

**ANNUAL FINANCIAL REPORT**

**CITY OF GROVETOWN,  
GEORGIA**

**YEAR ENDED DECEMBER 31, 2012**

**CITY OF GROVETOWN, GEORGIA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2012**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	10
Statement of Activities	11
Governmental Funds Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	16
Statement of Fund Net Position - Proprietary Fund	17
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	18
Statements of Cash Flows - Proprietary Fund	19
Notes to Basic Financial Statements	20

**CITY OF GROVETOWN, GEORGIA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2012**

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page(s)</u>
<b>COMPLIANCE SECTION</b>	
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Combined Balance Sheet - Non-major Governmental Funds	42
Combined Statements of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	43
Independent Auditors' Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Statement of Findings and Responses	47
<b>State Reporting Section</b>	
Schedule of Project Expenditures with Special Tax Proceeds (2006-2010)	57
Schedule of Project Expenditures with Special Tax Proceeds (2011-2016)	58



## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Grovetown, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of City of Grovetown, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified Opinion**

Because of the inadequacy of documentation regarding the valuation of infrastructure and the incompleteness of the schedule of capital assets, we were unable to form an opinion regarding the amount at which capital assets and accumulated depreciation are recorded in the accompanying Statement of Net Position, and Statement of Fund Net Position at December 31, 2012 (stated at \$31,184,018 and \$4,353,886, and \$11,850,206 and \$4,708,486, respectively), or the amount of depreciation expense related to the capital assets (stated at \$358,084 and \$244,173 respectively).

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grovetown, Georgia, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4 through 8 and page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Grovetown, Georgia’s basic financial statements. The introductory, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121 are presented for the purpose of additional analysis, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2014, on our consideration of the City Grovetown, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Grovetown, Georgia's internal control over financial reporting and compliance.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
April 4, 2014

**CITY OF GROVETOWN, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Baird & Company, CPA's, LLC have issued a modified opinion on the City of Grovetown, Georgia's financial statements for the year ended December 31, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MSD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

As management of the City of Grovetown we offer readers of the City's financial statements this narrative overview and analysis of the City for the fiscal year ended December 31, 2012.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2012 are as follows:

- The assets of the City exceed its liabilities at the close of the most recent fiscal year ending December 31, 2012 by \$37,803,639, of that amount \$5,986,209 is unrestricted and may be used to meet the City's ongoing obligations to the citizens and creditors.
- The City reported \$1,543,005 of revenues in excess of expenses for the year ended December 31, 2012.
- As of December 31, 2012 the City's governmental fund reported combined net assets of \$31,059,210.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the City of Grovetown, Georgia's basic financial statements. The City's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains of the supplementary information in addition to the basic financial statements themselves.

**Government Wide Financial Statements**

The government-wide financial statements two statements in the basic financial statements are designed to provide readers with a broad overview of the City of Grovetown's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Grovetown assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, and storms drains, etc.), to assess the overall health or financial condition of the City. The Statement of Activities presents information showing how the City's net assets change during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes). Both the Statement of Net Position and the

**CITY OF GROVETOWN, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

Statement of Activities are prepared utilizing the accrual basis of accounting. In the Statement of Net Position and the Statement of Activities, the City is divided into two categories of activities:

Governmental Activities – Most of the City's basic services are reported in this category, including the police, fire, transportation, culture and recreation, and general administration. Property taxes, sales taxes insurance premium taxes, and franchise fees finance most of these activities.

Business-type Activities – The City charges a fee to customers to help it cover the cost of services it provides. The City's water and sewer system is reported in this category.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some Funds are required to be established by state law. However, the City established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

*Governmental Funds*

The majority of the City's basic services are reported in governmental funds, which focuses on how money flows into and out of those funds. The balances left in the funds at year-end are those available for spending. These funds 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 measureable and available. The governmental fund statements provide a detailed short term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether these are more or less financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term financing decisions.

The relationships or difference between governmental activities (reported in Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City of Grovetown, Georgia has two individual governmental funds.

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Sales Tax Fund, both of which are considered to be major funds.

**CITY OF GROVETOWN, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

*Proprietary Funds*

The City charges customers for the services provides (water and sewer service) to outside customers including other local governments. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City's enterprise fund (a component of the proprietary fund) is identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows for proprietary funds.

*Notes to the basic financial statements* - The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on page 20 of this report.

*Other Information*- In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees, budgetary comparative information for the general fund and proprietary fund and infrastructure modified approach. Supplementary information can be found on pages 42 through 44.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

By far the largest portion of the City's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this Debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current assets	\$ 4,712,770	\$ 4,690,418	\$ 2,507,682	\$ 2,315,850	\$ 7,220,452	\$ 7,006,268
Capital assets	26,830,132	89,630,593	7,141,720	7,385,893	33,971,852	97,016,486
Total assets	31,542,902	94,321,011	9,649,402	9,701,743	41,192,304	104,022,754
<b>Liabilities</b>						
Current liabilities	404,772	335,288	475,914	242,677	880,686	577,965
Long-term liabilities	78,920	-	3,149,059	2,405,755	3,227,979	2,405,755
Total liabilities	483,692	335,288	3,624,973	2,648,432	4,108,665	2,983,720
<b>Net Position</b>						
Invested in capital assets, net of related debt	26,830,132	89,630,593	3,785,965	4,795,893	30,616,097	94,426,486
Nonspendable	33,577	-	-	-	33,577	-
Restricted	76,791	1,167,783	370,965	187,122	447,756	1,354,905
Unrestricted	4,118,710	3,187,347	1,867,499	2,070,296	5,986,209	5,257,643
	<u>\$ 31,059,210</u>	<u>\$ 93,985,723</u>	<u>\$ 6,024,429</u>	<u>\$ 7,053,311</u>	<u>\$ 37,083,639</u>	<u>\$ 101,039,034</u>

**Governmental Activities**

The City's governmental revenues increased by approximately \$469,000 and the business-type increased by approximately \$6,000.

The most significant governmental expense for the City was in public safety expense which consists of construction of a new fire station. Public safety expenses totaled approximately \$1,890,000 in 2012. These expenses were offset by revenues from charges for services of approximately \$983,000.

**CITY OF GROVETOWN, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

**Business-type Activities**

Revenue of the City's business type activities were \$2,512,629 for the year ended December 31, 2012. Expenses for the City's business-type activities were \$2,418,401 resulting in a net increase in the change in net position of \$94,228.

Governmental and business-type activities increased the City's net assets by \$1,543,005 for the year ended December 31, 2012. A summary of this increase is as follows:

	<b>Changes in Net Assets</b>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,153,454	\$ 1,118,666	\$ 2,460,978	\$ 2,503,856	\$ 3,614,432	\$ 3,622,522
Operating grants/contribution	-	8,658	-	2,925	-	11,583
Capital grants/contributions	1,473,874	1,213,279	50,000	-	1,523,874	1,213,279
<b>General Revenues:</b>						-
Property taxes	1,425,128	1,270,682	-	-	1,425,128	1,270,682
Sales taxes	1,661,297	1,736,177	-	-	1,661,297	1,736,177
Selective taxes	151,415	140,671	-	-	151,415	140,671
Franchise & business taxes	1,374,447	1,249,225	-	-	1,374,447	1,249,225
Unrestricted investment earn	3,029	7,219				7,219
Miscellaneous	418	33,367	1,651	-	2,069	33,367
Total revenues	<u>7,243,062</u>	<u>6,777,944</u>	<u>2,512,629</u>	<u>2,506,781</u>	<u>9,752,662</u>	<u>9,284,725</u>
<b>Expenses:</b>						
General government	1,781,073	1,623,917	-	-	1,781,073	1,623,917
Judicial	145,893	140,327	-	-	145,893	140,327
Public safety	1,890,058	1,817,136	-	-	1,890,058	1,817,136
Planning and zoning	-	210,288	-	-	-	210,288
Maintenance	-	175,629	-	-	-	175,629
Public works	1,288,041	1,193,929	-	-	1,288,041	1,193,929
Community services	-	63,574	-	-	-	63,574
Health and welfare	213,138	-	-	-	213,138	-
Culture and recreation	281,101	254,861	-	-	281,101	254,861
Housing and development	194,981	-	-	-	194,981	-
Water and sewer	-	-	2,418,401	2,045,043	2,418,401	2,045,043
Total expenses	<u>5,794,285</u>	<u>5,479,661</u>	<u>2,418,401</u>	<u>2,045,043</u>	<u>8,212,686</u>	<u>7,524,704</u>
Excess	1,448,777	1,298,283	94,228	461,738	1,539,976	1,760,021
Transfers	-	(261,885)	-	261,885	-	-
Increase in net position	<u>1,448,777</u>	<u>1,036,398</u>	<u>94,228</u>	<u>723,623</u>	<u>1,539,976</u>	<u>1,760,021</u>
Net position, Jan. 1	93,985,723	92,949,325	7,053,311	6,329,688	101,039,034	99,279,013
Prior period adjustment	(64,375,290)	-	(1,123,110)	-	(65,498,400)	-
Net position, Jan. 1, restated	<u>29,610,433</u>	<u>92,949,325</u>	<u>5,930,201</u>	<u>6,329,688</u>	<u>35,540,634</u>	<u>99,279,013</u>
Net position, Dec. 31	<u>\$ 31,059,210</u>	<u>\$ 93,985,723</u>	<u>\$ 6,024,429</u>	<u>\$ 7,053,311</u>	<u>\$ 37,080,610</u>	<u>\$ 101,039,034</u>

