

CITY OF NASHVILLE, GEORGIA
Annual Financial Report
For The Fiscal Year Ended
July 31, 2011

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For The Fiscal Year Ended July 31, 2011

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January 28, 2012

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 January 28, 2012, 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, 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 as a whole. 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 Combining and 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, Combining and Individual Fund Schedules, and Supplemental Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Meeke, Roberts, 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash & Cash Equivalents	\$ 2,108,628	\$ 3,156,834	\$ 5,265,462	\$ 9,875
Restricted Assets				
Cash & Cash Equivalents	—	661,563	661,563	—
Receivables (Net Of Allowance For Uncollectibles)	226,899	162,154	389,053	—
Prepaid Items	11,768	4,341	16,109	—
Other Current Assets	—	1,580	1,580	—
Capital Assets Not Being Depreciated	1,430,090	1,138,465	2,568,555	—
Capital Assets Net Of Accumulated Depreciation	1,452,823	3,974,282	5,427,105	83,904
Total Assets	<u>5,230,208</u>	<u>9,099,219</u>	<u>14,329,427</u>	<u>93,779</u>
LIABILITIES				
Accounts Payable	192,731	196,978	389,709	—
Accrued Wages, Withholdings & Benefits	10,244	3,931	14,175	—
Compensated Absences Payable	6,840	3,959	10,799	—
Internal Balances	67,837	(67,837)	—	—
Other Current Liabilities	—	2,257	2,257	—
Accrued Interest Payable	—	43,279	43,279	—
Customer Deposits	—	174,263	174,263	—
Noncurrent Liabilities				
Due Within One Year	16,767	50,250	67,017	—
Due In More Than 1 Year	97,964	1,767,570	1,865,534	—
	<u>392,383</u>	<u>2,174,650</u>	<u>2,567,033</u>	<u>—</u>
NET ASSETS				
Invested In Capital Assets, Net Of Related Debt	2,768,182	3,317,647	6,085,829	83,904
Restricted For Debt Service	—	521,558	521,558	—
Unrestricted	2,069,643	3,085,364	5,155,007	9,875
Total Net Assets	<u>\$ 4,837,825</u>	<u>\$ 6,924,569</u>	<u>\$ 11,762,394</u>	<u>\$ 93,779</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, 2011

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			Component Unit
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	NET ASSETS			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 554,189	\$ 108,983	\$ --	\$ 128,781	\$ (316,425)	\$ --	\$ (316,425)	
Judicial	24,236	168,467	--	--	144,231	--	144,231	
Public Safety	1,192,504	18,140	--	91,217	(1,083,147)	--	(1,083,147)	
Public Works	998,576	623,196	32,206	243,361	(99,813)	--	(99,813)	
Culture & Recreation	72,176	--	--	4,000	(68,176)	--	(68,176)	
Housing & Development	118,595	--	13,244	--	(105,351)	--	(105,351)	
Interest	469	--	--	--	(469)	--	(469)	
Total Governmental Activities	2,960,745	918,786	45,450	467,359	(1,529,150)	--	(1,529,150)	
Business-Type Activities								
Water & Sewer	1,031,678	1,629,982	--	--	--	598,304	598,304	
Natural Gas	802,107	897,608	--	--	--	95,501	95,501	
Total Business-Type Activities	1,833,785	2,527,590	--	--	--	693,805	693,805	
Total Primary Government	\$ 4,794,530	\$ 3,446,376	\$ 45,450	\$ 467,359	(1,529,150)	693,805	(835,345)	
Component Units								
Downtown Development Authority	\$ 50,091	\$ 27,552	\$ 13,725	\$ 19,588			\$ 10,774	
Total Component Units	\$ 50,091	\$ 27,552	\$ 13,725	\$ 19,588			10,774	
General Revenues								
Taxes								
Real Property					603,509	--	603,509	
Penalties & Interest On Delinquent Taxes					7,886	--	7,886	
Personal Property					60,560	--	60,560	
Real Estate Transfer (Intangible)					7,731	--	7,731	
Franchise					313,965	--	313,965	
General Sales & Use					478,290	--	478,290	
Selective Sales & Use					145,357	--	145,357	
Business					252,848	--	252,848	
Federal Government Payments In Lieu Of Taxes					11,234	--	11,234	
Investment Income					17,276	42,189	59,465	
Miscellaneous					18,221	--	18,221	
Gain On Disposition Of Capital Assets					26,341	3,580	29,921	
Transfers					(441,450)	441,450	--	
Total General Revenues					1,501,788	487,219	1,988,987	
Change In Net Assets					(27,382)	1,181,024	1,153,642	10,774
Net Assets - Beginning					4,865,207	5,743,545	10,608,752	83,005
NET ASSETS - ENDING					\$ 4,837,825	\$ 6,924,569	\$ 11,762,394	\$ 93,779

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

CITY OF NASHVILLE, GEORGIA
Balance Sheet
Governmental Funds
July 31, 2011

	General	1% SPLOST #3	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 1,564,711	\$ 542,100	\$ 1,817	\$ 2,108,628
Receivables (Net Of Allowance For Uncollectibles)	124,167	72,512	30,220	226,899
Due From Other Funds	106,044	20,097	--	126,141
Total Assets	<u>\$ 1,794,922</u>	<u>\$ 634,709</u>	<u>\$ 32,037</u>	<u>\$ 2,461,668</u>
LIABILITIES & FUND EQUITY				
Liabilities				
Accounts Payable	\$ 141,037	\$ 51,694	\$ --	\$ 192,731
Accrued Wages, Withholdings & Benefits	10,244	--	--	10,244
Compensated Absences Payable	6,840	--	--	6,840
Deferred Revenue	15,606	--	--	15,606
Due To Other Funds	164,075	--	29,903	193,978
Total Liabilities	<u>337,802</u>	<u>51,694</u>	<u>29,903</u>	<u>419,399</u>
Fund Balances				
Assigned	--	583,015	2,134	585,149
Unassigned	1,457,120	--	--	1,457,120
Total Fund Balances	<u>1,457,120</u>	<u>583,015</u>	<u>2,134</u>	<u>2,042,269</u>
Total Liabilities & Fund Balances	<u>\$ 1,794,922</u>	<u>\$ 634,709</u>	<u>\$ 32,037</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.	2,882,913
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	15,606
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures in the funds.	11,768
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital Leases	(7,138)
Notes Payable	(52,155)
Compensated Absences	(55,438)
Net Assets Of Governmental Activities	<u>\$ 4,837,825</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, 2011

	General	1% SPLOST #3	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,875,672	\$ --	\$ 4,474	\$ 1,880,146
Licenses & Permits	107,666	--	--	107,666
Intergovernmental	30,254	339,178	141,368	510,800
Charges For Services	642,653	--	--	642,653
Fines & Forfeitures	168,467	--	--	168,467
Investment Income	17,276	--	--	17,276
Contributions & Donations	13,243	--	--	13,243
Miscellaneous	18,221	--	--	18,221
Total Revenues	<u>2,873,452</u>	<u>339,178</u>	<u>145,842</u>	<u>3,358,472</u>
EXPENDITURES				
Current				
General Government	469,050	--	--	469,050
Municipal Court	24,236	--	--	24,236
Public Safety	1,094,359	--	--	1,094,359
Public Works	855,673	--	--	855,673
Culture & Recreation	49,706	--	--	49,706
Housing & Development	112,255	--	4,600	116,855
Capital Outlay	--	382,913	93,639	476,552
Debt Service	--	--	9,433	9,433
Total Expenditures	<u>2,605,279</u>	<u>382,913</u>	<u>107,672</u>	<u>3,095,864</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>268,173</u>	<u>(43,735)</u>	<u>38,170</u>	<u>262,608</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	--	--	15,892	15,892
Transfers Out	(15,847)	(6,100)	(45)	(21,992)
Proceeds Of Capital Asset Dispositions	26,341	--	--	26,341
Proceeds Of General Long-Term Liabilities	--	52,155	--	52,155
Total Other Financing Sources (Uses)	<u>10,494</u>	<u>46,055</u>	<u>15,847</u>	<u>72,396</u>
Net Change In Fund Balances	278,667	2,320	54,017	335,004
Fund Balances - Beginning	1,178,453	580,695	(51,883)	1,707,265
FUND BALANCES - ENDING	<u>\$ 1,457,120</u>	<u>\$ 583,015</u>	<u>\$ 2,134</u>	<u>\$ 2,042,269</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, 2011

