

**CITY OF NASHVILLE, GEORGIA**  
**Annual Financial Report**  
**For The Fiscal Year Ended**  
**July 31, 2010**

**CITY OF NASHVILLE, GEORGIA**  
**Annual Financial Report**  
**For The Fiscal Year Ended July 31, 2010**

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**Annual Financial Report**  
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June 14, 2011

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council  
City of Nashville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Nashville, Georgia, as of and for the year ended July 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 City of Nashville, Georgia's, management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Nashville, Georgia, as of July 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.

City of Nashville, Georgia, has not presented the Management's Discussion and Analysis that accounting principles, generally accepted in the United States of America, has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011, on our consideration of City of Nashville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Nashville, Georgia's basic financial statements. The Required Supplementary Information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The Individual Fund Schedules and Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Required Supplementary Information, Individual Fund Schedules, and Supplemental Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Meeke, Roberto Ashley Sumner, Sirmans, LLP*

MEEKS, ROBERTS, ASHLEY, SUMNER & SIRMANS, LLP  
Certified Public Accountants

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NASHVILLE, GEORGIA**

Statement Of Net Assets

July 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 1,673,728	\$ 2,523,861	\$ 4,197,589	\$ 10,253
Restricted Assets				
Cash & Cash Equivalents	—	496,121	496,121	—
Receivables (Net Of Allowance For Uncollectibles)	271,067	177,582	448,649	—
Prepaid Items	75,131	22,052	97,183	—
Other Current Assets	—	1,780	1,780	—
Capital Assets Not Being Depreciated	1,703,768	919,346	2,623,114	—
Capital Assets Net Of Accumulated Depreciation	1,411,204	3,712,076	5,123,280	72,752
Total Assets	<u>5,134,898</u>	<u>7,852,818</u>	<u>12,987,716</u>	<u>83,005</u>
<b>LIABILITIES</b>				
Accounts Payable	93,437	49,887	143,324	—
Accrued Wages, Withholdings & Benefits	10,799	4,026	14,825	—
Compensated Absences Payable	20,428	31,981	52,409	—
Internal Balances	87,260	(87,260)	—	—
Other Current Liabilities	—	10,095	10,095	—
Accrued Interest Payable	—	44,433	44,433	—
Customer Deposits	—	213,151	213,151	—
Due Within One Year	8,262	47,860	56,122	—
Due In More Than 1 Year	49,505	1,795,100	1,844,605	—
	<u>269,691</u>	<u>2,109,273</u>	<u>2,378,964</u>	<u>—</u>
<b>NET ASSETS</b>				
Invested In Capital Assets, Net Of Related Debt	3,098,870	2,788,462	5,887,332	83,005
Restricted For Debt Service	—	356,113	356,113	—
Unrestricted	1,766,337	2,598,970	4,365,307	—
Total Net Assets	<u>\$ 4,865,207</u>	<u>\$ 5,743,545</u>	<u>\$ 10,608,752</u>	<u>\$ 83,005</u>

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

# CITY OF NASHVILLE, GEORGIA

Statement Of Activities  
For The Year Ended July 31, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN			Component Unit
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	NET ASSETS		Total	
						Primary Government	Business-type Activities		
<b>Primary Government</b>									
Governmental Activities									
General Government	\$ 579,557	\$ 97,690	\$ 73,028	\$ 26,362	\$ (382,477)	\$ --	\$ (382,477)		
Municipal Court	24,946	12,876	--	--	(12,070)	--	(12,070)		
Public Safety	1,226,908	187,267	--	88,731	(950,910)	--	(950,910)		
Public Works	926,498	621,307	--	278,898	(26,293)	--	(26,293)		
Culture & Recreation	79,480	--	--	5,960	(73,500)	--	(73,500)		
Housing & Development	112,119	--	--	--	(112,119)	--	(112,119)		
Interest	1,484	--	--	--	(1,484)	--	(1,484)		
<b>Total Governmental Activities</b>	<b>2,950,972</b>	<b>919,140</b>	<b>73,028</b>	<b>399,951</b>	<b>(1,558,853)</b>	<b>--</b>	<b>(1,558,853)</b>		
<b>Business-Type Activities</b>									
Water & Sewer	1,081,303	1,456,302	67,152	--	--	442,151	442,151		
Natural Gas	808,921	889,403	--	--	--	80,482	80,482		
<b>Total Business-Type Activities</b>	<b>1,081,303</b>	<b>1,456,302</b>	<b>67,152</b>	<b>--</b>	<b>--</b>	<b>522,633</b>	<b>522,633</b>		
<b>Total Primary Government</b>	<b>\$ 4,032,275</b>	<b>\$ 2,375,442</b>	<b>\$ 140,180</b>	<b>\$ 399,951</b>	<b>(1,558,853)</b>	<b>522,633</b>	<b>(1,036,220)</b>		
<b>Component Units</b>									
Downtown Development Authority	\$ 25,130	\$ --	\$ 8,787	\$ 80,000	\$ --	\$ --	\$ 63,657		
<b>Total Component Units</b>	<b>\$ 25,130</b>	<b>\$ --</b>	<b>\$ 8,787</b>	<b>\$ 80,000</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 63,657</b>		
<b>General Revenues</b>									
Taxes									
Real Property					617,701	--	617,701		
Penalties & Interest On Delinquent Taxes					5,035	--	5,035		
Personal Property					62,974	--	62,974		
Real Estate Transfer (Intangible)					4,908	--	4,908		
Franchise					299,530	--	299,530		
General Sales & Use					464,327	--	464,327		
Selective Sales & Use					146,694	--	146,694		
Business					260,416	--	260,416		
Federal Government Payments In Lieu Of Taxes					14,145	--	14,145		
Investment Income					16,302	37,870	54,172		
Miscellaneous					46,251	--	46,251		
<b>Total General Revenues</b>					<b>1,938,283</b>	<b>37,870</b>	<b>1,976,153</b>		
Change In Net Assets					379,430	560,503	939,933		
Net Assets - Beginning					4,485,777	5,183,042	9,668,819		
<b>NET ASSETS - ENDING</b>					<b>\$ 4,865,207</b>	<b>\$ 5,743,545</b>	<b>\$ 10,608,752</b>		

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



**CITY OF NASHVILLE, GEORGIA**

**Balance Sheet  
Governmental Funds  
July 31, 2010**

	<u>General</u>	<u>1% SPLOST #3</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 1,234,535	\$ 437,310	\$ 1,883	\$ 1,673,728
Receivables (Net Of Allowance For Uncollectibles)	146,474	124,217	376	271,067
Due From Other Funds	124,480	22,219	--	146,699
<b>Total Assets</b>	<u>\$ 1,505,489</u>	<u>\$ 583,746</u>	<u>\$ 2,259</u>	<u>\$ 2,091,494</u>
<b>LIABILITIES &amp; FUND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 90,386	\$ 3,051	\$ --	\$ 93,437
Accrued Wages, Withholdings & Benefits	10,799	--	--	10,799
Compensated Absences Payable	20,428	--	--	20,428
Deferred Revenue	25,606	--	--	25,606
Due To Other Funds	179,817	--	54,142	233,959
<b>Total Liabilities</b>	<u>327,036</u>	<u>3,051</u>	<u>54,142</u>	<u>384,229</u>
<b>Fund Balances</b>				
<b>Unreserved, Reported In</b>				
General Fund	1,178,453	--	--	1,178,453
Special Revenue Funds	--	--	2,214	2,214
Capital Projects Funds	--	580,695	(54,097)	526,598
<b>Total Fund Balances</b>	<u>1,178,453</u>	<u>580,695</u>	<u>(51,883)</u>	<u>1,707,265</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 1,505,489</u>	<u>\$ 583,746</u>	<u>\$ 2,259</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,114,972
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	25,606
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures in the funds.	75,131
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital Leases	(16,102)
Compensated Absences	(41,665)
<b>Net Assets Of Governmental Activities</b>	<u>\$ 4,865,207</u>

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

**CITY OF NASHVILLE, GEORGIA**  
**Statement Of Revenues, Expenditures, & Changes In Fund Balances**  
**Governmental Funds**  
**For The Year Ended July 31, 2010**

	General	1% SPLOST #3	Other Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,843,438	\$ --	\$ 2,257
Licenses & Permits	95,281	--	--
Intergovernmental	30,669	347,588	97,991
Charges For Services	636,592	--	--
Fines & Forfeitures	187,267	--	--
Investment Income	16,302	--	--
Contributions & Donations	10,876	--	--
Miscellaneous	46,251	--	--
Total Revenues	<u>2,866,676</u>	<u>347,588</u>	<u>100,248</u>
<b>EXPENDITURES</b>			
Current			
General Government	544,773	--	--
Municipal Court	24,946	--	--
Public Safety	1,126,904	--	--
Public Works	837,593	--	--
Culture & Recreation	62,098	--	--
Housing & Development	109,036	--	43
Capital Outlay	--	144,062	126,698
Debt Service	--	--	26,362
Total Expenditures	<u>2,705,350</u>	<u>144,062</u>	<u>153,103</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>161,326</u>	<u>203,526</u>	<u>(52,855)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	--	--	--
Transfers Out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change In Fund Balances	161,326	203,526	(52,855)
Fund Balances - Beginning	1,017,127	377,169	972
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,178,453</u>	<u>\$ 580,695</u>	<u>\$ (51,883)</u>

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

**CITY OF NASHVILLE, GEORGIA**  
**Reconciliation Of The Statement Of Revenues, Expenditures, & Changes In Fund Balances**  
**Of Governmental Funds To The Statement Of Activities**  
**For The Year Ended July 31, 2010**

Amounts reported for governmental activities in the *Statement Of Activities* are different because:

Net change in fund balances - total governmental funds reported in the <i>Statement Of Revenues, Expenditures, And Changes In Fund Balances - Governmental Funds</i>	\$	311,997
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Governmental funds report capital outlays as expenditures. However, in the *Statement Of Activities* the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 173,624	
Depreciation Expense	<u>(164,158)</u>	
		9,466

Revenues in the *Statement Of Activities* that do not provide current financial resources are not reported as revenues in the funds while revenues reported in the *Statement Of Revenues, Expenditures, And Changes In Fund Balances* are recognized as revenue of the previous period in the *Statement Of Activities* and included in beginning net assets.

