



City of Villa Rica, Georgia

Financial Statements and Supplementary Information
For the Year Ended March 31, 2008

And

Independent Auditor's Report



CITY OF VILLA RICA, GEORGIA

**Financial Statements and Supplementary Information
For the Year Ended March 31, 2008**

And

Independent Auditor's Report

City of Villa Rica, Georgia
March 31, 2008

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City of Villa Rica, Georgia
March 31, 2008

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City of Villa Rica, Georgia
March 31, 2008

Appointed Administrative Officials

Danny Mabry
Reedell Saxon
Cindy Samples
Larry Wood
Michael Mansour

City Manager
City Clerk
Finance Officer
City Accountant
Chief of Police

Appointed Judicial Branch

C. David Mecklin, Jr.
Timothy McCreary

City Attorney
City Judge

Elected Officials

J. Allen Collins
Verland Best
Perry Amidon
Woody Holland
Joe Kelley
Shirley Marchman

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

FINANCIAL SECTION



Garrett
Stephens
Thomas &
Fazio, P.C.

Ann M. Fazio	CPA	James W. Garrett	CPA
Frederick G. Thomas	CPA		
Leamon A. Stephens	CPA	Brandy C. Smith	CPA
Deborah W. Cooke	CPA	Julie M. George	CPA
Johanna H. Tallent	CPA		

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

Honorable Mayor and City Council
Villa Rica, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Villa Rica, Georgia, as of and for the year ended March 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Villa Rica's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Villa Rica, Georgia, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2008 on our consideration of City of Villa Rica's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 15 and 50 through 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and City Council
Villa Rica, Georgia
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Rica's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Danett, Stephen, Thomas & Jazio, P.C.

August 11, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Villa Rica, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended March 31, 2008. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government and unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The City's total assets exceeded its total liabilities by \$45,136,559 (net assets) for the fiscal year reported. This compares to the previous year when total assets exceeded total liabilities by \$42,448,138.
- Total net asset are comprised of the following:
 - a. Capital assets, net of related debt, of \$35,299,039 include property and equipment net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - b. Net assets of \$2,063,975 are included in restricted net assets that have constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - c. Unrestricted net assets of \$7,773,545 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$4,008,651 this year. This compares to the prior year ending fund balance, of \$2,909,859 showing an increase of \$1,098,792 during the current year. Unrestricted General Fund balance of \$2,405,368 for fiscal year 2007 shows a \$191,851 increase from the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$2,405,368 or 26% of total General Fund expenditures including transfers and 27% of total General Fund revenues including transfers.
- Overall, the City of Villa Rica, Georgia, continues to maintain a strong financial position in spite of the slower housing growth and increased pressures for services.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

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

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

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

Notes to the basic financial statements

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

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

Other information

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

Financial Analysis of the City as a Whole

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

The City's net assets at fiscal year-end are \$45.1 million. This is a \$2.7 million increase from last year's net assets of \$42.4 million. The Statement of Net Assets on the following page provides a summary of the City's net assets.

Summary of Net Assets

(\$ X 1,000)

	Governmental Activities		Business Activities		Total		% Change
	2007	2008	2007	2008	2007	2008	
Assets:							
Current and other assets							
Cash	\$ 3,809	\$ 4,283	\$ 8,443	\$ 5,774	\$ 12,252	\$ 10,057	-18%
Receivables, net	\$ 1,490	\$ 783	\$ 289	\$ 334	\$ 1,779	\$ 1,117	-37%
Prepaid expenses	\$ 111	\$ 163	\$ 58	\$ -	\$ 169	\$ 163	-4%
Inventory	\$ -	\$ -	\$ 110	\$ 110	\$ 110	\$ 110	0%
Capital assets (Net)							
Nondepreciable	\$ 3,491	\$ 3,491	\$ 414	\$ 2,683	\$ 3,905	\$ 6,174	58%
Depreciable, net	\$ 14,659	\$ 15,127	\$ 17,223	\$ 17,851	\$ 31,882	\$ 32,978	3%
Other Assets	\$ -	\$ -	\$ 25	\$ 16	\$ 25	\$ 16	-36%
Total assets	\$ 23,560	\$ 23,847	\$ 26,562	\$ 26,768	\$ 50,122	\$ 50,615	9%
Liabilities:							
Current liabilities							
Accounts Payable	\$ 2,129	\$ 876	\$ 72	\$ 42	\$ 2,201	\$ 918	-58%
Customer Deposits	\$ -	\$ -	\$ 429	\$ 456	\$ 429	\$ 456	6%
Accrued Expenses	\$ 296	\$ 204	\$ 78	\$ 70	\$ 374	\$ 274	-27%
Long-term liabilities							
Due within one year	\$ 531	\$ 559	\$ 283	\$ 24	\$ 814	\$ 583	-28%
Due in more than one yr	\$ 2,360	\$ 1,801	\$ 1,496	\$ 1,446	\$ 3,856	\$ 3,247	-16%
Total liabilities	\$ 5,316	\$ 3,440	\$ 2,358	\$ 2,038	\$ 7,674	\$ 5,478	-28%
Net assets:							
Investment in capital assets net of debt	\$ 15,259	\$ 16,258	\$ 15,879	\$ 19,041	\$ 31,138	\$ 35,299	13%
Restricted	\$ 1,722	\$ 1,652	\$ 300	\$ 412	\$ 2,022	\$ 2,064	2%
Unrestricted	\$ 1,262	\$ 2,497	\$ 8,026	\$ 5,277	\$ 9,288	\$ 7,774	-16%
Total net assets	\$ 18,243	\$ 20,407	\$ 24,205	\$ 24,730	\$ 42,448	\$ 45,137	6%

The City reported a positive change in both net assets for governmental and business-type activities with a combined 6% increase. Net assets increased \$2.2 million for governmental activities and \$.5 million for business-type activities. The majority of these increases were due to the purchase of land for the proposed West Waste Water Treatment Plant and the completion of Vplex Road, South Carroll Road improvements and Gold Mine Museum for Government Activities. The City's unrestricted net asset of \$7.8 million combined for governmental and the business-type activities reflect a sound financial position of the City with a three-month working capital level. The City's overall financial position remained stable in 2008 and management considers the City's financial position to be strong.

Note that approximately 79.7 % of the governmental activities' net assets are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent 77.0% of its net assets on capital. Capital assets in the business-type activities provide utility services but they also generate revenues for these funds. 78.2% of the City's total net assets are included in capital assets, which is up from 62.1% in 2007 due to increased capital spending mainly for the proposed West Waste Water Treatment Plant.

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

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

	Government Activities		Business Activities		Total		% Change
	2007	2008	2007	2008	2007	2008	
Revenues:							
Program Revenues:							
Charges for Services	\$2,574	\$2,183	\$6,927	\$5,093	\$9,501	\$7,276	-23%
Operating Grants & Contributions	419	364	0	0	419	364	-13%
Capital Grants & Contributions	0	0	1	25	1	25	2400%
General Revenues:							
Sales and Hotel Tax	1,346	1,388	0	0	1,346	1,388	3%
Property Taxes	3,957	5,074	0	0	3,957	5,074	28%
Franchise Taxes	830	928	0	0	830	928	12%
Other Taxes and Miscellaneous	431	334	427	393	858	727	-15%
Total Revenues	9,557	10,271	7,355	5,511	16,912	15,782	-7%
Expenses:							
Current operating:							
Gen Gov	2,068	1,927	0	0	2,068	1,927	-7%
Public Safety	3,159	3,006	0	0	3,159	3,006	-5%
Highway & Streets	657	644	0	0	657	644	-2%
Maintenance	283	300	0	0	283	300	6%
Recreation	1,625	1,950	0	0	1,625	1,950	20%
Public Welfare	236	185	0	0	236	185	-22%
Interest	109	95	0	0	109	95	-13%
Total	8,137	8,107	0	0	8,137	8,107	0%
Wtr/Sewer	0	0	3,750	4,343	3,750	4,343	16%
Utility Director	0	0	56	12	56	12	-79%
Solid Waste	0	0	542	630	542	630	16%
Total	0	0	4,348	4,985	4,348	4,985	15%
Total Expenses	8,137	8,107	4,348	4,985	12,485	13,092	5%
Excess/(Deficiency)	1,420	2,164	3,007	526	4,427	2,690	
Transfers	(37)	0	37	0	0	0	
Change in Net Assets	1,383	2,164	3,044	526	4,427	2,690	
Beginning Net Assets	16,860	18,243	21,161	24,205	38,021	42,448	
Ending Net Assets	\$18,243	\$20,407	\$24,205	\$24,731	\$42,448	\$45,138	

GOVERNMENT REVENUES

Property tax exceeded \$5 million, Local Option Sales Tax exceeded \$1.3 million, Fines and Forfeitures remained at almost \$1.3 million and franchise tax was \$.9 million. These continue as the main sources of revenue for the operations of the City government. The City generated 26% of its revenue from non-tax

sources not including water/sewer and solid waste user fees. Water/sewer and solid waste revenues were \$4.4 million and \$.6 million respectively.

GOVERNMENTAL FUNCTIONAL EXPENSES

As reflected in the Statement of Activities, City of Villa Rica expended 37.1% of the Governmental Fund appropriations for Public Safety and Judicial expenditures and 24.1% in Recreation and Culture activities. City of Villa Rica continues to commit substantial financial resources for the safety of its citizens, recreation and improvement of parks and streets.

Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$4,008,651 up from \$2,909,859. This year-end total is unreserved, indicating availability for continuing City service requirements. Fund balances include \$.7 million in drug forfeiture funds and \$.8 million in Urban Development Authority Grants.

The total ending fund balances of governmental funds show an increase of \$1.1 million from the prior year. This increase is primarily the result of the events and programs described within the analysis of the statement of governmental activities and mainly due to a \$373,000 increase in General Fund cash and \$1.2 million decrease in accounts payable. The decrease in accounts payable was partially offset by a reclassification to "due to other funds" for the Avanti Building transfer from the UDAG Fund.

The Major Governmental Fund

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund is currently \$2.4 million with cash of \$3.0 million. The General Fund balance is up \$191,850 from 2007 mainly due to restrained spending and thus departments being under budget.

The 2008 property tax revenue increased 15% or \$429,793 from 2007 mainly due to continued residential housing growth and rezoning of agricultural land to commercial. The millage rate was decreased from 6.825 mills to 6.775 mills to partially allow for revaluation increases. LOST revenues increased 3% or \$34,624 as the local housing industry slowed. Franchise Tax receipts increased 12% or \$98,186 mainly due to the increased number of homes and therefore usage.

Fines decreased 8% or \$102,090 to \$1,177,283 from 2006-07. The fine schedule was adjusted down in 2007-08. Business license, penalties and interest decreased 7% or \$30,118 due to increases in commercial businesses.

Most other revenue streams increased also due to the double digit population increases which continue to exceed the growth rate of Carroll County.

