

CITY OF FORSYTH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

Prepared under authority
of the Office of the
City Clerk

CITY OF FORSYTH, GEORGIA
TABLE OF CONTENTS
DECEMBER 31, 2012

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
Letter of Transmittal	iv
List of Principal Officials	xi
Organization Chart	xii
GFOA Certificate of Achievement	xiii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Revenues and Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	19
Statement of Net Assets – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	23
Statement of Cash Flows – Proprietary Fund	24
Statement of Net Assets – Fiduciary Fund	26
Notes to the Financial Statements	27
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – City of Forsyth Defined Benefit Plan Trust	49
 SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	51
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Special Revenue Fund	53

CITY OF FORSYTH, GEORGIA
TABLE OF CONTENTS
DECEMBER 31, 2012

Schedule of Projects Constructed With Special Tax Proceeds	54
STATISTICAL SECTION (Unaudited)	
Statistical Section Introduction	55
Net Assets by Component – Last Ten Years	56
Changes in Net Assets – Last Ten Years	57
Fund Balances, Governmental Funds – Last Ten Years	59
Changes in Fund Balances, Governmental Funds – Last Ten Years	60
General Government Expenditures by Function – Last Ten Years	61
General Government Revenues by Source – Last Ten Years	62
Sales Tax Collections and Rates – Last Ten Years	63
Assessed Value and Estimated Value of Taxable Property – Last Ten Years	64
Property Tax Levies and Collections – Last Ten Years	65
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	66
Principal Taxpayers – December 31, 2012	67
Principal Taxpayers – December 31, 2003	68
Ratio of Outstanding Debt by Type – Last Ten Years	69
Direct and Overlapping Governmental Activities Debt	70
Computation of Legal Debt Margin	71
Long Term Debt Burden – Combined Utilities Fund – Last Ten Years	72
Demographic and Economic Information	73
Principal Employers Current Year and Nine Years Ago	74
Full Time Equivalent City Government Employees by Function – Last Ten Years	75
Operating Indicators by Function – Last Ten Years	76
Capital Assets Statistics by Function – Last Ten Years	77
 GOVERNMENT REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	78
Schedule of Findings and Responses	80
Summary Schedule of Prior Year Findings	81



CITY OF FORSYTH

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

July 9, 2013

Honorable John Howard II, Mayor
And Members of the City Council
City of Forsyth
Forsyth, Georgia 31029

Mayor and Council Members:

The comprehensive annual financial report of the City of Forsyth, Georgia for the year ended December 31, 2012 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to have an audit in conformity with Governmental Auditing Standards. The auditors' report on compliance and internal control over financial reporting and the status of prior year findings is included in this report.

This report includes all funds of the government. The government provides a full range of services. These services include police protection, fire protection, the construction and maintenance of streets and drainage improvements, planning and zoning, engineering, building and code enforcement, electrical service, cable service, and water and sewer service.

A Mayor and six (6) City Council members serve the City of Forsyth. The Mayor and all City Council members are elected at large. All serve four (4) year terms. The Mayor can only serve two terms. The Mayor and City Council serve as the legislative body responsible for enacting City ordinances, resolutions, appropriating funds, and providing policy direction to City staff. The City Council appoints a City Administrator, City Attorney, City Auditor, Municipal Court Judge, a planning and zoning board, and a design and review board. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The City Administrator and Department Directors have the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

General Information. The City of Forsyth is located in Monroe County. Forsyth was incorporated on December 10, 1823.

The City of Forsyth is located in central Monroe County, which is located in the central part of the state, approximately 60 miles south of Atlanta. Growth has been reflected in the City's General Fund revenues, which have increased from \$3,849,605 in 2003 to \$3,943,791 in 2012. The economic condition and outlook of the City remain strong as the area is predicted to have a sustained growth pattern through 2013. City leaders have recognized and plans have been developed and/or implemented to maintain balanced, controlled and planned developments in concert with an economic development plan that encourage appropriate growth. The economic growth has also placed increased demands on services, but the City has adopted a conservative approach and implemented programs to meet these demands. The City has still been able to provide its services at a cost per capita that is comparable to other communities with similar demographic and economic characteristics.

The financial position of the City deteriorated during the 2012 year. The primary cause of the deterioration is a large reduction in sales tax revenue due to a large refund to Georgia Power. The City has been able to maintain or reduce the millage rate on Ad Valorem taxes for the past nine years. A new special local option sales tax was passed and collections are set to begin in 2014. The current year is the fifth year of collections for the 2008 special local option sales tax. The total amount received during the current year from this SPLOST was \$625,368. The City expects to collect \$4,200,000 over a period of six years.

Future stability for the City of Forsyth is good based upon the solid fund equity balance that is maintained in our funds. This shows that we have goals and objectives that the City can meet in the public service area; police and fire protection, street and drainage improvements, and infrastructure.

Major Initiatives

Mayor and City Council:

Overall Goals and Objectives - (1). Achieve all goals while striving for the lowest total cost for public services with a minimal property tax millage rate. (2). Maintain a managed growth policy that requires quality development in concert with our economic development strategy. (3). Provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, electric, cable, water and sewer. (4). Continue cooperative efforts with other governments. (5). Preserve our historic and cultural heritage.

Finance and Administration:

Overview - The Finance and Administrative Department consists of the City Administrator, City Clerk, and support personnel. The City Administrator is appointed by the Mayor and City Council and is responsible for the execution of policies and legislative action of the City Council, direction, control and coordination of operational agencies. The City Clerk is responsible for City Council agenda preparation, minutes and custodian of City records. The City Clerk also acts in a support role to the Mayor and City Council. The Clerk is responsible for planning, developing, implementing, and maintaining the administrative and financial operations of the City including purchasing and assisting the Mayor with preparing the annual budget and capital improvement plan.

Accomplishments:

- ❖ Continue implementing and updating the administrative policy manual.
- ❖ Continue to create computerized reports for financial use.

- ❖ Working with the Middle Georgia Regional Commission to develop a new city website and update city ordinances
- ❖ Received the Certificate of Achievement for Excellence in Financial Reporting, for the first time.

Municipal Court:

Overview - The Municipal Court of Forsyth is dedicated to the principle of equal and timely access to justice so that all individuals are treated with integrity, honesty, equality, respect for the rule of law, and the rights of all. The Court uses all staff members in a collaborative effort to operate the court efficiently and effectively while maintaining public trust and confidence. The Municipal Court prepares and processes records, citations, warrants and other legal papers for the Court. Court personnel receive and deposit monies collected for fines and fees, set court dates, issue subpoenas and warrants, prepare various reports, records, and other documents pertinent to the operation of the Court and those required by the State of Georgia.

Accomplishments:

- ❖ Continued training of staff with required knowledge of court procedures.
- ❖ Judge and Clerk sent to training sessions for handling court sessions and add-on fines.
- ❖ Community service workers used by different departments for various tasks; therefore, saving City funds.

Police:

Overview - The men and women of the Forsyth Police Department are committed to protect life, property, and the constitutional guarantees of all citizens of Forsyth and those who travel through our City. With community partnership as our foundation, we, as a department, are entrusted to enhance the quality of life, seek solutions to community problems and foster a sense of peace and security for all people within our City. We will honor this trust placed in us by holding ourselves to the highest standards of professional police conduct.

Accomplishments:

- ❖ The City continues to remain below the national average for criminal activity compared to cities across the state and nation with similar populations.
- ❖ The department continues to actively partner with schools targeting crime prevention, to continue a proactive effort toward criminal activity.
- ❖ The department continues to encourage professional development. The average number of training hours for 2012 was 80 hours per officer.
- ❖ Member of the governor's office of Highway Safety Traffic Enforcement Network.
- ❖ Awarded a COPS Hiring Recovery Grant for one officer; to be hired with the use of federal funds through the U.S. Department of Justice.
- ❖ The department received state certification.

Fire:

Overview - The City of Forsyth Fire Department responds to various types of emergency incidents including all types of fires, motor vehicle and other accidents, rescue calls, severe weather and flooding emergencies. Fire department personnel perform numerous prevention and public relations functions, fire safety inspections, annual hydrant maintenance, emergency management functions, and other specialty programs. The City of Forsyth provides for a volunteer service to supplement career resources.

Accomplishments:

- ❖ Continues to maintain low average response times for emergency responses.
- ❖ Continues to enhance training levels of personnel to address increased threat of terrorism.
- ❖ Continues to work with other City departments in the development of City's threat level plan.
- ❖ Updating firefighter training to maintain First Responder's Certification.
- ❖ Visited schools, day-care centers and Head Start to promote fire safety education.
- ❖ Continues to maintain I.S.O. rating of five for past 13 years, thereby saving citizens of Forsyth a substantial amount on insurance premiums.
- ❖ Continuing education/training for core competency to maintain state certification.
- ❖ Conducted additional training to meet 240 required hours as well as specialty training including hazmat and extrication.
- ❖ Started Fire Life Safety Inspection Program.

Public Works:

Overview - The City of Forsyth Public Works Department is responsible for the maintenance of all streets, sidewalks and drainage facilities located on public property. The department is also responsible for grass cutting along City streets and State highways. The department provides landscaping services for public property. The Public Works Department provides emergency services including road closing and sandbagging flood prone areas.

Accomplishments:

- ❖ Continues to work on the Streetscape Project. This project includes, redesigning and constructing downtown streets, sidewalks, and underground utilities.
- ❖ Continues to work on various road improvement projects.

Planning and Zoning:

Overview - The Planning and Zoning Department strives to maintain and improve the overall quality of life for all citizens of the City of Forsyth by promoting sustainable development, encouraging a stable and enduring economic base, providing for the safety, health and education and preserving the natural, cultural and historic assets of the City of Forsyth. The Planning and Zoning Department coordinates the development and implementation of special area studies, plan review process, Zoning Ordinance, Sign Ordinance, and Landscape Ordinances. The Planning and Zoning Department expeditiously review and respond to all inquiries, applications and studies dealing with current planning, zoning, subdivision and land development to achieve a well designed, planned and quality community in accordance with adopted ordinances, resolutions and policies. The Planning and Zoning Department provides all necessary land use, economic, environmental and social data upon which to base effective governmental decision resulting in orderly growth and development and a high quality of life for present and future citizens.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Annexed 100 unincorporated islands within the city limits.
- ❖ Created a new zoning map for the city.

Electric:

Overview – The Electric Department is responsible for supplying electricity to City of Forsyth Residents for energy needs. They are also responsible for minimizing power outages.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Continues to work on maintaining low rates for citizens.
- ❖ Continues to work on minimizing time to correct power outages.
- ❖ Installed new underground service for the new county commission building and new apartment complex.

Water and Sewer:

Overview - The Water and Sewer Department is responsible for supplying water to City of Forsyth residents for potable and fire fighting uses. They are also responsible for the treatment and disposal of the wastewater generated by the City of Forsyth as per regulations set forth by all state and federal agencies.

Accomplishments:

- ❖ Continuing to replace older water meters with new electronic models which will yield more accurate readings and should increase water revenues. This is an ongoing project.
- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Worked on several projects to upgrade old infrastructure.

Cable:

Overview – The Cable Department is responsible for supplying cable and internet services to City of Forsyth residents for entertainment. They are also responsible for minimizing cable outages experienced by cable and internet users.

Accomplishments:

- ❖ Continues to work on maintaining low rates for citizens.

Financial information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principals generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that; (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Basis of accounting. The basis of accounting used determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Governmental fund types and expendable trust funds use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The financial statements for the proprietary fund types are accounted for on the accrual basis of accounting. Under this method revenues are recorded when earned, and expenses are recognized when the liability is incurred.

Accounting systems. In developing and evaluating the City's accounting control system, consideration is given in the adequacy of internal accounting controls. Internal accounting

controls comprise the plan of organization and the procedures and records concerned with safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Budgetary control. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The level of budgetary control is on a departmental basis. A budget is legally adopted for all Governmental Fund types and Proprietary Fund types. Formal budgetary integration is employed as a management control device during the year. The budget is based on the same method of accounting as the fund it represents. Transfers of appropriations within a department budget or within a nondepartmental expenditure category require the approval of the finance director. Increase in appropriations in a departmental budget or in a nondepartmental expense category requires approval of the governing body in the form of amendments to the budget ordinance.

General government functions. Municipal activities and services are accounted for in the General Fund, Capital Improvement Fund, Special Revenue Funds, Fiduciary Fund and Enterprise Funds.

Capital Improvement Fund The capital improvement fund is used to account for capital projects that are being acquired or built. The City of Forsyth has one capital improvement fund: (1) SPLOST Fund

SPLOST Fund. The fund is used to account for special purpose local option sales tax proceeds for approved capital improvements. Total revenues equal \$625,368. Total expenditures were made in the amount of \$1,198,413 for approved capital projects and SPLOST bond debt service.

Special Revenue Fund. The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Forsyth has two Special Revenue Fund: (1) Hotel/Motel Tax Fund and (1) Special Police Revenue Fund.

Hotel/Motel Tax Fund. The fund is used to account for hotel/motel taxes collected for the use of tourism. Total revenues equal \$300,125. Expenditures were made in the amount of \$300,125 for tourism and recreation purposes.

Police Special Revenue Fund. The fund is used to account for police seizure monies from federal and state agencies to be used on police expenditures. Total revenues equal \$30,698. Expenditures were made in the amount of \$69,388 for police purposes.