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>	\$ 335,004	
Governmental funds report capital outlays as expenditures. However, in the <i>Statement Of Activities</i> the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	\$ 359,205	
Depreciation Expense	<u>(155,914)</u>	203,291
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Cost Of Capital Assets Sold/Disposed	\$ (182,549)	
Accumulated Depreciation	182,549	
Capital Assets Reassigned To Enterprise Funds	<u>(435,350)</u>	(435,350)
Revenues in the <i>Statement Of Activities</i> that do not provide current financial resources are not reported as revenues in the funds while revenues reported in the <i>Statement Of Revenues, Expenditures, And Changes In Fund Balances</i> are recognized as revenue of the previous period in the <i>Statement Of Activities</i> and included in beginning net assets.		
Taxes	<u>\$ (10,000)</u>	(10,000)
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 <i>Statement Of Activities</i> .		
Debt Issued Or Incurred		
Notes Payable	\$ (52,155)	
Principal Repayments		
Capital Leases	<u>8,964</u>	(43,191)
Expenses reported in the <i>Statement Of Activities</i> that do not require the use of current financial resources are not reported as expenditures in governmental funds while expenditures reported in the <i>Statement Of Revenues, Expenditures, And Changes In Fund Balances</i> are recognized as expenses of the previous period in the <i>Statement Of Activities</i> and included in beginning net assets.		
Insurance	\$ (63,363)	
Compensated Absences	<u>(13,773)</u>	<u>(77,136)</u>
Change in net assets of governmental activities reported in the <i>Statement Of Activities</i>	<u>\$ (27,382)</u>	

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, 2011

	Business-type Activities - Enterprise Funds		
	Water & Sewer	Natural Gas	Totals Current Year
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 1,931,760	\$ 1,225,074	\$ 3,156,834
Restricted Assets			
Cash & Cash Equivalents	661,563	--	661,563
Receivables (Net Of Allowance For Uncollectibles)	126,866	35,288	162,154
Due From Other Funds			
General Fund	21,888	142,187	164,075
Water & Sewer Enterprise Fund	--	148,527	148,527
Prepaid Items	2,985	1,356	4,341
Other Current Assets	--	1,580	1,580
Total Current Assets	<u>2,745,062</u>	<u>1,554,012</u>	<u>4,299,074</u>
Capital Assets Net Of Accumulated Depreciation			
Land	815,086	6,000	821,086
Improvements Other Than Buildings	--	651,754	651,754
Construction In Progress	169,218	148,161	317,379
Buildings & System	7,775,588	--	7,775,588
Machinery & Equipment	330,281	135,436	465,717
Accumulated Depreciation	(4,387,625)	(531,152)	(4,918,777)
Total Capital Assets Net Of Accumulated Depreciation	<u>4,702,548</u>	<u>410,199</u>	<u>5,112,747</u>
Total Noncurrent Assets	<u>4,702,548</u>	<u>410,199</u>	<u>5,112,747</u>
TOTAL ASSETS	<u>7,447,610</u>	<u>1,964,211</u>	<u>9,411,821</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	39,181	157,797	196,978
Accrued Wages & Withholdings	2,303	1,628	3,931
Compensated Absences Payable	2,621	1,338	3,959
Due To Other Funds			
General Fund	50,495	25,646	76,141
1% SPLOST #3 Capital Projects Fund	20,097	--	20,097
Natural Gas Enterprise Fund	148,527	--	148,527
Other Current Liabilities	--	2,257	2,257
Customer Deposits	138,098	36,165	174,263
Accrued Interest Payable	43,279	--	43,279
Revenue Bonds Payable - Current	50,250	--	50,250
Total Current Liabilities	<u>494,851</u>	<u>224,831</u>	<u>719,682</u>
Noncurrent Liabilities			
Compensated Absences	13,423	9,297	22,720
Revenue Bonds Payable	1,744,850	--	1,744,850
Total Noncurrent Liabilities	<u>1,758,273</u>	<u>9,297</u>	<u>1,767,570</u>
TOTAL LIABILITIES	<u>2,253,124</u>	<u>234,128</u>	<u>2,487,252</u>
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt	2,907,448	410,199	3,317,647
Restricted			
Restricted For Debt Service	521,558	--	521,558
Unrestricted	1,765,480	1,319,884	3,085,364
TOTAL NET ASSETS	<u>\$ 5,194,486</u>	<u>\$ 1,730,083</u>	<u>\$ 6,924,569</u>

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, 2011

	Business-type Activities - Enterprise Funds		
	Water & Sewer	Natural Gas	Totals Current Year
OPERATING REVENUES			
Charges For Sales & Services	\$ 1,615,733	\$ 893,305	\$ 2,509,038
Other	14,249	4,303	18,552
Total Operating Revenues	<u>1,629,982</u>	<u>897,608</u>	<u>2,527,590</u>
OPERATING EXPENSES			
Personal Services & Employee Benefits	401,328	223,855	625,183
Purchased/Contracted Services	141,160	108,723	249,883
Supplies	212,730	456,833	669,563
Depreciation	183,579	12,095	195,674
Other	1,888	601	2,489
Total Operating Expenses	<u>940,685</u>	<u>802,107</u>	<u>1,742,792</u>
Operating Income (Loss)	<u>689,297</u>	<u>95,501</u>	<u>784,798</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	22,539	19,650	42,189
Gain/Loss on Sale of Capital Assets	3,580	-	3,580
Interest on Long-term Debt	(90,993)	-	(90,993)
Total Nonoperating Revenues (Expenses)	<u>(64,874)</u>	<u>19,650</u>	<u>(45,224)</u>
Income (Loss) Before Contributions & Transfers	624,423	115,151	739,574
Capital Contributions	435,350	-	435,350
Transfers In	6,100	-	6,100
Transfers Out	-	-	-
Changes In Net Assets	<u>1,065,873</u>	<u>115,151</u>	<u>1,181,024</u>
Net Assets - Beginning Of Year	4,128,613	1,614,932	5,743,545
NET ASSETS - END OF YEAR	<u><u>\$ 5,194,486</u></u>	<u><u>\$ 1,730,083</u></u>	<u><u>\$ 6,924,569</u></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, 2011

	Business-type Activities - Enterprise Funds		
	Water & Sewer	Natural Gas	Totals Current Year
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers & Users	\$ 1,645,673	\$ 903,403	\$ 2,549,076
Payments To Suppliers	(345,838)	(455,904)	(801,742)
Payments To Employees	(407,448)	(223,132)	(630,580)
Net Cash Provided (Used) By Operating Activities	<u>892,387</u>	<u>224,367</u>	<u>1,116,754</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans From Other Funds	--	(305)	(305)
Loans To Other Funds	--	12,208	12,208
Transfers In	6,100	--	6,100
Net Cash Provided (Used) By Noncapital Financing Activities	<u>6,100</u>	<u>11,903</u>	<u>18,003</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions	435,350	--	435,350
Acquisition & Construction Of Capital Assets	(522,738)	(154,261)	(676,999)
Principal Paid On Capital Debt	(47,860)	--	(47,860)
Interest Paid On Capital Debt	(92,146)	--	(92,146)
Proceeds From Sales Of Capital Assets	3,580	--	3,580
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>(223,814)</u>	<u>(154,261)</u>	<u>(378,075)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest & Dividends Received	22,018	19,715	41,733
Net Cash Provided (Used) By Investing Activities	<u>22,018</u>	<u>19,715</u>	<u>41,733</u>
Net Increase (Decrease) In Cash & Cash Equivalents	696,691	101,724	798,415
Cash & Cash Equivalents - Beginning Of Year	1,896,632	1,123,350	3,019,982
CASH & CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,593,323</u>	<u>\$ 1,225,074</u>	<u>\$ 3,818,397</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 689,297	\$ 95,501	\$ 784,798
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities			
Depreciation Expense	183,579	12,095	195,674
(Increase) Decrease In Accounts Receivable	(31,953)	84	(31,869)
(Increase) Decrease In Other Receivables	7,105	200	7,305
Increase (Decrease) In Allowances For Uncollectible Accounts	35,139	5,511	40,650
(Increase) Decrease In Due From Other Funds	5,400	--	5,400
(Increase) Decrease In Prepaid Items	11,141	6,570	17,711
Increase (Decrease) In Accounts Payable	8,752	138,339	147,091
Increase (Decrease) In Accrued Wages & Withholdings	(288)	193	(95)
Increase (Decrease) In Compensated Absences Payable	(5,832)	530	(5,302)
Increase (Decrease) In Due To Other Funds	2,118	--	2,118
Increase (Decrease) In Other Current Liabilities	--	(7,838)	(7,838)
Increase (Decrease) In Customer Deposits	(12,071)	(26,818)	(38,889)
Net Cash Provided (Used) By Operating Activities	<u>\$ 892,387</u>	<u>\$ 224,367</u>	<u>\$ 1,116,754</u>
NONCASH INVESTING, CAPITAL, & FINANCING ACTIVITIES			
	\$ --	\$ --	\$ --

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

CITY OF NASHVILLE, GEORGIA
Statement Of Fiduciary Assets & Liabilities
Fiduciary Funds
July 31, 2011

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 12,816
Total Assets	<u>\$ 12,816</u>
LIABILITIES	
Due To Others	\$ 12,816
Total Liabilities	<u>\$ 12,816</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, 2011

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 unit. Component units are entities for which the City is considered to be financially accountable. The discretely presented 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.

