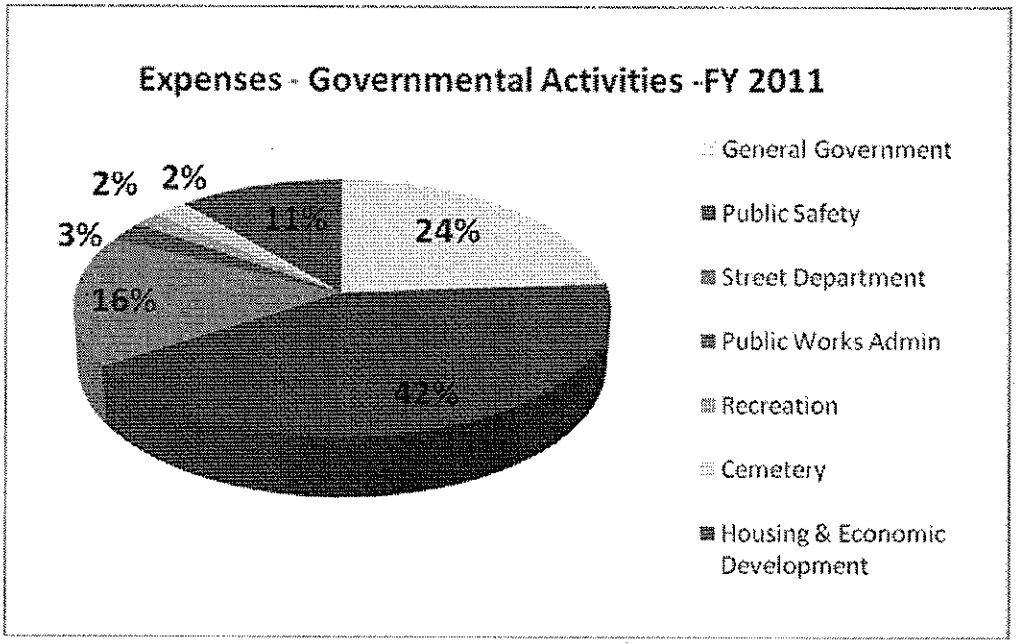
Governmental charges for services decreased slightly by $26,410 from the prior year while operating grants and contributions increased by $848,511, primarily from CDBG grant funds. Capital grants and contributions decreased from $960,587 in 2010 to $791,992 in 2011 for a 21.3% decrease. Property taxes and sales tax again both experienced decreases from $712,504 in 2010 to $676,042 in 2011 for a decrease of $36,462 and from $1,065,213 in 2010 to $1,025,890 in 2011, respectively resulting from continued economic pressures and an unemployment rate of 10.8% in Sandersville and Washington County. Franchise taxes increased only slightly from $1,038,528 in 2010 to $1,061,231 in 2011, or 2.1%, while insurance premium taxes continued to decrease from $330,743 in 2010 to $277,298 in for a 19.3% decrease.

The following chart depicts the allocation by source of all governmental activities revenue.



Governmental Functional Expenses

The following chart depicts the expenses of the governmental activities for the Fiscal year



General Government expenses decreased by $182,498 or 13% Public Safety expenses decreased $15,525 or .6% Streets also experienced a decrease in 2011 of $149,855 or 15 4% Recreation and Cemetery experienced an increase in expenses of $55,753 and $11,466, respectively Housing and Economic Development increased by $564,535, or 85% primarily from CDBG and GHIP grant funds.

The public safety function comprises 42% of the City's total governmental activity expenses and 13.95% of the total City expenses in fiscal year 2011. In fiscal year 2010 the figures were 44.4% and 15.8% respectively. In fiscal year 2011, general government totaled 23.8% of the total governmental activity expense, and 7.9% of the total City expenses. In fiscal year 2010, general government totaled 28.2% of total governmental activity expenses and 10.0% of the total City expenses.

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 1,405,454	$ (1,239,772)	$ 1,587,952	$ (1,420,984)
Public Safety	2,482,739	(2,109,427)	2,498,264	(2,104,576)
Street Department	972,154	(180,152)	1,122,009	(161,422)
Public Works Administratio	149,833	(149,833)	150,093	(150,093)
Recreation	95,681	(95,681)	39,928	(39,928)
Cemetery	141,238	(141,238)	129,772	(129,772)
Housing/Econ Development	664,062	179,701	99,527	(99,527)
Total	5,911,161	$ (3,736,402)	5,627,545	$ (4,106,302)

General Fund

General Fund Revenues

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, the fund balance of the general fund was $281,993 while the total fund balance for all governmental funds was $2,281,243. The General Fund's fund balance decreased by $365,127 in fiscal year 2011 as a result of decreased revenue sources of property taxes, sales taxes, insurance premium taxes, fees and fines and intergovernmental revenues.

Total taxes in the general fund were $3,188,446 in 2011 which was $104,535 (3.3%) lower than in fiscal year 2010. Licenses and permits decreased by .8% as a result of the continued declining housing and commercial building markets while fines and fees decreased by 25.6% in 2011. Intergovernmental revenues decreased from $264,717 in 2010 to $195,540; a decrease of $69,177 or 35.4%. Other revenues experienced a decrease of $51,996 or 26.7% in 2011.

General Fund Expenditures

General Government expenses decreased by $109,372 or 9.8% in 2011 while Public Safety expenses increased by .4%, or $8,948. Street department expenses decreased slightly from $794,835 in 2010 to $781,565 in 2011, or 1.7% while recreation increased in 2011 from $37,000 to $92,672, or 60.1%. Cemetery experienced a significant decrease in 2011 of $51,540 or 40% as a result of a planned project to construct a decorative fence around the cemetery that was completed in 2010. Housing and Economic Development increased $12,326, or 11.4%.

Transfers in from other funds in 2011 totaled $396,800. The City transferred $300,000 to the General Fund from the Electric Fund, $75,000 to the General Fund from the Water & Sewer Fund, and $22,200 to the General Fund from the Hotel/ Motel Tax Fund in 2011. There were no transfers out of the General Fund in 2011.

Other Fund Activities

Capital Projects Fund

The 2005 Capital Projects Fund had a net decrease in fund balance of $722,617 in 2011 while the 2009 Capital Projects Fund had a net increase in fund balance of $210,294 in 2011. This is a result of drawing down 2005 SPLOST funds for capital projects and increasing collections in 2009 SPLOST funds.

Other Governmental Funds

The City's other (non-major) governmental funds are Special Revenue funds which account for the 3% Hotel/ Motel taxes levied by the City, CDBG funds, TE Grant funds, CHIP funds, and Confiscated Assets funds. The City recognized $37,131 in revenues in the Hotel/Motel Tax fund in 2011 and $12,162 in expenditures with an ending fund balance of $316,844. The CDBG fund (2009) received $657,265 in revenues and expended $657,091 in 2011 while the TE Grant fund and CHIP fund received $295,436 and $186,498 and expended $279,185 and $186,500, respectively in 2011. The Confiscated Assets fund recognized $7,195 in revenues and $575 in expenditures in 2011 with an ending fund balance of $7,144.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, reporting both short-term and long-term information about financial status. Each of the fund statements give detailed information about their financial condition. The City maintains four enterprise funds that account for activities of the City that are operated like a business. These funds include the Water & Sewer Fund, the Electrical Fund, the Telecom Fund, and the Solid Waste Fund.

Each specific fund reported the following operating income or loss:

	2011		2010	
	Amount	Percent Change	Amount	Percent Change
Water and sewer fund	$ 121,415	145.8 %	$ (55,592)	(71.7) %
Electric fund	$ 651,438	(130.9)%	$1,504,389	70.4%
Telecom fund	$ (134,404)	(21.0)%	$ (162,676)	4.4%
Solid waste fund	$ (93,639)	(2.6)%	$ (96,114)	(41.3)%

Water & Sewer Fund

The operating income in the Water & Sewer fund increased by $121,415, or 145.8% in 2011. This was an improvement from the prior year's operating income loss of $55,592. The Water/Sewer revenues increased by $254,531, or 14.7% while the operating expenses also increased from $1,536,793 in 2010 to $1,614,317, or 4.8%.

Electric Fund

The City's electric fund's operating income decreased by 130.9% over fiscal year 2010 from $ $1,504,389 to $651,438. This decrease is primarily due to the increase in the cost to purchase power from $5,837,979 in 2010 to $7,406,325 resulting from increased market pressures and the City's excess power capacity. The revenues in this fund increased from $8,752,860 in 2010 to $9,616,816 in 2011, or 9%, over the prior year while the expenses also increased in 2011 by $1,716,907, or 19.2%.

Telecom Fund

The Telecom fund continues to experience a loss in operating income which decreased by $155,440 in 2009, $162,676 in 2010 and $134,404 in 2011. Total operating revenues for 2011 were $222,046 while total operating expenses were $356,450. The net assets in this fund at year end in 2011 totaled $722,420 which was a decrease from fiscal year 2010 of $104,404. The City has contracted with Electric Cities of Georgia for a cost of service study to determine the continued viability of remaining in the telecommunications business. A decision on the future of the Telecom fund should be made by 2012 fiscal year end.