Enterprise Fund. Business-type activities of the City of Forsyth are accounted for in the Enterprise Fund. The Enterprise Fund for the City of Forsyth is the Combined Utilities Fund.

Combined Utilities Fund. The Combined Utilities Fund charges City residents for the consumption of electricity, water and sewer, and cable. Total utility revenues for year 2012 were \$10,971,111. Total operating expenditures for year 2012 were \$11,462,222. The change in net assets after depreciation and non-operating revenues and/or expenses was (\$140,158) for the year 2012.

Relevant Financial Policies. Throughout the year, the city administrator and city clerk administer the governing council's approved financial policies. These policies address issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations

assets after depreciation and non-operating revenues and/or expenses was (\$140,158) for the year 2012.

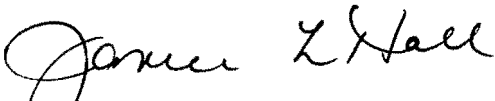
Relevant Financial Policies. Throughout the year, the city administrator and city clerk administer the governing council's approved financial policies. These policies address issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On a continuous basis, these policies are reviewed in order to maintain relativity to the changing financial needs of the government.

Other Information.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Buckley & Hopkins, LLP was selected by the city council. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the clerk's office. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report

Sincerely,



Janice Hall, City Clerk and
Chief Financial Officer

CITY OF FORSYTH, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR

John T. Howard, II

CITY COUNCIL MEMBERS

JoAnna Banks
James Calloway
Mike Dodd
Desi Hansford
Melvin Lawrence
Eric Wilson

CITY ADMINISTRATOR

Thomas White

CITY CLERK

Janice Hall

POLICE CHIEF

Robert Corley

FIRE CHIEF

David Herndon

STREET DEPARTMENT HEAD

Steve Jones

ELECTRIC DEPARTMENT HEAD

Alvin Randall

GARAGE DEPARTMENT HEAD

Steve Butler

METER DEPARTMENT HEAD

Steve Sikes

CEMETERY DEPARTMENT HEAD

Steve Jones

RECREATION DEPARTMENT HEAD

Steve Jones

BETTER HOMETOWN DIRECTOR

Loraine Khoury

MUNICIPAL COURT JUDGE

J. Kristi Lovelace

CITY ATTORNEY

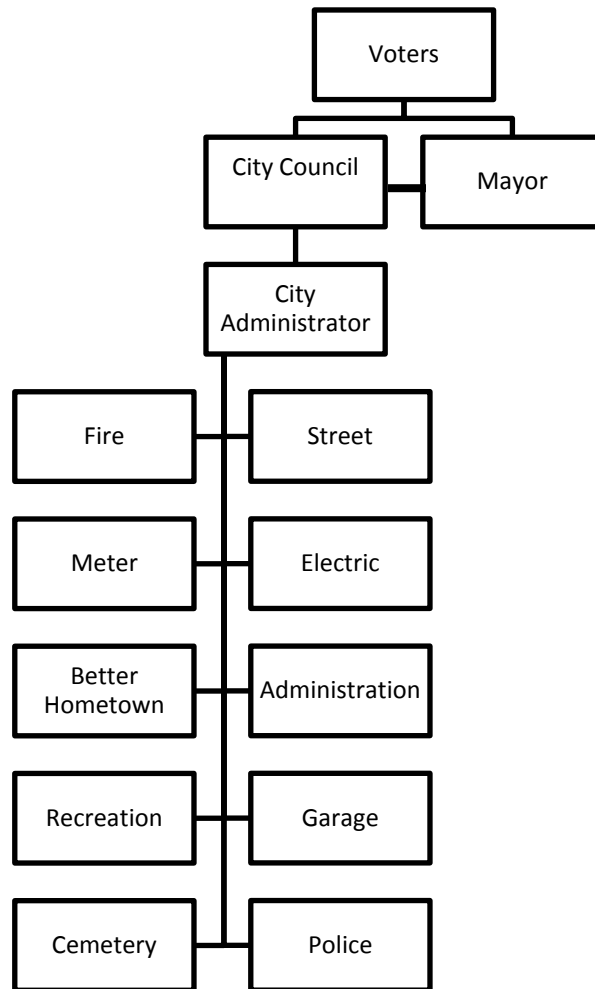
C. Robert Melton

CITY AUDITOR

Albert P. Hopkins, Jr., C.P.A.

CITY OF FORSYTH, GEORGIA

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Forsyth
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morill

President

Jeffrey R. Emer

Executive Director

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Forsyth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Forsyth, 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.

Auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forsyth, Georgia, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 schedule of funding progress for the City of Forsyth's defined benefit plan on pages 4-11 and 49 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 of Forsyth, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, statistical section, and the schedule of projects constructed with special sales tax proceeds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of projects constructed with special 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, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 July 9, 2013, on our consideration of the City of Forsyth, 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 of Forsyth, Georgia's internal control over financial reporting and compliance.

Forsyth, Georgia
July 9, 2013

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

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

FINANCIAL HIGHLIGHTS

- The assets of the City's Primary Government activities exceeded its liabilities as of December 31, 2012, by \$21,906,255.
- As of December 31, 2012, total net assets consisted of \$18,793,601 invested in capital equipment net of related debt, \$536,178 restricted for debt service, \$365,641 restricted for capital outlay, and \$2,210,835 unrestricted.
- As of December 31, 2012, the City's governmental funds reported ending fund balance of \$4,499,060, an increase of \$1,662,522 in comparison with the prior year.
- As of December 31, 2012, the City's General Fund reported ending fund balance of \$949,863, a decrease of \$104,785 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statements within the first component are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The statements within the second component are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These two statements include the statement of net assets, and the statement of activities.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and parks and recreation.

The government-wide financial statements include not only the City of Forsyth government itself (known as the primary government), but also the component unit of the Downtown Development Authority of Forsyth. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. Data for the component unit is presented in a separate column to emphasize that it is legally separate from the City.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Forsyth, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Forsyth can be divided into the following categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Forsyth maintains four (4) individual governmental funds.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

Governmental Funds

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Capital Improvement Fund both of which are considered to be major funds. Data from the other (2) governmental funds is combined into a single, aggregated presentation. Individual fund data for this non-major governmental fund is provided in the form of both combining statements and individual fund statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Capital Improvements Fund

The City maintains one capital improvements fund. The capital improvements fund is used to account for the purchase or construction of major capital facilities for the City.

Proprietary Fund

The City maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the operation of the Combined Utilities Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for this Fund and are provided in the form of individual fund statements elsewhere in this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Forsyth, assets exceeded liabilities by \$21,906,255 at the close of the most recent fiscal year.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

A significant portion of the City's net assets reflects its investment in capital assets (e.g., land buildings, machinery, equipment and vehicles); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Forsyth's investment in 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Law. The City Council establishes other funds to control and manage money for particular purposes.

City of Forsyth, Georgia Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 5,354,938	\$ 3,321,456	\$ 3,477,955	\$ 3,959,206	\$ 8,832,893	\$ 7,280,662
Capital assets, net of accumulated depreciation	4,961,515	4,950,818	15,350,040	16,154,398	20,311,555	21,105,216
Total assets	10,316,453	8,272,274	18,827,995	20,113,604	29,144,448	28,385,878
Liabilities						
Current and other	707,455	381,351	1,205,143	1,152,576	1,912,598	1,533,927
Long-term liabilities	4,721,051	3,075,775	604,544	1,145,073	5,325,595	4,220,848
Total liabilities	5,428,506	3,457,126	1,809,687	2,297,649	7,238,193	5,754,775
Net assets						
Invested in capital assets, net of related debt	4,048,105	3,983,777	14,745,496	15,009,325	18,793,601	18,993,102
Restricted for debt service	65,178	40,784	471,000	471,000	536,178	511,784
Restricted for capital outlay	365,641	1,231,232	-	-	365,641	1,231,232
Unrestricted	409,023	(440,645)	1,801,812	2,335,630	2,210,835	1,894,985
Total net assets	\$ 4,887,947	\$ 4,815,148	\$ 17,018,308	\$ 17,815,955	\$ 21,906,255	\$ 22,631,103

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

City of Forsyth, Georgia Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program services						
Charges for services	\$ 1,012,097	\$ 1,009,137	\$ 10,918,138	\$ 10,906,016	\$ 11,930,235	\$ 11,915,153
Operating grants and contributions	-	42,232	-	-	-	42,232
Capital grants and contributions	715,875	1,098,773	-	650,000	715,875	1,748,773
General revenues						
Taxes	2,523,749	2,982,662	-	-	2,523,749	2,982,662
Investment & interest revenue	558	1,145	413,264	456,593	413,822	457,738
Other	277,793	91,482	52,973	140,334	330,766	231,816
Total revenues	4,530,072	5,225,431	11,384,375	12,152,943	15,914,447	17,378,374
Expenses						
General government	1,320,752	1,283,799	-	-	1,320,752	1,283,799
Public safety	2,313,436	2,497,117	-	-	2,313,436	2,497,117
Public works	1,247,275	1,299,110	-	-	1,247,275	1,299,110
Better Hometown	100,168	79,813	-	-	100,168	79,813
Parks & recreation	59,110	67,301	-	-	59,110	67,301
Interest	74,021	85,385	-	-	74,021	85,385
Combined utilities	-	-	11,524,533	11,079,013	11,524,533	11,079,013
Total expenses	5,114,762	5,312,525	11,524,533	11,079,013	16,639,295	16,391,538
Change in net assets before transfers	(584,690)	(87,094)	(140,158)	1,073,930	(724,848)	986,836
Transfers	657,489	738,811	(657,489)	(738,811)	-	-
Increase in net assets	72,799	651,717	(797,647)	335,119	(724,848)	986,836
Net assets, beginning	4,815,148	4,163,431	17,815,955	17,480,836	22,631,103	21,644,267
Net assets, ending	\$ 4,887,947	\$ 4,815,148	\$ 17,018,308	\$ 17,815,955	\$ 21,906,255	\$ 22,631,103

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

Governmental Funds

Most of the City's basic services are included here, such as public safety, public works, culture, recreation and general administration. These focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Such information is useful in assessing Forsyth's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Forsyth's governmental funds reported combined ending fund balances of \$4,499,060, an increase of \$1,662,522 from the prior year, primarily from the issuance of new SPLOST bonds in the amount of \$2,160,000. The governmental funds were greatly affected by the issuance of a large sales tax refund to Georgia Power. The state has started to withhold a percentage of the monthly sales tax distributions to reimburse the state for issuing the refund.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$872,761. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The SPLOST fund is the capital improvements fund of the City. At the end of the current fiscal year, the restricted for capital outlay fund balance was \$3,175,408, which was an increase of \$1,814,424 from the previous year. This large increase was primarily due from the city issuing new revenue bonds in the amount of \$2,160,000, which future SPLOST revenues were pledged.

Without the issuance of the SPLOST bonds, the city would have shown a decrease in both governmental and proprietary funds for 2012. The reduction of sales tax has significantly affected the city which has lead to a deterioration of the city's overall financial position.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the current fiscal year net assets invested in capital assets, net of related debt and restricted net assets were \$14,745,496 and \$471,000, respectively. The proprietary fund has been greatly affected by the increase in cost for the purchase of electricity that the city sells to its citizens. This large increase has also led to the deterioration of the city's overall financial position. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had a deficit of \$104,785 in revenues over expenditures. The General Fund financial condition worsened due to a significant decrease in revenues of \$819,414 during the current year. The decrease in revenues is primarily from a decrease in grant receipts and sales

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

tax revenues. The large decrease in sales tax revenues is directly related to the issuance of a large sales tax refund to Georgia Power for sales tax paid in error.

The 2012 adopted budget was amended during 2013, resulting in few negative variances plus an overall favorable result.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$20,311,555 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

The total net decrease in the City's investment in capital assets for the current fiscal year was 3.9% (a decrease of .4% for governmental activities and a decrease of 5.0% for business-type activities). Some of the major capital asset events for the current year include the purchase of two new police cars, the construction of improvements to Kynette Park, and the construction of several sewer projects. Additional information on the City's capital assets can be found in the note D on pages 35-36 of this report.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and improvements	\$ 2,000,763	\$ 2,030,765	\$ 399,261	\$ 399,261	\$ 2,400,024	\$ 2,430,026
Distribution system	-	-	27,713,211	27,585,506	27,713,211	27,585,506
Buildings and improvements	1,965,423	1,965,423	5,091,203	5,091,203	7,056,626	7,056,626
Infrastructure	1,861,772	566,073	-	-	1,861,772	566,073
Machinery and equipment	952,635	952,634	1,077,882	1,077,882	2,030,517	2,030,516
Vehicles	1,992,036	1,977,132	876,616	876,616	2,868,652	2,853,748
Construction in progress	136,536	1,155,289	526,596	332,692	663,132	1,487,981
Total capital assets	8,909,165	8,647,316	35,684,769	35,363,160	44,593,934	44,010,476
Accumulated depreciation	(3,947,650)	(3,666,498)	(20,334,729)	(19,208,762)	(24,282,379)	(22,875,260)
Total capital assets	\$ 4,961,515	\$ 4,980,818	\$ 15,350,040	\$ 16,154,398	\$ 20,311,555	\$ 21,135,216

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012
(UNAUDITED)

Long-Term Debt

As of December 31, 2012, Forsyth had approximately \$5.3 million in outstanding long-term debt, which does not include interest expense.

