

CITY OF FORSYTH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

Prepared under authority
of the Office of the
City Clerk

CITY OF FORSYTH, GEORGIA
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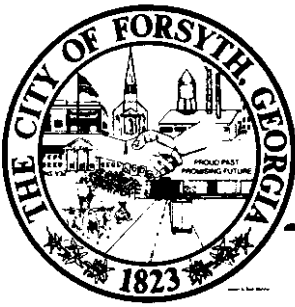
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CITY OF FORSYTH

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

June 19, 2012

Honorable John Howard II, Mayor
And Members of the City Council
City of Forsyth
Forsyth, Georgia 31029

Mayor and Council Members:

The comprehensive annual financial report of the City of Forsyth, Georgia for the year ended December 31, 2011 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is divided into an introductory section, financial section, and statistical section. The introductory section includes this transmittal letter, a title page, and a table of contents, the government's organizational chart, and a list of principal officials. The financial section includes the independent auditors' report, basic financial statements, the combining and individual fund and statements and schedules, and other supplementary information. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Forsyth's MD&A can be found immediately following the report of the independent auditors. The final section is the statistical section, which includes selected financial and demographic information.

The City is required to have an audit in conformity with Governmental Auditing Standards. The auditors' report on compliance and internal control over financial reporting and the status of prior year findings is included in this report.

This report includes all funds of the government. The government provides a full range of services. These services include police protection, fire protection, the construction and maintenance of streets and drainage improvements, planning and zoning, engineering, building and code enforcement, electrical service, cable service, and water and sewer service.

A Mayor and six (6) City Council members serve the City of Forsyth. The Mayor and all City Council members are elected at large. All serve four (4) year terms. The Mayor can only serve

two terms. The Mayor and City Council serve as the legislative body responsible for enacting City ordinances, resolutions, appropriating funds, and providing policy direction to City staff. The City Council appoints a City Administrator, City Attorney, City Auditor, Municipal Court Judge, a planning and zoning board, and a design and review board. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The City Administrator and Department Directors have the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

General Information. The City of Forsyth is located in Monroe County. Forsyth was incorporated on December 10, 1823.

Economic Condition and Outlook

The City of Forsyth is located in central Monroe County, which is located in the central part of the state, approximately 60 miles south of Atlanta. Growth has been reflected in the City's General Fund revenues, which have increased from \$3,233,318 in 2002 to \$5,260,468 in 2011. The economic condition and outlook of the City remain strong as the area is predicted to have a sustained growth pattern through 2012. City leaders have recognized and plans have been developed and/or implemented to maintain balanced, controlled and planned developments in concert with an economic development plan that encourage appropriate growth. The economic growth has also placed increased demands on services, but the City has adopted a conservative approach and implemented programs to meet these demands. The City has still been able to provide its services at a cost per capita that is comparable to other communities with similar demographic and economic characteristics.

The financial position of the City has continued to be strong. This is primarily a result of careful budget management and expenditure of funds. The City has been able to maintain or reduce the millage rate on Ad Valorem taxes for the past eight years. A new special local option sales tax was passed and collections began in 2008. The current year is the fourth year that the collections have been received. The total amount received during the current year from this SPLOST was \$788,185. The City expects to collect \$4,200,000 over a period of six years.

Future stability for the City of Forsyth is good based upon the solid fund equity balance that is maintained in our funds. This shows that we have goals and objectives that the City can meet in the public service area; police and fire protection, street and drainage improvements, and infrastructure.

Major Initiatives

Mayor and City Council:

Overall Goals and Objectives - (1). Achieve all goals while striving for the lowest total cost for public services with a minimal property tax millage rate. (2). Maintain a managed growth policy that requires quality development in concert with our economic development strategy. (3). Provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, electric, cable, water and sewer. (4). Continue cooperative efforts with other governments. (5). Preserve our historic and cultural heritage.

Finance and Administration:

Overview - The Finance and Administrative Department consists of the City Administrator, City Clerk, and support personnel. The City Administrator is appointed by the Mayor and City

Council and is responsible for the execution of policies and legislative action of the City Council, direction, control and coordination of operational agencies. The City Clerk is responsible for City Council agenda preparation, minutes and custodian of City records. The City Clerk also acts in a support role to the Mayor and City Council. The Clerk is responsible for planning, developing, implementing, and maintaining the administrative and financial operations of the City including purchasing and assisting the Mayor with preparing the annual budget and capital improvement plan.

Accomplishments:

- ❖ Continue implementing and updating the administrative policy manual.
- ❖ Continue to create computerized reports for financial use.
- ❖ Currently constructing new parking lots for the Public Safety Building.

Municipal Court:

Overview - The Municipal Court of Forsyth is dedicated to the principle of equal and timely access to justice so that all individuals are treated with integrity, honesty, equality, respect for the rule of law, and the rights of all. The Court uses all staff members in a collaborative effort to operate the court efficiently and effectively while maintaining public trust and confidence. The Municipal Court prepares and processes records, citations, warrants and other legal papers for the Court. Court personnel receive and deposit monies collected for fines and fees, set court dates, issue subpoenas and warrants, prepare various reports, records, and other documents pertinent to the operation of the Court and those required by the State of Georgia.

Accomplishments:

- ❖ Continued training of staff with required knowledge of court procedures.
- ❖ Judge and Clerk sent to training sessions for handling court sessions and add-on fines.
- ❖ Community service workers used by different departments for various tasks; therefore, saving City funds.
- ❖ Upgraded ticketing and court software to an e-ticketing software program.

Police:

Overview - The men and women of the Forsyth Police Department are committed to protect life, property, and the constitutional guarantees of all citizens of Forsyth and those who travel through our City. With community partnership as our foundation, we, as a department, are entrusted to enhance the quality of life, seek solutions to community problems and foster a sense of peace and security for all people within our City. We will honor this trust placed in us by holding ourselves to the highest standards of professional police conduct.

Accomplishments:

- ❖ The City continues to remain below the national average for criminal activity compared to cities across the state and nation with similar populations.
- ❖ The department continues to actively partner with schools targeting crime prevention, to continue a proactive effort toward criminal activity.
- ❖ The department continues to offer programs during the year to train citizens and businesses on self defense and how to spot fake ID's and minors who are attempting to purchase alcohol.
- ❖ The department continues to encourage professional development. The average number of training hours for 2011 was 80 hours per officer.
- ❖ Member of the governor's office of Highway Safety Traffic Enforcement Network.
- ❖ Awarded a COPS Hiring Recovery Grant for one officer; to be hired with the use of federal funds through the U.S. Department of Justice.

- ❖ Purchased three new patrol cars and purchased equipment necessary to produce e-tickets.
- ❖ The department continues to work on obtaining state accreditation.
- ❖ Added an additional K-9 officer during the year.

Fire:

Overview - The City of Forsyth Fire Department responds to various types of emergency incidents including all types of fires, motor vehicle and other accidents, rescue calls, severe weather and flooding emergencies. Fire department personnel perform numerous prevention and public relations functions, fire safety inspections, annual hydrant maintenance, emergency management functions, and other specialty programs. The City of Forsyth provides for a volunteer service to supplement career resources.

Accomplishments:

- ❖ Continues to maintain low average response times for emergency responses.
- ❖ Continues to enhance training levels of personnel to address increased threat of terrorism.
- ❖ Continues to work with other City departments in the development of City's threat level plan.
- ❖ Updating firefighter training to maintain First Responder's Certification.
- ❖ Visited schools, day-care centers and Head Start to promote fire safety education.
- ❖ Continues to maintain I.S.O. rating of five for past 12 years, thereby saving citizens of Forsyth a substantial amount on insurance premiums.
- ❖ Continuing education/training for core competency to maintain state certification.
- ❖ Increased the number of personnel during each shift.
- ❖ Purchased a new fire truck.
- ❖ Received a Assistance to Firefighter's Grant for \$37,977 used to purchase new firefighter equipment.

Public Works:

Overview - The City of Forsyth Public Works Department is responsible for the maintenance of all streets, sidewalks and drainage facilities located on public property. The department is also responsible for grass cutting along City streets and State highways. The department provides landscaping services for public property. The Public Works Department provides emergency services including road closing and sandbagging flood prone areas.

Accomplishments:

- ❖ Continues to work on the Streetscape Project; \$212,290 in grants was received from the Georgia Department of Transportation to assist with the project. This project includes, redesigning and constructing downtown streets, sidewalks, and underground utilities.

Planning and Zoning:

Overview - The Planning and Zoning Department strives to maintain and improve the overall quality of life for all citizens of the City of Forsyth by promoting sustainable development, encouraging a stable and enduring economic base, providing for the safety, health and education and preserving the natural, cultural and historic assets of the City of Forsyth. The Planning and Zoning Department coordinates the development and implementation of special area studies, plan review process, Zoning Ordinance, Sign Ordinance, and Landscape Ordinances. The Planning and Zoning Department expeditiously review and respond to all inquiries, applications

and studies dealing with current planning, zoning, subdivision and land development to achieve a well designed, planned and quality community in accordance with adopted ordinances, resolutions and policies. The Planning and Zoning Department provides all necessary land use, economic, environmental and social data upon which to base effective governmental decision resulting in orderly growth and development and a high quality of life for present and future citizens.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.

Electric:

Overview – The Electric Department is responsible for supplying electricity to City of Forsyth Residents for energy needs. They are also responsible for minimizing power outages.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Worked with the Department of Corrections to bring Tift College up to code to house the Department of Corrections state office.
- ❖ Continues to work on maintaining low rates for citizens.
- ❖ Continues to work on minimizing time to correct power outages.

Water and Sewer:

Overview - The Water and Sewer Department is responsible for supplying water to City of Forsyth residents for potable and fire fighting uses. They are also responsible for the treatment and disposal of the wastewater generated by the City of Forsyth as per regulations set forth by all state and federal agencies.

Accomplishments:

- ❖ Continuing to replace older water meters with new electronic models which will yield more accurate readings and should increase water revenues. This is an ongoing project.
- ❖ Worked with the Department of Corrections to bring Tift College up to code to house the Department of Corrections state office.
- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Received a Neighborhood Initiative Grant from the U.S. Department of Housing and Urban Development for \$650,000 to cover costs associated with bring Tift College up to code.

Cable:

Overview – The Cable Department is responsible for supplying cable and internet services to City of Forsyth residents for entertainment. They are also responsible for minimizing cable outages experienced by cable and internet users.

Accomplishments:

- ❖ Continues to work on maintaining low rates for citizens.

Financial information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principals generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that; (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Basis of accounting. The basis of accounting used determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Governmental fund types and expendable trust funds use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The financial statements for the proprietary fund types are accounted for on the accrual basis of accounting. Under this method revenues are recorded when earned, and expenses are recognized when the liability is incurred.

Accounting systems. In developing and evaluating the City's accounting control system, consideration is given in the adequacy of internal accounting controls. Internal accounting controls comprise the plan of organization and the procedures and records concerned with safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Budgetary control. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The level of budgetary control is on a departmental basis. A budget is legally adopted for all Governmental Fund types and Proprietary Fund types. Formal budgetary integration is employed as a management control device during the year. The budget is based on the same method of accounting as the fund it represents. Transfers of appropriations within a department budget or within a nondepartmental expenditure category require the approval of the finance director. Increase in appropriations in a departmental budget or in a nondepartmental expense category requires approval of the governing body in the form of amendments to the budget ordinance.

General government functions. Municipal activities and services are accounted for in the General Fund, Capital Improvement Fund, Special Revenue Funds, Fiduciary Fund and Enterprise Funds.

Capital Improvement Fund The capital improvement fund is used to account for capital projects that are being acquired or built. The City of Forsyth has one capital improvement fund: (1) SPLOST Fund

SPLOST Fund. The fund is used to account for special purpose local option sales tax proceeds for approved capital improvements. Total revenues equal \$791,919. Total expenditures were made in the amount of \$1,766,665 for approved capital projects and SPLOST bond debt service.

Special Revenue Fund. The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Forsyth has two Special Revenue Fund: (1) Hotel/Motel Tax Fund and (1) Special Police Revenue Fund.

Hotel/Motel Tax Fund. The fund is used to account for hotel/motel taxes collected for the use of tourism. Total revenues equal \$277,193. Expenditures were made in the amount of \$277,193 for tourism and recreation purposes.

Police Special Revenue Fund. The fund is used to account for police seizure monies from federal and state agencies to be used on police expenditures. Total revenues equal 53,518. Expenditures were made in the amount of \$29,545 for police purposes.

Enterprise Fund. Business-type activities of the City of Forsyth are accounted for in the Enterprise Fund. The Enterprise Fund for the City of Forsyth is the Combined Utilities Fund.

Combined Utilities Fund. The Combined Utilities Fund charges City residents for the consumption of electricity, water and sewer, and cable. Total utility revenues for year 2011 were \$11,046,350. Total operating expenditures for year 2011 were \$10,996,917. The change in net assets after depreciation and non-operating revenues and/or expenses was \$335,119 for the year 2011.

Cash management. Cash temporarily idle during the year is held in checking accounts. Cash equivalents are invested in certificates of deposits and mutual funds. The government's investment policy is to invest in cash or cash equivalents.