Taxes	\$ 15,890	
		<u>15,890</u>

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the *Statement Of Activities*.

Principal Repayments		
Capital Leases	\$ 24,878	
		<u>24,878</u>

Expenses reported in the *Statement Of Activities* that do not require the use of current financial resources are not reported as expenditures in governmental funds while expenditures reported in the *Statement Of Revenues, Expenditures, And Changes In Fund Balances* are recognized as expenses of the previous period in the *Statement Of Activities* and included in beginning net assets.

Insurance	\$ 2,423	
Compensated Absences	<u>14,776</u>	
		<u>17,199</u>

Change in net assets of governmental activities reported in the <i>Statement Of Activities</i>	\$	<u><u>379,430</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF NASHVILLE, GEORGIA**  
**Statement Of Net Assets**  
**Proprietary Funds**  
**July 31, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water &amp; Sewer</b>	<b>Natural Gas</b>	<b>Totals Current Year</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	\$ 1,400,511	\$ 1,123,350	\$ 2,523,861
<b>Restricted Assets</b>			
Cash & Cash Equivalents	496,121	--	496,121
Receivables (Net Of Allowance For Uncollectibles)	136,635	40,947	177,582
<b>Due From Other Funds</b>			
General Fund	14,727	142,871	157,598
Water & Sewer Enterprise Fund	--	148,527	148,527
Prepaid Items	14,126	7,926	22,052
Other Current Assets	--	1,780	1,780
<b>Total Current Assets</b>	<b>2,062,120</b>	<b>1,465,401</b>	<b>3,527,521</b>
<b>Capital Assets Net Of Accumulated Depreciation</b>			
Land	815,086	6,000	821,086
Improvements Other Than Buildings	--	651,754	651,754
Construction In Progress	98,260	--	98,260
Buildings & System	7,329,908	--	7,329,908
Machinery & Equipment	370,574	129,336	499,910
Accumulated Depreciation	(4,250,439)	(519,057)	(4,769,496)
<b>Total Capital Assets Net Of Accumulated Depreciation</b>	<b>4,363,389</b>	<b>268,033</b>	<b>4,631,422</b>
<b>Total Noncurrent Assets</b>	<b>4,363,389</b>	<b>268,033</b>	<b>4,631,422</b>
<b>TOTAL ASSETS</b>	<b>6,425,509</b>	<b>1,733,434</b>	<b>8,158,943</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	30,429	19,458	49,887
Accrued Wages & Withholdings	2,591	1,435	4,026
Compensated Absences Payable	21,876	10,105	31,981
<b>Due To Other Funds</b>			
General Fund	55,912	14,426	70,338
Natural Gas Enterprise Fund	148,527	--	148,527
Other Current Liabilities	--	10,095	10,095
Customer Deposits	150,168	62,983	213,151
Accrued Interest Payable	44,433	--	44,433
Revenue Bonds Payable - Current	47,860	--	47,860
<b>Total Current Liabilities</b>	<b>501,796</b>	<b>118,502</b>	<b>620,298</b>
<b>Noncurrent Liabilities</b>			
Revenue Bonds Payable	1,795,100	--	1,795,100
<b>Total Noncurrent Liabilities</b>	<b>1,795,100</b>	<b>--</b>	<b>1,795,100</b>
<b>TOTAL LIABILITIES</b>	<b>2,296,896</b>	<b>118,502</b>	<b>2,415,398</b>
<b>NET ASSETS</b>			
Invested In Capital Assets, Net Of Related Debt	2,520,429	268,033	2,788,462
<b>Restricted</b>			
Restricted For Debt Service	356,113	--	356,113
Unrestricted	1,252,071	1,346,899	2,598,970
<b>TOTAL NET ASSETS</b>	<b>\$ 4,128,613</b>	<b>\$ 1,614,932</b>	<b>\$ 5,743,545</b>

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

**CITY OF NASHVILLE, GEORGIA**  
**Statement Of Revenues, Expenses, & Changes In Fund Net Assets**  
**Proprietary Funds**  
**For The Year Ended July 31, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water &amp; Sewer</b>	<b>Natural Gas</b>	<b>Totals Current Year</b>
<b>OPERATING REVENUES</b>			
Charges For Sales & Services	\$ 1,441,066	\$ 886,277	\$ 2,327,343
Other	15,236	3,126	18,362
Total Operating Revenues	<u>1,456,302</u>	<u>889,403</u>	<u>2,345,705</u>
<b>OPERATING EXPENSES</b>			
Personal Services & Employee Benefits	414,694	246,030	660,724
Purchased/Contracted Services	164,024	49,976	214,000
Supplies	225,747	495,407	721,154
Depreciation	180,567	17,508	198,075
Other	2,943	-	2,943
Total Operating Expenses	<u>987,975</u>	<u>808,921</u>	<u>1,796,896</u>
Operating Income (Loss)	<u>468,327</u>	<u>80,482</u>	<u>548,809</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental Revenue	50,251	-	50,251
Investment Income	17,867	20,003	37,870
Interest on Long-term Debt	(93,328)	-	(93,328)
Total Nonoperating Revenues (Expenses)	<u>(25,210)</u>	<u>20,003</u>	<u>(5,207)</u>
Income (Loss) Before Contributions & Transfers	443,117	100,485	543,602
Capital Contributions	16,901	-	16,901
Transfers In	-	-	-
Transfers Out	-	-	-
Changes In Net Assets	<u>460,018</u>	<u>100,485</u>	<u>560,503</u>
Net Assets - Beginning Of Year	3,668,595	1,514,447	5,183,042
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 4,128,613</b></u>	<u><b>\$ 1,614,932</b></u>	<u><b>\$ 5,743,545</b></u>

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

**CITY OF NASHVILLE, GEORGIA**  
**Statement Of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended July 31, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water &amp; Sewer</b>	<b>Natural Gas</b>	<b>Totals Current Year</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts From Customers & Users	\$ 1,426,859	\$ 892,355	\$ 2,319,214
Payments To Suppliers	(387,515)	(551,269)	(938,784)
Payments To Employees	(411,515)	(241,059)	(652,574)
Net Cash Provided (Used) By Operating Activities	<u>627,829</u>	<u>100,027</u>	<u>727,856</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans From Other Funds	--	22,759	22,759
Loans To Other Funds	--	(10,815)	(10,815)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>--</u>	<u>11,944</u>	<u>11,944</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Acquisition & Construction Of Capital Assets	(64,901)	(7,925)	(72,826)
Principal Paid On Capital Debt	(45,580)	--	(45,580)
Interest Paid On Capital Debt	(94,426)	--	(94,426)
Intergovernmental	16,901	--	16,901
Grants	50,251	--	50,251
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>(137,755)</u>	<u>(7,925)</u>	<u>(145,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest & Dividends Received	19,903	21,941	41,844
Net Cash Provided (Used) By Investing Activities	<u>19,903</u>	<u>21,941</u>	<u>41,844</u>
Net Increase (Decrease) In Cash & Cash Equivalents	509,977	125,987	635,964
Cash & Cash Equivalents - Beginning Of Year	1,386,655	997,363	2,384,018
<b>CASH &amp; CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,896,632</u>	<u>\$ 1,123,350</u>	<u>\$ 3,019,982</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
<b>Operating Income (Loss)</b>	468,327	80,482	548,809
<b>Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities</b>			
Depreciation Expense	180,567	17,508	198,075
(Increase) Decrease In Accounts Receivable	(54,798)	(3,209)	(58,007)
(Increase) Decrease In Other Receivables	7,622	1,372	8,994
Increase (Decrease) In Allowances For Uncollectible Accounts	24,586	4,789	29,375
(Increase) Decrease In Prepaid Items	(1,659)	(668)	(2,327)
Increase (Decrease) In Accounts Payable	6,858	164	7,022
Increase (Decrease) In Accrued Wages & Withholdings	487	36	523
Increase (Decrease) In Compensated Absences Payable	2,693	4,935	7,628
Increase (Decrease) In Due To Other Funds	(15,212)	--	(15,212)
Increase (Decrease) In Customer Deposits	8,358	(5,382)	2,976
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ 627,829</u>	<u>\$ 100,027</u>	<u>\$ 727,856</u>
<b>NONCASH INVESTING, CAPITAL, &amp; FINANCING ACTIVITIES</b>			
	\$ --	\$ --	\$ --

**CITY OF NASHVILLE, GEORGIA**  
**Statement Of Fiduciary Assets & Liabilities**  
**Fiduciary Funds**  
**July 31, 2010**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 15,461
Total Assets	<u>\$ 15,461</u>
<b>LIABILITIES</b>	
Due To Others	\$ 15,461
Total Liabilities	<u>\$ 15,461</u>

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

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Nashville, Georgia was incorporated December 20, 1892 by an act of Georgia General Assembly. The City operates under a Mayor-Council form of government. The mayor serves full time and is elected for a period of two years. There are six Council members who serve staggered terms of two years, three being elected each year. Generally accepted accounting principles require the accompanying financial statements to present the City of Nashville and its component units. Component units are entities for which the City is considered to be financially accountable. Each discretely component unit is reported in a separate column in the combined financial statements (see note below for description) to emphasize that it is legally separate from the City.

