



City of Villa Rica, Georgia

**Financial Statements and Supplementary Information
For the Year Ended March 31, 2010**

And

Independent Auditor's Report



CITY OF VILLA RICA, GEORGIA

**Financial Statements and Supplementary Information
For the Year Ended March 31, 2010**

And

Independent Auditor's Report

City of Villa Rica, Georgia
March 31, 2010

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
List of Principal Officials	3
FINANCIAL SECTION:	
Independent Auditor's Report	4
Required Supplementary Information: Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	16
Statement of Activities	17
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Statement of Net Assets – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund	22
Statement of Cash Flows – Proprietary Funds	23
<i>Notes to Basic Financial Statements:</i>	24
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General and Major Special Revenue Funds	52
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Non-major Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	56

City of Villa Rica, Georgia
March 31, 2010

Table of Contents

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION - continued:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds	57
Schedule of Revenues – General Fund	59
Schedule of Expenditures – General Fund	60
Schedule of Revenues and Expenses – Water and Sewer Enterprise Fund	63
Solid Waste Fund	64
Utility Director Fund	64
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	65
STATISTICAL SECTION:	
Revenues by Source – Last Ten Years	67
Expenditures by Function – Last Ten Years	68
Schedule of Insurance Policies and Coverage	69
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70

City of Villa Rica, Georgia
March 31, 2010

Appointed Administrative Officials

Larry Wood

Cindy Samples

Shari Smith

Michael Mansour

City Manager/
Acting City Clerk
Finance Officer
City Accountant
Chief of Police

Appointed Judicial Branch

C. David Mecklin, Jr.

Scott K. Camp

City Attorney
City Judge

Elected Officials

J. Allen Collins

Woody Holland

Verland Best

Rusty Dean

Patrick Henrickson

Shirley Marchman

Mayor
Mayor Pro Tem
City Council Member
City Council Member
City Council Member
City Council Member

FINANCIAL SECTION



Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	James W. Garrett	CPA
Frederick G. Thomas	CPA	Brandy C. Smith	CPA
Deborah W. Cooke	CPA	Julie M. George	CPA
Johanna H. Tallent	CPA	Heather B. Foster	CPA

Members of Georgia Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants
Members of Private Companies Practice Section, Division for CPA Firms

Independent Auditor's Report

Honorable Mayor and City Council
Villa Rica, 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 Villa Rica, Georgia, as of and for the year ended March 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Villa Rica's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Villa Rica, Georgia, as of March 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2010 on our consideration of City of Villa Rica's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 15 and 52 through 54, 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 Villa Rica's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Garrett, Stephens, Thomas & Sagie, P.C.

September 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Villa Rica, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended March 31, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government and unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The City's total assets exceeded its total liabilities by \$50,927,786 (net assets) for the fiscal year reported. This compares to the previous year when total assets exceeded total liabilities by \$49,046,809.
- Total net asset are comprised of the following:
 - a. Capital assets, net of related debt, of \$40,741,820 include property and equipment net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - b. Net assets of \$2,228,999 are included in restricted net assets that have constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - c. Unrestricted net assets of \$7,956,967 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$14,395,474 this year. This compares to the prior year ending fund balance, of \$36,218,029 showing a decrease of \$21,822,555 during the current year. Unrestricted General Fund balance of \$2,747,555 for fiscal year 2010 shows an increase of \$435,916 from the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$2,747,555 or 32.3% of total General Fund expenditures including transfers and 30.7% of total General Fund revenues including transfers.
- Overall, the City of Villa Rica, Georgia, continues to maintain a strong financial position in spite of the slower housing growth and increased pressures for services.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a

perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

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

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year by showing the activities where funds were spent and sources of revenue. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both the *Statement of Net Assets* and *Statement of Activities* are government-wide financial statements that distinguish governmental activities of the City that are principally supported by taxes and user charges from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public services, building inspection, code enforcement, the library, planning and zoning and recreation. Business-type activities include the water and sewer system and solid waste collection.

The City's financial reporting also includes the funds of the City (primary government) and, additionally, organizations for which the City is accountable (component units). These component units operate independently or provide services directly to the citizens, though the City remains accountable for their activities. The component units governed by a separate board of directors that the City Council has appointed are the Industrial Development Authority, Downtown Development Authority, Tourism Board and the Villa Rica Public Facilities Authority, which was approved by the Georgia General Assembly in 2008. The Villa Rica Housing Authority is appointed by the City Council but the City does not have the ability to exercise influences or control over their daily operations, approve budgets or provide funding and is therefore a "related organization". The Villa Rica Housing Authority is therefore not included in the City's overall reporting entity. The government-wide financial statements are presented on the following pages of this report.

Fund Financial Statements

A fund is an accountable unit used to maintain control over resources kept separate for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual

financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

Budgetary comparison schedules are included in the basic financial statements for the general fund and other major funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted budget.

The basic governmental fund financial statements are presented on the following pages of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as the water system. The basic proprietary fund financial statements are presented on the following pages of this report.

Notes to the basic financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are on the following pages of this report.

Component unit condensed financial statements are included in Notes. These funds include the Industrial Development Authority, Downtown Development Authority and Tourism Board and are considered general fund types. These units do not issue separate financial statements.

Other information

House Bill 1439 was approved by the General Assembly of Georgia, creating the Villa Rica Public Facility Authority (VRPFA) for the purpose of assisting the City of Villa Rica in providing facilities, equipment and services to the citizens of Villa Rica. Members of the VRPFA include the five duly elected members of the city council of Villa Rica, the mayor and up to three additional members appointed by the mayor and council. The VRPFA is considered a blended component unit and is reported as a major fund of the primary government. The VRPFA issued Series 2008 and 2009 revenue bonds for \$10,000,000 and \$24,905,000, respectively, for the purpose of constructing a waste water treatment facility in the western portion of the City.

Major funds and component units are reported in the basic financial statements as discussed. Combining individual statements and schedules for non-major funds and the internal service fund are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model used in this report beginning with the fiscal year ended March 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net assets at fiscal year-end are \$50.9 million. This is a \$1.9 million increase from last year's net assets of \$49.0 million. The following table provides a summary of the City's net assets.

Summary of Net Assets

(\$ X 1,000)

	Governmental Activities		Business Activities		Total		% Change
	2009	2010	2009	2010	2009	2010	
Assets:							
Current and other assets							
Cash and restricted cash	\$ 37,927	\$ 16,843	\$ 5,323	\$ 5,242	\$ 43,250	\$ 22,085	-49%
Receivables, net	985	797	404	582	1,389	1,379	-1%
Prepaid expenses	11	65	0	31	11	96	773%
Inventory	0	0	110	110	110	110	0%
Capital assets (Net)							
Non-depreciable	6,698	29,536	2,883	2,556	9,581	32,092	235%
Depreciable, net	16,782	16,330	17,643	18,524	34,425	34,854	1%
Other Assets	1,376	1,442	6	6	1,382	1,448	5%
Total assets	63,779	65,013	26,369	27,051	90,148	92,064	2%
Liabilities:							
Current liabilities							
Accounts Payable	2,442	2,942	38	71	2,480	3,013	21%
Customer Deposits	0	0	455	455	455	455	0%
Accrued Expenses	183	257	85	90	268	347	29%
Long-term liabilities							
Due within one year	587	225	288	278	875	503	-43%
Due in more than one yr	36,119	35,894	905	924	37,024	36,818	2%
Total liabilities	39,331	39,318	1,771	1,818	41,102	41,136	3%
Net assets:							
Investment in capital assets net of debt	21,670	20,865	19,333	19,877	41,003	40,742	-1%
Restricted	1,616	1,972	290	257	1,906	2,229	17%
Unrestricted	1,163	2,858	4,975	5,099	6,138	7,957	30%
Total net assets	\$ 24,449	\$ 25,695	\$ 24,598	\$ 25,233	\$ 49,047	\$ 50,928	4%

The City reported a positive change in total net assets for governmental and business-type activities with a combined 4% increase. Net assets increased \$1.3 million for governmental activities and increased \$0.6 million for business-type activities. The increase was due to continuing construction of the West Waste Water Treatment Plant, Highway 61 12" water main and downtown sewer line improvement. Cash and restricted cash in governmental funds decreased from \$37.9 million in 2009 to \$16.8 million in 2010; and long term liabilities decreased from \$36.7 million in 2009 to \$36.1 million in 2010. The City's unrestricted net asset of \$7.9 million combined for governmental and the business-type activities reflect a sound financial position of the City with a three-month working capital level. The City's overall financial position remained stable in 2010 and management considers the City's financial position to be strong.

Note that approximately 81.2 % of the governmental activities' net assets are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent 78.8% of its net assets on capital. Capital assets in the business-type activities provide utility services but they also generate revenues for these funds. 80.0% of the City's total net assets are included in

capital assets, which is up from 83.6% in 2009 due to increased capital spending mainly for the West Waste Water Treatment Plant.

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

Statements of Changes in Net Assets
(\$ X 1,000)

	Government Activities		Business Activities		Total		%
	2009	2010	2009	2010	2009	2010	Change
Revenues:							
Program Revenues:							
Charges for Services	\$1,757	\$1,609	\$5,576	\$4,968	\$7,333	\$6,577	-10%
Operating Grants & Contributions	290	372	0	181	290	553	91%
Capital Grants & Contributions	1,834	2,684	0	0	1,834	2,684	46%
General Revenues:							
Sales and Hotel Tax	1,306	1,294	0	0	1,306	1,294	-1%
Property Taxes	5,340	3,988	0	0	5,340	3,988	-25%
Franchise Taxes	1,051	1,049	0	0	1,051	1,049	0%
Other Taxes and Miscellaneous	498	879	103	33	601	912	52%
Total Revenues	12,076	11,875	5,679	5,182	17,755	17,057	-4%
Expenses:							
Current operating:							
Gen Gov	1,776	1616	0	0	1,776	1,616	-9%
Pubic Safety	3,180	2,972	0	0	3,180	2,972	-7%
Highway & Streets	762	890	0	0	762	890	17%
Maintenance	304	248	0	0	304	248	-18%
Recreation	2,180	2,117	0	0	2,180	2,117	-3%
Pub Welfare	208	212	0	0	208	212	2%
VR Development Authority	56	28	0	0	56	28	-50%
Interest	179	1,758	0	0	179	1,758	882%
Total	8,645	9,841	0	0	8,645	9,841	14%
Water/Sewer	0	0	4,420	4,402	4,420	4,402	0%
Utility Director	0	0	80	184	80	184	130%
Solid Waste	0	0	700	749	700	749	7%
Total	0	0	5,200	5,335	5,200	5,335	3%
Total Expenses	8,645	9,841	5,200	5,335	13,845	15,176	10%
Excess/(Deficiency)	3,431	2,034	479	(153)	3,910	1,881	
Transfers	611	(788)	(611)	788	0	0	
Change in Net Assets	4,042	1,246	(132)	635	3,910	1,881	
Beginning Net Assets	20,407	24,449	24,730	24,598	45,137	49,047	
Ending Net Assets	\$24,449	\$25,695	\$24,598	\$25,233	\$49,047	\$50,928	

GOVERNMENT REVENUES

Property tax exceeded \$3.9 million, Local Option Sales Tax exceeded \$1.2 million, Fines and Forfeitures decreased to \$.7 million and franchise tax was \$1.0 million. These continue as the main sources of revenue for the operations of the City government. Special Purpose Local Option Sales Tax (SPLOST) collections exceeded \$3.1 million, which were used for the construction of capital projects. The City generated 38.6% of its revenue from non-tax sources not including water/sewer and solid waste user fees, as compared to 34% in 2009. Water/sewer and solid waste revenues were \$4.2 million and \$.7 million respectively.

GOVERNMENTAL FUNCTIONAL EXPENSES

As reflected in the Statement of Activities, City of Villa Rica expended 30.2% of the Governmental Fund appropriations for Public Safety and Judicial expenditures and 21.5% in Recreation and Culture activities. Despite the reduction in economic resources, the City of Villa Rica continues to commit substantial financial resources for the safety of its citizens, recreation and improvement of parks and streets.

Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$14,395,474; down from \$36,218,028 the previous year. Unreserved fund balance of \$2,747,555 indicates an availability of funds for continuing City service requirements. Fund balances include \$.7 million in drug forfeiture funds, \$.9 million in Urban Development Authority Grants, and \$9.7 million reserved for construction of the West Waste Water Treatment Plant.

The total ending fund balances of governmental funds show a decrease of \$21.8 million from the prior year. This change is the result of the events and programs described within the analysis of the statement of governmental activities but mainly due to \$21.4 million spent on the construction of the West Waste Water Treatment Plant and \$1.7 million in bond interest paid by the Villa Rica Public Facilities Authority.

The Major Governmental Fund

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund is currently \$2.7 million with cash of \$3.7 million. The General Fund balance increased by \$435,916 from 2009 mainly due to a reduction in spending in all departments.

The 2010 property tax revenue decreased 4.2% or \$152,532 from 2009 due to devaluation on the tax digest and losses in the housing market. However, new industry phase in on the tax digest help to offset some of the losses. The millage rate remained at 6.775 mills. LOST revenues decreased .5% or \$5,607 as the local housing industry slowed. Franchise Tax receipts decreased .2% or \$2,463 due to the lack of economic growth.

Fines decreased 22.9% or \$199,496 to \$670,549 from 2008-09. The fine schedule was adjusted down in 2007-08. Business license, penalties and interest increased 14.3% or \$56,728 due to increases in commercial businesses. Intergovernmental revenue increased from \$269,051 in 2009 to \$782,643 in 2010 due mainly to \$400,000 received from Carroll County for greenspace construction/preservation and \$74,874 from FEMA for flood damage reimbursement.

The functions of public safety, general government and recreation represent 77.0% or \$6.1 million of the general fund's total expenditures of \$7,903,883. In fiscal year 2008-09, this percentage was 79.5%. The recreation department expenditures decreased from \$1,912,935 to \$1,857,103 but remained at 23% of the general fund's total expenditures. Public safety expenditures decreased from \$2,817,704 or 35% in 2009 to \$2,698,970 or 34% of the general fund's total 2010 expenditures. General government expenditures decreased by \$165,605, from \$1,694,150 to \$1,528,545.