Risk management. The mission of the City of Forsyth's risk management program is to minimize the financial burden incurred by the City as a result of work-related injuries, damage to City property, and damages incurred by third parties when the City is held liable.

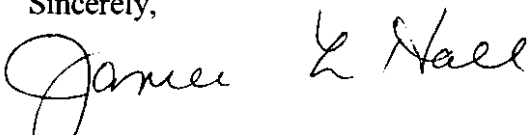
Under the risk management program, commercial insurance policies are carried to cover risk of workers' compensation, property damage and liability claims.

Other Information.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Buckley & Hopkins, LLP was selected by the city council. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the clerk's office. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report

Sincerely,

A handwritten signature in cursive script, appearing to read "Janice Hall", is written over the typed name.

Janice Hall, City Clerk and
Chief Financial Officer

CITY OF FORSYTH, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR

John T. Howard, II

CITY COUNCIL MEMBERS

JoAnna Banks
James Calloway
Mike Dodd
Desi Hansford
Melvin Lawrence
Eric Wilson

CITY ADMINISTRATOR

Thomas White

CITY CLERK

Janice Hall

POLICE CHIEF

Robert Corley

FIRE CHIEF

David Herndon

STREET DEPARTMENT HEAD

Steve Jones

ELECTRIC DEPARTMENT HEAD

Alvin Randall

GARAGE DEPARTMENT HEAD

Steve Butler

METER DEPARTMENT HEAD

Steve Sikes

CEMETERY DEPARTMENT HEAD

Steve Jones

RECREATION DEPARTMENT HEAD

Steve Jones

BETTER HOMETOWN DIRECTOR

Loraine Khoury

MUNICIPAL COURT JUDGE

J. Kristi Lovelace

CITY ATTORNEY

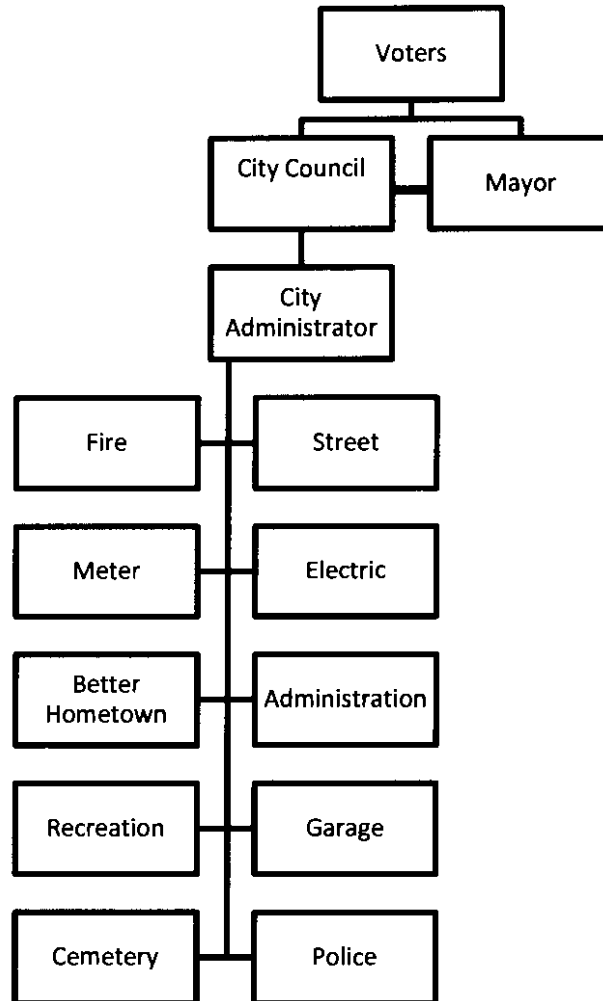
C. Robert Melton

CITY AUDITOR

Albert P. Hopkins, Jr., C.P.A.

CITY OF FORSYTH, GEORGIA

ORGANIZATIONAL CHART



FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Forsyth, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Forsyth, Georgia (the City), 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 Forsyth, 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 the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forsyth, Georgia, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012, on our consideration of the City of Forsyth, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for the City of Forsyth Defined Benefit Plan on pages 3 through 10 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forsyth, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and the schedule of projects constructed with special sales tax proceeds, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special sales tax proceeds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Buckley & Hopkins, LLP

Forsyth, Georgia
June 19, 2012

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(UNAUDITED)

As management of the City of Forsyth, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the City's Primary Government activities exceeded its liabilities as of December 31, 2011, by \$22,631,103.
- As of December 31, 2011, total net assets consisted of \$18,993,102 invested in capital equipment net of related debt, \$511,784 restricted for debt service, \$1,231,232 restricted for capital outlay, and \$1,894,985 unrestricted.
- As of December 31, 2011, the City's governmental funds reported ending fund balance of \$2,836,646, a decrease of \$1,029,679 in comparison with the prior year.
- As of December 31, 2011, the City's General Fund reported ending fund balance of \$1,054,756, a decrease of \$78,906 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statements within the first component are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The statements within the second component are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These two statements include the statement of net assets, and the statement of activities.

The statement of net assets presents information on all the City's 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 whether the financial position of the City is improving or deteriorating.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(UNAUDITED)

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and parks and recreation.

The government-wide financial statements include not only the City of Forsyth government itself (known as the primary government), but also the component unit of the Downtown Development Authority of Forsyth. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. Data for the component unit is presented in a separate column to emphasize that it is legally separate from the City.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Forsyth, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Forsyth can be divided into the following categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Forsyth maintains four (4) individual governmental funds.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Funds

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Capital Improvement Fund both of which are considered to be major funds. Data from the other (2) governmental funds is combined into a single, aggregated presentation. Individual fund data for this non-major governmental fund is provided in the form of both combining statements and individual fund statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Capital Improvements Fund

The City maintains one capital improvements fund. The capital improvements fund is used to account for the purchase or construction of major capital facilities for the City.

Proprietary Fund

The City maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the operation of the Combined Utilities Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for this Fund and are provided in the form of individual fund statements elsewhere in this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Forsyth, assets exceeded liabilities by \$22,631,103 at the close of the most recent fiscal year.

CITY OF FORSYTH, GEORGIA
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A significant portion of the City's net assets reflects its investment in capital assets (e.g., land buildings, machinery, equipment and vehicles); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Forsyth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Law. The City Council establishes other funds to control and manage money for particular purposes.

City of Forsyth, Georgia Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 3,321,456	\$ 4,320,167	\$ 3,959,206	\$ 3,533,850	\$ 7,280,662	\$ 7,854,017
Capital assets, net of accumulated depreciation	4,950,818	3,684,585	16,154,398	16,816,457	21,105,216	20,501,042
Total assets	8,272,274	8,004,752	20,113,604	20,350,307	28,385,878	28,355,059
Liabilities						
Current and other	381,351	309,794	1,152,576	1,202,578	1,533,927	1,512,372
Long-term liabilities	3,075,775	3,531,527	1,145,073	1,666,893	4,220,848	5,198,420
Total liabilities	3,457,126	3,841,321	2,297,649	2,869,471	5,754,775	6,710,792
Net assets						
Invested in capital assets, net of related debt	3,983,777	2,822,419	15,009,325	15,149,564	18,993,102	17,971,983
Restricted for debt service	40,784	36,274	471,000	471,000	511,784	507,274
Restricted for capital outlay	1,231,232	786,565	-	-	1,231,232	786,565
Unrestricted	(440,645)	518,173	2,335,630	1,860,272	1,894,985	2,378,445
Total net assets	\$ 4,815,148	\$ 4,163,431	\$ 17,815,955	\$ 17,480,836	\$ 22,631,103	\$ 21,644,267

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

City of Forsyth, Georgia Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program services						
Charges for services	\$ 1,009,137	\$ 879,261	\$ 10,906,016	\$ 10,671,277	\$ 11,915,153	\$ 11,550,538
Operating grants and contributions	42,232	1,000	-	-	42,232	1,000
Capital grants and contributions	1,098,773	1,176,180	650,000	760,565	1,748,773	1,936,745
General revenues						
Taxes	2,982,662	2,931,810	-	-	2,982,662	2,931,810
Investment & interest revenue	1,145	1,483	456,593	754,159	457,738	755,642
Other	91,482	64,327	140,334	13,281	231,816	77,608
Total revenues	5,225,431	5,054,061	12,152,943	12,199,282	17,378,374	17,253,343
Expenses						
General government	1,283,799	1,448,306	-	-	1,283,799	1,448,306
Public safety	2,497,117	2,030,713	-	-	2,497,117	2,030,713
Public works	1,299,110	1,177,152	-	-	1,299,110	1,177,152
Better Hometown	79,813	94,744	-	-	79,813	94,744
Parks & recreation	67,301	19,653	-	-	67,301	19,653
Interest	85,385	92,883	-	-	85,385	92,883
Combined utilities	-	-	11,079,013	10,264,658	11,079,013	10,264,658
Total expenses	5,312,525	4,863,451	11,079,013	10,264,658	16,391,538	15,128,109
Change in net assets before transfers	(87,094)	190,610	1,073,930	1,934,624	986,836	2,125,234
Transfers	738,811	875,249	(738,811)	(708,661)	-	166,588
Increase in net assets	651,717	1,065,859	335,119	1,225,963	986,836	2,291,822
Net assets, beginning	4,163,431	3,097,572	17,480,836	16,254,873	21,644,267	19,352,445
Net assets, ending	\$ 4,815,148	\$ 4,163,431	\$ 17,815,955	\$ 17,480,836	\$ 22,631,103	\$ 21,644,267

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(UNAUDITED)

Governmental Funds

Most of the City's basic services are included here, such as public safety, public works, culture, recreation and general administration. These focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Such information is useful in assessing Forsyth'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.

As of the end of the current fiscal year, the City of Forsyth's governmental funds reported combined ending fund balances of \$2,836,647, a decrease of \$1,029,679 from the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$984,215. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the current fiscal year net assets invested in capital assets, net of related debt and restricted net assets were \$15,009,325 and \$471,000, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had a deficit of \$78,906 in revenues over expenditures. The General Fund financial condition worsened due to a significant increase in expenditures of \$639,638 during the current year. The increase in expenditures is primarily from an increase in public safety expenses and the ongoing streetscape project.

The 2011 adopted budget was amended during 2011, resulting in few negative variances plus overall favorable result.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$21,135,216 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The total net increase in the City's investment in capital assets for the current fiscal year was 3.1% (an increase of 35.8% for governmental activities and a decrease of 3.9% for business-type activities). Some of the major capital asset events for the current year include the purchase of a new fire truck, the completion of a new parking lot, and the completion of phase II of the streetscape project. Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and improvements	\$ 2,030,765	\$ 1,885,317	\$ 399,261	\$ 399,261	\$ 2,430,026	\$ 2,284,578
Distribution system	-	-	27,585,506	27,283,298	27,585,506	27,283,298
Buildings and improvements	1,963,298	1,943,593	5,091,203	5,077,581	7,054,501	7,021,174
Infrastructure	568,198	319,837	-	-	568,198	319,837
Machinery and equipment	952,634	837,057	1,077,882	1,077,882	2,030,516	1,914,939
Vehicles	1,977,132	1,798,256	876,616	876,615	2,853,748	2,674,871
Construction in progress	1,155,289	571,318	332,692	173,813	1,487,981	745,131
Total capital assets	8,647,316	7,355,378	35,363,160	34,888,450	44,010,476	42,243,828
Accumulated depreciation	(3,666,498)	(3,670,793)	(19,208,762)	(18,071,993)	(22,875,260)	(21,742,786)
Total capital assets	\$ 4,980,818	\$ 3,684,585	\$ 16,154,398	\$ 16,816,457	\$ 21,135,216	\$ 20,501,042

Long-Term Debt

As of December 31, 2011, Forsyth had approximately \$4.2 million in outstanding long-term debt, which does not include interest expense.