The functions of public safety, general government and recreation represent 80% or \$6.2 million of the general fund's total expenditures of \$7,772,823. In fiscal year 2006-07, this percentage was 82%. The recreation department expenditures increased from \$1,465,450 to \$1,712,325 or from 17% to 22% of the

general fund’s total expenditures. Public safety basically remained unchanged with expenditures of \$2,748,246 at 35% of the general fund’s total expenditures.

Proprietary funds

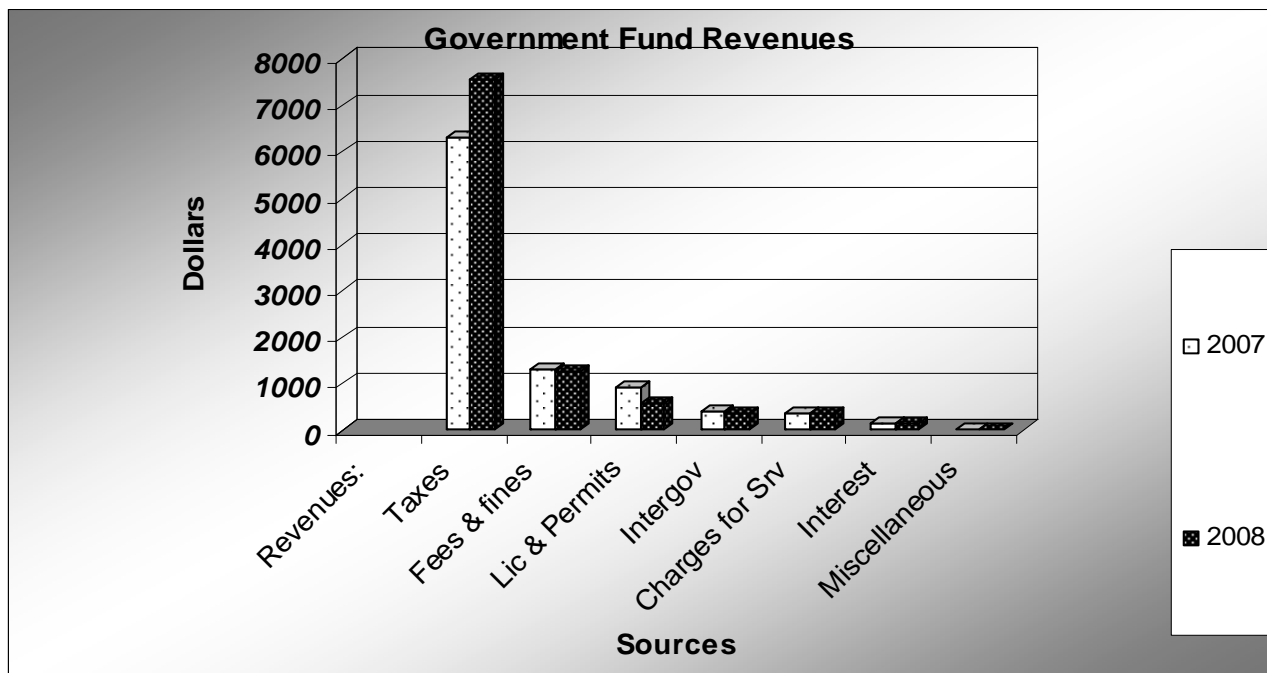
The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Proprietary funds reported ending net assets of \$24,729,856. This year-end total contains \$5.4 million of non-restricted cash, indicating availability for continuing City service requirements.

The Major Proprietary Fund

The water system provides water to over 6,300 residential and 640 commercial/industrial customers. The sewer service rates remained unchanged for this fiscal year but water rates were increased 3% from a base rate of \$3.00/1000 gallons to a two tier escalating rate structure of \$3.10/1000 and \$3.875/1000 for residential customers; from \$2.65/1000 to \$2.75/1000 and \$3.4375/1000 for commercial; and from \$2.50/1000 to \$2.60/1000 for industrial customers on April 1, 2007. The “debt service charges” for water were also increased 3% from \$4/month to \$4.12/month for a ¾ inch service. No changes were made in water and sewer tap fees.

General Fund Budgetary Highlights

The original budget was approved by the City Council at the April 3, 2007 council meeting for \$8.9 million which was an increase of \$.8 million from the prior year. Subsequently, the Council made a second quarter budget amendment at their December 4, 2007 council meeting, which reallocated their original appropriations of \$8.9 million. The final budget revision was approved by Council on April 1, 2008 and left the budget at \$8.9 million with only transfers between departments. See following chart for comparison of revenue sources.

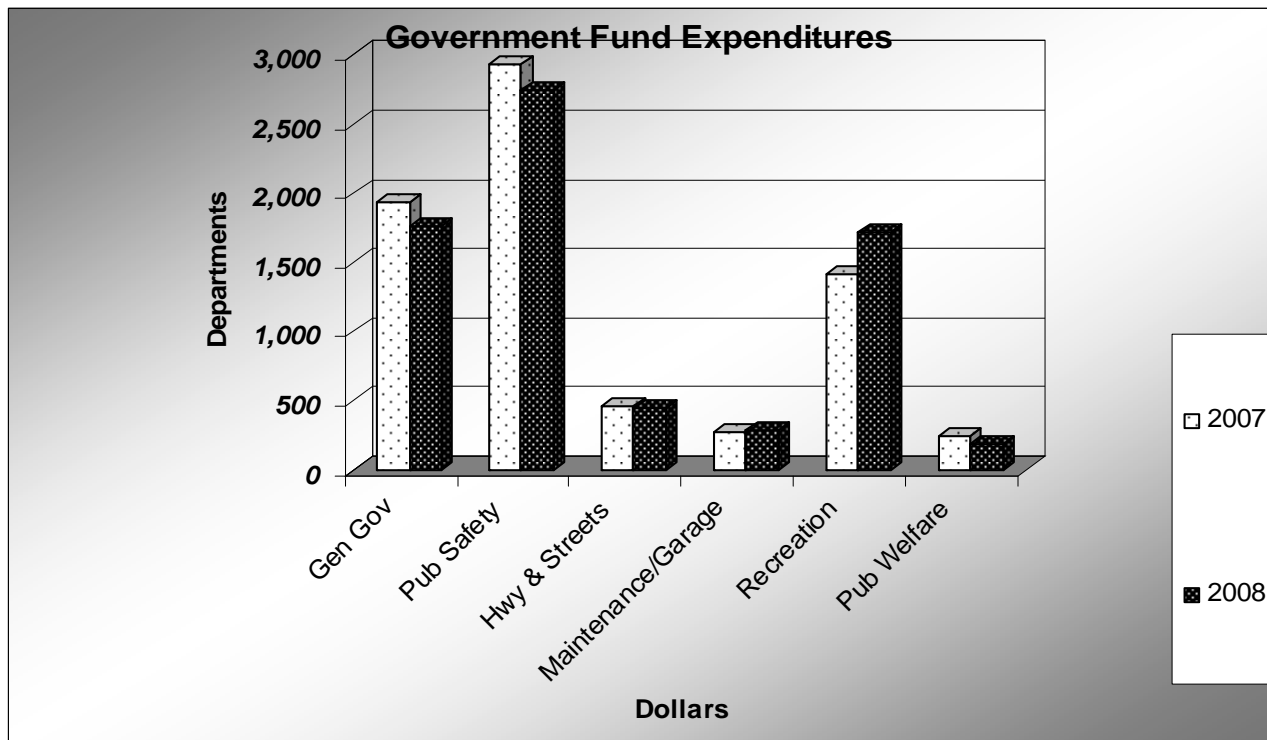


Second quarter budget changes included the addition of principal and interest payments on the UDAG loan for the Avanti building of \$68,150; asbestos abatement of old library and fire station of \$23,500; and increase for street lighting of \$17,000; several capital carry over projects (South Wilson Road) and addition of red light at South Carroll and Highway 61 for \$65,000. Reductions included custody of prisoners at \$40,000; transfer of employee from Streets to Water/Sewer Distribution of \$19,100; and deletion of Andrew Way paving of \$70,000. Reductions in streets capital road projects of \$70,655 and group insurance premiums of \$32,073 were also included.

Total General Fund revenues received were \$8.8 million with the City just .5% under original estimated revenues.

The largest under expenditure of a function was for Public Safety (Police Department and Municipal Court) 3% or \$83,640 for salaries and benefits due to vacancies. All departments were under budget for the year.

In the fiscal year 2007-08, general fund transfers from other funds included \$49,742 from Hotel/Motel taxes and \$15,084 from the DUI Task Force Grant Fund. No transfers had to be made from Residual Equity since expenditures were under budget \$306,682. Various over runs for such expenditures as self funded claims of \$10,598; Peace Officers A&B Fund benefits of \$11,287 and POPIDF-OCGA 15-21-73 of \$13,126; Police Department gasoline/diesel of \$15,694; and street lighting of \$21,238 were offset by various under runs.



Capital Asset and Debt Administration

Capital assets

As presented on the Capital Assets Activity sheet on pages 36-37, Capital assets increased \$.5 million for governmental activities and \$2.9 million for business-type activities after the recording of the depreciation expense of \$1.6 million. The City's net investment in capital assets for governmental and business-type

activities as of March 31, 2008, was \$39.2 million. New development streets and water/sewer infrastructure that are turned over to the City to maintain began being added as assets in fiscal year 2005 but none were added for 2007-08.

Major capital asset events during the current fiscal year included purchase of land for the West Waste Water Treatment Plant for \$1.3 million; completion of widening of South Wilson Road for an additional \$175,222; completion of VPlex entrance road from highway 61 at \$133,167; addition of traffic light at South Carroll and Highway 61 for \$57,533; replacement of three patrol cars for \$70,991; construction of Pine Mountain Goldmine Museum building for \$270,011 and expenditures of \$535,429 on the meter replacement program. Total depreciation for the year was \$1.5 million. The net capital additions were \$3.4 million. See Capital Assets activity in Note 3 to Basic Financial Statements – March 31, 2008 for summary of changes in capital assets.

Capital Assets

Net of Accumulated Depreciation
(\$ X 1,000)

	Govt Activities		Business Activities		Total		% Change
	2007	2008	2007	2008	2007	2008	
Non-depreciable assets:							
Land	\$3,491	\$3,491	\$414	\$1,689	\$3,905	\$5,180	33%
Construction in progress	0	0	163	994	163	994	510%
Total non-depreciable	3,491	3,491	577	2,683	4,068	6,174	52%
Depreciable Assets:							
Buildings	9,342	9,668	106	106	9,448	9,774	3%
Machinery and equipment	2,229	2,331	22,370	23,747	24,599	26,078	6%
Vehicles	1,148	1,248	1,595	1,725	2,743	2,973	8%
Furniture and fixtures	186	187	0	0	186	187	1%
Infrastructure	7,025	7,829	0	0	7,025	7,829	11%
Total depreciable assets	19,930	21,263	24,071	25,578	44,001	46,841	6%
Less accumulated depreciation	5,272	6,136	7,010	7,727	12,282	13,863	13%
Book value - Depreciable Assets	\$14,658	\$15,127	\$17,061	\$17,851	\$31,719	\$32,978	4%
Percentage depreciated	26%	29%	29%	30%	28%	30%	

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

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$3,791,289. This total amount is supported by pledged revenues generated by the water/sewer activities of the City (revenue bonds) and property tax pledges. The City's long-term debt relates to water/sewer, recreation and municipal building capital assets. There are two series: 2005 General Obligation for \$.7 million and 1998 Water/Sewer Revenue Bonds for \$1.4 million outstanding. Two loans to the Georgia Environmental Facilities Authority are outstanding with a combined total of \$41,590. A ten year installment sales agreement to Georgia Municipal Association to purchase the Villa Rica Civic Center and Athletic Complex was added in 2005-06 and was reduced to \$1.6 million this year. This was the third year of making monthly lease payments.