Solid Waste Fund

The solid waste fund also continues to experience a loss in operating income which decreased by $135,839 in 2009, $96,114 in 2010 and $93,639 in 2011. Total operating revenues in 2011 were $731,675. Operating expenses for 2011 were 825,314. In 2008, the City outsourced residential and commercial collection of garbage but retained the leaf and limb service. Prior to the expiration of this five year contract in 2013 the City will be researching alternative methods of providing this service.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on pages 47-48. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues fell short of the final budgeted amount by $212,488 primarily resulting from receiving $174,110 less in local option sales taxes than was anticipated in the original and final budget. This continues to reflect the stagnate local economy in Sandersville and Washington County. Actual expenditures of $4,668,901 were $166,937 less than projected in the final budget. The original adopted budget for expenditures of $4,713,668 was increased in the final budget to $4,835,838.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Sandersville has invested $17,599,975 in capital assets net of accumulated depreciation, with $7,214,527 in governmental activities and $10,385,448 in business-type activities. This investment in capital includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. This City's investment in capital assets increased 1 71% for the current fiscal year primarily from an increase in investment in infrastructure and in the purchase of equipment. Additional information on the City's capital assets can be found on pages 34-35 of this report

Capital assets held by the City at the end of the current fiscal year are summarized as follows:

Capital Assets (net of depreciation)
as of December 31, 2010 and 2011

	Governmental Activities		Business Activities		Total	
	2010	2011	2010	2011	2010	2011
Non-depreciable assets:						
Land	$ 960,416	$ 960,416	$ 222,257	$ 222,257	$ 1,182,673	$ 1,182,673
Construction in progress	74,720	731,537	1,220,931	-	1,295,651	731,537
Total non-depreciable	1,035,136	1,691,953	1,443,188	222,257	2,478,324	1,914,210
Depreciable assets:						
Buildings	3,052,959	3,082,199	459,109	459,109	3,512,068	3,541,308
Improvements other than buildings	-	-	-	-	-	-
Machinery and equipment	3,736,238	4,210,110	4,063,845	4,051,861	7,800,083	8,261,971
Infrastructure	1,659,869	1,662,759	20,928,631	22,238,012	22,588,500	23,900,771
Total depreciable assets	8,449,066	8,955,068	25,451,585	26,748,982	33,900,651	35,704,050
Less accumulated depreciation	3,163,296	3,432,494	15,914,851	16,585,791	19,078,147	20,018,285
Book value - depreciable assets	6,320,906	7,214,527	10,979,922	10,385,448	17,300,828	17,599,975
Percentage depreciated	37%	38%	63%	62%	56%	56%

Long-term Debt

At the end of fiscal year 2011 the City's enterprise funds reported $3,886,089 in notes payable for various capital outlays for the water and sewer system. This is an increase of $52,898 from the prior year resulting from the additional cost of $221,987 associated with a GEFA note in the amount of $1,195,000 to fund the extension of sewer to the Walden Woods subdivision in 2012 and payments of $169,089 that were made in 2011 to the Georgia Environmental Facilities Authority (GEFA) to reduce the outstanding principal on four notes

As in the prior year, the City's governmental activities reported no outstanding debt

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	2011	2010	2011	2010	2011	2010	
Capital leases	$ -	$ -	$ -	$ -	$ -	$ -	0.0%
Revenue bonds	-	-	-	-	-	-	0.0%
Notes payable	-	-	3,886,089	3,833,191	3,886,089	3,833,191	1.4%
Total	$ -	$ -	$ 3,886,089	$ 3,833,191	$ 3,886,089	$ 3,833,191	1.4%

Additional information on the City's long-term debt can be found on pages 35-36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Washington County is currently 10 8 % down from 13 8% in 2010 and 15 9% in 2009 In recent years the Kaolin industry has seen a decrease in employment in Sandersville as many of these jobs are going to other countries. Trojan Battery, along with other area industries, reduced or stopped production altogether as a result of the economic downturn. However, there is some evidence of improvement in the local labor market as indicated in the decrease in the unemployment rate over the last two years. Trojan Battery has announced their plants to re-open within the next 18 months to produce a new product line which will require higher skilled labor and offer increased salary levels. AD Technologies, now Duraline, has expanded their production line in the last year and Tractor Supply recently located in renovated space in a shopping center formerly occupied by Harvey's Grocery Store. The City Council continues to work with the Washington County Development Authority to attract new industry to the community that will provide additional employment opportunities.

The City of Sandersville, like many other cities, experienced the impact of the economic recession with declining general fund revenues particularly in Local Option Sales Tax which decreased from $1,286,080 in 2008 to $862,637, or 33% in 2009 In 2010, LOST revenues recovered somewhat to $1,065,213, but decreased again in 2011 to $1,025,890 The gross property tax digest for the City of Sandersville has declined for the past three years from $268,357,109 in 2008 to $235,715,971 in 2011. To address the continued decrease in the digest and ad valorem taxes revenues, in 2011 the City adopted a 3.9 millage rate which was an increase over the previous 3 mills that had been the adopted millage rate since 2005 when the rate was 3 2 mills. In the current year, the City's property tax collection rate has not experienced a decrease and we have not seen an increase in delinquent accounts Other revenue concerns for the City include the uncertain future of franchise taxes which decreased in 2010 from $1,273,876 to $1,038,528 but recovered slightly in 2011 to $1,061,231 The City continues to budget expenses conservatively and to monitor budgets closely to absorb the impact of these declining revenues; however, while declining revenues were offset by decreased expenditures, continued sustained decline in revenues will eventually impact service delivery. During this challenging period the City will continue to adhere to sound financial policies to ensure that we remain financially stable.

The state of the economy at the national economy and Georgia's recent budget crisis continue to affect all local governments and their funding along with sustained concerns regarding the escalating cost of health care and the impact of the health care bill passed by the Federal Government We are also concerned with the level of legislative interference in restricting local government revenue sources and local government control of finance and budgetary decisions. The City is very apprehensive about the unknown impact on general fund revenues of recently adopted HB 386 which eliminates sales tax and ad valorem tax on vehicles and replaces it with a one-time title tax and also eliminates sales tax on energy used in manufacturing, agriculture and mining These are among the many factors considered when preparing the FY 2012 budget which was adopted being cautiously optimistic with slow signs of improvement in our local economy as indicated by the improvement in the local job sector.

A 2009 SPLOST initiative approved by the voters in March, 2009 will provide the City with an estimated $2 1 million in funding for capital projects for FY 2012 – FY 2017 During this period the City will continue to invest in infrastructure while funding a preventative maintenance program for vehicles and equipment. One of the most visible and costly of the traditional government services is public safety (police and fire) consuming 42% of the City's general fund budget. In FY 2012, Special Purpose Local Option Sales Tax (SPLOST) will fund the scheduled replacement of police vehicles and conversions in the amount of $72,118 and the purchase of other equipment for the Police Department in the amount of $14,669 The 2005 SPLOST fund will provide $238,609 for the purchase of a Fire Apparatus vehicle while the 2009 SPLOST will fund $150,000 for the upgrade of the City's radio systems to a digital platform as part of a county wide trunking system This upgrade will allow the City to meet the December 2012 deadline for narrow banding as required by the FCC.

The FY 2012, the 2005 SPLOST Fund also appropriates funding in the amount of $479,275 to replace an existing failed well that supplies a major portion of the City's water on the south side of town. Other public works projects in FY 2012 include the purchase of a SCADA (supervisory control and data acquisition) system which will control and monitor the various operations of the city's water and sewer infrastructure at an implementation cost of $40,000. TE (Transportation Enhancement) Grant Funds from GDOT along with the city's match of $125,000 should complete a FY 2011 sidewalk project on state highway 15 near Wal-Mart

The FY 2012 Budget continues the trend of the FY 2010 and FY 2011 Budgets of considering the economic downturn and reviewing historic data and power consumption as well as sales and investment revenue trends Spending cutbacks and generally conservative financial policies were taken into consideration in projecting revenues for the Electric Fund as well as other local and broader economic indicators that will influence the revenue stream. Funds have been appropriated in the Electric Fund in FY 2012 for three capital projects including $27,100 of a total of $130,440 over 5 years for the purchase and implementation of an automated meter reading system that will provide more accuracy in reading the meters and promote more efficiency in the billing process. $172,076 is budged in FY 2012 in the Electric Fund for the replacement of a 22 year old digger derrick truck and $20,000 is budgeted for the replacement of a 2001 pick-up truck for the electric and water/ sewer meter readers.

Our City leadership has been proactive in improving the quality of life for our residents through city owned fiber, downtown development, city wide recycling and major upgrades to infrastructure. Transportation has been improved through completed portions of the fall line freeway, Georgia Highway 15, and funding provided for a new airport terminal at Kaolin Field. To continue vital transportation initiatives in our area, in 2012 the City will partner with Washington County and other local governments in the Central Savannah Regional Area to implement the Transportation Investment Act (TIA) of 2011, which will provide funding for transportation projects throughout our region with the passage of a transportation SPLOST in July, 2012.