Additional information on Forsyth's long-term debt can be found in the notes of the Basic Financial Statements section of this report.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
SPLOST bonds	\$ 1,230,000	\$ 1,635,000	\$ -	\$ -	\$ 1,230,000	\$ 1,635,000
Capital leases	40,108	51,141	1,145,073	1,666,893	1,185,181	1,718,034
Landfill post-closure costs	1,005,285	1,034,361	-	-	1,005,285	1,034,361
Notes payable	800,382	811,025	-	-	800,382	811,025
Total debt	\$ 3,075,775	\$ 3,531,527	\$ 1,145,073	\$ 1,666,893	\$ 4,220,848	\$ 5,198,420

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(UNAUDITED)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Forsyth, Georgia's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Janice Hall, 26 N. Jackson Street, Forsyth, Georgia 31029.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Downtown
	Activities	Activities		Development
				Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 891,471	\$ 2,236,212	\$ 3,127,683	\$ 46,320
Certificates of Deposit	60,000	-	60,000	-
Receivables, net of allowance				
Taxes	128,386	-	128,386	-
Accounts	29,462	590,996	620,458	-
Due from (to) other funds	121,000	(121,000)	-	-
Due from other governments	458,744	-	458,744	-
Restricted assets				
Cash and cash equivalents	1,272,016	471,000	1,743,016	-
Investments	-	-	-	1,194,355
Inventories	-	687,585	687,585	-
Prepayments	348,371	73,711	422,082	-
Leases receivable	-	-	-	1,051,712
Capital assets not being depreciated:				
Land	447,243	399,261	846,504	-
Construction in progress	1,155,289	332,692	1,487,981	12,303
Capital assets net of accumulated depreciation:				
Buildings	1,270,303	91,594	1,361,897	-
Infrastructure	459,014	-	459,014	-
Furniture, fixtures & equipment	190,571	134,327	324,898	-
Vehicles	518,509	43,703	562,212	-
Land improvements	909,889	-	909,889	-
Distribution system	-	15,152,821	15,152,821	-
Unamortized bonds and capital lease costs	12,006	20,702	32,708	-
Total Assets	8,272,274	20,113,604	28,385,878	2,304,690
<u>LIABILITIES</u>				
Accounts payable	184,059	589,885	773,944	-
Accrued liabilities	159,972	36,464	196,436	35,870
Customer deposits	-	417,632	417,632	471,000
Unearned revenue	17,339	-	17,339	46,901
Other liabilities	19,981	108,595	128,576	-
Noncurrent liabilities				
Due within one year	478,655	539,712	1,018,367	491,072
Due in more than one year	2,597,120	605,361	3,202,481	1,051,712
Total Liabilities	3,457,126	2,297,649	5,754,775	2,096,555
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	3,983,777	15,009,325	18,993,102	12,303
Restricted for				
Restricted for debt service	40,784	471,000	511,784	1,194,355
Restricted for capital outlay	1,231,232	-	1,231,232	-
Unrestricted	(440,645)	2,335,630	1,894,985	(998,523)
Total Net Assets	\$ 4,815,148	\$ 17,815,955	\$ 22,631,103	\$ 208,135

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Downtown Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities								
General government	\$ 1,283,799	\$ 127,796	\$ -	\$ 791,920	\$ (364,083)	\$ -	\$ (364,083)	\$ -
Public safety	2,497,117	452,485	-	50,573	(1,994,059)	-	(1,994,059)	-
Public works	1,299,110	428,856	42,232	256,280	(571,742)	-	(571,742)	-
Recreation and parks	67,301	-	-	-	(67,301)	-	(67,301)	-
Better Hometown	79,813	-	-	-	(79,813)	-	(79,813)	-
Interest on long-term debt	85,385	-	-	-	(85,385)	-	(85,385)	-
Total governmental activities	5,312,525	1,009,137	42,232	1,098,773	(3,162,383)	-	(3,162,383)	-
Business-type Activities:								
Combined Utility System -								
Water & Sewer	2,766,489	2,381,675	-	-	-	(384,814)	(384,814)	-
Electric	6,939,331	7,417,847	-	650,000	-	1,128,516	1,128,516	-
Cable	1,373,193	1,106,494	-	-	-	(266,699)	(266,699)	-
Total business-type activities	11,079,013	10,906,016	-	650,000	-	477,003	477,003	-
Total Primary Government	16,391,538	11,915,153	42,232	1,748,773	(3,162,383)	477,003	(2,685,380)	
Downtown Development Authority	\$ 71,875	\$ 71,740	\$ -	\$ -				(135)
Total Component Units	\$ 71,875	\$ 71,740	\$ -	\$ -				\$ (135)
General Revenues								
Property Tax					609,299	-	609,299	-
Sales Tax					1,581,895	-	1,581,895	-
Insurance premium tax					177,673	-	177,673	-
Beer, wine and alcohol tax					217,159	-	217,159	-
Other tax					396,636	-	396,636	-
Investment and interest revenue					1,145	456,593	457,738	12,512
Miscellaneous					91,482	140,334	231,816	-
Total General Revenues					3,075,289	596,927	3,672,216	12,512
Transfers					738,811	(738,811)	-	-
Total General Revenues and Transfers					3,814,100	(141,884)	3,672,216	12,512
Change in Net Assets					651,717	335,119	986,836	12,377
Net Assets - Beginning of Year					4,163,431	17,480,836	21,644,267	195,758
Net Assets - End of Year					\$ 4,815,148	\$ 17,815,955	\$ 22,631,103	\$ 208,135

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

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

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 780,986	\$ 1,205,107	\$ 88,606	\$ 2,074,699
Certificate of Deposit	60,000	-	-	60,000
Receivables, net of allowance				-
Taxes	106,296	-	22,090	128,386
Accounts	29,462	-	-	29,462
Due from other funds	18,284	121,000	-	139,284
Due from other governments	386,453	72,291	-	458,744
Prepaid Assets	23,522	324,849	-	348,371
Total Assets	\$ 1,405,003	\$ 1,723,247	\$ 110,696	\$ 3,238,946
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 157,273	\$ -	\$ 26,786	\$ 184,059
Accrued liabilities	64,203	6,566	417	71,186
Due to other funds	-	18,284	-	18,284
Deferred revenue	91,451	-	-	91,451
Unearned revenue	17,339	-	-	17,339
Other liabilities	19,981	-	-	19,981
Total Liabilities	350,247	24,850	27,203	402,300
<u>Fund Balances:</u>				
Nonspendable	23,522	324,849	-	348,371
Restricted for:				
Capital Outlay	6,235	1,373,548	-	1,379,783
Debt Service	40,784	-	-	40,784
Committed	-	-	-	-
Assigned	-	-	83,493	83,493
Unassigned	984,215	-	-	984,215
Total Fund Balances	1,054,756	1,698,397	83,493	2,836,646
Total Liabilities and Fund Balances	\$ 1,405,003	\$ 1,723,247	\$ 110,696	\$ 3,238,946

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Fund Equity per Balance Sheet of Governmental Funds	<u>\$ 2,836,646</u>
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	8,668,146
Accumulated depreciation	(3,717,327)
Other Long-term Assets	
Long-term assets are not available for use in the current period and, therefore, are not reported as fund assets.	
Unamortized bond costs	12,006
Revenues	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	
Receivables, taxes	91,451
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:	
Notes payable	(840,490)
Bonds payable	(1,230,000)
Landfill closure/postclosure costs	<u>(1,005,284)</u>
Total Adjustments	<u>1,978,502</u>
Total Net Assets of Governmental Activities	<u><u>\$ 4,815,148</u></u>

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

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

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 644,336	\$ -	\$ -	\$ 644,336
Sales tax	1,581,895	-	-	1,581,895
Insurance premium tax	177,673	-	-	177,673
Beer, wine and alcohol tax	217,159	-	-	217,159
Other taxes	119,443	-	277,193	396,636
License and permits	127,796	-	-	127,796
Intergovernmental	336,489	788,185	12,596	1,137,270
Fines and forfeitures	411,603	-	40,882	452,485
Charges for services	428,856	-	-	428,856
Investment earnings	1,105	3,734	40	4,879
Other revenues	91,482	-	-	91,482
Total Revenues	4,137,837	791,919	330,711	5,260,467
<u>Expenditures:</u>				
Current:				
General government	1,511,255	-	110,877	1,622,132
Public safety	2,438,038	-	29,545	2,467,583
Public works	1,410,651	-	-	1,410,651
Recreation and parks	63,445	-	-	63,445
Better Hometown	79,813	-	-	79,813
Capital Outlays	-	878,815	-	878,815
Debt Service				
Principal	21,676	405,000	-	426,676
Interest	36,095	49,290	-	85,385
Total Expenditures	5,560,973	1,333,105	140,422	7,034,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,423,136)	\$ (541,186)	\$ 190,289	\$ (1,774,033)

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses):</u>				
Transfers in (out)	\$ 1,344,229	\$ (439,102)	\$ (166,316)	\$ 738,811
Unamortized bond cost	-	5,542	-	5,542
Total other financing sources (uses)	1,344,229	(433,560)	(166,316)	744,353
Net Change in fund balances	(78,907)	(974,746)	23,973	(1,029,680)
Fund Balance, beginning of year	1,133,663	2,673,143	59,520	3,866,326
Fund Balance, end of year	\$ 1,054,756	\$ 1,698,397	\$ 83,493	\$ 2,836,646

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ (1,029,680)</u>
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Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	1,503,820
Total depreciation	(237,597)

Long-term Debt

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in the fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditures in the governmental funds, but reduces the liability in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are as follows:

Decrease in unamortized bond costs	(5,542)
Principal repayments	426,676
Decrease in postclosure landfill costs	29,077

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues decreased by this amount during the fiscal year.	<u>(35,037)</u>
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Total Adjustments	<u>1,681,397</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 651,717</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes				
General property tax	\$ 557,000	\$ 640,000	\$ 644,336	\$ 4,336
Local option sales tax	1,533,844	1,580,000	1,581,895	1,895
Insurance premium tax	226,000	226,000	177,673	(48,327)
Beer, wine and alcohol tax	220,000	220,000	217,159	(2,841)
Franchise fees	116,468	116,468	119,443	2,975
Licenses and permits	103,700	125,000	127,796	2,796
Intergovernmental	47,000	335,000	336,489	1,489
Fines and forfeitures	401,212	401,212	411,603	10,391
Charges for services	389,500	420,000	428,856	8,856
Investment income	1,000	1,000	1,105	105
Miscellaneous income	16,500	90,000	91,482	1,482
Total Revenues	3,612,224	4,154,680	4,137,837	(16,843)
<u>Expenditures:</u>				
General Government				
Administration	979,972	1,300,000	1,284,643	15,357
Governing Body	228,093	228,093	210,900	17,193
Mayor	9,495	9,495	9,489	6
Elections	24,000	7,000	6,223	777
Total General Government	1,241,560	1,544,588	1,511,255	33,333
Public Safety				
Police	1,390,777	1,700,000	1,683,293	16,707
Fire	646,137	715,000	714,204	796
Municipal Court	89,048	86,000	85,444	556
Total Public Safety	\$ 2,125,962	\$ 2,501,000	\$ 2,482,941	\$ 18,059

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

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public Works				
Streets/Sanitation	\$ 1,060,225	\$ 1,090,000	\$ 1,089,610	\$ 390
Garage	206,574	190,000	187,809	2,191
Cemetery	141,974	147,000	146,100	900
Total Public Works	1,408,773	1,427,000	1,423,519	3,481
Better Hometown	116,234	80,000	79,813	187
Recreation	57,500	64,000	63,445	555
Total expenditures	4,950,029	5,616,588	5,560,973	55,615
Excess (deficiency) of revenues over (under) expenditures	(1,337,805)	(1,461,908)	(1,423,136)	38,772
Other Financing Sources (Uses):				
Transfers In	1,337,805	1,461,908	1,344,229	(117,679)
Total other financing sources and uses	1,337,805	1,461,908	1,344,229	(117,679)
Net change in fund balance	\$ -	\$ -	(78,907)	\$ (78,907)
Fund balance, beginning of year			1,133,663	
Fund balance, end of year			\$ 1,054,756	

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

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

	Business-type Activities Combined <u>Utilities Fund</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 2,236,212
Investments	-
Restricted cash and cash equivalents:	
Capital lease security deposit	471,000
Revenue bond covenant accounts	-
Restricted investments	-
Receivables, net of allowance	
Accounts	590,996
Inventories	687,585
Prepaid expenses	<u>73,711</u>
Total current assets	<u>4,059,504</u>
Noncurrent assets	
Capital assets:	
Land	399,261
Construction in progress	332,692
Building and improvements	5,091,203
Machinery and equipment	1,077,882
Vehicles	876,616
Distribution system	27,585,506
Less accumulated depreciation	<u>(19,208,762)</u>
Total capital assets (net of accumulated depreciation)	<u>16,154,398</u>
Other noncurrent assets:	
Unamortized bond and capital lease costs	<u>20,702</u>
Total noncurrent assets	<u>16,175,100</u>
Total Assets	<u>\$ 20,234,604</u>

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011
(CONTINUED)

	Business-type Activities Combined Utilities Fund
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 589,885
Accrued liabilities	36,464
Due to other funds	121,000
Customer deposits	417,632
Other liabilities	108,595
Capital leases payable - current	<u>539,712</u>
Total current liabilities	<u>1,813,288</u>
Noncurrent liabilities	
Capital leases payable - long term	<u>605,361</u>
Total noncurrent liabilities	<u>605,361</u>
Total Liabilities	<u>2,418,649</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	15,009,325
Restricted for debt service	471,000
Unrestricted	<u>2,335,630</u>
Total Net Assets	<u>\$ 17,815,955</u>