Additional information on Forsyth's long-term debt can be found in notes F-G on pages 37-40 of this report.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
SPLOST bonds	\$ 2,970,000	\$ 1,230,000	\$ -	\$ -	\$ 2,970,000	\$ 1,230,000
Capital leases	28,627	40,108	604,544	1,145,073	633,171	1,185,181
Landfill post-closure costs	933,145	1,005,285	-	-	933,145	1,005,285
Notes payable	789,279	800,382	-	-	789,279	800,382
Total debt	\$ 4,721,051	\$ 3,075,775	\$ 604,544	\$ 1,145,073	\$ 5,325,595	\$ 4,220,848

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Forsyth, Georgia's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Janice Hall, 26 N. Jackson Street, Forsyth, Georgia 31029.

BASIC FINANCIAL STATEMENTS

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2012

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 840,431	\$ 1,711,831	\$ 2,552,262	\$ 44,932
Certificates of Deposit	60,000	-	60,000	-
Receivables, net of allowance				
Claims	252,186	-	252,186	-
Taxes	151,187	-	151,187	-
Accounts	29,573	553,810	583,383	-
Due from other governments	376,576	-	376,576	-
Restricted assets				
Cash and cash equivalents	3,199,200	471,000	3,670,200	-
Investments	-	-	-	1,169,211
Inventories	-	715,976	715,976	-
Prepayments	332,480	14,993	347,473	-
Leases receivable	-	-	-	537,805
Capital assets not being depreciated:				
Land	447,243	399,261	846,504	-
Construction in progress	136,536	526,596	663,132	13,679
Capital assets net of accumulated depreciation:				
Buildings	1,216,572	86,634	1,303,206	-
Infrastructure	1,687,803	-	1,687,803	-
Furniture, fixtures & equipment	148,610	94,455	243,065	-
Vehicles	474,231	24,929	499,160	-
Land improvements	850,520	-	850,520	-
Distribution system	-	14,218,165	14,218,165	-
Unamortized bonds and capital lease costs	113,305	10,345	123,650	-
Total Assets	10,316,453	18,827,995	29,144,448	1,765,627
<u>LIABILITIES</u>				
Accounts payable	208,864	618,710	827,574	-
Accrued liabilities	164,739	29,551	194,290	24,452
Customer deposits	-	448,287	448,287	471,000
Unearned revenue	14,646	-	14,646	-
Unamortized bond premium	299,227	-	299,227	-
Other liabilities	19,979	108,595	128,574	-
Noncurrent liabilities				
Due within one year	490,683	564,593	1,055,276	513,907
Due in more than one year	4,230,368	39,951	4,270,319	537,805
Total Liabilities	5,428,506	1,809,687	7,238,193	1,547,164
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	4,048,105	14,745,496	18,793,601	13,679
Restricted for				
Restricted for debt service	65,178	471,000	536,178	1,169,211
Restricted for capital outlay	365,641	-	365,641	-
Unrestricted	409,023	1,801,812	2,210,835	(964,427)
Total Net Assets	\$ 4,887,947	\$ 17,018,308	\$ 21,906,255	\$ 218,463

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Downtown Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities								
General government	\$ 1,320,752	\$ 103,346	\$ -	\$ 625,368	\$ (592,038)	\$ -	\$ (592,038)	\$ -
Public safety	2,313,436	520,036	-	56,336	(1,737,064)	-	(1,737,064)	-
Public works	1,247,275	388,715	-	-	(858,560)	-	(858,560)	-
Recreation and parks	59,110	-	-	34,171	(24,939)	-	(24,939)	-
Better Hometown	100,168	-	-	-	(100,168)	-	(100,168)	-
Interest on long-term debt	74,021	-	-	-	(74,021)	-	(74,021)	-
Total governmental activities	<u>5,114,762</u>	<u>1,012,097</u>	<u>-</u>	<u>715,875</u>	<u>(3,386,790)</u>	<u>-</u>	<u>(3,386,790)</u>	<u>-</u>
Business-type Activities:								
Combined Utility System -								
Water & Sewer	2,763,021	2,348,384	-	-	-	(414,637)	(414,637)	-
Electric	7,375,402	7,488,911	-	-	-	113,509	113,509	-
Cable	1,386,110	1,080,843	-	-	-	(305,267)	(305,267)	-
Total business-type activities	<u>11,524,533</u>	<u>10,918,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,395)</u>	<u>(606,395)</u>	<u>-</u>
Total Primary Government	<u>16,639,295</u>	<u>11,930,235</u>	<u>-</u>	<u>715,875</u>	<u>(3,386,790)</u>	<u>(606,395)</u>	<u>(3,993,185)</u>	
Downtown Development Authority	\$ 48,941	\$ 48,905	\$ -	\$ -				(36)
Total Component Units	<u>\$ 48,941</u>	<u>\$ 48,905</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (36)</u>
General Revenues								
Property Tax					621,760	-	621,760	-
Sales Tax					1,102,851	-	1,102,851	-
Insurance premium tax					188,719	-	188,719	-
Beer, wine and alcohol tax					199,848	-	199,848	-
Other tax					410,571	-	410,571	-
Investment and interest revenue					558	413,264	413,822	10,364
Miscellaneous					277,793	52,973	330,766	-
Total General Revenues					<u>2,802,100</u>	<u>466,237</u>	<u>3,268,337</u>	<u>10,364</u>
Transfers					657,489	(657,489)	-	-
Total General Revenues and Transfers					<u>3,459,589</u>	<u>(191,252)</u>	<u>3,268,337</u>	<u>10,364</u>
Change in Net Assets					<u>72,799</u>	<u>(797,647)</u>	<u>(724,848)</u>	<u>10,328</u>
Net Assets - Beginning of Year					<u>4,815,148</u>	<u>17,815,955</u>	<u>22,631,103</u>	<u>208,135</u>
Net Assets - End of Year					<u>\$ 4,887,947</u>	<u>\$ 17,018,308</u>	<u>\$ 21,906,255</u>	<u>\$ 218,463</u>

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

CITY OF FORSYTH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 785,741	\$ 3,125,592	\$ 47,945	\$ 3,959,278
Certificate of Deposit	60,000	-	-	60,000
Receivables, net of allowance				-
Claims	252,186	-	-	252,186
Taxes	121,324	-	29,863	151,187
Accounts	29,573	-	-	29,573
Due from other funds	21,302	-	-	21,302
Due from other governments	305,458	71,118	-	376,576
Prepaid Assets	3,494	328,986	-	332,480
Total Assets	<u>\$ 1,579,078</u>	<u>\$ 3,525,696</u>	<u>\$ 77,808</u>	<u>\$ 5,182,582</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 175,859	\$ -	\$ 33,005	\$ 208,864
Accrued liabilities	71,822	-	-	71,822
Due to other funds	-	21,302	-	21,302
Deferred revenue	346,909	-	-	346,909
Unearned revenue	14,646	-	-	14,646
Other liabilities	19,979	-	-	19,979
Total Liabilities	<u>629,215</u>	<u>21,302</u>	<u>33,005</u>	<u>683,522</u>
<u>Fund Balances:</u>				
Nonspendable	3,494	328,986	-	332,480
Restricted for:				
Capital Outlay	8,430	3,175,408	-	3,183,838
Debt Service	65,178	-	-	65,178
Committed	-	-	-	-
Assigned	-	-	44,803	44,803
Unassigned	872,761	-	-	872,761
Total Fund Balances	<u>949,863</u>	<u>3,504,394</u>	<u>44,803</u>	<u>4,499,060</u>
Total Liabilities and Fund Balances	<u>\$ 1,579,078</u>	<u>\$ 3,525,696</u>	<u>\$ 77,808</u>	<u>\$ 5,182,582</u>

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2012

Total Fund Equity per Balance Sheet of Governmental Funds	\$ 4,499,060
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Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets	8,909,165
Accumulated depreciation	(3,947,650)

Other Long-term Assets

Long-term assets are not available for use in the current period and, therefore, are not reported as fund assets.

Unamortized bond costs	113,305
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Revenues

Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Receivables, taxes	104,627
Receivables, insurance claim	242,282

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:

Notes payable	(817,907)
Bonds payable	(2,970,000)
Unamortized bond premiums	(299,227)
Accrued interest	(12,564)
Landfill closure/postclosure costs	(933,144)

Total Adjustments	388,887
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Total Net Assets of Governmental Activities	\$ 4,887,947
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The notes to the financial statements are an integral part of this statement.

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 608,584	\$ -	\$ -	\$ 608,584
Sales tax	1,102,851	-	-	1,102,851
Insurance premium tax	188,719	-	-	188,719
Beer, wine and alcohol tax	199,848	-	-	199,848
Other taxes	110,444	-	300,127	410,571
License and permits	103,346	-	-	103,346
Intergovernmental	90,507	623,070	-	713,577
Fines and forfeitures	489,377	-	30,659	520,036
Charges for services	388,715	-	-	388,715
Investment earnings	521	2,298	37	2,856
Other revenues	35,511	-	-	35,511
Total Revenues	3,318,423	625,368	330,823	4,274,614
<u>Expenditures:</u>				
Current:				
General government	1,137,303	-	120,049	1,257,352
Public safety	2,096,240	-	49,368	2,145,608
Public works	1,218,334	-	-	1,218,334
Recreation and parks	54,761	-	-	54,761
Better Hometown	100,168	-	-	100,168
Capital Outlays	50,400	276,917	20,020	347,337
Debt Service				
Principal	22,583	420,000	-	442,583
Interest	35,188	26,269	-	61,457
Total Expenditures	4,714,977	723,186	189,437	5,627,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,396,554)	\$ (97,818)	\$ 141,386	\$ (1,352,986)

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

	General Fund	Major Governmental Fund (SPLOST Fund)	Nonmajor Governmental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses):</u>				
Transfers in (out)	\$ 1,291,769	\$ (454,204)	\$ (180,076)	\$ 657,489
Bond Proceeds	-	2,357,883	-	2,357,883
Unamortized bond premiums	-	8,595	-	8,595
Unamortized bond cost	-	(8,459)	-	(8,459)
Total other financing sources (uses)	<u>1,291,769</u>	<u>1,903,815</u>	<u>(180,076)</u>	<u>3,015,508</u>
Net Change in fund balances	(104,785)	1,805,997	(38,690)	1,662,522
Fund Balance, beginning of year	<u>1,054,648</u>	<u>1,698,397</u>	<u>83,493</u>	<u>2,836,538</u>
Fund Balance, end of year	<u>\$ 949,863</u>	<u>\$ 3,504,394</u>	<u>\$ 44,803</u>	<u>\$ 4,499,060</u>

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,662,522</u>
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Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	347,337
Total depreciation	(336,658)

Long-term Debt

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in the fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditures in the governmental funds, but reduces the liability in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are as follows:

Decrease in unamortized bond costs	(8,595)
Decrease in unamortized bond premiums	8,459
Decrease in accrued interest	(12,564)
Bond issuance	(2,357,883)
Principal repayments	442,583
Decrease in postclosure landfill costs	72,140

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues increased by this amount during the fiscal year.	<u>255,458</u>
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Total Adjustments	<u>(1,589,723)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 72,799</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Taxes				
General property tax	\$ 639,518	\$ 652,518	\$ 608,584	\$ (43,934)
Local option sales tax	1,500,000	1,500,000	1,102,851	(397,149)
Insurance premium tax	170,000	170,000	188,719	18,719
Beer, wine and alcohol tax	216,500	216,500	199,848	(16,652)
Franchise fees	111,300	111,300	110,444	(856)
Licenses and permits	124,100	111,100	103,346	(7,754)
Intergovernmental	-	60,000	90,507	30,507
Fines and forfeitures	478,600	478,600	489,377	10,777
Charges for services	394,500	394,500	388,715	(5,785)
Investment income	1,000	1,000	521	(479)
Miscellaneous income	11,900	11,900	35,511	23,611
	<hr/>			
Total Revenues	3,647,418	3,707,418	3,318,423	(388,995)
<hr/>				
<u>Expenditures:</u>				
General Government				
Administration	940,918	895,600	895,512	88
Governing Body	242,173	227,413	227,413	-
Mayor	13,457	14,378	14,378	-
Elections	10,500	-	-	-
	<hr/>			
Total General Government	1,207,048	1,137,391	1,137,303	88
<hr/>				
Public Safety				
Police	1,365,796	1,498,874	1,495,948	2,926
Fire	591,398	602,431	602,431	-
Municipal Court	89,520	93,165	93,164	1
	<hr/>			
Total Public Safety	\$ 2,046,714	\$ 2,194,470	\$ 2,191,543	\$ 2,927
<hr/>				

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

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Works				
Streets/Sanitation	\$ 892,593	\$ 897,593	\$ 893,301	\$ 4,292
Garage	234,088	199,627	198,114	1,513
Cemetery	148,192	140,692	139,787	905
Total Public Works	<u>1,274,873</u>	<u>1,237,912</u>	<u>1,231,202</u>	<u>6,710</u>
Better Hometown	<u>98,402</u>	<u>105,302</u>	<u>100,168</u>	<u>5,134</u>
Recreation	<u>42,799</u>	<u>54,761</u>	<u>54,761</u>	<u>-</u>
Total expenditures	<u>4,669,836</u>	<u>4,729,836</u>	<u>4,714,977</u>	<u>14,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,022,418)</u>	<u>(1,022,418)</u>	<u>(1,396,554)</u>	<u>(374,136)</u>
Other Financing Sources (Uses):				
Transfers In	<u>1,022,418</u>	<u>1,022,418</u>	<u>1,291,769</u>	<u>269,351</u>
Total other financing sources and uses	<u>1,022,418</u>	<u>1,022,418</u>	<u>1,291,769</u>	<u>269,351</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(104,785)</u>	<u>\$ (104,785)</u>
Fund balance, beginning of year			<u>1,054,648</u>	
Fund balance, end of year			<u>\$ 949,863</u>	

