

CITY OF SOCIAL CIRCLE, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2010

CITY OF SOCIAL CIRCLE, GEORGIA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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CITY OF SOCIAL CIRCLE, GEORGIA

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of City Council
City of Social Circle, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Social Circle, Georgia** as of and for the year ended June 30, 2010, which collectively comprise the City of Social Circle, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Social Circle, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Social Circle, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, on our consideration of the City of Social Circle, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress on pages 3-10 and 47 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Social Circle, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 7, 2010

CITY OF SOCIAL CIRCLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Social Circle, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year ended June 30, 2010. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2010 by \$18,963,173 (total net assets).
- Of this amount, \$4,907,140 (unrestricted net assets) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$1,729,180.
- At the close of fiscal year 2010 the City's governmental funds reported combined ending fund balances of \$1,917,388. Of this amount, \$718,274 or 37.46% is available for spending at the government's discretion (General unreserved fund balance). The balance of this amount, \$1,199,114, is available for spending according to the guidelines of the source of the funds.
- At the end of the fiscal year, the unreserved fund balance for the general fund was \$718,274.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Social Circle's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two being 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.

The statement of activities presents information showing how the City's net assets changed during the 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 the related cash flows. 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 property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between 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 user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. The business-type activities of the City include water and sewer, natural gas, and solid waste management.

Fund Financial 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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds, proprietary funds, and fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and SPLOST fund, which are considered major funds. The data from the three other funds, the non-major funds, is aggregated into a single presentation. The individual fund data for these funds is located in the combining 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. The City also adopted an annual budget for its special revenue funds. A project length budget was adopted for the capital project fund. Budgetary comparisons for the nonmajor funds are included as supplementary information.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations and its natural gas system operations.

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 on the Water and Sewer Fund and the Natural Gas Fund and the Solid Waste Fund. The Water and Sewer and Natural Gas funds are considered to be major funds of the City.

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 for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2010 by \$18,963,173.

The largest component of net assets, which may be used to meet the City's ongoing obligations to its citizens and creditors, is unrestricted assets in the amount of \$4,907,140 or 25.88%. Restricted net assets are Debt Service, \$205,845, Library Expendable \$70,761 and Library non expendable \$350,000. Another component of the City's net assets is investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$13,429,427 or 70.82%. The City uses these capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City's investment in its 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.

City of Social Circle Net Assets						
	Governmental Activities		Business Type Activities		Totals	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Assets:						
Current assets	\$ 2,126,555	\$ 2,302,356	\$ 3,259,225	\$ 3,961,265	\$ 5,385,780	\$ 6,263,621
Restricted assets	-	-	868,500	737,062	868,500	737,062
Other assets	-	-	39,021	145,658	39,021	145,658
Capital assets	5,818,552	5,905,394	13,730,915	14,842,311	19,549,467	20,747,705
Total assets	<u>7,945,107</u>	<u>8,207,750</u>	<u>17,897,661</u>	<u>19,686,296</u>	<u>25,842,768</u>	<u>27,894,046</u>
Liabilities:						
Current liabilities	250,156	344,268	451,039	647,310	701,195	991,578
Long-term liabilities	553,317	392,211	7,354,263	7,547,084	7,907,580	7,939,295
Total liabilities	<u>803,473</u>	<u>736,479</u>	<u>7,805,302</u>	<u>8,194,394</u>	<u>8,608,775</u>	<u>8,930,873</u>
Net assets:						
Invested in capital assets, net of related debt	5,344,864	5,580,394	7,115,889	7,849,033	12,460,753	13,429,427
Restricted for:						
Debt service	-	-	148,830	205,845	148,830	205,845
Library expendable	51,354	70,761	-	-	51,354	70,761
Library nonexpendable	350,000	350,000	-	-	350,000	350,000
Alcovy greenspace	15,392	-	-	-	15,392	-
Unrestricted	1,380,024	1,470,116	2,827,640	3,437,024	4,207,664	4,907,140
Total net assets	<u>\$ 7,141,634</u>	<u>\$ 7,471,271</u>	<u>\$ 10,092,359</u>	<u>\$ 11,491,902</u>	<u>\$ 17,233,993</u>	<u>\$ 18,963,173</u>

An additional portion of the City's net assets, \$626,606 (3.30 %), represents resources that are subject to external restrictions on how they may be used. \$420,761 for the library of which \$350,000 is nonexpendable and \$205,845 for revenue bond (water & sewer) reserves.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as whole, as well as for its separate governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities. Governmental activities increased the City's net assets by 329,637 or 19.06% of the total growth in the net assets of the City.

City of Social Circle Changes in Net Assets						
	Governmental Activities		Business Type Activities		Totals	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 329,558	\$ 300,417	\$ 5,572,090	\$ 5,364,152	\$ 5,901,648	\$ 5,664,569
Operating grants and contributions	78,132	130,100	-	-	78,132	130,100
Capital grants and contributions	203,174	579,411	474,999	1,123,050	678,173	1,702,461
General revenues:						
Property taxes	1,170,611	1,108,849	-	-	1,170,611	1,108,849
Sales taxes	1,291,605	564,329	-	-	1,291,605	564,329
Other taxes	771,182	745,106	-	-	771,182	745,106
Investment earnings	57,044	55,374	68,019	53,923	125,063	109,297
Other	103,086	7,796	-	-	103,086	7,796
Total revenue	<u>4,004,392</u>	<u>3,491,382</u>	<u>6,115,108</u>	<u>6,541,125</u>	<u>10,119,500</u>	<u>10,032,507</u>
Expenses:						
General government	517,915	544,623	-	-	517,915	544,623
Judicial	21,339	25,781	-	-	21,339	25,781
Public safety	1,759,167	1,852,501	-	-	1,759,167	1,852,501
Public works	557,162	631,393	-	-	557,162	631,393
Health & welfare	57,411	67,682	-	-	57,411	67,682
Culture and recreation	133,498	139,683	-	-	133,498	139,683
Housing and development	217,604	54,151	-	-	217,604	54,151
Interest and fiscal charges	17,795	14,551	-	-	17,795	14,551
Water and sewer	-	-	1,953,943	1,953,089	1,953,943	1,953,089
Natural gas	-	-	3,230,322	2,709,901	3,230,322	2,709,901
Solid waste	-	-	303,744	309,972	303,744	309,972
Total expenses	<u>3,281,891</u>	<u>3,330,365</u>	<u>5,488,009</u>	<u>4,972,962</u>	<u>8,769,900</u>	<u>8,303,327</u>
Increase in net assets before transfers	722,501	161,017	627,099	1,568,163	1,349,600	1,729,180
Transfers	(60,000)	168,620	60,000	(168,620)	-	-
Increase in net assets	662,501	329,637	687,099	1,399,543	1,349,600	1,729,180
Net assets - beginning	6,479,133	7,141,634	9,405,260	10,092,359	15,884,393	17,233,993
Net assets - ending	<u>\$ 7,141,634</u>	<u>\$ 7,471,271</u>	<u>\$ 10,092,359</u>	<u>\$ 11,491,902</u>	<u>\$ 17,233,993</u>	<u>\$ 18,963,173</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues. Property taxes of \$1,108,849 and sales tax of \$564,329 accounted for 47.92% of total general revenues.