City of Villa Rica
Statement of Net Assets
March 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business Activities	Total	
Assets:				
Current and other assets				
Cash	\$4,283,300	\$5,773,980	\$10,057,280	\$186,887
Receivables, net	783,228	333,750	1,116,978	0
Prepaid expenses	162,580	0	162,580	0
Inventory	0	109,968	109,968	0
Capital Assets				
Nondepreciable	3,490,576	2,683,070	6,173,646	498,093
Depreciable, net	15,127,162	17,851,474	32,978,636	0
Other Assets	0	15,637	15,637	0
Total assets	\$23,846,846	\$26,767,879	\$50,614,725	\$684,980
Liabilities:				
Current liabilities				
Accounts Payable	876,220	42,452	918,672	0
Customer Deposits	0	456,241	456,241	0
Accrued Expenses	204,224	69,655	273,879	0
Noncurrent Liabilities				
Due within one year	558,639	276,842	836,838	0
Due in more than one yr	1,801,060	1,192,833	2,992,536	0
Total Liabilities	\$3,440,143	\$2,038,023	\$5,478,166	\$0
Net assets:				
Investment in capital assets net of debt	16,258,039	19,041,000	35,299,039	498,093
Restricted:				
Public Safety	726,859	0	726,859	0
Economic Development	837,499	0	837,499	0
Debt Service	0	411,911	411,911	0
Other purposes	87,706	0	87,706	0
Unrestricted	2,496,600	5,276,945	7,773,545	186,887
Total Net Assets	\$20,406,703	\$24,729,856	\$45,136,559	\$684,980

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Activities
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	-----Program Revenues-----				Net (Expenses) Revenue and -----Changes in Net Assets-----			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	\$1,926,783	\$651,638	\$0	\$0	(\$1,275,145)		(\$1,275,145)	
Public safety	3,006,202	1,260,244	38,927	0	(1,707,031)		(1,707,031)	
Highways and streets	643,739	0	73,986	0	(569,752)		(569,752)	
Maintenance	300,272	0	0	0	(300,272)		(300,272)	
Recreation and culture	1,949,970	271,414	180,530	0	(1,498,027)		(1,498,027)	
Public welfare	184,840	0	70,414	0	(114,426)		(114,426)	
Interest on long-term debt	95,261	0	0	0	(95,261)		(95,261)	
Total governmental activities	8,107,067	2,183,296	363,857	0	(5,559,914)		(5,559,914)	
Business-type activities:								
Water and sewer	4,343,172	4,449,750	0	0	0	106,578	106,578	
Utility Director	11,565	0	0	0	0	(11,565)	(11,565)	
Solid waste	630,301	642,902	0	0	0	12,601	12,601	
Total business-type activities	4,985,038	5,092,652	0	0	0	107,614	107,614	
Total primary government	\$13,092,105	\$7,275,948	\$363,857	\$0	(\$5,559,914)	\$107,614	(\$5,452,300)	
Component units:								
Industrial Development Authority	1,612	0	0					(\$1,612)
Downtown Dev Authority	6,136	7,727	13,500					15,091
Tourism Board	39,289	0	11,076					(28,213)
Total component units	47,037	7,727	24,576					(14,734)
General revenues:								
Taxes:								
Property taxes levied for general purposes				5,074,048	0	5,074,048		0
Franchise and public service taxes				927,711	0	927,711		0
Sales and hotel/motel taxes				1,388,092	24,524	1,412,616	37,374	
Insurance premium tax				225,960	0	225,960		0
Interest and investment earnings				94,257	378,413	472,670		1,778
Miscellaneous				4,451	7,043	11,494		0
Gain on sale of capital asset				8,925	7,300	16,225		0
Total general revenues				\$7,723,444	\$417,280	\$8,140,274	\$39,152	
Transfers				0	0	0		0
Total general revenues and transfers				7,723,444	417,280	8,140,274	39,152	
Change in net assets				2,163,530	524,894	2,688,424		24,418
Net assets – beginning				18,243,177	24,204,961	42,448,138		660,562
Net assets – ending				\$20,406,707	\$24,729,855	\$45,136,562		\$684,980

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Balance Sheet
Governmental Funds
March 31, 2008

(With Comparative Totals at March 31, 2007)

	General Fund	UDAG Fund	Drug Forfeiture Fund	SPLOST Fund	Other Government Funds	2008 Total Government Funds	2007 Total Government Funds
Assets:							
Cash & equivalents	\$3,414,325	\$60,881	\$ 726,859	\$0	\$81,234	\$4,283,300	\$3,809,169
Receivables, net	559,803	0	0	216,954	6,472	783,228	1,489,672
Due from other funds	0	776,618	0	0	0	776,618	0
Prepaid expenses	162,580	0	0	0	0	162,580	110,847
Total assets	4,136,708	837,499	726,859	216,954	87,706	6,005,726	5,409,688
Liabilities:							
Accounts Payable	610,483	0	0	252,747	12,990	876,220	2,129,550
Accrued Liabilities	204,224	0	0	0	0	204,224	295,701
Due to other funds	776,618	0	0	0	0	776,618	0
Deferred revenue	140,018	0	0	0	0	140,018	74,578
Total liabilities	1,731,343	0	0	252,747	12,990	1,997,080	2,499,829
Fund Balances (Deficits)							
Unreserved	2,405,365	837,499	726,859	0	0	3,969,723	3,665,536
Special revenue funds	0	0	0	(35,793)	74,716	38,923	(755,677)
Total Fund Balances	2,405,365	837,499	726,859	(35,793)	74,716	4,008,646	2,909,859
Total liabilities and fund balances	\$4,136,708	\$837,499	\$726,859	\$216,954	\$87,706	\$6,005,726	\$5,409,688

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
March 31, 2008

Total Governmental Fund Balances

Amounts reported for Governmental activities in the statement of net assets are different because: **\$ 4,008,646**

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

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

Cost of Capital assets	24,754,290	
Less accumulated depreciation	(6,136,551)	18,617,739

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

Property Taxes	140,018	140,018
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Bond issuance costs and bond premiums are charged as expenditures and other sources at the fund financial reporting level but are capitalized on the government-wide statement of net assets.

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

Bonds	(720,000)	
Notes Payable	(1,639,699)	(2,359,699)

Net Assets of Governmental Activities

\$ 20,406,704

See accompanying notes to financial statements.

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

March 31, 2008

(With Comparative Totals at March 31, 2007)

	General Fund	UDAG Fund	Drug Forfeiture Fund	SPLOST Fund	Other Government Funds	2008 Total Government Funds	2007 Total Government Funds
Revenues							
Taxes	\$6,243,497	\$0	\$0	\$ 1,223,974	\$ 82,903	\$7,550,374	\$6,317,209
Licenses and permits	573,401	0	0	0	0	573,401	904,256
Intergovernmental	345,787	0	0	0	15,084	360,871	418,685
Charges for services	349,651	0	0	0	0	349,651	370,759
Fees and fines	1,177,283	0	82,461	0	500	1,260,244	1,298,805
Interest	83,489	35,569	7,771	0	2,997	129,826	157,296
Contributions	300	0	0	0	2,684	2,984	436
Miscellaneous	4,451	0	0	0	0	4,451	9,112
Total revenues	\$8,777,859	\$35,569	\$90,232	\$ 1,223,974	\$104,168	\$10,231,802	\$9,476,558
Expenditures							
Current operating:							
General Government	\$1,764,536	\$0	\$0	\$0	\$0	\$1,764,536	\$1,929,997
Public Safety	2,748,246	0	2,645	0	0	2,750,891	2,928,755
Highways and streets	447,847	0	0	0	0	447,847	455,752
Maintenance/Garage	286,425	0	0	0	0	286,425	272,875
Recreation and culture	1,712,323	0	0	0	0	1,712,323	1,416,122
Public Welfare	151,679	0	0	0	33,161	184,840	236,166
Debt Service:							
Principal	330,000	0	0	0	0	330,000	508,508
Interest	331,762	0	0	0	0	331,762	130,004
Capital outlay	0	0	19,705	423,202	890,404	1,333,311	3,240,587
Total Expenditures	\$7,772,818	\$0	\$22,350	\$ 423,202	\$923,565	\$9,141,935	\$11,118,766
(Deficiency) of revenue over/(under) expenditures	\$1,005,041	\$35,569	\$67,882	\$ 800,772	(\$819,397)	\$1,089,867	(\$1,642,208)
Other Financing Sources (Uses):							
Sale of capital assets	0	0	8,925	0	0	8,925	68,284
Transfers in (out)	(813,190)	0	0	0	813,190	0	(37,135)
Total Other Financing Sources	(813,190)	\$0	\$8,925	\$ 0	\$813,190	\$8,925	\$31,149
Net Change in Fund Balances	\$191,851	\$35,569	\$76,807	\$800,772	(\$6,207)	\$1,098,792	(\$1,611,059)
Fund Balances Beginning of Year	\$2,213,518	\$801,930	\$650,052	\$ (836,565)	\$80,924	\$2,909,859	\$4,520,918
Fund Balances End of Year	\$2,405,368	\$837,499	\$726,859	\$ (35,793)	\$74,717	\$4,008,651	\$2,909,859

See accompanying notes to financial statements.

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

Net change in fund balances – total government funds **\$1,098,792**

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which net capital outlays (\$3,507,461) were more than depreciation (\$785,251 - \$494,457 retirements) in the current period.

Depreciation Expense	(864,944)	
Capital outlay	1,333,310	468,366

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statements of Net Assets.