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2012

	<u>Business-type Activities Combined Utilities Fund</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 1,711,831
Restricted cash and cash equivalents:	
Capital lease security deposit	471,000
Receivables, net of allowance	
Accounts	553,810
Inventories	715,976
Prepaid expenses	14,993
	<u>3,467,610</u>
 Noncurrent assets	
Capital assets:	
Land	399,261
Construction in progress	526,596
Building and improvements	5,091,203
Machinery and equipment	1,077,882
Vehicles	876,616
Distribution system	27,713,211
Less accumulated depreciation	(20,334,729)
Total capital assets (net of accumulated depreciation)	<u>15,350,040</u>
Other noncurrent assets:	
Unamortized bond and capital lease costs	10,345
	<u>15,360,385</u>
 Total Assets	<u>\$ 18,827,995</u>

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2012
(CONTINUED)

	<u>Business-type Activities Combined Utilities Fund</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 618,710
Accrued liabilities	29,551
Customer deposits	448,287
Other liabilities	108,595
Capital leases payable - current	<u>564,593</u>
Total current liabilities	<u>1,769,736</u>
Noncurrent liabilities	
Capital leases payable - long term	<u>39,951</u>
Total noncurrent liabilities	<u>39,951</u>
Total Liabilities	<u>1,809,687</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	14,745,496
Restricted for debt service	471,000
Unrestricted	<u>1,801,812</u>
Total Net Assets	<u>\$ 17,018,308</u>

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Business-type Activities Combined Utilities Fund</u>
<u>Operating revenues:</u>	
Charges for sales and services	
Water and sewer	\$ 2,370,107
Electric	7,513,402
Cable	<u>1,087,602</u>
Total operating revenues	<u>10,971,111</u>
<u>Operating expenses:</u>	
Salaries and benefits	556,781
Purchase of utilities	7,045,894
Materials and supplies	355,584
Repairs and maintenance	212,630
Depreciation	1,125,966
Management fees	1,355,475
Other	<u>809,892</u>
Total operating expenses	<u>11,462,222</u>
Total operating income	<u>(491,111)</u>
<u>Nonoperating revenues (expenses):</u>	
Investment income	413,264
Amortization expense	(10,356)
Interest expense	<u>(51,955)</u>
Total nonoperating revenues (expenses)	<u>350,953</u>
Income before contributions and transfers	<u>(140,158)</u>
Transfers in	264,929
Transfers out	<u>(922,418)</u>
Total contributions and transfers	<u>(657,489)</u>
Change in net assets	(797,647)
Net assets - beginning of year	<u>17,815,955</u>
Net assets - end of year	<u>\$ 17,018,308</u>

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Business-type Activities Combined Utilities Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 11,038,922
Cash paid to suppliers for goods and services	(9,848,205)
Cash paid to employees	<u>(556,781)</u>
Net Cash Flows Provided by (Used for) Operating Activities	<u>633,936</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to other funds	<u>(922,418)</u>
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	<u>(922,418)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Transfer in from SPLOST Fund	264,929
Purchase of capital assets	(321,608)
Principal payments of capital lease	(540,529)
Interest payments	<u>(51,955)</u>
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	<u>(649,163)</u>
<u>Cash flows from Investing Activities:</u>	
Investment income	<u>413,264</u>
Net Cash Flows Provided by (Used for) Investing Activities	<u>413,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(524,381)
Cash and Cash Equivalents, Beginning of Year	<u>2,707,212</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,182,831</u></u>

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

	<u>Business-type Activities Combined Utilities Fund</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>	
Net Operating Income (Loss)	<u>\$ (491,111)</u>
<u>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>	
Depreciation	1,125,966
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	37,156
(Increase) decrease in inventories	(28,391)
(Increase) decrease in other current assets	58,718
Increase (decrease) in accounts payable	28,825
Increase (decrease) in accrued liabilities	(6,882)
Increase (decrease) in due to other funds	(121,000)
Increase (decrease) in deposits	<u>30,655</u>
Total Adjustments	<u>1,125,047</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 633,936</u></u>
<u>Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to Statement of Net Assets:</u>	
Unrestricted cash and investments	\$ 1,711,831
Restricted cash and investments	<u>471,000</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,182,831</u></u>

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

CITY OF FORSYTH, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2012

	<u>Municipal Court Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 80,353
Total Assets	<u>\$ 80,353</u>
<u>LIABILITIES</u>	
Funds held in escrow	\$ 37,167
Due to others	<u>43,186</u>
Total Liabilities	<u>\$ 80,353</u>

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Forsyth, Georgia (City) is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financial accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit. The Downtown Development Authority of Forsyth was utilized to issue bonds related to the purchase and establishment of the cable system for the City of Forsyth. The governing board is appointed by the City Council. The Authority is fiscally dependent upon the City because the City provides the majority of the general fund revenues.

The Downtown Development Authority of Forsyth does not issue separate component unit financial statements.

Under Georgia law, the City in conjunction with other cities and counties in the Middle Georgia area is a member of the Middle Georgia Regional Commission (MGRC) and is required to pay annual dues thereto. Membership in an MGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the MGRC in Georgia. The MGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.0 provides that the member governments are liable for any debts or obligations of an MGRC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 Emery Highway
Macon, Georgia 31217

The Housing Authority of the City of Forsyth, Georgia is considered a related organization based upon the criteria of GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Forsyth, Georgia. The City of Forsyth, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Forsyth, Georgia is a related organization.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all nonfiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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 is used in the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

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

The government reports the following major governmental funds:

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

The *special purpose local option sales tax fund* accounts for the activities of the government's special purpose local option sales tax.

The government reports the following major proprietary fund:

The *combined utility system fund* accounts for the activities of the government's electric, water and sewer and cable television systems.

The government reports the following fiduciary fund:

The *municipal court fund* accounts for the activities of the government's municipal court collected funds.

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

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

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and investments*

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component unit, are reported at fair value.

2. *Receivables and payables*

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are presented net of an allowance for uncollectibles. Trade accounts receivables in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance for uncollectible is equal to approximately 14 percent of the outstanding property taxes at December 31, 2011.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is billed on November 1 annually, and is due December 20. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. During 2012 the tax levy was billed on November 1 and was due December 20.

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012
 (CONTINUED)

3. *Inventories*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

5. *Restricted assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

6. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvement	20
Land improvement	10
Public domain infrastructure	40
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

7. *Compensated absences*

In accordance with the government's policy, employees are entitled to annual vacation and sick leave. These benefits do not accrue and cannot be carried forward to subsequent periods. Accordingly, there is no liability for unpaid accumulated vacation or sick leave.

8. *Long-term obligations*

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

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

9. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In 2010, the city adopted GASB no. 54 which changed terminology used to describe fund balances. The new terminology uses the terms nonspendable, restricted, committed, assigned, and unassigned to describe the level of restrictions on fund balances.

The City's policies require that committed fund balances can only be established by city council and released from those restrictions by city council. Also the City allows the mayor and city clerk to assign fund balances for specific purposes that will benefit the city without council approval; however these assigned designations can be released by council or city administration.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

When committed, assigned, and unassigned funds are available for use, it is the City's policy to use committed resources first, and then assigned resources, then unassigned resources as they are needed.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year.

B. Expenditures in Excess of Appropriations

There were no material expenditures in excess of appropriations during the year ended December 31, 2012.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank the government will not be able to recover deposits. The city does not have a formal custodial risk policy. At December 31, 2012, the carrying amount of the City's deposits was \$440,042, and the bank balance was \$853,569. Of the bank balance, \$853,569 was covered by federal depository insurance, or by collateral held by the City's agent or pledging financial institution. Georgia state law requires that balances be insured or collateralized at 110% of the bank's balance. As of the December 31, 2012, the city was in compliance with this state requirement.

B. Investments

Investments are stated at fair value.

State statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government Agencies, State of Georgia, Other States, Prime Banker's Acceptances, repurchase agreements and other political subdivisions of Georgia.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker’s acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

As of December 31, 2012, the City had no investments in financial securities.

C. Receivables

Receivables as of year-end for the government’s individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Combined Utility Fund	Nonmajor Governmental Funds	Total
Receivables:				
Taxes	\$ 141,324	\$ -	\$ 29,863	\$ 171,187
Claims	252,186	-	-	252,186
Accounts	33,573	775,688	-	809,261
Gross Receivables	427,083	775,688	29,863	1,232,634
Less: allowance for uncollectibles	(24,000)	(221,878)	-	(245,878)
Total net receivables	\$ 403,083	\$ 553,810	\$ 29,863	\$ 986,756

Revenues of the Combined Utility Revenue Fund are reported gross of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to electric sales	\$ 45,000
Uncollectibles related to water and sewer sales	44,000
Uncollectibles related to CATV sales	132,878
Total uncollectibles of the current year	<u>\$221,878</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current year, the various components of deferred revenues and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 104,627	\$ -
Insurance claims (general fund)	242,282	-
Revenue received for subsequent year (general fund)	-	14,646
Total deferred/unearned revenue for governmental funds	\$ 346,909	\$ 14,646

D. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 447,243	\$ -	\$ -	\$ 447,243
Construction in progress	1,155,289	275,527	(1,294,280)	136,536
Total capital assets, not being depreciated	1,602,532	275,527	(1,294,280)	583,779
Capital assets, being depreciated:				
Buildings	1,965,423	-	-	1,965,423
Infrastructure	566,073	1,295,699	-	1,861,772
Land improvements	1,553,520	-	-	1,553,520
Furniture, fixtures and equipment	952,635	-	-	952,635
Vehicles	1,977,121	70,420	(55,505)	1,992,036
Total capital assets being depreciated	7,014,772	1,366,119	(55,505)	8,325,386
Less accumulated depreciation for:				
Buildings	(695,120)	(53,731)	-	(748,851)
Infrastructure	(107,059)	(66,910)	-	(173,969)
Land improvements	(643,631)	(59,369)	-	(703,000)
Furniture, fixtures and equipment	(762,064)	(41,961)	-	(804,025)
Vehicles	(1,458,624)	(114,686)	55,505	(1,517,805)
Total accumulated depreciation	(3,666,498)	(336,657)	55,505	(3,947,650)
Total capital assets, being depreciated, net	3,348,274	1,029,462	-	4,377,736
Governmental activities capital assets, net	\$ 4,950,806	\$1,304,989	\$(1,294,280)	\$ 4,961,515

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 399,261	\$ -	\$ -	\$ 399,261
Construction in progress	332,692	193,904	-	526,596
Total capital assets, not being depreciated	<u>731,953</u>	<u>193,904</u>	<u>-</u>	<u>925,857</u>
Capital assets, being depreciated:				
Buildings	5,091,203	-	-	5,091,203
Distribution system	27,585,506	127,705	-	27,713,211
Machinery & equipment	1,077,882	-	-	1,077,882
Vehicles	876,616	-	-	876,616
Total capital assets, being depreciated	<u>34,631,207</u>	<u>127,705</u>	<u>-</u>	<u>34,758,912</u>
Less accumulated depreciation for:				
Buildings	(4,999,609)	(4,960)	-	(5,004,569)
Distribution system	(12,432,686)	(1,062,360)	-	(13,495,046)
Machinery & equipment	(943,556)	(39,872)	-	(983,428)
Vehicles	(832,912)	(18,774)	-	(851,686)
Total accumulated depreciation	<u>(19,208,763)</u>	<u>(1,125,966)</u>	<u>-</u>	<u>(20,334,729)</u>
Total capital assets, being depreciated, net	<u>15,422,444</u>	<u>(998,261)</u>	<u>-</u>	<u>14,424,183</u>
Business-type activities capital assets, net	<u>\$ 16,154,397</u>	<u>\$ (804,357)</u>	<u>\$ -</u>	<u>\$ 15,350,040</u>

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

Government activities:	
General government	\$ 63,400
Public safety	167,828
Public works	101,081
Recreation	<u>4,349</u>
Total depreciation expense-governmental activities	<u>\$ 336,658</u>
Business-type activities:	
Electric	\$ 111,803
Water and Sewer	762,459
CATV	<u>251,704</u>
Total depreciation expense-business-type activities	<u>\$ 1,125,966</u>

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012
 (CONTINUED)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2012, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	SPLOST	\$ 21,302	Reimburse amounts paid for SPLOST
Total		<u>\$ 21,302</u>	

The composition of interfund transfers as of December 31, 2012, is as follows:

Transfer out:	Transfer in:		Purpose
	General Fund	Combined Utilities	
Hotel/Motel	\$ 180,076	\$ -	Reimburse Promotion of Tourism Costs
Combined utilities	922,418	-	Reimburse Operating Costs
Major governmental - SPLOST	189,275	-	Reimburse amounts paid for SPLOST
Major governmental - SPLOST	-	264,929	Water and Sewer Capital Improvements
Total	<u>\$ 1,291,769</u>	<u>\$ 264,929</u>	

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

F. Capital Leases

In 1999, the City acquired the cable network system. This acquisition was accounted for as a \$5,400,000 capital lease under the purchase agreement and ordinance related to the financing of the acquisition and improvement by the Downtown Development Authority. This lease bears an interest rate of 4.65% and has been recorded at the present value of its future minimum lease payments as of the inception date.