Operating Grants and contributions consisted of the following:

- Board of Education for Resource Officer - \$16,500
- Housing Authority In Lieu of Taxes - \$8,447
- Walton county Fire - \$52,531
- Section 18 Transportation Grant - \$29,676
- DCA Local Assistance Grant - \$6,250
- FEMA Grant - \$9,803
- U S Forestry - \$4,254
- Volunteer Fire Miscellaneous Revenue - \$2,639

Capital Grants and Contributions consisted of the following:

- SPLOST Revenue - \$579,411
- EDA - \$1,123,050

Expenses. The total expense for the governmental activities is \$3,330,365. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$1,852,501 or 55.62% of total governmental activity expense.

Total program revenues, general revenues and transfers exceeded expenses by \$1,729,180.

Business-type activities. Business-type activities increased the City's net assets by \$1,399,543 (80.94%) of the total growth in the government's net assets. Water revenues were under budgetary estimates mostly due to lower water/sewer demand and lower revenues of capacity recovery charges. Expenditures were below mostly due to infrastructure funds not spent. In the Gas Fund during the year, revenues were lower than budgetary estimates mostly due to the fluctuation in gas prices. Expenditures were under budget mostly due to contingencies not spent. In Solid Waste revenues were lower than budgetary estimates mostly due to a transfer from General Fund not funded. Expenditures were higher than budget due to higher disposal costs due to fuel charges.

Revenues. Water and sewer revenue was \$2,719,930. Natural gas revenue was \$3,555,247. Solid Waste revenue was \$265,948. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City. Solid Waste revenue is derived from the billing of the service to pick up household garbage.

Expenses. Water and sewer expense was \$1,953,089. Natural gas expense was \$2,709,901. Solid Waste expense was \$309,972.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

The City of Social Circle uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,917,388. Approximately 70.04% of this amount \$1,342,974 constitutes unreserved fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the June 30, 2010 unreserved fund balance of the general fund was \$718,274. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved balance and total fund balances to total fund expenditures. Unreserved balance represents 23.89% of total fund expenditures and total fund balance represents 29.53% of total fund expenditures.

The SPLOST fund revenues were down compared to the prior year due to the downturn in the economy. Expenditures were also down since there was less funding for the projects. Fund balance increased \$20,505 during the year resulting in an ending fund balance of \$607,292 at June 30, 2010.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at June 30, 2010 amounted to \$400,265; those of the Natural Gas Fund amounted to \$3,022,660; and those of the Solid Waste Fund amounted to \$14,099. The total change in Water and Sewer net assets was \$1,428,221; the change in Natural Gas net assets was \$5,346; and the change in Solid Waste net assets was a decrease of \$34,024.

General Fund Budgetary Highlights

During the year, revenues were lower than budgetary estimates by \$570,287 and expenditures were lower than budgetary estimates by \$87,627. Revenue is lower than budget because of reduced tax collections and reduced intergovernmental revenues. Expenditures are lower than budget due to controls over spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$20,747,705, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment and vehicles.

Major capital asset events during the current fiscal year include the following:

GOVERNMENTAL CAPITAL ASSETS

- Memorial Widening Project \$373,559.
- Paving \$110,114.

WATER

- Water System Improvements \$1,518,518

City of Social Circle Capital Assets (Net of Depreciation)

	Governmental Activities		Business Type Activities		Totals	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Land	\$ 828,828	\$ 828,828	\$ -	\$ -	\$ 828,828	\$ 828,828
Construction in progress	621,763	8,250	-	-	621,763	8,250
Infrastructure	1,288,642	2,347,325	13,572,855	14,730,637	14,861,497	17,077,962
Building and improvements	2,063,842	1,962,633	-	-	2,063,842	1,962,633
Equipment, furniture and vehicles	1,015,477	758,358	158,060	111,674	1,173,537	870,032
Total	\$ 5,818,552	\$ 5,905,394	\$ 13,730,915	\$ 14,842,311	\$ 19,549,467	\$ 20,747,705

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of \$7,489,354 . Water and Sewerage Revenue Bonds account for \$1,888,399 and a Georgia Environmental Facilities water and sewer loan accounts for \$5,599,955.

City of Social Circle Outstanding Debt Revenue Bonds and GEFA Loan

	Governmental Activities		Business Type Activities		Totals	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenue Bonds	\$ -	\$ -	\$ 142,000	\$ 1,888,399	\$ 142,000	\$ 1,888,399
GEFA Loan	-	-	7,122,672	5,599,955	7,122,672	5,599,955
Total	\$ -	\$ -	\$ 7,264,672	\$ 7,488,354	\$ 7,264,672	\$ 7,488,354

In March of 2010, the City issued \$1,930,000 of combined public utility revenue refunding and improvement bonds, series 2010. The funds were used to pay off \$142,000 of outstanding prior bonds and \$1,192,495 of GEFA loans and provide capital for water system improvements.

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

The economic downturn is ongoing in our area. We have lost one major industry, and another smaller business directly tied to the building industry has also closed and the facility is for sale.

We continue to make small improvements on our infrastructure. Over the past year we have extended and looped a major water line and extended a sewer main to a new distribution facility. This effort was paid for by and large with a federal grant from the Economic Development Administration.

Our downtown central business district lost several small businesses over the last year yet we have recently had two vacant buildings revitalized for new businesses to rent. One of those is now occupied. We reduced our budget again this year since we do not sense any major improvement taking place as yet.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk and Treasurer, City of Social Circle , P. O. Box 310, Social Circle, Georgia, 30025.

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Better Hometown, Inc.	Downtown	
					Development Authority	Development Authority
ASSETS						
Cash and cash equivalents	\$ 1,483,888	\$ 2,843,721	\$ 4,327,609	\$ 74,486	\$ 16,157	\$ 93,028
Investments	404,106	515,901	920,007	-	-	-
Accounts receivable, net of allowances	53,764	581,445	635,209	-	890	-
Taxes receivable, net of allowances	79,321	-	79,321	-	-	-
Interest receivable	-	2,874	2,874	-	-	-
Internal balances	32,377	(32,377)	-	-	-	-
Due from other governments	94,366	-	94,366	-	-	-
Due from component unit	881	-	881	-	-	-
Due from primary government	-	-	-	-	51	-
Prepaid expenses	153,653	49,701	203,354	-	-	-
Restricted assets:						
Cash and cash equivalents	-	737,062	737,062	-	-	-
Other assets	-	145,658	145,658	-	-	-
Capital assets:						
Non-depreciable	837,078	-	837,078	-	100,000	932,037
Depreciable, net of accumulated depreciation	5,068,316	14,842,311	19,910,627	-	597,285	-
Total assets	8,207,750	19,686,296	27,894,046	74,486	714,383	1,025,065
LIABILITIES						
Accounts payable	298,296	234,184	532,480	89	-	250
Accrued liabilities	45,972	149,504	195,476	-	1,076	-
Customer deposits	-	263,571	263,571	-	1,200	-
Due to component unit	-	51	51	-	-	-
Due to primary government	-	-	-	-	881	-
Long-term liabilities:						
Portion due or payable within one year:						
Capital leases	145,578	22,415	167,993	-	-	-
Notes payable	-	269,514	269,514	-	26,701	124,957
Compensated absences	39,923	9,710	49,633	-	-	-
Portion due or payable in more than one year:						
Capital leases	179,422	13,725	193,147	-	-	-
Notes payable	-	5,330,441	5,330,441	-	557,734	-
Bonds payable, net	-	1,888,399	1,888,399	-	-	-
Compensated absences	27,288	12,880	40,168	-	-	-
Total liabilities	736,479	8,194,394	8,930,873	89	587,592	125,207
NET ASSETS						
Invested in capital assets, net of related debt	5,580,394	7,849,033	13,429,427	-	112,850	807,080
Restricted for:						
Debt service	-	205,845	205,845	-	-	-
Library - expendable	70,761	-	70,761	-	-	-
Library - nonexpendable	350,000	-	350,000	-	-	-
Unrestricted	1,470,116	3,437,024	4,907,140	74,397	13,941	92,778
Total net assets	\$ 7,471,271	\$ 11,491,902	\$ 18,963,173	\$ 74,397	\$ 126,791	\$ 899,858