530,932

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

Property Taxes Deferred @ 3/31/08		65,438
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Change in net assets of Governmental Activities **\$2,163,528**

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Net Assets
Proprietary Funds
March 31, 2008

(With Comparative Totals at March 31, 2007)

	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2008 Totals	2007 Totals
Assets:					
Non-restricted Assets:					
Cash & equivalents	\$5,362,069	\$0	\$0	\$5,362,069	\$8,043,325
Receivables, net	301,952	0	31,798	333,750	289,206
Prepaid expenses	0	0	0	0	58,060
Inventory	109,968	0	0	109,968	109,968
Total Non-restricted Current Assets	5,773,989	0	31,798	5,805,787	8,500,559
Restricted Assets:					
Cash	411,911	0	0	411,911	399,649
Total Restricted Current Assets	411,911	0	0	411,911	399,649
Capital Assets:					
Non-depreciable Capital Assets	2,683,070	0	0	2,683,070	414,100
Depreciable Capital Assets	25,482,624	0	95,721	25,578,345	24,233,779
Accumulated Depreciation	(7,693,103)	0	(33,768)	(7,726,871)	(7,010,122)
Capital Assets, Net	20,472,591	0	61,953	20,534,544	17,637,757
Other Assets:					
Unamortized Bond Costs Long Term	15,637	0	0	15,637	25,249
Total Other Assets	15,637	0	0	15,637	25,249
Total Assets	\$26,674,128	\$0	\$93,751	\$26,767,879	\$26,563,214
Current Liabilities Payable from Non-restricted Current Assets:					
Accounts Payable	3,329	0	39,123	42,452	72,471
Notes Payable - Current	3,039	0	20,160	23,199	24,413
Accrued Expenses	32,532	0	3,943	36,475	77,747
Customer Deposits	456,241	0	0	456,241	428,515
Total Current Liabilities payable from Non-restricted Current Assets	495,141	0	63,226	558,367	603,146
Current Liabilities Payable from Restricted Current Assets:					
Bonds Payable Current	255,000	0	0	255,000	245,000
Accrued Interest Payable	33,180	0	0	33,180	40,432
Total Current Liabilities Payable from Restricted Current Assets	288,180	0	0	288,180	285,432
Total Current Liabilities	783,321	0	63,226	846,547	888,578
Long Term Liabilities:					
Notes Payable (less current portion)	38,552	0	17,924	56,476	79,675
Bonds Payable (less current portion)	1,135,000	0	0	1,135,000	1,390,000
Total Long Term Liabilities	1,173,552	0	17,924	1,191,476	1,469,675
Total liabilities and fund balances	\$1,956,873	\$0	\$81,150	\$2,038,023	\$2,358,253
Net Assets					
Invested in Capital Assets, Net of Related Debt	19,041,000	0	0	19,041,000	15,879,272
Restricted - Bonds	411,911	0	0	411,911	300,000
Unrestricted	5,264,345	0	12,600	5,276,945	8,025,689
Total Net Assets	24,717,256	0	12,600	24,729,856	24,204,961
Total Liabilities and Net Assets	\$26,674,129	\$0	\$93,750	\$26,767,879	\$26,563,214

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended March 31, 2008
(With Comparative Totals at March 31, 2007)

	Business-Type Activities				
	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2008 Totals	2007 Totals
Operating revenues:					
Charges for services	\$4,449,750	\$0	\$642,902	\$5,092,652	\$6,918,529
Miscellaneous	7,043	0	0	7,043	14,843
Total operating revenues	\$4,456,793	\$0	\$642,902	\$5,099,695	\$6,933,372
Operating expenses:					
Salaries	\$1,027,917	\$0	\$124,084	\$1,152,001	\$1,043,207
Payroll taxes	75,305	0	9,000	84,305	76,936
Employee insurance	196,982	0	37,988	234,970	223,032
Workmen's compensation	28,006	213	10,809	39,028	43,643
Employee retirement	63,280	0	7,689	70,969	55,210
Postage	20,109	863	176	21,148	23,169
Maintenance – buildings, vehicles and equip.	201,410	0	6,857	208,267	171,694
Liability Insurance	76,550	0	10,076	86,626	84,573
Purification and treatment expense	1,207,504	0	0	1,207,504	1,075,597
Utilities and telephone	376,820	136	841	377,797	235,666
Gas, oil and tires	60,297	0	7,776	68,073	57,348
Professional services	128,434	9,823	0	138,257	91,147
Depreciation and Amortization	712,854	0	13,507	726,361	682,777
Miscellaneous	65,035	530	3,655	69,220	39,583
Bank charges	13,176	0	0	13,176	10,427
Garbage pickup	0	0	388,700	388,700	320,402
Bad debts	19,824	0	3,327	23,151	23,446
Tipping fees	0	0	5,816	5,816	4,799
Total operating expenses	\$4,273,503	\$11,565	\$630,301	\$4,915,369	\$4,262,656
Operating income (loss)	183,290	(11,565)	12,601	184,326	2,670,716
Non-operating revenues (expenses):					
Sale of Fixed Assets	7,300	0	0	7,300	8,916
Contributed capital	24,524	0	0	24,524	1,425
Interest revenue	378,413	0	0	378,413	411,847
Interest and other costs on bonded debt and notes payable	(69,669)	0	0	(69,669)	(86,305)
Total non-operating revenue (expenses)	340,568	0	0	340,568	335,883
Income (loss) before operating transfers	523,858	(11,565)	12,601	524,894	3,006,599
Transfers in (out)	(11,565)	11,565	0	0	37,136
Change in net assets	512,293	0	12,601	524,894	3,043,735
Total net assets – beginning of year	24,204,961	0	0	24,204,961	21,161,226
Total net assets – end of year	\$24,717,254	\$0	\$12,601	\$24,729,855	\$24,204,961

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2008

	Business-Type Activities				
	Water and Sewerage Fund	Utility Director Fund	Solid Waste Fund	2008 Totals	2007 Totals
Cash flows from operating activities:					
Receipts from customers	\$4,438,677	\$0	\$644,201	\$5,082,878	\$6,910,579
Payments for suppliers	(2,499,508)	(11,565)	(497,893)	(3,008,966)	(2,623,244)
Payments to employees	(1,067,126)	0	(126,148)	(1,193,274)	(1,048,366)
Net cash provided (used) by operating activities	872,043	(11,565)	20,160	880,638	3,238,969
Cash flows from noncapital financing activities:					
Operating subsidies and transfers to/from other funds	(11,565)	11,565	0	0	37,136
Net cash provided by noncapital financing activities	(11,565)	11,565	0	0	37,136
Cash flows from capital and related financing activities:					
Purchases of capital assets	(3,613,536)	0	0	(3,613,536)	(861,500)
Principal paid on capital debt	(251,434)	0	(17,979)	(269,413)	(269,319)
Contribution in Aid of Construction	24,524	0	0	24,524	1,425
Sale of capital assets	7,300	0	0	7,300	8,916
Interest paid on capital debt	(74,739)	0	(2,181)	(76,920)	(93,339)
Net Cash (used) by capital and related financing activities	(3,907,885)	0	(20,160)	(3,928,045)	(1,213,817)
Cash flows from investing activities:					
Interest and other nonoperating	378,413	0	0	378,413	411,847
Net cash provided by investing activities	378,413	0	0	378,413	411,847
Net decrease in cash and cash equivalents	(2,668,994)	0	0	(2,668,994)	2,474,135
Balances – beginning of year	8,442,974	0	0	8,442,974	5,968,839
Balances – end of year	\$5,773,980	\$0	(\$0)	\$5,773,980	\$8,442,974
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	183,290	(11,565)	12,601	184,326	2,670,716
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/Amortization Expense	712,854	0	13,507	726,361	682,777
Change in assets and liabilities:					
Receivables, net	(45,842)	0	1,298	(44,544)	(39,469)
Inventories	0	0	0	0	(54,960)
Accounts Payable	3,329	0	(33,348)	(30,019)	(23,481)
Prepaid Expenses	29,894	0	28,166	58,060	(8,131)
Accrued Liabilities	(11,482)	0	(2,064)	(13,546)	11,517
Net cash provided (used) by operating activities	\$872,043	(\$11,565)	\$20,160	\$880,638	\$3,238,969

See accompanying notes to financial statements.

City of Villa Rica, Georgia
Notes to Basic Financial Statements

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City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies

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

1.A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

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

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City. Currently, the City has no blended component units.

Discretely Presented Component Units

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

Component Unit – Villa Rica Industrial Development Authority

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

1.B. Basis of Presentation

Component Unit - Downtown Development Authority of Villa Rica

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

Component Unit – Villa Rica Board of Tourism

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

Excluded from the reporting entity: Related Organizations

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

Government-wide Financial Statements:

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. If applicable, funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

1.B. Basis of Presentation – continued

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Projects Fund

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

Proprietary Fund

Enterprise Fund

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

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major: General	See above for description.
Special Revenue Fund: Urban Development Action Grant Fund (UDAG)	Accounts for revenues and expenditures of promoting urban economic development.
Drug Forfeiture Fund	Accounts for revenues and expenditures from drug seizure activity.
SPLOST Fund	Accounts for revenues and expenditures from Special Local Option Sales Tax capital projects.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

1.B. Basis of Presentation – continued

Proprietary Fund:

Water and Sewer Fund	Accounts for activities in providing water and wastewater services to the public.
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Solid Waste Fund	Accounts for activities in providing sanitary services to the public.
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Utility Director	Accounts for activities of managing utility departments.
------------------	--

Nonmajor:

Special Revenue Funds:

Hotel/Motel Tax Fund	Accounts for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of tourism and downtown development.
----------------------	--

DUI Task Force Fund	Accounts for revenue and expenditures legally restricted for public safety use.
---------------------	---

Greenspace Fund	Accounts for grants, income and expenditures related for grant purposes.
-----------------	--

Pine Mountain Museum and Cemetery Fund	Accounts for revenues and expenditures related to operation of public land and facility.
--	--

Capital Projects Fund	Accounts for resources restricted for the acquisition or construction of specific capital projects as items.
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1.C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies – continued

1.C. Measurement Focus and Basis of Accounting

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

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

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Under the modified accrual basis the following revenue sources are considered to be susceptible to accrual: Property tax, sales tax, interest and federal and state grants.

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

1.D. Assets, Liabilities and Equity

Cash and Investments

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

If any, investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

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

amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.C. and 3.A.

Interfund Receivable and Payables

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

Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2008, are recorded as prepaid items using the consumption method by recording an asset for the prepaid account and reflecting the expenditure/expense in the year in which services are consumed.

Fixed Assets

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

Restricted Assets

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

Long-term Debt

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

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

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

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

Compensated Absences

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

Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

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

1.E. Revenues, Expenditures and Expenses

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on July 31, 2007 and were due and payable on or before December 1, 2007 in Carroll County. Taxes were levied on September 15, 2007, and were due and payable on or before November 15, 2007 in Douglas County. All unpaid taxes became delinquent after their respective due dates. The Carroll County and Douglas County tax commissioners bill and collect the City's property taxes. The 2007 property taxes levied were \$3,283,212. The millage rate was 6.775 mills for 2007. In the fund

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 1. Summary of Significant Accounting Policies - continued

1.E. Revenues, Expenditures, and Expenses - continued

financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. For any additional property taxes receivable after the 60-day period, an additional accrual is made in the government-wide financial statements.