With each budget cycle the City addresses the challenges of providing quality services to constituents with increasingly limited resources and we will continue to make every effort to improve service levels, reduce taxes and improve the financial integrity of the City of Sandersville.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment of fiscal accountability to the public Questions or request for additional information on this report should be directed to the City's Finance Department at 141West Haynes Street, Sandersville, Georgia, 31082, or call (478) 552-2525.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 1,918,611	$ 5,931,210	$ 7,849,821	$ 20,924
Investments	-	11,441,531	11,441,531	-
Accounts receivable, net	119,430	906,085	1,025,515	-
Receivable from other governments	197,006	-	197,006	-
Prepaid expenses	-	-	-	-
Internal balances	-	-	-	-
Inventory	85,564	637,612	723,176	-
Total current assets	2,320,611	18,916,438	21,237,049	20,924
Noncurrent assets:				
Other assets:				
Loan costs, net of accumulated amortization	-	13,154	13,154	-
Capital assets:				
Land	960,416	222,257	1,182,673	-
Construction in progress	731,537	-	731,537	-
Depreciable capital assets, net of accumulated depreciation	5,522,574	10,163,191	15,685,765	-
Total assets	9,535,138	29,315,040	38,850,178	20,924
LIABILITIES:				
Current liabilities:				
Accounts payable	342	756,217	756,559	-
Current portion of long-term debt	-	202,716	202,716	-
Meter deposits held	-	279,528	279,528	-
Other accrued liabilities	-	40,762	40,762	-
Deferred revenue	33,416	-	33,416	-
Total current liabilities	33,758	1,279,223	1,312,981	-
Noncurrent liabilities:				
Notes payable, less current portion	-	3,683,373	3,683,373	-
Total liabilities	33,758	4,962,596	4,996,354	-
NET ASSETS:				
Invested in capital assets, net of related debt	7,214,527	6,499,359	13,713,886	-
Restricted for:				
Capital projects	1,675,262	-	1,675,262	-
Public safety	7,144	-	7,144	-
Economic development	316,844	-	316,844	-
Unrestricted	287,603	17,853,085	18,140,688	20,924
	$ 9,501,380	$ 24,352,444	$ 33,853,824	$ 20,924

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary government:								
Governmental activities:								
General government	$ 1,405,454	$ 165,682	$ -	$ -	$ (1,239,772)	$ -	$ (1,239,772)	
Public safety	2,482,739	169,633	203,679	-	(2,109,427)	-	(2,109,427)	
Street department	972,154	-	-	791,992	(180,162)	-	(180,162)	
Public works administration	149,833	-	-	-	(149,833)	-	(149,833)	
Recreation and cultural	95,681	-	-	-	(95,681)	-	(95,681)	
Cemetery	141,238	-	-	-	(141,238)	-	(141,238)	
Housing and economic development	664,062	-	843,763	-	179,701	-	179,701	
Interest on long-term debt	-	-	-	-	-	-	-	
Total governmental activities	5,911,161	335,315	1,047,442	791,992	(3,736,412)	-	(3,736,412)	
Business-type activities:								
Water and sewer	1,734,733	1,735,732	-	-	-	999	999	
Electrical	8,965,378	9,617,880	-	-	-	652,502	652,502	
Telecom	356,450	222,046	-	-	-	(134,404)	(134,404)	
Solid waste	825,314	731,675	-	-	-	(93,639)	(93,639)	
Total business-type activities	11,881,875	12,307,333	-	-	-	425,458	425,458	
Total primary government	$ 17,793,036	$ 12,642,648	$ 1,047,442	$ 791,992	(3,736,412)	425,458	(3,310,954)	
Component unit:								
Downtown development authority	$ 8,075	$ -	$ 12,000	$ -				$ 3,925
General revenues:								
Taxes:								
Property taxes					676,042	-	676,042	-
General sales and use tax					1,025,890	-	1,025,890	-
Franchise tax					1,061,231	-	1,061,231	-
Insurance company premium tax					277,298	-	277,298	-
Other taxes					183,567	-	183,567	-
Unrestricted grants and contributions					146,160	-	146,160	-
Interest and dividend earnings					-	11,866	11,866	10
Miscellaneous					39,982	-	39,982	-
Transfers					367,000	(367,000)	-	-
Total general revenues and transfers					3,777,170	(355,134)	3,422,036	10
Change in net assets					40,758	70,324	111,082	3,935
Net assets, beginning					9,460,622	24,282,120	33,742,742	16,989
Net assets, ending					$ 9,501,380	$ 24,352,444	$ 33,853,824	$ 20,924

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Capital Projects Fund (2005)	Capital Projects Fund (2009)	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 103,583	$ 784,908	$ 714,314	$ 315,806	$ 1,918,611
Accounts receivable, net	96,348	-	-	23,082	119,430
Receivables from other funds	768	48,541	-	2,277	51,586
Receivables from other governments	85,916	-	111,090	-	197,006
Prepaid expenses	-	-	-	-	-
Inventories	85,564	-	-	-	85,564
Total assets	$ 372,179	$ 833,449	$ 825,404	$ 341,165	$ 2,372,197
LIABILITIES:					
Accounts payable	$ 342	$ -	$ -	$ -	$ 342
Other liabilities	-	-	-	-	-
Due to other funds	50,818	-	-	768	51,586
Deferred revenue	39,026	-	-	-	39,026
Total liabilities	90,186	-	-	768	90,954
FUND BALANCES:					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance:					
Capital projects	-	833,449	825,404	16,409	1,675,262
Public safety	-	-	-	7,144	7,144
Economic development	-	-	-	316,844	316,844
Committed fund balance	-	-	-	-	-
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	281,993	-	-	-	281,993
Total fund balances	281,993	833,449	825,404	340,397	2,281,243
Total liabilities and fund balances	$ 372,179	$ 833,449	$ 825,404	$ 341,165	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $3,432,494	7,214,527
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	5,610
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds	-
Net assets of governmental activities	$ 9,501,380

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Projects Fund (2005)	Capital Projects Fund (2009)	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 3,188,446	$ -	$ -	$ 37,131	$ 3,225,577
Licenses and permits	165,682	-	-	-	165,682
Intergovernmental	195,540	-	495,969	1,139,199	1,830,708
Fees and fines	153,712	-	-	-	153,712
Charges for services	8,726	-	-	-	8,726
Other	194,868	-	-	7,195	202,063
Total revenues	3,906,974	-	495,969	1,183,525	5,586,468
EXPENDITURES:					
Current operating:					
General government	1,120,606	111,782	74,062	12,162	1,318,612
Public safety	2,287,135	-	-	575	2,287,710
Street department	781,565	-	-	-	781,565
Public works administration	149,779	-	-	-	149,779
Recreation and cultural	92,762	-	-	-	92,762
Cemetery	128,955	-	-	-	128,955
Housing and economic development	108,099	-	-	552,696	660,795
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlays	-	610,835	211,613	570,156	1,392,604
Total expenditures	4,668,901	722,617	285,675	1,135,589	6,812,782
Excess (deficiency) of revenues over expenditures	(761,927)	(722,617)	210,294	47,936	(1,226,314)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in (out)	396,800	-	-	(21,800)	375,000
Total other financing sources and uses	396,800	-	-	(21,800)	375,000
Net change in fund balance	(365,127)	(722,617)	210,294	26,136	(851,314)
FUND BALANCE, beginning - as restated	647,120	1,556,066	615,110	314,261	3,132,557
FUND BALANCE, ending	$ 281,993	$ 833,449	$ 825,404	$ 340,397	$ 2,281,243

(Continued)

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds	$ (851,314)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	1,384,070
Depreciation	(409,464)
	974,606
The effect of various capital asset disposals and sales, net of accumulated depreciation	(80,985)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	(1,549)
	$ 40,758

See accompanying notes to the basic financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Water and Sewer	Electrical	Telecom	Solid Waste	Total
ASSETS					
CURRENT ASSETS:					
Cash in bank	$ 2,427,878	$ 3,149,310	$ 354,022	$ -	$ 5,931,210
Investment in GA Fund I	680,116	4,000,684	-	-	4,680,800
Investment in MEAG Trust	-	6,760,731	-	-	6,760,731
Due from electric fund	119,345	-	-	67,492	186,837
Accounts receivable, net of allowance	125,084	697,413	15,871	67,717	906,085
Inventories	74,302	551,408	11,902	-	637,612
Total current assets	3,426,725	15,159,546	381,795	135,209	19,103,275
LONG-TERM ASSETS:					
Other Assets:					
Loan closing costs, net	13,154	-	-	-	13,154
Due from telecommunications fund	-	133,056	-	-	133,056
	13,154	133,056	-	-	146,210
Capital Assets:					
Land	168,636	53,621	-	-	222,257
Buildings	156,636	185,896	-	116,577	459,109
Equipment	1,302,007	292,068	105,305	453,879	2,153,259
Meters	317,570	197,586	-	-	515,156
Vehicles	541,451	807,057	34,938	-	1,383,446
Distribution system	13,942,505	3,114,164	1,168,748	-	18,225,417
Sewerage treatment plant	4,012,595	-	-	-	4,012,595
	20,441,400	4,650,392	1,308,991	570,456	26,971,239
Less accumulated depreciation	(12,051,598)	(3,234,231)	(831,900)	(468,062)	(16,585,791)
Total capital assets	8,389,802	1,416,161	477,091	102,394	10,385,448
Total assets	11,829,681	16,708,763	858,886	237,603	29,634,933
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	9,527	678,997	1,210	66,483	756,217
Current portion of notes payable	202,716	-	-	-	202,716
Sales tax payable	-	40,762	-	-	40,762
Due to solid waste fund	-	67,492	-	-	67,492
Due to water fund	-	119,345	-	-	119,345
Customer deposits held	-	277,328	2,200	-	279,528
Total current liabilities	212,243	1,183,924	3,410	66,483	1,466,060
NONCURRENT LIABILITIES:					
Due to electrical fund	-	-	133,056	-	133,056
Notes payable, net of current portion	3,683,373	-	-	-	3,683,373
Total noncurrent liabilities	3,683,373	-	133,056	-	3,816,429
Total liabilities	3,895,616	1,183,924	136,466	66,483	5,282,489
NET ASSETS					
INVESTED IN CAPITAL ASSETS, net of related debt	4,503,713	1,416,161	477,091	102,394	6,499,359
RESTRICTED	-	-	-	-	-
UNRESTRICTED	3,430,352	14,108,678	245,329	68,726	17,853,085
Total net assets	$ 7,934,065	$ 15,524,839	$ 722,420	$ 171,120	$ 24,352,444