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

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

	Business-type Activities Combined Utilities Fund
<u>Operating revenues:</u>	
Charges for sales and services	
Water and sewer	\$ 2,522,009
Electric	7,417,847
Cable	1,106,494
	<hr/>
Total operating revenues	11,046,350
	<hr/>
<u>Operating expenses:</u>	
Salaries and benefits	513,743
Purchase of utilities	6,520,167
Materials and supplies	406,698
Repairs and maintenance	192,660
Depreciation	1,136,770
Management fees	1,282,043
Other	944,836
	<hr/>
Total operating expenses	10,996,917
	<hr/>
Total operating income	49,433
	<hr/>
<u>Nonoperating revenues (expenses):</u>	
Intergovernmental	650,000
Investment income	456,593
Amortization expense	(10,356)
Interest expense	(71,740)
	<hr/>
Total nonoperating revenues (expenses)	1,024,497
	<hr/>
Income before contributions and transfers	1,073,930
	<hr/>
Transfers in	439,102
Transfers out	(1,177,913)
	<hr/>
Total contributions and transfers	(738,811)
	<hr/>
Change in net assets	335,119
	<hr/>
Net assets - beginning of year	17,480,836
	<hr/>
Net assets - end of year	\$ 17,815,955
	<hr/>

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

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

	Business-type Activities Combined <u>Utilities Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 10,943,929
Cash paid to suppliers for goods and services	(9,499,899)
Cash paid to employees	<u>(513,743)</u>
Net Cash Flows Provided by (Used for) Operating Activities	<u>930,287</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Subsidy from federal grant	650,000
Transfers to other funds	<u>(1,177,913)</u>
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	<u>(527,913)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Transfer in from SPLOST Fund	439,102
Purchase of capital assets	(474,711)
Principal payments of capital lease	(521,820)
Interest payments	<u>(71,740)</u>
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	<u>(629,169)</u>
<u>Cash flows from Investing Activities:</u>	
Investment income	455,709
Interest income	<u>884</u>
Net Cash Flows Provided by (Used for) Investing Activities	<u>456,593</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,798
Cash and Cash Equivalents, Beginning of Year	<u>2,477,414</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,707,212</u></u>

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

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

	Business-type Activities Combined Utilities Fund
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>	
Net Operating Income (Loss)	\$ 49,433
<u>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>	
Depreciation	1,136,770
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(97,747)
(Increase) decrease in inventories	(171,692)
(Increase) decrease in other current assets	(57,475)
Increase (decrease) in accounts payable	5,696
Increase (decrease) in accrued liabilities	(50,754)
Increase (decrease) in due to other funds	121,000
Increase (decrease) in other current liabilities	(270)
Increase (decrease) in deposits	(4,674)
Total Adjustments	880,854
Net Cash Provided by (Used for) Operating Activities	\$ 930,287
<u>Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to Statement of Net Assets:</u>	
Unrestricted cash and investments	\$ 2,236,212
Restricted cash and investments	471,000
Total Cash and Cash Equivalents	\$ 2,707,212

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

CITY OF FORSYTH, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2011

	<u>Municipal Court Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 88,789</u>
Total Assets	<u>\$ 88,789</u>
<u>LIABILITIES</u>	
Funds held in escrow	<u>\$ 37,884</u>
Due to others	<u>50,905</u>
Total Liabilities	<u>\$ 88,789</u>

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Forsyth, Georgia (City) is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financial accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit. The Downtown Development Authority of Forsyth was utilized to issue bonds related to the purchase and establishment of the cable system for the City of Forsyth. The governing board is appointed by the City Council. The Authority is fiscally dependent upon the City because the City provides the majority of the general fund revenues.

The Downtown Development Authority of Forsyth does not issue separate component unit financial statements.

Under Georgia law, the City in conjunction with other cities and counties in the Middle Georgia area is a member of the Middle Georgia Regional Commission (MGRC) and is required to pay annual dues thereto. Membership in an MGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the MGRC in Georgia. The MGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.0 provides that the member governments are liable for any debts or obligations of an MGRC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 Emery Highway
Macon, Georgia 31217

The Housing Authority of the City of Forsyth, Georgia is considered a related organization based upon the criteria of GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Forsyth, Georgia. The City of Forsyth, 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 Forsyth, Georgia is a related organization.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all nonfiduciary activities of the primary government and its component unit. *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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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. *Program revenues* include 1) 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 or other items not properly included among program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as is used in the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

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

The government reports the following major governmental funds:

The *general fund* is the government'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 *special purpose local option sales tax fund* accounts for the activities of the government's special purpose local option sales tax.

The government reports the following major proprietary fund:

The *combined utility system fund* accounts for the activities of the government's electric, water and sewer and cable television systems.

The government reports the following fiduciary fund:

The *municipal court fund* accounts for the activities of the government's municipal court collected funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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 combined utility system fund 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.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component unit, are reported at fair value.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are presented net of an allowance for uncollectibles. Trade accounts receivables in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance for uncollectible is equal to approximately 12 percent of the outstanding property taxes at December 31, 2011.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is billed on November 1 annually, and is due December 20. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. During 2011 the tax levy was billed on November 1 and was due December 20.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

3. *Inventories and prepared items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. *Restricted assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvement	20
Public domain infrastructure	40
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

6. *Compensated absences*

In accordance with the government's policy, employees are entitled to annual vacation and sick leave. These benefits do not accrue and cannot be carried forward

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

to subsequent periods. Accordingly, there is no liability for unpaid accumulated vacation or sick leave.

7. *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 charges 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 issued 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.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In 2010, the city adopted GASB no. 54 which changed terminology used to describe fund balances. The new terminology uses the terms nonspendable, restricted, committed, assigned, and unassigned to describe the level of restrictions on fund balances.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

B. Expenditures in Excess of Appropriations

There were no material expenditures in excess of appropriations during the year ended December 31, 2011.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank the government will not be able to recover deposits. The city does not have a formal custodial risk policy. At December 31, 2011, the carrying amount of the City's deposits was \$1,605,561, and the bank balance was \$1,979,977. Of the bank balance, \$1,979,977 was covered by federal depository insurance, or by collateral held by the City's agent or pledging financial institution. Georgia state law requires that balances be insured or collateralized at 110% of the bank's balance. As of the December 31, 2011, the city was in compliance with this state requirement.

B. Investments

Investments are stated at fair value.

State statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government Agencies, State of Georgia, Other States, Prime Banker's Acceptances, repurchase agreements and other political subdivisions of Georgia.

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

As of December 31, 2011, the City had no investments in financial securities.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

C. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Combined Utility Fund	Nonmajor Governmental Funds	Total
Receivables:				
Taxes	\$ 121,024	\$ -	\$ 22,090	\$ 143,114
Accounts	30,962	768,996	-	799,958
Gross Receivables	151,986	768,996	22,090	943,072
Less: allowance for uncollectibles	(16,228)	(178,000)	-	(194,228)
Total net receivables	<u>\$ 135,758</u>	<u>\$ 590,996</u>	<u>\$ 22,090</u>	<u>\$ 748,844</u>

Revenues of the Combined Utility Revenue Fund are reported gross of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to electric sales	\$ 15,000
Uncollectibles related to water and sewer sales	37,000
Uncollectibles related to CATV sales	<u>126,000</u>
Total uncollectibles of the current year	<u>\$178,000</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current year, the various components of deferred revenues and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 91,451	\$ -
Revenue received for subsequent year (general fund)	-	17,339
Total deferred/unearned revenue for governmental funds	<u>\$ 91,451</u>	<u>\$ 17,339</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

D. Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 447,243	\$ -	\$ -	\$ 447,243
Construction in progress	571,318	583,971	-	1,155,289
Total capital assets, not being depreciated	1,018,561	583,971	-	1,602,532
Capital assets, being depreciated:				
Buildings	1,943,593	19,705	-	1,963,298
Infrastructure	319,837	248,361	-	568,198
Land improvements	1,438,074	115,448	-	1,553,522
Furniture, fixtures and equipment	837,057	115,577	-	952,634
Vehicles	1,798,266	420,758	(241,892)	1,977,132
Total capital assets being depreciated	6,336,827	919,849	(241,892)	7,014,784
Less accumulated depreciation for:				
Buildings	(639,757)	(53,238)	-	(692,995)
Infrastructure	(87,027)	(22,156)	-	(109,183)
Land improvements	(595,808)	(47,825)	-	(643,633)
Furniture, fixtures and equipment	(731,513)	(30,550)	-	(762,063)
Vehicles	(1,616,688)	(83,828)	241,892	(1,458,624)
Total accumulated depreciation	(3,670,793)	(237,597)	241,892	(3,666,498)
Total capital assets, being depreciated, net	2,666,034	682,252	-	3,348,286
Governmental activities capital assets, net	<u>\$3,684,595</u>	<u>\$1,266,223</u>	<u>\$ -</u>	<u>\$ 4,950,818</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 399,261	\$ -	\$ -	\$ 399,261
Construction in progress	173,813	241,440	(82,561)	332,692
Total capital assets, not being depreciated	573,074	241,440	(82,561)	731,953

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Capital assets, being depreciated:				
Buildings	5,077,581	13,622	-	5,091,203
Distribution system	27,283,298	302,208	-	27,585,506
Machinery & equipment	1,077,882	-	-	1,077,882
Vehicles	876,616	-	-	876,616
Total capital assets, being depreciated	<u>34,315,377</u>	<u>315,830</u>	<u>-</u>	<u>34,631,207</u>
Less accumulated depreciation for:				
Buildings	(4,990,901)	(8,708)	-	(4,999,609)
Distribution system	(11,374,563)	(1,058,122)	-	(12,432,685)
Machinery & equipment	(897,762)	(45,794)	-	(943,556)
Vehicles	(808,766)	(24,146)	-	(832,912)
Total accumulated depreciation	<u>(18,071,992)</u>	<u>(1,136,770)</u>	<u>-</u>	<u>(19,208,762)</u>
Total capital assets, being depreciated, net	<u>16,243,385</u>	<u>(820,940)</u>	<u>-</u>	<u>15,422,445</u>
Business-type activities capital assets, net	<u>\$16,816,459</u>	<u>\$(579,500)</u>	<u>\$ (82,561)</u>	<u>\$ 16,154,398</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:	
General government	\$ 66,341
Public safety	125,651
Public works	41,749
Recreation	<u>3,856</u>
Total depreciation expense-governmental activities	<u>\$ 237,597</u>
Business-type activities:	
Electric	\$ 115,722
Water and Sewer	767,755
CATV	<u>253,293</u>
Total depreciation expense-business-type activities	<u>\$ 1,136,770</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2011, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	SPLOST	\$ 18,283	Reimburse Amounts Paid for SPLOST
SPLOST	Combined Utilities	121,000	Reimburse Accidental Transfer
Total		<u>\$139,283</u>	

The composition of interfund transfers as of December 31, 2011, is as follows:

Transfer out:	Transfer in:		Purpose
	General Fund	Combined Utilities	
Hotel/Motel	\$166,316	\$ -	Reimburse Promotion of Tourism Costs
Combined utilities	1,177,913	-	Reimburse Operating Costs
Major governmental - SPLOST	-	439,102	Water and Sewer Capital Improvements
Total	<u>\$1,344,229</u>	<u>\$ 439,102</u>	

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.

F. Capital Leases

In 1999, the City acquired the cable network system. This acquisition was accounted for as a \$5,400,000 capital lease under the purchase agreement and ordinance related to the financing of the acquisition and improvement by the Downtown Development Authority. This lease bears an interest rate of 4.65% and has been recorded at the present value of its future minimum lease payments as of the inception date.

In 2006, the City entered into a capital lease to purchase a bucket truck. The lease for \$104,000 is due in monthly installments of \$1,968.46, including interest at 4.43%, for a term of five years ending in 2011. This lease was paid off during the year.

In 2010, the City entered into a capital lease to purchase a Ditch Witch RT80 Trencher. The lease for \$82,119 is due in monthly installments of \$1,499.04, including interest at 3.64%, for a term of five years ending in 2015.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

In 2010, the City entered into a capital lease to purchase three Ford F-150s. The lease for \$49,239 is due in monthly installments of \$898.61, including interest at 3.63%, for a term of five years ending in 2015.

In 2010, the City entered into a capital lease to purchase a 2007 John Deere Backhoe and Trailer. The lease for \$58,250 is due in monthly installments of \$1,072.36, including interest at 3.98%, for a term of five years ending in 2015.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

Year Ended December 31	Governmental Activities	Business-type Activities
2012	\$ 12,868	\$ 591,583
2013	12,868	591,584
2014	12,868	28,771
2015	5,362	11,694
Total minimum lease payments	43,966	1,223,632
Less: amount representing interest	(3,858)	(78,559)
Present value of minimum lease payments	<u>\$ 40,108</u>	<u>\$ 1,145,073</u>

G. Long-term Debt

SPLOST Bonds

In 2009, the City, in conjunction with Monroe County, issued bonds of \$9,500,000 in anticipation of receiving special purpose local option sales tax proceeds. The City is responsible for \$2,030,000 of the total amount of the bonds. The bonds consist of 11 semi-annual payments of varying amounts in accordance with the bond ordinance. The annual interest rate is 3.203%.

Annual debt service requirements to maturity for the bonds payable are as follows:

Year	Principal	Interest
2012	420,000	32,671
2013	430,000	19,058
2014	380,000	6,086
Total	<u>\$ 1,230,000</u>	<u>\$ 57,815</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Notes Payable

In 2005 the City obtained a note payable totaling \$862,080 from the United States Department of Agriculture for cost reimbursements associated with the construction of the Public Safety Building. The note consists of 478 monthly payments in the amount of \$3,742 and a final balloon payment in the amount of \$2,646.08. The annual interest rate is 4.25%.