**CITY OF GROVETOWN, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

**Capital Assets and Debt Administration**

**Capital Assets**

As of December 31, 2012, the City had \$33,971,852 (net of accumulated depreciation) being reported as capital assets. This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and utility system upgrades. Major capital asset additions were primarily made to construction in progress for a new fire station, fire engine and other vehicles for the public safety department.

**Capital Assets at Year-End**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Capital Assets:</b>						
Land	\$ 1,945,823	\$ 1,945,823	\$ 309,450	\$ 309,450	\$ 2,255,273	\$ 2,255,273
Construction in progress	2,066,711	276,256	-	-	2,066,711	276,256
Infrastructure	18,438,774	82,675,024	-	-	18,438,774	82,675,024
Buildings and improvements	4,954,374	4,954,374	-	-	4,954,374	4,954,374
Vehicles and equipment	3,778,336	3,774,918	405,073	405,073	4,183,409	4,179,991
Utility system	-	-	11,135,683	11,135,683	11,135,683	11,135,683
	<u>31,184,018</u>	<u>93,626,395</u>	<u>11,850,206</u>	<u>11,850,206</u>	<u>43,034,224</u>	<u>105,476,601</u>
Accumulated depreciation	<u>(4,353,886)</u>	<u>(3,995,802)</u>	<u>(4,708,486)</u>	<u>(4,464,313)</u>	<u>(9,062,372)</u>	<u>(8,460,115)</u>
Total	<u>\$ 26,830,132</u>	<u>\$ 89,630,593</u>	<u>\$ 7,141,720</u>	<u>\$ 7,385,893</u>	<u>\$ 33,971,852</u>	<u>\$ 97,016,486</u>

**General Fund Budgetary Highlights**

Both the original and amended budget included reserve funds in order to balance the revenues with expenditures. Every year, the City's overall goal is to provide essential services to our citizens as cost effectively and professionally as possible. The Mayor and City Council members work diligently to plan for the future while ensuring that current processes work as efficiently as possible and we continue to seek improvement. The City is proactive in cutting its cost of operations in order to stay financially sound during these economic times. For the year, revenues were \$36,627 less than expected and expenditures were \$296,359 less than the budgeted amount.

**Economic Factors and Next Year's Budget and Rates**

The Mayor, City Council members and their appointed officials have continued to aggressively address the current and future needs of the City. The City's elected and appointed officials consider many factors when setting the fiscal year 2012 budget, property tax rates, expected sales tax and insurance premium tax and various fees that will be collected. One of the factors is the economy. Grovetown, Georgia is a small city with a population of approximately 12,210 in 2011. The United States and Georgia per capital income is \$42,693 and \$25,309 respectively, compared to the City of Grovetown, \$20,157; however, the local economy remains strong.

Requests for information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the City Administrator, Shirley Beasley, P.O. Box 120, Grovetown, Georgia 30813

## BASIC FINANCIAL STATEMENTS

**CITY OF GROVETOWN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 4,118,636	\$ 2,202,197	\$ 6,320,833
Receivables	626,620	232,838	859,458
Prepaid	33,577	6,584	40,161
Internal balances	(66,063)	66,063	-
Capital assets			
Non-depreciable assets	22,451,308	309,450	22,760,758
Depreciable assets, net of accumulated depreciation	<u>4,378,824</u>	<u>6,832,270</u>	<u>11,211,094</u>
 Total assets	 <u>31,542,902</u>	 <u>9,649,402</u>	 <u>41,192,304</u>
<b>Liabilities</b>			
Accounts payable	135,195	81,105	216,300
Accrued liabilities	160,279	21,019	181,298
Customer deposits	76,791	149,661	226,452
Liabilities payable from restricted assets	-	3,306	3,306
Net pension obligation	18,580		
Long-term liabilities			
Due within one year	13,927	220,823	234,750
Due in more than one year	<u>78,920</u>	<u>3,149,059</u>	<u>3,227,979</u>
 Total liabilities	 <u>483,692</u>	 <u>3,624,973</u>	 <u>4,090,085</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	26,830,132	3,785,965	30,616,097
Nonspendable	33,577	-	33,577
Restricted for:			
Customer deposits	76,791	149,661	226,452
Debt service	-	221,304	221,304
Unrestricted	<u>4,118,710</u>	<u>1,867,499</u>	<u>5,986,209</u>
 Total net position	 <u>\$ 31,059,210</u>	 <u>\$ 6,024,429</u>	 <u>\$ 37,083,639</u>

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

**CITY OF GROVETOWN, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2012**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,781,073	\$ 5,512	\$ -	\$ -	\$ (1,775,561)	\$	\$ (1,775,561)
Judicial	145,893	58,126	-	-	(87,767)		(87,767)
Public safety	1,890,058	982,696	-	1,284,997	377,635		377,635
Public works	1,288,041	6,825	-	165,356	(1,115,860)		(1,115,860)
Health and welfare	213,138	-	-	-	(213,138)		(213,138)
Culture and recreation	281,101	100,295	-	23,521	(157,285)		(157,285)
Housing and development	194,981	-	-	-	(194,981)		(194,981)
Total governmental activities	<u>5,794,285</u>	<u>1,153,454</u>	<u>-</u>	<u>1,473,874</u>	<u>(3,166,957)</u>		<u>(3,166,957)</u>
Business-type activities:							
Water and Sewer	<u>2,418,401</u>	<u>2,460,978</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>92,577</u>	<u>92,577</u>
Total business-type activities	<u>2,418,401</u>	<u>2,460,978</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>92,577</u>	<u>92,577</u>
Total primary government	<u>\$ 8,212,686</u>	<u>\$ 3,614,432</u>	<u>\$ -</u>	<u>\$ 1,523,874</u>	<u>(3,166,957)</u>	<u>92,577</u>	<u>(3,074,380)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					1,425,128	-	1,425,128
Sales taxes for general purposes					1,661,297	-	1,661,297
Selective taxes					151,415	-	151,415
Franchise and business taxes					1,374,447	-	1,374,447
Unrestricted investment earnings					3,029	1,651	4,680
Miscellaneous					418	-	418
Total general revenues					<u>4,615,734</u>	<u>1,651</u>	<u>4,617,385</u>
Change in net position					1,448,777	94,228	1,543,005
Net position, beginning of year					93,985,723	7,053,311	101,039,034
Prior period adjustment					(64,375,290)	(1,123,110)	(65,498,400)
Net position, beginning of year, restated					<u>29,610,433</u>	<u>5,930,201</u>	<u>35,540,634</u>
Net position, end of year					<u>\$ 31,059,210</u>	<u>\$ 6,024,429</u>	<u>\$ 37,083,639</u>