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water and Sewer	Electrical	Telecom	Solid Waste	Total
OPERATING REVENUES:					
Charges for services	$ 1,686,402	$ 9,091,919	$ 210,209	$ 731,455	$ 11,719,985
Miscellaneous income	49,330	524,897	11,837	220	586,284
Total operating revenue	1,735,732	9,616,816	222,046	731,675	12,306,269
OPERATING EXPENSES:					
Personal services and employee benefits	568,354	593,153	64,148	76,635	1,302,290
Supplies	121,911	56,164	21,931	612	200,618
Power purchased	-	7,406,325	-	-	7,406,325
Franchise and other user fees	-	424,386	121,075	690,111	1,235,572
Maintenance and repairs	188,364	38,149	4,756	18,851	250,120
Vehicle expense	33,924	16,786	-	13,603	64,313
Depreciation	512,046	141,945	64,499	14,213	732,703
Other costs	189,718	288,470	80,041	11,289	569,518
Total operating expenses	1,614,317	8,965,378	356,450	825,314	11,761,459
OPERATING INCOME (LOSS)	121,415	651,438	(134,404)	(93,639)	544,810
NON-OPERATING REVENUES (EXPENSES):					
Interest and dividend income	116	11,750	-	-	11,866
Change in fair market value of investments	-	1,064	-	-	1,064
State grant	-	-	-	-	-
Interest expense	(120,416)	-	-	-	(120,416)
Total non-operating revenues (expenses)	(120,300)	12,814	-	-	(107,486)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,115	664,252	(134,404)	(93,639)	437,324
CAPITAL CONTRIBUTIONS	8,000	-	-	-	8,000
NET INCOME (LOSS) BEFORE TRANSFERS	9,115	664,252	(134,404)	(93,639)	445,324
TRANSFERS IN (OUT)	(90,000)	(421,786)	30,000	106,786	(375,000)
CHANGE IN NET ASSETS	(80,885)	242,466	(104,404)	13,147	70,324
NET ASSETS, beginning of year	8,014,950	15,282,373	826,824	157,973	24,282,120
NET ASSETS, end of year	$ 7,934,065	$ 15,524,839	$ 722,420	$ 171,120	$ 24,352,444

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities Enterprise Funds				
	Water and Sewer	Electrical	Telecom	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 1,715,289	$ 9,578,265	$ 222,217	$ 723,793	$ 12,239,564
Cash paid to suppliers for goods and services	(515,123)	(7,905,324)	(228,949)	(682,281)	(9,331,677)
Cash paid to employees	(568,354)	(593,153)	(64,148)	(76,635)	(1,302,290)
Net cash provided by (used for) operating activities	631,812	1,079,788	(70,880)	(35,123)	1,605,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from (to) other funds	(90,000)	(421,786)	30,000	106,786	(375,000)
Net cash provided by (used for) noncapital financing activities	(90,000)	(421,786)	30,000	106,786	(375,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of assets	(71,310)	(55,378)	-	(3,540)	(130,228)
Principal paid on notes payable	(169,089)	-	-	-	(169,089)
Interest paid on notes payable	(120,416)	-	-	-	(120,416)
Proceeds from notes payable	221,987	-	-	-	221,987
Net cash provided by (used for) capital and related financing activities	(138,828)	(55,378)	-	(3,540)	(197,746)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Loans (to) from General Fund	(10,851)	(6,468)	-	-	(17,319)
Loans (to) from Water Fund	-	119,345	-	-	119,345
Loans (to) from Electric Fund	(119,828)	-	37,321	(68,123)	(150,630)
Loans (to) from Solid Waste Fund		67,492			67,492
Loans (to) from Telecommuniations Fund	-	(37,321)	-	-	(37,321)
Interest and dividends received	116	11,750	-	-	11,866
Investment in MEAG Trust	-	(106,814)	-	-	(106,814)
Net cash provided by (used for) investing activities	(130,563)	47,984	37,321	(68,123)	(113,381)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	272,421	650,608	(3,559)	-	919,470
CASH AND CASH EQUIVALENTS, beginning of year	2,835,573	6,499,386	357,581	-	9,692,540
CASH AND CASH EQUIVALENTS, end of year	$ 3,107,994	$ 7,149,994	$ 354,022	$ -	$ 10,612,010

The accompanying notes are an integral part of these financial statements

CITY OF SANDERSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

	Business-Type Activities Enterprise Funds				
	Water and Sewer	Electrical	Telecom	Solid Waste	Total
RECONCILIATION OF NET INCOME (LOSS) to NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Net operating income (loss)	$ 121,415	$ 651,438	$ (134,404)	$ (93,639)	$ 544,810
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation and amortization expense	512,968	141,945	64,499	14,213	733,625
Changes in assets and liabilities:					
Accounts receivable	(20,443)	(38,551)	171	(7,882)	(66,705)
Inventories	10,656	51,848	8,564	-	71,068
Accounts payable	7,216	264,377	(9,710)	52,185	314,068
Customer deposits	-	4,711	-	-	4,711
Other liabilities	-	4,020	-	-	4,020
Net cash provided by (used for) operating activities	$ 631,812	$ 1,079,788	$ (70,880)	$ (35,123)	$ 1,605,597

NONCASH CAPITAL FINANCING ACTIVITIES:

During 2011 the Water and Sewer Fund received $8,000 of noncash contributions from Capital Projects Funds for the funding of capital assets.

The accompanying notes are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Sandersville (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Currently, the City has no blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Included as a discretely presented component unit in a separate column in the combined financial statements to emphasize it is legally separate from the City:

> Downtown Development Authority - The Development Authority was created by a resolution of the City Council of Sandersville on April 12, 2001, to promote the development of the downtown area of the City. The City Council appoints all board members and has one representative on the Development Authority board. Complete financial statements may be obtained at 141 West Haynes Street, Sandersville, Georgia 31082.

The Housing Authority of the City of Sandersville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Sandersville, Georgia. The City of Sandersville, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Sandersville, Georgia is a related organization.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund (2005) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period July 1, 2005 to June 30, 2009.

The Capital Projects Fund (2009) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period October 1, 2009 to September 30, 2014.

The City reports the following major proprietary funds:

The Water and Sewer Fund is used to account for the provision of water and sewer services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections

The Electrical Fund is used to account for the provision of electric services to the businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The Telecommunications Fund is used to account for the provision of non-voice telecommunications services, including Internet access. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections

The Solid Waste Fund is used to account for the operations of solid waste collection and disposal services. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The City complies with Governmental Accounting Standards Board "(GASB)" Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

F. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets in excess of $1,500 and with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Beginning January 1, 2003, GASBS No. 34 required the City to report and depreciate all new governmental funds' infrastructure assets. GASBS No. 34 also required governments to retroactively report infrastructure assets constructed between 1980 and 2002. Infrastructure assets totaling $0 were completed during the year ended December 31, 2011. At December 31, 2011, there was $731,537 construction-in-progress related to infrastructure assets

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows

Buildings	30-40 Years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 – 50 years

H. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits

The City does not allow accumulated vacation pay beyond one year; therefore there are no significant unrecorded balances at December 31, 2011.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City had no bonds outstanding at December 31, 2011.

J. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

L. New Accounting Pronouncement

Beginning with this fiscal year, management has adopted the provisions of Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The main financial statement effects relating to this new accounting standard are with how the components of the Town's fund balance will be presented on the fund balance sheet.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

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

1. Prior to year end the City Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of City of Sandersville.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2011:

Recreation department	$ 9,250
Public safety – capital outlays	1,410

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2011, none of the City's $7,849,821 was exposed to custodial credit risk.

Investments - Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) savings accounts at savings and loan associations and banks, to the extent fully insured, and (4) any bond, note, or other indebtedness issued by agencies, authorities, or public entities whose governing boards are appointed by the City Council, or issued by any public trust of which it is sole beneficiary.