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund.

The *1% 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 & 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.

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, 2011
(Continued)

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 October 12, 2010, 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 & Sewer Fund and Natural Gas Fund are classified as restricted assets because their use is restricted by bond covenants. The Revenue Bond sinking fund accounts are 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, 2011
(Continued)

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

Assets	Capitalization Thresholds	Estimated Service Life
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 Balance*

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is classified as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority.

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

Assigned fund balance includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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. The City does not have policies or procedures that underlie other classifications.

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

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 capital projects funds, which adopt project length budgets. 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.

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(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, 2011, 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-end 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	\$ 20,327	\$ --	\$ --	\$ --	\$ 317	\$ 20,644
Interest Receivable	971	--	5,792	3,665	--	10,428
Accounts	99,695	--	259,437	68,135	--	427,267
Intergovernmental	49,981	72,512	--	--	29,903	152,396
Gross Receivables	170,974	72,512	265,229	71,800	30,220	610,735
Less: Allowance For Uncollectibles	(46,807)	--	(138,363)	(36,512)	--	(221,682)
	<u>\$ 124,167</u>	<u>\$ 72,512</u>	<u>\$ 126,866</u>	<u>\$ 35,288</u>	<u>\$ 30,220</u>	<u>\$ 389,053</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> \$ 15,606
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CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

C. Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 321,137	\$ --	\$ --	\$ 321,137
Construction in progress	1,382,631	217,814	(491,492)	1,108,953
Total capital assets, not being depreciated	<u>1,703,768</u>	<u>217,814</u>	<u>(491,492)</u>	<u>1,430,090</u>
Capital assets, being depreciated:				
Buildings	2,169,373	--	--	2,169,373
Improvements other than buildings	382,325	118,028	--	500,353
Machinery and equipment	1,571,524	79,505	(182,549)	1,468,480
Total capital assets, being depreciated	<u>4,123,222</u>	<u>197,533</u>	<u>(182,549)</u>	<u>4,138,206</u>
Less accumulated depreciation for:				
Buildings	(1,314,745)	(31,007)	--	(1,345,752)
Improvements other than buildings	(240,768)	(27,246)	--	(268,014)
Machinery and equipment	(1,156,505)	(97,661)	182,549	(1,071,617)
Total accumulated depreciation	<u>(2,712,018)</u>	<u>(155,914)</u>	<u>182,549</u>	<u>(2,685,383)</u>
Total capital assets, being depreciated, net	<u>1,411,204</u>	<u>41,619</u>	<u>--</u>	<u>1,452,823</u>
Governmental activities capital assets, net	<u>\$ 3,114,972</u>	<u>\$ 259,433</u>	<u>\$ (491,492)</u>	<u>\$ 2,882,913</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 821,086	\$ --	\$ --	\$ 821,086
Construction in progress	98,260	229,449	(10,330)	317,379
Total capital assets, not being depreciated	<u>919,346</u>	<u>229,449</u>	<u>(10,330)</u>	<u>1,138,465</u>
Capital assets, being depreciated:				
Buildings and system	7,981,662	445,680	--	8,427,342
Machinery and equipment	499,910	12,200	(46,392)	465,718
Total capital assets, being depreciated	<u>8,481,572</u>	<u>457,880</u>	<u>(46,392)</u>	<u>8,893,060</u>
Less accumulated depreciation for:				
Buildings and system	(4,321,665)	(175,379)	--	(4,497,044)
Machinery and equipment	(447,831)	(20,295)	46,392	(421,734)
Total accumulated depreciation	<u>(4,769,496)</u>	<u>(195,674)</u>	<u>46,392</u>	<u>(4,918,778)</u>
Total capital assets, being depreciated, net	<u>3,712,076</u>	<u>262,206</u>	<u>--</u>	<u>3,974,282</u>
Business-type activities capital assets, net	<u>\$ 4,631,422</u>	<u>\$ 491,655</u>	<u>\$ (10,330)</u>	<u>\$ 5,112,747</u>

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Downtown Development Authority:				
Capital assets, being depreciated:				
Buildings and system	\$ 74,617	\$ --	\$ --	\$ 74,617
Machinery and equipment	--	13,288	--	13,288
Total capital assets, being depreciated	<u>74,617</u>	<u>13,288</u>	<u>--</u>	<u>87,905</u>
Less accumulated depreciation for:				
Buildings and system	(1,865)	(1,865)	--	(3,730)
Machinery and equipment	--	(271)	--	(271)
Total accumulated depreciation	<u>(1,865)</u>	<u>(2,136)</u>	<u>--</u>	<u>(4,001)</u>
Total capital assets, being depreciated, net	<u>72,752</u>	<u>11,152</u>	<u>--</u>	<u>83,904</u>
Authority capital assets, net	<u>\$ 72,752</u>	<u>\$ 11,152</u>	<u>\$ --</u>	<u>\$ 83,904</u>

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

Governmental activities	
General Government	\$ 37,668
Public Safety	62,435
Public Works	35,341
Culture & Recreation	18,470
Housing and Development	2,000
	<u>\$ 155,914</u>
Business-type activities	
Water & Sewer	\$ 183,579
Gas	12,095
	<u>\$ 195,674</u>

D. Inter-fund Receivables, Payables, and Transfers

Balances due from/to other funds as of July 31, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water & Sewer Enterprise Fund	\$ 50,495
General Fund	Natural Gas Enterprise Fund	25,646
General Fund	Nonmajor Governmental Funds	29,903
1% SPLOST #3 Capital Projects Fund	Water & Sewer Enterprise Fund	20,097
Water & Sewer Enterprise Fund	General Fund	21,888
Natural Gas Enterprise Fund	General Fund	142,187
Natural Gas Enterprise Fund	Water & Sewer Enterprise Fund	148,527
		<u>\$ 438,743</u>

The outstanding balances between funds result mainly from un-reimbursed expenditures accounted for in the payable fund. The Water & Sewer Enterprise Fund will reimburse the 1% SPLOST #3 Fund for insurance proceeds on a damaged pump deposited erroneously into the Water & Sewer Fund. The cost of the new pump was originally paid out of the 1% SPLOST #3 Fund.

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

Transfers from/to other funds for the year ending July 31, 2011 were as follows:

Transfer In	Transfer Out	Amount
Nonmajor Governmental Funds	General Fund	\$ 15,847
Nonmajor Governmental Funds	Nonmajor Governmental Funds	45
Water & Sewer Enterprise Fund	1% SPLOST #3 Capital Projects Fund	6,100
		<u>\$ 21,992</u>

The General Fund transferred \$15,847 to a Nonmajor Governmental Fund to finance a capital project accounted for in the fund. The 1% SPLOST #3 Fund transferred \$6,100 to the Water & Sewer Fund to finance capital improvements.