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

**CITY OF GROVETOWN, GEORGIA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2012**

	General Fund	SPLOST	Non-major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 3,459,131	\$ 614,215	\$ 45,290	\$ 4,118,636
Receivables	442,828	183,792	-	626,620
Prepaid items	33,577	-	-	33,577
Total assets	<u>3,935,536</u>	<u>798,007</u>	<u>45,290</u>	<u>4,778,833</u>
<b>LIABILITIES</b>				
Accounts payable	135,195	-	-	135,195
Due to other funds	66,063	-	-	66,063
Accrued liabilities	160,279	-	-	160,279
Customer deposits	76,791	-	-	76,791
Total liabilities	<u>438,328</u>	<u>-</u>	<u>-</u>	<u>438,328</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	139,552	-	-	139,552
Total deferred inflows of resources	<u>139,552</u>	<u>-</u>	<u>-</u>	<u>139,552</u>
<b>FUND BALANCES</b>				
Nonspendable	33,577	-	-	33,577
Restricted	76,791	798,007	45,290	920,088
Unassigned	3,247,288	-	-	3,247,288
Total fund balances	<u>3,357,656</u>	<u>798,007</u>	<u>45,290</u>	<u>4,200,953</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,935,536</u>	<u>\$ 798,007</u>	<u>\$ 45,290</u>	<u>\$ 4,778,833</u>

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

**CITY OF GROVETOWN, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

Total fund balances - governmental funds		\$ 4,200,953
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position		26,830,132
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		139,552
Some liabilities, (such as Notes Payable, Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Net pension obligation	(18,580)	
Compensated absences	(92,847)	(111,427)
Net position of governmental activities in the Statement of Net Position		<u>\$ 31,059,210</u>

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

**CITY OF GROVETOWN, GEORGIA**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**DECEMBER 31, 2012**

	General Fund	SPLOST	Non-major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Taxes	\$ 4,272,722	\$ -	\$ -	\$ 4,272,722
Licenses and permits	200,013	-	-	200,013
Intergovernmental	-	1,471,548	1,926	1,473,474
Charges for services	965,529	-	-	965,529
Fines and forfeitures	187,925	-	-	187,925
Investment earnings	3,029	343	57	3,429
Miscellaneous	418	-	-	418
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	5,629,636	1,471,891	1,983	7,103,510
	-			
<b>EXPENDITURES</b>				
Current:				
General government	1,729,713	-	-	1,729,713
Judicial	145,893	-	-	145,893
Public safety	1,677,043	-	14,422	1,691,465
Public works	1,126,776	-	50,099	1,176,875
Health and welfare	208,240	-	-	208,240
Culture and recreation	281,101	-	-	281,101
Housing and development	188,238	-	-	188,238
Capital outlay				
General government	-	31,075	-	31,075
Public safety	-	1,427,249	143,254	1,570,503
Public works	-	188,877	-	188,877
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	5,357,004	1,647,201	207,775	7,211,980
Excess (Deficiency) of revenues over expenditures	<u>272,632</u>	<u>(175,310)</u>	<u>(205,792)</u>	<u>(108,470)</u>
Net change in fund balances	<u>272,632</u>	<u>(175,310)</u>	<u>(205,792)</u>	<u>(108,470)</u>
Fund balances - beginning	3,187,347	933,604	230,761	4,351,712
Prior period adjustment	(102,323)	39,713	20,321	(42,289)
Fund balances - beginning, restated	<u>3,085,024</u>	<u>973,317</u>	<u>251,082</u>	<u>4,309,423</u>
Fund balances - ending	<u>\$ 3,357,656</u>	<u>\$ 798,007</u>	<u>\$ 45,290</u>	<u>\$ 4,200,953</u>

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

**CITY OF GROVETOWN, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE TO THE STATEMENTS OF ACTIVITIES  
DECEMBER 31, 2012**

Net change in fund balances - governmental funds \$ (108,470)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	1,790,455	
Less: depreciation expense	<u>(358,084)</u>	1,432,371

Governmental funds defer all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized, regardless of the collection date. This is the amount by which the prior year unearned revenue is less than the current year unearned revenue. 139,552

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable, available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. An adjustment is required due to a different basis of accounting for:

Net pension obligation		(8,441)
Compensated absences		<u>(6,235)</u>

Change in net position of governmental activities \$ 1,448,777

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

**CITY OF GROVETOWN, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,324,700	\$ 4,324,700	\$ 4,272,722	\$ (51,978)
License and permits	188,000	188,000	200,013	12,013
Charges for services	943,063	943,063	965,529	22,466
Fines and forfeitures	202,000	202,000	187,925	(14,075)
Investment	7,000	7,000	3,029	(3,971)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>418</u>	<u>(1,082)</u>
Total revenues	<u>5,666,263</u>	<u>5,666,263</u>	<u>5,629,636</u>	<u>(36,627)</u>
<b>Expenditures</b>				
General government	1,812,810	1,812,810	1,729,713	83,097
Judicial	164,700	164,700	145,893	18,807
Public safety	1,739,566	1,739,566	1,677,043	62,523
Public works	1,155,650	1,155,650	1,126,776	28,874
Health and welfare	228,012	228,012	208,240	19,772
Culture & recreation	300,575	300,575	281,101	19,474
Housing and development	<u>252,050</u>	<u>252,050</u>	<u>188,238</u>	<u>63,812</u>
Total expenditures	<u>5,653,363</u>	<u>5,653,363</u>	<u>5,357,004</u>	<u>296,359</u>
Revenues over expenditures	<u>12,900</u>	<u>12,900</u>	<u>272,632</u>	<u>259,732</u>
Net change in fund balance	<u>12,900</u>	<u>12,900</u>	<u>272,632</u>	<u>259,732</u>
Fund balance, beginning of year	3,187,347	3,187,347	3,187,347	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(102,323)</u>	<u>(102,323)</u>
Fund balance, beginning of year, restated	<u>3,187,347</u>	<u>3,187,347</u>	<u>3,085,024</u>	<u>(102,323)</u>
Fund balance, end of year	<u>\$ 3,200,247</u>	<u>\$ 3,200,247</u>	<u>\$ 3,357,656</u>	<u>\$ 157,409</u>

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

**CITY OF GROVETOWN, GEORGIA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2012**

	Water & Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 2,202,197
Receivables	232,838
Due from other funds	66,063
Prepaid items	6,584
Total current assets	2,507,682
Non-current assets:	
Capital assets:	
Non-depreciable assets	309,450
Depreciable assets, net of accumulated depreciation	6,832,270
Total non-current assets	7,141,720
Total assets	9,649,402
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	81,105
Accrued liabilities	21,019
Payable from restricted assets:	
Accrued interest	3,306
Customer deposits	149,661
Current portion of compensated absences	2,825
Current portion of bonds	217,998
Total current liabilities	475,914
Non-current liabilities:	
Compensated absences	11,302
Bonds, notes and loans payable	3,137,757
Total non-current liabilities	3,149,059
Total liabilities	3,624,973
<b>Net position</b>	
Invested in capital assets, net of related debt	3,782,659
Restricted for debt service	221,304
Restricted for customer deposits	149,661
Unrestricted	1,870,805
Total net position	\$ 6,024,429

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

**CITY OF GROVETOWN, GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2012**

	<u>Water &amp; Sewer Fund</u>
<b>Operating Revenues</b>	
Water sales	\$ 1,159,228
Sewer sales	997,044
Water and wastewater tap fees	183,800
Late fees	97,383
Other	<u>23,523</u>
 Total operating revenues	 <u>2,460,978</u>
<b>Operating Expenses</b>	
Salaries and benefits	625,219
Professional fees	18,647
Testing and training	46,040
Vehicle expense	44,073
Insurance and pension cost	223,752
Utilities	56,795
Maintenance and repair	167,988
Chemicals	9,034
Postage and supplies	19,644
Miscellaneous	152,691
County water and sewerage	744,786
Depreciation	<u>244,176</u>
 Total operating expenses	 <u>2,352,845</u>
 Operating income	 <u>108,133</u>
<b>Nonoperating revenues (expenses)</b>	
Investment income	1,651
Interest expenses	(65,556)
Capital grant	<u>50,000</u>
 Total non-operating (expenses)	 <u>(13,905)</u>
 Change in net assets	 <u>94,228</u>
 Total net position - beginning	 7,053,311
Prior period adjustment	<u>(1,123,110)</u>
Total net position - beginning, restated	<u>5,930,201</u>
 Total net position- ending	 <u>\$ 6,024,429</u>