At December 31, 2011, the City's investments included $4,680,800 held in the Georgia Fund 1, which is a combination local and state government investment pool. Georgia Fund 1 is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a Rule 2a-7 like pool. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participant's shares sold and redeemed based on $1.00 per share. Pooled cash and cash equivalents and investments are reported at cost which approximates fair value. The pool does not issue any legally binding guarantees to support the value of the shares. Participation in the pool is voluntary and deposits consist of funds from local governments; operating and trust funds of Georgia's state agencies, colleges and universities; and current operating funds of the State of Georgia's General Fund.

Investments in Georgia Fund 1 are directed toward short-term instruments such as U.S. treasury obligations, securities issued or guaranteed as to principal and interest by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements. The Georgia Office of State Treasurer is the oversight agency for the Georgia Fund 1 account. Interest rate risk is addressed by not allowing the weighted average maturity of Georgia Fund 1 to exceed 60 days. Regulatory oversight for the pool is provided by the Office of State Treasurer.

The City is a participant in the Municipal Electric Authority of Georgia ("MEAG"). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual costs. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Trust Account fund in lieu of receiving a refund. This voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The MEAG Voluntary Flexible Operating Trust Account is not rated; at December 31, 2011, the average weighted maturity of the fund was 12.62 months. At December 31, 2011, the City's balance in the account was $6,760,731.

4. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Washington County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on October 1, 2010. Taxes were billed on or about January 1, 2011 and were dueApril 15, 2011 after which date penalties and interest were assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City. Current tax collections for the years ended December 31, 2011, were 99.4% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At December 31, 2011, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 8,062	$ -	$ 8,062
Local option sales tax	85,916	-	85,916
Miscellaneous	88,286	-	88,286
Capital Projects Fund (2009):			
Special local option sales tax	111,090	-	111,090
TE Grant Special Revenue Fund:			
Grant receivable	13,974	-	13,974
Hotel/Motel Tax Special Revenue Fund:			
Taxes receivable	9,108	-	9,108
Electrical Fund – electric fees	-	697,808	697,808
Water and Sewer Fund – water and sewer fees	-	125,211	125,211
Telecom Fund – telecom fees	-	15,871	15,871
Solid Waste Fund - garbage fees	-	67,717	67,717
	316,436	906,607	1,223,043
Allowance for doubtful accounts	-	(522)	(522)
	$316,436	$ 906,085	$ 1,222,521

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 960,416	$ -	$ -	$ 960,416
Construction-in-progress	74,720	656,817	-	731,537
Subtotal	1,035,136	656,817	-	1,691,953
Other capital assets:				
Buildings	3,052,959	29,240		3,082,199
Equipment	3,736,238	703,123	(229,251)	4,210,110
Infrastructure	1,659,869	2,890		1,662,759
Subtotal	9,484,202	1,392,070	(229,251)	10,647,021
Accumulated depreciation:				
Buildings	949,760	81,266		1,031,026
Equipment	2,003,644	303,639	(140,266)	2,167,017
Infrastructure	209,892	24,559		234,451
Subtotal	3,163,296	409,464	(140,266)	3,432,494
Net capital assets	$ 6,320,906	$ 982,606	$ (88,985)	$ 7,214,527
Business-type activities:				
Not being depreciated:				
Land	$ 222,257	$ -	$ -	$ 222,257
Construction-in-progress	1,220,931	44,539	(1,265,470)	-
Subtotal	1,443,188	44,539	(1,265,470)	222,257
Other capital assets:				
Buildings	459,109	-	-	459,109
Equipment	4,063,845	49,779	(61,763)	4,051,861
Infrastructure	20,928,631	1,309,381	-	22,238,012
Subtotal	26,894,773	1,403,699	(1,327,233)	26,971,239
Accumulated depreciation:				
Buildings	263,091	9,521	-	272,612
Equipment	3,067,877	140,073	(61,763)	3,146,187
Infrastructure	12,583,883	583,109	-	13,166,992
Subtotal	15,914,851	732,703	(61,763)	16,585,791
Net capital assets	$ 10,979,922	$ 670,996	$ (1,265,470)	$ 10,385,448

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 68,398
Public safety	206,338
Street department	117,005
Public works administration	54
Recreation and cultural	2,919
Cemetery	11,483
Housing and development	3,267
	$ 409,464
Business-type activities:	
Water and sewer	$ 512,046
Electrical	141,945
Telecom	64,499
Solid waste	14,213
	$ 732,703

7. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2011, long-term debt consisted of the following:

	Governmental Activities	Water and Sewer Fund Debt
$758,724 water and sewer fund GEFA note payable used for system upgrades; due in quarterly principal and interest payments of $12,884 to January 2026; interest at 3.0%	$ -	$ 595,779
$2,650,913 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $17,436 to July 2024; interest at 4.35%	-	2,018,205
$1,195,000 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $7,122 to September 2031; interest at 3.81%		1,188,333
$100,381 water and sewer fund GEFA note payable used for system upgrades; due in monthly principal and interest payments of $628 to March 2027; interest at 4.36%	-	83,772
Total long-term debt	$ -	$3,886,089

Following is a summary of changes in long-term debt for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Amount Due in One Year
Governmental type activities:					
Note payable	$ -	$ -	$ -	$ -	$ -
Business-type activities:					
GEFA note payable	$ 628,818	$ -	$ (33,039)	$ 595,779	$ 33,989
GEFA note payable	979,976	221,987	(13,630)	1,188,333	40,903
GEFA note payable	87,559	-	(3,787)	83,772	3,956
GEFA note payable	2,136,838	-	(118,633)	2,018,205	123,868
	$3,833,191	$ 221,987	$ (169,089)	$3,886,089	$ 202,716

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2011 are as follows:

	Governmental Activities		Water and Sewer Fund Notes Payable	
Year Ending December 31	Principal	Interest	Principal	Interest
2012	$ -	$ -	$ 202,716	$ 151,049
2013	-	-	211,057	142,709
2014	-	-	219,677	134,089
2015	-	-	228,675	125,092
2016			238,024	115,742
2017 - 2021	-	-	1,345,076	423,758
2022 - 2026	-	-	1,062,251	151,758
2027 - 2031	-	-	378,613	36,362
	$ -	$ -	$ 3,886,089	$ 1,280,559

10. FUND DEFICIT

At December 31, 2011, no fund had a deficit fund balance.

11. INTERFUND TRANSACTIONS AND BALANCES

	Transfers In	Transfers Out
Telecommunications Fund -		
Electric Fund	$ 15,000	$ -
Water and Sewer Fund	15,000	
General Fund-		
Electric Fund	300,000	
Water and Sewer Fund	75,000	-
Hotel/Motel Tax Special Revenue Fund	22,200	
CDBG Special Revenue Fund (2007)	-	200
CDBG CHIP Special Revenue Fund (2009)		200
Solid Waste Fund -		
Electric Fund	106,786	-
Hotel/Motel Tax Special Revenue Fund-		
General Fund	-	22,200
CDBG Special Revenue Fund (2007)-		
CDBG Special Revenue Fund (2009)	200	
CDBG CHIP Special Revenue Fund (2009)-		
General Fund	200	
Water and Sewer Fund-		
Telecommunications Fund		15,000
General Fund	-	75,000
Electric Fund -		
General Fund		300,000
Telecommunications Fund	-	15,000
Solid Waste Fund	-	106,786
	$ 534,386	$ 534,386

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended December 31, 2011, the Capital Projects Funds contributed $8,000 of capital assets to the Water and Sewer Fund.

Balances Due to/from Other Funds:

Balances due to/from other funds at December 31, 2011, consist of the following –

	Due From	Due To
General Fund -		
CDBG Special Revenue Fund (2009)	$ 107	$ -
CDBG CHIP Special Revenue Fund (2009)	661	-
IE Grant Special Revenue Fund	-	2,277
Capital Projects Fund (2005)	-	48,541
Capital Projects Fund (2005) -		
General Fund	48,541	-
CDBG Special Revenue Fund (2009) -		
General Fund	-	107
IE Grant Special Revenue Fund		
General Fund	2,277	
CDBG CHIP Special Revenue Fund (2009) -		
General Fund	-	661
Water Fund -		
Electric Fund	119,345	-
Electric Fund -		
Solid Waste Fund	-	67,492
Water and Sewer Fund	-	119,345
Solid Waste Fund -		
Electric Fund	67,492	-
	$ 238,423	$ 238,423

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid in 2012.

12. COMMITMENTS AND CONTINGENCIES

Litigation

Amounts expended or payable from federal grantor agencies are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the City's financial position.

The City of Sandersville and Washington County are equal guarantors on a Washington County Development Authority $2,255,000 revenue bond for purchase of an industrial building, in the event the Authority has insufficient funds to service the debt.

The City of Sandersville and Washington County are equal guarantors on a Washington County Development Authority $7,809,000 revenue bond for purchase of an industrial building, in the event the Authority has insufficient funds to service the debt

The City of Sandersville and Washington County are equal guarantors on a Washington County Development Authority $2,383,000 revenue bond for purchase of an industrial building, in the event the Authority has insufficient funds to service the debt

The City of Sandersville and Washington County are equal guarantors on a Washington County Public Facilities Authority $3,703,000 revenue bond for purchase of an industrial building, in the event the Authority has insufficient funds to service the debt

Agreements with Municipal Electric Authority of Georgia ("MEAG")

In 1976, the City along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia.