Proprietary funds

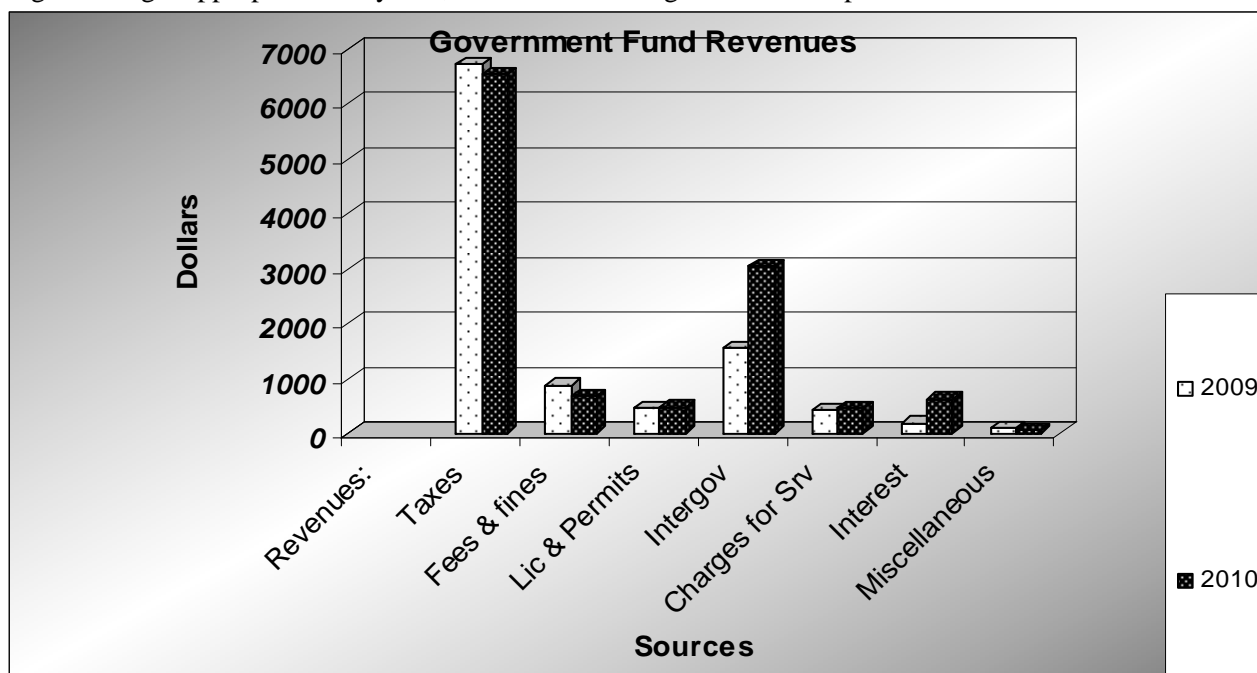
The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Proprietary funds reported ending net assets of \$25,232,433. This year-end total contains \$5 million of non-restricted cash, indicating availability for continuing City service requirements.

The Major Proprietary Fund

The water system provides water to approximately 5,900 residential and 668 commercial/industrial customers, a decrease of approximately 400 active customers from 2009. The sewer service rates increased 5% from \$3.80/1000 to \$3.99/1000. Water rates are calculated on a three tier escalating rate structure and increased from \$3.10/1000 to \$3.25/1000 for tier 1; \$3.88/1000 to \$4.07 for tier 2, and from \$6.20/1000 to \$6.51/1000 for tier 3 residential and commercial customers; and from \$3.10/1000 to \$3.25/1000 for industrial customers on April 1, 2009. The "access fee" for water remained unchanged at \$6.50/month for a ¾ inch service. No changes were made in water and sewer tap fees.

General Fund Budgetary Highlights

The original budget was approved by the City Council at the April 7, 2009 council meeting for \$9.1 million which was an increase of \$.3 million from the prior year final budget. Subsequently, the Council made two budget amendments. The final budget was at their June 1, 2010 council meeting, which increased the original budget appropriations by \$17,054. See following chart for comparison of revenue sources.

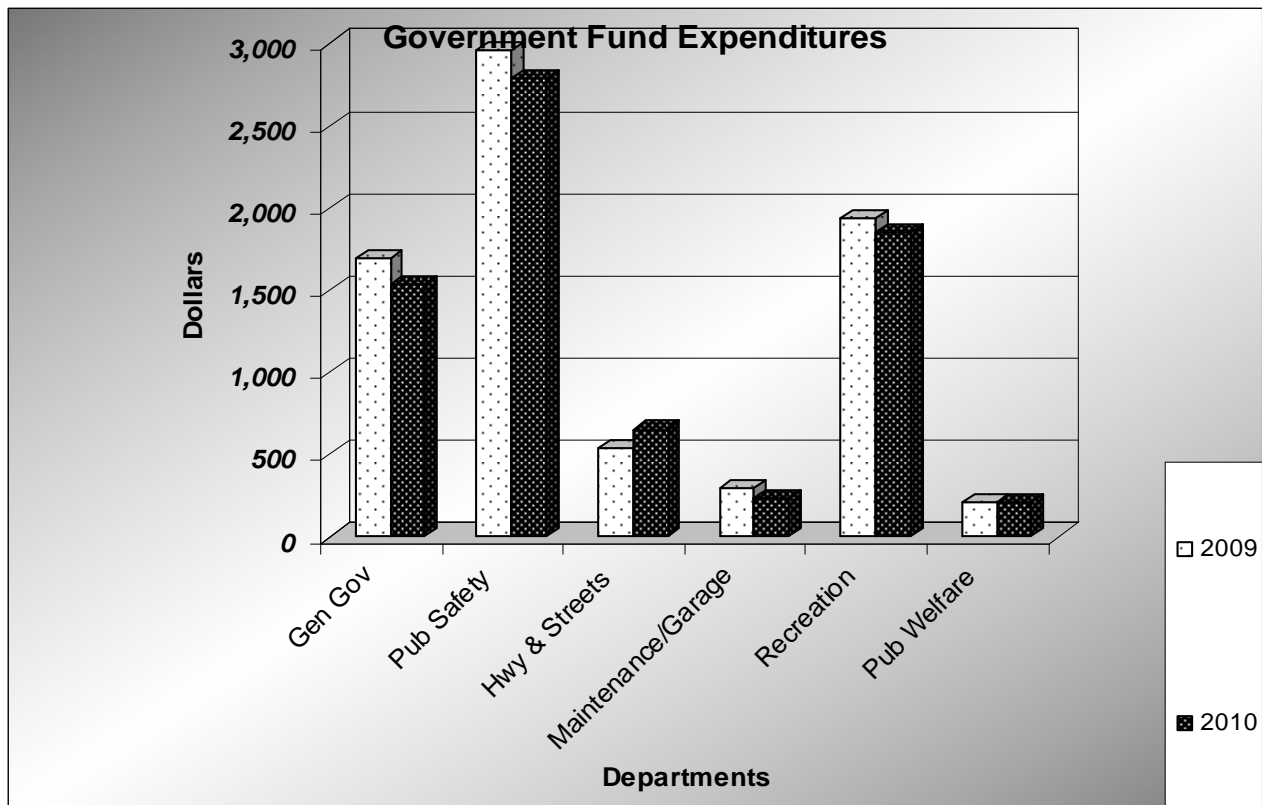


Second quarter budget changes included increased appropriations for capital projects of \$400,000 for the construction of a downtown park which was off-set by an increase in intergovernmental revenues of \$400,000 received from Carroll County's 2003 SPLOST for greenspace preservation. Changes also included across the board reduction in operating expenses; consolidation of two administrative positions and savings from delaying filling vacant positions in the recreation, library and police departments. Revenue reductions included a decrease in anticipated property tax receipts of \$156,303 due to the housing market slowdown, decrease in sales tax collections of \$128,589 and court fines of \$270,000. The final amendment to the 2009-2010 budget was for reimbursement of flood damage recovery costs incurred in September 2009.

Total General Fund revenues received were \$8.9 million with the City just 2.5% under original estimated revenues.

Total General Fund expenditures were 3.7% under budget or \$306,069 less than anticipated. No department exceeded their budgeted appropriations.

In the fiscal year 2009-10, general fund transfers from other funds included \$39,870 from Hotel/Motel taxes and \$17,684 from the Drug Task Force Grant Fund. Various over runs for such expenditures as salaries and benefits, custody of prisoners, workers' compensation insurance and vehicle repair and maintenance were offset by various under runs.



Capital Asset and Debt Administration

Capital assets

As presented on the Capital Assets Activity sheet on pages 37-38, Capital assets increased \$22.4 million for governmental activities and \$.6 million for business-type activities after the recording of the depreciation expense of \$1.5 million. The City's net investment in capital assets for governmental and business-type activities as of March 31, 2010, was \$66.9 million. New development streets and water/sewer infrastructure that are turned over to the City to maintain began being added as assets in fiscal year 2005; there was no new donated infrastructure added for 2009-10.

Major capital asset events during the current fiscal year included continued construction of the West Waste Water Treatment Plant for \$21.4 million; preliminary construction of The Mill park for \$678,969; replacement of three patrol cars for \$67,951; various street and drainage improvements at \$95,897; and improvements at various parks and recreational facilities at \$131,208. Total depreciation for the year was \$1.5 million. The net capital additions were \$22.9 million. See Capital Assets activity in Note 3 to Basic Financial Statements – March 31, 2010 for summary of changes in capital assets.

City of Villa Rica, Georgia

Capital Assets

Net of Accumulated Depreciation

(\$ X 1,000)

	Governmental Activities		Business Activities		Total		%
	2009	2010	2009	2010	2009	2010	Change
Non-depreciable assets:							
Land	\$3,495	\$3,595	\$2,011	\$2,007	\$5,506	\$5,602	2%
Construction in progress	3,203	25,942	872	548	4,075	26,490	550%
Total non-depreciable	6,698	29,537	2,883	2,555	9,581	32,092	235%
Depreciable Assets:							
Buildings	9,892	9,973	143	52	10,035	10,025	0%
Machinery and equipment	2,432	2,516	24,204	25,758	26,636	28,274	6%
Vehicles	1,245	1,267	1,762	1,891	3,007	3,158	5%
Furniture and fixtures	190	190	0	0	190	190	0%
Infrastructure	9,870	9,966	0	0	9,870	9,966	1%
Total depreciable assets	23,629	23,912	26,109	27,701	49,738	51,613	4%
Less accumulated depreciation	6,847	7,582	8,466	9,177	15,313	16,759	9%
Book value - Depreciable Assets	\$23,480	\$45,867	\$20,526	\$21,079	\$44,006	\$66,946	52%
Percentage depreciated	29%	32%	32%	33%	31%	32%	

See Note 3.C for additional information about the City's capital assets.

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$37,321,829. This total amount is supported by pledged revenues generated by the water/sewer activities of the City (revenue bonds) and property tax pledges. The City's long-term debt relates to water/sewer, recreation and municipal building capital assets. There are three series: 2009 Public Facilities Authority Revenue Bonds for \$24.9 million,

2008 Public Facilities Authority Revenue Bonds for \$10 million, and 1998 Water/Sewer Revenue Bonds for \$.9 million outstanding. Two loans to the Georgia Environmental Facilities Authority are outstanding with a combined total of \$332,408. A ten year installment sales agreement to Georgia Municipal Association to purchase the Villa Rica Civic Center and Athletic Complex was added in 2005-06 and was reduced to \$1.2 million this year. This was the fifth year of making monthly lease payments.

Outstanding Debt

(\$ X 1,000)

	Govt. Activities		Business Activities		Total		%
	2009	2010	2009	2010	2009	2010	Change
Installment Sales Agreement - 05	\$1,431	\$1,214	\$0	\$0	\$1,431	\$1,214	-15%
Revenue Bonds - 1998	0		1,135	870	1,135	870	-23%
Revenue Bonds - 2008	10,000	10,000	0	0	10,000	10,000	100%
Revenue Bonds - 2009	24,905	24,905	0	0	24,905	24,905	100%
General Obligation Bonds - 2004	370	0	0	0	370	0	-100%
Capital Leases	0	0	19	0	19	0	-100%
Georgia Environmental Facilities Authority Loans – 1998 & 2009	0	0	38	332	38	332	774%
Total	\$36,706	\$36,119	\$1,192	\$1,202	\$37,898	\$37,321	-2%

See Note 3.D for additional information about the City's long-term debt.

Bond Ratings

The 2008 and 2009 Series bonds were sold with an insured rating of Aa2 with Moody's Investors Services (underlying rating of A3) and AAA Standard and Poor's rating. In May 2010, Moody's upgraded these bonds to A1. The 1994 and 1998 Series bonds were sold with insurance at an AAA Standard & Poor's rating and an Aaa rating by Moody's Investors Service respectively.

See Note 3-D to Basic Financial Statements – March 31, 2010 Long-Term Debt for summary of changes in long-term debt.

Economic Factors and Next Year's Budget and Rates

The local economy's growth rate continued slowing with a decline in active residential and commercial customers in the water system. Vacancies increased from 340 in 2009 to 549 in 2010.

The 2009 property tax levy remained unchanged from 2008 at 6.775 mills and property tax revenues decreased by \$152,532 or 4% compared to a prior year increase of 15%. Local option sales and use taxes decreased from \$1,216,837 in 2008-09 to \$1,211,230 or a .5% decrease as compared to 6.8% decrease in 2008-09, which again indicates a slow down in the Carroll/Douglas County economies.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department at 571 W Bankhead Hwy, Villa Rica, Georgia 30180.