Program Revenues

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

Operating Revenues and Expense

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

1.F. Accounting Estimates

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 2. Stewardship, Compliance and Accountability

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

2.A. Fund Accounting Requirements

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

2.B. Deposits and Investments Laws and Regulations

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

2.C. Revenue Restrictions

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

2.D. Debt Restrictions and Covenants

For the year ended March 31, 2008, the City complied, in all material respects, with these revenue restrictions.

General Obligation Debt

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

2.E. Excess of Expenditures over Appropriations

The general fund appropriations exceeded expenditures by \$191,850. The legal level of control is at the departmental level. All departments' expenditures were under appropriations for the year. The Water and Sewer System enterprise fund appropriation exceeded expenditures by over \$4 million; however actual revenues were under budget by \$3.8 million due to the slow down in construction and fees associated with water and sewer taps.

Budget variances were primarily caused by payments required on court fines, gasoline/diesel, street lighting and cost of electricity. These were somewhat offset by higher than expected electric franchise tax and prior year tax collections.

Note 3. Detail Notes on Transaction Classes/Accounts

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.A. Cash and Investments

Deposits

State statutes and the bond resolutions require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U. S. Government, obligations of the State of Georgia, or industrial revenue bonds or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The amounts pledged by the bank's trust departments in the City's name are composed of various bonds of U. S. Government agencies and bonds of the State of Georgia and of its public authorities, counties and municipalities. At March 31, 2008, the carrying amount of the City's deposits was \$10,057,280 and the bank balances were \$12,165,711. The amount of cash held is classified into three categories of credit risk as follows:

	Bank Balance	Collateral Market Value
(1) Cash that is insured or collateralized with securities held by the government or by its agent in the government	\$100,000	\$100,000
(2) Cash collateralized with securities held by the pledging institution or agent in the government's name.	12,065,711	13,799,343
(3) Uncollateralized bank accounts	0	0
	\$12,165,711	\$13,899,343

Component Units

At March 31, 2008, the carrying amount of the Component Unit deposits were \$186,887 and the bank balances were \$186,887. All deposits were covered by either FDIC or FSLIC insurance.

Investments

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

3.B. Accounts Receivable

Accounts receivable at March 31, 2008, consisted of taxes, accounts (billings for user charges) intergovernmental receivables arising from grants. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and in case of receivables, collectibility. Accounts receivable are as follows:

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.B. Accounts Receivable

	Governmental Activities	Business-Type Activities
Accounts Receivable Footnote:		
Receivable from customers	\$0	\$333,750
Advalorem taxes	239,170	0
Police fines	998,562	0
Beer and wine tax	22,892	0
Local option sales	217,417	0
Hotel/motel tax	6,472	0
Intergovernmental Receivable	8,928	0
Unremitted collections by County for taxes	246,983	0
Total Receivables	1,740,724	333,750
Allowance for doubtful accounts	(957,196)	0
Net accounts receivable	\$783,228	\$333,750

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

3.C. Capital Assets

Capital assets activity for the year ended March 31, 2008 was as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
Land – (nondepreciable)	\$3,490,576	\$0	\$0	\$3,490,576
Buildings and improvements	9,342,113	326,079	0	9,668,192
Machinery and equipment	2,229,201	102,095	0	2,331,296
Vehicles	1,147,689	100,832	0	1,248,521
Furniture and fixtures	186,065	793	0	186,858
Infrastructure	7,025,336	803,511	0	7,828,847
Totals at historical cost	\$23,420,980	\$1,333,310	\$0	\$24,754,290
Less accumulated depreciation:				
Buildings and improvements	(\$2,091,973)	(\$325,891)	\$0	(\$2,417,864)
Machinery and equipment	(1,692,917)	(237,138)	0	(1,930,055)
Vehicles	(911,448)	(121,784)	0	(1,033,232)
Furniture and fixtures	(156,805)	(13,790)	0	(170,595)
Infrastructure	(418,465)	(166,341)	0	(584,806)
Total accumulated depreciation	(5,271,608)	(864,944)	0	(6,136,552)
Governmental activities capital assets, net	\$18,149,372	\$468,366	\$0	\$18,617,738

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.C. Capital Assets

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
Business-type activities:				
Land - (nondepreciable)	\$414,100	\$1,275,404	\$0	\$1,689,504
Buildings & Improvements	106,091	0	0	106,091
Filter plant and lines	17,650,356	1,377,107	0	19,027,463
Sewer Improvements	4,719,958	0	0	4,719,958
General equipment and vehicles	1,594,669	130,163	0	1,724,832
Construction in progress - (nondepreciable)	162,704	830,862	0	993,566
Totals at historical cost	\$24,647,878	\$3,613,536	\$0	\$28,261,414
Less accumulated depreciation:				
Buildings & Improvements	(2,122)	(3,590)	0	(5,712)
Filter plant and lines	(4,787,437)	(476,186)	0	(5,263,623)
Sewer Improvements	(1,215,500)	(47,200)	0	(1,262,700)
General equipment and vehicles	(1,005,063)	(189,775)	0	(1,194,838)
Total accumulated depreciation	(7,010,122)	(716,751)	0	(7,726,873)
Business-type capital assets, net	\$17,637,756	\$2,896,785	\$0	\$20,534,541

Depreciation was charged to governmental activities as follows:

Depreciation charged to government activities:	
General government	\$155,788
Public safety	255,311
Highways and streets	195,892
Library	6,459
Garage	9,886
Buildings and grounds	3,961
Recreation and culture	237,647
Total	\$864,944

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.D. Long-Term Debt

Governmental Activity

The following is a summary of the changes in long-term debt of the City for the fiscal year ended March 31, 2008:

Activity Type	Balance 4/1/2007	Additions	Reductions	Balance 3/31/2008	Amounts Due Within One Year
Governmental					
General Obligation Bonds, Series 2005	\$1,050,000	\$0	\$330,000	\$720,000	\$350,000
Capital Leases	\$1,840,631	\$0	\$200,932	\$1,639,699	\$208,639
Business-Type					
Georgia Environmental Facilities					
Authority Loan	\$48,024	\$0	\$6,434	\$41,590	\$3,163
Capital Leases	\$56,064	\$0	\$17,979	\$38,085	\$18,679
Series 1998 Bonds for Water and Sewer	\$1,635,000	\$0	\$245,000	\$1,390,000	\$255,000
	\$4,629,719	\$0	\$800,345	\$3,829,374	\$835,481

General Obligation Bonds

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

The City utilized the proceeds from the refunding 2005 Bonds, Series 2004 for the purpose of redeeming the \$1,775,000 then outstanding and to pay accrued interest and additional issue costs. Interest is payable semi-annually on July 1 and January 1. The following is a schedule of general obligation debt service requirements to maturity as of March 31, 2008:

Year	Interest Rate	Principal	Interest	Annual Debt Service
2009	2.7	\$350,000	\$20,550	\$370,550
2010	3	\$370,000	\$11,100	\$381,100
		\$720,000	\$31,650	\$751,650

Installment Sale Agreement

On March 31, 2005, the City entered into a "Bricks and Mortar" installment sale agreement with the Georgia Municipal Association. The agreement requires payment in full by March 31, 2015. The City agrees that it will cause the appropriate officers of the City to request that the governing body appropriate the minimum annual appropriated amount for each fiscal year in the amount of \$266,875. The City further agrees to take such action to assure the availability of moneys appropriated for such purpose to make all payments as may be required under Official Code of Georgia Annotated Section 36-60-13.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.D. Long-Term Debt

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

The cash flows required to service the agreement are approximately \$266,875 per year with monthly payments of \$22,240 including interest and principal. The following is a schedule of installment sale agreement service requirements to maturity as of March 31, 2008:

Year	Interest Rate	Principal	Interest	Annual Debt Service
2008-09	3.77	\$208,639	\$58,236	\$266,875
2009-10	3.77	\$216,642	\$50,233	\$266,875
2010-11	3.77	\$224,952	\$41,923	\$266,875
2011-12	3.77	\$233,581	\$33,294	\$266,875
2012-13	3.77	\$242,540	\$24,335	\$266,875
2013-14	3.77	\$251,844	\$15,031	\$266,875
2014-15	3.77	\$261,501	\$5,374	\$266,875
		\$1,639,699	\$228,426	\$1,868,125

Business-Type Activity

Water and Sewerage Revenue Bonds, Series - 1998

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

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

Year	Interest Rate	Principal	Interest	Annual Debt Service
2009	4.3	\$255,000	\$55,671	\$310,671
2010	4.35	\$265,000	\$44,425	\$309,425
2011	4.38	\$275,000	\$32,646	\$307,646
2012	4.45	\$290,000	\$20,178	\$310,178
2013	4.5	\$305,000	\$6,862	\$311,862
		\$1,390,000	\$159,782	\$1,549,782

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.D. Long-Term Debt – continued

Notes Payable

The amount drawn on a construction project from Georgia Environmental Facilities Authority for Environmental Loan was \$61,723 which bears interest at the rate of 2.0% per annum from October 1, 2002. Principal and interest shall be due and payable in nineteen equal installments in the amount of \$3,413 each, paid quarterly. The note was paid in full as of March 31, 2008.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2009	\$3,163	\$1,616	\$4,779
2010	\$3,291	\$1,488	\$4,779
2011	\$3,425	\$1,354	\$4,779
2012	\$3,564	\$1,215	\$4,779
2013	\$3,708	\$1,071	\$4,779
2014-2018	\$20,927	\$2,969	\$23,896
2019	\$3,512	\$70	\$3,583
	<u>\$41,590</u>	<u>\$9,783</u>	<u>\$51,373</u>

The City entered a five (5) year lease to purchase agreement for \$93,530 with a commencement date of April 1, 2005. The lease has an interest rate of 3.89% per annum from April 1, 2005. Principal and interest shall be due and payable in five (5) equal installments in the amount of \$20,160.26 each, paid annually beginning on April 1, 2005. The due date was changed to April 10 beginning in 2007 to allow time to process payment after beginning of new fiscal years (April 1). The following schedule shows the requirements until maturity:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2008-09	3.89	\$18,679	\$1,481	\$20,160
2009-10	3.89	\$19,406	\$755	\$20,161
		<u>\$38,085</u>	<u>\$2,236</u>	<u>\$40,321</u>

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

3.E. Interfund Transactions and Balance

Interfund transfers at March 31, 2008, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period and (3) payments between funds are made.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

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

3.E. Interfund Transactions and Balance - continued

Transfer to	Transfer from							Total
	General Fund	Drug Forfeiture Fund	SPLOST Fund	Non-major Governmental Funds	Water & Sewer System Fund	Solid Waste Fund	Non-major Enterprise Funds	
General Fund	\$0	\$0	\$0	\$64,826	\$0	\$0	\$0	\$64,826
Non-major Governmental Funds	878,016	0	0	0	0	0	0	878,016
Water & Sewer System Fund	0	0	0	0	0	0	0	0
Solid Waste Fund	0	0	0	0	0	0	0	0
Utility Director Fund	0	0	0	0	11,565	0	0	11,565
Total	\$878,016	\$0	\$0	\$64,826	\$11,565	\$0	\$0	\$954,407

Interfund transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances reported in the fund financial statements consisted of an amount payable to the UDAG fund from the General fund of \$776,618 for the purchase of the Avanti Building. The UDAG fund will be fully reimbursed, with accrued interest of 4.5% per annum, with a period of 20 years.