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

**CITY OF GROVETOWN, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
DECEMBER 31, 2012**

	Water & Sewer Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,485,784
Cash payments to suppliers for goods and services	(1,440,739)
Cash payments to employees for services	<u>(590,073)</u>
Net cash provided by operating activities	<u>454,972</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal payments on debt	(184,245)
Interest payments on debt	<u>(65,556)</u>
Net cash (used) by capital and related financing activities	<u>(249,801)</u>
<b>Cash flows from investing activities:</b>	
Interest earned on cash and investments	<u>1,651</u>
Net cash provided by investing activities	<u>1,651</u>
Net increase in cash and cash equivalents	206,822
Cash and cash equivalents, beginning of year	<u>1,995,375</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,202,197</u></u>
<b>Operating income</b>	<u>\$ 108,133</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	244,173
Change in assets and liabilities:	
(Increase) in other/accounts receivables	(45)
Decrease in prepaid items	15,036
Increase in accounts payable and accrued liabilities	27,678
Increase in compensated absences	14,127
Increase in accrued liabilities	21,019
Increase in customer deposits	<u>24,851</u>
Total adjustments	<u>346,839</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 454,972</u></u>
The City had a non-cash transaction relating to GEFA forgiveness of debt:	<u><u>\$ 50,000</u></u>

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

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments.

**Introduction**

The City of Grovetown, Georgia (City) complies with Generally Accepted Accounting Principles (GAAP) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**A. Financial Reporting Entity - Basis of Presentation**

**Primary Government**

The City of Grovetown, Georgia (the "City") was created in 1881. The City provides public safety, streets and highways, public improvements, culture and recreation, and general and administrative services to the population. The accompanying financial statements present the City's primary government, for which the City is financially accountable.

The City is not financially accountable for any component units.

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

The **government - wide financial statements** include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements if applicable. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Governmental-Wide and Fund Financial Statements (Continued)**

Separate **fund financial statements** are provided for governmental funds and proprietary funds. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

**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 fund. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of timing and 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 have been met.

**Governmental fund level 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 collected within the current fiscal period. Grant revenues availability period is generally considered to be one year. Major revenue sources that are susceptible to accrual are Property Taxes, Sales Taxes, Insurance Premium Taxes, and Intergovernmental Revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. The General fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, streets, recreation and capital acquisition.

**Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for monies received from intergovernmental revenues (i.e. Special Purpose Sales Taxes) for various City projects. The fund classification is considered a major fund.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Fund Financial Statements** are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows.

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

The County reports the following proprietary fund:

**Water and Sewerage Fund** to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments. State statues and the City's official Investment Policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, Banker's acceptances, money market mutual funds and direct obligations of the State of Georgia. The City records investments at fair market value in accordance with provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investment income is recognized as revenue in the appropriate fund's statement of activity of revenues, expenditures and changes in fund balance.

**2. Receivables and Payables**

**Accounts Receivable**

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

**3. Deferred Outflows/Inflows of Resources**

In addition to liabilities, the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until then. The City reports the deferred inflows of resources (\$139,552) for unavailable revenues-property taxes in the governmental funds balance sheet.

**4. Inventories and Prepaid Expenses**

Inventories of the General Fund and Proprietary Funds are accounted for as expenditures at the time of purchase.

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. For the year ended December 31, 2012, prepaid expenses in the governmental funds amounted to \$40,161.

**5. Capital Assets - Primary Government**

Capital assets, which include land, buildings and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Capital assets such as vehicles, furniture and equipment are defined as assets with a cost of \$1,000 or more. Computers and weapons, regardless of cost, are included as capital assets. Infrastructure assets include City-owned roads, curbs, sidewalks and drainage. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Capital assets, except for infrastructure, are depreciated using the straight line method over the following estimated useful lives.

**CITY OF GROVETOWN, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**4. Capital Assets - Primary Government (Continued)**

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Furniture & Fixtures	5-7
General Equipment	5-10
Trucks	4-7
Cars	4-5
Computer Hardware	3-5

The City uses the modified approach to report its infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at their historical cost but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the City reports annual expenses for maintaining roads and highways and preserving them at a 2.5 level of a 4.0 scale.

**5. Compensated Absences and Post Retirement Benefits**

Unpaid vacation is accrued at yearend. Accumulated sick pay benefits have not been recorded as a liability because these benefits are only paid upon the illness of an employee, and the amount of such payments cannot be reasonably estimated.

<u>Vacation Time:</u>	<u>Regular Employees</u>	<u>Public Safety Employees</u>
After completion of 1 year	40 hours	48 hours
After completion of 2 years	80 hours	96 hours
After completion of 10 years	120 hours	148 hours
After completion of 20 years	160 hours	192 hours
 <u>Sick Leave:</u>		
Sick leave will be accumulated per pay period at the rate of	3.75 hours	5 hours

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**6. Long - Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of Net Position.

**7. Unemployment Compensation Benefits**

The City is the reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Georgia Unemployment Commission.

**8. Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section below.

**9. Fund Balance**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

*Nonspendable* - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of resolution. Only the City Council may modify or rescind the commitment.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

*Assigned* - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Finance Committee or the City's Finance Director to assign fund balances.

*Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

For the classification of Governmental Fund Balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. The City would typically use the restricted first, followed by committed resources, and the assigned resources, as appropriate opportunities arrive, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**10. Use of Estimates**

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that effect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**E. Stewardship, Compliance, and Accountability Budgetary Information**

During the year proceeding the budget year, the City follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the General Fund:

In October, the City Clerk and other department heads prepare a tentative budget to be given to the Mayor for review. After the review is completed, the City publishes notice of a public hearing on the proposed budget. The hearing is held a week from the date the notice is published. After the public hearing has been held, the budget is voted on and approved at the first City Council meeting in December. Changes in and amendments to the adopted budget are approved during the course of the year, as long as reserves are available to fund these modifications.

**CITY OF GROVETOWN, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2012**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Stewardship, Compliance, and Accountability Budgetary Information (Continued)**

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, for the General Fund, presents a comparison of the legally adopted budget with actual operating results on a budgetary basis. The City's budget is prepared using GAAP. Encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation, is not used by the City.

**NOTE II - DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The City's investment policy requires deposits in excess of federal depository insurance to be collateralized with securities of the federal government, or its agencies, and held by pledging financial institution's trust department in the City's name. As of December 31, 2012, none of the City's bank balances of \$7,777,391 were exposed to custodial credit risk.

**Investments**

The City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Primary Government			
Certificate of deposit	Average of 180 days	\$1,872,574	AAAm
Water and Sewer fund			
Certificate of deposit	Average of 180 days	\$147,236	AAAm

The City has investments subject to its control and jurisdiction in obligations of the United States, bond or certificates of indebtedness of the State of Georgia, certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation, and other legal investments. All investments held by the City are in accordance with policy.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE III - PROPERTY TAXES AND OTHER RECEIVABLES**

**Receivables**

The Columbia County Tax Commissioner bills and collects property taxes, then remits the City its respective share of property taxes. Property taxes for 2012 were levied on August 15, 2012 and were due November 15, 2012. The unpaid taxes became a lien thirty days after the due date. Unpaid property taxes received within 60 day of the year end are recognized and recorded as revenue.

The City receives approximately 9.5% of a 1% local option sales tax on all retail sales within the City. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax received during the year ended December 31, 2012 amounted to \$1,656,297.

The City also receives approximately 5.8% of 1% (SPLOST) funds, Special Purpose Local Option Sales Tax, to be used as designated and approved after public hearings. The approved expenditures are generally for capital projects in the City. The Special Purpose Local Option Sales Tax received during the year ended December 31, 2012 amounted to \$1,471,550.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to November 15, and are delinquent after that date.