Signed by Larry C Wood Date September 22, 2010
City Manager

City of Villa Rica
Statement of Net Assets
March 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business Activities	Total	
Assets:				
Current and other assets				
Cash	\$4,785,573	\$4,985,313	\$9,770,886	\$1,209,343
Receivables, net	796,570	581,899	1,378,469	19,541
Prepaid expenses	65,297	31,192	96,489	0
Inventory	0	109,968	109,968	0
Restricted cash and investments	12,057,225	256,678	12,313,903	0
Capital Assets				
Non-depreciable	29,536,357	2,555,656	32,092,013	154,172
Depreciable, net	16,329,956	18,523,874	34,853,830	0
Other Assets	1,442,208	6,142	1,448,350	0
Total assets	\$65,013,186	\$27,050,722	\$92,063,908	\$1,383,056
Liabilities:				
Current liabilities				
Accounts Payable	2,941,922	70,800	3,012,722	0
Customer Deposits	0	455,408	455,408	0
Accrued Expenses	256,490	89,672	346,162	0
Noncurrent Liabilities				
Due within one year	224,952	278,425	503,377	0
Due in more than one yr	35,894,469	923,983	36,818,452	0
Total Liabilities	\$39,317,833	\$1,818,288	\$41,136,121	\$0
Net assets:				
Investment in capital assets net of debt	20,864,698	19,877,122	40,741,820	154,172
Restricted:				
Public Safety	653,102	0	653,102	0
Economic Development	901,668	0	901,668	0
Debt Service	0	256,678	256,678	0
Capital Outlays	375,467	0	375,467	0
Other purposes	42,084	0	42,084	0
Unrestricted	2,858,334	5,098,633	7,956,967	1,228,884
Total Net Assets	\$25,695,353	\$25,232,433	\$50,927,786	\$1,383,056

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Activities
For the Year Ended March 31, 2010

Functions/Programs	-----Program Revenues-----				Net (Expenses) Revenue and		
					-----Changes in Net Assets-----		
					Primary Government		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Component Units
Primary government:							
Governmental activities:							
General government	\$1,615,757	\$539,605	\$0	\$0	(\$1,076,152)		(\$1,076,152)
Public safety	2,972,457	687,574	75,820	28,364	(2,180,699)		(2,180,699)
Highways and streets	889,640	0	61,440	0	(828,200)		(828,200)
Maintenance	248,400	0	1,518	0	(246,882)		(246,882)
Recreation and culture	2,117,303	381,714	152,108	400,000	(1,183,481)		(1,183,481)
Public welfare	211,864	0	81,339	0	(130,525)		(130,525)
Public works	0	0	0	2,255,804	2,255,804		2,255,804
Payments to Villa Rica							
Development Authority	27,780	0	0	0	(27,780)		(27,780)
Interest on long-term debt	1,758,229	0	0	0	(1,758,229)		(1,758,229)
Total governmental activities	9,841,430	1,608,893	372,225	2,684,168	(5,176,144)		(5,176,144)
Business-type activities:							
Water and sewer	4,402,235	4,244,427	179,105	0	0	21,297	21,297
Utility Director	184,129	0	0	0	0	(184,129)	(184,129)
Solid waste	748,899	723,562	1,524	0	0	(23,813)	(23,813)
Total business-type activities	5,335,263	4,967,989	180,629	0	0	(186,645)	(186,645)
Total primary government	\$15,176,693	\$6,576,882	\$552,854	\$2,684,168	(\$5,176,144)	(\$186,645)	(\$5,362,789)
Component units:							
Industrial Development Authority	31,047	0	0				(\$31,047)
Downtown Dev Authority	34,946	12,343	0				(22,603)
Tourism Board	62,098	0	11,892				(50,206)
Total component units	128,091	12,343	11,892				(103,856)
General revenues:							
Taxes:							
Property taxes levied for general purposes					3,987,999	0	3,987,999
Franchise and public service taxes					1,048,998	0	1,048,998
Sales and hotel/motel taxes					1,294,346	0	1,294,346
Insurance premium tax					229,202	0	229,202
Payments from the City of Villa Rica					0	0	27,780
Interest and investment earnings					588,686	24,200	612,886
Miscellaneous					43,481	30,122	73,603
Gain (loss) on sale of capital asset					17,624	(20,890)	0
Total general revenues					\$7,210,336	\$33,432	\$7,243,768
Transfers					(787,788)	787,788	0
Total general revenues and transfers					6,422,548	821,220	7,243,768
Change in net assets					1,246,404	634,575	1,880,979
Net assets – beginning					24,448,950	24,597,859	49,046,809
Net assets – ending					\$25,695,354	\$25,232,434	\$50,927,788
							\$1,383,056

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Balance Sheet
Government Funds
March 31, 2010

(With Comparative Totals at March 31, 2009)

	General Fund	UDAG Fund	Drug Forfeiture Fund	SPLOST Fund	Villa Rica Public Facility Authority	VRPFA Capital Projects Fund	Other Government Funds	2010 Total Government Funds	2009 Total Government Funds
Assets:									
Cash & equivalents	\$3,653,133	\$179,215	\$653,102	\$235,462	\$0	\$0	\$64,661	\$4,785,573	\$4,406,737
Receivables, net	619,515	0	0	144,279	0	26,304	6,472	796,570	985,373
Due from other funds	0	722,453	0	0	0	0	0	722,453	750,144
Prepaid expenses	65,297	0	0	0	0	0	0	65,297	11,000
Restricted cash and investments	0	0	0	0	0	12,057,225	0	12,057,225	33,520,194
Total assets	4,337,945	901,668	653,102	379,741	0	12,083,529	71,133	18,427,118	39,673,448
Liabilities:									
Accounts Payable	500,668	0	0	4,274	0	2,407,931	29,049	2,941,922	2,441,628
Accrued Liabilities	256,490	0	0	0	0	0	0	256,490	182,644
Due to other funds	722,453	0	0	0	0	0	0	722,453	750,144
Deferred revenue	110,779	0	0	0	0	0	0	110,779	81,003
Total liabilities	1,590,390	0	0	4,274	0	2,407,931	29,049	4,031,644	3,455,419
Fund Balances (Deficits)									
Unreserved	2,747,555	0	0	0	0	0	0	2,747,555	2,311,639
Reserved for:									
Capital projects	0	0	0	375,467	0	9,675,598	(12,288)	10,038,777	32,303,499
Cemetery maintenance	0	0	0	0	0	0	47,802	47,802	48,783
Economic development	0	901,668	0	0	0	0	5,970	907,638	878,733
Public safety	0	0	653,102	0	0	0	0	653,102	675,496
Recreation & culture	0	0	0	0	0	0	600	600	(121)
Total Fund Balances	2,747,555	901,668	653,102	375,467	0	9,675,598	42,084	14,395,474	36,218,029
Total liabilities and fund balances	\$4,337,945	\$901,668	\$653,102	\$379,741	\$0	\$12,083,529	\$71,133	\$18,427,118	\$39,673,448

Reconciliation of the Government Funds' Balance Sheet
to the Statement of Net Assets
March 31, 2010

Total Governmental Fund Balances

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 not reported in the funds. **\$14,395,474**

However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	53,448,678	
Less accumulated depreciation	(7,582,365)	45,866,313

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property taxes	110,780	110,780
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Bond issuance costs and bond premiums are charged as expenditures and other sources at the fund financial reporting level but are capitalized on the government-wide statement of net assets.

1,442,208

Liabilities that are not due and payable in the current period and therefore are not reported in the funds but are reported on the government-wide statement of net assets:

Bonds	(34,905,000)	
Notes payable	(1,214,421)	(34,677,213)

Net Assets of Governmental Activities

\$25,695,354

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
March 31, 2010
(With Comparative Totals at March 31, 2009)

	General Fund	UDAG Fund	Drug Forfeiture Fund	SPLOST Fund	Villa Rica Public Facilities Authority	VRPFA Capital Projects Fund	Other Government Funds	2010 Total Government Funds	2009 Total Government Funds
Taxes	\$6,447,653	\$0	\$0	\$0	\$0	\$0	\$83,116	\$6,530,769	\$6,714,258
Licenses and permits	476,550	0	0	0	0	0	0	476,550	461,515
Intergovernmental	782,643	0	0	\$2,255,804	0	0	5,579	3,044,026	1,562,602
Charges for services	444,769	0	0	0	0	0	0	444,769	416,827
Fees and fines	670,549	0	0	0	0	0	17,025	687,574	879,075
Interest	8,584	33,805	1,964	1,486	0	575,752	285	621,876	184,457
Contributions	7,367	0	0	0	0	0	5,000	12,367	11,102
Miscellaneous	43,481	0	0	0	0	0	0	43,481	82,394
Total revenues	\$8,881,596	\$33,805	\$1,964	\$2,257,290	\$0	\$575,752	\$111,005	\$11,861,412	\$10,312,230
Expenditures									
Current operating:									
General Government	\$1,528,545	\$5,000	\$0	\$0	\$0	\$0	\$0	\$1,533,545	\$2,521,966
Public Safety	2,786,312	0	6,885	0	0	0	0	2,793,197	2,965,192
Highways and streets	653,458	0	0	0	0	0	0	653,458	541,312
Maintenance/Garage	227,504	0	0	0	0	0	7,420	234,924	293,035
Recreation and culture	1,857,103	0	0	0	0	0	0	1,857,103	1,937,966
Public Welfare	168,618	0	0	0	0	0	43,246	211,864	208,354
Debt Service:									
Principal	370,000	0	0	0	0	0	0	370,000	350,000
Interest	312,343	0	0	0	1,695,718	0	0	2,008,061	421,833
Capital outlay	0	0	12,342	1,125,938	0	21,422,638	625,051	23,185,969	2,859,662
Total Expenditures	\$7,903,883	\$5,000	\$19,227	\$ 1,125,938	\$ 1,695,718	\$ 21,422,638	\$675,717	\$32,848,121	\$12,099,320
Excess(deficiency) of revenue over/(under) expenditures	\$977,713	\$28,805	(\$17,263)	\$1,131,352	(\$1,695,718)	(\$20,846,886)	(\$564,712)	(\$20,986,709)	(\$1,787,090)
Other Financing Sources (Uses):									
Sale of capital assets	10,650	0	6,974	0	0	0	0	17,624	33,666
Proceeds from sale of bonds	0	0	0	0	0	0	0	0	34,905,000
Bond issuance costs	0	0	0	0	0	(65,682)	0	(65,682)	(557,442)
Transfers in (out)	(552,447)	0	0	(787,788)	1,695,718	(1,695,718)	552,447	(787,788)	(384,754)
Total Other Financing Sources (Uses)	(\$541,797)	\$0	\$6,974	(\$787,788)	\$1,695,718	(\$1,761,400)	\$552,447	(\$835,846)	\$33,996,470
Net Change in Fund Balances	\$435,916	\$28,805	(\$10,289)	\$343,564	\$0	(\$22,608,286)	(\$12,265)	(\$21,822,555)	\$32,209,380
Fund Balances Beginning of Year	\$2,311,639	\$872,863	\$663,391	\$31,903	\$0	\$32,283,884	\$54,349	\$36,218,029	\$4,008,649
Fund Balances End of Year	\$2,747,555	\$901,668	\$653,102	\$375,467	\$0	\$9,675,598	\$42,084	\$14,395,474	\$36,218,029

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Net change in fund balances – total government funds	(\$21,822,555)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which net capital outlays (\$23,185,969 - \$63,781 retirements) were more than net depreciation (\$795,490 - \$60,161 retirements) in the current period.

Depreciation expense	(735,329)	
Capital outlay	23,122,188	22,386,859

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statements of Net Assets. Also, governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments	586,642	
Other	65,682	652,324

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes deferred @ 3/31/10		29,776
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Change in net assets of Governmental Activities	\$1,246,404
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See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Net Assets
Proprietary Funds
March 31, 2010
(With Comparative Totals at March 31, 2009)

	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2010 Totals	2009 Totals
Assets:					
Non-restricted Assets:					
Cash & equivalents	\$4,975,092	\$10,221	\$0	\$4,985,313	\$5,032,892
Receivables, net	550,101	0	31,798	581,899	404,094
Prepaid expenses	24,791	902	5,499	31,192	0
Inventory	109,968	0	0	109,968	109,968
Total Non-restricted Current Assets	5,659,952	11,123	37,297	5,708,372	5,546,954
Restricted Assets:					
Cash	256,678	0	0	256,678	289,575
Total Restricted Current Assets	256,678	0	0	256,678	289,575
Capital Assets:					
Non-depreciable Capital Assets	2,555,656	0	0	2,555,656	2,883,003
Depreciable Capital Assets	27,577,356	0	123,791	27,701,147	26,109,256
Accumulated Depreciation	(9,114,486)	0	(62,787)	(9,177,273)	(8,465,999)
Capital Assets, Net	21,018,526	0	61,004	21,079,530	20,526,260
Other Assets:					
Unamortized Bond Costs Long Term	6,142	0	0	6,142	6,026
Total Other Assets	6,142	0	0	6,142	6,026
Total Assets	\$26,941,298	\$11,123	\$98,301	\$27,050,722	\$26,368,815
Current Liabilities Payable from Non-restricted Current Assets:					
Accounts Payable	0	0	70,801	70,801	37,787
Notes Payable - Current	3,425	0	0	3,425	22,696
Accrued Expenses	50,783	11,123	8,435	70,341	60,197
Customer Deposits	455,408	0	0	455,408	455,045
Total Current Liabilities payable from Non-restricted Current Assets	509,616	11,123	79,236	599,975	575,725
Current Liabilities Payable from Restricted Current Assets:					
Bonds Payable Current	275,000	0	0	275,000	265,000
Accrued Interest Payable	19,331	0	0	19,331	25,094
Total Current Liabilities Payable from Restricted Current Assets	294,331	0	0	294,331	290,094
Total Current Liabilities	803,947	11,123	79,236	894,306	865,819
Long Term Liabilities:					
Notes Payable (less current portion)	328,983	0	0	328,983	35,137
Bonds Payable (less current portion)	595,000	0	0	595,000	870,000
Total Long Term Liabilities	923,983	0	0	923,983	905,137
Total liabilities and fund balances	\$1,727,930	\$11,123	\$79,236	\$1,818,289	\$1,770,956
Net Assets					
Invested in Capital Assets, Net of Related Debt	19,816,118	0	61,004	19,877,122	19,333,427
Restricted - Bonds	256,678	0	0	256,678	289,575
Unrestricted	5,140,572	0	(41,939)	5,098,633	4,974,857
Total Net Assets	25,213,368	0	19,065	25,232,433	24,597,859
Total Liabilities and Net Assets	\$26,941,298	\$11,123	\$98,301	\$27,050,722	\$26,368,815

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended March 31, 2010
(With Comparative Totals at March 31, 2009)