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	(7,256)
Total	<u>\$ 17,494</u>
 Original Lease Amount	<u>\$ 24,750</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of July 31, 2011, are as follows:

Year Ending July 31	Governmental Activities
2012	\$ 7,256
Total Minimum Lease Payments	7,256
Less: Amounts Representing Interest	(118)
Present Value Of Minimum Lease Payments	<u>\$ 7,138</u>

G. Long-Term Debt

Notes Payable. The City entered into a promissory note with USDA Rural Development for \$52,155 at 4% interest payable over five years for the purchase of police vehicles. The first payment is due August 13, 2011. Notes payable debt service requirements to maturity are as follows:

Year Ending July 31	Governmental Activities		
	Principal	Interest	Total
2012	\$ 9,629	\$ 2,087	\$ 11,716
2013	10,014	1,702	11,716
2014	10,415	1,301	11,716
2015	10,832	884	11,716
2016	11,265	451	11,716
Total	<u>\$ 52,155</u>	<u>\$ 6,425</u>	<u>\$ 58,580</u>

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

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%	\$ 1,795,100

Revenue bond debt service requirements to maturity are as follows:

Year Ending July 31	Business-type Activities		
	Principal	Interest	Total
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	61,080	78,926	140,006
2017 - 2021	354,390	345,648	700,038
2022 - 2026	452,290	247,738	700,028
2027 - 2031	577,250	122,778	700,028
2032 - 2034	133,510	6,675	140,185
Total	\$ 1,795,100	\$ 1,145,202	\$ 2,940,302

Changes In Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 41,665	\$ 70,147	\$ (56,374)	\$ 55,438	\$ --
Capital Lease Payable	16,102	--	(8,964)	7,138	7,138
Notes Payable	--	52,155	--	52,155	9,629
	\$ 57,767	\$ 122,302	\$ (65,338)	\$ 114,731	\$ 16,767
Business-type Activities:					
Compensated Absences	\$ 31,981	\$ --	\$ (9,261)	\$ 22,720	\$ --
Revenue Bonds	1,842,960	--	(47,860)	1,795,100	50,250
	\$ 1,874,941	\$ --	\$ (57,121)	\$ 1,817,820	\$ 50,250

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

H. Restricted Assets

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

Revenue Bond Debt Service	\$ 661,563
	\$ 661,563

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

I. Fund Balances

	General	1% SPLOST #3	Other Governmental Funds	Total Governmental Funds
Assigned To				
Public Works	\$ --	\$ 583,015	\$ 46	\$ 583,061
Housing & Development	--	--	2,088	2,088
	<u>--</u>	<u>583,015</u>	<u>2,134</u>	<u>585,149</u>
Unassigned, Reported In				
General Fund	1,457,120	--	--	1,457,120
	<u>1,457,120</u>	<u>--</u>	<u>--</u>	<u>1,457,120</u>
Total Fund Balances	<u>\$ 1,457,120</u>	<u>\$ 583,015</u>	<u>\$ 2,134</u>	<u>\$ 2,042,269</u>

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

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 \$273,200 to \$9,511,057.

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 the 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 – The City is currently operating under a Consent Order with the Environmental Protection Division requiring its existing waste water land application system to be replaced. The projected cost of this project is estimated at 6.4 million dollars and is expected to be financed through Georgia Environmental Facilities and the United States Department of Agriculture. Construction on this project should begin at the 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 4.69% 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 2011, the City's annual pension cost of \$54,642 was equal to its required and actual contribution. The annual required contribution was determined as part of the January 1, 2011, 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

CITY OF NASHVILLE, GEORGIA
Notes To The Financial Statements
July 31, 2011
(Continued)

using techniques that smooth the effect of random variations in financial market values of investments. The 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.

Fiscal Year Ending	Three Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u> </u>	<u> </u>	<u> </u>
10/1/2009	69,407	100.0 %	--
1/1/2010	57,068	100.0 %	--
1/1/2011	54,642	100.0 %	--

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 110.5% funded. The actuarial accrued liability for benefits was \$197,151,300, and the actuarial value of assets was \$2,178,288, resulting in a funding excess (UAAL) of \$206,775. The covered payroll (annual payroll of active employees covered by the plan) was \$1,030,818, and the ratio of the funding excess (UAAL) to the covered payroll was (20.1)%. 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 Commission and is required to pay annual dues thereto. During the year ended July 31, 2011, the City paid \$6,596 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission 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 a Regional Commission. 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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,850,530	\$ 1,909,795	\$ 1,875,672	\$ (34,123)
Licenses & Permits	99,100	99,100	107,666	8,566
Intergovernmental	14,150	40,275	30,254	(10,021)
Fines & Forfeitures	187,750	201,795	168,467	(33,328)
Charges For Services	620,776	665,432	642,653	(22,779)
Investment Income	15,000	15,000	17,276	2,276
Contributions & Donations	18,225	18,225	13,243	(4,982)
Miscellaneous	51,510	51,510	18,221	(33,289)
Total Revenues	2,857,041	3,001,132	2,873,452	(127,680)
EXPENDITURES				
General Government	559,840	662,598	469,050	193,548
Municipal Court	25,350	25,450	24,236	1,214
Public Safety	1,115,188	1,182,488	1,094,359	88,129
Public Works	919,458	934,358	855,673	78,685
Recreation	58,700	64,800	49,706	15,094
Housing & Development	128,505	150,105	112,255	37,850
Housing & Development	128,505	150,105	112,255	37,850
Total Expenditures	2,807,041	3,019,799	2,605,279	414,520
Excess (Deficiency) Of Revenues Over (Under) Expenditures	50,000	(18,667)	268,173	286,840
OTHER FINANCING SOURCES (USES)				
Transfers In	--	44,252	--	(44,252)
Transfers Out	(50,000)	(50,000)	(15,847)	34,153
Proceeds Of Capital Asset Dispositions	--	24,415	26,341	1,926
Total Other Financing Sources (Uses)	(50,000)	18,667	10,494	(8,173)
Net Change In Fund Balances	--	--	278,667	278,667
Fund Balances - Beginning	1,178,453	1,178,453	1,178,453	--
FUND BALANCES - ENDING	\$ 1,178,453	\$ 1,178,453	\$ 1,457,120	\$ 278,667

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) (Excess)	Funded Ratio	Covered Payroll	UAAL (Excess) as % of Covered Payroll
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)
1/1/2011	2,178,288	1,971,513	(206,775)	110.5	1,030,818	(20.1)

CITY OF NASHVILLE, GEORGIA
Notes To The Required Supplementary Information
July 31, 2011

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.

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 and report all financial resources of the general government, except those required to be accounted for and reported in another fund.

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

1% SPLOST #3 Fund - This fund is used to account for the City's share of the 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, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash & Cash Equivalents	\$ 1,564,711	\$ 1,234,535
Receivables (Net Of Allowance For Uncollectibles)		
Interest Receivable	971	1,259
Taxes	19,551	32,098
Accounts	53,664	61,890
Intergovernmental	49,981	51,227
Due From Other Funds		
Water & Sewer Enterprise Fund	50,495	55,912
Natural Gas Enterprise Fund	25,646	14,426
TE Grant #2 Capital Projects Fund	29,903	--
Street & Flood Drainage Capital Projects Fund	--	54,142
TOTAL ASSETS	<u><u>\$ 1,794,922</u></u>	<u><u>\$ 1,505,489</u></u>
LIABILITIES & FUND BALANCES		
Liabilities		
Accounts Payable	\$ 141,037	\$ 90,386
Accrued Wages, Withholdings & Benefits	10,244	10,799
Compensated Absences Payable	6,840	20,428
Deferred Revenue		
Property Taxes	15,606	25,606
Due To Other Funds		
Water & Sewer Enterprise Fund	21,888	14,727
Natural Gas Enterprise Fund	142,187	142,871
1% SPLOST Capital Projects Fund	--	22,219
Total Liabilities	<u><u>337,802</u></u>	<u><u>327,036</u></u>
Fund Balances		
Unassigned	1,457,120	1,178,453
Total Fund Balances	<u><u>1,457,120</u></u>	<u><u>1,178,453</u></u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 1,794,922</u></u>	<u><u>\$ 1,505,489</u></u>

CITY OF NASHVILLE, GEORGIA
General Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Taxes	\$ 1,875,672	\$ 1,843,439
Licenses & Permits	107,666	95,281
Intergovernmental	30,254	30,669
Charges For Services	642,653	636,592
Fines & Forfeitures	168,467	187,267
Investment Income	17,276	16,302
Contributions & Donations	13,243	10,876
Miscellaneous	18,221	46,251
Total Revenues	<u>2,873,452</u>	<u>2,866,677</u>
EXPENDITURES		
Current		
General Government	469,050	544,773
Judicial	24,236	24,946
Public Safety	1,094,359	1,126,904
Public Works	855,673	837,593
Culture & Recreation	49,706	62,098
Housing & Development	112,255	109,036
Total Expenditures	<u>2,605,279</u>	<u>2,705,350</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>268,173</u>	<u>161,327</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out		
TE Grant Capital Projects Fund	(15,847)	--
Total Other Financing Sources (Uses)	<u>10,494</u>	<u>--</u>
Net Change In Fund Balances	278,667	161,327
Fund Balances - Beginning	1,178,453	1,017,126
FUND BALANCES - ENDING	<u><u>\$ 1,457,120</u></u>	<u><u>\$ 1,178,453</u></u>