Receivables as of yearend for the governmental activities and business type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GASB Statement No. 34 are as follows:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 357,753	\$ 239,793	\$ 597,546
Intergovernmental	183,792	-	183,792
Accounts	85,875	-	85,875
Other	-	45	45
Gross Receivables	627,420	239,838	867,258
Less allowance for uncollectible	(800)	(7,000)	(7,800)
Total receivables, net	<u>\$ 626,620</u>	<u>\$ 232,838</u>	<u>\$ 859,458</u>

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE IV - CAPITAL ASSETS**

**General Government**

A summary of changes in capital assets follows:

	<b>Beginning Balance</b>	<b>Beginning Balance as, restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 1,945,823	\$ 1,945,823	\$ -	\$ -	\$ 1,945,823
Construction in progress	276,256	276,256	1,790,455	-	2,066,711
Infrastructure	82,675,024	18,438,774	-	-	18,438,774
	<u>84,897,103</u>	<u>20,660,853</u>	<u>1,790,455</u>	<u>-</u>	<u>22,451,308</u>
<i>Depreciable Assets:</i>					
Buildings and improvements	4,954,374	4,954,374	-	-	4,954,374
Vehicles & equipment	3,774,918	3,774,918	3,418	-	3,778,336
	<u>8,729,292</u>	<u>8,729,292</u>	<u>3,418</u>	<u>-</u>	<u>8,732,710</u>
<i>Accumulated Depreciation:</i>					
Buildings and improvements	(1,542,494)	(1,542,494)	(100,403)	-	(1,642,897)
Vehicles & equipment	(2,453,308)	(2,453,308)	(257,681)	-	(2,710,989)
	<u>(3,995,802)</u>	<u>(3,995,802)</u>	<u>(358,084)</u>	<u>-</u>	<u>(4,353,886)</u>
Total capital assets being depreciated, net	<u>4,733,490</u>	<u>4,733,490</u>	<u>(354,666)</u>	<u>-</u>	<u>4,378,824</u>
Total Governmental Activities:	<u>\$ 89,630,593</u>	<u>\$ 25,394,343</u>	<u>\$ 1,435,789</u>	<u>\$ -</u>	<u>\$ 26,830,132</u>

Assets with an initial cost of \$1,000 or more and an estimated life in excess of two years are capitalized. Additionally, infrastructure has been added to the capital assets balance.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE IV - CAPITAL ASSETS (CONTINUED)**

**General Government (Continued)**

Depreciation expense for year ended December 31, 2012 was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 36,684
Public safety	198,593
Housing and development	6,743
Health and welfare	4,898
Public works	<u>111,166</u>
Total depreciation expense - governmental activities	<u>\$ 358,084</u>

**Proprietary Fund**

A summary of changes in Business-type activities capital assets follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
<i>Non-Depreciable Assets:</i>				
Land	\$ 309,450	\$ -	\$ -	\$ 309,450
	<u>309,450</u>	<u>-</u>	<u>-</u>	<u>309,450</u>
<i>Depreciable Assets:</i>				
Vehicles	218,152	-	-	218,152
Machinery and equipment	186,921	-	-	186,921
Utility systems	11,135,683	-	-	11,135,683
	<u>11,540,756</u>	<u>-</u>	<u>-</u>	<u>11,540,756</u>
<i>Accumulated Depreciation:</i>				
Vehicles	(224,545)	(10,508)	-	(235,053)
Machinery and equipment	(208,686)	(10,031)	-	(218,717)
Utility systems	(4,031,082)	(223,634)	-	(4,254,716)
	<u>(4,464,313)</u>	<u>(244,173)</u>	<u>-</u>	<u>(4,708,486)</u>
Total capital assets being depreciated, net	<u>7,076,443</u>	<u>(244,173)</u>	<u>-</u>	<u>6,832,270</u>
Total Business-Type Activities	<u>\$ 7,385,893</u>	<u>\$ (244,173)</u>	<u>\$ -</u>	<u>\$ 7,141,720</u>

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE V - LONG-TERM DEBT**

**Governmental activities**

Debt under governmental activities consist of the following for the year ended December 31, 2012:

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2011 as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Compensated absences	\$ -	\$ 86,612	\$ 6,235	\$ -	\$ 92,847	\$ 13,927
	<u>\$ -</u>	<u>\$ 86,612</u>	<u>\$ 6,235</u>	<u>\$ -</u>	<u>\$ 92,847</u>	<u>\$ 13,927</u>

**Business-type activities**

Debt under business-type activities consist of the following for the year ended December 31, 2012:

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2011 as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Water & Sewer refunding bond	\$ 1,090,000	\$ 1,090,000	\$ -	\$ (105,000)	\$ 985,000	\$ 110,000
GEFA Note	1,500,000	1,500,000	-	(79,245)	1,420,755	57,998
GEFA Note - forgiven portion	-	1,000,000	-	(50,000)	950,000	50,000
Compensated absences	-	-	14,127	-	14,127	2,825
	<u>\$ 2,590,000</u>	<u>\$ 3,590,000</u>	<u>\$ 14,127</u>	<u>\$ (234,245)</u>	<u>\$ 3,369,882</u>	<u>\$ 220,823</u>

A summary of notes payable as of December 31, 2012 follows:

On July 21, 2005, the City of Grovetown, Georgia and Wachovia Bank issued Water & Sewerage Revenue Refunding Bonds Series 2005 in the amount of \$1,660,000. The purpose of the Series 2005 Bond was to pay the cost, in whole or in part, (a) of the outstanding City's Water & Sewerage Revenue Bond, series 1987 (b) fully funding a debt service reserve for payment of the Series 2005 Bond, and (c) paying the fees and expenses in connection with the issue of the Series 2005 Bond. The interest rate is 3.64% per annum and consists of 15 payments. Interest expense during 2012 was \$40,568.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE V - LONG-TERM DEBT (CONTINUED)**

Principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2013	\$ 110,000	\$ 35,568	\$ 145,568
2014	110,000	35,568	145,568
2015	115,000	30,568	145,568
2016	120,000	25,568	145,568
2017	125,000	20,568	145,568
2018-2020	405,000	31,704	436,704
Total	<u>\$ 985,000</u>	<u>\$ 179,544</u>	<u>\$ 1,164,544</u>

In 2009, the City of Grovetown signed a \$2,500,000 note contract along with \$1,000,000 principal forgiveness as part of the American Reinvestment Recovery Act. This funding is to help finance the water system improvements.

Payments of \$8,319 are made monthly on the \$1,500,000 unforgiven portion with interest.

Principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2013	\$ 57,998	\$ 41,830	\$ 99,828
2014	59,762	40,066	99,828
2015	61,580	38,248	99,828
2016	63,453	36,375	99,828
2017	65,383	34,445	99,828
2018-2022	357,983	141,157	499,140
2023-2027	415,838	83,302	499,140
2028-2031	338,758	17,957	356,715
Total	<u>\$ 1,420,755</u>	<u>\$ 433,380</u>	<u>\$ 1,854,135</u>

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

**CITY OF GROVETOWN, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE V - LONG-TERM DEBT (CONTINUED)**

The \$1,000,000 forgiven portion is amortized over the life of the existing and considered only as a long-term liability. No interest is accrued. Principal forgiveness is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal Forgiveness</u>
2013	\$ 50,000	\$ -	\$ 50,000
2014	50,000	-	50,000
2015	50,000	-	50,000
2016	50,000	-	50,000
2017	50,000	-	50,000
2018-2022	250,000	-	250,000
2023-2027	250,000	-	250,000
2028-2031	200,000	-	200,000
Total	<u>\$ 950,000</u>	<u>\$ -</u>	<u>\$ 950,000</u>

**NOTE VI - INTERFUND RECEIVABLES/TRANSFERS**

Interfund receivable and payable balances as of December 31, 2012, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u> General Fund	<u>Total</u>
Water and Sewer Fund	\$ 66,063	<u>\$ 66,063</u>

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances within one year.

Transfers between funds are routine and primarily used to support the operation of the funds receiving transfers.

During the year December 31, 2012, the City recorded no transfers between funds.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE VII - RISK MANAGEMENT**

The City carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the City.

**Risk Pool**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to the pools' claims adjusters, and any agent or independent contractor of the pools. In addition, the City must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage.