	Business-Type Activities				
	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2010 Totals	2009 Totals
Operating revenues:					
Charges for services	\$4,244,427	\$0	\$723,562	\$4,967,989	\$5,576,010
Miscellaneous	7,793	0	22,329	30,122	9,166
Total operating revenues	\$4,252,220	\$0	\$745,891	\$4,998,111	\$5,585,176
Operating expenses:					
Salaries	\$1,209,269	\$125,035	\$141,670	\$1,475,974	\$1,431,023
Payroll taxes	92,454	8,955	10,660	112,069	106,703
Employee insurance	218,315	21,688	36,175	276,178	272,746
Workmen's compensation	32,096	456	6,699	39,251	59,402
Employee retirement	113,787	11,218	12,593	137,598	102,866
Postage	23,372	1,400	32	24,804	13,139
Maintenance – buildings, vehicles and equip.	183,746	0	15,568	199,314	167,064
Liability Insurance	84,403	2,495	12,634	99,532	111,759
Purification and treatment expense	811,980	0	0	811,980	1,037,096
Utilities and telephone	418,365	2,622	1,467	422,454	372,393
Gas, oil and tires	46,729	218	5,379	52,326	87,640
Professional services	207,642	7,995	3,675	219,312	77,073
Depreciation and Amortization	739,280	0	15,512	754,792	748,739
Miscellaneous	134,798	2,047	8,492	145,337	96,779
Bank charges	0	0	0	0	0
Garbage pickup	0	0	459,099	459,099	417,802
Bad debts	37,671	0	7,379	45,050	33,125
Tipping fees	0	0	11,338	11,338	6,047
Total operating expenses	\$4,353,907	\$184,129	\$748,372	\$5,286,408	\$5,141,396
Operating income (loss)	(101,687)	(184,129)	(2,481)	(288,297)	443,780
Non-operating revenues (expenses):					
Grant proceeds	82,529	0	1,524	84,053	0
Insurance reimbursements	96,576	0	0	96,576	0
Sale of Capital Assets	(20,890)	0	0	(20,890)	0
Contributed capital	0	0	0	0	0
Interest revenue	24,200	0	0	24,200	94,314
Interest and other costs on bonded debt and notes payable	(48,328)	0	(528)	(48,856)	(58,644)
Total non-operating revenue (expenses)	134,087	0	996	135,083	35,670
Income (loss) before transfers	32,400	(184,129)	(1,485)	(153,214)	479,450
Transfers in (out)	603,659	184,129	0	787,788	(611,446)
Change in net assets	636,059	0	(1,485)	634,574	(131,996)
Total net assets – beginning of year	24,577,309	0	20,550	24,597,859	24,729,855
Total net assets – end of year	\$25,213,368	\$0	\$19,065	\$25,232,433	\$24,597,859

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2010

	Business-Type Activities				
	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2010 Totals	2009 Totals
Cash flows from operating activities:					
Receipts from customers	\$4,074,778	\$0	\$745,891	\$4,820,669	\$5,513,634
Payments for suppliers	(2,432,274)	(59,996)	(563,673)	(3,055,943)	(2,966,299)
Payments to employees	(1,204,853)	(120,809)	(140,168)	(1,465,830)	(1,407,302)
Net cash provided (used) by operating activities	437,651	(180,805)	42,050	298,896	1,140,033
Cash flows from noncapital financing activities:					
Operating subsidies and transfers to/from other funds	603,659	184,129	0	787,788	384,755
Intra agency reimbursements	179,105	0	1,524	180,629	0
Net cash provided by noncapital financing activities	782,764	184,129	1,524	968,417	384,755
Cash flows from capital and related financing activities:					
Purchases of capital assets	(1,371,394)	0	(28,070)	(1,399,464)	(1,727,043)
Principal paid on capital debt	(268,291)	0	(19,406)	(287,697)	(276,842)
Proceeds from capital debt	297,272	0	0	297,272	0
Contribution in Aid of Construction	0	0	0	0	0
Sale of capital assets	72,519	0	0	72,519	0
Interest paid on capital debt	(54,091)	0	(528)	(54,619)	(66,730)
Net Cash (used) by capital and related financing activities	(1,323,985)	0	(48,004)	(1,371,989)	(2,070,615)
Cash flows from investing activities:					
Interest and other non-operating	24,200	0	0	24,200	94,314
Net cash provided by investing activities	24,200	0	0	24,200	94,314
Net increase (decrease) in cash and cash equivalents	(79,370)	3,324	(4,430)	(80,476)	(451,513)
Balances – beginning of year	5,311,140	6,897	4,430	5,322,467	5,773,980
Balances – end of year	\$5,231,770	\$10,221	(\$0)	\$5,241,991	\$5,322,467
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	(101,687)	(184,129)	(2,481)	(288,297)	443,776
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/Amortization Expense	739,280	0	15,512	754,792	748,739
Change in assets and liabilities:					
Receivables, net	(177,805)	0	0	(177,805)	(70,344)
Inventories	0	0	0	0	0
Deferred Costs	(2,125)	0	0	(2,125)	0
Accounts Payable	0	0	33,016	33,016	(4,664)
Prepaid Expenses	(24,791)	(902)	(5,499)	(31,192)	0
Accrued Liabilities	4,779	4,226	1,502	10,507	22,526
Net cash provided (used) by operating activities	\$437,651	(\$180,805)	\$42,050	\$298,896	\$1,140,033

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Notes to Basic Financial Statements

Index

- Note 1. Summary of Significant Accounting Policies
- A. Financial Reporting Entity
 - B. Basis of Presentation
 - C. Measurement Focus and Basis of Accounting
 - D. Assets, Liabilities and Equity
 - E. Revenues, Expenditures and Expenses
 - F. Accounting Estimates
- Note 2. Stewardship, Compliance and Accountability
- A. Fund Accounting Requirements
 - B. Deposits and Investments Laws and Regulations
 - C. Revenue Restrictions
 - D. Debt Restrictions and Covenants
 - E. Excess of Expenditures over Appropriations
 - F. Deficit Fund Balance
- Note 3. Detail Notes on Transaction Classes/Accounts
- A. Cash and Investments
 - B. Accounts Receivable
 - C. Capital Assets
 - D. Long-term Debt
 - E. Interfund Transactions and Balances
 - F. Restricted Net Assets
- Note 4. Other Notes
- A. Retirement Plan
 - B. Risk Management
 - C. Litigation and Contingent Liabilities
 - D. Joint Ventures
 - E. Component Units
 - F. Special Local Option Sales Tax
 - G. Hotel/Motel Lodging Tax
 - H. Other Post-Retirement Benefits (OPEB)
 - I. Construction Commitments

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government:	City of Villa Rica
Discretely Presented Component Units:	Industrial Development Authority Downtown Development Authority Villa Rica Board of Tourism

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No 14, "The Financial Reporting Entity", and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City.

The City of Villa Rica Public Facilities Authority is governed by a six to nine member board; six of which are the persons currently serving as the duly elected members of the city council of the City of Villa Rica and the mayor of the City of Villa Rica. Additional members are appointed by the mayor and city council. Although it is a legally separate from the City Government, the Public Facilities Authority is reported in the financial statements as if it were part of the primary government because it serves as a financial conduit for debt issued to construct/maintain public buildings and related projects. This authority is reported as the Villa Rica Public Facilities Authority and the VRPFA Capital Project Fund, which are major governmental funds.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City's discretely presented component units do not issue separate component unit financial statements. The City has established the following authorities as potential component units of the City.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies – continued

1.A. Financial Reporting Entity - continued

Component Unit – Villa Rica Industrial Development Authority

The Industrial Development Authority is a public body, corporate and politic and was created upon the adoption and approval of the Development Authority Law of the State of Georgia. The Mayor and City Council appoint all members of the Industrial Development Authority. A \$625,000 Urban Development Action Grant was obtained in 1985 for an economic development revolving loan fund and other Title I activities. The Authority has purchased land and built industrial buildings that were leased to such companies as Lowe's, Flowers Bakery and Print Pack.

Component Unit - Downtown Development Authority of Villa Rica

The Downtown Development Authority is a seven member public body, corporate and politic and was created in 1991 upon adoption and approval of the Development Authorities of the State of Georgia. The City Council appoints all members of the Downtown Development Authority. The Downtown Development Authority developed plans and coordinated the use of SPLOST funds for a downtown train station park parking area.

Component Unit – Villa Rica Board of Tourism

The Villa Rica Board of Tourism is a Georgia non-profit corporation organized and existing under the laws of the State of Georgia for the purposes of developing and promoting the City and the surrounding area as a tourist destination. The five members of the board of directors are appointed by the five Council members and approved by majority vote.

Excluded from the reporting entity: Related Organizations

Villa Rica Housing Authority – Is considered a related organization based upon the criteria in GASB Statement No. 14. This organization has separately appointed boards and provides services to residents, generally within the geographic boundaries of the City. The City does not have the ability to exercise influences or control over their daily operations, approve budgets or provide funding and a financial benefit/burden does not exist between them. Therefore, based on the criteria above, the Villa Rica Housing Authority is a related organization.

1.B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies - continued

1.B.Basis of Presentation – continued

separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. If applicable, funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies – continued

1.B. Basis of Presentation – continued

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund Major:	Brief Description
Governmental Funds:	
General	See above for description.
Special Revenue Funds:	
Urban Development Action Grant Fund (UDAG)	Accounts for revenues and expenditures of promoting urban economic development.
Drug Forfeiture Fund	Accounts for revenues and expenditures from drug seizure activity.
Villa Rica Public Facilities Authority	Accounts for the general fund activity of the City of Villa Rica Public Facilities Authority
Capital Project Funds:	
SPLOST Fund	Accounts for revenues and expenditures from Special Local Option Sales Tax capital projects.
VRPFA Capital Projects Fund	Accounts for resources restricted for the construction or acquisition of specific capital projects.
Proprietary Funds:	
Water and Sewer Fund	Accounts for activities in providing water and wastewater services to the public.
Solid Waste Fund	Accounts for activities in providing sanitary services to the public.
Utility Director	Accounts for activities of managing utility departments.
Non-major:	
Special Revenue Funds:	
Hotel/Motel Tax Fund	Accounts for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of tourism and downtown development.
DUI Task Force Fund	Accounts for revenue and expenditures legally restricted for public safety use.
Greenspace and EIP Grant Funds	Accounts for grants, income and expenditures related for grant purposes.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies – continued

1.B. Basis of Presentation – continued

Pine Mountain Museum and Cemetery Fund	Accounts for revenues and expenditures related to operation of public land and facility.
Capital Projects Fund	Accounts for resources restricted for the acquisition or construction of specific capital projects as items.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies – continued

1.C. Measurement Focus and Basis of Accounting - continued

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Under the modified accrual basis the following revenue sources are considered to be susceptible to accrual: Property tax, sales tax, interest and federal and state grants.

All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1.D. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

If any, investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.C. and 3.A.

Interfund Receivable and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and police fines. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies - continued

1.D. Assets, Liabilities, and Equity – continued

all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

The water and sewer funds maintain an inventory of supplies. Inventories maintained in the water department are recorded at cost on a first-in, first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2010, are recorded as prepaid items using the consumption method by recording an asset for the prepaid account and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to March 31, 2002.

Prior to April 1, 2002, governmental funds' infrastructure assets were not capitalized. The City is a Phase 3 entity and is not required to record infrastructure from years prior to implementation of the reporting model. The City uses a capitalization threshold of \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings	25-50 years
- Improvements	10-50 years
- Machinery and Equipment	3-20 years
- Utility System	25-50 years
- Infrastructure	25-50 years

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies - continued

1.D. Assets, Liabilities, and Equity - continued

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond trustee accounts and utility meter deposits. When both restricted and unrestricted resources are available, City management uses restricted resources first, then unrestricted resources as needed.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as accrued expenses in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

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

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies - continued

1.D. Assets, Liabilities, and Equity - continued

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. Revenues, Expenditures and Expenses

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on July 31, 2009 and were due and payable on or before December 1, 2009 in Carroll County. Taxes were levied on September 15, 2009, and were due and payable on or before November 15, 2009 in Douglas County. All unpaid taxes became delinquent after their respective due dates. The Carroll County and Douglas County tax commissioners bill and collect the City’s property taxes. The 2009 property taxes levied were \$3,442,640. The millage rate was 6.775 mills for 2009. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. For any additional property taxes receivable after the 60-day period, an additional accrual is made in the government-wide financial statements.

Program Revenues

Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants and contributions that are restricted to meeting the operational capital requirements of a particular program.

Operating Revenues and Expense

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. Nonoperating revenue and expenses include revenue and expenses related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 1. Summary of Significant Accounting Policies - continued

1. E. Revenues, Expenditures and Expenses – continued

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (future classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund – By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

1.F. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2.A. Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds.

2.B. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia debt obligations or surety bonds. As required, all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3A., all deposits were fully insured or collateralized.

2.C. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 2. Stewardship, Compliance and Accountability - continued

2.D. Debt Restrictions and Covenants

For the year ended March 31, 2010, the City complied, in all material respects, with these revenue restrictions.

General Obligation Debt

The City has complied with its restrictions which limits the amount of outstanding general obligation bonded debt of the municipality.

2.E. Excess of Expenditures over Appropriations

The general fund appropriations exceeded expenditures by \$306,069. The legal level of control is at the departmental level. All departments' expenditures were under appropriations for the year.

2.F. Deficit Fund Balance

One non-major fund had a deficit fund balances at the end of the year. The Capital Projects Fund had an ending fund balance of (\$12,388).

Note 3. Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. Cash and Investments

Deposits

State statutes and the bond resolutions require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U. S. Government, obligations of the State of Georgia, or industrial revenue bonds or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The amounts pledged by the bank's trust departments in the City's name are composed of various bonds of U. S. Government agencies and bonds of the State of Georgia and of its public authorities, counties and municipalities. At March 31, 2010, the carrying amount of the City's deposits was \$22,084,789 and the bank balances were \$22,232,212.