*Discretely Presented Component Units*

The Downtown Development Authority (Authority) was created to enhance the economic development of the City of Nashville. City of Nashville is financially accountable for the Authority. Separate financial statements are not issued for the Authority.

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered



**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Splost # 3 Capital Projects Fund* accounts for the collection and disbursement of a six year special one-percent sales tax for the purpose of capital outlay projects.

The City reports the following major proprietary funds:

The *Water and Sewer Enterprise Fund* accounts for the activities of the City's water & sewer operations.

The *Natural Gas Enterprise Fund* accounts for the activities of the City's natural gas operations.

Additionally, the City reports the following fund types:

*Agency Funds* account for monies collected on behalf of other governments, agencies, officials, and individuals.

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

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

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

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

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

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

State statutes authorize the City to invest in obligations of the State of Georgia, the U.S. Government and corporations of the U.S. Government, obligations insured or guaranteed by the U.S. Government, and the local government investment pool.

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value.

**2.      *Receivables and Payables***

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

Advances between funds, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes were levied on August 11, 2009, are payable December 20, and attach as an enforceable lien on property as of January 1.

**3.      *Inventories and Prepaid Items***

The costs of inventories are recorded as expenditures when purchased in all funds. The cost of inventories, if any, at year end are not considered material to the financial statements.

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

**4.      *Restricted Assets***

Certain assets in the Water and Sewer Fund and Natural Gas Fund are classified as restricted assets because their use is restricted by bond covenants. Cash sinking fund account is used to segregate resources for current and future debt service payments.

**5.      *Capital Assets***

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost which exceeds certain capitalization thresholds and has an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All general infrastructure assets acquired or constructed after July 31, 2003 are reported in the government-wide financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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

<u>Assets</u>	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Buildings	\$ 10,000	25-60
Machinery and Equipment	5,000	7-10
Improvements	5,000	15-30
Roads	25,000	15-40
Bridges	25,000	15-40
Sidewalks	25,000	15-40
Water System	25,000	25-50
Sewer System	25,000	25-50

**6. *Compensated Absences***

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

**7. *Long-term Obligations***

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

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

**8. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Special Sales Tax and CDBG capital projects funds, which adopt project length budget. All annual appropriations lapse at fiscal year end.

All departments of the City submit requests for appropriations to the City Clerk so that a budget may be prepared. The proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than July 31.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Supplemental budgetary appropriations in funds were not considered material.

The Official Code of Georgia Annotated section 36-81-3(b) requires an annual balanced budget for the General fund, each special revenue fund, and each debt service fund and requires a project-length budget for each capital project fund. For the year ended July 31, 2010, the City did not adopt an annual budget for the Hotel-Motel Tax special revenue fund.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations in the General Fund at the department level (the legal level of control) is presented below:

	Budget	Actual	Excess
General Fund			
Police	948,811	969,642	(20,831)
Clerks Office	540,126	544,773	(4,647)
Animal Control	48,503	49,854	(1,351)
Work Control	3,950	5,041	(1,091)
Recreation	57,125	62,098	(4,973)
Hotel-Motel Special Revenue Fund	—	43	(43)

**C. Deficit Fund Equity**

The USDA Parking Lot Capital Projects Fund had deficit fund equity of \$54,142 as of July 31, 2010.

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Custodial credit risk-deposits.* This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no formal policy for custodial credit risk. As of July 31, 2010, the City's entire bank balance was insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**B. Receivables**

Receivables as of year ended for the City's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	1% SPLOST #3	Water & Sewer	Natural Gas	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	\$ 32,649	\$ --	\$ --	\$ --	\$ 376	\$ 33,025
Interest Receivable	1,259	--	5,270	3,729	--	10,258
Accounts	101,627	--	227,484	68,219	--	397,330
Intergovernmental	51,227	124,217	7,105	--	--	182,549
Gross Receivables	186,762	124,217	239,859	71,948	376	623,162
Less: Allowance For Uncollectibles	(40,288)	--	(103,224)	(31,001)	--	(174,513)
	<u>\$ 146,474</u>	<u>\$ 124,217</u>	<u>\$ 136,635</u>	<u>\$ 40,947</u>	<u>\$ 376</u>	<u>\$ 448,649</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

Property Taxes (General Fund)	<u>Unavailable</u> \$ 25,606
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**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

**C. Capital Assets**

Capital asset activity for the year ended July 31, 2010, was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 321,137	\$ --	\$ --	\$ 321,137
Construction in progress	1,253,933	128,698	--	1,382,631
Total capital assets, not being depreciated	<u>1,575,070</u>	<u>128,698</u>	<u>--</u>	<u>1,703,768</u>
Capital assets, being depreciated:				
Buildings	2,169,373	--	--	2,169,373
Infrastructure	--	--	--	--
Improvements other than buildings	382,325	--	--	382,325
Machinery and equipment	1,526,598	61,827	(16,901)	1,571,524
Total capital assets, being depreciated	<u>4,078,296</u>	<u>61,827</u>	<u>(16,901)</u>	<u>4,123,222</u>
Less accumulated depreciation for:				
Buildings	(1,283,738)	(31,007)	--	(1,314,745)
Infrastructure	--	--	--	--
Improvements other than buildings	(216,145)	(24,623)	--	(240,768)
Machinery and equipment	(1,047,977)	(108,528)	--	(1,156,505)
Total accumulated depreciation	<u>(2,547,860)</u>	<u>(164,158)</u>	<u>--</u>	<u>(2,712,018)</u>
Total capital assets, being depreciated, net	<u>1,530,436</u>	<u>(102,331)</u>	<u>(16,901)</u>	<u>1,411,204</u>
Governmental activities capital assets, net	<u>\$ 3,105,506</u>	<u>\$ 26,367</u>	<u>\$ (16,901)</u>	<u>\$ 3,114,972</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 821,086	\$ --	\$ --	\$ 821,086
Construction in progress	98,260	--	--	98,260
Total capital assets, not being depreciated	<u>919,346</u>	<u>--</u>	<u>--</u>	<u>919,346</u>
Capital assets, being depreciated:				
Buildings and system	7,933,662	48,000	--	7,981,662
Improvements other than buildings	--	--	--	--
Machinery and equipment	475,085	24,825	--	499,910
Total capital assets, being depreciated	<u>8,408,747</u>	<u>72,825</u>	<u>--</u>	<u>8,481,572</u>
Less accumulated depreciation for:				
Buildings and system	(4,148,003)	(173,662)	--	(4,321,665)
Improvements other than buildings	--	--	--	--
Machinery and equipment	(423,417)	(24,414)	--	(447,831)
Total accumulated depreciation	<u>(4,571,420)</u>	<u>(198,076)</u>	<u>--</u>	<u>(4,769,496)</u>
Total capital assets, being depreciated, net	<u>3,837,327</u>	<u>(125,251)</u>	<u>--</u>	<u>3,712,076</u>
Business-type activities capital assets, net	<u>\$ 4,756,673</u>	<u>\$ (125,251)</u>	<u>\$ --</u>	<u>\$ 4,631,422</u>

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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

Governmental activities	
General Government	\$ 44,476
Public Safety	60,437
Public Works	39,883
Culture & Recreation	17,362
Housing and Development	2,000
	\$ 164,158
Business-type activities	
Water & Sewer	\$ 180,567
Gas	17,508
	\$ 198,075

**D. Inter-fund Receivables, Payables, and Transfers**

Balances due to/from other funds as of July 31, 2010 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water & Sewer Enterprise Fund	\$ 55,912
General Fund	Natural Gas Enterprise Fund	14,426
General Fund	USDA Parking Lot	54,142
Natural Gas Enterprise Fund	General Fund	142,871
Natural Gas Enterprise Fund	Water & Sewer Enterprise Fund	148,527
Water & Sewer Enterprise Fund	General Fund	14,727
1% SPLOST Capital Projects Fund	General Fund	22,219
		\$ 452,824

The outstanding balances between funds result mainly from un-reimbursed expenditures accounted for in the payable fund.

**E. Leases**

*Capital Leases.* The City has entered into lease agreements as lessee for financing the acquisition of capital assets. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and Equipment	\$ 24,750
Less: Accumulated Depreciation	(3,720)
Total	\$ 21,030
Original Lease Amount	\$ 24,750

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of July 31, 2010, are as follows:

Year Ending July 31	Governmental Activities
2011	\$ 8,708
2012	7,982
Total Minimum Lease Payments	16,690
Less: Amounts Representing Interest	(588)
Present Value Of Minimum Lease Payments	\$ 16,102

**G. Long-Term Debt**

*Revenue Bonds.* The City issued bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rate	Amount
Water & Sewer Extension	5.00%	\$ 1,842,960

Revenue bond debt service requirements to maturity are as follows:

Year Ending July 31	Business-type Activities		
	Principal	Interest	Total
2011	\$ 47,860	\$ 92,148	\$ 140,008
2012	50,250	89,755	140,005
2013	52,760	87,243	140,003
2014	55,400	84,604	140,004
2015	58,170	81,835	140,005
2016 - 2020	337,510	362,523	700,033
2021 - 2025	430,760	269,276	700,036
2026 - 2030	549,760	150,267	700,027
2031 - 2033	260,490	19,699	280,189
Total	\$ 1,842,960	\$ 1,237,350	\$ 3,080,310

*Changes In Long-Term Liabilities*

Long-term liability activity for the year ended July 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 56,441	\$ 52,461	\$ (67,237)	\$ 41,665	\$ --
Capital Lease Payable	40,980	--	(24,878)	16,102	8,262
	\$ 97,421	\$ 52,461	\$ (92,115)	\$ 57,767	\$ 8,262
<b>Business-type Activities:</b>					
Revenue Bonds	\$ 1,888,540	\$ --	\$ (45,580)	\$ 1,842,960	\$ 47,860
	\$ 1,888,540	\$ --	\$ (45,580)	\$ 1,842,960	\$ 47,860

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.