Annual debt service requirements to maturity for the notes payable are as follows:

Year	Principal	Interest
2012	\$ 11,105	\$ 33,799
2013	11,586	33,318
2014	12,088	32,816
2015	12,612	32,292
2016	13,159	31,745
2017-2021	74,857	149,663
2022-2026	92,548	131,972
2027-2031	114,417	110,103
2032-2036	141,464	83,066
2037-2041	174,878	49,642
2042-2045	141,668	12,697
Total	<u>\$ 800,382</u>	<u>\$ 701,113</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
USDA	\$ 811,025	\$ -	\$ (10,643)	\$ 800,382	\$ 11,105
SPLOST bonds	1,635,000	-	(405,000)	1,230,000	420,000
Capital leases	51,141	-	(11,033)	40,108	11,480
Postclosure landfill costs	1,034,362	-	(29,077)	1,005,285	36,070
Governmental activity					
Long-term liabilities	<u>\$ 3,531,528</u>	<u>\$ -</u>	<u>\$ (455,753)</u>	<u>\$ 3,075,775</u>	<u>\$ 478,655</u>

For the governmental activities, compensated absences and postclosure landfill costs are generally liquidated by the General fund.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital leases	\$ 1,666,893	\$ -	\$ (521,820)	\$ 1,145,073	\$ 539,712
Business-type activities					
Long-term liabilities	<u>\$ 1,666,893</u>	<u>\$ -</u>	<u>\$ (521,820)</u>	<u>\$ 1,145,073</u>	<u>\$ 539,712</u>

H. Restricted Assets

The balances of the restricted asset accounts in the enterprise fund are as follows:

Capital lease deposit	<u>\$ 471,000</u>
Total	<u>\$ 471,000</u>

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. The City purchases commercial insurance for most types of risk. The government manages risk through various employee education and prevention programs.

The City has property, general liability, criminal, inland marine, workers' compensation and employers' liability coverages. The policies have various deductibles ranging from \$500 to \$1,000 and co-insurance of 90% with replacement value on buildings and personal property. Policy limits extend from \$1,000,000 per occurrence to a general aggregate of \$3,000,000.

Liability insurance expense and workers' compensation expense totaled \$71,383 and \$388,964, respectively, for the year ended December 31, 2011.

J. Contingent Liabilities

Grants

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

Commitments

The City has entered into power sales contracts together with 45 other cities and one county in the State of Georgia with the Municipal Electric Authority of Georgia

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

(MEAG). Under terms of these contracts, the City purchases power and energy for resale to its electric system customers.

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

K. Tax Revenues

Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Monroe County.

Upon completion of all assessments and tax returns, the information is turned over to the Monroe County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

During 2011 taxes were levied on November 1 and were due and payable on or before December 20. Unpaid property taxes attached as an enforceable lien on property as of April 1, 2012.

Hotel/Motel Taxes

A summary of the hotel/motel excise tax receipts and expenditures for the year ended December 31, 2011, is as follows:

Expenditures by Purpose	Tax	
	Receipts	Percentage
Chamber of Commerce	\$ 110,877	40%
General Fund	166,316	60%
Total	<u>\$ 277,193</u>	<u>100%</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

L. Net Capital Assets

Net capital assets on the Government-wide statement of net assets as of December 31, 2011, are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets, net of related debt:		
Cost of capital assets	\$ 8,617,316	\$ 35,363,160
Less accumulated depreciation	(3,666,498)	(19,208,762)
Book value	4,950,818	16,154,398
Less capital related debt	(967,041)	(1,145,073)
Investments in capital assets, net of related debt	<u>\$ 3,983,777</u>	<u>\$ 15,009,325</u>

M. Pension Plan

Plan Description

The City's defined benefit pension plan, City of Forsyth Retirement Plan (the Plan), provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. Financial statements for the plan can be obtained by writing:

Georgia Municipal Association
210 Pryor Street
Atlanta, Georgia 30303

Significant Account Policies

Basis of Accounting. The plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the plan.

Plan member contributions (not currently required) are recognized in the period in which contributions are due. City contributions are recognized when due and the City has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Investments in securities are valued at current market prices. The GMEBS trust fund is invested, approximately, in 57% equities and 43% fixed income.

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth minimum funding standards for state and local government pension plans.

Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the City, to establish and amend from time-to-time the contribution rates for the City and its plan participants.

Annual Pension Cost

For the plan year, the City's annual pension cost of \$170,768 was equal to the City's required and actual contributions.

Three-Year Trend Information for the Plan

Plan Year <u>Beginning</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension Obligation (Asset)
1/1/2010	\$ 137,019	100%	\$ -
1/1/2011	170,768	100%	-
1/1/2012	167,572	100%	-

The required contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return net of administrative expenses), and (b) projected salary increases of 3.5% per year. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ 3,877,032	\$ 4,145,465	\$ 268,433	93.52%	\$ 1,827,556	14.69%

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

Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of July 1, 2011. The following summarizes the actuarial methods and assumptions used in that valuation:

Valuation date	July 1, 2011
Actuarial cost method	Projected unit credit
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases
Actuarial assumptions:	
Assumed rate of return	7.75%
Expected future salary increases	3.50%
Expected inflation	3.50%
Cost of living adjustments	0.00%
Membership of the Plan	
Retirees and beneficiaries	45
Terminated plan members entitled to, but not yet receiving benefits	14
Active plan members	<u>68</u>
Total	127

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

N. Post-Employment Benefits

In addition to retirement benefits the City provides a term life insurance policy until death for eligible retirees. Early retirees receive a life insurance policy until death and medical insurance until age 65. The City funds these benefits on a pay-as-you-go basis and does not accrue the present value of future benefits at year end. During the year ended December 31, 2011 insurance cost was \$36,381 for retirees.

O. Closure and Postclosure of Care Cost

State and federal laws and regulations require the Landfill to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet. The \$1,005,285 reported as landfill closure and postclosure care liability at December 31, 2011, represents the cumulative amount reported to-date based on the use of 100% of the estimated capacity of the landfill site. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

P. Legal Contracts and Agreements

The City of Forsyth, Georgia is one of approximately 47 participants who have entered into Power and Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participant, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to the rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if at any time, (i) a project is terminated prior to completion, or (ii) a project declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to an "obligation share" of the Authority's costs attributable to such projects. In case of default by a participant under its contracts relating to any of the various projects, such participant would remain liable to the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Payments under the Power Sales contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until; such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

The City of Forsyth 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 cost of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

Q. Subsequent Events

City's management evaluated subsequent events through June 18, 2012 and found no reportable events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORSYTH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011

City of Forsyth Defined Benefit Plan Trust
Schedule of Funding Progress

Actuarial Valuation Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded/ (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded/ (Assets in Excess of) AAL as a Percentage of Covered Payroll {(b-a)/c}
7/1/2011	\$ 3,877,032	\$ 4,145,465	\$ 268,433	93.5%	\$ 1,827,556	14.7%
7/1/2010	3,738,615	4,059,845	321,230	92.1%	1,963,398	16.4%
10/1/2009	3,618,929	3,560,874	(58,055)	101.6%	1,952,103	-3.0%
9/1/2008	3,451,837	3,335,946	(115,891)	103.5%	1,815,861	-6.4%
12/31/2006	3,634,756	2,919,107	(715,649)	124.5%	1,813,684	-39.5%
12/31/2005	3,270,371	2,888,274	(382,097)	113.2%	2,118,581	-18.0%
12/31/2004	3,122,499	2,259,567	(862,935)	138.2%	1,761,610	-49.0%
12/31/2003	2,879,720	2,032,017	(847,703)	141.7%	1,688,859	-50.2%
12/31/2002	2,411,905	2,076,814	(335,091)	116.1%	1,752,743	-19.1%
12/31/2001	2,539,169	2,163,736	(375,433)	117.4%	1,790,000	-21.0%

SUPPLEMENTARY INFORMATION

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

	Special Revenue Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Police Special Revenue	
<u>ASSETS</u>			
Cash	\$ 5,113	\$ 83,493	\$ 88,606
Receivables, net of allowance	22,090	-	22,090
Total Assets	<u>\$ 27,203</u>	<u>\$ 83,493</u>	<u>\$ 110,696</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 26,786	\$ -	\$ 26,786
Accrued liabilities	417	-	417
Due to general fund	-	-	-
Total Liabilities	<u>27,203</u>	<u>-</u>	<u>27,203</u>
Fund Balances:			
Assigned			
Assigned for police expenditures	-	83,493	83,493
Unreserved	-	-	-
Total Fund Balances	<u>-</u>	<u>83,493</u>	<u>83,493</u>
Total Liabilities and Fund Balances	<u>\$ 27,203</u>	<u>\$ 83,493</u>	<u>\$ 110,696</u>

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

	Special Revenue Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Police Special Purpose Revenue	
<u>Revenues:</u>			
Hotel/Motel Taxes	\$ 277,193	\$ -	\$ 277,193
Intergovernmental	-	12,596	12,596
Fines and Forfeitures	-	40,882	40,882
Investment Earnings	-	40	40
Total Revenues	<u>277,193</u>	<u>53,518</u>	<u>330,711</u>
<u>Expenditures:</u>			
Current:			
Agencies	110,877	-	110,877
Public safety	-	29,545	29,545
Total Expenditures	<u>110,877</u>	<u>29,545</u>	<u>140,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>166,316</u>	<u>23,973</u>	<u>190,289</u>
<u>Other Financing Sources (Uses):</u>			
Transfers (to) from other funds	<u>(166,316)</u>	<u>-</u>	<u>(166,316)</u>
Total other financing sources (uses)	<u>(166,316)</u>	<u>-</u>	<u>(166,316)</u>
Net change in fund balances	-	23,973	23,973
Fund Balance, beginning of year	-	59,520	59,520
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 83,493</u>	<u>\$ 83,493</u>

CITY OF FORSYTH, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Initial Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Hotel/Motel Tax	\$ 280,000	\$ 280,000	\$ 277,193	\$ (2,807)
Total Revenues	280,000	280,000	277,193	(2,807)
<u>Expenditures:</u>				
General government:				
Chamber of Commerce	112,000	112,000	110,877	1,123
Total Expenditures	112,000	112,000	110,877	1,123
Excess of Revenues Over (Under) Expenditures	168,000	168,000	166,316	(1,684)
<u>Other Financing Uses:</u>				
Transfers to other funds	(168,000)	(168,000)	(166,316)	1,684
Total Other Financing Sources (Uses)	(168,000)	(168,000)	(166,316)	1,684
Excess of Revenues Over (Under) Other Financing Uses	\$ -	\$ -	-	\$ -
Fund Balance, beginning of year			-	
Fund Balance, end of year			\$ -	

CITY OF FORSYTH, GEORGIA
POLICE SPECIAL PURPOSE REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Initial Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Fine and Forfeitures	\$ 41,000	\$ 41,000	\$ 40,882	\$ (118)
Intergovernmental	13,000	13,000	12,596	(404)
Investment Earnings	100	100	40	(60)
Total Revenues	54,100	54,100	53,518	(582)
<u>Expenditures:</u>				
Public safety	54,100	54,100	29,545	24,555
Total Expenditures	54,100	54,100	29,545	24,555
Excess of Revenues Over (Under) Expenditures	-	-	23,973	23,973
<u>Other Financing Uses:</u>				
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues Over (Under) Other Financing Uses	\$ -	\$ -	23,973	\$ 23,973
Fund Balance, beginning of year			59,520	
Fund Balance, end of year			\$ 83,493	

CITY OF FORSYTH, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Estimated Cost	Revised Estimated Cost	Prior Year(s)	Current Year	Total	Estimated Percentage of Completion
2007 SPLOST						
Water & Sewer Upgrades	\$ 1,200,000	\$ 1,200,000	\$ 310,315	\$ 439,102	\$ 749,417	62.45%
Road Improvements	900,000	850,000	69,067	52,618	121,685	14.32%
Streetscape Project	600,000	600,000	229,944	179,296	409,240	68.21%
Public Safety Vehicles	600,000	650,000	217,987	431,454	649,441	99.91%
City Park Improvements	402,000	402,000	17,323	19,705	37,028	9.21%
Old City Hall Rehabilitation	300,000	312,097	312,097	-	312,097	100.00%
Downtown Parking	198,000	198,000	-	195,742	195,742	98.86%
	<u>\$ 4,200,000</u>	<u>\$ 4,212,097</u>	<u>\$ 1,156,733</u>	<u>\$ 1,317,917</u>	<u>\$ 2,474,650</u>	

NOTE: The difference in total SPLOST expenditures of \$1,317,917 as noted above, and total expenditures of the SPLOST Fund of \$1,766,665 is bond principal of \$405,000, bond interest of \$49,290, and amortization of bond costs of \$5,542.