In November 2008, the Federal Deposit Insurance Corporation (FDIC) issued its final rule for the Temporary Liquidity Guarantee Program (TLGP). The Transaction Account Guarantee Program portion the TLGP, provides a temporary full guarantee by the FDIC for funds held at FDIC-insured depository institutions in non-interest bearing transaction accounts above the existing deposit insurance limit. The definition of non-interest bearing accounts was expanded to include Negotiable Order of Withdrawal (NOW) accounts with interest rates no higher than 0.50%. The City's primary operating accounts were fully insured by the FDIC under this rule, in addition to securities pledged on its behalf at March 31, 2010.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.A. Cash and Investments - continued

The amount of cash held is classified into three categories of credit risk as follows:

	Bank Balance	Collateral Market Value
(1) Cash that is insured or collateralized with securities held by the government or by its agent in the government	\$8,359,814	\$8,359,814
(2) Cash collateralized with securities held by the pledging institution or agent in the government's name.	13,872,398	23,334,152
(3) Uncollateralized bank accounts	0	0
	<u>\$22,232,212</u>	<u>\$31,693,966</u>

Component Units

At March 31, 2010, the carrying amount of the Component Unit deposits were \$1,209,343 and the bank balances were \$1,209,343. All deposits were covered by either FDIC or FSLIC insurance.

Investments

State statutes authorize the City to invest only in obligations of the United States and of its agencies and instrumentalities, or bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, or certificates of deposit of banks and savings and loan associations which have deposits insured by the FDIC or FSLIC with any uninsured amounts collateralized by direct obligations of the United States or State of Georgia.

3.B. Accounts Receivable

Accounts receivable at March 31, 2010, consisted of taxes, accounts (billings for user charges) intergovernmental receivables arising from grants. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and in case of receivables, collectibility. Accounts receivable are as follows:

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.B. Accounts Receivable - continued

	Governmental Activities	Business- Type Activities
Accounts Receivable Footnote:		
Receivable from customers	\$0	\$549,348
Advalorem taxes	276,777	0
Police fines	754,638	0
Beer and wine tax	21,934	0
Franchise tax	21,646	0
Sales tax	277,403	0
Hotel/motel tax	6,472	0
Intergovernmental Receivable	22,648	0
Chattahoochee Flint Grant	14,461	0
Interest Receivable	26,304	0
Unremitted collections by County for taxes	83,260	0
Miscellaneous receivables	0	32,551
Total Receivables	1,505,543	581,899
Allowance for doubtful accounts	(708,973)	0
Net accounts receivable	\$796,570	\$581,899

Due to cutoff policies and deposits on hand, no allowance for the business-type activity is considered necessary.

3.C. Capital Assets

Capital assets activity for the year ended March 31, 2010 was as follows:

	Balance at April 1, 2009	Additions	Disposals	Balance at March 31, 2010
Land – (non-depreciable)	\$3,494,576	\$100,144	\$0	\$3,594,720
Buildings and improvements	9,891,892	81,688	0	9,973,580
Machinery and equipment	2,432,216	101,639	(18,100)	2,515,755
Vehicles	1,244,848	67,951	(45,681)	1,267,118
Furniture and fixtures	189,792	0	0	189,792
Infrastructure	9,870,179	95,897	0	9,966,076
Construction in Progress - (non-depreciable)	3,202,987	22,738,650	0	25,941,637
Totals at historical cost	\$30,326,490	\$23,185,969	(\$63,781)	\$53,448,678
Less accumulated depreciation:				
Buildings and improvements	(\$2,756,580)	(\$345,662)	\$0	(\$3,102,242)
Machinery and equipment	(2,115,633)	(143,610)	14,480	(2,244,763)
Vehicles	(1,020,849)	(80,932)	45,681	(1,056,100)
Furniture and fixtures	(174,381)	(9,126)	0	(183,507)
Infrastructure	(779,593)	(216,160)	0	(995,753)
Total accumulated depreciation	(6,847,036)	(795,490)	60,161	(7,582,365)
Governmental activities capital assets, net	\$23,479,454	\$22,390,479	(\$3,620)	\$45,866,313

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.C. Capital Assets

	Balance at April 1, 2009	Additions	Transfers & Disposals	Balance at March 31, 2010
Business-type activities:				
Land - (non-depreciable)	\$2,010,704	\$0	(\$3,333)	\$2,007,371
Buildings & Improvements	143,304	9,185	(100,085)	52,404
Filter plant and lines	19,081,815	1,503,623	0	20,585,438
Sewer Improvements	5,122,307	49,721	0	5,172,028
General equipment and vehicles	1,761,829	160,947	(31,500)	1,891,276
Construction in progress - (non-depreciable)	872,298	447,162	(771,176)	548,284
Totals at historical cost	\$28,992,257	\$2,170,638	(\$906,094)	\$30,256,801
 Less accumulated depreciation:				
Buildings & Improvements	(10,787)	(4,388)	10,008	(5,167)
Filter plant and lines	(5,753,732)	(505,297)	0	(6,259,029)
Sewer Improvements	(1,361,818)	(104,636)	0	(1,466,454)
General equipment and vehicles	(1,339,665)	(138,462)	31,500	(1,446,627)
Total accumulated depreciation	(8,466,002)	(752,783)	41,508	(9,177,277)
 Business-type capital assets, net	 \$20,526,255	 \$1,417,855	 (\$864,586)	 \$21,079,524

Depreciation was charged to governmental activities as follows:

Depreciation charged to government activities:	
General government	\$104,442
Public safety	179,260
Highways and streets	232,562
Library	5,550
Garage	12,271
Buildings and grounds	1,205
Recreation and culture	260,200
Total	\$795,490

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.D. Long-Term Debt

Governmental Activity

The following is a summary of the changes in long-term debt of the City for the fiscal year ended March 31, 2010:

Activity Type	Balance 4/1/2009	Additions	Reductions	Balance 3/31/2010	Amounts Due Within One Year
Governmental					
General Obligation Bonds, Series 2005	\$370,000	\$0	\$370,000	\$0	\$0
Capital Leases	\$1,431,063	\$0	\$216,642	\$1,214,421	\$224,952
VRPFA Revenue Bonds, Series 2008	\$10,000,000	\$0	\$0	\$10,000,000	\$0
VRPFA Revenue Bonds, Series 2009	\$24,905,000	\$0	\$0	\$24,905,000	\$0
Business-Type					
Georgia Environmental Facilities Authority Loan – CW96018	\$38,427	\$0	\$3,291	\$35,136	\$3,425
Georgia Environmental Facilities Authority Loan – DWSRF 09-011	\$0	\$297,272	\$0	\$297,272	\$0
Capital Leases	\$19,406	\$0	\$19,406	\$0	\$0
Series 1998 Bonds for Water and Sewer	\$1,135,000	\$0	\$265,000	\$870,000	\$275,000
	\$37,898,896	\$297,272	\$874,339	\$37,321,829	\$503,377

General Obligation Bonds

General obligation bonds, issued by the City of Villa Rica for various municipal improvements, are approved by the voters. These bonds are required to be fully paid by January 1, 2010. They are backed by the full faith and credit of the City. Principal and interest on the bonds are payable from an ad valorem tax, unlimited as to amount or rate, upon all property within the City subject to taxation for general obligation bond purposes.

The City utilized the proceeds from the refunding 2005 Bonds, Series 2004 for the purpose of redeeming the \$1,775,000 then outstanding and to pay accrued interest and additional issue costs. The original amount of the bonds was \$1,850,000. Interest is payable semi-annually on July 1 and January 1. These bonds were paid in full as of March 31, 2010:

Public Facilities Authority Revenue Bonds

The Series 2008 bonds were issued on December 5, 2008 with an original face amount of \$10,000,000 and the Series 2009 bonds were issued on February 27, 2009 with an original face amount of \$24,905,000; for the purpose of (A) financing or refinancing, a portion of, the costs of the acquisition of land and the construction, installation and equipping of certain additions, improvements or equipment located at the wastewater treatment plant on the west side of the City,

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.D. Long-Term Debt - continued

(B) paying capitalized interest on the Bonds and (C) paying all or a portion of the costs of issuance of the Bonds. The Series 2008 and 2009 Bonds are limited obligation of the Authority. The City has agreed to pay the authority as rental payments amounts sufficient to enable the Authority to pay the debt service on the bonds. Such obligation is a general obligation of the City payable from the general fund or, to the extent other funds are not available, from funds received from ad valorem taxes to be levied and collected for that purpose on all property in the City subject to ad valorem taxation for such purpose.

Interest is payable semi-annually on March 1 and September 1. The maturity of the bonds is as follows:

Revenue Bonds, Series 2008:

Year	Interest Rate	Principal	Interest	Annual Debt Service
2011	4.68%	\$0	\$468,109	\$468,109
2012	4.68%	\$0	\$468,109	\$468,109
2013	4.68%	\$0	\$468,109	\$468,109
2014	4.68%	\$0	\$468,109	\$468,109
2015	4.68%	\$0	\$468,109	\$468,109
2016-2020	4.68%	\$830,000	\$2,340,544	\$3,170,544
2021-2025	4.40% - 4.65%	\$5,315,000	\$1,698,759	\$7,013,759
2026-2028	4.70% - 4.90%	\$3,855,000	\$381,803	\$4,236,803
		\$10,000,000	\$6,761,649	\$16,761,649

Revenue Bonds, Series 2009:

Year	Interest Rate	Principal	Interest	Annual Debt Service
2011	5.000%	\$0	\$1,244,900	\$1,244,900
2012	5.000%	\$0	\$1,244,900	\$1,244,900
2013	5.000%	\$0	\$1,244,900	\$1,244,900
2014	5.000%	\$0	\$1,244,900	\$1,244,900
2015	5.000%	\$0	\$1,244,900	\$1,244,900
2016-2020	5.000%	\$0	\$6,224,500	\$6,224,500
2021-2025	5.000%	\$0	\$6,224,500	\$6,224,500
2026-2030	5.000%	\$3,610,000	\$6,142,869	\$9,752,869
2031-2035	5.00% - 5.125%	\$10,660,000	\$4,373,806	\$15,033,806
2036-2039	5.125%	\$10,635,000	\$1,396,306	\$12,031,306
		\$24,905,000	\$30,586,481	\$55,491,481

Installment Sale Agreement

On March 31, 2005, the City entered into a “Bricks and Mortar” installment sale agreement with the Georgia Municipal Association. The agreement requires payment in full by March 31, 2015. The City agrees that it will cause the appropriate officers of the City to request that the governing body

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.D. Long-Term Debt

appropriate the minimum annual appropriated amount for each fiscal year in the amount of \$266,875. The City further agrees to take such action to assure the availability of moneys appropriated for such purpose to make all payments as may be required under Official Code of Georgia Annotated Section 36-60-13.

The City has a limited warranty deed to the subject property, old Centerfield Athletic Complex at 1605 Highway 61, Villa Rica, Georgia. The terms of the agreement define that the City is responsible for maintenance and operation, site alterations, liens and taxes and insurance for the facility

The cash flows required to service the agreement are approximately \$266,875 per year with monthly payments of \$22,240 including interest and principal. The following is a schedule of installment sale agreement service requirements to maturity as of March 31, 2010:

Year	Interest Rate	Principal	Interest	Annual Debt Service
2010-11	3.77	\$224,952	\$41,923	\$266,875
2011-12	3.77	\$233,581	\$33,294	\$266,875
2012-13	3.77	\$242,540	\$24,335	\$266,875
2013-14	3.77	\$251,844	\$15,031	\$266,875
2014-15	3.77	\$261,504	\$5,371	\$266,875
		\$1,214,421	\$119,954	\$1,334,375

Business-Type Activity

Water and Sewerage Revenue Bonds, Series - 1998

The Series 1998 Bonds were issued August 1, 1998 with an original face value of \$3,105,000, for the purpose of (i) refunding the remaining \$435,000 in outstanding principal amount of the City's Water and Sewerage Revenue Bonds, Series 1978, (ii) prepaying a 1986 Georgia Environmental Facilities Authority loan outstanding at \$647,192, (iii) refunding the remaining \$1,672,850 in outstanding principal amount of the City's Farmers Home Bonds, Series 1990 A and 1990 B, (iv) funding a Debt Service Reserve Fund for the Series 1998 Bonds and (v) paying the premium and costs of issuing the Series 1998 Bonds. At year-end, the entire old debt had been redeemed or paid. The loss from the refunding was minimal and is included with the new issue costs that are being amortized over the life of the new bonds. Interest is payable semi-annually on October 1 and April 1. The maturity of the bonds is as follows:

1998 Revenue Bonds:				
Year	Interest Rate	Principal	Interest	Annual Debt Service
2011	4.38	\$275,000	\$32,646	\$307,646
2012	4.45	\$290,000	\$20,178	\$310,178
2013	4.5	\$305,000	\$6,862	\$311,862
		\$870,000	\$59,686	\$929,686

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts - continued

3.D. Long-Term Debt – continued

Notes Payable

The amount drawn on a construction project from Georgia Environmental Facilities Authority for Environmental Loan was \$65,580 which bears interest at the rate of 4.0% per annum from December 1, 1998. Principal and interest shall be due and payable in 80 equal installments in the amount of \$1,195 each, paid quarterly. The following schedule shows the requirements until maturity:

1998 GEFA Loan:

Year	Principal	Interest	Annual Debt Service
2011	\$3,425	\$1,354	\$4,779
2012	\$3,564	\$1,215	\$4,779
2013	\$3,708	\$1,071	\$4,779
2014	\$3,859	\$920	\$4,779
2015	\$4,016	\$764	\$4,780
2016-2019	\$16,564	\$1,356	\$17,920
	\$35,136	\$6,680	\$41,816

The City entered into a loan agreement with the Drinking Water State Revolving Loan Fund administered by the Georgia Environmental Facilities Authority for \$425,000 to install water line throughout the City. The loan bears interest at the rate of 3.0%. Accrued interest is payable monthly beginning January 1, 2010. Principal and interest shall be due and payable in 180 consecutive monthly installments, commencing on the first day of the calendar month following the full disbursement of the note (the amortization commencement date). As of March 31, 2010, \$297,271 had been drawn on the loan.

The City entered a five (5) year lease to purchase agreement for \$93,530 with a commencement date of April 1, 2005. The lease has an interest rate of 3.89% per annum from April 1, 2005. Principal and interest shall be due and payable in five (5) equal installments in the amount of \$20,160 each, paid annually beginning on April 1, 2005. The due date was changed to April 10 beginning in 2007 to allow time to process payment after beginning of new fiscal years (April 1). The lease was paid in full as of March 31, 2010.