**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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**H. Restricted Assets**

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

Revenue Bond Debt Service	\$ 496,121
	<u>\$ 496,121</u>

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance purchased either directly or indirectly from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The City's deductibles for commercial insurance coverage range from \$0 to \$5,000 with various limits of liability ranging from \$298,185 to \$4,243,600.

**B. Commitments and Contingencies**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Nashville.

*Municipal Gas Authority of Georgia Contract* – According to the terms of a Contract with Municipal Gas Authority of Georgia (MGAG), the City is committed to purchase gas supplies for a period including the final maturity date and payment of all outstanding bonds issued to finance the City's share of the allocated Gas Supply Realignment Cost Project. On May 1, 1996, for a term extending through May 31, 2011, a supplemental contract was approved with MGAG authorizing MGAG to issue up to \$220,000,000 in bonds with final maturity not to exceed 10 years from date of issuance. In the event that at any time all project costs payable by MGAG are in excess of the revenues of the Authority available for the purpose of paying the same or reserve funds, the City is obligated to pay its share of excess. The obligation of the City to make payments to the Authority under these contracts constitutes a general obligation of the City.

*Waste Water Treatment System* – City is currently operating under a Consent Order with EPD requiring its existing LAS system to be replaced. The projected cost of this project is estimated at 6.4 million dollars and expected to be financed through Georgia Environmental Facilities (GEFA) and the United States Department of Agriculture (USDA). Construction on this project should begin during the middle to end of the 2011 calendar year.

**C. Pensions**

The City participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit plan. The City's participation in the plan, benefit provisions, and other requirements are established by City ordinance. GMEBS issues a financial report that may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

*Funding Policy*

City employees are not required to contribute to the Plan. The Board of Trustees of GMEBS has adopted an actuarial funding policy for determination of annual required contributions to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Annual contributions made in accordance with the funding policy, which requires a different funding level, will meet the minimum funding standards. The City's current required contribution rate is 5.82% of annual covered payroll. The contribution requirements of employees and the City are established by City ordinance. Monthly retirement benefits shall be determined based upon the applicable benefit formula specified in the Adoption Agreement in effect at the Participant's termination.

*Annual Pension Cost*

For 2010, the City's annual pension cost of \$56,557 was equal to its required and actual contribution. The annual required contribution was determined as part of the January 1, 2010, actuarial valuation using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial accrued liability of assets. The actuarial assumptions included (a) 7.75% investment rate of return and (b) projected salary increases of 3% per year for inflation and .5% per year for merit or seniority. The actuarial value of Plan assets was determined using techniques that smooth the effect of random variations in financial market values of investments. The

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Financial Statements**  
**July 31, 2010**  
**(Continued)**

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period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 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 open for this plan year.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11/1/2008	\$ 47,378	100.0 %	\$ --
10/1/2009	69,407	100.0 %	--
1/1/2010	57,068	100.0 %	--

*Funded Status and Funding Progress*

As of January 1, 2010, the most recent actuarial valuation date, the plan was 104.1% funded. The actuarial accrued liability for benefits was \$2,098,555, and the actuarial value of assets was \$2,184,714, resulting in a funding excess (UAAL) of \$86,159. The covered payroll (annual payroll of active employees covered by the plan) was \$1,192,619, and the ratio of the funding excess (UAAL) to the covered payroll was 7.2%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City adopted a resolution to create the City of Nashville 457 Deferred Compensation Plan, on August 12, 2002. The defined contribution plan allows eligible employees to defer a minimum of 1% of compensation or \$25. No contributions were made by the City.

**D. Related Organizations**

The Mayor is responsible for appointing the board members of the Housing Authority of the City of Nashville, but the City's accountability for the Authority does not extend beyond making the appointments. Any disbursements to the Authority are based on contractual agreements that have been budgeted and expensed as a part of the regular operations of the City.

**E. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the ten-county South Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended July 31, 2010, the City paid \$6,081 in such dues. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Southeast Georgia Regional Commission  
327 West Savannah Avenue  
Valdosta, Georgia 31601

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual**  
**For The Year Ended July 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,923,404	\$ 1,923,404	\$ 1,843,438	\$ (79,966)
Licenses & Permits	112,625	112,625	95,281	(17,344)
Intergovernmental	16,000	16,000	30,669	14,669
Fines & Forfeitures	179,450	179,450	187,267	7,817
Charges For Services	555,511	555,511	636,592	81,081
Investment Income	9,842	9,842	16,302	6,460
Contributions & Donations	35,000	35,000	10,876	(24,124)
Miscellaneous	27,700	27,700	46,251	18,551
Total Revenues	2,859,532	2,859,532	2,866,676	7,144
<b>EXPENDITURES</b>				
General Government	540,126	540,126	544,773	(4,647)
Municipal Court	25,250	25,250	24,946	304
Public Safety	1,118,838	1,118,838	1,126,904	(8,066)
Public Works	965,059	965,059	837,593	127,466
Recreation	57,125	57,125	62,098	(4,973)
Housing & Development	129,505	129,505	109,036	20,469
Total Expenditures	2,835,903	2,835,903	2,705,350	130,553
Excess (Deficiency) Of Revenues Over (Under) Expenditures	23,629	23,629	161,326	137,697
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	--	--	--	--
Transfers Out	(50,000)	(50,000)	--	50,000
Total Other Financing Sources (Uses)	(50,000)	(50,000)	--	50,000
Net Change In Fund Balances	(26,371)	(26,371)	161,326	187,697
Fund Balances - Beginning	1,017,127	1,017,127	1,017,127	--
<b>FUND BALANCES - ENDING</b>	\$ 990,756	\$ 990,756	\$ 1,178,453	\$ 187,697

The notes to the required supplementary information are an integral part of this schedule.

**CITY OF NASHVILLE, GEORGIA**  
**Schedule Of Funding Progress - Pension Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
11/1/2006	\$ 2,180,135	\$ 1,928,387	\$ (251,748)	113.1 %	\$ 959,822	-26.2 %
11/1/2007	2,232,907	1,964,961	(267,946)	113.6	937,343	-28.6
11/1/2008	2,249,653	2,015,000	(234,653)	111.6	1,009,957	-23.2
10/1/2009	1,930,746	2,058,209	127,463	93.8	1,192,619	10.7
1/1/2010	2,184,714	2,098,555	(86,159)	104.1	1,192,619	7.2

**CITY OF NASHVILLE, GEORGIA**  
**Notes To The Required Supplementary Information**  
**July 31, 2010**

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**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project length budgets and the Hotel/Motel Tax Special Revenue Fund.

The Official Code of Georgia Annotated section 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project-length budget for each capital project fund. For the year ended July 31, 2010, the City did not adopt an annual budget for the Hotel/Motel Tax special revenue fund.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations in the General Fund at the department level (the legal level of control) is presented below:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Police	\$ 948,811	\$ 969,642	\$ (20,831)
Clerks Office	540,126	544,773	(4,647)
Animal Control	48,503	49,854	(1,351)
Work Control	3,950	5,041	(1,091)
Recreation	57,125	62,098	(4,973)

**C. Deficit Fund Equity**

The USDA Parking Lot Capital Project Fund had a deficit fund balance of \$54,142. The deficit will be eliminated as soon as grant funds become available.

# **COMBINING & INDIVIDUAL FUND SCHEDULES**



# Major Governmental Funds

## General Fund

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

## Splost #3 Capital Projects Fund

The Splost Fund is used to account for the City's share of one-percent special purpose local option sales tax to be used for capital outlay for major capital projects.