STATISTICAL SECTION (Unaudited)

CITY OF FORSYTH, GEORGIA
STATISTICAL SECTION INTRODUCTION
FOR THE YEAR ENDED DECEMBER 31, 2011

STATISTICAL SECTION

The statistical section provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to the financial statements, and for assessing the City's economic condition.

CONTENTS

Financial Trends *Page 53*

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity *Page 60*

These schedules contain information to help the reader assess the City's most significant local revenue sources, sales taxes and ad valorem taxes.

Debt Capacity *Page 66*

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information *Page 70*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information *Page 72*

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

CITY OF FORSYTH, GEORGIA
NET ASSETS BY COMPONENT
LAST NINE YEARS

	Calendar Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 879,682	\$ 2,859,634	\$ 1,989,261	\$ 2,030,681	\$ 1,916,483	\$ 2,304,823	\$ 2,234,834	\$ 2,822,419	\$ 3,983,777
Restricted	-	-	-	-	266,774	771,272	983,515	822,839	1,272,016
Unrestricted	804,631	(679,567)	(696,735)	(424,713)	(492,417)	(423,564)	(120,777)	518,173	(440,645)
Total governmental activities net assets	1,684,313	2,180,067	1,292,526	1,605,968	1,690,840	2,652,531	3,097,572	4,163,431	4,815,148
Business-type activities:									
Invested in capital assets, net of related debt	6,009,426	7,976,129	8,816,244	10,410,925	12,340,821	15,329,342	15,021,681	15,149,564	15,009,325
Restricted	4,111,536	1,152,461	962,013	994,050	1,089,332	471,000	471,000	471,000	471,000
Unrestricted	4,180,007	5,321,896	6,506,580	4,376,600	2,969,585	1,008,840	762,192	1,860,272	2,335,630
Total business-type activities net assets	14,300,969	14,450,486	16,284,837	15,781,575	16,399,738	16,809,182	16,254,873	17,480,836	17,815,955
Primary government total:									
Invested in capital assets, net of related debt	6,889,108	10,835,763	10,805,505	12,441,606	14,257,304	17,634,165	17,256,515	17,971,983	18,993,102
Restricted	4,111,536	1,152,461	962,013	994,050	1,356,106	1,242,272	1,454,515	1,293,839	1,743,016
Unrestricted	4,984,638	4,642,329	5,809,845	3,951,887	2,477,168	585,276	641,415	2,378,445	1,894,985
Total primary government net assets	\$ 15,985,282	\$ 16,630,553	\$ 17,577,363	\$ 17,387,543	\$ 18,090,578	\$ 19,461,713	\$ 19,352,445	\$ 21,644,267	\$ 22,631,103

Note: The City began to report accrual information when it implemented GASB Statement 34 in 2003.

**CITY OF FORSYTH, GEORGIA
CHANGES IN NET ASSETS
LAST NINE YEARS**

	Calendar Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	\$ 998,990	\$ 1,172,325	\$ 1,259,527	\$ 1,551,765	\$ 1,468,309	\$ 1,218,640	\$ 1,410,070	\$ 1,448,306	\$ 1,283,799
Public safety	1,504,967	1,542,889	1,553,755	1,811,849	2,028,036	2,026,424	1,901,616	2,030,713	2,497,117
Public works	948,395	1,314,642	1,260,002	1,232,752	1,772,474	1,375,092	1,145,762	1,177,152	1,299,110
Better Hometown	-	-	-	20,460	23,712	94,993	92,612	94,744	79,813
Recreation and parks	97,299	66,274	13,598	110,055	126,543	14,039	24,603	19,653	67,301
Economic Development	-	-	-	-	259,000	-	-	-	-
Interest on long-term debt	7,931	27,755	26,797	31,583	46,828	42,205	115,991	92,883	85,385
Total governmental activities expenses	3,557,582	4,123,885	4,113,679	4,758,464	5,724,902	4,771,393	4,690,654	4,863,451	5,312,525
Business-type activities:									
Water and Sewer	8,254,212	2,082,177	2,188,155	2,452,951	2,744,406	2,497,429	2,347,640	2,594,367	2,766,489
Electric	-	4,651,512	4,113,835	4,611,114	5,029,797	4,833,497	5,522,070	6,312,351	6,939,331
Cable	-	1,224,925	1,333,144	1,434,759	1,558,407	1,429,371	1,471,354	1,357,940	1,373,193
Total business-type activities expenses	8,254,212	7,958,614	7,635,134	8,498,824	9,332,610	8,760,297	9,341,064	10,264,658	11,079,013
Total primary government expenses	11,811,794	12,082,499	11,748,813	13,257,288	15,057,512	13,531,690	14,031,718	15,128,109	16,391,538
Program revenues									
Governmental activities:									
Charges for services:									
General government	93,747	79,894	100,646	98,821	114,744	241,996	120,383	104,718	127,796
Public safety	317,331	424,586	439,548	455,202	644,759	364,864	347,537	375,063	452,485
Public works	290,952	292,034	273,532	276,650	413,885	380,780	387,501	399,480	428,856
Recreation and parks	-	9,127	-	-	-	-	10,150	-	-
Operating grants and contributions	-	7,132	61,932	189,898	60,756	34,292	25,600	1,000	42,232
Capital grants and contributions	187,367	65,195	50,000	-	-	-	-	1,176,180	1,098,773
Total governmental activities program revenues	889,397	877,968	925,658	1,020,571	1,234,144	1,021,932	891,171	2,056,441	2,150,142
Business-type activities:									
Charges for services:									
Water and Sewer	1,307,813	1,892,690	1,781,035	1,993,426	2,372,834	2,092,204	2,054,720	2,238,758	2,381,675
Electric	6,062,495	5,262,367	5,275,375	5,094,481	5,962,160	5,778,944	5,945,079	7,324,525	7,417,847
Cable	1,260,747	1,258,987	1,150,793	1,116,644	1,110,666	1,116,143	1,130,365	1,107,994	1,106,494
Operating grants and contributions	-	-	-	-	3,679	-	-	-	-
Capital grants and contributions	-	-	-	-	1,087,448	608,482	42,866	760,565	650,000
Total business-type activities program revenues	8,631,055	8,414,044	8,207,203	8,204,551	10,536,787	9,595,773	9,173,030	11,431,842	11,556,016
Total primary governmental program revenues	\$ 9,520,452	\$ 9,292,012	\$ 9,132,861	\$ 9,225,122	\$ 11,770,931	\$ 10,617,705	\$ 10,064,201	\$ 13,488,283	\$ 13,706,158

Note: The City began to report accrual information when it implemented GASB Statement 34 in 2003.

**CITY OF FORSYTH, GEORGIA
CHANGES IN NET ASSETS
LAST NINE YEARS (CONTINUED)**

	Calendar Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue									
Governmental activities	\$ (2,668,185)	\$ (3,245,917)	\$ (3,188,021)	\$ (3,737,893)	\$ (4,490,758)	\$ (3,749,461)	\$ (3,799,483)	\$ (2,807,010)	\$ (3,162,383)
Business-type activities	376,843	455,430	572,069	(294,273)	1,204,177	835,476	(168,034)	1,167,184	477,003
Total primary government expense	(2,291,342)	(2,790,487)	(2,615,952)	(4,032,166)	(3,286,581)	(2,913,985)	(3,967,517)	(1,639,826)	(2,685,380)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	902,815	674,413	568,629	518,526	483,576	612,791	636,400	613,754	609,299
Sales taxes	1,332,550	923,044	985,913	1,227,317	2,049,597	2,532,017	2,151,560	1,478,126	1,581,895
Other taxes and licenses	731,637	886,138	893,527	877,483	911,794	751,993	852,450	839,930	791,468
Investment earnings	2,643	1,157	3,020	24,961	35,478	12,632	7,463	1,483	1,145
Miscellaneous	41,743	45,682	38,977	47,087	102,428	29,166	54,913	64,327	91,482
Transfers	139,957	1,211,237	(189,586)	1,355,961	992,757	772,553	541,738	875,249	738,811
Total governmental activities	3,151,345	3,741,671	2,300,480	4,051,335	4,575,630	4,711,152	4,244,524	3,872,869	3,814,100
Business-type activities:									
Sales tax	991,526	518,283	543,475	675,205	-	-	-	-	-
Investment earnings	88,622	387,041	529,221	471,768	406,743	489,859	155,463	754,159	456,593
Miscellaneous	186,587	-	-	-	-	-	-	13,281	140,334
Transfers	(307,531)	(1,211,237)	189,586	(1,355,961)	(992,757)	(915,891)	(541,738)	(708,661)	(738,811)
Total business-type activities	959,204	(305,913)	1,262,282	(208,988)	(586,014)	(426,032)	(386,275)	58,779	(141,884)
Total primary government	4,110,549	3,435,758	3,562,762	3,842,347	3,989,616	4,285,120	3,858,249	3,931,648	3,672,216
Change in Net Assets									
Governmental activities	483,160	495,754	(887,541)	313,442	84,872	961,691	445,041	1,065,859	651,717
Business-type activities	1,336,047	149,517	1,834,351	(503,261)	618,163	409,444	(554,309)	1,225,963	335,119
Total primary government	\$ 1,819,207	\$ 645,271	\$ 946,810	\$ (189,819)	\$ 703,035	\$ 1,371,135	\$ (109,268)	\$ 2,291,822	\$ 986,836

Note: The City began to report accrual information when it implemented GASB Statement 34 in 2003.

CITY OF FORSYTH, GEORGIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Prior to implementation of GASB 54</i>										
General Fund										
Reserved	\$ 18,890	\$ 22,955	\$ -	\$ -	\$ -	\$ -	\$ 47,149	\$ -	\$ -	\$ -
Unreserved	461,623	614,102	363,498	336,039	648,298	546,956	586,107	736,299	-	-
Total general fund	480,513	637,057	363,498	336,039	648,298	546,956	633,256	736,299	-	-
All Other Governmental Funds										
Reserved	-	-	-	-	-	266,774	724,123	2,990,426	-	-
Unreserved	-	-	-	-	-	-	71,560	83,188	-	-
Total all other governmental funds	-	-	-	-	-	266,774	795,683	3,073,614	-	-
<i>After implementation of GASB 54</i>										
	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	-	-	-	-	-	-	-	-	16,202	23,522
Restricted	-	-	-	-	-	-	-	-	45,876	47,019
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	1,071,596	984,215
Total general fund	-	-	-	-	-	-	-	-	1,133,674	1,054,756
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	278,728	324,849
Restricted	-	-	-	-	-	-	-	-	2,394,415	1,373,548
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	59,520	83,493
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	-	-	-	-	-	-	-	-	2,732,663	1,781,890
Total governmental funds	\$ 480,513	\$ 637,057	\$ 363,498	\$ 336,039	\$ 648,298	\$ 813,730	\$ 1,428,939	\$ 3,809,913	\$ 3,866,337	\$ 2,836,646

Note 1: The City began to report accrual information when it implemented GASB Statement 34 in 2003.

Note 2: Fund balances terminology changed in June 15, 2010 with the implementation of GASB statement 54.

CITY OF FORSYTH, GEORGIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 2,524,515	\$ 2,967,002	\$ 2,437,418	\$ 2,437,778	\$ 2,592,219	\$ 3,466,595	\$ 3,988,237	\$ 2,831,092	\$ 2,934,455	\$ 3,017,700
Licenses and permits	71,322	77,939	79,894	100,646	98,821	114,744	113,115	116,898	104,718	127,796
Intergovernmental	168,013	317,331	72,327	111,932	189,898	60,756	34,292	724,614	1,165,182	1,137,270
Fines and forfeitures	127,491	306,760	422,434	413,598	455,202	644,759	364,885	347,537	375,063	452,485
Charges for services	306,796	187,367	303,312	299,482	276,650	413,885	396,058	394,319	399,480	428,856
Investment earnings	4,249	2,643	1,157	3,020	24,961	35,478	12,611	7,463	2,880	4,879
Other revenues	30,932	41,743	45,683	38,977	47,087	102,428	29,166	65,063	74,928	91,482
Total revenues	3,233,318	3,900,785	3,362,225	3,405,433	3,684,838	4,838,645	4,938,364	4,486,986	5,056,706	5,260,468
Expenditures										
General government	1,001,885	1,151,871	1,216,181	1,170,643	1,446,508	1,661,240	1,061,479	1,103,838	1,502,460	1,622,132
Public safety	1,222,305	1,702,172	1,506,801	1,469,251	1,796,911	1,915,924	1,873,857	1,858,466	2,033,492	2,467,583
Public works	925,067	925,302	1,352,235	1,230,575	1,438,759	1,348,751	1,341,172	1,273,496	1,350,224	1,410,651
Parks and recreation	36,508	97,299	85,391	11,474	18,336	21,588	11,915	22,478	16,663	63,445
Better hometown	-	-	-	50,262	110,055	126,543	94,993	92,612	94,744	79,813
Capital outlay	12,649	-	650,858	21,975	-	463,749	1,040,388	51,179	436,558	878,815
Debt service	90,896	98,970	129,905	151,206	117,029	128,175	463,322	252,592	505,192	512,061
Total expenditures	3,289,310	3,975,614	4,941,371	4,105,386	4,927,598	5,665,970	5,887,126	4,654,661	5,939,333	7,034,500
Excess (deficiency) of revenues over (under) expenditures	(55,992)	(74,829)	(1,579,146)	(699,953)	(1,242,760)	(827,325)	(948,762)	(167,675)	(882,627)	(1,774,032)
Other financing sources (uses):										
Transfers in (out)	-	139,417	1,211,237	(191,586)	1,355,961	992,757	1,141,955	541,738	875,249	738,811
Bond and loan proceeds	94,815	91,416	94,350	862,080	199,058	-	422,016	2,006,911	63,791	5,542
Total other financing sources (uses)	94,815	230,833	1,305,587	670,494	1,555,019	992,757	1,563,971	2,548,649	939,040	744,353
Net change in fund balances	\$ 38,823	\$ 156,004	\$ (273,559)	\$ (29,459)	\$ 312,259	\$ 165,432	\$ 615,209	\$ 2,380,974	\$ 56,413	\$ (1,029,679)