3.E. Interfund Transactions and Balance

Interfund transfers at March 31, 2010, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period and (3) payments between funds are made.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 3. Detail Notes on Transaction Classes/Accounts – continued

3.E. Interfund Transactions and Balance - continued

Transfer to	Transfer from						Total
	General Fund	Drug Forfeiture Fund	SPLOST Fund	Public Facilities Authority Capital Project Fund	Non-major Governmental funds	Water & Sewer System Fund	
General Fund	\$0	\$17,684	\$0	\$0	\$39,870	\$0	\$57,554
Public Facilities Authority	0	0	0	1,695,718	0	0	\$1,695,718
Non-major Governmental Funds	610,001	0	0	0	0	0	\$610,001
Water & Sewer System Fund	0	0	787,788	0	0	0	\$787,788
Utility Director Fund	0	0	0	0	0	184,129	\$184,129
Total	\$610,001	\$17,684	\$787,788	\$1,695,718	\$39,870	\$184,129	\$3,335,190

Interfund transfers are used to (a) 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 to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances reported in the fund financial statements consisted of an amount payable to the UDAG fund from the General fund of \$722,453 for the purchase of the Avanti Building. The UDAG fund will be fully reimbursed, with accrued interest of 4.5% per annum, with a period of 20 years.

3.F. Restricted Net Assets

The following are the details of the restricted assets for the government and enterprise funds:

Government & Enterprise Restricted Funds

Public Safety (Fed Seizure & Narcotics funds)	\$653,102
Economic Development (UDAG)	\$901,668
Debt service (Deposits with BNY)	\$256,678
Other purposes	\$71,133
Total	\$1,882,581

Note 4. Other Notes

4.A. Retirement Plan

Plan Description of the City of Villa Rica Retirement Plan

Defined benefit plan that covers all full-time city employees (30 hours weekly or more) who have been employed for one year or more, plus current elected officials. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes - continued

4.A. Retirement Plan – continued

Plan Description of the City of Villa Rica Retirement Plan – continued

employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. This plan provides retirement benefits under the actuarial funding policy adopted by the Board of Trustees of the Georgia Municipal Employee Benefit System and accordingly may be amended as deemed necessary by that Board.

The plan issues a stand-alone financial report which can be obtained from the Georgia Municipal Association Employee Benefit Service at 201 Pryor Street, SW, Atlanta, Georgia 30303. All full-time City employees with one year of service are eligible to participate in the system. Effective July 1, 2009, the service requirement for vesting increased from 7 to 10 years for those hired on or after July 1, 2009. City employees can retire at or after age 65 with five years of credited service or after age 55 with 10 years of credited service. There is no maximum employee entry age. The benefit formula is 1.50% up to a break point and then 2.00% after the break point of annual salary and extra credit is earned for years of service.

The plan also provides death and disability benefits. These benefit provisions and all other requirements are adopted by the City and reflected in the adoption agreement executed by the City and administered by the Georgia Municipal Employees Benefit System. City employees are not required to contribute to the Plan. The City contributes the entire cost of the Plan using the actuarial basis described in the annual valuation report.

The required contribution is \$314,931 or 7.64% of current year covered payroll. The contributions for 2007 – 2010 are as follows:

	2010	2009	2008	2007
Normal Cost:				
Plan benefits	\$192,066	\$189,435	\$183,190	\$161,891
Administrative expenses	\$15,846	\$14,982	\$14,854	\$14,386
Amortization of the unfunded actuarial accrued liability	\$88,459	\$157,131	\$69,391	\$37,408
Interest	\$18,560	\$14,439	\$10,697	\$8,525
Total contribution	\$314,931	\$375,987	\$278,132	\$222,210
Percentage of annual pension cost contributed	100%	100%	100%	100%
Net pension obligation at year-end	\$0	\$0	\$0	\$0

The City's annual pension cost is determined using the calculation methodology defined in GASB27. The annual pension cost equals the City's annual required contribution (per GASB27), plus any adjustments required by GASB27 to reflect defined minimum and maximum amortization periods and any prior period differences between the required contribution and the annual pension cost.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes - continued

4.A. Retirement Plan - continued

Summary of Valuation Results and Basis of Valuation:

(a) Actuarial Valuation Date	July 1, 2010
(b) Actuarial cost method	Projected Unit Credit Cost Method
(c) Amortization method	Closed level dollar for remaining unfunded liability
(d) Remaining amortization period	N/A
(e) Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that exceeds or is less than the market value at end of year.
(f) Inflation rate	5.0% per year
(g) Investment return	7.75% per year
(h) Projected salary increase	0.0% cost of living
	3.5% plus age and service based merit increases
(i) Post-retirement benefit increases	Not applicable

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1985 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Required Supplementary Information

Schedule of Funding Progress

	(a)	(b)			(c)	
		Actuarial	Surplus			UAAL as
		Accrued	Unfunded			a
		Liability	AAL	Funded		Percentage
		(AAL)	(UAAL)	Ratio	Covered	of Covered
Actuarial Valuation Date	Actuarial Valuation Date	Projected Unit Credit	(b-a)	a/b	Payroll	Payroll (b-a)/c
7/1/2010	\$3,229,726	\$3,852,870	\$623,144	83.83%	\$4,017,136	15.51%
1/1/2009	\$2,236,398	\$3,375,109	\$1,138,711	66.26%	\$3,904,607	29.16%
1/1/2008	\$2,471,404	\$2,978,409	\$507,005	82.98%	\$3,641,408	13.92%
1/1/2007	\$2,181,710	\$2,452,801	\$271,091	88.95%	\$3,434,067	7.89%
3/1/2006	\$1,897,513	\$2,274,254	\$376,741	83.43%	\$3,211,337	11.73%
3/1/2005	\$1,684,694	\$2,155,552	\$470,858	78.16%	\$2,902,644	16.20%

During the transition year March 1, 1999 there were changes to assumptions and methods since the preceding years. The pension liability (asset) at transition was determined in accordance with guidelines of GASB27. The plan provisions valued are the same as those used in the preceding valuation, thus there was no difference between the amount reported and that previously reported.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.A. Retirement Plan – continued

Actuarial Assumptions and Methods

Economic Assumptions

Net Investment Return	7.75% On-going basis; 4.37% Plan termination basis (30-year treasury securities rate as of August, 2009, published in September, 2009; 4.50% last year)
Salary Increases:	11% for the first year of service, 7% for the second year of service, 6.5% for the third year of service, 6.25% for the fourth year of service, and 6% for the fifth year of service. For subsequent years, increases follow the following table of rates:

<u>Age</u>	<u>Rate (%)</u>
20	6.00
25	6.00
30	5.67
35	5.33
40	5.00
45	4.83
50	4.67
55	4.50
60	4.00

Note the above rates include inflation of 3.50%

Future Social Security Wage Basis	3.5%
Cost of living adjustment	Not applicable

Demographic Assumptions

Mortality Rates:	
Healthy:	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled:	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.A. Retirement Plan – continued

Actuarial Assumptions and Methods – continued

Termination Rates before Retirement:

Age	Rate (%)				
	Male Mortality	Female Mortality	Male Disability	Female Disability	Turnover
20	0.04	0.02	0.06	0.04	25.80
25	0.04	0.02	0.06	0.05	19.80
30	0.06	0.03	0.06	0.06	15.60
35	0.09	0.05	0.06	0.06	12.15
40	0.12	0.08	0.14	0.08	9.45
45	0.17	0.12	0.22	0.11	7.80
50	0.27	0.19	0.34	0.17	5.85
55	0.47	0.31	0.49	0.36	3.30
60	0.88	0.58	0.66	0.57	0.00

Retirement Rates:

Employees: 65 with 5 years of service 100%

Officials: 65 100%

Form of Payment Life annuity

Administrative Expenses \$5,000 plus \$50 per active participant, plus 0.05% of the market value of assets.

Actuarial Methods

Normal Cost and Actuarial
Accrued Liability

Projected Unit Credit Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.

Actuarial Value of Assets

Sum of actuarial value at beginning of year and the cash flow during year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value of 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013 and 20% of market value for 2014 and later years.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.B. Risk Management

The City is exposed to various risks of losses related to torts, thefts 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, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risks, 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 worker's 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.

In 2005-06 fiscal year, there was a change made in the deductible amount increasing it from \$1,000 to \$5,000 for such items as auto liability and property damage and from \$5,000 to \$10,000 for such as General Liability and Automobile Liability. No other significant reductions in insurance coverage have been made and there have been no settlements that exceed the City's insurance coverage during the past three years.

4.C. Litigations and Contingent Liabilities

The City is involved in various cases which are active. The City intends to vigorously defend its positions on these matters. Should any of these cases be settled unfavorably, the City has set aside the funds to cover the settlements. Therefore, these cases should not have an adverse effect on the City's financial condition.

4.D. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties, is a member of the Three Rivers Development Commission (RDC) and is required to pay annual dues thereto. Membership in a RDC is required by the Official Code of Georgia Annotated (OGGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes at least one elected or appointed municipal government official from each member county and at least one elected or appointed county government official from each member county. OGGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from the office located on Highway 34, Franklin, Georgia 30217.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.D. Joint Ventures - continued

In 2006 it was determined that the entire City of Villa Rica is part of the Metropolitan North Georgia Water Planning District and therefore must receive approval from that organization to expand the City's North Waste Water Treatment Plant. The decision was based on the part of 2001 Senate Bill 130/AP that states, "any municipality of this state lying in whole or in part within the district area". Thus the City now has this new relationship.

4 E. Component Units

The Governmental Accounting Standards Board Statement requires inclusion as part of the reporting entity component units that are financially accountable. This is discussed in Note 1 under reporting entity. Based upon the criterion presented in Note 1, there are three component units. These are the Industrial Development Authority, the Downtown Development Authority and Villa Rica Tourism Board which are "discretely" presented in the column segregation as "component units". These component units are not separately audited, thus separate financial statements are not issued. To help understand the significance of each component unit, a condensed financial statement is presented below as of March 31, 2010:

Combining Statement of Net Assets

	Industrial Development Authority	Downtown Development Authority	Villa Rica Tourism Board	Totals
Cash	\$1,143,324	\$18,903	\$47,116	\$1,209,343
Accrued interest receivable	\$19,541	\$0	\$0	\$19,541
Land at cost including capitalized interest	\$154,172	\$0	\$0	\$154,172
Total assets	\$1,317,037	\$18,903	\$47,116	\$1,383,056
Restricted	\$154,172	\$0	\$47,116	\$201,288
Unrestricted	\$1,162,865	\$18,903	\$0	\$1,181,768
Net assets	\$1,317,037	\$18,903	\$47,116	\$1,383,056

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.E. Component Units – continued

Combining Statement of Activities

	Industrial Development Authority	Downtown Development Authority	Villa Rica Tourism Board	Totals
Expenses				
General government	\$31,047	\$34,946	\$62,098	\$128,091
Program revenues				
Charges for services	\$0	\$12,343	\$0	\$12,343
Operating grants and contributions	\$0	\$0	\$11,892	\$11,892
Total governmental activities	(\$31,047)	(\$22,603)	(\$50,206)	(\$103,856)
General revenues				
Taxes-hotel/motel	\$0	\$0	\$34,620	\$34,620
Interest	\$34,215	\$11	\$124	\$34,350
Payments from City of Villa Rica	\$0	\$27,780	\$0	\$27,780
Sale of Capital Asset	\$0	\$0	\$0	\$0
Changes in net assets	\$3,168	\$5,188	(\$15,462)	(\$7,106)
Net assets – beginning	\$1,313,869	\$13,715	\$62,578	\$1,390,162
Net assets - ending	<u>\$1,317,037</u>	<u>\$18,903</u>	<u>\$47,116</u>	<u>\$1,383,056</u>

4.F. Special Local Option Sales Tax

Effective April 1, 1994, the County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's portion is 5.5395% with total project cost projected at \$2,500,000. The fund was frozen effective July 5, 1999 pending a court settlement that will determine the available use of the remaining funds. The Georgia Supreme Court ruled on July 10, 2000 that the funds would be available after review of all the uncompleted projects and the remaining costs. Final expenditure was made in 2008-09.

Effective July 1, 1999, Carroll County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's total project cost was estimated at \$4,251,000.

Effective July 1, 2002, Douglas County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's total project cost was estimated at \$600,000.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2010

Note 4. Other Notes – continued

4.F.Special Local Option Sales Tax – continued

Effective July 1, 2005, Carroll County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's total project cost was estimated at \$3,970,065.

Effective July 1, 2009, Carroll County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's total project cost was estimated at \$6,759,300.

4.G. Hotel/Motel Lodging Tax

The City receives a 5% lodging tax. A summary of the transactions for the year ended March 31, 2010 follows:

Lodging tax receipts	\$ 83,116
Disbursements to Villa Rica Tourism	
Board for promotion of tourism	43,246
Transfer out	39,870

The Board of Tourism's expenditures were for the promotion of tourism as required by O.C.G.A. 48-13-51.

4.H. Other Post-Retirement Benefits (OPEB)

In addition to pension benefits described above, the City provides post-employment benefit options for health care and dental insurance to eligible retirees according to a local ordinance. Persons who are eligible to retire under the City of Villa Rica Pension Plan are entitled to City provided medical benefits. Retirees are covered by the same plan available to full-time City employees and subject to a 50% co-pay and the retiree pays 100% of additional cost for dependent coverage. The medical benefit is available to the retirees and their family until the employee reaches the age of 65. Blue Cross Blue Shield administers the plan. If the employee desires to continue this policy as a "Medi-Gap" policy then the employee assumes full cost for the policy at City cost. The funding is on a "pay as you go" method. During 2009-10, \$2,831 was paid for these post-employment benefits. There are currently two (2) retirees covered by the plan. The OPEB provisions and obligations to contribute were established by a City Council resolution of February 3, 2004.