**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 1,234,535	\$ 1,079,143
Receivables (Net Of Allowance For Uncollectibles)		
Interest Receivable	1,259	1,658
Taxes	32,098	13,814
Accounts	61,890	58,117
Intergovernmental	51,227	50,796
Due From Other Funds		
Street & Flood Drainage Capital Projects Fund	54,142	--
Water & Sewer Enterprise Fund	55,912	56,397
Natural Gas Enterprise Fund	14,426	40,749
<b>TOTAL ASSETS</b>	<u><u>\$ 1,505,489</u></u>	<u><u>\$ 1,300,674</u></u>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 90,386	\$ 77,370
Accrued Wages, Withholdings & Benefits	10,799	11,172
Compensated Absences Payable	20,428	4,061
Customer Deposits	--	90
Deferred Revenue		
Property Taxes	25,606	9,716
Due To Other Funds		
1% SPLOST Capital Projects Fund	22,219	--
Water & Sewer Enterprise Fund	14,727	--
Natural Gas Enterprise Fund	142,871	181,138
<b>Total Liabilities</b>	<u><u>327,036</u></u>	<u><u>283,547</u></u>
<b>Fund Balances</b>		
Unreserved	1,178,453	1,017,127
<b>Total Fund Balances</b>	<u><u>1,178,453</u></u>	<u><u>1,017,127</u></u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><u>\$ 1,505,489</u></u>	<u><u>\$ 1,300,674</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes	\$ 1,843,438	\$ 1,818,271
Licenses & Permits	95,281	97,306
Intergovernmental	30,669	72,735
Charges For Services	636,592	627,668
Fines & Forfeitures	187,267	242,234
Investment Income	16,302	14,945
Contributions & Donations	10,876	17,469
Miscellaneous	46,251	27,473
Total Revenues	<u>2,866,676</u>	<u>2,918,101</u>
<b>EXPENDITURES</b>		
Current		
General Government	544,773	562,196
Judicial	24,946	22,198
Public Safety	1,126,904	1,135,336
Public Works	837,593	906,968
Culture & Recreation	62,098	57,424
Housing & Development	109,036	130,066
Total Expenditures	<u>2,705,350</u>	<u>2,814,188</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>161,326</u>	<u>103,913</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In		
TE Grant Capital Projects Fund	--	105,836
Transfers Out		
TE Grant Capital Projects Fund	--	(20,277)
Capital Leases	--	24,750
Total Other Financing Sources (Uses)	<u>--</u>	<u>110,309</u>
Net Change In Fund Balances	161,326	214,222
Fund Balances - Beginning	1,017,127	802,905
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 1,178,453</u></u>	<u><u>\$ 1,017,127</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**1% SPLOST #3 Capital Projects Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 437,310	\$ 317,130
Receivables (Net Of Allowance For Uncollectibles)		
Intergovernmental	124,217	66,670
Due From Other Funds		
General Fund	22,219	--
<b>TOTAL ASSETS</b>	<b>\$ 583,746</b>	<b>\$ 383,800</b>
 <b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$ 3,051	\$ 6,631
Total Liabilities	3,051	6,631
 Fund Balances		
Unreserved	580,695	377,169
Total Fund Balances	580,695	377,169
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 583,746</b>	<b>\$ 383,800</b>

**CITY OF NASHVILLE, GEORGIA**  
**1% SPLOST #3 Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Intergovernmental	\$ 347,588	\$ 249,205
Total Revenues	<u>347,588</u>	<u>249,205</u>
<b>EXPENDITURES</b>		
Capital Outlay	<u>144,062</u>	<u>101,923</u>
Total Expenditures	<u>144,062</u>	<u>101,923</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>203,526</u>	<u>147,282</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	--	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change In Fund Balances	<u>203,526</u>	<u>147,282</u>
Fund Balances - Beginning	<u>377,169</u>	<u>229,887</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 580,695</u>	<u>\$ 377,169</u>

# Nonmajor Governmental Funds

## Capital Projects Funds

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Street And Flood Drainage Fund** - This fund is used to account for federal grants used for street and drainage improvements.

**Sewer & Street Improvements Fund** - This fund is used to account for federal grants used for sewer and street improvements.

**T E Grant Capital Projects Fund** - This fund is used to account for federal grants used to improve the streetscape design of the Courthouse, create a city park/rest area and create a stage/festival area.

## Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**SPLOST Debt Service Fund** - This fund is used to account for the City's share of one-percent special purpose local option sales tax to be used for debt retirement.

## Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Hotel-Motel Fund** - This fund is used to account for the collection and disbursement of tax for the purpose of tourism.

**CITY OF NASHVILLE, GEORGIA**  
**Nonmajor Governmental Funds**  
**Combining Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010**

	Special Revenue Funds			Capital Projects Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Hotel-Motel	Total	USDA Parking Lot	Sewer Improvements	TE Grant	Total	SPLOST		
<b>ASSETS</b>									
Cash & Cash Equivalents	\$ 1,838	\$ 1,838	\$ --	\$ --	\$ 45	\$ 45	\$ --	\$ --	\$ 1,883
Receivables (Net Of Allowance For Uncollectibles)	376	376	--	--	--	--	--	--	376
Total Assets	\$ 2,214	\$ 2,214	\$ --	\$ --	\$ 45	\$ 45	\$ --	\$ --	\$ 2,259
<b>LIABILITIES &amp; FUND EQUITY</b>									
Liabilities									
Due To Other Funds	--	--	54,142	--	--	54,142	--	--	54,142
Total Liabilities	--	--	54,142	--	--	54,142	--	--	54,142
Fund Balances									
Unreserved	2,214	2,214	(54,142)	--	45	(54,097)	--	--	(51,883)
Total Fund Balances	2,214	2,214	(54,142)	--	45	(54,097)	--	--	(51,883)
Total Liabilities & Fund Balances	\$ 2,214	\$ 2,214	\$ --	\$ --	\$ 45	\$ 45	\$ --	\$ --	\$ 2,259

**CITY OF NASHVILLE, GEORGIA**  
**Nonmajor Governmental Funds**  
**Combining Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Year Ended July 31, 2010**

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds	Total Nonmajor Governmental Funds
	Hotel-Motel	Total	USDA Parking Lot	Sewer Improvements	TE Grant		
<b>REVENUES</b>							
Taxes	\$ 2,257	\$ 2,257	\$ --	\$ --	\$ --	\$ --	\$ 2,257
Intergovernmental	--	--	--	71,629	--	26,362	97,991
Total Revenues	<u>2,257</u>	<u>2,257</u>	<u>--</u>	<u>71,629</u>	<u>--</u>	<u>26,362</u>	<u>100,248</u>
<b>EXPENDITURES</b>							
Current							
Housing & Development	43	43	--	--	--	--	43
Capital Outlay	--	--	54,142	72,556	--	--	126,698
Debt Service	--	--	--	--	--	26,362	26,362
Total Expenditures	<u>43</u>	<u>43</u>	<u>54,142</u>	<u>72,556</u>	<u>--</u>	<u>26,362</u>	<u>153,103</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>2,214</u>	<u>2,214</u>	<u>(54,142)</u>	<u>(927)</u>	<u>--</u>	<u>--</u>	<u>(52,855)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	--	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change In Fund Balances	2,214	2,214	(54,142)	(927)	--	(55,069)	(52,855)
Fund Balances - Beginning	--	--	--	927	45	972	972
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,214</u>	<u>\$ 2,214</u>	<u>\$ (54,142)</u>	<u>\$ --</u>	<u>\$ 45</u>	<u>\$ (54,097)</u>	<u>\$ (51,883)</u>



**CITY OF NASHVILLE, GEORGIA**  
**Hotel-Motel Special Revenue Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 1,838	\$ --
Taxes	376	--
TOTAL ASSETS	<u>\$ 2,214</u>	<u>\$ --</u>
<b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
Total Liabilities	<u>--</u>	<u>--</u>
Fund Balances		
Unreserved	2,214	--
Total Fund Balances	<u>2,214</u>	<u>--</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 2,214</u>	<u>\$ --</u>

**CITY OF NASHVILLE, GEORGIA**  
**Hotel-Motel Special Revenue Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes	\$ 2,257	\$ --
Total Revenues	<u>2,257</u>	<u>--</u>
<b>EXPENDITURES</b>		
Current		
Housing & Development	43	--
Total Expenditures	<u>43</u>	<u>--</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>2,214</u>	<u>--</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	--	--
Transfers Out	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change In Fund Balances	2,214	--
Fund Balances - Beginning	<u>--</u>	<u>--</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 2,214</u></u>	<u><u>\$ --</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**USDA Parking Lot Capital Projects Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	2010	2009
<b>ASSETS</b>		
TOTAL ASSETS	\$           --	\$           --
<b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
Due To Other Funds		
General Fund	54,142	--
Total Liabilities	54,142	--
Fund Balances		
Unreserved	(54,142)	--
Total Fund Balances	(54,142)	--
TOTAL LIABILITIES & FUND BALANCES	\$           --	\$           --

**CITY OF NASHVILLE, GEORGIA**  
**USDA Parking Lot Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
	\$ --	\$ --
Total Revenues	<u>    --</u>	<u>    --</u>
<b>EXPENDITURES</b>		
Capital Outlay	54,142	--
Total Expenditures	<u>54,142</u>	<u>    --</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(54,142)</u>	<u>    --</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	--	--
Transfers Out	<u>    --</u>	<u>    --</u>
Total Other Financing Sources (Uses)	<u>    --</u>	<u>    --</u>
Net Change In Fund Balances	<u>(54,142)</u>	<u>    --</u>
Fund Balances - Beginning	<u>    --</u>	<u>    --</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ (54,142)</u>	<u>\$    --</u>

**CITY OF NASHVILLE, GEORGIA**  
**USDA Parking Lot Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual**  
**From Inception And For The Year Ended July 31, 2010**

	<u>Project</u>			<u>Total To</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Date</u>
<b>REVENUES</b>				
Intergovernmental	\$ 336,218	\$ --	\$ --	\$ --
Total Revenues	<u>336,218</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>EXPENDITURES</b>				
Capital Outlay	336,218	--	54,142	54,142
Total Expenditures	<u>336,218</u>	<u>--</u>	<u>54,142</u>	<u>54,142</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>(54,142)</u>	<u>(54,142)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change In Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>(54,142)</u>	<u>\$ (54,142)</u>
Fund Balances - Beginning			--	
<b>FUND BALANCES - ENDING</b>			<u>\$ (54,142)</u>	

**CITY OF NASHVILLE, GEORGIA**  
**Sewer Improvements Capital Projects Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ ---	\$ 927
<b>TOTAL ASSETS</b>	<u>\$ ---</u>	<u>\$ 927</u>
 <b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
Total Liabilities	<u>\$ ---</u>	<u>\$ ---</u>
Fund Balances		
Unreserved	<u>---</u>	<u>927</u>
Total Fund Balances	<u>---</u>	<u>927</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ ---</u>	<u>\$ 927</u>