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

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 544,623	\$ 270,747	\$ 18,951	\$ -
Judicial	25,781	-	-	-
Public safety	1,852,501	16,610	81,473	-
Public works	631,393	11,160	29,676	579,411
Health and welfare	67,682	-	-	-
Culture and recreation	139,683	1,900	-	-
Housing and development	54,151	-	-	-
Interest on long-term debt	14,551	-	-	-
Total governmental activities	<u>3,330,365</u>	<u>300,417</u>	<u>130,100</u>	<u>579,411</u>
Business-type activities:				
Water and sewer	1,953,089	1,583,448	-	1,123,050
Natural gas	2,709,901	3,514,756	-	-
Solid waste	309,972	265,948	-	-
Total business-type activities	<u>4,972,962</u>	<u>5,364,152</u>	<u>-</u>	<u>1,123,050</u>
Total primary government	<u>\$ 8,303,327</u>	<u>\$ 5,664,569</u>	<u>\$ 130,100</u>	<u>\$ 1,702,461</u>
Component units:				
Better Hometown, Inc.	\$ 24,228	\$ 32,582	\$ 650	\$ -
Downtown Development Authority	65,616	76,080	-	-
Development Authority	7,964	-	4,964	-
Total component units	<u>\$ 97,808</u>	<u>\$ 108,662</u>	<u>\$ 5,614</u>	<u>\$ -</u>

General revenues:

 Property taxes

 Sales taxes

 Franchise taxes

 Business taxes

 Other taxes

 Unrestricted investment earnings

 Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Better Hometown, Inc.	Downtown Development Authority	Development Authority
\$ (254,925)	\$ -	\$ (254,925)	\$ -	\$ -	\$ -
(25,781)	-	(25,781)	-	-	-
(1,754,418)	-	(1,754,418)	-	-	-
(11,146)	-	(11,146)	-	-	-
(67,682)	-	(67,682)	-	-	-
(137,783)	-	(137,783)	-	-	-
(54,151)	-	(54,151)	-	-	-
(14,551)	-	(14,551)	-	-	-
(2,320,437)	-	(2,320,437)	-	-	-
-	753,409	753,409	-	-	-
-	804,855	804,855	-	-	-
-	(44,024)	(44,024)	-	-	-
-	1,514,240	1,514,240	-	-	-
(2,320,437)	1,514,240	(806,197)	-	-	-
-	-	-	9,004	-	-
-	-	-	-	10,464	-
-	-	-	-	-	(3,000)
-	-	-	9,004	10,464	(3,000)
\$ 1,108,849	\$ -	\$ 1,108,849	\$ -	\$ -	\$ -
564,329	-	564,329	-	-	-
420,128	-	420,128	-	-	-
20,349	-	20,349	-	-	-
304,629	-	304,629	-	-	-
55,374	53,923	109,297	494	12	766
7,796	-	7,796	-	-	-
168,620	(168,620)	-	-	-	-
2,650,074	(114,697)	2,535,377	494	12	766
329,637	1,399,543	1,729,180	9,498	10,476	(2,234)
7,141,634	10,092,359	17,233,993	64,899	116,315	902,092
\$ 7,471,271	\$ 11,491,902	\$ 18,963,173	\$ 74,397	\$ 126,791	\$ 899,858

CITY OF SOCIAL CIRCLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 909,613	\$ 547,801	\$ 26,474	\$ 1,483,888
Investments	-	-	404,106	404,106
Taxes receivable	79,321	-	-	79,321
Accounts receivable	52,841	-	923	53,764
Due from other governments	93,314	1,052	-	94,366
Due from other funds	32,377	58,439	-	90,816
Due from component unit	881	-	-	881
Prepaid expenditures	153,653	-	-	153,653
Total assets	<u>\$ 1,322,000</u>	<u>\$ 607,292</u>	<u>\$ 431,503</u>	<u>\$ 2,360,795</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 289,230	\$ -	\$ 9,066	\$ 298,296
Accrued liabilities	39,175	-	-	39,175
Deferred revenues	47,497	-	-	47,497
Due to other funds	58,439	-	-	58,439
Total liabilities	<u>434,341</u>	<u>-</u>	<u>9,066</u>	<u>443,407</u>
FUND BALANCES				
Fund balances:				
Reserved for:				
Prepaid items	153,653	-	-	153,653
Library	15,732	-	405,029	420,761
Unreserved, reported in:				
General fund	718,274	-	-	718,274
Special revenue funds	-	-	17,408	17,408
Capital projects funds	-	607,292	-	607,292
Total fund balances	<u>887,659</u>	<u>607,292</u>	<u>422,437</u>	<u>1,917,388</u>
Total liabilities and fund balances	<u>\$ 1,322,000</u>	<u>\$ 607,292</u>	<u>\$ 431,503</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				5,905,394
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				47,497
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(399,008)</u>
Net assets of governmental activities				<u>\$ 7,471,271</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,461,420	\$ -	\$ -	\$ 2,461,420
Licenses and permits	15,483	-	-	15,483
Intergovernmental	117,658	579,411	-	697,069
Fines and forfeitures	247,801	-	16,610	264,411
Charges for services	18,623	-	-	18,623
Interest income	18,799	-	36,575	55,374
Miscellaneous	9,696	-	2,639	12,335
Total revenues	<u>2,889,480</u>	<u>579,411</u>	<u>55,824</u>	<u>3,524,715</u>
Expenditures				
Current:				
General government	415,098	-	-	415,098
Judicial	25,781	-	-	25,781
Public safety	1,652,100	-	6,556	1,658,656
Public works	497,621	1,100	-	498,721
Health and welfare	67,881	-	-	67,881
Culture and recreation	128,255	-	8,725	136,980
Housing and development	54,151	-	-	54,151
Intergovernmental	-	68,540	-	68,540
Capital outlay	-	489,266	-	489,266
Debt service:				
Principal retirements	148,688	-	-	148,688
Interest	16,500	-	-	16,500
Total expenditures	<u>3,006,075</u>	<u>558,906</u>	<u>15,281</u>	<u>3,580,262</u>
Excess (deficiency) of revenues over expenditures	<u>(116,595)</u>	<u>20,505</u>	<u>40,543</u>	<u>(55,547)</u>
Other financing sources (uses)				
Transfers in	405,929	-	-	405,929
Transfers out	(231,380)	-	(5,929)	(237,309)
Total other financing sources (uses)	<u>174,549</u>	<u>-</u>	<u>(5,929)</u>	<u>168,620</u>
Net change in fund balances	57,954	20,505	34,614	113,073
Fund balances, beginning of year	<u>829,705</u>	<u>586,787</u>	<u>387,823</u>	<u>1,804,315</u>
Fund balances, end of year	<u>\$ 887,659</u>	<u>\$ 607,292</u>	<u>\$ 422,437</u>	<u>\$ 1,917,388</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 113,073
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	86,842
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(33,333)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents repayments of the principal of long-term debt.	148,688
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>14,367</u>
Change in net assets - governmental activities	<u>\$ 329,637</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,600,732	\$ 2,600,732	\$ 2,461,420	\$ (139,312)
Licenses and permits	12,250	12,250	15,483	3,233
Fines and forfeitures	275,129	275,129	247,801	(27,328)
Interest	32,000	32,000	18,799	(13,201)
Charges for services	17,598	18,962	18,623	(339)
Intergovernmental	508,440	512,694	117,658	(395,036)
Miscellaneous	8,000	8,000	9,696	1,696
Total revenues	3,454,149	3,459,767	2,889,480	(570,287)
Expenditures				
Current:				
General government:				
Governing body	82,909	86,344	85,630	714
Chief executive	45,825	46,826	45,650	1,176
Clerk - administrative	25,200	25,248	22,567	2,681
Elections	1,900	1,900	430	1,470
Financial administration	238,288	241,297	229,830	11,467
Law	25,000	30,991	30,991	-
Total general government	419,122	432,606	415,098	17,508
Judicial:				
Municipal court	25,500	25,781	25,781	-
Total judicial	25,500	25,781	25,781	-
Public safety:				
Police	1,624,410	1,711,057	1,651,605	59,452
Fire prevention	-	-	495	(495)
Total public safety	1,624,410	1,711,057	1,652,100	58,957
Public works:				
Highways and streets	446,326	497,936	497,321	615
Cemetery	1,000	1,667	300	1,367
Total public works	447,326	499,603	497,621	1,982
Health and welfare:				
Transportation services	62,276	68,290	67,881	409
Total health and welfare	62,276	68,290	67,881	409
Culture and recreation:				
Library	125,318	128,256	128,255	1
Total culture and recreation	125,318	128,256	128,255	1
Housing and development:				
Urban redevelopment and housing	3,000	7,254	4,113	3,141
Economic development and assistance	50,343	55,666	50,038	5,628
Total housing and development	53,343	62,920	54,151	8,769
Debt service				
Principal	148,682	148,689	148,688	1
Interest	22,685	16,500	16,500	-
Total debt service	171,367	165,189	165,188	1
Total expenditures	2,928,662	3,093,702	3,006,075	87,627
Excess (deficiency) of revenues over expenditures	525,487	366,065	(116,595)	(482,660)
Other financing sources (uses)				
Transfers in	10,000	10,000	405,929	395,929
Transfers out	(490,991)	(497,191)	(231,380)	265,811
Total other financing sources (uses)	(480,991)	(487,191)	174,549	661,740
Net change in fund balances	44,496	(121,126)	57,954	179,080
Fund balance, beginning of year	829,705	829,705	829,705	-
Fund balance, end of year	\$ 874,201	\$ 708,579	\$ 887,659	\$ 179,080