CITY OF NASHVILLE, GEORGIA
1% SPLOST #3 Capital Projects Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	2011	2010
ASSETS		
Cash & Cash Equivalents	\$ 542,100	\$ 437,310
Receivables (Net Of Allowance For Uncollectibles)		
Intergovernmental	72,512	124,217
Due From Other Funds		
Water & Sewer Enterprise Fund	20,097	--
General Fund	--	22,219
TOTAL ASSETS	\$ 634,709	\$ 583,746
 LIABILITIES & FUND BALANCES		
Liabilities		
Accounts Payable	\$ 51,694	\$ 3,051
Total Liabilities	51,694	3,051
 Fund Balances		
Assigned	583,015	580,695
Total Fund Balances	583,015	580,695
TOTAL LIABILITIES & FUND BALANCES	\$ 634,709	\$ 583,746

CITY OF NASHVILLE, GEORGIA
1% SPLOST #3 Capital Projects Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Years Ended July 31, 2011 And 2010

	2011	2010
REVENUES		
Intergovernmental	\$ 339,178	\$ 347,588
Total Revenues	339,178	347,588
 EXPENDITURES		
Capital Outlay	382,913	144,062
Total Expenditures	382,913	144,062
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(43,735)	203,526
 OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out		
Water & Sewer Enterprise Fund	(6,100)	--
Proceeds Of General Long-Term Liabilities	52,155	--
Total Other Financing Sources (Uses)	46,055	--
Net Change In Fund Balances	2,320	203,526
Fund Balances - Beginning	580,695	377,169
FUND BALANCES - ENDING	\$ 583,015	\$ 580,695

Nonmajor Governmental Funds

Special Revenue Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

USDA Parking Lot Fund - This fund is used to account for federal grants used for construction of a downtown parking lot.

TE Grant Fund - These funds are 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.

TE Grant #2 Fund - These funds are used to account for federal grants used to construct and improve downtown sidewalks.

Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

SPLOST 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.

CITY OF NASHVILLE, GEORGIA
Nonmajor Governmental Funds
Combining Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011

	Special Revenue Funds		USDA			Capital Projects Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Hotel/Motel	Total	Parking Lot	TE Grant #2	TE Grant	Total	SPLOST				
ASSETS											
Cash & Cash Equivalents	\$ 1,771	\$ 1,771	\$ 1	\$ 45	\$ --	\$ 46	\$ --	\$ 1,817			
Receivables (Net Of Allowance For Uncollectibles)	317	317	--	29,903	--	29,903	--	30,220			
Total Assets	\$ 2,088	\$ 2,088	\$ 1	\$ 29,948	\$ --	\$ 29,949	\$ --	\$ 32,037			
LIABILITIES & FUND EQUITY											
Liabilities											
Due To Other Funds	\$ --	\$ --	\$ --	\$ 29,903	\$ --	\$ 29,903	\$ --	\$ 29,903			
Total Liabilities	\$ --	\$ --	\$ --	\$ 29,903	\$ --	\$ 29,903	\$ --	\$ 29,903			
Fund Balances											
Assigned	2,088	2,088	1	45	--	46	--	2,134			
Total Fund Balances	2,088	2,088	1	45	--	46	--	2,134			
Total Liabilities & Fund Balances	\$ 2,088	\$ 2,088	\$ 1	\$ 29,948	\$ --	\$ 29,949	\$ --	\$ 32,037			

CITY OF NASHVILLE, GEORGIA
Nonmajor Governmental Funds
Combining Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Year Ended July 31, 2011

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds	Total Nonmajor Governmental Funds
	Hotel/Motel	Total	USDA Parking Lot	TE Grant #2	TE Grant		
REVENUES							
Taxes	\$ 4,474	\$ 4,474	\$ --	\$ --	\$ --	\$ --	\$ 4,474
Intergovernmental	--	--	102,032	29,903	--	131,935	141,368
Total Revenues	4,474	4,474	102,032	29,903	--	131,935	145,842
EXPENDITURES							
Current							
Housing & Development	4,600	4,600	--	--	--	--	4,600
Capital Outlay	--	--	47,889	45,750	--	93,639	93,639
Debt Service	--	--	--	--	--	9,433	9,433
Total Expenditures	4,600	4,600	47,889	45,750	--	93,639	107,672
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(126)	(126)	54,143	(15,847)	--	38,296	38,170
OTHER FINANCING SOURCES (USES)							
Transfers In	--	--	--	15,892	--	15,892	15,892
Transfers Out	--	--	--	--	(45)	(45)	(45)
Total Other Financing Sources (Uses)	--	--	--	15,892	(45)	15,847	15,847
Net Change In Fund Balances	(126)	(126)	54,143	45	(45)	54,143	54,017
Fund Balances - Beginning	2,214	2,214	(54,142)	--	45	(54,097)	(51,883)
FUND BALANCES - ENDING	\$ 2,088	\$ 2,088	\$ 1	\$ 45	\$ --	\$ 46	\$ 2,134

CITY OF NASHVILLE, GEORGIA
Hotel/Motel Special Revenue Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash & Cash Equivalents	\$ 1,771	\$ 1,838
Taxes	317	376
TOTAL ASSETS	<u><u>\$ 2,088</u></u>	<u><u>\$ 2,214</u></u>
 LIABILITIES & FUND BALANCES		
Liabilities		
Total Liabilities	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>
Fund Balances		
Assigned	2,088	2,214
Total Fund Balances	<u>2,088</u>	<u>2,214</u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 2,088</u></u>	<u><u>\$ 2,214</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, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Taxes	\$ 4,474	\$ 2,257
Total Revenues	<u>4,474</u>	<u>2,257</u>
EXPENDITURES		
Current		
Housing & Development	4,600	43
Total Expenditures	<u>4,600</u>	<u>43</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(126)</u>	<u>2,214</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change In Fund Balances	(126)	2,214
Fund Balances - Beginning	2,214	--
FUND BALANCES - ENDING	<u>\$ 2,088</u>	<u>\$ 2,214</u>

CITY OF NASHVILLE, GEORGIA
Hotel/Motel Special Revenue Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual
For The Year Ended July 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES			
Taxes	\$ 4,800	\$ 4,474	\$ (326)
Total Revenues	<u>4,800</u>	<u>4,474</u>	<u>(326)</u>
EXPENDITURES			
Current			
Housing & Development	4,800	4,600	200
Total Expenditures	<u>4,800</u>	<u>4,600</u>	<u>200</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>--</u>	<u>(126)</u>	<u>(126)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	--	--	--
Transfers Out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change In Fund Balances	<u>--</u>	<u>(126)</u>	<u>(126)</u>
Fund Balances - Beginning	2,214	2,214	--
FUND BALANCES - ENDING	<u>\$ 2,214</u>	<u>\$ 2,088</u>	<u>\$ (126)</u>

CITY OF NASHVILLE, GEORGIA
USDA Parking Lot Capital Projects Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash & Cash Equivalents	\$ 1	\$ --
TOTAL ASSETS	<u>\$ 1</u>	<u>\$ --</u>
LIABILITIES & FUND BALANCES		
Liabilities		
Due To Other Funds		
General Fund	\$ --	\$ 54,142
Total Liabilities	<u>--</u>	<u>54,142</u>
Fund Balances		
Assigned	1	--
Unassigned	--	(54,142)
Total Fund Balances	<u>1</u>	<u>(54,142)</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1</u>	<u>\$ --</u>

CITY OF NASHVILLE, GEORGIA
USDA Parking Lot Capital Projects Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ 102,032	\$ --
Total Revenues	<u>102,032</u>	<u>--</u>
EXPENDITURES		
Capital Outlay	47,889	54,142
Total Expenditures	<u>47,889</u>	<u>54,142</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>54,143</u>	<u>(54,142)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change In Fund Balances	54,143	(54,142)
Fund Balances - Beginning	(54,142)	--
FUND BALANCES - ENDING	<u>\$ 1</u>	<u>\$ (54,142)</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, 2011