**CITY OF NASHVILLE, GEORGIA**  
**Sewer Improvements Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Intergovernmental	\$ 71,629	\$ 196,975
Total Revenues	<u>71,629</u>	<u>196,975</u>
<b>EXPENDITURES</b>		
Capital Outlay	72,556	196,975
Total Expenditures	<u>72,556</u>	<u>196,975</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(927)</u>	<u>--</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	--	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change In Fund Balances	<u>(927)</u>	<u>--</u>
Fund Balances - Beginning	927	927
<b>FUND BALANCES - ENDING</b>	<u><u>\$ --</u></u>	<u><u>\$ 927</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**Sewer Improvements Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual**  
**From Inception And For The Year Ended July 31, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>
<b>REVENUES</b>				
Intergovernmental	435,280	363,652	71,629	435,281
Total Revenues	<u>435,280</u>	<u>363,652</u>	<u>71,629</u>	<u>435,281</u>
<b>EXPENDITURES</b>				
Capital Outlay	435,280	362,795	72,556	435,351
Total Expenditures	<u>435,280</u>	<u>362,795</u>	<u>72,556</u>	<u>435,351</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>---</u>	<u>857</u>	<u>(927)</u>	<u>(70)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	---	70	---	70
Transfers Out	---	---	---	---
Total Other Financing Sources (Uses)	<u>---</u>	<u>70</u>	<u>---</u>	<u>70</u>
Net Change In Fund Balances	<u>\$ ---</u>	<u>\$ 927</u>	<u>(927)</u>	<u>\$ ---</u>
Fund Balances - Beginning			927	
FUND BALANCES - ENDING			<u>\$ ---</u>	



**CITY OF NASHVILLE, GEORGIA**  
**TE Grant Capital Projects Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 45	\$ 45
<b>TOTAL ASSETS</b>	<u>\$ 45</u>	<u>\$ 45</u>
<b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
	\$ --	\$ --
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>
Fund Balances		
Unreserved	45	45
<b>Total Fund Balances</b>	<u>45</u>	<u>45</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 45</u>	<u>\$ 45</u>

**CITY OF NASHVILLE, GEORGIA**  
**TE Grant Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Intergovernmental	\$ --	\$ 105,836
Total Revenues	<u>          --</u>	<u>105,836</u>
 <b>EXPENDITURES</b>		
Capital Outlay	<u>          --</u>	<u>20,317</u>
Total Expenditures	<u>          --</u>	<u>20,317</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>          --</u>	<u>85,519</u>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In		
General Fund	--	20,277
Transfers Out		
General Fund	<u>          --</u>	<u>(105,836)</u>
Total Other Financing Sources (Uses)	<u>          --</u>	<u>(85,559)</u>
Net Change In Fund Balances	<u>          --</u>	<u>(40)</u>
Fund Balances - Beginning	45	85
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 45</u></u>	<u><u>\$ 45</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**TE Grant Capital Projects Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual**  
**From Inception And For The Year Ended July 31, 2010**

	<b>Project</b>			
	<b>Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>
<b>REVENUES</b>				
Intergovernmental	\$ 663,000	\$ 663,000	\$ --	\$ 663,000
Total Revenues	<u>663,000</u>	<u>663,000</u>	<u>--</u>	<u>663,000</u>
<b>EXPENDITURES</b>				
Capital Outlay	707,075	921,915	--	921,915
Total Expenditures	<u>707,075</u>	<u>921,915</u>	<u>--</u>	<u>921,915</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(44,075)</u>	<u>(258,915)</u>	<u>--</u>	<u>(258,915)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	44,075	364,796	--	364,796
Transfers Out	--	(105,836)	--	(105,836)
Total Other Financing Sources (Uses)	<u>44,075</u>	<u>258,960</u>	<u>--</u>	<u>258,960</u>
Net Change In Fund Balances	<u>\$ --</u>	<u>\$ 45</u>	<u>--</u>	<u>\$ 45</u>
Fund Balances - Beginning			45	
FUND BALANCES - ENDING			<u>\$ 45</u>	

**CITY OF NASHVILLE, GEORGIA**  
**SPLOST Debt Service Fund**  
**Schedule Of Assets, Liabilities, & Fund Balances**  
**July 31, 2010 And 2009**

	2010	2009
<b>ASSETS</b>		
	\$ --	\$ --
TOTAL ASSETS	\$ --	\$ --
<b>LIABILITIES &amp; FUND BALANCES</b>		
Liabilities		
	\$ --	\$ --
Total Liabilities	--	--
Fund Balances		
Unreserved	--	--
Total Fund Balances	--	--
TOTAL LIABILITIES & FUND BALANCES	\$ --	\$ --

**CITY OF NASHVILLE, GEORGIA**  
**SPLOST Debt Service Fund**  
**Schedule Of Revenues, Expenditures, & Changes In Fund Balances**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Intergovernmental	\$ 26,362	\$ 57,590
Total Revenues	<u>26,362</u>	<u>57,590</u>
<b>EXPENDITURES</b>		
Debt Service	26,362	57,590
Total Expenditures	<u>26,362</u>	<u>57,590</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>    --</u>	<u>    --</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	--	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>    --</u>	<u>    --</u>
Net Change In Fund Balances	--	--
Fund Balances - Beginning	--	--
<b>FUND BALANCES - ENDING</b>	<u><u>\$    --</u></u>	<u><u>\$    --</u></u>

# Major Proprietary Funds

## Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City's Council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's Council has decided that periodic determination of net income is appropriate for accountability purposes.

**Water And Sewer Fund** - This fund is used to account for the activities of the City's water & sewer operations.

**Natural Gas Fund** - This fund is used to account for the activities of the City's natural gas operations.

**CITY OF NASHVILLE, GEORGIA**  
**Water & Sewer Enterprise Fund**  
**Schedule Of Net Assets**  
**July 31, 2010 And 2009**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Current Assets		
Cash & Cash Equivalents	\$ 1,400,511	\$ 985,187
Restricted Assets		
Cash & Cash Equivalents	496,121	401,468
Receivables (Net Of Allowance For Uncollectibles)	136,635	116,081
Due From Other Funds	14,727	(9,436)
Prepaid Items	14,126	12,468
Total Current Assets	2,062,120	1,505,768
Noncurrent Assets		
Capital Assets Net Of Accumulated Depreciation		
Land	815,086	815,086
Construction In Progress	98,260	98,260
Buildings & System	7,329,908	5,142,331
Machinery & Equipment	370,574	2,493,250
Accumulated Depreciation	(4,250,439)	(4,069,870)
Total Capital Assets Net Of Accumulated Depreciation	4,363,389	4,479,057
Total Noncurrent Assets	4,363,389	4,479,057
<b>TOTAL ASSETS</b>	<b>6,425,509</b>	<b>5,984,825</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	30,429	23,572
Accrued Wages & Withholdings	2,591	2,104
Compensated Absences Payable	21,876	19,184
Due To Other Funds		
General Fund	55,912	46,961
Natural Gas Enterprise Fund	148,527	148,527
Customer Deposits	150,168	141,810
Accrued Interest Payable	44,433	45,532
Revenue Bonds Payable - Current	47,860	45,580
Total Current Liabilities	501,796	473,270
Noncurrent Liabilities		
Revenue Bonds Payable	1,795,100	1,842,960
Total Current Liabilities	1,795,100	1,842,960
<b>TOTAL LIABILITIES</b>	<b>2,296,896</b>	<b>2,316,230</b>
<b>NET ASSETS</b>		
Invested In Capital Assets, Net Of Related Debt	2,520,429	2,590,516
Restricted For Debt Service	356,113	261,461
Unrestricted	1,252,071	816,618
<b>TOTAL NET ASSETS</b>	<b>\$ 4,128,613</b>	<b>\$ 3,668,595</b>

**CITY OF NASHVILLE, GEORGIA**  
**Water & Sewer Enterprise Fund**  
**Schedule Of Revenues, Expenses, & Changes In Fund Net Assets**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges For Sales & Services	\$ 1,441,066	\$ 1,073,686
Other	15,236	4,669
Total Operating Revenues	<u>1,456,302</u>	<u>1,078,355</u>
<b>OPERATING EXPENSES</b>		
Personal Services & Employee Benefits	414,694	401,437
Purchased/Contracted Services	164,024	136,802
Supplies	225,747	239,154
Depreciation	180,567	184,640
Other	2,943	2,445
Total Operating Expenses	<u>987,975</u>	<u>964,478</u>
Operating Income (Loss)	<u>468,327</u>	<u>113,877</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental Revenue	50,251	14,727
Investment Income	17,867	21,240
Interest on Long-term Debt	<u>(93,328)</u>	<u>(95,551)</u>
Total Nonoperating Revenues (Expenses)	<u>(25,210)</u>	<u>(59,584)</u>
Income (Loss) Before Contributions & Transfers	<u>443,117</u>	<u>54,293</u>
Transfers In		
Capital Contributions	16,901	8,169
Transfers Out	--	--
Net Income (Loss)	<u>460,018</u>	<u>62,462</u>
Net Assets - Beginning Of Year	<u>3,668,595</u>	<u>3,606,133</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 4,128,613</u></u>	<u><u>\$ 3,668,595</u></u>