Under the terms of the agreement, MEAG agrees to provide, and the cities are obligated to purchase, all of their bulk power supply requirements for a period not to exceed 50 years. In 2004, the cities unanimously voted to extend the contract with MEAG an additional 50 years. The cities have agreed to purchase all their future power and energy requirements in excess of that received by the cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each city has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

During 2007 the City purchased additional interest in MEAG's power sales contract from the City of College Park, Georgia. The total obligation at December 31, 2011 is $41.5 million which will be paid as a part of the City's monthly power purchases to 2037.

At December 31, 2011, the outstanding debt of MEAG was approximately $3.8 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $65.5 million at December 31, 2011.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created three funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account

This account is available to the City for withdrawal without restriction. During 2011, the City transferred $103,079 to this account and the balance at December 31, 2011 was $6,330,099.

Generation Trust Account

This account is available to the City for withdrawal without restriction. During 2011, the City transferred $4,798 to this account and the balance at December 31, 2011 was $430,632

Credit Support Operating Account and Reserve Funded Debt Account

These accounts are restricted to loans or offsets to billings from MEAG for power usage if certain criteria are met related to power costs from MEAG compared to market rates. The total balance in these two accounts at December 31, 2011 was $3,430,352, but is not recorded as an asset of the City.

13. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City has a non-contributory plan covering all full time employees. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Employees become vested after five years of service. Members may retire on reaching the age of 55 or 65, depending on years of service. Benefits are calculated at 1.5% of the average monthly earnings for the period of the five highest years prior to retirement. The benefit provisions and contribution requirements are established by GMEBS and the Adoption Agreement executed by the City.

As of July 1, 2011, the date of the latest actuarial valuation study, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	52
Terminated employees entitled to benefits but not yet receiving them	21
Current active employees:	
Vested	60
Nonvested	27
Total membership in the plan	160

B. Summary of Significant Accounting Policies

Financial statements of the plan are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue as billed by GMEBS. Investment income is recognized as earned by the plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as the valuation of investments at the end of each month during the period.

There are no investments in, loans to, or leases with parties related to the pension plan.

C. **Funding Status and Progress**

The amount shown as the "Actuarial Value of Plan Assets" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial present value of credited projected benefits and is intended to: (1) help users assess the retirement plans funding status on a going-concern basis, (2) assess progress being made in accumulating sufficient assets to pay benefits when due and (3) allow for comparisons among public employee retirement plans. The actuarial value of plan assets was determined as part of an actuarial valuation of the plan as of July 1, 2011. Significant actuarial assumptions used in determining the actuarial value of plan assets include: (a) a rate of return on the investment of present and future assets of 8% per year, (b) projected salary increases of 5% per year, attributable to inflation, (c) additional projected salary increases of 0.5% per year, attributable to seniority/merit and (d) the assumption that benefits will not increase after retirement. The method used to determine the actuarial value of assets is to roll forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the ten prior years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

As of July 1, 2011, the actuarial accrued liability and actuarial value of plan assets are as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,360,368
Current employees:	
Accumulated employee contributions including allocated investment income	-
Employer-provided vested	2,447,159
Employer-provided non-vested	343,622
Total actuarial accrued liability	5,151,149
Actuarial value of plan assets	4,011,869
Unfunded actuarial accrued liability	$ 1,139,280

The weighted average rate of return used in determining the actuarial present value of accumulated plan benefits was 8%.

D. **Contributions Required and Contributions Made**

As a participant in the GMEBS, the City receives a separate annual actuarial valuation as of May 1. The City is required to pay the required annual actuarial contribution to GMEBS on a monthly basis. These contributions are determined under the projected unit credit actuarial cost method. The actuarial funding method is the same method used in computing the actuarial value of plan assets. Total pension costs were $355,471 for the year ended December 31, 2011, which includes amortization of past service costs over 30 years. This contribution amounted to 12.3% of the total covered payroll. The City's total payroll was $3,223,416 and the covered payroll was $2,879,144. There were no changes in plan provisions valued, cost methods, actuarial assumptions, or benefits during the year.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability as described in C. above.

E. **Historical Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The required ten-year trend information is not presented in the GMEBS annual financial report.

The required three-year historical information is as follows:

	2011	2010	2009
Actuarial value of plan assets as a percentage of actuarial accrued liability	77.9%	74.2%	56.3%
Unfunded (Funded) actuarial accrued liability as a percentage of annual covered payroll	39.6%	45.6%	70.8%
Employer contributions as a percentage of annual covered payroll	12.3%	15.2%	9.3%
Annual pension cost	$355,471	$418,333	$331,731
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

Required Supplementary Information
Analysis of Funding Progress

Fiscal Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (AL) (2) - (1)	Annual Covered Payroll (prior year)	Unfunded AL as Percentage of Covered Payroll
2002	$2,777,837	$3,030,636	91.7%	$ 252,799	$2,253,369	11.2%
2003	2,879,498	3,278,355	87.8%	398,857	2,526,710	15.8%
2004	3,032,303	3,527,929	85.9%	495,626	2,522,907	19.6%
2005	3,211,767	3,755,479	85.5%	543,712	2,540,801	21.4%
2006	3,413,416	3,965,050	86.1%	551,634	2,393,328	23.0%
2007	3,599,925	4,176,889	86.2%	576,964	2,557,047	22.6%
2008	3,769,249	4,556,793	82.7%	787,544	2,640,057	29.8%
2009	2,603,834	4,624,043	56.3%	2,020,209	2,854,980	70.8%
2010	3,616,557	4,873,436	74.2%	1,256,879	2,756,160	45.6%
2011	4,011,869	5,151,149	77.9%	1,139,280	2,879,144	39.6%

Analysis of the dollar amounts of actuarial value of plan assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of plan assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

To obtain a copy of the financial report for the GMEBS pension plan, write to the following address:

Georgia Municipal Employees Benefit System
201 Pryor Street, SW
Atlanta, GA 30303

14. DEFINED CONTRIBUTION PLAN

The City has a defined contribution pension plan for all full-time employees, including elected officials, the Municipal Court Judge and the City Solicitor. Employees are eligible to participate in the plan immediately upon employment. Covered employees may contribute up to 25% of their base salary and the City matches 50% of the employee's contribution up to 3%. The City's contributions for each employee (and the interest allocated to the employee's account) immediately vest upon entry into the plan. Employee contributions to the plan were $76,348 and the City contributed $34,163 for the current fiscal year.

The City's defined contribution plan, City of Sandersville Defined Contribution Plan, was authorized by the City Council by passage of an ordinance and is administered by the City. The City Council originally established the contribution requirements, and it has the authority to amend contribution requirements if it deems appropriate. The City makes deposits into a money purchase pension trust fund which is managed by CitiStreet, an investment management company.

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association administers both risk pools.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

16. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Notes 13 and 14, City Ordinance allows the City to make available the following post employment benefits:

Life Insurance

The City provides $10,000 of 'whole-life' insurance coverage to all employees who retire from the City and who are eligible to receive retirement benefits under the criteria established in the City of Sandersville Retirement Plan. The City, which utilizes a pay-as-you-go basis of funding, paid $627 during the year ended December 31, 2011 for sixteen eligible retirees.

Health Insurance

The City makes available, through its employee group health plan with the Georgia Municipal Association, health care benefits to all employees who retire from the City and who are receiving benefits from the City of Sandersville Retirement Plan. The City makes no contribution toward the premiums for health care benefits for retirees. At December 31, 2011, one retired employee participated in the City's group health plan.

17. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2011, the City paid $6,144 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commissions in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road
PO Box 2800
Augusta, Georgia 30914-2800

18. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. A summary of the transactions for the year ended December 31, 2011, are as follows:

Balance of lodging tax on hand at January 1	$ 314,075
Lodging tax receipts	37,131
Expenditures	(12,162)
Transfer to General Fund	(22,200)
Balance of lodging tax on hand December 31	$ 316,844

The expenditures (33% of current year's receipts) were for promotion of tourism as required by OCGA 48-13-51. This complies with the expenditure requirements of OCGA 48-13-51.