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS

Calendar Year	General Government	Police	Fire Department	Municipal Court	Public Works	Better Hometown	Parks & Recreation	Total
2002	\$1,017,774	\$ 831,167	\$ 391,138	\$ 30,056	\$ 925,067	\$ -	\$ 36,508	\$3,231,710
2003	1,117,315	1,157,477	544,695	34,556	925,302	-	97,299	3,876,644
2004	1,053,784	1,132,047	374,754	31,523	1,352,235	-	85,391	4,029,734
2005	979,874	1,075,522	393,729	57,886	1,230,575	50,262	11,474	3,799,322
2006	1,249,446	1,399,742	397,169	63,994	1,438,759	110,055	18,336	4,677,501
2007	1,176,129	1,475,054	440,870	97,699	1,348,751	126,543	21,588	4,686,634
2008	922,043	1,358,814	423,078	91,965	1,341,172	94,993	11,915	4,243,980
2009	678,047	1,230,211	448,008	92,517	1,273,496	92,612	22,478	3,837,369
2010	1,390,959	1,443,956	526,455	89,755	1,350,224	94,744	16,663	4,912,756
2011	1,511,255	1,683,293	714,204	85,444	1,410,651	79,813	63,445	5,548,105

Notes:

- (1) Source is current and prior years' fund financial statements.
- (2) Better Hometown expenditures not track separately in financials prior to 2005.

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN YEARS

Calendar Year	Inter- Government	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Licenses & Permits	Charges for Services	Fines & Forfeits	Beer & Liquor Taxes	Insurance Premium Tax	Misc. & Interest	Total
2002	\$ 168,013	\$ 539,496	\$ 2,244,143	\$ 227,259	\$ 71,322	\$ 306,796	\$ 127,491	\$ 233,248	\$ 268,684	\$ 35,181	\$ 4,221,633
2003	187,367	525,747	1,679,467	221,467	77,939	306,760	317,331	227,304	261,837	44,386	3,849,605
2004	72,327	628,236	1,441,327	167,037	79,894	303,312	422,434	171,439	197,485	46,840	3,530,331
2005	111,932	667,283	1,529,388	173,429	100,646	299,482	413,598	177,999	205,042	41,997	3,720,796
2006	191,638	487,419	1,902,522	106,588	98,821	276,650	455,202	223,701	214,525	70,307	4,027,373
2007	63,312	505,204	2,049,597	144,520	114,744	367,573	644,759	222,471	223,773	134,806	4,470,759
2008	34,292	584,679	2,532,017	113,603	113,115	396,058	328,585	180,224	229,134	39,556	4,551,263
2009	25,600	529,429	2,151,560	105,804	116,898	394,319	347,537	201,851	226,984	48,804	4,148,786
2010	393,179	616,399	2,250,129	116,700	104,718	399,480	365,999	224,091	220,387	76,411	4,767,493
2011	336,489	644,337	2,370,080	119,443	127,796	428,856	411,603	217,159	177,673	92,587	4,926,023

CITY OF FORSYTH, GEORGIA
SALES TAX COLLECTIONS AND RATES
LAST TEN YEARS

Sales Tax Received by Forsyth			
Calendar Year	Local Option Sales Tax	Special Purpose Local Option Sales Tax	Total Collected Sales Tax
2002	\$ 1,255,828	\$ 988,315	\$ 2,244,143
2003	1,223,824	455,643	1,679,467
2004	923,044	518,283	1,441,327
2005	985,913	543,475	1,529,388
2006	1,227,317	675,205	1,902,522
2007	1,322,174	727,423	2,049,597
2008	1,663,432	868,585	2,532,017
2009	1,452,546	699,014	2,151,560
2010	1,478,126	772,003	2,250,129
2011	1,581,895	788,185	2,370,080

Individual Sales Tax Rates				
State	County		City	
Basic Rate	County Education Rate	Special Purpose Local Option Sales Tax	Local Option Sales Tax	Total Sales Tax Rate
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%
4%	1%	1%	1%	7%

CITY OF FORSYTH, GEORGIA
 ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

<u>Calendar Year</u>	<u>Assessed Value of Taxable Property</u>	<u>Less Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2002	\$ 107,860,628	\$ 19,830,767	\$ 88,029,861	7.100	\$ 220,074,653	40%
2003	108,486,802	19,916,301	88,570,501	7.070	221,426,253	40%
2004	109,322,082	19,916,318	89,405,764	7.015	223,514,410	40%
2005	111,722,709	19,889,818	91,832,891	6.515	229,582,228	40%
2006	114,369,837	19,793,523	94,576,314	6.000	236,440,785	40%
2007	118,651,803	19,826,374	98,825,429	5.750	247,063,573	40%
2008	116,969,795	9,791,246	107,178,549	5.750	267,946,373	40%
2009	120,859,356	9,764,906	111,094,450	5.750	277,736,125	40%
2010	121,371,593	9,897,306	111,474,287	5.600	278,685,718	40%
2011	119,762,947	9,906,759	109,856,188	5.600	274,640,470	40%

Sources: Georgia's Consolidated Tax Digest

Note: The county assesses property at 40% of actual value. Actual taxable value is calculated by dividing assessed value by 40%. Tax rates are per \$1,000 of assessed value.

CITY OF FORSYTH, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Calendar Year Ended	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percentage of Current Levy
		Amount	Percentage of Levy		Amount	Percentage of Levy		
12/31/2002	\$ 539,496	\$ -	0.00%	\$ 539,496	\$ 539,496	100.00%	\$ -	0.00%
12/31/2003	525,747	440,667	83.82%	85,080	525,747	100.00%	-	0.00%
12/31/2004	628,236	558,447	88.89%	68,064	626,511	99.73%	1,725	0.27%
12/31/2005	667,283	593,574	88.95%	71,765	665,339	99.71%	1,944	0.29%
12/31/2006	487,419	368,450	75.59%	118,131	486,581	99.83%	838	0.17%
12/31/2007	505,204	391,882	77.57%	112,242	504,124	99.79%	1,080	0.21%
12/31/2008	584,679	324,981	55.58%	258,862	583,843	99.86%	836	0.14%
12/31/2009	529,429	406,633	76.81%	119,643	526,276	99.40%	3,153	0.60%
12/31/2010	616,399	482,924	78.35%	103,881	586,805	95.20%	29,594	4.80%
12/31/2011	644,337	562,484	87.30%	-	562,484	87.30%	81,853	12.70%

Note: In 2002, the City did not send property tax notices until the end of the year with a due date of February 28, 2003. No receivables or collections were booked in 2002.

Sources: Digest Reports of Forsyth, Property Tax Collection Reports,
Property Tax Delinquent Accounts Reports, Prior Forsyth Financial Reports

CITY OF FORSYTH, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

Tax Levy Period Calendar Year	Direct	Overlapping		Total
	City	State and County	County School System	
2002	7.100	9.350	11.980	28.430
2003	7.070	9.350	12.300	28.720
2004	7.015	9.350	12.300	28.665
2005	6.515	11.450	13.500	31.465
2006	6.000	11.450	13.500	30.950
2007	5.750	11.450	13.900	31.100
2008	5.750	9.681	13.100	28.531
2009	5.750	9.681	13.700	29.131
2010	5.600	9.681	13.950	29.231
2011	5.600	9.681	14.987	30.268

Source: Georgia Department of Revenue

Note: The above presents tax rates per \$1,000 of assessed valuation.

CITY OF FORSYTH, GEORGIA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2011

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Eric S Zorn Trustee (Wal-Mart)	Retail	\$ 4,299,500	3.59%
Wal-Mart Stores East Inc	Retail	3,018,620	2.52%
Treadwell Family Partnership	Real Estate	1,230,816	1.03%
Ingram Timber Enterprises LP	Timber	1,222,327	1.02%
Atlantic Southern Bank	Bank	1,143,960	0.96%
Ingles	Grocery Store	1,099,976	0.92%
Atlantic Gas Light Co	Utilities	998,842	0.83%
Monroe Hospitality Svcs Inc	Hotel	903,480	0.75%
Sai Ram Hotel	Hotel	876,684	0.73%
Forsyth Inns Inc.	Hotel	851,620	0.71%
		<u>\$ 15,645,825</u>	<u>13.06%</u>

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Forsyth Inns Inc	Hotel	\$ 2,269,064	2.10%
Cagles Inc	Poultry	1,636,813	1.52%
Trane Company	AC Manufacturer	1,481,201	1.37%
Bellsouth Telecom	Telephone	1,438,555	1.33%
Ingram Timber Enterprises	Timber	1,320,090	1.22%
Newton Trio MFG Co	Manufacturing	1,209,028	1.12%
Ingles Markets	Grocery Store	1,188,122	1.10%
Treadwell Family Partnership	Real Estate	1,130,573	1.05%
Jack Treadwell	Real Estate	1,090,067	1.01%
Wal-Mart Stores East Inc	Retail	957,539	0.89%
		<u>\$ 13,721,052</u>	<u>12.72%</u>

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Calendar Year	General Obligation Bonds	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
		Notes Payable	Revenue Bonds	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases			
2002	\$ -	\$ 192,743	\$ -	\$ 22,249	\$ -	\$ 3,750,000	\$ 5,432,763	\$ 9,397,755	12.20%	\$ 2,486
2003	-	193,120	-	59,358	-	6,370,000	4,420,708	11,043,186	13.67%	2,921
2004	-	168,865	-	-	-	5,170,000	4,063,459	9,402,324	11.03%	2,486
2005	-	906,536	-	-	-	3,930,000	3,689,598	8,526,134	9.42%	2,254
2006	-	857,713	-	162,435	91,354	2,645,000	3,298,353	7,054,855	7.54%	1,864
2007	-	840,319	-	98,482	71,377	1,325,000	2,888,915	5,224,093	5.40%	1,380
2008	-	831,001	-	126,825	-	-	2,510,935	3,468,761	3.32%	916
2009	-	821,225	2,030,000	-	-	-	2,040,709	4,891,934	4.91%	1,292
2010	-	811,025	1,635,000	51,141	-	-	1,666,893	4,164,059	4.04%	1,099
2011	-	800,382	1,230,000	40,108	-	-	1,145,073	3,215,563	3.09%	840

Source: current and prior years' financial statements.

(1) See the schedule of Demographic and Economic Statistics for per capita personal income and population data.

CITY OF FORSYTH, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
AS OF DECEMBER 31, 2011

	<u>Total Amount of Debt Outstanding</u>	<u>Percentage Applicable to City of Forsyth</u>	<u>Amount Applicable to City of Forsyth</u>
<u>Downtown Development Authority of Forsyth</u>			
Series 1999 Cable Bonds	<u>\$ 1,052,784</u>	100%	<u>\$ 1,052,784</u>
Total Direct and Overlapping Debt	<u><u>\$ 1,052,784</u></u>		<u><u>\$ 1,052,784</u></u>

Source: City of Forsyth

CITY OF FORSYTH, GEORGIA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2011

Assessed value of all taxable property	\$ 109,856,188	
Plus exempt property	<u>9,906,759</u>	<u>\$ 119,762,947</u>
Debt limit - 10% of assessed value		\$ 11,976,295
Debt applicable to limitation:		
Total general obligation debt	\$ (800,382)	
Less assets in debt service available for payment of principal	<u>50,794</u>	
Total amount of debt applicable to debt limit		<u>(749,588)</u>
Legal debt margin		<u>\$ 11,226,707</u>

Source: City of Forsyth, Georgia tax records.

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation debt.