4.I. Construction Commitments

In February 2009, the City entered into a contract with RTD Construction, Inc of Zephyrhills, Florida for the construction of a new 2.15 million gallons per day wastewater treatment facility. Cost of the project is estimated at \$30.8 million, and construction is expected to be completed in March, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
General and Major Special Revenue Funds
For the Year Ended March 31, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$6,905,172	\$6,626,898	\$6,447,653	(\$179,245)
License and permits	453,981	443,979	476,550	32,571
Intergovernmental	306,733	856,434	782,643	(73,791)
Fines and forfeitures	921,704	651,704	670,549	18,845
Miscellaneous	533,182	558,811	514,852	(43,959)
Total Revenues	9,120,772	9,137,826	8,892,247	(245,579)
Expenditures:				
General government	1,787,588	1,604,365	1,528,545	(75,820)
Public safety	2,813,796	2,711,227	2,698,970	(12,257)
Highways and streets	571,229	662,569	653,458	(9,111)
Building Maintenance & Garage	296,380	240,582	227,504	(13,078)
Community Service	101,135	91,052	87,342	(3,710)
Recreation and culture	2,154,636	2,014,548	1,857,103	(157,445)
Public welfare	178,687	175,478	168,618	(6,860)
Debt service	710,131	710,131	682,343	(27,788)
Total Expenditures	8,613,582	8,209,952	7,903,883	(306,069)
Deficiency of revenue over expenditures	507,190	927,874	988,364	60,490
Other financing sources:				
Transfers in	69,810	69,810	57,553	(12,257)
Transfers out (Capital Projects Expenditures)	(371,000)	(759,400)	(610,001)	149,399
Excess (deficiency) of revenues over expenditures and other financing uses	206,000	238,284	435,916	197,632
Fund balance at beginning of year	2,311,639	2,311,639	2,311,639	0
Fund balance at end of year	\$2,517,639	\$2,549,923	\$2,747,555	\$197,632

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
General and Major Special Revenue Funds
For the Year Ended March 31, 2010

	UDAG Fund				SPLOST Fund				VR Public Facilities Authority Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:												
Intergovernmental	\$0	\$0	\$0	\$0	\$3,165,430	\$3,165,430	\$2,255,804	(\$909,626)	\$0	\$0	\$0	\$0
Fees and fines	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	33,805	33,805	0	0	1,487	1,487	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	0	0	33,805	33,805	3,165,430	3,165,430	2,257,291	(908,139)	0	0	0	0
Expenditures:												
General government	0	0	5,000	(5,000)	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	0	0	0	0	0	0
Debt service:												
Interest	0	0	0	0	0	0	0	0	0	0	1,695,718	(1,695,718)
Capital outlay	0	0	0	0	1,287,709	1,287,709	1,125,938	161,771	0	0	0	0
Total expenditures	0	0	5,000	(5,000)	1,287,709	1,287,709	1,125,938	161,771	0	0	1,695,718	(1,695,718)
Excess revenues over (under) expenditures	0	0	28,805	28,805	1,877,721	1,877,721	1,131,353	(746,368)	0	0	(1,695,718)	(1,695,718)
Other financing sources and (uses):												
Bond issuance costs	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in (out)	0	0	0	0	(1,877,721)	(1,877,721)	(787,788)	1,089,933	0	0	1,695,718	1,695,718
Excess (deficiency) of revenues over expenditures and other financing uses	0	0	28,805	28,805	0	0	343,565	343,565	0	0	0	0
Fund balance at beginning of year	872,863	872,863	872,863	0	31,903	31,903	31,903	0	0	0	0	0
Fund balances at end of year	\$872,863	\$872,363	\$901,668	\$28,805	\$31,903	\$31,903	\$375,468	\$343,565	\$0	\$0	\$0	\$0

Notes

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budget.

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
General and Major Special Revenue Funds - continued
For the Year Ended March 31, 2010

	VRPFA Capital Project Fund				Drug Forfeiture Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees and fines	0	0	0	0	0	0	0	0
Interest	0	0	575,752	575,752	8,596	8,596	1,964	(6,632)
Sale of Assets	0	0	0	0	0	0	6,974	6,974
Total revenues	0	0	575,752	575,752	8,596	8,596	8,938	342
Expenditures:								
General government	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	24,662	24,662	6,885	17,777
Debt service:								
Interest	0	0	0	0	0	0	0	0
Capital outlay	0	0	21,422,638	(21,422,638)	116,000	116,000	12,342	103,658
Total expenditures	0	0	21,422,638	(21,422,638)	140,662	140,662	19,227	121,435
Excess revenues over (under) expenditures	0	0	(20,846,886)	(20,846,886)	(132,066)	(132,066)	(10,289)	121,777
Other financing sources and (uses):								
Bond issuance costs	0	0	(65,681)	(65,681)	0	0	0	0
Transfers in (out)	0	0	(1,695,718)	(1,695,718)	132,066	132,066	0	(132,066)
Total other financing sources and uses	0	0	(1,761,399)	(1,761,399)	132,066	132,066	0	(132,066)
Excess (deficiency) of revenues over expenditures and other financing uses	0	0	(22,608,285)	(22,608,285)	0	0	(10,289)	(10,289)
Fund balance at beginning of year	32,283,884	32,283,884	32,283,884	0	663,391	663,391	663,391	0
Fund balances at end of year	\$32,283,884	\$32,283,884	\$9,675,599	(\$22,608,285)	\$663,391	\$663,391	\$653,102	(\$10,289)

Notes

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budget.

OTHER SUPPLEMENTARY INFORMATION

City of Villa Rica, Georgia
Non-major Governmental Funds
Combining Balance Sheet
March 31, 2010

	Greenspace Fund	EIP Grant Fund	Drug Task Force Grant Fund	Hotel/Motel Fund	Pine Mt Museum Fund	Cemetery Fund	Capital Projects Fund	Total Other Government Funds
Assets:								
Cash & equivalents	\$100	\$100	\$0	(\$602)	\$17,261	\$47,802	\$0	\$64,661
Receivables, net	0	0	0	6,472	0	0	0	6,472
Prepaid expenses	0	0	0	0	0	0	0	0
Total assets	\$100	\$100	\$0	\$5,870	\$17,261	\$47,802	\$0	\$71,133
Liabilities:								
Accounts Payable	0	0	0	0	16,661	0	12,388	29,049
Accrued Liabilities	0	0	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	0	0	0
Total liabilities	\$0	\$0	\$0	\$0	\$16,661	\$0	\$12,388	\$29,049
Fund Balances (Deficits)								
Reserved	0	0	0	0	0	0	0	0
Unreserved	0	0	0	0	0	0	0	0
Special revenue funds	100	100	0	5,870	600	47,802	(12,388)	42,084
Total Fund Balances	\$100	\$100	\$0	\$5,870	\$600	\$47,802	(\$12,388)	\$42,084
Total liabilities and fund balances	\$100	\$100	\$0	\$5,870	\$17,261	\$47,802	\$0	\$71,133

City of Villa Rica, Georgia
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2010

	Special Revenue Funds							
	Greenspace Fund	EIP Grant Fund	Drug Task Force Grant Fund	Hotel/Motel Fund	Pine Mt Museum Fund	Cemetery Fund	Capital Projects Fund	Total
Revenues:								
Taxes	\$0	\$0	\$0	\$83,116	\$0	\$0	\$0	\$83,116
Interest	0	0	0	0	84	201	0	285
Intergovernmental	0	0	5,579	0	0	0	0	5,579
Miscellaneous Revenue	0	0	0	0	5,000	17,025	0	22,025
Total Revenues	\$0	\$0	\$5,579	\$83,116	\$5,084	\$17,226	\$0	\$111,005
Expenditures	0	0	0	43,246	4,363	18,207	609,901	675,717
Excess of Revenues over (under) Expenditures	0	0	5,579	39,870	721	(981)	(609,901)	(564,712)
Other Financing Uses:								
Transfer In (Out)	0	100	(17,684)	(39,870)	0	0	609,901	552,447
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	0	100	(12,105)	0	721	(981)	0	(12,265)
Fund Balance at Beginning of Year	100	0	12,105	5,870	(121)	48,783	(12,388)	54,349
Fund Balance at End of Year	\$100	\$100	\$0	\$5,870	\$600	\$47,802	(\$12,388)	\$42,084

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
Non-major Special Revenue Funds
For the Year Ended March 31, 2010

	GREENSPACE FUND			EIP GRANT FUND		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Total revenues	0	0	0	0	0	0
Expenditures:						
Economic development	0	0	0	0	0	0
Public safety	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	0	0	0	0	0	0
Excess revenues over (under) expenditures	0	0	0	0	0	0
Transfers in (out)	0	0	0	0	0	100
Fund balances at beginning of year	100	100	100	0	0	0
Fund balances at end of year	\$100	\$100	\$100	\$0	\$0	\$100

	DUI TASK FORCE FUND			HOTEL/MOTEL TAX FUND		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$0	\$0	\$0	\$87,000	\$87,000	\$83,116
Interest	0	0	0	0	0	0
Intergovernmental	15,000	15,000	5,579	0	0	0
Miscellaneous	0	0	0	0	0	0
Total revenues	15,000	15,000	5,579	87,000	87,000	83,116
Expenditures:						
General government	0	0	0	0	0	0
Economic development	0	0	0	34,800	34,800	43,246
Public safety	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	0	0	0	34,800	34,800	43,246
Excess revenues over (under) expenditures	15,000	15,000	5,579	52,200	52,200	39,870
Transfers in (out)	(15,000)	(15,000)	(17,684)	(52,200)	(52,200)	(39,870)
Fund balances at beginning of year	12,105	12,105	12,105	5,870	5,870	5,870
Fund balances at end of year	\$12,105	\$12,105	\$0	\$5,870	\$5,870	\$5,870

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
Non-major Special Revenue Funds
For the Year Ended March 31, 2010

	Pine Mountain Gold Museum Fund			CEMETERY FUND		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Interest	0	60	84	1,000	1,000	201
Intergovernmental	0	0	0	0	0	0
Miscellaneous	0	5,000	5,000	0	0	17,025
Total revenues	0	5,060	5,084	1,000	1,000	17,226
Expenditures:						
Economic development	0	0	0	0	0	0
Garage and Maintenance	0	0	0	0	0	7,420
Recreation	0	0	0	0	0	0
Capital Outlay	0	5,060	4,363	12,000	12,000	10,787
Total expenditures	0	5,060	4,363	12,000	12,000	18,207
Excess revenues over (under) expenditures	0	0	721	(11,000)	(11,000)	(981)
Transfers in (out)	0	0	0	11,000	11,000	0
Fund balances at beginning of year	(121)	(121)	(121)	48,783	48,783	48,783
Fund balances at end of year	(\$121)	(\$121)	\$600	\$48,783	\$48,783	\$47,802

City of Villa Rica, Georgia
General Fund
Schedule of Revenues
For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Property taxes, penalties and interest	\$3,767,696	\$3,611,393	\$3,439,180	(\$172,213)
Motor vehicle tax	171,998	171,998	177,035	5,037
Other taxes	96,599	96,599	76,157	(20,442)
Insurance premium tax	232,739	232,739	229,202	(3,537)
Utilities franchise tax	1,024,326	1,030,944	1,048,998	18,054
Beer and wine tax	325,923	325,923	265,851	(60,072)
Local option sales tax	1,285,891	1,157,302	1,211,230	53,928
Total taxes	6,905,172	6,626,898	6,447,653	(179,245)
Licenses and permits:				
Business licenses, penalties and interest	413,979	413,979	452,547	38,568
Building permits	40,002	30,000	24,003	(5,997)
Total licenses and permits	453,981	443,979	476,550	32,571
Grant funds received:				
Chatt-Flint grants	68,369	73,462	73,972	510
Other grants	238,364	782,972	708,671	(74,301)
Total grants	306,733	856,434	782,643	(73,791)
Fines and forfeitures	921,704	651,704	670,549	18,845
Miscellaneous revenues:				
Interest income	45,001	20,001	8,584	(11,417)
Rental income	50,342	50,342	41,060	(9,282)
Recreation revenue	386,899	411,899	381,714	(30,185)
Zoning fees	7,827	7,827	10,055	2,228
Library revenue	14,964	14,964	11,940	(3,024)
Miscellaneous	5,016	30,645	43,482	12,837
Proceeds – sale of assets	15,000	15,000	10,650	(4,350)
Contributions	8,133	8,133	7,367	(766)
Total miscellaneous revenues	533,182	558,811	514,852	(43,959)
Total revenues	\$9,120,772	\$9,137,826	\$8,892,247	(\$245,579)

City of Villa Rica, Georgia

General Fund

Schedule of Expenditures

For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Current:				
Mayor and Council:				
Salaries	\$18,204	\$18,204	\$15,800	(\$2,404)
Benefits	33,059	33,059	34,048	989
Other	139,983	132,417	132,058	(359)
City Manager and Clerk:				
Salaries	79,412	72,312	64,942	(7,370)
Benefits	17,788	18,160	16,546	(1,614)
Other	63,999	64,034	61,678	(2,356)
Financial Administration:				
Salaries	73,855	73,855	73,017	(838)
Benefits	26,109	26,178	25,338	(840)
Other	99,945	93,488	83,618	(9,870)
Municipal Court:				
Salaries	34,514	34,514	32,317	(2,197)
Benefits	10,215	11,454	11,409	(45)
Other	333,636	282,478	253,290	(29,188)
Library:				
Salaries	181,856	147,821	155,983	8,162
Benefits	71,636	61,692	61,432	(260)
Other	103,092	94,239	57,470	(36,769)
Building Inspection:				
Salaries	51,371	51,371	48,197	(3,174)
Benefits	13,603	14,350	13,589	(761)
Other	11,087	8,994	8,227	(767)
Planning and Zoning:				
Salaries	82,028	82,528	85,828	3,300
Benefits	36,220	38,522	37,389	(1,133)
Other	21,983	16,242	27,294	11,052
Downtown Development:				
Salaries	37,299	37,299	38,001	702
Benefits	11,077	11,077	10,605	(472)
Other	51,254	36,710	31,006	(5,704)
Post employment Benefits	3,000	3,000	2,831	(169)
Elections	5,460	5,460	16,904	11,444
Law	50,004	50,004	36,595	(13,409)
Human Resources	45,000	20,004	35,259	15,255
Data Processing	30,899	36,899	29,794	(7,105)
Payments to other agencies	0	0	300	300
Carroll Tomorrow	50,000	28,000	27,780	(220)
Total current	1,787,588	1,604,365	1,528,545	(75,820)
Capital outlays	0	0	0	0
Total general government	\$1,787,588	\$1,604,365	\$1,528,545	(\$75,820)