The accompanying notes are an integral part of these financial statements

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 324,030	\$ 2,519,691	\$ -	\$ 2,843,721
Investments	-	515,901	-	515,901
Accounts receivable, net	307,884	243,111	30,450	581,445
Due from other funds	-	60,163	5,448	65,611
Interest receivable	-	2,874	-	2,874
Prepaid items	29,195	17,021	3,485	49,701
	<u>661,109</u>	<u>3,358,761</u>	<u>39,383</u>	<u>4,059,253</u>
Restricted assets				
Cash and cash equivalents	737,062	-	-	737,062
Total current assets	<u>1,398,171</u>	<u>3,358,761</u>	<u>39,383</u>	<u>4,796,315</u>
NONCURRENT ASSETS				
Other assets	145,658	-	-	145,658
	<u>145,658</u>	<u>-</u>	<u>-</u>	<u>145,658</u>
CAPITAL ASSETS				
Depreciable, net of accumulated depreciation	13,375,328	1,466,983	-	14,842,311
	<u>13,375,328</u>	<u>1,466,983</u>	<u>-</u>	<u>14,842,311</u>
Total assets	<u>14,919,157</u>	<u>4,825,744</u>	<u>39,383</u>	<u>19,784,284</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	100,461	133,723	-	234,184
Accrued liabilities	138,467	6,244	4,793	149,504
Customer deposits	85,393	178,178	-	263,571
Compensated absences payable	6,741	2,969	-	9,710
Due to other funds	62,510	14,987	20,491	97,988
Due to component unit	51	-	-	51
Notes payable - current	213,643	55,871	-	269,514
Capital lease - current	17,914	4,501	-	22,415
Total current liabilities	<u>625,180</u>	<u>396,473</u>	<u>25,284</u>	<u>1,046,937</u>
NONCURRENT LIABILITIES				
Revenue bonds payable	1,888,399	-	-	1,888,399
Notes payable	5,330,441	-	-	5,330,441
Capital lease	11,421	2,304	-	13,725
Compensated absences payable	12,880	-	-	12,880
Total noncurrent liabilities	<u>7,243,141</u>	<u>2,304</u>	<u>-</u>	<u>7,245,445</u>
Total liabilities	<u>7,868,321</u>	<u>398,777</u>	<u>25,284</u>	<u>8,292,382</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,444,726	1,404,307	-	7,849,033
Restricted:				
Debt service	205,845	-	-	205,845
Unrestricted	400,265	3,022,660	14,099	3,437,024
Total net assets	<u>\$ 7,050,836</u>	<u>\$ 4,426,967</u>	<u>\$ 14,099</u>	<u>\$ 11,491,902</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
OPERATING REVENUES				
Charges for sales and services	\$ 1,583,448	\$ 3,514,756	\$ 265,948	\$ 5,364,152
Total operating revenues	1,583,448	3,514,756	265,948	5,364,152
OPERATING EXPENSES				
Cost of sales and services	-	2,122,653	-	2,122,653
General operating expenses	1,298,216	519,863	307,914	2,125,993
Depreciation	348,038	57,026	2,058	407,122
Total operating expenses	1,646,254	2,699,542	309,972	4,655,768
Operating income (loss)	(62,806)	815,214	(44,024)	708,384
NON-OPERATING REVENUES (EXPENSES)				
Interest income	13,432	40,491	-	53,923
Intergovernmental	1,123,050	-	-	1,123,050
Interest expense	(306,835)	(10,359)	-	(317,194)
Total non-operating revenues	829,647	30,132	-	859,779
Income (loss) before transfers	766,841	845,346	(44,024)	1,568,163
Transfers in	661,380	-	10,000	671,380
Transfers out	-	(840,000)	-	(840,000)
	661,380	(840,000)	10,000	(168,620)
Change in net assets	1,428,221	5,346	(34,024)	1,399,543
Net assets, beginning of year	<u>5,622,615</u>	<u>4,421,621</u>	<u>48,123</u>	<u>10,092,359</u>
Net assets, end of year	<u>\$ 7,050,836</u>	<u>\$ 4,426,967</u>	<u>\$ 14,099</u>	<u>\$ 11,491,902</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,484,915	\$ 3,838,971	\$ 272,293	\$ 5,596,179
Payments to suppliers	(1,473,846)	(2,306,927)	(257,003)	(4,037,776)
Payments to employees	(326,881)	(312,375)	(53,784)	(693,040)
Net cash provided by (used in) operating activities	(315,812)	1,219,669	(38,494)	865,363
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	661,380	-	10,000	671,380
Transfers out to other funds	-	(840,000)	-	(840,000)
Net cash provided by (used in) non-capital financing activities	661,380	(840,000)	10,000	(168,620)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,518,518)	-	-	(1,518,518)
Reimbursement from grants	1,123,050	-	-	1,123,050
Principal payments on capital lease	(28,005)	(5,879)	-	(33,884)
Principal payments on bonds	(142,000)	-	-	(142,000)
Principal payments on notes payable	(1,397,698)	(125,019)	-	(1,522,717)
Interest paid	(292,763)	(12,500)	-	(305,263)
Proceeds from bond issuance	1,781,762	-	-	1,781,762
Net cash used in capital and related financing activities	(474,172)	(143,398)	-	(617,570)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	13,432	40,318	-	53,750
Net cash provided by investing activities	13,432	40,318	-	53,750
Net increase (decrease) in cash and cash equivalents	(115,172)	276,589	(28,494)	132,923
Cash and cash equivalents, beginning of year	1,176,264	2,243,102	28,494	3,447,860
Cash and cash equivalents, end of year	<u>\$ 1,061,092</u>	<u>\$ 2,519,691</u>	<u>\$ -</u>	<u>\$ 3,580,783</u>
Classified as:				
Cash and cash equivalents	\$ 324,030	\$ 2,519,691	\$ -	\$ 2,843,721
Restricted cash and cash equivalents	737,062	-	-	737,062
	<u>\$ 1,061,092</u>	<u>\$ 2,519,691</u>	<u>\$ -</u>	<u>\$ 3,580,783</u>