19. PRIOR PERIOD ADJUSTMENT

Beginning fund balances for the General Fund and the Capital Projects Fund were restated as follows:

	General Fund	Capital Projects Fund (2005)
Beginning Fund Balance, as originally reported	$ 719,654	$ 1,483,532
Understatement of interfund receivable/payable	(72,534)	72,534
Beginning Fund Balance, as restated	$ 647,120	$ 1,556,066

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2012, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem (including public utility and vehicle)	$ 712,700	$ 670,700	$ 677,591	$ 6,891
Alcoholic beverage	134,000	134,000	131,730	(2,270)
Local option sales	1,200,000	1,200,000	1,025,890	(174,110)
Franchise tax	1,057,825	1,038,597	1,061,231	22,634
Insurance company premium	343,000	277,300	277,298	(2)
Intangible	5,000	5,000	4,692	(308)
Other	10,200	10,200	10,014	(186)
	3,462,725	3,335,797	3,188,446	(147,351)
Licenses and Permits:				
Building permits	27,500	43,300	44,809	1,509
Business licenses	88,900	88,900	93,228	4,328
Beer, wine and liquor licenses	28,000	28,000	27,645	(355)
	144,400	160,200	165,682	5,482
Intergovernmental:				
County fire supplement	47,500	47,500	45,120	(2,380)
Grant funds	-	-	587	587
Department of Justice grant	-	-	4,995	4,995
GMA safety grant	-	35,670	25,685	(9,985)
County reimbursement - public safety	40,620	40,620	32,028	(8,592)
County reimbursement - animal control	86,000	86,000	87,125	1,125
	174,120	209,790	195,540	(14,250)
Charges for services:				
Court fines	212,000	212,000	153,712	(58,288)
Animal control fees	6,000	6,000	8,726	2,726
	218,000	218,000	162,438	(55,562)
Miscellaneous:				
Interest income	-	-	-	-
Sale of equipment, supplies and real estate	12,100	23,100	28,972	5,872
Rent	-	-	-	-
Contribution from Washington County Development Authority	146,160	146,160	146,160	-
Other	20,398	26,415	19,736	(6,679)
	178,658	195,675	194,868	(807)
Total revenues	4,177,903	4,119,462	3,906,974	(212,488)

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

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 1,121,158	$ 1,142,553	$ 1,117,222	$ 25,331
Public safety	2,373,981	2,378,086	2,269,225	108,861
Street department	727,631	787,631	781,565	6,066
Public works administration	151,201	151,201	149,779	1,422
Recreation and cultural	83,512	83,512	92,762	(9,250)
Cemetery	120,045	146,715	128,955	17,760
Housing and economic development	113,186	113,186	108,099	5,087
Total operating expenditures	4,690,714	4,802,884	4,647,607	155,277
Capital Outlays:				
General government	11,600	11,600	3,384	8,216
Public safety	6,500	16,500	17,910	(1,410)
Street department	-	-	-	-
Public works administration	-	-	-	-
Recreation and cultural	-	-	-	-
Cemetery	4,854	4,854	-	4,854
Housing and economic development	-	-	-	-
Total capital expenditures	22,954	32,954	21,294	11,660
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	4,713,668	4,835,838	4,668,901	166,937
Excess (deficiency) of revenues over expenditures	(535,765)	(716,376)	(761,927)	(45,551)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	397,200	397,200	396,800	(400)
	397,200	397,200	396,800	(400)
Excess (deficiency) of revenues over expenditures and other financing sources	(138,565)	(319,176)	(365,127)	(45,951)
FUND BALANCE, beginning of year	647,120	647,120	647,120	-
FUND BALANCE, end of year	$ 508,555	$ 327,944	$ 281,993	$ (45,951)

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

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- Combining Statements - Nonmajor governmental funds
- Hotel/Motel Tax Special Revenue Fund Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
- Community Development Block Grant Special Revenue Fund (2007) Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
- Community Development Block Grant Special Revenue Fund (2009) Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
- Community Development Block Grant CHIP Special Revenue Fund (2009) Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
- Confiscated Asset Special Revenue Fund Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
- Transportation Enhancement Grant Special Revenue Fund- Budget (GAAP Basis) to Actual
- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
- Schedule of Findings and Questioned Costs
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

CITY OF SANDERSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	SPECIAL REVENUE						
	Hotel/Motel	CDBG Fund (2009)	CDBG Fund (2007)	TE Grant Fund	CDBG CHIP Fund (2009)	Confiscated Assets Fund	Total Nonmajor Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 307,736	$ 174	$ -	$ -	$ 752	$ 7,144	$ 315,806
Taxes receivable	9,108	-	-	-	-	-	9,108
Accounts receivable	-	-	-	13,974	-	-	13,974
Due from General Fund	-	-	-	2,277	-	-	2,277
Total assets	$ 316,844	$ 174	$ -	$ 16,251	$ 752	$ 7,144	$ 341,165
LIABILITIES:							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due to General Fund	-	107	-	-	661	-	768
Total liabilities	-	107	-	-	661	-	768
FUND BALANCES:							
Non-spendable fund balance	-	-	-	-	-	-	-
Restricted fund balance:							
Capital projects	-	67	-	16,251	91	-	16,409
Public safety	-	-	-	-	-	7,144	7,144
Economic development	316,844	-	-	-	-	-	316,844
Committed fund balance	-	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	-	-	-
Unassigned fund balance	-	-	-	-	-	-	-
Total fund balances	316,844	67	-	16,251	91	7,144	340,397
Total liabilities and fund balances	$ 316,844	$ 174	$ -	$ 16,251	$ 752	$ 7,144	$ 341,165

CITY OF SANDERSVILLE, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	SPECIAL REVENUE						
	Hotel/Motel	CDBG Fund (2009)	CDBG Fund (2007)	TE Grant Fund	CDBG CHIP Fund (2009)	Confiscated Assets Fund	Total Nonmajor Governmental Funds
REVENUES:							
Intergovernmental	$ -	$ 657,265	$ -	$ 295,436	$ 186,498	$ -	$ 1,139,199
Taxes	37,131	-	-	-	-	-	37,131
Other	-	-	-	-	-	7,195	7,195
Total revenues	37,131	657,265	-	295,436	186,498	7,195	1,183,525
EXPENDITURES:							
Current operating:							
General government	12,162	-	-	-	-	-	12,162
Street repairs	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	575	575
Housing and economic development	-	366,120	76	-	186,500	-	552,696
Debt service	-	-	-	-	-	-	-
Capital outlays	-	290,971	-	279,185	-	-	570,156
Total expenditures	12,162	657,091	76	279,185	186,500	575	1,135,589
Excess (deficiency) of revenues over expenditures	24,969	174	(76)	16,251	(2)	6,620	47,936
OTHER FINANCING SOURCES (USES):							
Transfers in (out)	(22,200)	-	200	-	200	-	(21,800)
Total other financing sources and uses	(22,200)	-	200	-	200	-	(21,800)
Net change in fund balance	2,769	174	124	16,251	198	6,620	26,136
FUND BALANCE, beginning	314,075	(107)	(124)	-	(107)	524	314,261
FUND BALANCE, ending	$ 316,844	$ 67	$ -	$ 16,251	$ 91	$ 7,144	$ 340,397

CITY OF SANDERSVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 39,200	$ 39,200	$ 37,131	$ (2,069)
Other	-	-	-	-
	39,200	39,200	37,131	(2,069)
EXPENDITURES:				
General government	13,600	13,600	12,162	1,438
Total expenditures	13,600	13,600	12,162	1,438
Excess revenues over (under) expenditures	25,600	25,600	24,969	(631)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(22,200)	(22,200)	(22,200)	-
Excess revenues and other financing sources (uses) over (under) expenditures	3,400	3,400	2,769	(631)
FUND BALANCE, beginning of year	314,075	314,075	314,075	-
FUND BALANCE, end of year	$ 317,475	$ 317,475	$ 316,844	$ (631)

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND (2007)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ -	$ -	$ -	$ -
EXPENDITURES:				
Housing and economic development	76	76	76	-
Capital outlays	-	-	-	-
Total expenditures	76	76	76	-
Excess revenues over (under) expenditures	(76)	(76)	(76)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	200	200	200	-
Excess revenues and other financing sources (uses) over (under) expenditures	124	124	124	-
FUND BALANCE, beginning of year	(124)	(124)	(124)	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND (2009)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ 657,265	$ 657,265	$ 657,265	$ -
EXPENDITURES:				
Housing and economic development	366,120	366,120	366,120	-
Capital outlays	290,971	290,971	290,971	-
Total expenditures	657,091	657,091	657,091	-
Excess revenues over (under) expenditures	174	174	174	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	174	174	174	-
FUND BALANCE, beginning of year	(107)	(107)	(107)	-
FUND BALANCE, end of year	$ 67	$ 67	$ 67	$ -

CITY OF SANDERSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT CHIP SPECIAL REVENUE FUND (2009)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ 186,498	$ 186,498	$ 186,498	$ -
EXPENDITURES:				
Housing and economic development	186,500	186,500	186,500	-
Capital outlays	-	-	-	-
Total expenditures	186,500	186,500	186,500	-
Excess revenues over (under) expenditures	(2)	(2)	(2)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	200	200	200	-
Excess revenues and other financing sources (uses) over (under) expenditures	198	198	198	-
FUND BALANCE, beginning of year	(107)	(107)	(107)	-
FUND BALANCE, end of year	$ 91	$ 91	$ 91	$ -

CITY OF SANDERSVILLE, GEORGIA
CONFISCATED ASSET SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Other	10,894	10,894	7,195	(3,699)
	10,894	10,894	7,195	(3,699)
EXPENDITURES:				
Public safety	2,286	2,286	575	1,711
Capital outlays	8,608	8,608	-	8,608
Total expenditures	10,894	10,894	575	10,319
Excess revenues over (under) expenditures	-	-	6,620	6,620
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	6,620	6,620
FUND BALANCE, beginning of year	524	524	524	-
FUND BALANCE, end of year	$ 524	$ 524	$ 7,144	$ 6,620