In 2010, the City entered into a capital lease to purchase a Ditch Witch RT80 Trencher. The lease for \$82,119 is due in monthly installments of \$1,499.04, including interest at 3.64%, for a term of five years ending in 2015.

In 2010, the City entered into a capital lease to purchase three Ford F-150s. The lease for \$49,239 is due in monthly installments of \$898.61, including interest at 3.63%, for a term of five years ending in 2015.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

In 2010, the City entered into a capital lease to purchase a 2007 John Deere Backhoe and Trailer. The lease for \$58,250 is due in monthly installments of \$1,072.36, including interest at 3.98%, for a term of five years ending in 2015.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2013	\$ 12,868	\$ 591,584
2014	12,868	28,771
2015	5,362	11,694
Total minimum lease payments	31,098	632,049
Less: amount representing interest	(2,470)	(27,505)
Present value of minimum lease payments	<u>\$ 28,628</u>	<u>\$ 604,544</u>

G. Long-term Debt

2009 SPLOST Bonds

In 2009, the City, in conjunction with Monroe County, issued bonds of \$9,500,000 in anticipation of receiving special purpose local option sales tax proceeds. The City is responsible for \$2,030,000 of the total amount of the bonds. The bonds consist of 11 semi-annual payments of varying amounts in accordance with the bond ordinance. The annual interest rate is 3.203%.

Annual debt service requirements to maturity for the bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 430,000	\$ 19,058
2014	380,000	6,086
Total	<u>\$ 810,000</u>	<u>\$ 25,144</u>

2012 SPLOST Bonds

In 2012, the City, in conjunction with City of Culloden and Monroe County, issued bonds of \$12,650,000 in anticipation of receiving special purpose local option sales tax proceeds starting in 2014. The City is responsible for \$2,160,000 of the total amount of the bonds. The bonds consist of 15 semi-annual payments of varying amounts in accordance with the bond ordinance. The annual interest rate is 3.000%

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

through December 1, 2015 and then increases to 4.000% for the remainder of the bond terms.

Annual debt service requirements to maturity for the bonds payable are as follows:

Year	Principal	Interest
2013	\$ -	\$ 82,400
2014	-	82,400
2015	400,000	82,400
2016	415,000	70,400
2017	430,000	53,800
2018-2019	915,000	55,200
Total	<u>\$ 2,160,000</u>	<u>\$ 426,600</u>

Notes Payable

In 2005 the City obtained a note payable totaling \$862,080 from the United States Department of Agriculture for cost reimbursements associated with the construction of the Public Safety Building. The note consists of 478 monthly payments in the amount of \$3,742 and a final balloon payment in the amount of \$2,646.08. The annual interest rate is 4.25%.

Annual debt service requirements to maturity for the notes payable are as follows:

Year	Principal	Interest
2013	\$ 11,586	\$ 33,318
2014	12,088	32,816
2015	12,612	32,292
2016	13,159	31,745
2017	13,729	31,175
2018-2022	78,101	146,419
2023-2027	96,559	127,961
2028-2032	119,375	105,145
2033-2038	148,985	75,545
2038-2042	181,067	43,453
2043-2045	102,018	7,445
Total	<u>\$ 789,279</u>	<u>\$ 667,314</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
USDA	\$ 800,382	\$ -	\$ (11,103)	\$ 789,279	\$ 11,586
2009 SPLOST bonds	1,230,000	-	(420,000)	810,000	430,000
2012 SPLOST bonds	-	2,160,000	-	2,160,000	-
Capital leases	40,107	-	(11,480)	28,627	11,945
Postclosure landfill costs	1,005,285	-	(72,140)	933,145	37,152
Governmental activity					
Long-term liabilities	<u>\$ 3,075,774</u>	<u>\$ 2,160,000</u>	<u>\$ (514,723)</u>	<u>\$ 4,721,051</u>	<u>\$ 490,683</u>

For the governmental activities, compensated absences and postclosure landfill costs are generally liquidated by the General fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital leases	\$ 1,145,073	\$ -	\$ (540,529)	\$ 604,544	\$ 564,593
Business-type activities					
Long-term liabilities	<u>\$ 1,145,073</u>	<u>\$ -</u>	<u>\$ (540,529)</u>	<u>\$ 604,544</u>	<u>\$ 564,593</u>

H. Restricted Assets

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

Capital lease deposit	<u>\$ 471,000</u>
Total	<u>\$ 471,000</u>

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. The City purchases commercial insurance for most types of risk. The government manages risk through various employee education and prevention programs.

The City has property, general liability, criminal, inland marine, workers' compensation and employers' liability coverages. The policies have various deductibles ranging from \$500 to \$1,000 and co-insurance of 90% with replacement value on buildings and personal property. Policy limits extend from \$1,000,000 per occurrence to a general aggregate of \$3,000,000.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

Liability insurance expense and workers' compensation expense totaled \$110,319 and \$153,226, respectively, for the year ended December 31, 2012.

J. Contingent Liabilities

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Commitments

The City has entered into power sales contracts together with 45 other cities and one county in the State of Georgia with the Municipal Electric Authority of Georgia (MEAG). Under terms of these contracts, the City purchases power and energy for resale to its electric system customers.

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

K. Tax Revenues

Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Monroe County.

Upon completion of all assessments and tax returns, the information is turned over to the Monroe County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

During 2012 taxes were levied on November 1 and were due and payable on or before December 20. Unpaid property taxes attached as an enforceable lien on property as of April 1, 2013.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

Hotel/Motel Taxes

A summary of the hotel/motel excise tax receipts and expenditures for the year ended December 31, 2012, is as follows:

Expenditures by Purpose	Tax	
	Receipts	Percentage
Chamber of Commerce	\$ 120,050	40%
General Fund	180,076	60%
Total	<u>\$ 300,126</u>	<u>100%</u>

L. Net Capital Assets

Net capital assets on the Government-wide statement of net assets as of December 31, 2012, are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets, net of related debt:		
Cost of capital assets	\$ 8,909,165	\$ 35,684,769
Less accumulated depreciation	<u>(3,947,650)</u>	<u>(20,334,729)</u>
Book value	4,961,515	15,350,040
Less capital related debt	<u>(913,410)</u>	<u>(604,544)</u>
Investments in capital assets, net of related debt	<u>\$ 4,048,105</u>	<u>\$ 14,745,496</u>

M. Nonspendable Fund Balance

Nonspendable fund balance on the governmental funds balance sheet as of December 31, 2012, consisted of:

	General Fund	SPLOST Fund
Prepaid insurance	\$ 2,022	\$ -
Prepaid lease	1,472	-
Custodial bond payment account	<u>-</u>	<u>328,986</u>
Total nonspendable fund balance	<u>\$ 3,494</u>	<u>\$ 328,986</u>

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

N. Restricted, Committed, and Assigned Fund Balance

Restricted, committed and assigned fund balance on the governmental funds balance sheet as of December 31, 2012, consisted of:

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Police Special Revenue Fund</u>
Restricted fund balance			
Fire department equipment purchases	\$ 8,430	\$ -	\$ -
Debt service of USDA note	65,178	-	-
SPLOST referendum purchases	-	3,175,408	-
Assigned fund balance			
Police department purchases	\$ -	\$ -	\$ 44,803

O. Pension Plan

Plan Description

The City's defined benefit pension plan, City of Forsyth Retirement Plan (the Plan), provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. Financial statements for the plan can be obtained by writing:

Georgia Municipal Association
210 Pryor Street
Atlanta, Georgia 30303

Significant Account Policies

Basis of Accounting. The plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the plan.

Plan member contributions (not currently required) are recognized in the period in which contributions are due. City contributions are recognized when due and the City has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable.

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012
 (CONTINUED)

Investments in securities are valued at current market prices. The GMEBS trust fund is invested, approximately, in 57% equities and 43% fixed income.

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth minimum funding standards for state and local government pension plans.

Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the City, to establish and amend from time-to-time the contribution rates for the City and its plan participants.

Annual Pension Cost

For the plan year, the City's annual pension cost of \$167,572 was equal to the City's required and actual contributions.

Three-Year Trend Information for the Plan

Plan Year <u>Beginning</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension Obiligation <u>(Asset)</u>
1/1/2011	\$ 170,768	100%	\$ -
1/1/2012	167,572	100%	-
1/1/2013	170,140	100%	-

The required contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return net of administrative expenses), and (b) projected salary increases of 3.5% per year. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 4,061,407	\$ 4,412,506	\$ 351,099	92.04%	\$ 2,221,250	15.81%

The schedule of funding progress, presented as RSI following the notes to the financial statements presents multiyear trend information about whether actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of July 1, 2012. The following summarizes the actuarial methods and assumptions used in that valuation:

Valuation date	July 1, 2012
Actuarial cost method	Projected unit credit
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases
Actuarial assumptions:	
Assumed rate of return	7.75%
Expected future salary increases	3.50%
Expected inflation	3.50%
Cost of living adjustments	0.00%
Membership of the Plan	
Retirees and beneficiaries	44
Terminated plan members entitled to, but not yet receiving benefits	16
Active plan members	<u>74</u>
Total	134

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

P. Other Post-Employment Benefits

The City provides funding for continued healthcare benefits to retired employees. The Healthcare Plan, administered by Coventry Health Care of Georgia, Inc., provides medical and prescription drug benefits to those who qualify. Continued healthcare benefits in the form of single coverage will be paid at 99% of the premium. All city employees may become eligible for post employment health care benefits if they retire with a 70 year total of age plus years employed with the city. This benefit is limited to a period until the employee reaches age 65, at which time the benefit terminates. The City has the authority to amend or terminate this benefit. The Healthcare Plan was established by City Council and it may be amended by the same Council.

The Healthcare Plan is a single-employer defined benefit post-retirement healthcare. The City has not elected to advance fund the Plan, but rather maintains the Plan on a “pay as you go” basis. In 2012, early retiree health insurance had 6 participants and an annual cost of \$22,658.

The City also provides funding for life insurance benefits to retired employees. The Term Life Plan, administered by Mutual of Omaha Insurance Company, provides life insurance coverage to those who qualify. Life insurance benefits in the form of \$30,000 term life will be paid at 100% of the premium. All city employees may become eligible for post employment life insurance benefits if they retire with a 70 year total of age plus years employed with the city. The benefit is provided until death of the retiree. The City has the authority to amend or terminate this benefit. The Term Life Plan was established by City Council and it may be amended by the same Council.

The Term Life Plan is a single-employer defined benefit term life plan. The City has not elected to advance fund the Plan, but rather maintains the Plan on a “pay as you go” basis. In 2012, term life insurance had 104 participants and an annual cost of \$53,137.

Neither Plan has had actuarial calculations performed to establish net OPEB obligation since annual cost is minimal to the City’s annual budget and the city pays both benefits on a “pay as you go” basis.

Q. Closure and Postclosure of Care Cost

State and federal laws and regulations require the Landfill to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet. The \$933,145 reported as landfill closure and postclosure care

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

liability at December 31, 2012, represents the cumulative amount reported to-date based on the use of 100% of the estimated capacity of the landfill site. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

R. Legal Contracts and Agreements

The City of Forsyth, Georgia is one of approximately 47 participants who have entered into Power and Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participant, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to the rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if at any time, (i) a project is terminated prior to completion, or (ii) a project declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to an "obligation share" of the Authority's costs attributable to such projects. In case of default by a participant under its contracts relating to any of the various projects, such participant would remain liable to the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until; such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

The City of Forsyth approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the cost of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

S. Subsequent Events

City's management evaluated subsequent events through July 9, 2013 and found no reportable events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORSYTH, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2012

City of Forsyth Defined Benefit Plan Trust
 Schedule of Funding Progress

Actuarial Valuation Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded/ (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded/ (Assets in Excess of) AAL as a Percentage of Covered Payroll {(b-a)/c}
7/1/2012	\$ 4,061,407	\$ 4,412,506	\$ 351,099	92.0%	\$ 2,221,250	15.8%
7/1/2011	3,877,032	4,145,465	268,433	93.5%	1,827,556	14.7%
7/1/2010	3,738,615	4,059,845	321,230	92.1%	1,963,398	16.4%
10/1/2009	3,618,929	3,560,874	(58,055)	101.6%	1,952,103	-3.0%
9/1/2008	3,451,837	3,335,946	(115,891)	103.5%	1,815,861	-6.4%
12/31/2006	3,634,756	2,919,107	(715,649)	124.5%	1,813,684	-39.5%
12/31/2005	3,270,371	2,888,274	(382,097)	113.2%	2,118,581	-18.0%
12/31/2004	3,122,499	2,259,567	(862,935)	138.2%	1,761,610	-49.0%
12/31/2003	2,879,720	2,032,017	(847,703)	141.7%	1,688,859	-50.2%
12/31/2002	2,411,905	2,076,814	(335,091)	116.1%	1,752,743	-19.1%

SUPPLEMENTARY INFORMATION

CITY OF FORSYTH, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2012

	Special Revenue Fund	Special Revenue Fund Police Special Revenue	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund		
<u>ASSETS</u>			
Cash	\$ 3,142	\$ 44,803	\$ 47,945
Receivables, net of allowance	29,863	-	29,863
Total Assets	\$ 33,005	\$ 44,803	\$ 77,808
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 33,005	\$ -	\$ 33,005
Total Liabilities	33,005	-	33,005
Fund Balances:			
Assigned			
Assigned for police expenditures	-	44,803	44,803
Assigned for tourism expenditures	-	-	-
Total Fund Balances	-	44,803	44,803
Total Liabilities and Fund Balances	\$ 33,005	\$ 44,803	\$ 77,808