CITY OF FORSYTH, GEORGIA
LONG TERM DEBT BURDEN
WATER AND SEWER FUND
LAST TEN YEARS

Calendar Year	Gross Revenue (1)	Direct Operating Expenses (2)	Available for Debt Service	Debt Service Requirements			Total Debt Burden	Per Capita
				Principal	Interest	Total		
2002	\$ 8,174,417	\$ 6,701,822	\$ 1,472,595	\$ 897,921	\$ 701,830	\$ 1,599,751	\$ 127,156	\$ 34
2003	8,631,055	6,676,679	1,954,376	1,245,681	614,292	1,859,973	-	-
2004	8,414,044	6,477,542	1,936,502	1,557,249	379,626	1,936,875	373	-
2005	8,207,203	6,160,402	2,046,801	1,613,861	333,522	1,947,383	-	-
2006	8,204,551	7,240,585	963,966	1,688,891	116,680	1,805,571	841,605	222
2007	9,445,660	8,030,579	1,415,081	1,749,415	72,887	1,822,302	407,221	108
2008	8,987,291	7,447,006	1,540,285	1,845,734	97,406	1,943,140	402,855	106
2009	9,130,164	8,097,321	1,032,843	470,226	118,176	588,402	-	-
2010	10,671,277	9,050,729	1,620,548	505,174	93,560	598,734	-	-
2011	10,906,016	9,860,147	1,045,869	521,820	71,740	593,560	-	-

(1) Total revenues exclusive of SPLOST, grants and interest.

(2) Total operating expenses exclusive of depreciation.

Source: current and prior years' financial statements.

CITY OF FORSYTH, GEORGIA
DEMOGRAPHIC AND ECONOMIC INFORMATION
DECEMBER 31, 2011

Date of incorporation	December 10, 1823
Form of government	Mayor-City Council
Area	4.98 square miles
Miles of streets	46 miles
Miles of sanitary sewers	30 miles
Number of street lights	785
Number of fire stations	1
Number of police stations	1
Number of parks	5

<u>Fiscal Year</u>	<u>Population (Est) (2)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (County)</u>
2002	3,780	\$ 77,009,940	\$ 20,373	4.4%
2003	3,781	80,811,313	21,373	4.0%
2004	3,782	85,253,844	22,542	4.2%
2005	3,783	90,512,058	23,926	4.9%
2006	3,784	93,616,160	24,740	4.5%
2007	3,785	96,733,245	25,557	4.2%
2008	3,786	104,414,094	27,579	5.7%
2009	3,787	99,617,035	26,305	9.0%
2010	3,788	103,132,088	27,226	9.2%
2011	3,826	104,166,676	27,226	8.8%

Source: Records in City Hall files, Georgia Department of Labor, and Bureau of Labor Statistics // www.bea.gov, City of Forsyth Records

- (1) Personal income is derived at by multiplying population by per capita personal income.
(2) All population data, besides 2010, are estimates based on the U.S. Census results.

CITY OF FORSYTH, GEORGIA
PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Monroe County Board of Education	624	1	16.31%	504	1	13.33%
GA Department of Corrections	350	2	9.15%			
Monroe County Board of Commissioners	350	3	9.15%	350	2	9.26%
Al Burrus Correctional Institute	220	4	5.75%			
GA Public Safety Training Center	179	5	4.68%	179	3	4.74%
Monroe County Hospital	150	6	3.92%	150	5	3.97%
Wal-Mart	125	7	3.27%	60	8	1.59%
Ingles	100	8	2.61%	120	5	3.17%
City of Forsyth	78	9	2.04%	78	7	2.06%
Perdue Chicken	66	10	1.73%	53	10	1.40%
Southern Textiles				110	6	2.91%
Forsyth Inns				55	9	1.46%

Source: City of Forsyth, Occupation Licenses Reports, Bureau of Economic Analysis

Note: 2002 employment data not readily available. Estimates provided by city and businesses.

CITY OF FORSYTH, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

Function	Full-time Equivalent Employees as of Year End									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative	15	15	15	17	13	12	10	11	11	11
Fire	11	11	11	11	12	12	13	13	13	17
Police	28	28	28	28	34	34	32	32	35	32
Municipal Court	1	1	1	1	1	1	1	1	1	1
Public Works	28	28	28	28	28	31	26	22	22	25
Better Hometown	1	1	1	1	1	1	2	2	2	2
Electric	9	9	9	10	9	12	9	9	13	11
Cable	4	3	3	2	2	2	-	-	-	-

Note: Full-time equivalent employee data was not readily available prior to 2005. Estimates have been used for these years.

CITY OF FORSYTH, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative										
Business licenses issued	334	365	375	472	463	539	537	442	476	512
Permits issued	94	103	106	133	130	152	193	263	155	212
Police										
Citations	1,765	3,484	2,575	2,608	3,422	3,275	3,980	2,084	2,928	2,879
Public Works										
Garbage customers	1,667	1,667	1,648	1,627	1,501	1,494	2,281	1,470	1,437	1,427
Culture and Recreation										
Annual city-sponsored events	-	-	-	-	-	6	6	11	11	5
Annual non-city sponsored events	1	1	1	1	1	1	1	1	1	1
Electric										
Annual Kilowatt Hours Sold (millions)	62.0	69.0	59.9	60.1	58.0	67.9	65.8	67.1	77.2	79.4
Water										
Average daily consumption in gallons (millions)	1.0	1.1	1.3	1.2	1.3	1.6	1.7	1.1	2.0	2.0
Cable										
Cable customers	1,924	1,988	1,985	1,815	1,761	1,753	1,708	1,731	1,437	1,432

Note: Operating indicator data was not readily available prior to 2005. Estimates have been used for these years.

CITY OF FORSYTH, GEORGIA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS

Function	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Police										
Patrol units	7	7	7	7	7	9	9	8	9	10
Fire										
Fire trucks	4	5	5	5	5	5	5	5	5	4
Public Works										
Vehicles	10	10	10	10	10	10	10	10	10	10
Street (miles)	46	46	46	46	46	46	46	46	46	46
Streetlights	726	726	726	726	726	760	760	785	785	785
Garage										
Vehicles	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Acreage	15	15	15	16	16	16	16	16	16	16
Park sites	3	3	3	3	4	4	4	5	5	5
Electric										
Electric lines (miles)	51.65	51.65	51.65	51.65	51.65	52.50	54.97	54.97	57.97	57.97
Water										
Water mains (miles)	40	40	40	40	40	40	40	40	40	40
Sewer										
Sanitary sewers (miles)	30	30	30	30	30	30	30	30	30	30
Cable										
Cable lines (miles)	110	110	110	110	110	110	110	110	110	110

Note: Capital asset data was not readily available prior to 2005. Estimates have been used for these years.

SINGLE AUDIT SECTION

CITY OF FORSYTH, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2011

<u>Federal Grantor/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Grantor Number</u>	<u>Expenditures</u>
<i>Direct Awards:</i>			
U.S. Department of Justice			
Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-3133	\$ 7,934
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2010-FO-07984	37,977
U.S. Department of Housing and Urban Development			
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-GA-0093	<u>650,000</u>
<i>Total Direct Awards</i>			<u>695,911</u>
<i>Pass Through Awards:</i>			
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Highway Planning and Construction	20.205	CSMSL-0006-00 (696)	310,320
Highway Planning and Construction	20.205	CSHPP-0007-00 (599)	<u>85,624</u>
<i>Total Pass Through Awards</i>			<u>395,944</u>
Total Federal Awards			<u><u>\$ 1,091,855</u></u>

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

In instances where the grant agreement requires the City to match grant awards with City funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

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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 City Council
City of Forsyth, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Forsyth, Georgia, as of and for the year ended December 31, 2011, which collectively comprise the City of Forsyth, Georgia's basic financial statements and have issued our report thereon dated June 19, 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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2011-1 described in the accompany schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Forsyth, 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 matters that we reported to management of City of Forsyth, Georgia, in a separate letter dated June 19, 2012.

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

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

Buckley & Hopkins, LLP

Forsyth, Georgia
June 19, 2012

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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

Mayor and City Council
City of Forsyth, Georgia

Compliance

We have audited City of Forsyth, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Forsyth, Georgia's major federal programs for the year ended December 31, 2011. City of Forsyth, 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 City of Forsyth, Georgia's management. Our responsibility is to express an opinion on City of Forsyth, 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 City of Forsyth, 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 City of Forsyth, Georgia's compliance with those requirements.

In our opinion, City of Forsyth, 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-02.

Internal Control over Compliance

Management of City of Forsyth, 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 City of Forsyth,

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 City of Forsyth, Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2011-02 to be a significant deficiency.

City of Forsyth, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Forsyth, Georgia's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City of Forsyth, Georgia as of and for the year ended December 31, 2011, and have issued our report thereon dated June 19, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

Buckley + Hopkins, LLP

Forsyth, Georgia
June 19, 2012

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Type of auditors' report issued on compliance for major
programs? Unqualified

Any audit finding disclosed that are required to be reported
in accordance with Section 510 (a) of OMB Circular
A-133? Yes

Identification of Major Programs

The programs tested as major programs of the City of Forsyth, Georgia included:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants
20.205	Highway Planning and Construction

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Dollar threshold to distinguish between Type A and

Type B programs: \$300,000

Audit qualified as a low-risk auditee under Section 530

of OMB Circular A-133? No

**Section II. Findings Relating to the Financial Statements Reported in Accordance
with Government Auditing Standards**

2011-01 Control Environment – Inventory

CRITERIA

The City's inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

CONDITION

The City did not properly update their inventory software to ensure accurate records of inventory.

EFFECT

The independent auditor noticed several discrepancies in inventory counts when comparing test counts to reports printed from the inventory software.

CAUSE

The significant deficiency is the result of City personnel not following proper procedures to ensure inventory is tracked properly.

RECOMMENDATION

The City should enforce procedures put in place to ensure that inventory records are updated correctly in a timely manner. The City should also test inventory records on a periodic basis to ensure inventory is properly tracked.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will review and update their inventory procedures.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III. Findings Relating to the Federal Awards

2011-02 Grant Reporting

CRITERIA

Under the U.S. Department of Housing and Urban Development's neighborhood initiative grant contract, the city was required to file quarterly progress reports and final performance reports with the U.S. Department of Housing and Urban Development.

CONDITION

The City did not file any of the above mentioned reports or file proper documentation to complete the grant with the U.S. Department of Housing and Urban Development.

EFFECT

The City is not in compliance with the U.S. Department of Housing and Urban Development and the neighborhood initiative grant remains open.

CAUSE

The City had turnover in personnel that was responsible for this grant and did not appoint a new grant administrator for the City due to a deficiency in internal controls.

RECOMMENDATION

The City should appoint or hire a grant administrator to be responsible for the City's grants.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will immediately complete all grant reporting requirements with the Department of Housing and Urban Development. Also the City plans to hire a third party grant administrator for all future grants.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section IV. Status of Prior Year Findings.

2010-01 Control Environment – Inventory

Criteria: The City's inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

Condition: The City did not properly update their inventory software to ensure accurate records of inventory.

Auditee response/status: Unresolved. See current finding 2011-1.

2010-02 Recording of Grant Activity

Criteria: Under the current financial resources measurement focus, the transactions for the TE and CDBG grants should follow the modified accrual basis of accounting.

Condition: During 2010, the City did not appropriately record grant revenue during the year.

Auditee response/status: Resolved.

2010-03 Recording Capital Assets

Criteria: Under Generally Accepted Accounting Principles (GAAP), purchases that meet the City's capitalization policy are to be capitalized on a timely basis. GAAP also dictates that capital assets be depreciated over the asset's estimated life.

Condition: The City did not capitalize completed construction project and purchases that met the City's capitalization policy. The City also did not record depreciation in a timely manner.

Auditee response/status: Resolved.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2010-04 Grant Reporting

Criteria: Under the U.S. Department of Housing and Urban Development's neighborhood initiative grant contract, the city was required to file quarterly progress reports and final performance reports with the U.S. Department of Housing and Urban Development.

Condition: The City did not file any of the above mentioned reports or file proper documentation to complete the grant with the U.S. Department of Housing and Urban Development.

Auditee response/status: Unresolved. See current finding 2011-2.



CITY OF FORSYTH

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

2011-01 Control Environment – Inventory

CRITERIA

The City's inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

CONDITION

The City did not properly update their inventory software to ensure accurate records of inventory.

EFFECT

The independent auditor noticed several discrepancies in inventory counts when comparing test counts to reports printed from the inventory software.

CAUSE

The significant deficiency is the result of City personnel not following proper procedures to ensure inventory is tracked properly.

RECOMMENDATION

The City should enforce procedures put in place to ensure that inventory records are updated correctly in a timely manner. The City should also test inventory records on a periodic basis to ensure inventory is properly being tracked.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will review and update their inventory procedures.

James L Hall

06-19-2012



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2011-02 Grant Reporting

CRITERIA

Under the U.S. Department of Housing and Urban Development's neighborhood initiative grant contract, the city was required to file quarterly progress reports and final performance reports with the U.S. Department of Housing and Urban Development.

CONDITION

The City did not file any of the above mentioned reports or file proper documentation to complete the grant with the U.S. Department of Housing and Urban Development.

EFFECT

The City is not in compliance with the U.S. Department of Housing and Urban Development and the neighborhood initiative grant remains open.

CAUSE

The City had turnover in personnel that was responsible for this grant and did not appoint a new grant administrator for the City due to a break down in internal controls.

RECOMMENDATION

The City should appoint or hire a grant administrator to be responsible for the City's grants.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will immediately complete all grant reporting requirements with the Department of Housing and Urban Development. Also the City plans to hire a third party grant administrator for all future grants.

James L Hall

06-19-2012