3.F. Restricted Net Assets

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

Governmental & Enterprise Restricted Funds

Public Safety (Fed Seizure & Narcotics funds)	\$726,859
Economic Development (UDAG)	\$837,499
Debt service (Deposits with BNY)	\$411,911
Other purposes	\$87,706
Total	\$2,063,975

Note 4. Other Notes

4.A. Retirement Plan

Plan Description of the City of Villa Rica Retirement Plan

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 4. Other Notes - continued

4.A. Retirement Plan – continued

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

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

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

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

The required contribution is \$278,132 or 7.63% of current year covered payroll. The contributions for 2006 – 2008 are as follows:

	2008	2007	2006
Normal Cost:			
Plan benefits	\$183,190	\$161,891	\$147,895
Administrative expenses	\$14,854	\$14,386	\$14,644
Amortization of the unfunded actuarial accrued liability	\$69,391	\$37,408	\$51,987
Interest	\$10,697	\$8,525	\$7,995
Total contribution	\$278,132	\$222,210	\$222,521
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation at year-end	\$0	\$0	\$0

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

Summary of Valuation Results and Basis of Valuation:

- | | |
|------------------------------|-----------------------------------|
| (a) Actuarial Valuation Date | January 1, 2008 |
| (b) Actuarial cost method | Projected Unit Credit Cost Method |

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 4. Other Notes - continued

4.A. Retirement Plan - continued

(c) Actuarial value of assets	Sum of actuarial value at beginning of year and the increase in cost value during year excluding realized appreciation or losses. This value is adjusted by 10% of the amount that it exceeds or is less than the market value at end of year.
(d) Inflation rate	5.0% per year
(e) Investment return	8.0% per year
(f) Projected salary increase	0.0% cost of living 5.5% merit or seniority
(g) Post-retirement benefit increases	Not applicable

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

Required Supplementary Information

Schedule of Funding Progress

	(a)	(b)		(c)		
Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Projected Unit Credit	Surplus Unfunded AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2008	\$2,471,404	\$2,978,409	\$507,005	82.98%	\$3,641,408	13.92%
1/1/2007	\$2,181,710	\$2,452,801	\$271,091	88.95%	\$3,434,067	7.89%
3/1/2006	\$1,897,513	\$2,274,254	\$376,741	83.43%	\$3,211,337	11.73%
3/1/2005	\$1,684,694	\$2,155,552	\$470,858	78.16%	\$2,902,644	16.20%
3/1/2004	\$1,464,183	\$2,062,693	\$598,510	70.98%	\$2,736,074	21.90%

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

Actuarial Assumptions and Methods

Economic Assumptions

Net Investment Return	8.0% On-going basis
Annual Rates of increase in:	
Salaries	5.5
Future Social Security Wage Basis	5.5
Cost of living adjustment	Not applicable

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 4. Other Notes – continued

4.A. Retirement Plan - continued

Actuarial Assumptions and Methods - continued

Demographic Assumptions

Mortality	1983 Group Annuity Mortality Table	
Termination	<u>Age</u>	<u>Rate</u>
	20	.2580
	30	.1560
	40	.0945
	50	.0585
	60	---
Disability	1944 Railroad Retirement Board Male Ultimate Disabled Mortality	
Retirement	Employees: 65 with 5 years of service 100%	
Officials:	65	100%
Form of Payment	Life annuity	
Administrative Expenses	\$5,000 plus \$50 per active participant, plus 0.05% of the market value of assets.	

Actuarial Methods

Normal Cost and Actuarial Accrued Liability	Projected Unit Credit Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.
Actuarial Value of Assets	Sum of actuarial value at beginning of year and the cash flow during year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

4.B. Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

Note 4. Other Notes - continued

4.B. Risk Management - continued

As part of these risks, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

4.C. Litigations and Contingent Liabilities

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

4.D. Joint Ventures

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

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

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

4 E. Component Units

The Governmental Accounting Standards Board Statement requires inclusion as part of the reporting entity component units that are financially accountable. This is discussed in Note 1 under reporting entity. Based upon the criterion presented in Note 1, there are three component units. These are the Industrial Development Authority, the Downtown Development Authority and Villa Rica Tourism Board which are "discretely" presented in the column segregation as "component units". These component units are not separately audited, thus separate financial statements are not issued. To help understand the significance of each component unit, a condensed financial statement is presented below as of March 31, 2008:

Combining Statement of Net Assets

	Industrial Development Authority	Downtown Development Authority	Villa Rica Tourism Board	Totals
Cash	\$72,986	\$45,681	\$68,220	\$186,887
Land at cost including capitalized interest	\$498,093	\$0	\$0	\$498,093
Total assets	\$571,079	\$45,681	\$68,220	\$684,980
Restricted	\$498,093	\$0	\$68,220	\$566,313
Unrestricted	\$72,986	\$45,681	\$0	\$118,667
Net assets	\$571,079	\$45,681	\$68,220	\$684,980

Combining Statement of Activities

Expenses				
General government	\$1,612	\$6,136	\$39,289	\$47,037
Program revenues				
Charges for services	\$0	\$7,727	\$0	\$7,727
Operating grants and contributions	\$0	\$13,500	\$11,076	\$24,576
Total governmental activities	(\$1,612)	\$15,091	(\$28,213)	(\$14,734)
General revenues				
Taxes-hotel/motel	\$0	\$0	\$37,374	\$37,374
Interest	\$917	\$131	\$730	\$1,778
Changes in net assets	(\$695)	\$15,222	\$9,891	\$24,418
Net assets – beginning	\$571,774	\$30,459	\$58,329	\$660,562
Net assets - ending	\$571,079	\$45,681	\$68,220	\$684,980

City of Villa Rica, Georgia
Notes to Basic Financial Statements
March 31, 2008

4.F. Special Local Option Sales Tax

Effective April 1, 1994, the County and the Municipalities entered into an agreement to collect a one percent local option sales tax. Projects were agreed upon and percentages of available receipts was determined. Villa Rica's portion is 5.5395% with total project cost projected at \$2,500,000. The fund was frozen effective July 5, 1999 pending a court settlement that will determine the available use of the remaining funds. The Georgia Supreme Court ruled on July 10, 2000 that the funds would be available after review of all the uncompleted projects and the remaining costs. Final expenditure was made in 2005-06.

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

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

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

4.G. Hotel/Motel Lodging Tax

The City receives a 5% lodging tax. A summary of the transactions for the year ended March 31, 2008 follows:

Lodging tax receipts	\$ 82,903
Disbursements to Villa Rica Tourism	
Board for promotion of tourism	33,161
Transfer out	49,742

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

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

In addition to pension benefits described above, the City provides post-employment benefit options for health care and dental insurance to eligible retirees according to a local ordinance. Persons who are eligible to retire under the City of Villa Rica Pension Plan are entitled to City provided medical benefits. Retirees are covered by the same plan available to full-time City employees and subject to a 50% co-pay and the retiree pays 100% of additional cost for dependent coverage. The medical benefit is available to the retirees and their family until the employee reaches the age of 65. Blue Cross Blue Shield administers the plan. If the employee desires to continue this policy as a "Medi-Gap" policy then the employee assumes full cost for the policy at City cost. The funding is on a "pay as you go" method. During 2007-08, \$6,708 was paid for these post-employment benefits. There are currently three (3) retirees covered by the plan. The OPEB provisions and obligations to contribute were established by a City Council resolution of February 3, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
General and Major Special Revenue Funds
For the Year Ended March 31, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$6,130,066	\$6,132,521	\$6,243,498	\$110,977
License and permits	832,060	694,644	573,402	(121,242)
Intergovernmental	268,678	281,856	345,787	63,931
Fines and forfeitures	965,614	1,184,836	1,177,283	(7,553)
Miscellaneous	605,337	530,337	437,891	(92,446)
Total Revenues	8,801,755	8,824,194	8,777,861	(46,333)
Expenditures:				
General government	1,888,690	1,855,339	1,764,539	(90,800)
Public safety	2,787,108	2,762,108	2,678,468	(83,640)
Highways and streets	480,562	478,462	447,849	(30,613)
Building Maintenance & Garage	305,827	321,827	286,425	(35,402)
Community Service	67,945	71,696	69,778	(1,918)
Recreation and culture	1,710,236	1,720,236	1,712,325	(7,911)
Public welfare	175,397	175,397	151,678	(23,719)
Debt service	626,290	694,440	661,762	(32,678)
Total Expenditures	8,042,055	8,079,505	7,772,824	(306,681)
Deficiency of revenue over expenditures	759,700	744,689	1,005,037	260,348
Other financing sources:				
Transfers in	49,499	72,260	64,826	(7,434)
Transfers out (Capital Projects Expenditures)	(809,199)	(816,949)	(878,016)	(61,067)
Excess (deficiency) of revenues over expenditures and other financing uses	0	0	191,847	191,847
Fund balance at beginning of year	2,213,520	2,213,520	2,213,520	0
Fund balance at end of year	\$2,213,520	\$2,213,520	\$2,405,367	\$191,847

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
General and Major Special Revenue Funds
For the Year Ended March 31, 2008

	UDAG Fund				SPLOST Fund				Drug Forfeiture Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:												
Taxes	\$0	\$0	\$0	\$0	\$645,000	\$1,440,610	\$1,223,974	(\$216,636)	\$0	\$0	\$0	\$0
Fees and fines	0	0	0	0	0	0	0	0	0	0	82,461	82,461
Interest	0	0	35,569	35,569	0	0	0	0	0	0	7,771	7,771
Sale of Assets	0	0	0	0	0	0	0	0	0	0	8,925	8,925
Total revenues	0	0	35,569	35,569	645,000	1,440,610	1,223,974	(216,636)	0	0	99,157	99,157
Expenditures:												
General government	0	0	0	0	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	0	0	0	0	2,645	(2,645)
Capital outlay	0	0	0	0	645,000	1,440,610	423,202	1,017,408	0	150,000	19,705	130,295
Total expenditures	0	0	0	0	645,000	1,440,610	423,202	1,017,408	0	150,000	22,350	127,650
Excess revenues over (under) expenditures	0	0	35,569	35,569	0	0	800,772	800,772	0	(150,000)	76,807	226,807
Transfers in (out)	0	0	0	0	0	0	0	0	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing uses	0	0	35,569	35,569	0	0	800,772	800,772	0	(150,000)	76,807	226,807
Fund balance at beginning of year	801,930	801,930	801,930	0	(836,565)	(836,565)	(836,565)	0	650,051	650,051	650,051	0
Fund balances at end of year	\$801,930	\$801,930	\$837,499	\$35,569	(\$836,565)	(\$836,565)	(\$35,793)	\$800,772	\$650,051	\$500,051	\$726,858	\$226,807