**NOTE VIII - PENSION PLAN**

The City Council approved the adoption of a retirement plan May 11, 1987 and contributes to the Georgia Municipal Employees Benefit System (GMEBS) Pension Plan ("Plan"), an agent multiple employer defined contribution pension plan that acts as a common investment and administrative agent for cities in the state of Georgia. The City's payroll for employees covered by the Plan for the year ended December 31, 2012 amounted \$2,345,684. The City's total payroll for the year ended December 31, 2012 amounted to \$2,559,491. The required contribution for 2012 amounted to \$97,115.

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE VIII - PENSION PLAN (CONTINUED)**

All full-time City employees are eligible to participate in the Plan after one year of service. Benefits vest after ten years of service. City employees may retire at age 55 under the early retirement provisions if they have completed ten years of service. Normal retirement is at age 65. Benefits are payable for life in an amount of covered compensation plus 2% of Participant Final Average Earnings, multiplied by years of service. The plan also provides death and disability benefits. These benefit provisions and all other requirements are established by the GMEBS Pension Trust and Adoption Agreement executed by the City.

City employees are not required to contribute to the Plan. The City is required to contribute the amounts necessary to fund the Plan using the actuarial basis specified by the Plan.

Summary of employer costs and contributions:

Fiscal Year	Annual Pension Cost	Percentage of Pension Cost Contributed	Actual Contribution	Net Pension Obligation (NPO)
12/31/2012	\$ 97,115	133.44%	\$ 129,589	\$ 18,580
12/31/2011	93,973	94.36%	88,674	10,139
12/31/2010	88,674	94.54%	83,834	-

The City's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 97,115
Interest from net pension obligation	-
Adjustment of net pension asset	-
Annual pension cost	<u>97,115</u>
Actual contribution to the plan	<u>88,674</u>
Increase in net pension obligation	8,441
Net pension obligation as of December 31, 2011	<u>10,139</u>
Net pension obligation as of December 31, 2012	<u><u>\$ 18,580</u></u>

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE VIII - PENSION PLAN (CONTINUED)**

Summary of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funds Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A) / (C)
7/1/2012	\$ 1,688,541	\$ 1,927,068	\$ 238,527	87.62%	\$ 2,345,684	10.17%
7/1/2011	1,510,792	1,750,362	239,570	86.31%	2,217,429	10.80%
7/1/2010	1,311,448	1,558,848	247,400	84.13%	1,997,289	12.39%

Actuarial assumptions and method used to determine actual value of assets are:

Economic assumption:

Interest rate 7.75%

Annual rate of increase in:

Salaries 3.50%

Future Social Security Wage Base 3.50%

Includes inflation at 3.50%

Demographic assumption:

Mortality 1983 GAM Table

Disability	50% of 1975 SSA Study
Retirement	Employee: 65 with 5 yrs of service Officials: 65
Form of payment:	Life Annuity
Actuarial Methods	Life Annuity
Normal cost and actuarial Accrued Liability	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Actuarial value of assets	Sum of actuarial value at the beginning of the year and the cash flow during the year plus assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value .

**CITY OF GROVETOWN, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE VIII - PENSION PLAN (CONTINUED)**

Funding policy and annual contribution - The Board of Trustees of the Georgia Municipal Employees Benefit System has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1988 and 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 from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). Well-funded plans may have a full funding credit applied to reduce the recommended contributions. This credit insures that contributions are not required if a plan's assets exceed the present value of future benefits. The annual recommended contribution is the greater of (1) the minimum contribution described above and (2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits. As of July 1, 2012 the date of the actuarial report, the current plan membership includes the following categories of participants:

The Georgia Municipal Employees Benefit System (GMEBS) issues a separate, stand-alone report which can be obtained from City Hall or from GMEBS.

Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving those	8
Current active employees	
Vested	29
Nonvested	52
Total membership in the plan	<hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/> 103

However, current and historical trend information is designed to provide information about the Pension Plan's progress in accumulating sufficient assets to pay benefits when due.

**NOTE IX - JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the thirteen county east central Georgia area, is a member of the CSRA Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligation of a RC. Separate financial statements may be obtained from:

CSRA Regional Commission  
2123 Wrightsboro Road  
Augusta, Georgia 30904-0800

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE X - CONTINGENCIES**

**Judgments and Claims**

Based on the advice of the City attorney, there are no measurable, material claims outstanding against the City at December 31, 2012.

**NOTE XI - LANDFILL POST CLOSURE COST**

**Landfill Closure**

The City contracts with the County to dispose of its solid waste materials. During prior years, the City maintained a landfill; however, it has been closed for several years. The State of Georgia requires the City to perform certain maintenance and monitoring functions at the closed landfill and to make periodic reports to the appropriate agencies. The estimated liability for post closure cost is undeterminable; however, the City believes the maintenance cost is not material. Increases or decreases in cost due to inflation or deflation, changes in technology, changes to post closure care requirements, and changes in the extent of environmental remediation required by law may cause changes in the post closure care cost. If at such time that the post closure care cost is determined, a liability will be recorded and the appropriate disclosure will be reflected in the financial statements. There were no maintenance costs related to post closure care during the year ended December 31, 2012.

**NOTE XII - PRIOR PERIOD ADJUSTMENTS**

**General Fund:** The City has determined that a restatement of beginning fund balance of the General Fund is necessary for the following reasons: (1) to create a liability in customer deposits payable, and (2) to remove amount considered owed to General Fund from the SPLOST Fund. The adjustment was made to restate the beginning fund balances in the General Fund, which is included on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds.

Fund balance December 31, 2011, as previously reported	\$ 3,187,347
To add customer deposits payable	(62,610)
To remove SPLOST receivable	(39,713)
Fund balance December 31, 2011, as restated	<u>\$ 3,085,024</u>

**SPLOST Fund:** The City has determined that a restatement of beginning fund balance of the SPLOST Fund is necessary to remove prior year payable due to General Fund.

Fund balance December 31, 2011, as previously reported	\$ 933,604
To remove payable due to General Fund	39,713
Fund balance December 31, 2011, as restated	<u>\$ 973,317</u>

**CITY OF GROVETOWN, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE XII - PRIOR PERIOD ADJUSTMENTS (Continued)**

**Water/Sewer Fund:** The City determined that a restatement of beginning fund balance of the Water/Sewer fund is necessary to (1) create a liability for customer deposits payable and (2) to create a liability for the forgiven portion of the GEFA loan.

Fund balance December 31, 2011, as previously reported	\$ 7,053,311
To add customer deposits payable	(123,110)
To add liability for GEFA forgiveness	<u>(1,000,000)</u>
Fund balance December 31, 2011, as restated	<u>\$ 5,930,201</u>

**Police Seizure Fund:** The City determined that a restatement of beginning fund balance of the Police Seizure Fund is necessary to (1) establish the accounting for the police seizure activity of the City.

Fund balance December 31, 2011, as previously reported	\$ -
To add cash not previously reported	<u>20,321</u>
Fund balance December 31, 2011, as restated	<u>\$ 20,321</u>

**Governmental Activities:** As a result of the adjustments to the fund level balances, the beginning net position of the governmental activities have been restated from the prior year.