CITY OF FORSYTH, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Police Special Purpose Revenue	
<u>Revenues:</u>			
Hotel/Motel Taxes	\$ 300,125	\$ -	\$ 300,125
Fines and Forfeitures	-	30,661	30,661
Investment Earnings	-	37	37
Total Revenues	<u>300,125</u>	<u>30,698</u>	<u>330,823</u>
<u>Expenditures:</u>			
Current:			
Agencies	120,049	-	120,049
Public safety	-	69,388	69,388
Total Expenditures	<u>120,049</u>	<u>69,388</u>	<u>189,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>180,076</u>	<u>(38,690)</u>	<u>141,386</u>
<u>Other Financing Sources (Uses):</u>			
Transfers (to) from other funds	<u>(180,076)</u>	<u>-</u>	<u>(180,076)</u>
Total other financing sources (uses)	<u>(180,076)</u>	<u>-</u>	<u>(180,076)</u>
Net change in fund balances	-	(38,690)	(38,690)
Fund Balance, beginning of year	<u>-</u>	<u>83,493</u>	<u>83,493</u>
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 44,803</u>	<u>\$ 44,803</u>

CITY OF FORSYTH, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Initial Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Hotel/Motel Tax	\$ 280,000	\$ 280,000	\$ 300,125	\$ 20,125
Total Revenues	280,000	280,000	300,125	20,125
<u>Expenditures:</u>				
General government:				
Chamber of Commerce	112,000	112,000	120,049	(8,049)
Total Expenditures	112,000	112,000	120,049	(8,049)
Excess of Revenues Over (Under) Expenditures	168,000	168,000	180,076	12,076
<u>Other Financing Uses:</u>				
Transfers to other funds	(168,000)	(168,000)	(180,076)	(12,076)
Total Other Financing Sources (Uses)	(168,000)	(168,000)	(180,076)	(12,076)
Excess of Revenues Over (Under) Other Financing Uses	\$ -	\$ -	-	\$ -
Fund Balance, beginning of year			-	
Fund Balance, end of year			\$ -	

CITY OF FORSYTH, GEORGIA
POLICE SPECIAL PURPOSE REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Initial Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Fine and Forfeitures	\$ 41,000	\$ 41,000	\$ 30,661	\$ (10,339)
Investment Earnings	100	100	37	(63)
Total Revenues	<u>41,100</u>	<u>41,100</u>	<u>30,698</u>	<u>(10,402)</u>
<u>Expenditures:</u>				
Public safety	<u>54,100</u>	<u>54,100</u>	<u>69,388</u>	<u>(15,288)</u>
Total Expenditures	<u>54,100</u>	<u>54,100</u>	<u>69,388</u>	<u>(15,288)</u>
Excess of Revenues Over (Under) Expendi	<u>(13,000)</u>	<u>(13,000)</u>	<u>(38,690)</u>	<u>(25,690)</u>
<u>Other Financing Uses:</u>				
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Other Financing Uses	<u>\$ (13,000)</u>	<u>\$ (13,000)</u>	<u>(38,690)</u>	<u>\$ (25,690)</u>
Fund Balance, beginning of year			<u>83,493</u>	
Fund Balance, end of year			<u>\$ 44,803</u>	

CITY OF FORSYTH, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Estimated Cost	Revised Estimated Cost	Prior Year(s)	Current Year	Total	Estimated Percentage of Completion
2007 SPLOST						
Water & Sewer Upgrades	\$ 1,200,000	\$ 1,200,000	\$ 749,417	\$ 264,929	\$ 1,014,346	84.53%
Road Improvements	900,000	850,000	121,685	138,991	260,676	30.67%
Streetscape Project	600,000	600,000	409,240	220,888	630,128	105.02%
Public Safety Vehicles	600,000	650,000	649,441	-	649,441	99.91%
City Park Improvements	402,000	402,000	37,028	104,924	141,952	35.31%
Old City Hall Rehabilitation	300,000	312,097	312,097	-	312,097	100.00%
Downtown Parking	198,000	198,000	195,742	1,389	197,131	99.56%
	<u>\$ 4,200,000</u>	<u>\$ 4,212,097</u>	<u>\$ 2,474,650</u>	<u>\$ 731,121</u>	<u>\$ 3,205,771</u>	

NOTE: The difference in total SPLOST expenditures of \$731,121 as noted above, and total expenditures of the SPLOST Fund of \$1,198,413 is bond principal of \$420,000, bond interest of \$38,833, and amortization of bond costs of \$8,459.

STATISTICAL SECTION (Unaudited)

CITY OF FORSYTH, GEORGIA
STATISTICAL SECTION INTRODUCTION
FOR THE YEAR ENDED DECEMBER 31, 2012

STATISTICAL SECTION

The statistical section provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to the financial statements, and for assessing the City's economic condition.

CONTENTS

Financial Trends *Page 56*

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity *Page 63*

These schedules contain information to help the reader assess the City's most significant local revenue sources, sales taxes and ad valorem taxes.

Debt Capacity *Page 69*

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information *Page 73*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information *Page 75*

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

CITY OF FORSYTH, GEORGIA
NET ASSETS BY COMPONENT
LAST TEN YEARS

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related deb	\$ 879,682	\$ 2,859,634	\$ 1,989,261	\$ 2,030,681	\$ 1,916,483	\$ 2,304,823	\$ 2,234,834	\$ 2,822,419	\$ 3,983,777	\$ 4,048,105
Restricted	-	-	-	-	266,774	771,272	983,515	822,839	1,272,016	430,819
Unrestricted	804,631	(679,567)	(696,735)	(424,713)	(492,417)	(423,564)	(120,777)	518,173	(440,645)	409,023
Total governmental activities net assets	1,684,313	2,180,067	1,292,526	1,605,968	1,690,840	2,652,531	3,097,572	4,163,431	4,815,148	4,887,947
Business-type activities:										
Invested in capital assets, net of related deb	6,009,426	7,976,129	8,816,244	10,410,925	12,340,821	15,329,342	15,021,681	15,149,564	15,009,325	14,745,496
Restricted	4,111,536	1,152,461	962,013	994,050	1,089,332	471,000	471,000	471,000	471,000	471,000
Unrestricted	4,180,007	5,321,896	6,506,580	4,376,600	2,969,585	1,008,840	762,192	1,860,272	2,335,630	1,801,812
Total business-type activities net assets	14,300,969	14,450,486	16,284,837	15,781,575	16,399,738	16,809,182	16,254,873	17,480,836	17,815,955	17,018,308
Primary government total:										
Invested in capital assets, net of related deb	6,889,108	10,835,763	10,805,505	12,441,606	14,257,304	17,634,165	17,256,515	17,971,983	18,993,102	18,793,601
Restricted	4,111,536	1,152,461	962,013	994,050	1,356,106	1,242,272	1,454,515	1,293,839	1,743,016	901,819
Unrestricted	4,984,638	4,642,329	5,809,845	3,951,887	2,477,168	585,276	641,415	2,378,445	1,894,985	2,210,835
Total primary government net assets	\$ 15,985,282	\$ 16,630,553	\$ 17,577,363	\$ 17,387,543	\$ 18,090,578	\$ 19,461,713	\$ 19,352,445	\$ 21,644,267	\$ 22,631,103	\$ 21,906,255

CITY OF FORSYTH, GEORGIA
CHANGES IN NET ASSETS
LAST TEN YEARS

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 998,990	\$ 1,172,325	\$ 1,259,527	\$ 1,551,765	\$ 1,468,309	\$ 1,218,640	\$ 1,410,070	\$ 1,448,306	\$ 1,283,799	\$ 1,320,752
Public safety	1,504,967	1,542,889	1,553,755	1,811,849	2,028,036	2,026,424	1,901,616	2,030,713	2,497,117	2,313,436
Public works	948,395	1,314,642	1,260,002	1,232,752	1,772,474	1,375,092	1,145,762	1,177,152	1,299,110	1,247,275
Better Hometown	-	-	-	20,460	23,712	94,993	92,612	94,744	79,813	100,168
Recreation and parks	97,299	66,274	13,598	110,055	126,543	14,039	24,603	19,653	67,301	59,110
Economic Development	-	-	-	-	259,000	-	-	-	-	-
Interest on long-term debt	7,931	27,755	26,797	31,583	46,828	42,205	115,991	92,883	85,385	74,021
Total governmental activities expenses	3,557,582	4,123,885	4,113,679	4,758,464	5,724,902	4,771,393	4,690,654	4,863,451	5,312,525	5,114,762
Business-type activities:										
Water and Sewer	8,254,212	2,082,177	2,188,155	2,452,951	2,744,406	2,497,429	2,347,640	2,594,367	2,766,489	2,763,021
Electric	-	4,651,512	4,113,835	4,611,114	5,029,797	4,833,497	5,522,070	6,312,351	6,939,331	7,375,402
Cable	-	1,224,925	1,333,144	1,434,759	1,558,407	1,429,371	1,471,354	1,357,940	1,373,193	1,386,110
Total business-type activities expenses	8,254,212	7,958,614	7,635,134	8,498,824	9,332,610	8,760,297	9,341,064	10,264,658	11,079,013	11,524,533
Total primary government expenses	11,811,794	12,082,499	11,748,813	13,257,288	15,057,512	13,531,690	14,031,718	15,128,109	16,391,538	16,639,295
Program revenues										
Governmental activities:										
Charges for services:										
General government	93,747	79,894	100,646	98,821	114,744	241,996	120,383	104,718	127,796	103,346
Public safety	317,331	424,586	439,548	455,202	644,759	364,864	347,537	375,063	452,485	520,036
Public works	290,952	292,034	273,532	276,650	413,885	380,780	387,501	399,480	428,856	388,715
Recreation and parks	-	9,127	-	-	-	-	10,150	-	-	-
Operating grants and contributions	-	7,132	61,932	189,898	60,756	34,292	25,600	1,000	42,232	-
Capital grants and contributions	187,367	65,195	50,000	-	-	-	-	1,176,180	1,098,773	715,875
Total governmental activities program revenues	889,397	877,968	925,658	1,020,571	1,234,144	1,021,932	891,171	2,056,441	2,150,142	1,727,972
Business-type activities:										
Charges for services:										
Water and Sewer	1,307,813	1,892,690	1,781,035	1,993,426	2,372,834	2,092,204	2,054,720	2,238,758	2,381,675	2,348,384
Electric	6,062,495	5,262,367	5,275,375	5,094,481	5,962,160	5,778,944	5,945,079	7,324,525	7,417,847	7,488,911
Cable	1,260,747	1,258,987	1,150,793	1,116,644	1,110,666	1,116,143	1,130,365	1,107,994	1,106,494	1,080,843
Operating grants and contributions	-	-	-	-	3,679	-	-	-	-	-
Capital grants and contributions	-	-	-	-	1,087,448	608,482	42,866	760,565	650,000	-
Total business-type activities program revenues	8,631,055	8,414,044	8,207,203	8,204,551	10,536,787	9,595,773	9,173,030	11,431,842	11,556,016	10,918,138
Total primary governmental program revenues	\$ 9,520,452	\$ 9,292,012	\$ 9,132,861	\$ 9,225,122	\$ 11,770,931	\$ 10,617,705	\$ 10,064,201	\$ 13,488,283	\$ 13,706,158	\$ 12,646,110

**CITY OF FORSYTH, GEORGIA
CHANGES IN NET ASSETS
LAST TEN YEARS (CONTINUED)**

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental activities	\$ (2,668,185)	\$ (3,245,917)	\$ (3,188,021)	\$ (3,737,893)	\$ (4,490,758)	\$ (3,749,461)	\$ (3,799,483)	\$ (2,807,010)	\$ (3,162,383)	\$ (3,386,790)
Business-type activities	376,843	455,430	572,069	(294,273)	1,204,177	835,476	(168,034)	1,167,184	477,003	(606,395)
Total primary government expense	(2,291,342)	(2,790,487)	(2,615,952)	(4,032,166)	(3,286,581)	(2,913,985)	(3,967,517)	(1,639,826)	(2,685,380)	(3,993,185)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	902,815	674,413	568,629	518,526	483,576	612,791	636,400	613,754	609,299	621,760
Sales taxes	1,332,550	923,044	985,913	1,227,317	2,049,597	2,532,017	2,151,560	1,478,126	1,581,895	1,102,851
Other taxes and licenses	731,637	886,138	893,527	877,483	911,794	751,993	852,450	839,930	791,468	799,138
Investment earnings	2,643	1,157	3,020	24,961	35,478	12,632	7,463	1,483	1,145	558
Miscellaneous	41,743	45,682	38,977	47,087	102,428	29,166	54,913	64,327	91,482	277,793
Transfers	139,957	1,211,237	(189,586)	1,355,961	992,757	772,553	541,738	875,249	738,811	657,489
Total governmental activities	3,151,345	3,741,671	2,300,480	4,051,335	4,575,630	4,711,152	4,244,524	3,872,869	3,814,100	3,459,589
Business-type activities:										
Sales tax	991,526	518,283	543,475	675,205	-	-	-	-	-	-
Investment earnings	88,622	387,041	529,221	471,768	406,743	489,859	155,463	754,159	456,593	413,264
Miscellaneous	186,587	-	-	-	-	-	-	13,281	140,334	52,973
Transfers	(307,531)	(1,211,237)	189,586	(1,355,961)	(992,757)	(915,891)	(541,738)	(708,661)	(738,811)	(657,489)
Total business-type activities	959,204	(305,913)	1,262,282	(208,988)	(586,014)	(426,032)	(386,275)	58,779	(141,884)	(191,252)
Total primary government	4,110,549	3,435,758	3,562,762	3,842,347	3,989,616	4,285,120	3,858,249	3,931,648	3,672,216	3,268,337
Change in Net Assets										
Governmental activities	483,160	495,754	(887,541)	313,442	84,872	961,691	445,041	1,065,859	651,717	72,799
Business-type activities	1,336,047	149,517	1,834,351	(503,261)	618,163	409,444	(554,309)	1,225,963	335,119	(797,647)
Total primary government	\$ 1,819,207	\$ 645,271	\$ 946,810	\$ (189,819)	\$ 703,035	\$ 1,371,135	\$ (109,268)	\$ 2,291,822	\$ 986,836	\$ (724,848)