Notes

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

OTHER SUPPLEMENTARY INFORMATION

City of Villa Rica, Georgia
Nonmajor Governmental Funds
Combining Balance Sheet
March 31, 2008

	Greenspace Fund	DUI Task Force Grant Fund	Hotel/Motel Fund	Capital Projects Fund	Pine Mt Museum Fund	Cemetery Fund	Other Government Funds
Assets:							
Cash & equivalents	\$100	\$12,105	\$0	\$0	\$21,173	\$47,856	81,234
Receivables, net	0	0	6,472	0	0	0	6,472
Prepaid expenses	0	0	0	0	0	0	0
Total assets	\$100	\$12,105	\$6,472	\$0	\$21,173	\$47,856	\$87,706
Liabilities:							
Accounts Payable	0	0	602	12,388	0	0	12,990
Accrued Liabilities	0	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	0	0
Total liabilities	\$0	\$0	\$602	\$12,388	\$0	\$0	\$12,990
Fund Balances (Deficits)							
Reserved	0	0	0	0	0	0	0
Unreserved	0	0	0	0	0	0	0
Special revenue funds	100	12,105	5,870	(12,388)	21,173	47,856	74,716
Total Fund Balances	\$100	\$12,105	\$5,870	(\$12,388)	\$21,173	\$47,856	\$74,716
Total liabilities and fund balances	\$100	\$12,105	\$6,472	\$0	\$21,173	\$47,856	\$87,706

City of Villa Rica, Georgia
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended March 31, 2008

Special Revenue Funds

	Greenspace Fund	DUI Task Force Grant Fund	Hotel/Motel Fund	Pine Mt Museum Fund	Cemetery Fund	Capital Projects Fund	Total
Revenues:							
Taxes	\$0	\$0	\$82,903	\$0	\$0	\$0	\$82,903
Interest	0	0	0	769	2,227	0	2,996
Intergovernmental	0	15,084	0	0	0	0	15,084
Miscellaneous Revenue	0	0	0	2,684	500	0	3,184
Total Revenues	\$0	\$15,084	\$82,903	\$3,453	\$2,727	\$0	\$104,167
Expenditures	0	0	33,161	0	0	890,404	923,565
Excess of Revenues over (under) Expenditures	0	15,084	49,742	3,453	2,727	(890,404)	(819,398)
Other Financing Uses:							
Transfer In (Out)	0	(15,084)	(49,742)	0	0	878,016	813,190
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	0	0	0	3,453	2,727	(12,388)	(6,208)
Fund Balance at Beginning of Year	100	12,105	5,870	17,720	45,129	0	80,924
Fund Balance at End of Year	\$100	\$12,105	\$5,870	\$21,173	\$47,856	(\$12,388)	\$74,716

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended March 31, 2008

	<u>HOTEL/MOTEL TAX FUND</u>			<u>DUI TASK FORCE FUND</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:						
Taxes	\$82,499	\$82,499	\$82,903	\$0	\$0	\$0
Interest	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	15,084
Forfeitures	0	0	0	0	0	0
Total revenues	82,499	82,499	82,903	0	0	15,084
Expenditures:						
Economic development	0	0	0	0	0	0
Public safety	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	0	0	0	0	0	0
Excess revenues over (under) expenditures	82,499	82,499	82,903	0	0	15,084
Transfers in (out)	(49,499)	(49,499)	(49,742)	0	0	(15,084)
Fund balances at beginning of year	5,870	5,870	5,870	12,105	12,105	12,105
Fund balances at end of year	\$38,870	\$38,870	\$39,031	\$12,105	\$12,105	\$12,105

	<u>GREENSPACE FUND</u>			<u>CEMETERY FUND</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0	2,227
Intergovernmental	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	500
Total revenues	0	0	0	0	0	2,727
Expenditures:						
Economic development	0	0	0	0	0	0
Public safety	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	0	0	0	0	0	0
Excess revenues over (under) expenditures	0	0	0	0	0	2,727
Transfers in (out)	0	0	0	0	0	0
Fund balances at beginning of year	100	100	100	45,129	45,129	45,129
Fund balances at end of year	\$100	\$100	\$100	\$45,129	\$45,129	\$47,856

City of Villa Rica, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
 For the Year Ended March 31, 2008

	Pine Mountain Gold Museum Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$0	\$0	\$0
Interest	0	0	769
Intergovernmental	0	0	0
Miscellaneous	0	0	2,684
Total revenues	0	0	3,453
Expenditures:			
Economic development	0	0	0
Public Welfare	0	0	0
Recreation	0	0	0
Total expenditures	0	0	0
Excess revenues over (under) expenditures	0	0	3,453
Transfers in (out)	0	0	0
Fund balances at beginning of year	17,720	17,750	17,720
Fund balances at end of year	\$17,720	\$17,750	\$21,173

City of Villa Rica, Georgia
 General Fund
 Schedule of Revenues
 For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Property taxes, penalties and interest	\$3,100,767	\$3,155,407	\$3,228,492	\$73,085
Motor vehicle tax	182,000	182,000	196,891	14,891
Other taxes	84,368	84,368	82,478	(1,890)
Insurance premium tax	233,702	233,702	225,960	(7,742)
Utilities franchise tax	850,651	850,651	927,712	77,061
Beer and wine tax	295,621	295,621	276,776	(18,845)
Local option sales tax	1,382,957	1,330,772	1,305,189	(25,583)
Total taxes	6,130,066	6,132,521	6,243,498	110,977
Licenses and permits:				
Business licenses, penalties and interest	398,644	398,644	375,195	(23,449)
Building permits	433,416	296,000	198,207	(97,793)
Total licenses and permits	832,060	694,644	573,402	(121,242)
Grant funds received:				
Chatt-Flint grants	62,016	62,016	70,112	8,096
Other grants	206,662	219,840	275,675	55,835
Total grants	268,678	281,856	345,787	63,931
Fines and forfeitures	965,614	1,184,836	1,177,283	(7,553)
Miscellaneous revenues:				
Interest income	137,813	137,813	83,489	(54,324)
Rental income	90,000	30,000	47,129	17,129
Recreation revenue	326,221	326,221	271,414	(54,807)
Zoning fees	15,972	15,972	20,707	4,735
Library revenue	13,781	13,781	10,402	(3,379)
Miscellaneous	5,500	5,500	4,450	(1,050)
Proceeds – sale of assets	15,000	0	0	0
Contributions	1,050	1,050	300	(750)
Total miscellaneous revenues	605,337	530,337	437,891	(92,446)
Total revenues	\$8,801,755	\$8,824,194	\$8,777,861	(\$46,333)

City of Villa Rica, Georgia

General Fund

Schedule of Expenditures

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Current:				
Mayor and Council:				
Salaries	\$18,200	\$18,200	\$16,950	(\$1,250)
Benefits	37,678	37,678	30,721	(6,957)
Other	120,090	120,090	110,870	(9,220)
City Manager and Clerk:				
Salaries	77,263	77,263	69,845	(7,418)
Benefits	18,181	18,181	18,763	582
Other	73,071	86,682	93,325	6,643
Financial Administration:				
Salaries	69,383	69,383	64,475	(4,908)
Benefits	19,898	19,898	19,783	(115)
Other	96,182	96,182	90,501	(5,681)
Municipal Court:				
Salaries	32,037	32,037	32,767	730
Benefits	8,491	8,491	8,482	(9)
Other	375,101	375,101	364,550	(10,551)
Library:				
Salaries	176,620	176,620	164,147	(12,473)
Benefits	69,886	69,886	59,370	(10,516)
Other	66,591	66,591	73,068	6,477
Building Inspection:				
Salaries	85,805	85,805	83,305	(2,500)
Benefits	23,843	23,843	22,215	(1,628)
Other	18,482	18,482	15,187	(3,295)
Planning and Zoning:				
Salaries	116,260	116,260	114,669	(1,591)
Benefits	43,049	43,049	41,662	(1,387)
Other	32,654	27,654	20,672	(6,982)
Code Enforcement:				
Salaries	35,419	35,419	34,315	(1,104)
Benefits	12,592	12,592	12,156	(436)
Other	8,404	8,404	6,077	(2,327)
Downtown Development:				
Salaries	36,406	36,406	35,362	(1,044)
Benefits	9,203	9,203	8,625	(578)
Other	63,856	64,256	58,424	(5,832)
Post employment Benefits	5,000	5,000	7,538	2,538
Elections	11,083	11,083	5,435	(5,648)
Law	50,000	50,000	48,608	(1,392)
Human Resources	42,362	0	0	0
Data Processing	25,600	25,600	22,672	(2,928)
Carroll Tomorrow	10,000	10,000	10,000	0
Total current	1,888,690	1,855,339	1,764,539	(90,800)
Capital outlays	0	0	0	0
Total general government	\$1,888,690	\$1,855,339	\$1,764,539	(\$90,800)

City of Villa Rica, Georgia
 General Fund
 Schedule of Expenditures
 For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Safety:				
Current:				
Salaries	\$1,636,193	\$1,636,193	\$1,590,681	(\$45,512)
Employee benefits	570,749	570,749	540,444	(30,305)
Other	580,166	555,166	547,343	(7,823)
Total Current	2,787,108	2,762,108	2,678,468	(83,640)
Capital Outlay	0	0	0	0
Total Public Safety	\$2,787,108	\$2,762,108	\$2,678,468	(\$83,640)
Highways and Streets:				
Current:				
Salaries	\$156,155	\$137,055	\$113,168	(\$23,887)
Employee benefits	60,914	60,914	55,785	(5,129)
Other	263,493	280,493	278,896	(1,597)
Total Current	480,562	478,462	447,849	(30,613)
Capital Outlays	0	0	0	0
Total Highways and Streets	\$480,562	\$478,462	\$447,849	(\$30,613)
Garage:				
Current:				
Salaries	\$125,836	\$125,836	\$129,480	\$3,644
Employee benefits	37,711	37,711	40,541	2,830
Other	137,280	153,280	114,358	(38,922)
Total Current	300,827	316,827	284,379	(32,448)
Capital outlay	0	0	0	0
Total Garage	300,827	316,827	284,379	(32,448)
Building and Grounds (Avanti Building)				
Current:				
Salaries	\$0	\$0	\$0	\$0
Employee benefits	0	0	0	0
Other	5,000	5,000	2,046	(2,954)
Total Current	5,000	5,000	2,046	(2,954)
Capital outlay	0	0	0	0
Total Building and Grounds	5,000	5,000	2,046	(2,954)