Net position December 31, 2011, as previously reported	\$ 93,985,723
Adjustment for infrastructure	(64,236,250)
Adjustment for prior year compensated absences	(86,612)
Adjustment for prior year net pension obligation	(10,139)
Adjustments to General Fund	(102,323)
Adjustment to Police Seizure Fund	20,321
Adjustments to SPLOST Fund	<u>39,713</u>
Net position December 31, 2011, as restated	<u>\$ 29,610,433</u>

**NOTE XIII - SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the auditor's report, April 4, 2014, for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosures

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**CITY OF GROVETOWN, GEORGIA  
 COMBINED BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012**

	<u>Special Revenue Fund</u>	<u>Capital Project Funds</u>		<u>Total</u>
	<u>Police Seizure Fund</u>	<u>SPLOST 2005-2010</u>	<u>Transportation SPLOST</u>	
<b>Assets</b>				
Cash and investments	\$ 4,305	\$ 40,895	\$ 90	\$ 45,290
Total assets	<u>4,305</u>	<u>40,895</u>	<u>90</u>	<u>45,290</u>
<b>Liabilities and Fund Balances</b>				
Fund balances:				
Restricted	<u>4,305</u>	<u>40,895</u>	<u>90</u>	<u>45,290</u>
Total fund balances	<u>4,305</u>	<u>40,895</u>	<u>90</u>	<u>45,290</u>
Total liabilities and fund balances	<u>\$ 4,305</u>	<u>\$ 40,895</u>	<u>\$ 90</u>	<u>\$ 45,290</u>

**CITY OF GROVETOWN, GEORGIA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012**

	<u>Special Revenue Fund</u>	<u>Capital Project Funds</u>		<u>Total</u>
	<u>Police Seizure Fund</u>	<u>SPLOST 2005-2010</u>	<u>Transportation SPLOST</u>	
<b>Revenues</b>				
Intergovernmental	\$ 1,824	\$ 2	\$ 100	\$ 1,926
Investment earnings	-	57	-	57
Total revenues	<u>1,824</u>	<u>59</u>	<u>100</u>	<u>1,983</u>
<b>Expenditures</b>				
Current:				
Public works	-	50,089	10	50,099
Public safety	14,422	-	-	14,422
Capital outlay				
Public safety	3,418	139,836	-	143,254
Total expenditures	<u>17,840</u>	<u>189,925</u>	<u>10</u>	<u>207,775</u>
(Deficiency)/excess of revenues over expenditures	<u>(16,016)</u>	<u>(189,866)</u>	<u>90</u>	<u>(205,792)</u>
Net changes in fund balance	(16,016)	(189,866)	90	(205,792)
Fund balances - beginning	-	230,761	-	230,761
Prior period adjustment	20,321	-	-	20,321
Fund balances - beginning, as restated	<u>20,321</u>	<u>230,761</u>	<u>-</u>	<u>251,082</u>
Fund balances - ending	<u>\$ 4,305</u>	<u>\$ 40,895</u>	<u>\$ 90</u>	<u>\$ 45,290</u>

**OTHER SUPPLEMENTARY  
INFORMATION**

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

To the Mayor and City Council  
City of Grovetown, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grovetown, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Grovetown, Georgia's basic financial statements and have issued our report thereon dated April 4, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Grovetown, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Grovetown, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Grovetown, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 to be material weaknesses. 2012-2 through 2012-8.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency. 2012-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Grovetown, Georgia's financial statements are free from 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-5.

### **City of Grovetown, Georgia's Response to Findings**

City of Grovetown, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. City of Grovetown, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
April 4, 2014

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**I. SUMMARY OF AUDIT FINDINGS**

- A. A modified opinion was issued on the financial statements of the City of Grovetown, Georgia.
- B. Our audit of the financial statements disclosed seven (7) material weaknesses and one (1) significant deficiency in internal controls over financial reporting.
- C. Our audit of the financial statements disclosed one (1) instance of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA**

Audit findings reported for the year ended December 31, 2012:

**Finding: 2012-1**

**Significant deficiency**

**Criteria:**

The City should prepare the entries to convert the general ledger fund accounts to conform to GASB 34 presentation requirements and prepare the financial statements.

**Condition:**

The City did not convert its general ledger fund accounts to conform to GASB 34 presentation requirements and did not prepare its financial statements.

**Cause:**

Management elected to have the conversion entries and financial statements prepared as part of the audit engagement. City employees do not have the training and expertise to prepare the entries and financial statements.

**Effect:**

The general ledger fund accounts were converted to conform to GASB 34 presentation requirements and the financial statements were prepared by the auditors as part of the engagement.

**Recommendation:**

*To improve internal control, management should establish policies and procedures to convert its general ledger fund accounts to the entity wide accounts and to prepare its financial statements*

**Management's Response:**

**The City accepts the Auditor's recommendation. The City does not have sufficient resources with the financial expertise to internally prepare its own conversion entries for preparation of the financial statements in accordance with the Generally Accepted Accounting Principles. It is less costly for the City to engage the City's auditing firm to perform this work.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-2**

**Material Weakness**

**Criteria:**

The City uses the “modified approach” to record and report its infrastructure. Adequate and periodic assessments of the condition of infrastructure are required to meet the reporting criteria for using this approach. Adequate supporting documentation of the assessments of condition by a third party engineer should be reconciled to the general ledger and retained for future use.

**Condition:**

The City did not have adequate documentation to support the assessment of the condition of its infrastructure prior to the engagement.

**Cause:**

At the start of the engagement, the City has not had a recent evaluation of the condition of its infrastructure by a third party engineer. The evaluation of its infrastructure was made after the start of the engagement.

**Effect:**

Infrastructure was not correctly recorded in the general ledger. An audit adjustment was made to record infrastructure at the estimated value provided a third party engineer.

**Recommendation:**

*To improve internal control and operating efficiency, management should establish policies and procedures to make timely assessments of infrastructure using a third party engineer and to properly record the value in the general ledger.*

**Management's Response:**

**The City accepts the recommendation to engage a third party engineering appraisal of the City's infrastructure to remain in compliance with the modified approach method. For the purpose of this audit the work has been performed by Ben Turnipseed Engineers. However, in the future the city will refrain from using the modified approach method in favor of straight line depreciation.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-3**

**Material Weakness**

**Criteria:**

Account transactions should be accurately recorded and posted prior to start of the engagement.

**Condition:**

Certain accounts required adjustment to meet generally accepted accounting principles.

**Cause:**

The City did not accurately post the adjustments from prior audits.

**Effect:**

The financial statements did not accurately report the account balances and activity for the City for the reporting period.

***Recommendation:***

*To improve operating efficiency and internal control, management should establish policies and procedures to correctly post and record audit adjustments at the end of each audit period.*

**Management's Response:**

**The City accepts the recommendation of the Auditor. The City will engage the professional services from an accounting firm who can provide a technical assistance from a governmental accountant to assist with the accounting processes and to insure all ending account balances are correctly stated at the end of the audit year. The City has hired a purchasing agent and has approved a purchasing policy that provides for control over expenses and other processes. Some additional internal control mechanisms have been implemented.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-4**

**Material Weakness**

**Criteria:**

Fund balances should be fairly stated according to generally accepted accounting principles.

**Condition:**

Beginning fund balances were not fairly stated according to generally accepted accounting principles.

**Context:**

During our audit, several prior period adjustments were identified which resulted in the restatement of the beginning balances of certain funds as follows:

General Fund – A prior period adjustment was required to properly state beginning fund balance due to an error in recording customer deposits during prior years.

SPLOST Fund - A prior period adjustment was required to correct an error in recording accounts payable to the General Fund.

Police Seizure Fund – A prior period adjustment was required to establish accounting for police seizure activities.

Water/Sewer Fund – A prior period adjustment was required to correct an error in recording customer deposits and to record a GEFA loan liability.

Entity Wide Statements – A prior period adjustment was required to properly record the adjustments mentioned above and adjustments for prior year compensated absences, prior year net pension benefit obligations and prior year infrastructure.

**Cause:**

Internal controls were not sufficient to allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements in a timely manner.

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-4 (Continued)**

**Recommendation:**

*To improve internal control and operating efficiency, management should establish policies and procedures sufficient for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis*

**Management Response:**

**The City accepts the Auditors recommendation. Detailed job descriptions have been developed. A purchasing policy has been implemented and a contract accounts will be engaged to assist with these functions. The need for a full time accountant is under consideration.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-5**

**Material Weakness and Material Non-compliance**

**Criteria:**

Generally accepted accounting principles requires capital assets, except for infrastructure, to be recorded and reported at historic cost and to be depreciated in a systematic and rational manner.

Local governments and municipalities are required by state statutes to maintain a current listing of capital assets.

**Condition:**

Capital assets, except for infrastructure, were not recorded or reported at historical cost or depreciated in a systematic and rational manner.

A detailed listing of capital assets is not maintained by the City.

**Cause:**

Policies and procedures have not been established to sufficiently meet the state requirements for maintaining a detail listing of capital assets. Because a sufficient listing of capital assets is not maintained, capital assets are not recorded or reported at historical cost and have not been depreciated in a systematic and rational manner.