CITY OF FORSYTH, GEORGIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Prior to implementation of GASB 54</i>										
General Fund										
Reserved	\$ 22,955	\$ -	\$ -	\$ -	\$ -	\$ 47,149	\$ -	\$ -	\$ -	\$ -
Unreserved	614,102	363,498	336,039	648,298	546,956	586,107	736,299	-	-	-
Total general fund	<u>637,057</u>	<u>363,498</u>	<u>336,039</u>	<u>648,298</u>	<u>546,956</u>	<u>633,256</u>	<u>736,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds										
Reserved	-	-	-	-	266,774	724,123	2,990,426	-	-	-
Unreserved	-	-	-	-	-	71,560	83,188	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,774</u>	<u>795,683</u>	<u>3,073,614</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>After implementation of GASB 54</i>										
General Fund										
Nonspendable	-	-	-	-	-	-	-	16,202	23,522	3,494
Restricted	-	-	-	-	-	-	-	45,876	47,019	73,608
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	1,071,596	984,215	872,761
Total general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133,674</u>	<u>1,054,756</u>	<u>949,863</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	278,728	324,849	328,986
Restricted	-	-	-	-	-	-	-	2,394,415	1,373,548	3,162,844
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	59,520	83,493	44,803
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,732,663</u>	<u>1,781,890</u>	<u>3,536,633</u>
Total governmental funds	<u>\$ 637,057</u>	<u>\$ 363,498</u>	<u>\$ 336,039</u>	<u>\$ 648,298</u>	<u>\$ 813,730</u>	<u>\$ 1,428,939</u>	<u>\$ 3,809,913</u>	<u>\$ 3,866,337</u>	<u>\$ 2,836,646</u>	<u>\$ 4,486,496</u>

Note 1: Fund balances terminology changed in June 15, 2010 with the implementation of GASB statement 54.

CITY OF FORSYTH, GEORGIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 2,967,002	\$ 2,437,418	\$ 2,437,778	\$ 2,592,219	\$ 3,466,595	\$ 3,988,237	\$ 2,831,092	\$ 2,934,455	\$ 3,017,700	\$ 2,510,573
Licenses and permits	77,939	79,894	100,646	98,821	114,744	113,115	116,898	104,718	127,796	103,346
Intergovernmental	317,331	72,327	111,932	189,898	60,756	34,292	724,614	1,165,182	1,137,270	715,875
Fines and forfeitures	306,760	422,434	413,598	455,202	644,759	364,885	347,537	375,063	452,485	520,036
Charges for services	187,367	303,312	299,482	276,650	413,885	396,058	394,319	399,480	428,856	388,715
Investment earnings	2,643	1,157	3,020	24,961	35,478	12,611	7,463	2,880	4,879	558
Other revenues	41,743	45,683	38,977	47,087	102,428	29,166	65,063	74,928	91,482	35,511
Total revenues	3,900,785	3,362,225	3,405,433	3,684,838	4,838,645	4,938,364	4,486,986	5,056,706	5,260,468	4,274,614
Expenditures										
General government	1,151,871	1,216,181	1,170,643	1,446,508	1,661,240	1,061,479	1,103,838	1,502,460	1,622,132	1,257,352
Public safety	1,702,172	1,506,801	1,469,251	1,796,911	1,915,924	1,873,857	1,858,466	2,033,492	2,467,583	2,145,608
Public works	925,302	1,352,235	1,230,575	1,438,759	1,348,751	1,341,172	1,273,496	1,350,224	1,410,651	1,218,334
Parks and recreation	97,299	85,391	11,474	18,336	21,588	11,915	22,478	16,663	63,445	54,761
Better hometown	-	-	50,262	110,055	126,543	94,993	92,612	94,744	79,813	100,168
Capital outlay	-	650,858	21,975	-	463,749	1,040,388	51,179	436,558	878,815	347,337
Debt service										
Principal	91,039	118,605	124,409	85,446	81,347	402,991	136,601	412,309	426,676	442,583
Interest	7,661	11,300	26,797	31,583	46,828	60,331	115,991	92,883	85,385	74,021
Total expenditures	3,975,614	4,941,371	4,105,386	4,927,598	5,665,970	5,887,126	4,654,661	5,939,333	7,034,500	5,640,164
Excess (deficiency) of revenues over (under) expenditures	(74,829)	(1,579,146)	(699,953)	(1,242,760)	(827,325)	(948,762)	(167,675)	(882,627)	(1,774,032)	(1,365,550)
Other financing sources (uses):										
Transfers in (out)	139,417	1,211,237	(191,586)	1,355,961	992,757	1,141,955	541,738	875,249	738,811	657,489
Bond and loan proceeds	91,416	94,350	862,080	199,058	-	422,016	2,006,911	63,791	5,542	2,358,019
Total other financing sources (uses)	230,833	1,305,587	670,494	1,555,019	992,757	1,563,971	2,548,649	939,040	744,353	3,015,508
Net change in fund balances	\$ 156,004	\$ (273,559)	\$ (29,459)	\$ 312,259	\$ 165,432	\$ 615,209	\$ 2,380,974	\$ 56,413	\$ (1,029,679)	\$ 1,649,958
Ratio of debt service to noncapital expenditures	2.55%	3.12%	3.85%	2.43%	2.53%	10.57%	5.81%	10.11%	9.07%	10.82%

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS

Calendar Year	General Government	Police	Fire Department	Municipal Court	Public Works	Better Hometown	Parks & Recreation	Total
2003	\$1,117,315	\$1,157,477	\$ 544,695	\$ 34,556	\$ 925,302	\$ -	\$ 97,299	\$3,876,644
2004	1,053,784	1,132,047	374,754	31,523	1,352,235	-	85,391	4,029,734
2005	979,874	1,075,522	393,729	57,886	1,230,575	50,262	11,474	3,799,322
2006	1,249,446	1,399,742	397,169	63,994	1,438,759	110,055	18,336	4,677,501
2007	1,176,129	1,475,054	440,870	97,699	1,348,751	126,543	21,588	4,686,634
2008	922,043	1,358,814	423,078	91,965	1,341,172	94,993	11,915	4,243,980
2009	678,047	1,230,211	448,008	92,517	1,273,496	92,612	22,478	3,837,369
2010	1,390,959	1,443,956	526,455	89,755	1,350,224	94,744	16,663	4,912,756
2011	1,511,255	1,683,293	714,204	85,444	1,410,651	79,813	63,445	5,548,105
2012	1,137,303	1,495,948	602,431	93,164	1,231,202	100,168	54,761	4,714,977

Notes:

- (1) Source is current and prior years' fund financial statements.
- (2) Better Hometown expenditures not track separately in financials prior to 2005.

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN YEARS

Calendar Year	Inter-Government	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Licenses & Permits	Charges for Services	Fines & Forfeits	Beer & Liquor Taxes	Insurance Premium Tax	Misc. & Interest	Total
2003	\$ 187,367	\$ 525,747	\$ 1,679,467	\$ 221,467	\$ 77,939	\$ 306,760	\$ 317,331	\$ 227,304	\$ 261,837	\$ 44,386	\$ 3,849,605
2004	72,327	628,236	1,441,327	167,037	79,894	303,312	422,434	171,439	197,485	46,840	3,530,331
2005	111,932	667,283	1,529,388	173,429	100,646	299,482	413,598	177,999	205,042	41,997	3,720,796
2006	191,638	487,419	1,902,522	106,588	98,821	276,650	455,202	223,701	214,525	70,307	4,027,373
2007	63,312	505,204	2,049,597	144,520	114,744	367,573	644,759	222,471	223,773	134,806	4,470,759
2008	34,292	584,679	2,532,017	113,603	113,115	396,058	328,585	180,224	229,134	39,556	4,551,263
2009	25,600	529,429	2,151,560	105,804	116,898	394,319	347,537	201,851	226,984	48,804	4,148,786
2010	393,179	616,399	2,250,129	116,700	104,718	399,480	365,999	224,091	220,387	76,411	4,767,493
2011	336,489	644,337	2,370,080	119,443	127,796	428,856	411,603	217,159	177,673	92,587	4,926,023
2012	90,507	608,584	1,728,219	110,444	103,346	388,715	489,377	199,848	188,719	36,032	3,943,791

CITY OF FORSYTH, GEORGIA
SALES TAX COLLECTIONS AND RATES
LAST TEN YEARS

Calendar Year	Sales Tax Received by Forsyth			Individual Sales Tax Rates				
	Local Option Sales Tax	Special Purpose Local Option Sales Tax	Total Collected Sales Tax	State Basic Rate	County Education Rate	Special Purpose Local Option Sales Tax	City Local Option Sales Tax	Total Sales Tax Rate
2003	\$ 1,223,824	\$ 455,643	\$ 1,679,467	4%	1%	1%	1%	7%
2004	923,044	518,283	1,441,327	4%	1%	1%	1%	7%
2005	985,913	543,475	1,529,388	4%	1%	1%	1%	7%
2006	1,227,317	675,205	1,902,522	4%	1%	1%	1%	7%
2007	1,322,174	727,423	2,049,597	4%	1%	1%	1%	7%
2008	1,663,432	868,585	2,532,017	4%	1%	1%	1%	7%
2009	1,452,546	699,014	2,151,560	4%	1%	1%	1%	7%
2010	1,478,126	772,003	2,250,129	4%	1%	1%	1%	7%
2011	1,581,895	788,185	2,370,080	4%	1%	1%	1%	7%
2012	1,102,851	625,368	1,728,219	4%	1%	1%	1%	7%

CITY OF FORSYTH, GEORGIA
 ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

Calendar Year	Assessed Value of Taxable Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2003	\$ 108,486,802	\$ 19,916,301	\$ 88,570,501	7.070	\$ 221,426,253	40%
2004	109,322,082	19,916,318	89,405,764	7.015	223,514,410	40%
2005	111,722,709	19,889,818	91,832,891	6.515	229,582,228	40%
2006	114,369,837	19,793,523	94,576,314	6.000	236,440,785	40%
2007	118,651,803	19,826,374	98,825,429	5.750	247,063,573	40%
2008	116,969,795	9,791,246	107,178,549	5.750	267,946,373	40%
2009	120,859,356	9,764,906	111,094,450	5.750	277,736,125	40%
2010	121,371,593	9,897,306	111,474,287	5.600	278,685,718	40%
2011	119,762,947	9,906,759	109,856,188	5.600	274,640,470	40%
2012	121,919,065	9,992,386	111,926,679	5.600	279,816,698	40%

Sources: Georgia's Consolidated Tax Digest

Note: The county assesses property at 40% of actual value. Actual taxable value is calculated by dividing assessed value by 40%. Tax rates are per \$1,000 of assessed value.

CITY OF FORSYTH, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Calendar Year Ended	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percentage of Current Levy
		Amount	Percentage of Levy		Amount	Percentage of Levy		
12/31/2003	\$ 525,747	\$ 440,667	83.82%	85,080	\$ 525,747	100.00%	\$ -	0.00%
12/31/2004	628,236	558,447	88.89%	68,099	626,546	99.73%	1,690	0.27%
12/31/2005	667,283	593,574	88.95%	72,267	665,841	99.78%	1,442	0.22%
12/31/2006	487,419	368,450	75.59%	118,678	487,128	99.94%	291	0.06%
12/31/2007	505,204	391,882	77.57%	112,719	504,601	99.88%	603	0.12%
12/31/2008	584,679	324,981	55.58%	259,030	584,011	99.89%	668	0.11%
12/31/2009	529,429	406,633	76.81%	121,099	527,732	99.68%	1,697	0.32%
12/31/2010	616,399	482,924	78.35%	113,712	596,636	96.79%	19,763	3.21%
12/31/2011	644,337	562,484	87.30%	59,616	622,100	96.55%	22,237	3.45%
12/31/2012	625,241	532,308	85.14%	-	532,308	85.14%	92,933	14.86%

Sources: Digest Reports of Forsyth, Property Tax Collection Reports,
Property Tax Delinquent Accounts Reports, Prior Forsyth Financial Reports

CITY OF FORSYTH, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

Tax Levy Period Calendar Year	Direct	Overlapping		Total
	City Basic Rate	State and County	County School System	
2003	7.070	9.350	12.300	28.720
2004	7.015	9.350	12.300	28.665
2005	6.515	11.450	13.500	31.465
2006	6.000	11.450	13.500	30.950
2007	5.750	11.450	13.900	31.100
2008	5.750	9.681	13.100	28.531
2009	5.750	9.681	13.700	29.131
2010	5.600	9.681	13.950	29.231
2011	5.600	9.681	14.987	30.268
2012	5.600	9.531	15.342	30.473

Source: Georgia Department of Revenue

Note: The above presents tax rates per \$1,000 of assessed valuation.