City of Villa Rica, Georgia

General Fund

Schedule of Expenditures

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Service:				
Current:				
Salaries	\$41,048	\$41,048	\$40,664	(\$384)
Employee benefits	4,954	4,954	4,484	(470)
Other	21,943	25,694	24,630	(1,064)
Total current	67,945	71,696	69,778	(1,918)
Capital outlays	0	0	0	0
Total Community Service	\$67,945	\$71,696	\$69,778	(1,918)
Recreation and Culture:				
Current:				
Participant:				
Salaries	\$446,912	\$446,912	\$413,878	(\$33,034)
Employee benefits	137,840	137,840	117,010	(20,830)
Other	1,125,484	1,135,484	1,181,437	45,953
Total current	1,710,236	1,720,236	1,712,325	(7,911)
Capital outlays	0	0	0	0
Total recreation and culture	\$1,710,236	\$1,720,236	\$1,712,325	(7,911)
Public Welfare:				
Senior Citizens Chatt-Flint Nutrition Program:				
Current:				
Salaries	\$67,213	\$67,213	\$61,716	(\$5,497)
Employee benefits	16,809	16,809	16,140	(669)
Other	91,375	91,375	73,822	(17,553)
Total Current	175,397	175,397	151,678	(23,719)
Capital outlays	0	0	0	0
Total public welfare	\$175,397	\$175,397	\$151,678	(23,719)
Debt Service:				
Principal	330,000	330,000	330,000	0
Interest and fiscal charge	296,290	364,440	331,762	(32,678)
Total debt service	\$626,290	\$694,440	\$661,762	(32,678)
Total expenditures	\$8,042,055	\$8,079,505	\$7,772,824	(306,681)

City of Villa Rica, Georgia
Water and Sewerage System Enterprise Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Water and sewerage sales	\$3,347,534	\$3,347,534	\$3,223,135	(\$124,399)
Taps and connection fees	4,880,945	4,880,945	1,109,298	(3,771,647)
Miscellaneous	1,980	1,980	7,043	5,063
Late charges and penalties	72,502	72,502	117,317	44,815
Total operating revenues	8,302,961	8,302,961	4,456,793	(3,846,168)
Operating expenses:				
Salaries	1,138,267	1,167,707	1,027,918	(139,789)
Payroll taxes	84,524	84,524	75,305	(9,219)
Employee insurance	206,300	206,300	196,982	(9,318)
Workmen's compensation	47,191	47,191	28,006	(19,185)
Employee retirement	69,681	69,681	63,280	(6,401)
Utilities and telephone	298,450	298,450	376,820	78,370
Bad debt expense	0	0	19,825	19,825
Postage	22,586	22,586	20,109	(2,477)
Maintenance - Building and Equip	181,200	203,200	201,410	(1,790)
Purification and treatment expense	935,500	1,185,500	1,207,504	22,004
Gas, oil and tires	46,850	46,850	60,297	13,447
Professional services	225,000	225,000	128,434	(96,566)
General insurance	77,500	77,500	76,550	(950)
Depreciation	0	0	712,854	712,854
Miscellaneous	61,835	61,835	65,033	3,198
Contingency	0	0	0	0
Bank charges	7,500	7,500	13,176	5,676
Total operating expenses	3,402,384	3,703,824	4,273,503	569,679
Net income (loss) from operations	4,900,577	4,599,137	183,290	(4,415,847)
Other revenues and (expenses):				
SPLOST revenue	10,000	10,000	24,524	14,524
Sale of Fixed Assets	0	0	7,300	7,300
Interest earned	365,400	365,400	378,413	13,013
Interest and Other Costs on Bonded Debt and Notes Payable	(332,984)	(332,984)	(69,669)	263,315
Total other revenues and (expenses)	42,416	42,416	340,568	298,152
Income (loss) before operating transfers	4,942,993	4,641,553	523,858	(4,117,695)
Transfers in (out)	(4,942,993)	(4,641,553)	(11,565)	4,629,988
Change in net assets	\$0	\$0	\$512,293	\$512,293

City of Villa Rica, Georgia
Solid Waste Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Collection charge	\$652,500	\$652,500	\$642,902	(\$9,598)
Late Charge Fees	15,000	15,000	0	(15,000)
Total Operating Revenues	667,500	667,500	642,902	(24,598)
Operating expenses:				
Salaries and other	196,915	196,915	178,761	(18,154)
Garbage pickup	400,000	400,000	388,700	(11,300)
Miscellaneous	61,831	61,831	53,697	(8,134)
Bad debts	0	0	3,327	3,327
Tipping fees	10,000	10,000	5,816	(4,184)
Total operating expenses	668,746	668,746	630,301	(38,445)
Income before operating transfers	-1,246	-1,246	12,601	13,847
Transfer in (out)	1,246	1,246	0	(1,246)
Change in net assets	\$0	\$0	\$12,601	\$12,601

Utility Director Fund
Schedule of Revenues and Expenses
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues:				
Operating revenues	\$0	\$0	\$0	\$0
Operating expenses:				
Salaries and other	61,415	61,415	0	(61,415)
Employee Benefits	12,867	12,867	0	(12,867)
Miscellaneous	76,425	76,425	11,565	(64,860)
Total operating expenses	150,707	150,707	11,565	(139,142)
Income before operating transfers	(150,707)	(150,707)	(11,565)	139,142
Transfer in (out)	150,707	150,707	11,565	(139,142)
Change in net assets	\$0	\$0	\$0	\$0

City of Villa Rica, Georgia
 Schedule of Projects Constructed with Special Purpose
 Local Option Sales Tax Proceeds
 For the Year Ended March 31, 2008

Project	<u>1998 SPLOST Expenditures</u>			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer & Water	\$2,750,000	\$2,423,755	\$0	\$2,423,755
Streets and Sidewalks	1,000,000	990,755	0	990,755
Library	150,000	0	0	0
Recreation	100,000	100,000	0	100,000
GEO Debt Reduction	251,000	0	0	0
Totals	\$4,251,000	\$3,514,510	\$0	\$3,514,510

Project	<u>2001 SPLOST Expenditures</u>			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer and water	\$504,000	\$0	\$0	\$0
Streets and sidewalks	82,000	45,583	0	45,583
Recreation	14,000	13,547	0	13,547
Totals	\$600,000	\$59,130	\$0	\$59,130

Project	<u>2003 SPLOST Expenditures</u>			
	Original Estimated Cost	Prior Years	Current Years	Total
Sewer and Water	\$1,850,000	\$0	\$24,524	\$24,524
Streets and Sidewalks	720,065	318,022	356,531	674,553
Downtown Development	250,000	250,000	0	250,000
Recreation	1,150,000	1,241,608	66,671	1,308,279
Totals	\$3,970,065	\$1,809,630	\$447,726	\$2,257,356

STATISTICAL SECTION

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

Fiscal Year	Taxes	Licenses and Permits	General Fund Grants	Police Fines and Forfeitures	Water and Sanitation Fees	Interest Income	Other	Total
1999	2,508,278	141,490	233,310	409,007	1,535,641	264,385	317,711	5,409,822
2000	2,718,455	292,949	302,730	431,581	2,045,451	222,598	216,811	6,230,575
2001	2,975,129	463,852	292,949	489,653	2,312,229	175,109	176,796	6,885,717
2002	3,246,274	517,850	305,049	511,953	2,805,526	188,535	310,763	7,885,950
2003	3,701,089	536,529	222,547	471,634	3,211,191	111,488	253,995	8,508,473
2004	4,061,838	552,527	216,035	505,204	4,067,091	76,618	369,346	9,848,659
2005	4,400,523	641,961	219,885	695,174	5,080,070	118,785	238,183	11,394,581
2006	5,288,774	914,568	207,167	880,632	5,497,628	283,195	308,453	13,380,417
2007	5,669,190	828,829	249,725	1,279,373	6,933,373	519,698	399,630	15,879,818
2008	6,243,497	573,401	345,787	1,177,283	5,099,696	461,902	386,226	14,287,792

*Excluding Special Revenue Funds and Capital Projects Funds

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

Fiscal Year	General Government	Public Safety	Recreation and Culture	Highways and Streets	Sanitation	Garage - Building & Grounds	Senior Citizens Program	Water and Sewer Fund	Utility Director Fund	Debt Service	Total
1999	1,155,133	915,388	391,839	325,665	149,333	67,803	71,680	1,225,627	0	291,985	4,594,453
2000	1,537,646	1,148,626	429,940	344,142	140,452	69,123	64,661	1,383,736	0	307,443	5,425,769
2001	657,593	1,654,862	566,297	537,264	165,510	122,744	87,488	1,477,236	0	311,803	5,580,797
2002	754,447	1,889,392	904,824	893,633	196,237	135,016	105,494	1,867,115	0	317,328	7,063,486
2003	1,331,188	2,201,988	773,426	727,177	213,892	116,112	109,131	2,294,053	0	327,985	8,094,952
2004	1,557,936	2,312,111	1,031,983	1,164,851	281,429	149,737	125,775	2,499,714	0	332,443	9,455,979
2005	1,721,448	2,791,049	961,968	740,116	495,764	184,028	138,081	2,909,900	0	469,164	10,411,518
2006	1,993,688	2,629,086	1,441,876	756,968	557,452	220,750	174,613	3,194,856	78,048	463,984	11,511,321
2007	2,960,234	2,690,868	1,465,450	640,843	540,528	374,103	153,221	3,665,612	56,514	457,942	13,005,315
2008	1,764,539	2,748,246	1,712,325	447,849	630,302	286,425	151,678	4,273,503	11,565	731,431	12,757,863

*Excluding Special Revenue Funds and Capital Projects Fund.

City of Villa Rica, Georgia
 Schedule of Insurance Policies and Coverage
 at March 31, 2008

--- Term of Policy ---		-- Company Name --	----- Coverage -----
05-01-07	05-01-08	GIRMA	Buildings and contents \$17,908,804, \$5,000 deductible
05-01-07	05-01-08	GIRMA	General liability \$1,000,000 occurrence limit, \$10,000 deductible
05-01-07	05-01-08	GIRMA	Professional liability \$1,000,000 each occurrence, \$10,000 deductible. Law enforcement and public officials
05-01-07	05-01-08	GIRMA	Business auto liability on all city autos and trucks, \$1,000,000 limit; \$5,000 deductible
05-01-07	05-01-08	GIRMA	Crime, \$500,000 limit, \$5,000 deductible
01-01-07	01-01-08	GMA Self Ins.	Worker's compensation and employee's liability



Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	James W. Garrett	CPA
Frederick G. Thomas	CPA		
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Deborah W. Cooke	CPA	Julie M. George	CPA
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Members of Georgia Society of Certified Public Accountants
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Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Villa Rica, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Villa Rica, Georgia, as of and for the year ended March 31, 2008, which collectively comprise the City of Villa Rica, Georgia's basic financial statements and have issued our report thereon dated August 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Villa Rica, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Villa Rica, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Villa Rica, Georgia's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Villa Rica, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Honorable Mayor and City Council
City of Villa Rica, Georgia
Page 2

Compliance and Other Matters

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

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

Davett, Stephens, Thomas & Fazio, P.C.

August 11, 2008