(Continued)

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Natural Gas Fund	Non-major Solid Waste Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (62,806)	\$ 815,214	\$ (44,024)	\$ 708,384
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	348,038	57,026	2,058	407,122
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(158,341)	(15,738)	2,759	(171,320)
(Increase) decrease in due from other funds	59,808	(47)	3,586	63,347
(Increase) decrease in prepaid items	(6,091)	(269)	67	(6,293)
Decrease in advance to other funds	-	340,000	-	340,000
Increase in accounts payable	55,461	7,152	-	62,613
Increase (decrease) in accrued liabilities	82,824	(257)	3,647	86,214
Increase in customer deposits	13,810	21,703	-	35,513
Increase in compensated absences payable	2,844	179	-	3,023
Decrease in due to other funds	(311,359)	(5,294)	(6,587)	(323,240)
Decrease in advance from other funds	(340,000)	-	-	(340,000)
Net cash provided by (used in) operating activities	<u>\$ (315,812)</u>	<u>\$ 1,219,669</u>	<u>\$ (38,494)</u>	<u>\$ 865,363</u>

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

CITY OF SOCIAL CIRCLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010

	ASSETS	Board of Education Fund
		<hr/>
Taxes receivable		<hr/> \$ 458,748
Total assets		<hr/> <hr/> \$ 458,748
	LIABILITIES	
Uncollected taxes		<hr/> \$ 458,748
Total liabilities		<hr/> <hr/> \$ 458,748

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

CITY OF SOCIAL CIRCLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Social Circle, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

Incorporated in 1904, under the laws of the State of Georgia, the City of Social Circle is governed by a five member Mayor/Council form of government. The mayor and council are elected to four-year terms. The Mayor and the other four council members serve on a part-time basis. The Mayor and council appoint a city manager to handle the daily operations of the City.

The City's major operations include public safety, public works maintenance, culture and recreation, housing and development, utility services and general administrative services. In addition, the City exercises sufficient control over other governmental entities that are included as part of the City's reporting entity.

The accompanying financial statements present the City and its component units, which if excluded would cause the financial statements of the City to be misleading. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

Social Circle Better Hometown, Inc. was activated by resolution in 1998 to accomplish the following objectives: develop a workable strategic plan for future growth, identify available resources to enable the City to accomplish short and long range goals of the plan, and bring together numerous and divergent groups and individuals to develop a shared vision for the community. The governing body of Social Circle Better Hometown, Inc. consists of 15 individuals elected at large and the Social Circle City Manager, who serves as an ex-officio member. Although the City does not have the authority to approve or modify Social Circle Better Hometown, Inc.'s operational and capital budgets, the City provides a significant amount of their revenues. Social Circle Better Hometown, Inc. does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report. Social Circle Better Hometown, Inc. is presented as a proprietary fund type.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Downtown Development Authority was activated by resolution in 1984 to promote and further develop trade, commerce, industry and employment opportunities within the central business district of the City of Social Circle, Georgia. It operates under an seven member board, which is all appointed by the City Council members. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report. The Authority is presented as a proprietary fund type.

The Development Authority was activated by resolution in 1988 to promote and further develop trade, commerce, industry and employment opportunities within the City of Social Circle, Georgia. It operates under an seven member board, which is all appointed by the City Council members. The City also guarantees the interest payments on the Authority's debt. The Authority is presented as a proprietary fund type. The Authority does not issue separate financial statements and is included as a discretely presented component unit in the City's financial report.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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, intergovernmental grants, 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 City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The **SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected by Walton County and disbursed to the City. The funds are used for specific capital projects as approved by voter referendum.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for the operation, maintenance and development of the City's water and sewer system and services.

The **Natural Gas Fund** accounts for the operation, maintenance and development of the City's natural gas system.

The City also reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes, such as law enforcement and fire protection services.

The **permanent fund** accounts for the operations of the City's Library endowment for which the corpus of the investments held in this fund cannot be used.

The **agency fund** is accounted for on the accrual basis of accounting, and is used to account for the collection and disbursement of property taxes by the City on behalf of the City of Social Circle Board of Education.

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 this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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. 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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure tangible assets and \$100,000 for infrastructure and intangible assets and an estimated useful life in excess of one year and five years, respectively. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to June 30, 1999 have not been capitalized.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Infrastructure	15-99
Buildings and improvements	20-50
Vehicles	5-10
Furniture and fixtures	3-10
Machinery and equipment	3-10

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

Transfers of the Stanton Library Permanent Fund are restricted per the terms of the bequest for the following purposes: maintenance of the library building, purchase of books for the library, purchase of items to aid the impaired, and to assist in meeting cultural opportunities for the City.

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. 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 term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$399,008 difference are as follows:

Capital lease payable	\$ (325,000)
Accrued interest payable	(6,797)
Compensated absences	<u>(67,211)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (399,008)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$86,842 difference are as follows:

Capital outlay	\$ 489,266
Depreciation expense	<u>(402,424)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 86,842</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$14,367 difference are as follows:

Compensated absences	\$ 12,418
Accrued interest	<u>1,949</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 14,367</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Social Circle, Georgia employs the following procedures in establishing its annual budget:

1. Prior to July 1, the City Manager and the Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.
2. The City Council holds a public hearing on the budget of the City of Social Circle, Georgia.
3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies and within forty-five days following January 1.
4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

The General Fund's fire prevention department had an excess of actual expenditures over appropriations of \$495 for the year ended June 30, 2010, which was offset by police expenditures being less than budgeted.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2010 are summarized as follows:

Amounts as presented on the entity wide statement of net assets:	
Cash and cash equivalents	\$ 4,327,609
Restricted cash and cash equivalents	737,062
Investments	920,007
Total	<u>\$ 5,984,678</u>
Cash deposited with financial institutions	\$ 5,580,572
Money market mutual funds	12,586
U.S. Government Treasuries and Agencies	391,520
	<u>\$ 5,984,678</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the 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.