City of Villa Rica, Georgia

General Fund

Schedule of Expenditures For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Safety:				
Current:				
Salaries	\$1,609,821	\$1,536,595	\$1,591,681	\$55,086
Employee benefits	642,191	657,957	604,903	(53,054)
Other	561,784	516,675	502,386	(14,289)
Total Current	2,813,796	2,711,227	2,698,970	(12,257)
Capital Outlay	0	0	0	0
Total Public Safety	\$2,813,796	\$2,711,227	\$2,698,970	(\$12,257)
Highways and Streets:				
Current:				
Salaries	\$155,565	\$172,392	\$160,105	(\$12,287)
Employee benefits	81,628	81,628	80,369	(1,259)
Other	334,036	408,549	412,984	4,435
Total Current	571,229	662,569	653,458	(9,111)
Capital Outlays	0	0	0	0
Total Highways and Streets	\$571,229	\$662,569	\$653,458	(\$9,111)
Garage:				
Current:				
Salaries	\$106,575	\$87,189	\$89,600	\$2,411
Employee benefits	40,613	28,051	26,640	(1,411)
Other	134,192	125,342	111,264	(14,078)
Total Current	281,380	240,582	227,504	(13,078)
Capital outlay	0	0	0	0
Total Garage	281,380	240,582	227,504	(13,078)
Building and Grounds (Avanti Building)				
Current:				
Salaries	\$0	\$0	\$0	\$0
Employee benefits	0	0	0	0
Other	15,000	0	0	0
Total Current	15,000	0	0	0
Capital outlay	0	0	0	0
Total Building and Grounds	15,000	0	0	0

City of Villa Rica, Georgia

General Fund

Schedule of Expenditures

For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Service:				
Current:				
Salaries	\$51,662	\$48,091	\$51,303	\$3,212
Employee benefits	6,592	6,319	6,360	41
Other	42,881	36,642	29,679	(6,963)
Total current	101,135	91,052	87,342	(3,710)
Capital outlays	0	0	0	0
Total Community Service	\$101,135	\$91,052	\$87,342	(\$3,710)
Recreation and Culture:				
Current:				
Participant:				
Salaries	\$578,980	\$562,664	\$589,915	\$27,251
Employee benefits	164,215	166,095	158,161	(7,934)
Other	1,228,122	1,114,291	956,407	(157,884)
Gold Mine Museum:				
Salaries	57,680	57,680	59,432	\$1,752
Employee benefits	23,012	23,012	22,916	(96)
Other	102,627	90,806	70,272	(20,534)
Total current	2,154,636	2,014,548	1,857,103	(157,445)
Capital outlays	0	0	0	0
Total recreation and culture	\$2,154,636	\$2,014,548	\$1,857,103	(\$157,445)
Public Welfare:				
Senior Citizens Chatt-Flint Nutrition Program:				
Current:				
Salaries	\$69,824	\$69,824	\$79,015	\$9,191
Employee benefits	15,479	15,479	15,959	480
Other	93,384	90,175	73,644	(16,531)
Total Current	178,687	175,478	168,618	(6,860)
Capital outlays	0	0	0	0
Total public welfare	\$178,687	\$175,478	\$168,618	(\$6,860)
Debt Service:				
Principal	370,000	370,000	370,000	0
Interest and fiscal charge	340,131	340,131	312,343	(27,788)
Total debt service	\$710,131	\$710,131	\$682,343	(\$27,788)
Total expenditures	\$8,613,582	\$8,209,952	\$7,903,883	(\$306,069)

City of Villa Rica, Georgia
Water and Sewerage System Enterprise Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Water and sewerage sales	\$3,652,928	\$3,652,928	\$3,917,125	\$264,197
Taps and connection fees	524,418	524,418	206,494	(317,924)
Miscellaneous	6,302	6,302	7,793	1,491
Late charges and penalties	124,999	124,999	120,808	(4,191)
Total operating revenues	4,308,647	4,308,647	4,252,220	(56,427)
Operating expenses:				
Salaries	1,188,444	1,207,837	1,209,269	1,432
Payroll taxes	89,159	89,159	92,454	3,295
Employee insurance	227,929	227,929	218,315	(9,614)
Workmen's compensation	41,454	41,454	32,096	(9,358)
Employee retirement	131,209	130,148	113,787	(16,361)
Utilities and telephone	385,122	410,122	418,365	8,243
Bad debt expense	25,006	25,006	37,671	12,665
Postage	22,276	22,276	23,372	1,096
Maintenance - Building and Equip	171,309	276,192	183,746	(92,446)
Purification and treatment expense	970,333	1,078,010	811,980	(266,030)
Gas, oil and tires	99,124	99,124	46,729	(52,395)
Professional services	168,006	259,120	207,642	(51,478)
General insurance	96,750	80,500	84,403	3,903
Depreciation	0	0	739,280	739,280
Miscellaneous	106,377	178,517	113,825	(64,692)
Bank charges	11,500	11,500	20,973	9,473
Total operating expenses	3,733,998	4,136,894	4,353,907	217,013
Net income (loss) from operations	574,649	171,753	(101,687)	(273,440)
Other revenues and (expenses):				
Grants	0	85,058	82,529	(2,529)
Insurance reimbursements	0	96,663	96,576	(87)
Contributed capital	10,000	10,000	0	(10,000)
Loss on Sale of Fixed Assets	10,000	79,959	(20,890)	(100,849)
Interest earned	119,999	119,999	24,200	(95,799)
Loan Proceeds	0	425,000	0	(425,000)
Interest and Other Costs on Bonded Debt and Notes Payable	(332,983)	(332,983)	(48,328)	284,655
Total other revenues and (expenses)	(192,984)	483,696	134,087	(349,609)
Income (loss) before operating transfers	381,665	655,449	32,400	(623,049)
Transfers in (out)	(429,590)	(655,114)	603,659	1,258,773
Change in net assets	(\$47,925)	\$335	\$636,059	\$635,724

City of Villa Rica, Georgia
Solid Waste Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Collection charge	\$702,900	\$702,900	\$723,562	\$20,662
Late Charge Fees	24,996	24,996	22,329	(2,667)
Total Operating Revenues	727,896	727,896	745,891	17,995
Operating expenses:				
Salaries and other	196,678	197,013	201,098	4,085
Garbage pickup	410,001	431,877	459,099	27,222
Miscellaneous	62,340	60,340	69,457	9,117
Bad debts	5,000	5,000	7,379	2,379
Tipping fees	6,001	7,525	11,338	3,813
Total operating expenses	680,020	701,755	748,371	46,616
Operating income(loss)	47,876	26,141	(2,480)	(28,621)
Non-operating Revenues (Expenses):				
Grants	0	1,524	1,524	0
Interest expense	0	0	(528)	(528)
Total non-operating revenue(expenses)	0	1,524	996	(528)
Income (loss) before contributions and transfers	47,876	27,665	(1,484)	(29,149)
Transfer in (out)	0	(28,000)	0	28,000
Change in net assets	\$47,876	(\$335)	(\$1,484)	(\$1,149)

Utility Director Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Operating revenues	\$0	\$0	\$0	\$0
Operating expenses:				
Salaries and other	118,384	116,384	125,035	8,651
Employee Benefits	42,416	43,142	41,861	(1,281)
Miscellaneous	21,630	22,530	17,233	(5,297)
Total operating expenses	182,430	182,056	184,129	2,073
Income before operating transfers	(182,430)	(182,056)	(184,129)	(2,073)
Transfer in (out)	182,430	182,056	184,129	2,073
Change in net assets	\$0	\$0	\$0	\$0

City of Villa Rica, Georgia
Schedule of Projects Constructed with Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended March 31, 2010

Project	1998 SPLOST Expenditures			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer & Water	\$2,750,000	\$2,773,510	\$0	\$2,773,510
Streets and Sidewalks	1,000,000	1,000,105	0	1,000,105
Library	150,000	15,694	0	15,694
Recreation	100,000	100,000	0	100,000
GEO Debt Reduction	251,000	0	0	0
Totals	\$4,251,000	\$3,889,309	\$0	\$3,889,309

Project	2001 SPLOST Expenditures			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer and water	\$504,000	\$77,250	\$0	\$77,250
Streets and sidewalks	82,000	121,327	0	121,327
Recreation	14,000	75,237	0	75,237
Totals	\$600,000	\$273,814	\$0	\$273,814

Project	2003 SPLOST Expenditures			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer and Water	\$1,850,000	\$631,134	\$1,319,482	\$1,950,616
Streets and Sidewalks	720,065	748,042	54,832	802,874
Downtown Development	250,000	250,000	0	250,000
Recreation	1,150,000	1,261,589	0	1,261,589
Totals	\$3,970,065	\$2,890,765	\$1,374,314	\$4,265,079

Project	2008 SPLOST Expenditures			
	Original Estimated Cost	Prior Years	Current Years	Total
Administrative facilities	\$1,013,895	\$0	\$422,255	\$422,255
Sewer and Water	3,041,685	0	0	0
Streets and Sidewalks	1,757,418	0	21,550	21,550
Library	473,151	0	0	0
Recreation	473,151	0	95,607	95,607
Totals	\$6,759,300	\$0	\$539,412	\$539,412

STATISTICAL SECTION

City of Villa Rica, Georgia
Revenues by Source*
Last Ten Years

Fiscal Year	Taxes	Licenses and Permits	General Fund Grants	Police Fines and Forfeitures	Water and Sanitation Fees	Interest Income	Other	Total
2001	2,975,129	463,852	292,949	489,653	2,312,229	175,109	176,796	6,885,717
2002	3,246,274	517,850	305,049	511,953	2,805,526	188,535	310,763	7,885,950
2003	3,701,089	536,529	222,547	471,634	3,211,191	111,488	253,995	8,508,473
2004	4,061,838	552,527	216,035	505,204	4,067,091	76,618	369,346	9,848,659
2005	4,400,523	641,961	219,885	695,174	5,080,070	118,785	238,183	11,394,581
2006	5,288,774	914,568	207,167	880,632	5,497,628	283,195	308,453	13,380,417
2007	5,669,190	828,829	249,725	1,279,373	6,933,373	519,698	399,630	15,879,818
2008	6,243,497	573,401	345,787	1,177,283	5,099,696	461,902	386,226	14,287,792
2009	6,625,368	461,515	269,051	870,045	5,585,173	132,375	520,789	14,464,316
2010	6,447,653	476,550	782,643	670,549	4,998,111	32,784	666,006	14,074,296

*Excluding Special Revenue Funds and Capital Projects Funds

City of Villa Rica, Georgia
Expenditure by Function*
Last Ten Years

Fiscal Year	General Government	Public Safety	Recreation and Culture	Highways and Streets	Sanitation	Garage - Building & Grounds	Senior Citizens Program	Water and Sewer Fund	Utility Director Fund	Debt Service	Total
2001	657,593	1,654,862	566,297	537,264	165,510	122,744	87,488	1,477,236	0	311,803	5,580,797
2002	754,447	1,889,392	904,824	893,633	196,237	135,016	105,494	1,867,115	0	317,328	7,063,486
2003	1,331,188	2,201,988	773,426	727,177	213,892	116,112	109,131	2,294,053	0	327,985	8,094,952
2004	1,557,936	2,312,111	1,031,983	1,164,851	281,429	149,737	125,775	2,499,714	0	332,443	9,455,979
2005	1,721,448	2,791,049	961,968	740,116	495,764	184,028	138,081	2,909,900	0	469,164	10,411,518
2006	1,993,688	2,629,086	1,441,876	756,968	557,452	220,750	174,613	3,194,856	78,048	463,984	11,511,321
2007	2,960,234	2,690,868	1,465,450	640,843	540,528	374,103	153,221	3,665,612	56,514	457,942	13,005,315
2008	1,764,539	2,748,246	1,712,325	447,849	630,302	286,425	151,678	4,273,503	11,565	731,431	12,757,863
2009	1,694,150	2,908,134	1,912,935	541,312	698,664	293,035	172,798	4,363,174	79,559	731,653	13,395,414
2010	1,528,545	2,786,312	1,857,103	653,458	748,372	227,504	168,618	4,353,907	184,129	731,199	13,239,147

*Excluding Special Revenue Funds and Capital Projects Fund.

City of Villa Rica, Georgia
Schedule of Insurance Policies and Coverage
at March 31, 2010

--- Term of Policy ---		-- Company Name --	----- Coverage -----
05-01-09	05-01-10	GIRMA	Buildings and contents \$22,077,985, \$5,000 deductible
05-01-09	05-01-10	GIRMA	General liability \$1,000,000 occurrence limit, \$10,000 deductible
05-01-09	05-01-10	GIRMA	Professional liability \$1,000,000 each occurrence, \$10,000 deductible. Law enforcement and public officials
05-01-09	05-01-10	GIRMA	Business auto liability on all city autos and trucks, \$1,000,000 limit; \$5,000 deductible
05-01-09	05-01-10	GIRMA	Crime, \$500,000 limit, \$5,000 deductible
01-01-09	01-01-10	GMA Self Ins.	Worker's compensation and employee's liability



Garrett
Stephens
Thomas &
Fazio, P.C.

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Frederick G. Thomas	CPA	Brandy C. Smith	CPA
Deborah W. Cooke	CPA	Julie M. George	CPA
Johanna H. Tallent	CPA	Heather B. Foster	CPA

CERTIFIED PUBLIC ACCOUNTANTS

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Members of American Institute of Certified Public Accountants
Members of Private Companies Practice Section, Division for CPA Firms

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Villa Rica, 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 Villa Rica, Georgia, as of and for the year ended March 31, 2010, which collectively comprise the City of Villa Rica, Georgia's basic financial statements and have issued our report thereon dated September 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described below to be a significant deficiency.

The City has a policy that invoices over \$5,000 must be presented to Council for approval. There was a project in which this policy was circumvented by obtaining and paying on invoices more frequently than normal pay periods so as not to exceed this \$ 5,000 limit. This in effect was avoiding Council approval before payment was made.

Compliance and Other Matters

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

This report is intended solely for the information and use of the City Council, management, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Garrett, Stephens, Thomas + Tazio, P.C.

September 22, 2010