**CITY OF NASHVILLE, GEORGIA**  
**Water & Sewer Enterprise Fund**  
**Schedule Of Cash Flows**  
**For The Year Ended July 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts From Customers & Users	\$ 1,426,859	\$ 1,094,416
Payments To Suppliers	(387,515)	(378,976)
Payments To Employees	(411,515)	(397,155)
Net Cash Provided (Used) By Operating Activities	<u>627,829</u>	<u>318,285</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net Cash Provided (Used) By Noncapital Financing Activities	<u>--</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition & Construction Of Capital Assets	(64,901)	(8,259)
Principal Paid On Capital Debt	(45,580)	(43,410)
Interest Paid On Capital Debt	(94,426)	(96,597)
Intergovernmental	16,901	8,169
Grants	50,251	--
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>(137,755)</u>	<u>(140,097)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest & Dividends Received	19,903	23,821
Net Cash Provided (Used) By Investing Activities	<u>19,903</u>	<u>23,821</u>
Net Increase (Decrease) In Cash & Cash Equivalents	509,977	202,009
Cash & Cash Equivalents - Beginning Of Year	1,386,655	1,184,646
<b>CASH &amp; CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,896,632</u>	<u>\$ 1,386,655</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 468,327	\$ 113,877
<b>Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities</b>		
Depreciation Expense	180,567	184,640
(Increase) Decrease In Accounts Receivable	(54,798)	(35,956)
(Increase) Decrease In Other Receivables	7,622	--
Increase (Decrease) In Allowances For Uncollectible Accounts	24,586	21,637
(Increase) Decrease In Prepaid Items	(1,659)	(1,712)
Increase (Decrease) In Accounts Payable	6,858	1,137
Increase (Decrease) In Accrued Wages & Withholdings	487	1,069
Increase (Decrease) In Compensated Absences Payable	2,693	3,212
Increase (Decrease) In Due To Other Funds	(15,212)	17,694
Increase (Decrease) In Customer Deposits	8,358	12,687
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ 627,829</u>	<u>\$ 318,285</u>
<b>NONCASH INVESTING, CAPITAL, &amp; FINANCING ACTIVITIES</b>	\$ --	\$ --

**CITY OF NASHVILLE, GEORGIA**  
**Natural Gas Enterprise Fund**  
**Schedule Of Net Assets**  
**July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash & Cash Equivalents	\$ 1,123,350	\$ 997,363
Receivables (Net Of Allowance For Uncollectibles)		
Interest Receivable	3,729	5,668
Accounts Intergovernmental	37,218	38,898
Due From Other Funds	--	328
General Fund	142,871	181,138
Water & Sewer Enterprise Fund	148,527	148,527
Prepaid Items	7,926	7,258
Other Current Assets	1,780	2,722
Total Current Assets	<u>1,465,401</u>	<u>1,381,902</u>
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Land	6,000	6,000
Capital Assets Net Of Accumulated Depreciation		
Improvements Other Than Buildings	651,754	651,754
Machinery & Equipment	129,336	121,412
Accumulated Depreciation	(519,057)	(501,549)
Total Capital Assets Net Of Accumulated Depreciation	<u>268,033</u>	<u>277,617</u>
Total Noncurrent Assets	<u>268,033</u>	<u>277,617</u>
TOTAL ASSETS	<u>1,733,434</u>	<u>1,659,519</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	19,458	27,119
Accrued Wages & Withholdings	1,435	1,399
Compensated Absences Payable	10,105	5,170
Due To Other Funds		
General Fund	14,426	40,749
Customer Deposits	62,983	68,365
Other Current Liabilities	10,095	2,270
Total Current Liabilities	<u>118,502</u>	<u>145,072</u>
TOTAL LIABILITIES	<u>118,502</u>	<u>145,072</u>
<b>NET ASSETS</b>		
Invested In Capital Assets, Net Of Related Debt	268,033	277,617
Unrestricted	1,346,899	1,236,830
TOTAL NET ASSETS	<u>\$ 1,614,932</u>	<u>\$ 1,514,447</u>

**CITY OF NASHVILLE, GEORGIA**  
**Natural Gas Enterprise Fund**  
**Schedule Of Revenues, Expenses, & Changes In Fund Net Assets**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges For Sales & Services	\$ 886,277	\$ 711,250
Other	3,126	8,846
Total Operating Revenues	<u>889,403</u>	<u>720,096</u>
<b>OPERATING EXPENSES</b>		
Personal Services & Employee Benefits	246,030	250,222
Purchased/Contracted Services	49,976	49,658
Supplies	495,407	488,644
Other	--	65
Depreciation	17,508	19,855
Total Operating Expenses	<u>808,921</u>	<u>808,444</u>
Operating Income (Loss)	<u>80,482</u>	<u>(88,348)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Revenues	20,003	28,140
Federal Government Grants	--	328
Total Nonoperating Revenues (Expenses)	<u>20,003</u>	<u>28,468</u>
Income (Loss) Before Contributions & Transfers	<u>100,485</u>	<u>(59,880)</u>
Transfers In	--	--
Transfers Out	--	--
Net Income (Loss)	<u>100,485</u>	<u>(59,880)</u>
Net Assets - Beginning Of Year	<u>1,514,447</u>	<u>1,574,327</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,614,932</u></u>	<u><u>\$ 1,514,447</u></u>

**CITY OF NASHVILLE, GEORGIA**  
**Natural Gas Enterprise Fund**  
**Schedule Of Cash Flows**  
**For The Year Ended July 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts From Customers & Users	\$ 892,355	\$ 674,732
Payments To Suppliers	(551,269)	(548,695)
Payments To Employees	(241,059)	(249,093)
Net Cash Provided (Used) By Operating Activities	<u>100,027</u>	<u>(123,056)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Loans From Other Funds	22,759	--
Loans To Other Funds	(10,815)	--
Net Cash Provided (Used) By Noncapital Financing Activities	<u>11,944</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition & Construction Of Capital Assets	(7,925)	--
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>(7,925)</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest & Dividends Received	21,941	30,299
Net Cash Provided (Used) By Investing Activities	<u>21,941</u>	<u>30,299</u>
Net Increase (Decrease) In Cash & Cash Equivalents	125,987	(92,757)
Cash & Cash Equivalents - Beginning Of Year	997,363	1,090,120
<b>CASH &amp; CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,123,350</u></u>	<u><u>\$ 997,363</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 80,482	\$ (88,348)
<b>Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities</b>		
Depreciation Expense	17,508	19,855
(Increase) Decrease In Accounts Receivable	(3,209)	14,230
(Increase) Decrease In Other Receivables	1,372	(449)
Increase (Decrease) In Allowances For Uncollectible Accounts	4,789	7,212
(Increase) Decrease In Due From Other Funds	--	(66,356)
(Increase) Decrease In Prepaid Items	(668)	1,194
Increase (Decrease) In Accounts Payable	164	(21,170)
Increase (Decrease) In Accrued Wages & Withholdings	36	696
Increase (Decrease) In Compensated Absences Payable	4,935	432
Increase (Decrease) In Due To Other Funds	--	9,604
Increase (Decrease) In Customer Deposits	(5,382)	44
<b>Net Cash Provided (Used) By Operating Activities</b>	<u><u>\$ 100,027</u></u>	<u><u>\$ (123,056)</u></u>
<b>NONCASH INVESTING, CAPITAL, &amp; FINANCING ACTIVITIES</b>		
	\$ --	\$ --

# Fiduciary Funds

## Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

**Special Account Fund** – This fund is used to account for proceeds from tax sales of property to be disbursed to other parties.

**Voluntary Fire Dept Fund** – This fund is used to account for fees, etc. to be disbursed to other parties.

**CITY OF NASHVILLE, GEORGIA**  
**Fiduciary Funds**  
**Combining Schedule Of Fiduciary Assets & Liabilities**  
**July 31, 2010**

	<b>Agency Funds</b>		
	<b>Special Account</b>	<b>Voluntary Fire Dept</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 8,857	\$ 6,604	\$ 15,461
Total Assets	\$ 8,857	\$ 6,604	\$ 15,461
 <b>LIABILITIES</b>			
Total Liabilities	\$ 8,857	\$ 6,604	\$ 15,461

## **SUPPLEMENTAL SCHEDULES**

**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Revenues**  
**For The Years Ended July 31, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes		
Real Property	\$ 601,811	\$ 571,726
Personal Property	62,974	66,960
Real Estate Transfer (Intangible)	4,908	7,927
Franchise	299,530	319,699
General Sales & Use		
Local Option Sales & Use	464,327	427,859
Alcoholic Beverage Excise	144,437	155,043
Insurance Premium	260,416	262,883
Penalties & Interest On Delinquent Taxes	5,035	6,174
	<u>1,843,438</u>	<u>1,818,271</u>
Licenses & Permits	<u>95,281</u>	<u>97,306</u>
Intergovernmental	<u>30,669</u>	<u>72,735</u>
Charges For Services		
General Government		
General Government	576	1,296
Special Fire Protection	11,880	14,977
Cemetery Fees	10,650	13,600
Other Public Safety Fees	996	2,067
Other Charges For Services	1,833	2,900
Public Works		
Refuse Collection Charges	610,657	592,828
	<u>636,592</u>	<u>627,668</u>
Fines & Forfeitures	<u>187,267</u>	<u>242,234</u>
Interest Revenue	<u>16,302</u>	<u>14,945</u>
Contributions & Donations	<u>10,876</u>	<u>17,469</u>
Miscellaneous	<u>46,251</u>	<u>27,473</u>
Total Revenues	<u>\$ 2,866,676</u>	<u>\$ 2,918,101</u>