At June 30, 2010, the City had the following investments:

Investment	Maturities (in years)	Fair Value
Money market mutual funds	< 0.25 yrs	\$ 12,586
Certificate of deposit	1 yr	515,901
U.S. Government Treasuries and Agencies	10.40 yrs	36,353
U.S. Government Treasuries and Agencies	2.11 yrs	60,344
U.S. Government Treasuries and Agencies	4.62 yrs	43,857
U.S. Government Treasuries and Agencies	4.76 yrs	106,173
U.S. Government Treasuries and Agencies	9.00 yrs	96,062
U.S. Government Treasuries and Agencies	2.78 yrs	48,731
Total		<u>\$ 920,007</u>

The investments above are not rated by a national rating organization.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state governmental instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2010, the City's deposits are insured or collateralized as defined by GASB pronouncements.

Downtown Development Authority

As of June 30, 2010, the bank balances for the Downtown Development Authority were insured or collateralized as defined by GASB.

Development Authority

As of June 30, 2010, the bank balances for the Development Authority were insured or collateralized as defined by GASB.

Better Hometown, Inc.

As of June 30, 2010, the bank balances for Better Hometown, Inc. were insured or collateralized as defined by GASB.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City bills and collects its own property taxes. The taxes are levied by September 11 based on the assessed value of property as listed on the previous January 1 and are due on December 20 of each year.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Receivables at June 30, 2010, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Other Governmental</u>	<u>Water & Sewer</u>	<u>Gas</u>	<u>Solid Waste</u>
Receivables:						
Taxes	\$ 264,091	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts	52,841	-	923	472,223	319,327	80,380
Other governments	93,314	1,052	-	-	-	-
Less allowance for uncollectible	184,770	-	-	164,339	76,216	49,930
Net total receivable	<u>\$ 225,476</u>	<u>\$ 1,052</u>	<u>\$ 923</u>	<u>\$ 307,884</u>	<u>\$ 243,111</u>	<u>\$ 30,450</u>

NOTE 6. CAPITAL ASSETS

Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 828,828	\$ -	\$ -	\$ 828,828
Construction in progress	621,763	1,500	(615,013)	8,250
Total	<u>1,450,591</u>	<u>1,500</u>	<u>(615,013)</u>	<u>837,078</u>
Capital assets, being depreciated:				
Infrastructure	1,538,419	487,766	615,013	2,641,198
Buildings and improvements	2,726,006	-	-	2,726,006
Equipment, furniture & vehicles	2,697,377	-	-	2,697,377
Total	<u>6,961,802</u>	<u>487,766</u>	<u>615,013</u>	<u>8,064,581</u>
Less accumulated depreciation for:				
Infrastructure	(249,777)	(44,096)	-	(293,873)
Buildings and improvements	(662,164)	(101,209)	-	(763,373)
Equipment, furniture & vehicles	(1,681,900)	(257,119)	-	(1,939,019)
Total	<u>(2,593,841)</u>	<u>(402,424)</u>	<u>-</u>	<u>(2,996,265)</u>
Total capital assets, being depreciated, net	<u>4,367,961</u>	<u>85,342</u>	<u>615,013</u>	<u>5,068,316</u>
Governmental activities capital assets, net	<u>\$ 5,818,552</u>	<u>\$ 86,842</u>	<u>\$ -</u>	<u>\$ 5,905,394</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,518,518	\$ (1,518,518)	\$ -
Total	<u>-</u>	<u>1,518,518</u>	<u>(1,518,518)</u>	<u>-</u>
Capital assets, being depreciated:				
Infrastructure	17,171,982	-	1,518,518	18,690,500
Machinery & equipment	345,374	-	-	345,374
Vehicles	456,790	-	-	456,790
Total	<u>17,974,146</u>	<u>-</u>	<u>1,518,518</u>	<u>19,492,664</u>
Less accumulated depreciation for:				
Infrastructure	(3,599,127)	(360,736)	-	(3,959,863)
Machinery & equipment	(259,898)	(22,923)	-	(282,821)
Vehicles	(384,206)	(23,463)	-	(407,669)
Total	<u>(4,243,231)</u>	<u>(407,122)</u>	<u>-</u>	<u>(4,650,353)</u>
Total capital assets, being depreciated, net	<u>13,730,915</u>	<u>(407,122)</u>	<u>1,518,518</u>	<u>14,842,311</u>
Business-type activities capital assets, net	<u>\$ 13,730,915</u>	<u>\$ 1,111,396</u>	<u>\$ -</u>	<u>\$ 14,842,311</u>

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

Governmental activities:	
General government	\$ 130,557
Public safety	205,047
Public works	64,117
Culture and recreation	<u>2,703</u>
Total depreciation expense - governmental activities	<u>\$ 402,424</u>
Business-type activities:	
Water & sewer	\$ 348,038
Natural gas	57,026
Solid waste	<u>2,058</u>
Total depreciation expense - business-type activities	<u>\$ 407,122</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Downtown Development Authority

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets, being depreciated:				
Buildings	-	610,183	-	610,183
Total	<u>-</u>	<u>610,183</u>	<u>-</u>	<u>610,183</u>
Less accumulated depreciation for:				
Buildings	-	(12,898)	-	(12,898)
Total	<u>-</u>	<u>(12,898)</u>	<u>-</u>	<u>(12,898)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>597,285</u>	<u>-</u>	<u>597,285</u>
Total capital assets, net	<u>\$ 100,000</u>	<u>\$ 597,285</u>	<u>\$ -</u>	<u>\$ 697,285</u>

Development Authority

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 932,037	\$ -	\$ -	\$ 932,037
Total	<u>932,037</u>	<u>-</u>	<u>-</u>	<u>932,037</u>
Total capital assets, net	<u>\$ 932,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 932,037</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	\$ 473,688	\$ -	\$ (148,688)	\$ 325,000	\$ 145,578
Compensated absences	79,629	51,723	(64,141)	67,211	39,923
Governmental activity Long-term liabilities	<u>\$ 553,317</u>	<u>\$ 51,723</u>	<u>\$ (212,829)</u>	<u>\$ 392,211</u>	<u>\$ 185,501</u>
Business-type activities:					
Revenue bonds payable	\$ 142,000	\$ 1,930,000	\$ (142,000)	\$ 1,930,000	\$ -
Less: Discount	-	(41,601)	-	(41,601)	-
Net bonds payable	142,000	1,888,399	(142,000)	1,888,399	-
Note payable	7,122,672	-	(1,522,717)	5,599,955	269,514
Capital lease	70,024	-	(33,884)	36,140	22,415
Compensated absences	19,567	19,997	(16,974)	22,590	9,710
Business-type activity Long-term liabilities	<u>\$ 7,354,263</u>	<u>\$ 1,908,396</u>	<u>\$ (1,715,575)</u>	<u>\$ 7,547,084</u>	<u>\$ 301,639</u>

For governmental funds, compensated absences are liquidated by the General Fund.