	Project			Total To
	Authorization	Prior Years	Current Year	Date
REVENUES				
Intergovernmental	\$ 336,218	\$ --	\$ 102,032	\$ 102,032
Total Revenues	<u>336,218</u>	<u>--</u>	<u>102,032</u>	<u>102,032</u>
EXPENDITURES				
Capital Outlay	336,218	54,142	47,889	102,031
Total Expenditures	<u>336,218</u>	<u>54,142</u>	<u>47,889</u>	<u>102,031</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>--</u>	<u>(54,142)</u>	<u>54,143</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
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>\$ (54,142)</u>	<u>54,143</u>	<u>\$ 1</u>
Fund Balances - Beginning			(54,142)	
FUND BALANCES - ENDING			<u>\$ 1</u>	

CITY OF NASHVILLE, GEORGIA
TE Grant #2 Capital Projects Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash & Cash Equivalents	\$ 45	\$ ---
Receivables (Net Of Allowance For Uncollectibles)		
Intergovernmental	29,903	---
TOTAL ASSETS	<u>\$ 29,948</u>	<u>\$ ---</u>
 LIABILITIES & FUND BALANCES		
Liabilities		
Due To Other Funds		
General Fund	\$ 29,903	\$ ---
Total Liabilities	<u>29,903</u>	<u>---</u>
Fund Balances		
Assigned	45	---
Total Fund Balances	<u>45</u>	<u>---</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 29,948</u>	<u>\$ ---</u>

CITY OF NASHVILLE, GEORGIA
TE Grant #2 Capital Projects Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ 29,903	\$ --
Total Revenues	<u>29,903</u>	<u>--</u>
EXPENDITURES		
Capital Outlay	45,750	--
Total Expenditures	<u>45,750</u>	<u>--</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(15,847)</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)		
Transfers In		
General Fund	15,847	--
TE Grant Capital Projects Fund	45	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>15,892</u>	<u>--</u>
Net Change In Fund Balances	45	--
Fund Balances - Beginning	--	--
FUND BALANCES - ENDING	<u>\$ 45</u>	<u>\$ --</u>

CITY OF NASHVILLE, GEORGIA
TE Grant #2 Capital Projects Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances - Budget & Actual
From Inception And For The Year Ended July 31, 2011

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Intergovernmental	\$ 200,000	\$ --	\$ 29,903	\$ 29,903
Total Revenues	<u>200,000</u>	<u>--</u>	<u>29,903</u>	<u>29,903</u>
EXPENDITURES				
Capital Outlay	240,000	--	45,750	45,750
Total Expenditures	<u>240,000</u>	<u>--</u>	<u>45,750</u>	<u>45,750</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(40,000)</u>	<u>--</u>	<u>(15,847)</u>	<u>(15,847)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	--	15,892	15,892
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>--</u>	<u>15,892</u>	<u>15,892</u>
Net Change In Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>45</u>	<u>\$ 45</u>
Fund Balances - Beginning			--	
FUND BALANCES - ENDING			<u>\$ 45</u>	

CITY OF NASHVILLE, GEORGIA
TE Grant Capital Projects Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash & Cash Equivalents	\$ --	\$ 45
TOTAL ASSETS	<u>\$ --</u>	<u>\$ 45</u>
 LIABILITIES & FUND BALANCES		
Liabilities		
Total Liabilities	<u>\$ --</u>	<u>\$ --</u>
Fund Balances		
Assigned	<u>--</u>	<u>45</u>
Total Fund Balances	<u>--</u>	<u>45</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ --</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, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ --	\$ --
Total Revenues	<u> --</u>	<u> --</u>
EXPENDITURES		
Total Expenditures	<u> --</u>	<u> --</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u> --</u>	<u> --</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out		
TE Grant Capital Projects Fund	(45)	--
Total Other Financing Sources (Uses)	<u>(45)</u>	<u> --</u>
Net Change In Fund Balances	(45)	--
Fund Balances - Beginning	45	45
FUND BALANCES - ENDING	<u>\$ --</u>	<u>\$ 45</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, 2011

	Project			Total To
	Authorization	Prior Years	Current Year	Date
REVENUES				
Intergovernmental	\$ 663,000	\$ 663,000	\$ --	\$ 663,000
Total Revenues	<u>663,000</u>	<u>663,000</u>	<u>--</u>	<u>663,000</u>
EXPENDITURES				
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>
OTHER FINANCING SOURCES (USES)				
Transfers In	44,075	364,796	--	364,796
Transfers Out	--	(105,836)	(45)	(105,881)
Total Other Financing Sources (Uses)	<u>44,075</u>	<u>258,960</u>	<u>(45)</u>	<u>258,915</u>
Net Change In Fund Balances	<u>\$ --</u>	<u>\$ 45</u>	<u>(45)</u>	<u>\$ --</u>
Fund Balances - Beginning			45	
FUND BALANCES - ENDING			<u>\$ --</u>	

CITY OF NASHVILLE, GEORGIA
SPLOST Debt Service Fund
Schedule Of Assets, Liabilities, & Fund Balances
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
	\$ --	\$ --
TOTAL ASSETS	<u>\$ --</u>	<u>\$ --</u>
LIABILITIES & FUND BALANCES		
Liabilities		
	\$ --	\$ --
Total Liabilities	<u>--</u>	<u>--</u>
Fund Balances		
Assigned	--	--
Total Fund Balances	<u>--</u>	<u>--</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ --</u>	<u>\$ --</u>

CITY OF NASHVILLE, GEORGIA
SPLOST Debt Service Fund
Schedule Of Revenues, Expenditures, & Changes In Fund Balances
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	\$ 9,433	\$ 26,362
Total Revenues	<u>9,433</u>	<u>26,362</u>
EXPENDITURES		
Debt Service	9,433	26,362
Total Expenditures	<u>9,433</u>	<u>26,362</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>---</u>	<u>---</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	--	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>---</u>	<u>---</u>
Net Change In Fund Balances	--	--
Fund Balances - Beginning	--	--
FUND BALANCES - ENDING	<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 & 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, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 1,931,760	\$ 1,400,511
Restricted Assets		
Cash & Cash Equivalents	661,563	496,121
Receivables (Net Of Allowance For Uncollectibles)	126,866	136,635
Due From Other Funds		
General Fund	21,888	14,727
Prepaid Items	2,985	14,126
Total Current Assets	<u>2,745,062</u>	<u>2,062,120</u>
Noncurrent Assets		
Capital Assets Net Of Accumulated Depreciation		
Land	815,086	815,086
Construction In Progress	169,218	98,260
Buildings & System	7,775,588	7,329,908
Machinery & Equipment	330,281	370,574
Accumulated Depreciation	(4,387,625)	(4,250,439)
Total Capital Assets Net Of Accumulated Depreciation	<u>4,702,548</u>	<u>4,363,389</u>
Total Noncurrent Assets	<u>4,702,548</u>	<u>4,363,389</u>
TOTAL ASSETS	<u>7,447,610</u>	<u>6,425,509</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	39,181	30,429
Accrued Wages & Withholdings	2,303	2,591
Compensated Absences Payable	2,621	-
Due To Other Funds		
General Fund	50,495	55,912
1% SPLOST #3 Capital Projects Fund	20,097	-
Natural Gas Enterprise Fund	148,527	148,527
Customer Deposits	138,098	150,168
Accrued Interest Payable	43,279	44,433
Revenue Bonds Payable - Current	50,250	47,860
Total Current Liabilities	<u>494,851</u>	<u>479,920</u>
Noncurrent Liabilities		
Compensated Absences	13,423	21,876
Revenue Bonds Payable	1,744,850	1,795,100
Total Noncurrent Liabilities	<u>1,758,273</u>	<u>1,816,976</u>
TOTAL LIABILITIES	<u>2,253,124</u>	<u>2,296,896</u>
NET ASSETS		
Invested In Capital Assets, Net Of Related Debt	2,907,448	2,520,429
Restricted For Debt Service	521,558	356,113
Unrestricted	1,765,480	1,252,071
TOTAL NET ASSETS	<u>\$ 5,194,486</u>	<u>\$ 4,128,613</u>