Note: The city's total direct rate only consists of a basic rate.

CITY OF FORSYTH, GEORGIA
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2012

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Eric S Zorn Trustee (Wal-Mart)	Retail	\$ 4,299,500	3.53%
Wal-Mart Stores East Inc	Retail	3,075,175	2.52%
Central Georgia Medical Property	Hospital	1,834,676	1.50%
Ingram Timber Enterprises LP	Timber	1,438,024	1.18%
Treadwell Family Partnership	Real Estate	1,230,816	1.01%
Atlantic Southern Bank	Bank	1,143,960	0.94%
Ingles	Grocery Store	1,099,976	0.90%
Atlantic Gas Light Co	Utilities	1,033,248	0.85%
Leggett & Platt Inc	Retail	988,669	0.81%
Sai Ram Hotel	Hotel	890,004	0.73%
		<u>\$ 17,034,048</u>	<u>13.97%</u>

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2003

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Forsyth Inns Inc	Hotel	\$ 2,269,064	2.09%
Cagles Inc	Poultry	1,636,813	1.51%
Trane Company	AC Manufacturer	1,481,201	1.37%
Bellsouth Telecom	Telephone	1,438,555	1.33%
Ingram Timber Enterprises	Timber	1,320,090	1.22%
Newton Trio MFG Co	Manufacturing	1,209,028	1.11%
Ingles Markets	Grocery Store	1,188,122	1.10%
Treadwell Family Partnership	Real Estate	1,130,573	1.04%
Jack Treadwell	Real Estate	1,090,067	1.00%
Wal-Mart Stores East Inc	Retail	957,539	0.88%
		<u>\$ 13,721,052</u>	<u>12.65%</u>

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Calendar Year	General Obligation Bonds	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
		Notes Payable	Revenue Bonds	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases			
2003	\$ -	\$ 193,120	\$ -	\$ 59,358	\$ -	\$ 6,370,000	\$ 4,420,708	\$ 11,043,186	13.67%	\$ 2,921
2004	-	168,865	-	-	-	5,170,000	4,063,459	9,402,324	11.03%	2,486
2005	-	906,536	-	-	-	3,930,000	3,689,598	8,526,134	9.42%	2,254
2006	-	857,713	-	162,435	91,354	2,645,000	3,298,353	7,054,855	7.54%	1,864
2007	-	840,319	-	98,482	71,377	1,325,000	2,888,915	5,224,093	5.40%	1,380
2008	-	831,001	-	126,825	-	-	2,510,935	3,468,761	3.32%	916
2009	-	821,225	2,030,000	-	-	-	2,040,709	4,891,934	4.91%	1,292
2010	-	811,025	1,635,000	51,141	-	-	1,666,893	4,164,059	4.04%	1,099
2011	-	800,382	1,230,000	40,108	-	-	1,145,073	3,215,563	2.13%	840
2012	-	789,279	2,970,000	28,627	-	-	564,593	4,352,499	2.88%	1,136

Source: current and prior years' financial statements.

(1) See the schedule of Demographic and Economic Statistics for per capita personal income and population data.

CITY OF FORSYTH, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
AS OF DECEMBER 31, 2012

	<u>Total Amount of Debt Outstanding</u>	<u>Percentage Applicable to City of Forsyth</u>	<u>Amount Applicable to City of Forsyth</u>
Direct Debt			
Notes payable	\$ 789,279		
Revenue bonds	2,970,000		
Capital leases	<u>28,627</u>		
Total Direct Debt	<u>3,787,906</u>		
Overlapping Debt			
<u>Downtown Development Authority of Forsyth</u>			
Series 1999 Cable Bonds	<u>537,805</u>	100%	<u>\$ 537,805</u>
Total Direct and Overlapping Debt	<u>\$ 4,325,711</u>		<u>\$ 537,805</u>

Source: City of Forsyth

CITY OF FORSYTH, GEORGIA
 COMPUTATION OF LEGAL DEBT MARGIN
 DECEMBER 31, 2012

Assessed value of all taxable property	\$ 111,926,679	
Plus exempt property	<u>9,992,386</u>	<u>\$ 121,919,065</u>
Debt limit - 10% of assessed value		\$ 12,191,907
Debt applicable to limitation:		
Total general obligation debt	\$ (789,279)	
Less assets in debt service available for payment of principal	<u>65,178</u>	
Total amount of debt applicable to debt limit		<u>(724,101)</u>
Legal debt margin		<u>\$ 11,467,806</u>

Source: City of Forsyth, Georgia tax records.

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation debt.

CITY OF FORSYTH, GEORGIA
LONG TERM DEBT BURDEN
WATER AND SEWER FUND
LAST TEN YEARS

Calendar Year	Gross Revenue (1)	Direct Operating Expenses (2)	Available for Debt Service	Debt Service Requirements			Total Debt Burden	Per Capita
				Principal	Interest	Total		
2003	\$ 8,631,055	\$ 6,676,679	\$ 1,954,376	\$ 1,245,681	\$ 614,292	\$ 1,859,973	\$ -	\$ -
2004	8,414,044	6,477,542	1,936,502	1,557,249	379,626	1,936,875	373	-
2005	8,207,203	6,160,402	2,046,801	1,613,861	333,522	1,947,383	-	-
2006	8,204,551	7,240,585	963,966	1,688,891	116,680	1,805,571	841,605	-
2007	9,445,660	8,030,579	1,415,081	1,749,415	72,887	1,822,302	407,221	108
2008	8,987,291	7,447,006	1,540,285	1,845,734	97,406	1,943,140	402,855	106
2009	9,130,164	8,097,321	1,032,843	470,226	118,176	588,402	-	-
2010	10,671,277	9,050,729	1,620,548	505,174	93,560	598,734	-	-
2011	10,906,016	9,860,147	1,045,869	521,820	71,740	593,560	-	-
2012	10,971,111	10,336,256	634,855	540,529	51,955	592,484	-	-

- (1) Total revenues exclusive of SPLOST, grants and interest.
(2) Total operating expenses exclusive of depreciation.

Source: current and prior years' financial statements.

CITY OF FORSYTH, GEORGIA
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 DECEMBER 31, 2012

Date of incorporation	December 10, 1823
Form of government	Mayor-City Council
Area	4.98 square miles
Miles of streets	46 miles
Miles of sanitary sewers	40
Number of street lights	785
Number of fire stations	1
Number of police stations	1
Number of parks	5

<u>Fiscal Year</u>	<u>Population (Est) (2)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (County)</u>
2003	3,781	\$ 80,811,313	\$ 21,373	4.0%
2004	3,782	85,253,844	22,542	4.2%
2005	3,783	90,512,058	23,926	4.9%
2006	3,784	93,616,160	24,740	4.5%
2007	3,785	96,733,245	25,557	4.2%
2008	3,786	104,414,094	27,579	5.7%
2009	3,787	99,617,035	26,305	9.0%
2010	3,788	103,132,088	27,226	9.2%
2011	3,826	150,732,922	39,397	8.8%
2012	3,830	150,890,510	39,397	8.2%

Source: Records in City Hall files, Georgia Department of Labor, and Bureau of Labor Statistics // www.bea.gov, City of Forsyth Records

- (1) Personal income is derived at by multiplying population by per capita personal income.
- (2) All population data, besides 2010, are estimates based on the U.S. Census results.

CITY OF FORSYTH, GEORGIA
PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Monroe County Board of Education	690	1	18.02%	504	1	13.33%
GA Department of Corrections	350	2	9.14%			
Monroe County Board of Commissioners	350	3	9.14%	350	2	9.26%
Al Burrus Correctional Institute	243	4	6.34%			
GA Public Safety Training Center	179	5	4.67%	179	3	4.74%
Monroe County Hospital	156	6	4.07%	150	5	3.97%
Wal-Mart	125	7	3.26%	60	8	1.59%
Ingles	100	8	2.61%	120	5	3.17%
City of Forsyth	78	9	2.04%	78	7	2.06%
Perdue Chicken	66	10	1.72%	53	10	1.40%
Southern Textiles				110	6	2.91%
Forsyth Inns				55	9	1.46%

Source: City of Forsyth, Occupation Licenses Reports, Bureau of Economic Analysis

Note: 2003 employment data not readily available. Estimates provided by city and businesses.

CITY OF FORSYTH, GEORGIA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN YEARS

Function	Full-time Equivalent Employees as of Year End									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative	15	15	17	13	12	10	11	11	11	12
Fire	11	11	11	12	12	13	13	13	17	16
Police	28	28	28	34	34	32	32	35	32	29
Municipal Court	1	1	1	1	1	1	1	1	1	1
Public Works	28	28	28	28	31	26	22	22	25	18
Better Hometown	1	1	1	1	1	2	2	2	2	2
Electric	9	9	10	9	12	9	9	13	11	11
Cable	3	3	2	2	2	-	-	-	-	-

Note: Full-time equivalent employee data was not readily available prior to 2005. Estimates have been used for these years.

CITY OF FORSYTH, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative										
Business licenses issued	365	375	472	463	539	537	442	476	512	501
Permits issued	103	106	133	130	152	193	263	155	212	207
Police										
Citations	3,484	2,575	2,608	3,422	3,275	3,980	2,084	2,928	2,879	2,544
Public Works										
Garbage customers	1,667	1,648	1,627	1,501	1,494	2,281	1,470	1,437	1,427	1,481
Culture and Recreation										
Annual city-sponsored events	-	-	-	-	6	6	11	11	5	10
Annual non-city sponsored events	1	1	1	1	1	1	1	1	1	1
Electric										
Annual Kilowatt Hours Sold (millions)	69.0	59.9	60.1	58.0	67.9	65.8	67.1	77.2	79.4	80.8
Water										
Average daily consumption in gallons (millions)	1.1	1.3	1.2	1.3	1.6	1.7	1.1	2.0	2.0	1.5
Cable										
Cable customers	1,988	1,985	1,815	1,761	1,753	1,708	1,731	1,437	1,432	1,653

Note: Operating indicator data was not readily available prior to 2005. Estimates have been used for these years.

CITY OF FORSYTH, GEORGIA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS

Function	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Police										
Patrol units	7	7	7	7	9	9	8	9	10	8
Fire										
Fire trucks	5	5	5	5	5	5	5	5	4	4
Public Works										
Vehicles	10	10	10	10	10	10	10	10	10	10
Street (miles)	46	46	46	46	46	46	46	46	46	46
Streetlights	726	726	726	726	760	760	785	785	785	785
Garage										
Vehicles	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Acreage	15	15	16	16	16	16	16	16	16	16
Park sites	3	3	3	4	4	4	5	5	5	5
Electric										
Electric lines (miles)	51.65	51.65	51.65	51.65	52.50	54.97	54.97	57.97	57.97	58.00
Water										
Water mains (miles)	40	40	40	40	40	40	40	40	40	40
Sewer										
Sanitary sewers (miles)	30	30	30	30	30	30	30	30	30	40
Cable										
Cable lines (miles)	110	110	110	110	110	110	110	110	110	110

Note: Capital asset data was not readily available prior to 2005. Estimates have been used for these years.

GOVERNMENT REPORTS

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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 Forsyth, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Forsyth, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Forsyth, Georgia's basic financial statements and have issued our report thereon dated July 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Forsyth, 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 Forsyth, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Forsyth, Georgia's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, see deficiency 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Forsyth, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Forsyth, Georgia's Response to Findings

City of Forsyth, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Forsyth, 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.

Forsyth, Georgia
July 9, 2013

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

2012-01 Control Environment – Inventory

CRITERIA

The City's inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

CONDITION

The City did not properly update their inventory software to ensure accurate records of inventory.

EFFECT

The independent auditor noticed several discrepancies in inventory counts when comparing test counts to reports printed from the inventory software. These discrepancies were significant and required a complete recount of inventory, and delayed the audit.

CAUSE

The significant deficiency is the result of City personnel not following proper procedures to ensure inventory is tracked properly.

RECOMMENDATION

The City should enforce the procedures that are in place to ensure that inventory records are updated correctly in a timely manner. The City should also test inventory records on a periodic basis to ensure inventory is properly tracked.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will review and update their inventory procedures.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

2011-01 Control Environment – Inventory

Criteria: The City’s inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

Condition: The City did not properly update their inventory software to ensure accurate records of inventory.

Auditee response/status: Unresolved. See current finding 2012-1.

2011-02 Grant Reporting

CRITERIA

Under the U.S. Department of Housing and Urban Development’s neighborhood initiative grant contract, the city was required to file quarterly progress reports and final performance reports with the U.S. Department of Housing and Urban Development.

CONDITION

The City did not file any of the above mentioned reports or file proper documentation to complete the grant with the U.S. Department of Housing and Urban Development.

Auditee response/status: Resolved.



CITY OF FORSYTH

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

2012-01 Control Environment – Inventory

CRITERIA

The City's inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

CONDITION

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RECOMMENDATION

The City should enforce the procedures that are in place to ensure that inventory records are updated correctly in a timely manner. The City should also test inventory records on a periodic basis to ensure inventory is properly tracked.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and will review and update their inventory procedures.

James L. Hall

July 09, 2013