Revenue Bonds. In March 2010, the City issued Revenue Bonds (Series 2010) in the original amount of \$1,930,000 bearing interest at a rate of 4.50% payable each February 1 and August 1 beginning 2010 through 2035. The bonds were issued for the purpose of refunding the 1974 bonds and certain Georgia Environmental Facilities Authority loans outstanding as well as for the construction of extensions, additions, and improvements to the City's water and sewerage system. The bonds are secured by the net revenues of the City's utility system.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The debt service to maturity on the Series 2010 revenue bonds is as follows:

Year Ending June 30,	Series 2010		Total
	Principal	Interest	
2011	\$ -	\$ 79,613	\$ 79,613
2012	-	86,850	86,850
2013	-	86,850	86,850
2014	-	86,850	86,850
2015	-	86,850	86,850
2016-2020	-	434,250	434,250
2021-2025	-	434,250	434,250
2026-2030	370,000	429,975	799,975
2031-2035	1,560,000	216,675	1,776,675
Total	<u>\$ 1,930,000</u>	<u>\$ 1,942,163</u>	<u>\$ 3,872,163</u>

Notes Payable. The City has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. The notes outstanding at June 30, 2010 are as follows:

Interest Rate	Term	Due Date	Original Balance
3.82%	20 years	2028	\$ 2,540,623
4.20%	20 years	2029	3,356,188
			<u>\$ 5,896,811</u>

The City is contractually obligated to repay a portion of the debt service related to the Georgia Environmental Facilities Authority notes issued by the Four County Industrial Development Authority for the purpose of financing the expansion of water lines in the Four County Industrial Site. The City's share in underlying debt is 8%, amounting to \$39,021. Quarterly principal and interest payments will be made through 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The City's notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011	\$ 213,643	\$ 220,173	\$ 433,816
2012	222,092	211,724	433,816
2013	231,900	201,916	433,816
2014	241,107	192,709	433,816
2015	251,027	182,789	433,816
2016-2020	1,418,643	750,439	2,169,082
2021-2025	1,725,567	433,538	2,159,105
2026-2030	1,240,105	81,489	1,321,594
Total	<u>\$ 5,544,084</u>	<u>\$ 2,274,777</u>	<u>\$ 7,818,861</u>

The City has also incurred a note payable to a financial institution for construction of various gas system projects. This note was originally issued for \$1,500,000 in December 1994. The note accrues interest at 6.8% and is paid quarterly with payments of \$28,664. The maturity of this note is as follows at June 30, 2010:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011	\$ 55,871	\$ 1,456	\$ 57,327
Total	<u>\$ 55,871</u>	<u>\$ 1,456</u>	<u>\$ 57,327</u>

Capital Leases. The City has entered into a lease-purchase agreement to finance the acquisition of two E-One Fire trucks, vehicles for highways and streets, office equipment, vehicles and a sewer pump for the Water and Sewer fund, and a vehicle for the Gas fund. The leases are for periods of five to fifteen years, at interest rates ranging from 3.09% to 8.3%.

The City's assets under capital lease arrangements at June 30, 2010 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Original Cost</u>	<u>Accumulated Depreciation</u>
Vehicles	\$ 697,772	\$ 408,968	\$ 44,649	\$ 16,681
Machinery & equipment	81,372	34,698	34,600	13,696
Total	<u>\$ 779,144</u>	<u>\$ 443,666</u>	<u>\$ 79,249</u>	<u>\$ 30,377</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Future minimum lease payments as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2011	\$ 156,294	\$ 23,358	\$ 179,652
2012	85,535	13,993	99,528
2013	58,098	-	58,098
2014	47,650	-	47,650
Total minimum lease payments	<u>347,577</u>	<u>37,351</u>	<u>384,928</u>
Less: interest payments	<u>(22,577)</u>	<u>(1,211)</u>	<u>(23,788)</u>
Present value minimum lease payments	<u><u>\$ 325,000</u></u>	<u><u>\$ 36,140</u></u>	<u><u>\$ 361,140</u></u>

Downtown Development Authority

Long-term liability activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ -	\$ 605,000	\$ (20,565)	\$ 584,435	\$ 26,701
Total long-term liabilities	<u><u>\$ -</u></u>	<u><u>\$ 605,000</u></u>	<u><u>\$ (20,565)</u></u>	<u><u>\$ 584,435</u></u>	<u><u>\$ 26,701</u></u>

Notes payable. In July 2009, the Downtown Development Authority ("DDA") issued a note payable with a financial institution in order to finance the purchase of a building. The note matures September 13, 2016 and requires monthly principal and interest payments at an interest rate of 3.9%.

The DDA's notes payable debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 26,701	\$ 22,319	\$ 49,020
2012	27,761	21,259	49,020
2013	28,863	20,157	49,020
2014	30,010	19,011	49,021
2015	31,201	17,819	49,020
2016	439,899	20,535	460,434
Total	<u><u>\$ 584,435</u></u>	<u><u>\$ 121,100</u></u>	<u><u>\$ 705,535</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Natural gas fund	\$ 11,886
General fund	Solid waste fund	20,491
SPLOST fund	General fund	58,439
Natural gas fund	Water and sewer fund	60,163
Solid waste fund	Water and sewer fund	2,347
Solid waste fund	Natural gas fund	3,101
		<u>\$ 156,427</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 5,929
General fund	Natural gas fund	400,000
Solid waste fund	General fund	10,000
Water and sewer fund	General fund	221,380
Water and sewer fund	Natural gas fund	440,000
		<u>\$ 1,077,309</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Due from/to primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit - Downtown Development Authority	Primary government - Water and sewer fund	\$ 51
		<u>\$ 51</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Social Circle Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work twenty hours or more per week are eligible to participate after one year. Benefits vest after ten years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$38 for each year of service after reaching normal retirement age.

At October 1, 2009, the date of the most recent actuarial valuation, there were 78 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	20
Terminated vested participants not yet receiving benefits	11
Active employees - vested	12
Active employees - nonvested	35
Total	<u>78</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2010, the actuarially determined contribution rate was 8.93% of covered payroll. The City makes all contributions to the plan.

For 2010, the City's recommended contribution was \$135,557. Actual contributions totaled \$135,557. The recommended contribution was determined as part of the October 1, 2009 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include an 8.0% rate of return on investments and projected salary increases of 5.5% (5.0% due to inflation and .5% due to merit or seniority increases). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1983 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

The following is a schedule of funding progress, using the actuarial cost method:

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)
10/1/2009	1,542,529	1,977,297	434,768	78.0%	1,517,928	28.6%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the plan. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuary valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of October 1, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Employer Contributions

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Pension Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 135,557	\$ 135,557	100.0 %	\$ -
2009	122,374	122,374	100.0	-
2008	101,481	101,481	100.0	-

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The City of Social Circle's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by MetLife for all full time employees. The Plan is funded through employee contributions only. No contributions are made by the City. Plan provisions and contribution requirements are established and may be amended by the City Council. At June 30, 2010, there were 14 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended June 30, 2010 were \$40,709.

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Dues to the NEGRC are assessed at the County level and are, accordingly, paid by Walton County. Membership in the NEGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NEGRC in Georgia. The NEGRC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NEGRC. Separate financial statements may be obtained from the NEGRC's administrative office at 305 Research Drive, Athens, Georgia 30610.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RELATED ORGANIZATIONS

The City's council is responsible for appointing a majority of the board members of the City of Social Circle, Georgia Housing Authority. However, the City has no further accountability for the Authority.

NOTE 13. RISK MANAGEMENT

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

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

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

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

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Contingencies:

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

Contractual Commitments:

For the fiscal year ended June 30, 2010, contractual commitments on uncompleted contracts totaled \$168,286.

Agreements with the Municipal Gas Authority of Georgia:

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2016, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$2,122,653 in 2010.

At June 30, 2010, the outstanding debt of MGAG was approximately \$316.5 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$4.5 million at June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOCIAL CIRCLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
10/1/2009	\$ 1,542,529	\$ 1,977,297	\$ 434,768	78.0%	\$ 1,517,928	28.6%
9/1/2008	1,611,607	1,919,206	307,599	84.0%	1,307,070	23.5%
9/1/2007	1,512,353	1,725,921	213,568	87.6%	1,109,015	19.3%
9/1/2006	1,403,856	1,359,814	(44,042)	103.2%	944,854	-4.7%
9/1/2005	1,338,201	1,430,967	92,766	93.5%	841,693	11.0%
9/1/2004	1,272,338	1,344,968	72,630	94.6%	825,122	8.8%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF SOCIAL CIRCLE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted to expenditure for specified purposes.