CITY OF NASHVILLE, GEORGIA
Water & Sewer Enterprise Fund
Schedule Of Revenues, Expenses, & Changes In Fund Net Assets
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges For Sales & Services	\$ 1,615,733	\$ 1,441,066
Other	14,249	15,236
Total Operating Revenues	<u>1,629,982</u>	<u>1,456,302</u>
OPERATING EXPENSES		
Personal Services & Employee Benefits	401,328	414,694
Purchased/Contracted Services	141,160	164,024
Supplies	212,730	225,747
Depreciation	183,579	180,567
Other	1,888	2,943
Total Operating Expenses	<u>940,685</u>	<u>987,975</u>
Operating Income (Loss)	<u>689,297</u>	<u>468,327</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue	--	50,251
Investment Income	22,539	17,867
Gain/Loss on Sale of Capital Assets	3,580	--
Interest on Long-term Debt	(90,993)	(93,328)
Total Nonoperating Revenues (Expenses)	<u>(64,874)</u>	<u>(25,210)</u>
Income (Loss) Before Contributions & Transfers	624,423	443,117
Capital Contributions	435,350	16,901
Transfers In		
1% SPLOST #3 Capital Projects Fund	6,100	--
Transfers Out	--	--
Net Income (Loss)	<u>1,065,873</u>	<u>460,018</u>
Net Assets - Beginning Of Year	4,128,613	3,668,595
NET ASSETS - END OF YEAR	<u><u>\$ 5,194,486</u></u>	<u><u>\$ 4,128,613</u></u>

CITY OF NASHVILLE, GEORGIA
Water & Sewer Enterprise Fund
Schedule Of Cash Flows
For The Year Ended July 31, 2011

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers & Users	\$ 1,645,673	\$ 1,426,859
Payments To Suppliers	(345,838)	(387,515)
Payments To Employees	(407,448)	(411,515)
Net Cash Provided (Used) By Operating Activities	<u>892,387</u>	<u>627,829</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In	6,100	--
Net Cash Provided (Used) By Noncapital Financing Activities	<u>6,100</u>	<u>--</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Contributions	435,350	--
Acquisition & Construction Of Capital Assets	(522,738)	(64,901)
Principal Paid On Capital Debt	(47,860)	(45,580)
Interest Paid On Capital Debt	(92,146)	(94,426)
Intergovernmental	--	16,901
Proceeds From Sales Of Capital Assets	3,580	--
Grants	--	50,251
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>(223,814)</u>	<u>(137,755)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest & Dividends Received	22,018	19,903
Net Cash Provided (Used) By Investing Activities	<u>22,018</u>	<u>19,903</u>
Net Increase (Decrease) In Cash & Cash Equivalents	696,691	509,977
Cash & Cash Equivalents - Beginning Of Year	1,896,632	1,386,655
CASH & CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,593,323</u>	<u>\$ 1,896,632</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 689,297	\$ 468,327
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities		
Depreciation Expense	183,579	180,567
(Increase) Decrease In Accounts Receivable	(31,953)	(54,798)
(Increase) Decrease In Other Receivables	7,105	7,622
Increase (Decrease) In Allowances For Uncollectible Accounts	35,139	24,586
(Increase) Decrease In Due From Other Funds	5,400	--
(Increase) Decrease In Prepaid Items	11,141	(1,659)
Increase (Decrease) In Accounts Payable	8,752	6,858
Increase (Decrease) In Accrued Wages & Withholdings	(288)	487
Increase (Decrease) In Compensated Absences Payable	(5,832)	2,693
Increase (Decrease) In Due To Other Funds	2,118	(15,212)
Increase (Decrease) In Customer Deposits	(12,071)	8,358
Net Cash Provided (Used) By Operating Activities	<u>\$ 892,387</u>	<u>\$ 627,829</u>
NONCASH INVESTING, CAPITAL, & FINANCING ACTIVITIES	\$ --	\$ --

CITY OF NASHVILLE, GEORGIA
Natural Gas Enterprise Fund
Schedule Of Net Assets
July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 1,225,074	\$ 1,123,350
Receivables (Net Of Allowance For Uncollectibles)		
Interest Receivable	3,665	3,729
Accounts	31,623	37,218
Due From Other Funds		
General Fund	142,187	142,871
Water & Sewer Enterprise Fund	148,527	148,527
Prepaid Items	1,356	7,926
Other Current Assets	1,580	1,780
Total Current Assets	<u>1,554,012</u>	<u>1,465,401</u>
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Land	6,000	6,000
Construction In Progress	148,161	--
Capital Assets Not Being Depreciated	<u>154,161</u>	<u>6,000</u>
Capital Assets Net Of Accumulated Depreciation		
Improvements Other Than Buildings	651,754	651,754
Machinery & Equipment	135,436	129,336
Accumulated Depreciation	<u>(531,152)</u>	<u>(519,057)</u>
Total Capital Assets Net Of Accumulated Depreciation	<u>256,038</u>	<u>262,033</u>
Total Noncurrent Assets	<u>410,199</u>	<u>268,033</u>
TOTAL ASSETS	<u>1,964,211</u>	<u>1,733,434</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	157,797	19,458
Accrued Wages & Withholdings	1,628	1,435
Compensated Absences Payable	1,338	--
Due To Other Funds		
General Fund	25,646	14,426
Customer Deposits	36,165	62,983
Other Current Liabilities	2,257	10,095
Total Current Liabilities	<u>224,831</u>	<u>108,397</u>
Noncurrent Liabilities		
Compensated Absences	<u>9,297</u>	<u>10,105</u>
Total Noncurrent Liabilities	<u>9,297</u>	<u>10,105</u>
TOTAL LIABILITIES	<u>234,128</u>	<u>118,502</u>
NET ASSETS		
Invested In Capital Assets, Net Of Related Debt	410,199	268,033
Unrestricted	1,319,884	1,346,899
TOTAL NET ASSETS	<u>\$ 1,730,083</u>	<u>\$ 1,614,932</u>

CITY OF NASHVILLE, GEORGIA
Natural Gas Enterprise Fund
Schedule Of Revenues, Expenses, & Changes In Fund Net Assets
For The Years Ended July 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges For Sales & Services	\$ 893,305	\$ 886,277
Other	4,303	3,126
Total Operating Revenues	<u>897,608</u>	<u>889,403</u>
OPERATING EXPENSES		
Personal Services & Employee Benefits	223,855	246,030
Purchased/Contracted Services	108,723	49,976
Supplies	456,833	495,407
Other	601	--
Depreciation	12,095	17,508
Total Operating Expenses	<u>802,107</u>	<u>808,921</u>
Operating Income (Loss)	<u>95,501</u>	<u>80,482</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Revenues	19,650	20,003
Total Nonoperating Revenues (Expenses)	<u>19,650</u>	<u>20,003</u>
Income (Loss) Before Contributions & Transfers	<u>115,151</u>	<u>100,485</u>
Transfers In	--	--
Transfers Out	--	--
Net Income (Loss)	<u>115,151</u>	<u>100,485</u>
Net Assets - Beginning Of Year	1,614,932	1,514,447
NET ASSETS - END OF YEAR	<u><u>\$ 1,730,083</u></u>	<u><u>\$ 1,614,932</u></u>

CITY OF NASHVILLE, GEORGIA
Natural Gas Enterprise Fund
Schedule Of Cash Flows
For The Year Ended July 31, 2011

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers & Users	\$ 903,403	\$ 892,355
Payments To Suppliers	(455,904)	(551,269)
Payments To Employees	(223,132)	(241,059)
Net Cash Provided (Used) By Operating Activities	224,367	100,027
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loans From Other Funds	(305)	22,759
Loans To Other Funds	12,208	(10,815)
Net Cash Provided (Used) By Noncapital Financing Activities	11,903	11,944
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition & Construction Of Capital Assets	(154,261)	(7,925)
Net Cash Provided (Used) By Capital & Related Financing Activities	(154,261)	(7,925)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest & Dividends Received	19,715	21,941
Net Cash Provided (Used) By Investing Activities	19,715	21,941
Net Increase (Decrease) In Cash & Cash Equivalents	101,724	125,987
Cash & Cash Equivalents - Beginning Of Year	1,123,350	997,363
CASH & CASH EQUIVALENTS - END OF YEAR	\$ 1,225,074	\$ 1,123,350
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 95,501	\$ 80,482
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities		
Depreciation Expense	12,095	17,508
(Increase) Decrease In Accounts Receivable	84	(3,209)
(Increase) Decrease In Other Receivables	200	1,372
Increase (Decrease) In Allowances For Uncollectible Accounts	5,511	4,789
(Increase) Decrease In Prepaid Items	6,570	(668)
Increase (Decrease) In Accounts Payable	138,339	164
Increase (Decrease) In Accrued Wages & Withholdings	193	36
Increase (Decrease) In Compensated Absences Payable	530	4,935
Increase (Decrease) In Other Current Liabilities	(7,838)	--
Increase (Decrease) In Customer Deposits	(26,818)	(5,382)
Net Cash Provided (Used) By Operating Activities	\$ 224,367	\$ 100,027
NONCASH INVESTING, CAPITAL, & FINANCING ACTIVITIES	\$ --	\$ --