CITY OF SANDERSVILLE, GEORGIA
TRANSPORTATION ENHANCEMENT GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:	$ 295,436	$ 295,436	$ 295,436	$ -
EXPENDITURES:				
Housing and economic development	-	-	-	-
Capital outlays	279,185	279,185	279,185	-
Total expenditures	279,185	279,185	279,185	-
Excess revenues over (under) expenditures	16,251	16,251	16,251	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	16,251	16,251	16,251	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ 16,251	$ 16,251	$ 16,251	$ -

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT:				
Mayor and Council:				
Personal services	$ 87,115	$ 87,115	$ 86,959	$ 156
Supplies	1,250	1,250	1,289	(39)
Other services and charges	46,500	46,500	58,271	(11,771)
Capital outlays	-	-	-	-
Total mayor and council	134,865	134,865	146,519	(11,654)
City Hall:				
Personal services	570,437	570,437	554,956	15,481
Supplies	13,800	13,800	15,487	(1,687)
Other services and charges	117,870	134,265	132,129	2,136
Capital outlays	4,600	4,600	-	4,600
Total city hall	706,707	723,102	702,572	20,530
Fleet Maintenance:				
Personal services	89,068	89,068	85,090	3,978
Supplies	6,800	6,800	5,003	1,797
Other services and charges	5,620	5,620	8,182	(2,562)
Capital outlays	7,000	7,000	3,384	3,616
Total vehicle	108,488	108,488	101,659	6,829
Other:				
Personal services	-	-	-	-
Other services and charges	28,998	28,998	28,142	856
Economic development	153,700	158,700	141,714	16,986
Capital outlays	-	-	-	-
Total other	182,698	187,698	169,856	17,842
Total general government	1,132,758	1,154,153	1,120,606	33,547
PUBLIC SAFETY:				
Police:				
Personal services	1,197,114	1,217,614	1,172,661	44,953
Supplies	73,600	73,600	68,756	4,844
Other services and charges	146,019	129,624	125,789	3,835
Capital outlays	2,000	12,000	17,910	(5,910)
Total police department	1,418,733	1,432,838	1,385,116	47,722
Fire Department:				
Personal services	502,981	502,981	490,170	12,811
Supplies	22,500	22,500	13,184	9,316
Other services and charges	59,050	59,050	51,909	7,141
Capital outlays	1,000	1,000	-	1,000
Total fire department	585,531	585,531	555,263	30,268
Municipal Court:				
Personal services	65,221	65,221	64,452	769
Supplies	350	350	61	289
Other services and charges	63,140	63,140	43,831	19,309
Capital outlays	-	-	-	-
Total municipal court	128,711	128,711	108,344	20,367

CITY OF SANDERSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Animal Control:				
Personal services	114,936	114,936	115,746	(810)
Supplies	10,400	10,400	8,007	2,393
Other services and charges	22,670	22,670	18,659	4,011
Capital outlays	3,500	3,500	-	3,500
Total animal control	151,506	151,506	142,412	9,094
EMA/E911 Contribution to County	96,000	96,000	96,000	-
Total public safety	2,380,481	2,394,586	2,287,135	107,451
STREET DEPARTMENT:				
Personal services	$ 561,131	$ 561,131	$ 544,501	$ 16,630
Supplies	70,800	70,800	54,039	16,761
Other services and charges	60,700	120,700	99,709	20,991
Street repairs	35,000	35,000	83,316	(48,316)
Capital outlays	-	-	-	-
Total street department	727,631	787,631	781,565	6,066
PUBLIC WORKS ADMINISTRATION:				
Personal services	136,851	136,851	133,979	2,872
Supplies	4,300	4,300	4,739	(439)
Other services and charges	10,050	10,050	11,061	(1,011)
Capital outlays	-	-	-	-
	151,201	151,201	149,779	1,422
RECREATION AND CULTURAL:				
Contribution to County recreation department	37,000	37,000	46,250	(9,250)
Contribution to County library	46,512	46,512	46,512	-
Other services and charges	-	-	-	-
Capital outlays	-	-	-	-
Total parks and recreation	83,512	83,512	92,762	(9,250)
CEMETERY:				
Personal services	49,965	76,635	74,026	2,609
Supplies	31,100	31,100	21,465	9,635
Other services and charges	38,980	38,980	33,464	5,516
Capital outlays	4,854	4,854	-	4,854
Total cemetery	124,899	151,569	128,955	22,614
HOUSING AND ECONOMIC DEVELOPMENT:				
Building Inspector:				
Personal services	92,236	92,236	85,754	6,482
Supplies	5,400	5,400	4,352	1,048
Other services and charges	15,550	15,550	17,993	(2,443)
Capital outlays	-	-	-	-
Total building inspector	113,186	113,186	108,099	5,087
	$ 4,713,668	$ 4,835,838	$ 4,668,901	$ 166,937

CITY OF SANDERSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)			
Pass through from the Georgia Department of Community Affairs Community Development Block Grant - Multi-Activity	14.219	09b-x-150-2-5134	$ 657,091
Pass through from the Georgia Department of Community Affairs Community Development Block Grant - State of Georgia Community HOME Investment Program (CHIP)	14.239	09m-x-150-2-6020	186,501
Total HUD			843,592
U.S. Department of Transportation (DOT)			
Pass through from the Governor's Office of Highway Safety - Traffic Enforcement Network	20.600	GA-2011-000-00528	9,970
Pass through from the Georgia Department of Transportation - Traffic Enhancements	20.205	IEE-0006-00(562)	278,435
Total DOT			288,405
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grant (COPS)	16.710		587
Total Expenditures of Federal Awards			$ 1,132,584

CITY OF SANDERSVILLE, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

1. BASIS OF PRESENTATION

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and Council
City of Sandersville, Georgia

Compliance

We have audited the City of Sandersville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are could have a direct and material effect on each of the City of Sandersville, Georgia's major federal programs for the year ended December 31, 2011. The City of Sandersville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Sandersville, Georgia's management. Our responsibility is to express an opinion on the City of Sandersville, Georgia's compliance based on our audit.

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

In our opinion, the City of Sandersville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

MEMBERS OF PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CPAs
AND THE GEORGIA SOCIETY OF CPAs

Internal Control Over Compliance

Management of the City of Sandersville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Sandersville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sandersville, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Wright & Wright, P.C.

June 22, 2012

CITY OF SANDERSVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Sandersville, Georgia
2. Listed below are the significant deficiencies relating to the audit of the financial statements as reported in the City of Sandersville, Georgia report. No material weaknesses were identified.
3. No instances of noncompliance material to the financial statements of the City of Sandersville, Georgia were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the City of Sandersville, Georgia report.
5. The auditors' report on compliance for the major federal award programs for the City of Sandersville, Georgia expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Sandersville, Georgia.
7. The program tested as a major program was the HUD Community Development Block Grant.
8. The threshold for distinguishing Types A and B programs was $300,000.
9. The City of Sandersville, Georgia did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

11-1 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

11-2 Budgetary

Condition

In the City's General Fund, actual expenditures exceeded budget appropriations in two departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The City should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

CITY OF SANDERSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2011

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2005 Tax:						
Fire protection	$ 100,000	$ 500,000	$ 139,044	$ 238,208	$ 377,252	75.45%
Capital outlays:						
Water and sewer system equipment and upgrades	-	850,000	382,994	8,000	390,994	46.00%
General and administration equipment	-	200,000	97,303	44,268	141,571	70.79%
Police department vehicles and equipment	-	650,000	296,584	127,790	424,374	65.29%
Street department equipment	-	450,000	248,012	20,962	268,974	59.77%
Electrical fund equipment	-	300,000	224,001	-	224,001	74.67%
Telecom fund equipment	-	50,000	17,280	-	17,280	34.56%
Solid Waste fund equipment	-	150,000	80,822	-	80,822	53.88%
Economic development	-	400,000	276,492	111,784	388,276	97.07%
Transportation improvements		800,000	444,967	171,605	616,572	77.07%
2009 Tax:						
Fire protection	100,000	100,000	-	-	-	-
Transportation improvements	600,000	600,000	-	-	-	-
Economic development	400,000	400,000	-	74,062	74,062	18.52%
Capital outlays:						
Street department equipment	300,000	300,000		211,613	211,613	70.54%
Water and sewer system equipment and upgrades	700,000	700,000	-	-	-	-
General and administration equipment	150,000	150,000	-	-	-	-
Police department vehicles and equipment	500,000	500,000	-	-	-	-
Electrical fund equipment	250,000	250,000	-	-	-	-

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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*

To the Mayor and Council
City of Sandersville, Georgia

We have audited the financial statements of the governmental activities, the business type activities, each major fund, the aggregate discretely presented component unit and the aggregate remaining fund information of the City of Sandersville, Georgia as of and for the year ended December 31, 2011, which collectively comprise the City of Sandersville's basic financial statements and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matter that we reported to management of the City of Sandersville, Georgia, in a separate letter dated June 22, 2012.

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

Wright & Wright, P.C.

June 22, 2012