Confiscations Pending Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.

Volunteer Fire Fund – This fund is used to account for monies raised from the volunteer firefighter fundraising activities.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Fund – This fund is used to account for monies restricted for principal trust amounts and related interest earnings; which are used to maintain and operate the community library.

CITY OF SOCIAL CIRCLE, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2010

	Special Revenue Funds		Permanent Fund	Total
	Confiscations Pending Fund	Volunteer Fire Fund	Library Fund	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 26,332	\$ 142	\$ -	\$ 26,474
Accounts receivable	-	-	923	923
Investments	-	-	404,106	404,106
Total assets	<u>\$ 26,332</u>	<u>\$ 142</u>	<u>\$ 405,029</u>	<u>\$ 431,503</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	<u>\$ 9,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,066</u>
Total liabilities	<u>9,066</u>	<u>-</u>	<u>-</u>	<u>9,066</u>
FUND BALANCES				
Reserved for library	-	-	405,029	405,029
Unreserved	<u>17,266</u>	<u>142</u>	<u>-</u>	<u>17,408</u>
Total fund balances	<u>17,266</u>	<u>142</u>	<u>405,029</u>	<u>422,437</u>
Total liabilities and fund balances	<u>\$ 26,332</u>	<u>\$ 142</u>	<u>\$ 405,029</u>	<u>\$ 431,503</u>

CITY OF SOCIAL CIRCLE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Confiscations Pending Fund	Volunteer Fire Fund	Library Fund	
REVENUES				
Fines and forfeitures	\$ 16,610	\$ -	\$ -	\$ 16,610
Investment income	180	-	36,395	36,575
Miscellaneous	-	2,639	-	2,639
Total revenues	16,790	2,639	36,395	55,824
EXPENDITURES				
Current				
Public safety	2,556	4,000	-	6,556
Culture and recreation	-	-	8,725	8,725
Total expenditures	2,556	4,000	8,725	15,281
Excess (deficiency) of revenues over (under) expenditures	14,234	(1,361)	27,670	40,543
OTHER FINANCING USES				
Transfers out	-	-	(5,929)	(5,929)
Total other financing uses	-	-	(5,929)	(5,929)
Net change in fund balances	14,234	(1,361)	21,741	34,614
FUND BALANCES, beginning of year	3,032	1,503	383,288	387,823
FUND BALANCES, end of year	<u>\$ 17,266</u>	<u>\$ 142</u>	<u>\$ 405,029</u>	<u>\$ 422,437</u>

CITY OF SOCIAL CIRCLE, GEORGIA
CONFISCATIONS PENDING FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 16,610	\$ 13,610
Interest	500	500	180	(320)
Total revenues	3,500	3,500	16,790	13,290
EXPENDITURES				
Public safety	3,500	3,500	2,556	944
Total expenditures	3,500	3,500	2,556	944
Net change in fund balances	-	-	14,234	14,234
FUND BALANCES, beginning of year	3,032	3,032	3,032	-
FUND BALANCES, end of year	<u>\$ 3,032</u>	<u>\$ 3,032</u>	<u>\$ 17,266</u>	<u>\$ 14,234</u>

**CITY OF SOCIAL CIRCLE, GEORGIA
VOLUNTEER FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	\$ 4,000	\$ 4,000	\$ 2,639	\$ (1,361)
Total revenues	4,000	4,000	2,639	(1,361)
EXPENDITURES				
Public safety	4,000	4,000	4,000	-
Total expenditures	4,000	4,000	4,000	-
Net change in fund balances	-	-	(1,361)	(1,361)
FUND BALANCES, beginning of year	1,503	1,503	1,503	-
FUND BALANCES, end of year	<u>\$ 1,503</u>	<u>\$ 1,503</u>	<u>\$ 142</u>	<u>\$ (1,361)</u>

**CITY OF SOCIAL CIRCLE, GEORGIA
LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 35,000	\$ 35,000	\$ 36,395	\$ 1,395
Total revenues	35,000	35,000	36,395	1,395
EXPENDITURES				
Culture and recreation	8,800	8,800	8,725	75
Total expenditures	8,800	8,800	8,725	75
Excess of revenues over expenditures	26,200	26,200	27,670	1,470
Other financing uses				
Transfers out	(6,000)	(6,000)	(5,929)	71
Total other financing uses	(6,000)	(6,000)	(5,929)	71
Net change in fund balances	20,200	20,200	21,741	1,541
FUND BALANCES, beginning of year	383,288	383,288	383,288	-
FUND BALANCES, end of year	<u>\$ 403,488</u>	<u>\$ 403,488</u>	<u>\$ 405,029</u>	<u>\$ 1,541</u>

CITY OF SOCIAL CIRCLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Project</u>	<u>Original and Current Estimated Cost</u>	<u>Prior Years Cumulative Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Cumulative Expenditures</u>
Transportation, drainage and sidewalks	\$ 3,536,000	\$ 2,420,284	\$ 558,906	\$ 2,979,190
Public safety improvements	1,500,000	-	-	-
Cemetery and park improvements	200,000	-	-	-
	<u>\$ 5,236,000</u>	<u>\$ 2,420,284</u>	<u>\$ 558,906</u>	<u>\$ 2,979,190</u>

COMPONENT UNITS

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - BETTER HOMETOWN, INC. FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 33,232
Payments to suppliers	<u>(24,228)</u>
Net cash provided by operating activities	<u>9,004</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>494</u>
Net cash provided by capital and related financing activities	<u>494</u>

Net increase in cash and cash equivalents 9,498

Cash and cash equivalents, beginning of year 64,988

Cash and cash equivalents, end of year \$ 74,486

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 9,004</u>
Net cash provided by operating activities	<u><u>\$ 9,004</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 75,440
Payments to suppliers	(30,157)
Net cash provided by operating activities	<u>45,283</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>12</u>
Net cash provided by investing activities	<u>12</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on loans	(20,565)
Interest paid	(20,285)
Proceeds on loan issuance	605,000
Purchases of capital assets	(610,183)
Net cash used in capital and related financing activities	<u>(46,033)</u>

Net decrease in cash and cash equivalents (738)

Cash and cash equivalents, beginning of year 16,895

Cash and cash equivalents, end of year \$ 16,157

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 10,464
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	12,898
Interest expense	21,361
Change in assets and liabilities:	
Increase in accounts receivable	(640)
Increase in due from primary government	-
Increase in customer deposits	<u>1,200</u>
Net cash provided by operating activities	<u><u>\$ 45,283</u></u>

CITY OF SOCIAL CIRCLE, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 4,964
Payments to suppliers	<u>(3,000)</u>
Net provided by operating activities	<u>1,964</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest paid	<u>(4,964)</u>
Net cash used in capital and related financing activities	<u>(4,964)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>766</u>
Net cash provided by investing activities	<u>766</u>

Net decrease in cash and cash equivalents	(2,234)
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Cash and cash equivalents, beginning of year	<u>95,262</u>
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Cash and cash equivalents, end of year	<u><u>\$ 93,028</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 1,964</u>
Net cash provided by operating activities	<u><u>\$ 1,964</u></u>