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, 2011

	Agency Funds		
	Special Account	Voluntary Fire Dept	Total
ASSETS			
Cash	\$ 5,159	\$ 7,657	\$ 12,816
Total Assets	\$ 5,159	\$ 7,657	\$ 12,816
LIABILITIES			
Due To Others	\$ 5,159	\$ 7,657	\$ 12,816
Total Liabilities	\$ 5,159	\$ 7,657	\$ 12,816

SUPPLEMENTAL SCHEDULES

CITY OF NASHVILLE, GEORGIA
General Fund
Schedule Of Revenues
For The Years Ended July 31, 2011 And 2010

REVENUES	<u>2011</u>	<u>2010</u>
Taxes		
Real Property	\$ 613,509	\$ 601,812
Personal Property	60,560	62,974
Real Estate Transfer (Intangible)	7,731	4,908
Franchise	313,965	299,530
General Sales & Use		
Local Option Sales & Use	478,290	464,327
Alcoholic Beverage Excise	140,883	144,437
Insurance Premium	252,848	260,416
Penalties & Interest On Delinquent Taxes	7,886	5,035
	<u>1,875,672</u>	<u>1,843,439</u>
Licenses & Permits	<u>107,666</u>	<u>95,281</u>
Intergovernmental	<u>30,254</u>	<u>30,669</u>
Charges For Services		
General Government	835	576
Public Safety		
Special Fire Protection	16,515	11,880
Other Public Safety Fees	1,625	996
Public Works		
Refuse Collection Charges	608,161	610,657
Cemetery Fees	15,035	10,650
Other Charges For Services	482	1,833
	<u>642,653</u>	<u>636,592</u>
Fines & Forfeitures	<u>168,467</u>	<u>187,267</u>
Interest Revenue	<u>17,276</u>	<u>16,302</u>
Contributions & Donations	<u>13,243</u>	<u>10,876</u>
Miscellaneous	<u>18,221</u>	<u>46,251</u>
Total Revenues	<u>\$ 2,873,452</u>	<u>\$ 2,866,677</u>

CITY OF NASHVILLE, GEORGIA
General Fund
Schedule Of Expenditures
For The Years Ended July 31, 2011 And 2010

EXPENDITURES	2011	2010
Current		
General Government		
Clerks Office		
Personal Services & Employee Benefits	\$ 191,205	\$ 227,265
Purchased/Contracted Services	178,623	246,400
Supplies	45,886	40,142
Capital Outlay	33,017	2,984
Other Costs	20,319	27,982
	<u>469,050</u>	<u>544,773</u>
Judicial		
Municipal Court		
Purchased/Contracted Services	24,075	24,564
Supplies	161	382
	<u>24,236</u>	<u>24,946</u>
Public Safety		
Police		
Personal Services & Employee Benefits	689,080	716,656
Purchased/Contracted Services	98,930	127,253
Supplies	66,561	52,490
Capital Outlay	26,920	21,708
Other Costs	46,311	51,535
	<u>927,802</u>	<u>969,642</u>
Fire & Emergency		
Personal Services & Employee Benefits	64,714	51,845
Purchased/Contracted Services	43,152	46,878
Supplies	10,879	8,685
	<u>118,745</u>	<u>107,408</u>
Animal Control		
Personal Services & Employee Benefits	37,963	39,865
Purchased/Contracted Services	5,366	6,192
Supplies	4,483	3,797
	<u>47,812</u>	<u>49,854</u>
	<u>1,094,359</u>	<u>1,126,904</u>
Public Works		
Highways & Streets		
Personal Services & Employee Benefits	174,050	193,707
Purchased/Contracted Services	26,625	17,219
Supplies	138,167	127,936
Other Costs	1,174	5,173
	<u>340,016</u>	<u>344,035</u>

CITY OF NASHVILLE, GEORGIA
General Fund
Schedule Of Expenditures
For The Years Ended July 31, 2011 And 2010
(Continued)

	<u>2011</u>	<u>2010</u>
Sanitation		
Personal Services & Employee Benefits	34,154	35,256
Purchased/Contracted Services	469,270	447,260
Supplies	6,776	5,430
Other Costs	3	--
	<u>510,203</u>	<u>487,946</u>
City Shop		
Purchased/Contracted Services	40	271
Supplies	132	300
	<u>172</u>	<u>571</u>
Work Control		
Purchased/Contracted Services	1,644	1,460
Supplies	3,638	3,581
	<u>5,282</u>	<u>5,041</u>
	<u>855,673</u>	<u>837,593</u>
Culture & Recreation		
Recreation		
Purchased/Contracted Services	26,796	34,049
Supplies	14,638	19,216
Other Costs	8,272	8,833
	<u>49,706</u>	<u>62,098</u>
Housing & Development		
Code Enforcer		
Personal Services & Employee Benefits	52,473	52,215
Purchased/Contracted Services	3,715	2,767
Supplies	1,529	1,079
	<u>57,717</u>	<u>56,061</u>
Economic Development		
Personal Services & Employee Benefits	37,087	28,756
Purchased/Contracted Services	11,232	16,780
Supplies	6,219	7,439
	<u>54,538</u>	<u>52,975</u>
	<u>112,255</u>	<u>109,036</u>
Total Expenditures	<u>\$ 2,605,279</u>	<u>\$ 2,705,350</u>

CITY OF NASHVILLE, GEORGIA
Water & Sewer Enterprise Fund
Schedule Of Water & Sewer Bonds - Series 1992-Farmers Home Administration
July 31, 2011

<u>Year Ending</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Annual Debt Service</u>
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, 2017	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>\$ 1,795,100</u>		<u>\$ 1,145,202</u>	<u>\$ 2,940,302</u>

CITY OF NASHVILLE, GEORGIA
Schedule Of Hotel/Motel Taxes Expended
For The Year Ended July 31, 2011

Total Expenditures	
Tourism, Promotions, Conventions, Trade Shows, and Facility Support	<u>\$ 4,600</u>
Taxes Collected	
Tax Collections @ 3%	4,474
Tax Collections Greater Than 3%	<u>---</u>
	<u>\$ 4,474</u>
Percentage Of Current Year Taxes Expended	<u>103%</u>

CITY OF NASHVILLE, GEORGIA
Schedule Of Projects Constructed With Special Sales Tax Proceeds
For The Year Ended July 31, 2011

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				77%
Construction and Capital Improvements of Roads, Streets, & Bridges		\$ 362,472	\$ 28,459	\$ 390,931	
Public Work Projects		72,895	172,064	244,959	
Law Enforcement Facilities		--	--	--	
Law Enforcement Equipment		142,150	55,043	197,193	
Fire Department Facilities		3,146	520	3,666	
Fire Department Equipment		135,553	35,654	171,207	
Animal Control Facilities		--	--	--	
Animal Control Equipment		--	--	--	
Water/Sewer Extensions & Improvements		316,090	80,330	396,420	
Recreation Facilities		5,852	--	5,852	
Recreation Equipment		20,498	6,925	27,423	
City Hall Facilities		13,636	6,694	20,330	
City Hall Equipment		8,971	12,757	21,728	
	<u>\$ 1,915,661</u>	<u>\$ 1,081,263</u>	<u>\$ 398,446</u>	<u>\$ 1,479,709</u>	
1% SPLOST #3 Capital Projects Fund					
Total Expenditures			\$ 382,913		
Transfers Out			6,100		
SPLOST Debt Service Fund					
Total Expenditures			9,433		
			<u>\$ 398,446</u>		

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Georgia Society of
Certified Public Accountants

January 28, 2012

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, 2011, which collectively comprise City of Nashville, Georgia's basic financial statements and have issued our report thereon dated January 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

We noted certain matters that we reported to management of City of Nashville, Georgia, in a separate letter dated January 28, 2012.

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.



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

CITY OF NASHVILLE, GEORGIA
Schedule Of Findings & Responses
For The Year Ended July 31, 2011

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.