**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Expenditures**  
**For The Years Ended July 31, 2010 And 2009**

<b>EXPENDITURES</b>	<b>2010</b>	<b>2009</b>
<b>Current</b>		
General Government		
Clerks Office		
Personal Services & Employee Benefits	227,265	225,354
Purchased/Contracted Services	246,400	239,065
Supplies	40,142	47,281
Capital Outlay	2,984	32,487
Other Costs	27,982	18,009
	<u>544,773</u>	<u>562,196</u>
Municipal Court		
Purchased/Contracted Services	24,564	22,195
Supplies	382	3
	<u>24,946</u>	<u>22,198</u>
Police		
Personal Services & Employee Benefits	716,656	732,806
Purchased/Contracted Services	127,253	109,249
Supplies	52,490	48,621
Capital Outlay	21,708	17,164
Other Costs	51,535	63,785
	<u>969,642</u>	<u>971,625</u>
Fire & Emergency		
Personal Services & Employee Benefits	51,845	52,724
Purchased/Contracted Services	46,878	56,009
Supplies	8,685	9,135
Capital Outlay	--	--
Other Costs	--	--
	<u>107,408</u>	<u>117,868</u>
Animal Control		
Personal Services & Employee Benefits	39,865	35,015
Purchased/Contracted Services	6,192	6,634
Supplies	3,797	4,194
	<u>49,854</u>	<u>45,843</u>
	<u>1,126,904</u>	<u>1,135,336</u>
<b>Public Works</b>		
Highways & Streets		
Personal Services & Employee Benefits	193,707	196,912
Purchased/Contracted Services	17,219	35,874
Supplies	127,936	127,157
Capital Outlay	--	7,750
Other Costs	5,173	1,426
	<u>344,035</u>	<u>369,119</u>

**CITY OF NASHVILLE, GEORGIA**  
**General Fund**  
**Schedule Of Expenditures**  
**For The Years Ended July 31, 2010 And 2009**  
**(Continued)**

	<u>2010</u>	<u>2009</u>
Sanitation		
Personal Services & Employee Benefits	35,256	33,399
Purchased/Contracted Services	447,260	495,980
Supplies	5,430	4,673
	<u>487,946</u>	<u>534,052</u>
City Shop		
Purchased/Contracted Services	271	--
Supplies	300	92
	<u>571</u>	<u>92</u>
Work Control		
Purchased/Contracted Services	1,460	1,322
Supplies	3,581	2,383
	<u>5,041</u>	<u>3,705</u>
	<u>837,593</u>	<u>906,968</u>
Culture & Recreation		
Recreation		
Personal Services & Employee Benefits	--	331
Purchased/Contracted Services	34,049	35,179
Supplies	19,216	14,839
Capital Outlay	--	--
Other Costs	8,833	7,075
	<u>62,098</u>	<u>57,424</u>
Housing & Development		
Code Enforcer		
Personal Services & Employee Benefits	52,215	51,386
Purchased/Contracted Services	2,767	2,687
Supplies	1,079	1,359
Capital Outlay	--	--
Other Costs	--	--
	<u>56,061</u>	<u>55,432</u>
Economic Development		
Personal Services & Employee Benefits	28,756	29,165
Purchased/Contracted Services	16,780	10,225
Supplies	7,439	35,244
	<u>52,975</u>	<u>74,634</u>
	<u>109,036</u>	<u>130,066</u>
Total Expenditures	<u>\$ 2,705,350</u>	<u>\$ 2,814,188</u>

**CITY OF NASHVILLE, GEORGIA**  
**Water & Sewer Enterprise Fund**  
**Schedule Of Water & Sewer Bonds - Series 1992-Farmers Home Administration**  
**July 31, 2010**

<u>Year Ending</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Annual Debt Service</u>
July 31, 2011	\$ 47,860	5.00%	\$ 92,148	140,008
July 31, 2012	50,250	5.00%	89,755	140,005
July 31, 2013	52,760	5.00%	87,243	140,003
July 31, 2014	55,400	5.00%	84,604	140,004
July 31, 2015	58,170	5.00%	81,835	140,005
July 31, 2016	61,080	5.00%	78,926	140,006
July 31, 2016	64,140	5.00%	75,872	140,012
July 31, 2018	67,340	5.00%	72,665	140,005
July 31, 2019	70,710	5.00%	69,298	140,008
July 31, 2020	74,240	5.00%	65,762	140,002
July 31, 2021	77,960	5.00%	62,051	140,011
July 31, 2022	81,850	5.00%	58,152	140,002
July 31, 2023	85,950	5.00%	54,060	140,010
July 31, 2024	90,240	5.00%	49,763	140,003
July 31, 2025	94,760	5.00%	45,250	140,010
July 31, 2026	99,490	5.00%	40,513	140,003
July 31, 2027	104,470	5.00%	35,538	140,008
July 31, 2028	109,690	5.00%	30,315	140,005
July 31, 2029	115,180	5.00%	24,830	140,010
July 31, 2030	120,930	5.00%	19,071	140,001
July 31, 2031	126,980	5.00%	13,024	140,004
July 31, 2032	133,510	5.00%	6,675	140,185
	<u>\$ 1,842,960</u>		<u>\$ 1,237,350</u>	<u>\$ 3,080,310</u>

**CITY OF NASHVILLE, GEORGIA**  
**Schedule Of Hotel/Motel Taxes Expended**  
**For The Year Ended July 31, 2010**

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Total Expenditures	
Tourism, Promotions, Conventions, Trade Shows, and Facility Support	\$       43
Taxes Collected	
Tax Collections @ 3%	2,257
Tax Collections Greater Than 3%	<u>          --</u>
	<u>2,257</u>
Percentage Of Current Year Taxes Expended	<u>          2%</u>

**CITY OF NASHVILLE, GEORGIA**  
**Schedule Of Projects Constructed With Special Sales Tax Proceeds**  
**For The Year Ended July 31, 2010**

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Six Year Period 01/01/2006 - 12/31/2011	\$ 1,915,661				56%
Construction and Capital Improvements of Roads, Streets, & Bridges		\$ 315,660	\$ 46,812	\$ 362,472	
Public Work Projects		72,895	--	72,895	
Law Enforcement Facilities		--	--	--	
Law Enforcement Equipment		96,092	46,058	142,150	
Fire Department Facilities		3,146	--	3,146	
Fire Department Equipment		135,553	--	135,553	
Animal Control Facilities		--	--	--	
Animal Control Equipment		--	--	--	
Water/Sewer Extensions & Improvements		255,313	60,777	316,090	
Recreation Facilities		5,852	--	5,852	
Recreation Equipment		17,404	3,094	20,498	
City Hall Facilities		5,961	7,675	13,636	
City Hall Equipment		2,963	6,008	8,971	
	<u>\$ 1,915,661</u>	<u>\$ 910,839</u>	<u>\$ 170,424</u>	<u>\$ 1,081,263</u>	

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American Institute of  
Certified Public Accountants

Georgia Society of  
Certified Public Accountants

CARRIE E. PUTNAL, C.P.A.

June 14, 2011

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

To the Honorable Mayor and Council  
City of Nashville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Nashville, Georgia, as of and for the year ended July 31, 2010, which collectively comprise City of Nashville, Georgia's basic financial statements and have issued our report thereon dated June 14, 2011. 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 City of Nashville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Nashville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Nashville, 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 was not designed to 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 described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 consider the deficiencies described in the accompanying schedule of findings and responses as items 2008-1 and 2008-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Nashville, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2010-1.

We noted certain matters that we reported to management of City of Nashville, Georgia, in a separate letter dated June 14, 2011.

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

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

*Meeke, Roberts, Ashley, Sumner, Sirmans, LLP*

MEEKS, ROBERTS, ASHLEY, SUMNER & SIRMANS, LLP  
Certified Public Accountants

**CITY OF NASHVILLE, GEORGIA**  
**Schedule Of Findings & Responses**  
**For The Year Ended July 31, 2010**

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**2008-1**

*Condition*

The City has not established practices for the identification of risks affecting it and has not developed an appropriate fraud risk assessment and monitoring process.

*Recommendation*

The City should perform periodic reviews to anticipate and identify routine events or activities that may affect the City's ability to achieve its objectives.

The City should identify risks related to laws or regulations that may affect financial reporting.

The City should identify risks potentially impacting the achievement of financial reporting objectives.

The City should establish a process to identify risks associated with nonroutine transactions.

The City should identify risks related to the ability of an employee to initiate and process unauthorized transactions.

The City should develop a comprehensive fraud risk assessment and monitoring process and those charged with governance should understand and exercise oversight of the assessment and monitoring process.

*Views Of Responsible Officials And Planned Corrective Action*

The City intends to develop a formal risk assessment plan that includes the aspects described in the recommendations above and a comprehensive fraud risk assessment and monitoring plan commensurate with the size and complexity of the City.

**2008-2**

*Condition*

Management does not monitor controls over financial reporting.

*Recommendation*

The City should establish an ongoing monitoring process in its operations throughout the City that includes explicit identification of what constitutes a deviation from expected control performance, thereby signaling a need to investigate both potential control problems and changes in risk profiles. The ongoing monitoring should provide feedback on the effective operation of controls integrated into processes, and on the processes themselves and serve as a primary indicator of both control operating effectiveness and of risk conditions.

*Views Of Responsible Officials And Planned Corrective Action*

The City intends to develop formal policies and procedures that include the aspects described in the recommendation above and that specifically identifies those responsible for monitoring controls over financial reporting and assessing the design and operation of controls on a timely basis, capturing and reporting identified control deficiencies, and taking actions as necessary.

**2010-1**

*Condition*

An annual budget was not adopted for the Hotel-Motel Tax Special Revenue Fund as required by the Official Code of Georgia Annotated section 36-81-3.

*Recommendation*

The City should adopt an annual balanced budget for the fund.

*Views Of Responsible Officials And Planned Corrective Action*

The City intends to adopt an annual balanced budget for all funds required by Georgia law.