**Effect:**

The City's financial statements do not accurately report capital assets, accumulated depreciation and the related depreciation expense.

**Recommendation:**

*To improve operating efficiency and internal control, management should establish policies and procedures to record capital assets at historical cost and to systematically and rationally depreciate capital assets.*

**Management's Response:**

**The City accepts the recommendation of the Auditor. Two employees within the agency have been identified as qualified to prepare a capital asset schedule. These two employees will create a Capital Improvements Program for the City and will establish guidelines for the accountability of assets already owned. A city wide inventory is being performed. A qualified purchasing agent has been hired and given to responsibility of creating a record of fixed assets.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-6**

**Material Weakness**

**Criteria:**

Internal controls should be established that require management approval prior to purchase.

**Condition:**

During our testing of internal controls, we found that certain transactions did not receive management approval prior to a City employee making a purchase.

**Cause:**

At December 31, 2012, the City had not implemented a formal procurement policy that required management approval of purchases.

**Effect:**

The City was obligated to pay for supplies which were received without management approval.

***Recommendation:***

*To improve internal control and operating efficiency, the City should adopt a formal procurement policy, that included management approval of purchases and adequate documentation to support management approval.*

**Management's Response:**

**The City accepts the recommendations of the auditor. A purchasing agent has been hired. A purchasing and procurement policy has also been adopted. Training is on-going.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-7**

**Material Weakness**

**Criteria:**

Accounts should be analyzed and reconciled to the general ledger.

**Condition:**

Certain accounts were not reconciled accurately to the general ledger.

**Cause:**

Certain transactions were not recorded in the general ledger.

**Effect:**

Adjusting journal entries were required adjust certain account balances.

***Recommendation:***

*To improve internal control and operating efficiency, management should establish policies and procedures to analyze and reconcile general ledger accounts.*

**Management's Response:**

**The City accepts the recommendation of the auditor. The City will engage the services of a professional accounting firm to accomplish proper training and technical assistance to correct this issue. The scope of work for the professional accountant will include the implementation of a financial management policy statement.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012**

**II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE CITY OF GROVETOWN, GEORGIA (CONTINUED)**

**Finding: 2012-8**

**Material Weakness**

**Criteria:**

All bank accounts of the City are to be recorded in the general ledger and included in the financial statements of the City.

**Condition:**

A bank account, maintained by the Police Department, was not included in the general ledger and financial statements of the City.

**Cause:**

Management was not aware that the special revenue bank account, being maintained by the Police Department, were to be recorded in the general ledger reported in the financial statements of the City.

**Effect:**

The Police Seizure Fund was not recorded in the City's general ledger and was not reported on the prior year financial statements of the City.

**Recommendation:**

*To improve operating efficiency and internal control, management should establish policies and procedures that will correctly record all bank accounts in the general ledger and report the balance and activity the financial statements of the City.*

**Management's Response:**

**The City accepts the recommendation of the Auditor and will work with the professional accountant to develop a financial management policy that will address this issue.**

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF PROJECT EXPENDITURES WITH  
SALES TAX PROCEEDS (2006-2010)  
DECEMBER 31, 2012**

Project	Original Estimated Cost	Revised Estimated Cost	Prior Year	Current Year	To Date	Percentage of Completion
<u>Tier I</u>						
Water tank	\$ 600,000	\$ 702,000	\$ 701,297	\$ -	\$ 701,297	100.00%
Public works						
Equipment	500,000	515,000	524,920	-	524,920	101.93%
Water/sewer	389,500	850,000	724,343	-	724,343	85.22%
Building/land	400,000	563,000	562,777	-	562,777	99.96%
Soccer/tennis/basketball	125,000	227,000	226,272	-	226,272	99.68%
Euchee Creek bathrooms	75,000	-	-	-	-	0.00%
Public safety vehicles	<u>50,000</u>	<u>62,250</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>	99.60%
Total - tier I	<u>2,139,500</u>	<u>2,919,250</u>	<u>2,801,609</u>	<u>-</u>	<u>2,801,609</u>	95.97%
<u>Tier II</u>						
Fire engine	400,000	850,000	803,750	-	803,750	94.56%
Transportation/streets Paving	400,000	638,000	593,322	139,836	733,158	114.92%
parking lots	100,000	100,000	100,000	-	100,000	100.00%
Public safety vehicles	75,000	76,512	76,512	-	76,512	100.00%
Computer upgrade	<u>100,000</u>	<u>100,000</u>	<u>52,621</u>	<u>-</u>	<u>52,621</u>	52.62%
Total - tier II	<u>\$ 1,075,000</u>	<u>\$ 1,764,512</u>	<u>\$ 1,626,205</u>	<u>\$ 139,836</u>	<u>\$ 1,766,041</u>	100.09%
<u>Tier III</u>						
Turn out gear/ communications	\$ 75,000	\$ 27,000	\$ 26,488	\$ -	\$ 26,488	98.10%
Equipment/maintenance	50,000	50,000	26,251	-	26,251	52.50%
Public safety vehicles	50,000	108,000	107,558	-	107,558	99.59%
Euchee Creek trail	<u>300,000</u>	<u>167,000</u>	<u>81,546</u>	<u>50,089</u>	<u>131,635</u>	78.82%
Total - tier III	<u>475,000</u>	<u>352,000</u>	<u>241,843</u>	<u>50,089</u>	<u>291,932</u>	82.94%
Grand Total	<u>\$ 3,689,500</u>	<u>\$ 5,035,762</u>	<u>\$ 4,669,657</u>	<u>\$ 189,925</u>	<u>\$ 4,859,582</u>	96.50%

**CITY OF GROVETOWN, GEORGIA  
SCHEDULE OF PROJECT EXPENDITURES WITH  
SALES TAX PROCEEDS (2011-2016)  
DECEMBER 31, 2012**

Project	Original Estimated Cost	Prior Year	Current Year	To Date	Percentage of Completion
<u>Tier I</u>					
Public works					
Equipment, vehicles, & heavy equipment	\$ 1,000,000	\$ -	\$ 165,356	\$ 165,356	16.54%
Public safety					
Vehicles, fire station, & equipment	1,762,466	276,256	1,427,249	1,703,505	96.65%
City facilities					
Renovations/expansions	1,600,000	-	31,076	31,076	0.00%
Security system	100,000	-	-	-	0.00%
Water & sewer					
Water & sewer improvements	2,000,000	-	-	-	0.00%
Equipment	200,000	-	-	-	0.00%
Computers - all departments	50,000	-	-	-	0.00%
Transportation	400,000	-	-	-	0.00%
Recreation					
Park improvements	<u>1,200,000</u>	<u>-</u>	<u>23,520</u>	<u>23,520</u>	1.96%
 Total - tier I	 <u>\$ 8,312,466</u>	 <u>\$ 276,256</u>	 <u>\$ 1,647,201</u>	 <u>\$ 1,923,457</u>	 23.14%

**CITY OF GROVETOWN, GEORGIA**  
**SCHEDULE OF PROJECT EXPENDITURES WITH**  
**SALES TAX PROCEEDS (2011-2016) - Continued**  
**DECEMBER 31, 2012**

Project	Original Estimated Cost	Prior Year	Current Year	To Date	Percentage of Completion
<u>Tier II</u>					
City facilities					
Renovations/expansions	\$ 800,000	\$ -	\$ -	\$ -	0.00%
Public safety					
Vehicles	725,000	-	-	-	0.00%
Public works					
Equipment	300,000	-	-	-	0.00%
Recreation					
Park improvements	419,422	-	-	-	0.00%
Walking trail improvements	200,000	-	-	-	0.00%
Water & sewer					
Improvements & equipment	400,000	-	-	-	0.00%
 Total - tier II	 <u>2,844,422</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 0.00%
<u>Tier III</u>					
Museum/media center/land	1,831,340	-	-	-	0.00%
 Total - tier III	 <u>1,831,340</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 0.00%
 Grand Total	 <u>\$ 12,988,228</u>	 <u>\$ 276,256</u>	 <u>\$ 1,647,201</u>	 <u>\$ 1,923,457</u>	 14.81%